ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ

ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

**Decision CPC: 19/2017**

Case Number 8.13.017.10

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

**Notification of concentration regarding the acquisition of share capital of Kalisee Ltd by Hellenic Bank Public Company Ltd and APS Recovery Cyprus Ltd and the acquisition on behalf of Kalisee Ltd of (a) the management and recovery of non-performing loans and (b) the management of real estate assets acquired through enforcement proceedings or payment of credit rights arising under mortgaged loans**

Commission for the Protection of Competition:

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| Mrs. Loukia Christodoulou, | Chairperson |
| Mr. Andreas Karidis, | Member |
| Mr. Charis Pastellis, | Member |
| Mr. Panayiotis Oustas | Member |

Date of decision: 18/5/2017

SUMMARY OF THE DECISION

On 20/3/2017, the Commission for the Protection of Competition (hereinafter the "Commission") received on behalf of the companies Hellenic Bank Public Company Ltd (hereinafter the "Hellenic Bank"), APS Recovery Cyprus Ltd (hereinafter the "APS Cyprus") and Kalisee Limited (hereinafter the «JVC»), 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"). The notification concerns the acquisition of 100% of the share capital of JVC by Hellenic Bank and APS Cyprus and the acquisition by JVC of (a) the management and recovery of non-performing loans and (b) the management of real estate assets acquired through enforcement proceedings or payment of credit rights arising under mortgaged loans.

Hellenic Bank Public Company Ltd is a public limited liability company, duly registered under the laws of Cyprus. This company is a licensed credit institution in accordance with the provisions of the Business Credit Institutions Laws of 1997-2017.

APS Recovery Cyprus Ltd is a private limited liability company, duly registered under the laws of the Republic of Cyprus and does not carry out any commercial activity. This company is a subsidiary of APS Holding a.s., a company duly registered under the laws of the Czech Republic which is active in various sectors such as the provision of administration services, information technology support services, etc.

Kalisee Ltd is a private limited liability company, duly registered under the laws of the Republic of Cyprus and does not carry out any commercial activity.

The notified concentration is carried out on the basis of the following agreements:

A) Investment and Shareholders' Agreement, dated 10 January 2017, between Hellenic Bank, JVC and APS (hereinafter "the Agreement ISHA"'), by which Hellenic Bank and Cyprus APS agreed to become shareholders of JVC with 49% and 51% respectively.

B) Agreement for the sale and purchase of a non-performing loans and real estate assets management business, dated 10 January 2017, between Hellenic Bank as the seller and JVC as the buyer (hereafter the "Agreement APA"), in accordance with the terms of which the Hellenic Bank will sell and the JVC will buy the target.

C) Services agreement for the management of non-performing loans and real estate asset, dated 10 January 2017, between Hellenic Bank and JVC (hereafter the "Agreement SLA"), in accordance with the terms of which Hellenic Bank agrees to appoint the JVC as a service providor for (1) the management of a specific portfolio of non performing loans (hereinafter the "Assets") , and (2) the management of the Assets, (hereinafter the "services").

The Commission, taking into account the above facts and events concerning this concentration, has concluded that this transaction constitutes a concentration in two phases, the first within the meaning of section 6(1)(b) of the Law for the creation of the JVC and the second, within the meaning of section 6(1)(a)(ii) of the Law, since it leads to a permanent change of control of the 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 concentration was of major importance falling within the scope of the Law.

The Commission for the purposes of evaluating this concentration defined the relevant product/service market as follows: a) the management of real property acquired by credit institutions through enforcement proceedings or payment of credit rights derived from mortgages and b) the management of non-performing loans granted by credit institutions or other persons with payment delays delay. The relevant geographic market for these product/services markets is defined as the Republic of Cyprus.

In the present case, in accordance with the undertaking concerned, this concentration does not lead to any horizontal overlap. In relation to the vertical relationship between the JVC and Hellenic Bank, Hellenic Bank's market share is below 25%. Hence, the concentration will not affect the Cypriot market and its competitive environment.

Considering the above, the Commission concludes that there is no affected market based on Annex I of the Law. In addition, there are no other markets which the notified concentration may have significant impact.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position, nor significantly impedes competition 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, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou
Chairperson of the Commission
for the Protection of Competition