



Decision CPC: 30/2021

Case Number: 08.05.001.021.018

THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW

No. 83(I)/2014

Notification of concentration regarding the acquisition of the non-performing loans portfolio of Bank of Cyprus Public Company Limited by CYCMC III Ltd, which will subsequently be acquired by Oxalis Holdings S.a.r.l.

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mr. Andreas Karydis,	Member
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member
Mr. Polynikis-Panagiotis Charalambides	Member

Date of Decision: 24/5/2021

SUMMARY OF THE DECISION

On 31/03/2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of the Oxalis Holding S.à r.l. (hereinafter the “Oxalis”), 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 a concentration, according to which, CYCMC III Ltd (hereinafter the «CYCMC») will acquire the non-performing loan (hereinafter “NPLs”) portfolio and the management of real estate acquired through enforcement or payment procedures due to credit rights arising from Non-performing Loans (hereinafter “REO”) of Bank of Cyprus Public Company Ltd (hereinafter η “Bank of

Cyprus”) (this includes portfolio A & B and hereinafter the “Target”). CYCMC will then be acquired by Oxalis.

- Oxalis is a duly registered company under the laws of the Grand Duchy of Luxembourg. Oxalis is a special purpose vehicle and belongs to investment funds, which are managed by Pacific Investment Management Company LLC (hereinafter «PIMCO»). Oxalis will acquire 100% of the share capital of CYCMC, after the transfer of Portfolio A and Portfolio B by the Bank of Cyprus.
- CYCMC is a duly registered company under the laws of Cyprus for the purposes of this concentration. This company belongs to the Bank of Cyprus and has been licensed as a credit facility acquisition company, in accordance with its provisions of the Purchase and Sale of Credit Facilities and Related Issues Law of 2015 (Law 169 (I) / 2015).

Prior to the completion of this transaction, CYCMC will obtain a non-credit institution license, in accordance with Credit Agreements for Consumers relating to Residential Immovable Property Law 2017 (Law 41 (I) / 2017).

The concentration is based on an Amended & Restated Sale And Purchase Agreement between Bank of Cyprus, CYCMC and Oxalis (hereinafter "Purchase and Sale Agreement").

The Commission notes that, according to the Parties, the Commission’s Decision n.4/2020 has not yet entered into force and will enter into force after the approval of this concentration as these are related acts. By Decision 54/2020 and based on the initial Agreement, the Commission approved the transfer of Portfolio A from Bank of Cyprus to CYCMC and subsequently the acquisition of CYCMC by Oxalis. Under the Amendment Agreement, Bank of Cyprus will initially transfer to CYCMC, through a settlement plan (hereinafter referred to as the "Settlement Plan"), two portfolios (Portfolio A and B) of non-performing loans and then CYCMC will be acquired by Oxalis.

The Commission due to the fact that the necessary actions were not taken, as informed by the parties, for the implementation of Decision 54/2020, while assets (Portfolio B) were added with the Amendment Agreement and due to the fact that the act approved by Decision 54 / 2020 is interrelated with this act, this concentration will consider the two acts as a one.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration 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 relevant product market in this case was defined as the market of (a) the holding of a Non-Performing Loans portfolio / the acquisition of NPLs, (b) the management of Non-Performing Loans, either in-house or by third parties and (c) the management of real estate acquired through enforcement or payment procedures due to credit rights arising from Non-performing Loans (REO) in the territory of the Republic of Cyprus.

According to the notification, there are horizontal overlaps between the activities of PIMCO and CYCMC in the market of the management of NPLs and between CYCMC and Oxalis in the market of the management of real estate acquired through enforcement or payment procedures due to credit rights arising from Non-performing Loans in the territory of the Republic of Cyprus.

In addition, the Commission noted that there is a vertical relationship between the activities of PIMCO (management of NPLs) and CYCMC (holding of NPLs) in Cyprus. It also concluded that there are no other markets in which the notified concentration may have a significant impact, based on the provisions of the Law.

The Commission noted that there is no an affected market according to Annex I of the Law, regarding the horizontal overlap of the activities of the participating companies in Cyprus, due to the fact that the joint market share in the relevant markets is less than 15% and the vertical relationship due to the fact that the sole or joint market share in the relevant markets is less than 25%.

Furthermore, the Commission concluded that there are no other markets in which the notified transaction will affect to a great degree.

The Commission, on the basis of the factual and legal circumstances, unanimously decided 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, 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