



**ΚΥΠΡΙΑΚΗ  
ΔΗΜΟΚΡΑΤΙΑ**

**Decision CPC: 60/2018**

Case Number 8.13.018.25

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW  
No. 83(I)/2014**

**Notification of a concentration concerning the acquisition by AEPF III 34 S.a.r.l.  
of the share capital of CYCMC I Limited and the acquisition by CYCMC I  
Limited of a portfolio which belonged to the Bank of Cyprus Public Company  
Limited**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mr. Andreas Karidis,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr. Panayiotis Oustas,	Member
Mr Polinikis-Panagiotis Charalambides	Member

Date of decision: 27/11/2018

**SUMMARY OF THE DECISION**

On 11/9/2018, the Commission for the Protection of Competition (hereinafter the "Commission") received on behalf of AEPF III 34 S.a.r.l. (hereinafter «AEPF»), a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the "Law") and it concerns the proposed acquisition by AEPF of the share capital of CYCMC I Limited (hereinafter «CYCMC») which belongs to the Bank of Cyprus Public Company Ltd (hereinafter «BOC»).

AEPF III 34 S.a.r.l. is a limited liability company duly registered under the laws of the Grand Duchy of Luxembourg. The said company is a special purpose vehicle, set up for the purposes of the notified concentration and it is controlled by investment funds that are managed by entities affiliated with Apollo Capital Management L.P (hereinafter «Apollo»). Apollo is active in corporate investment and debt issued by companies in various sectors on a worldwide basis. The said company is active in the Republic of Cyprus through its joint control over Altamira Asset Management (Cyprus) Ltd (hereinafter “Altamira”).

CYCMC I Limited is a limited liability company, duly registered under the laws of the Republic of Cyprus. The said company will own a portfolio of non-performing loans, connected warranties, rights and interests, which was previously owned by BOC.

The notified concentration is carried out on the basis of certain related actions and successive stages. Specifically, according to the information in the notification, the stages at which the transaction is based are as follows:

- 1) Stage 1: Sale and Purchase Agreement (hereinafter the “SPA”) between AEPF as the buyer, BOC as the seller and CYCMC, the Target. Under the provisions of the SPA, BOC transfers a Portfolio (hereinafter “the Portfolio Target”) of non-performing loans, connected warranties, rights and interests to CYCMC.
- 2) Stage 2: Under the provisions of the SPA, AEPF will acquire the share capital of CYCMC from BOC.

Taking into account the above mentioned facts, the Commission concluded that the transaction in question constitutes a concentration within the meaning of section 6(1)(a)(ii) and section 7 of the Law because it will result in a change of control on a permanent basis of CYCMC, who will be the owner of the Portfolio Target.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(a) of the Law were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service market as follows: a) the management of non-performing loans either outsourcing or in house, b) the ownership of a portfolio of non performing loans and c) the management of real estate property.

For the purposes of the present case, the geographic market was defined as the Republic of Cyprus for all relevant product/services market.

Considering the above, the Commission concluded that there is no vertical relationship between the activities of CYCMC and Altamira Cyprus.

The Commission also concluded that there is a horizontal overlap in the activities of the companies and there are affected markets regarding 1) the management of non-performing loans either outsourcing or in house and 2) the management of real estate property.

The combined market share regarding the market of the management of real estate property is below the 15% threshold set out in Annex I of the Law, and thus the said market is not considered to be an affected market.

However, the combined market share regarding the relevant market of the management of non-performing loans either outsourcing or in house exceeds the 15% threshold set out in Annex I of the Law, and thus the said market is considered to be an affected market.

Therefore, the Commission proceeded to analyze the compatibility of the merger, in accordance with the criteria set out in Article 19 of the Law. The Commission took into account and assessed in particular the position of the participating undertakings in the affected markets, the market structure, the financial strength of the participating undertakings, the alternative sources of supply, the supply and demand trends, the expected demand growth, the barriers to entry and the consumer interests.

The Commission, on the basis of the factual and legal circumstances, decided by majority, that this concentration does not create or strengthen a dominant position in the affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, decided by majority not to oppose the notified concentration and declare it as being compatible with the operation of competition in the market.

Loukia Christodoulou  
Chairperson of the Commission for the Protection of Competition