

THE CONTROL OF CONCENTRATIONS

BETWEEN ENTERPRISES LAWS 1999 TO 2000

Notification concerning the acquisition of part of the share capital of Cyprus Development Bank Public Company Ltd from Dayarona Trading Ltd and Loramina Trading Ltd.

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou, Chairperson
Mr. Andreas Karidis, Member
Mr. Charis Pastellis, Member
Mr. Christos Tsingis, Member

Date of decision: 24 July 2014

SUMMARY OF THE DECISION

On the 17th of June 2014, the Commission for the Protection of Competition (hereinafter the «Commission») received a notification of the proposed concentration on behalf of the companies Dayarona Trading Ltd (hereinafter the «Dayarona») and Loramina Trading Ltd (hereinafter the «Loramina») in accordance with Section 13 of the Control of Concentrations between Enterprises Law (Number 22(I)/99) (hereinafter the «Law»). The concentration is based on an agreement on the basis of which Dayarona and Loramina will acquire 50% of the share capital of Development Bank Public Company Ltd (hereinafter the «CDB»).

Loramina Trading Ltd is a company duly registered under the laws of the Cyprus Republic. The scope of its establishment was the holding of investments but the company has not started its operations but will be active in Cyprus for the purposes of this transaction.

Dayarona Trading Ltd is a company duly registered under the laws of the Cyprus Republic. The company has also not started its operations but it will be active in Cyprus for the purposes of this transaction.

Development Bank Public Company Ltd (CDB) is a company duly registered under the laws of the Cyprus Republic. It is a financial institution that provides banking and financial services including corporate banking, investment banking, private banking

and international business banking. It is active in Cyprus and in Russia through its subsidiary CJSC Investment Bank of Kuban.

This transaction was based on the following four agreements dated 10/6/2014: 1) Call Option Agreement between the New Shareholders, 2) Call Option Agreement between the Existing Shareholders, 3) Shareholders Agreement, 4) Subscription Agreement.

The Commission, taking into account facts and events concerning this concentration has concluded that this transaction constitutes a concentration within the meaning of Section 4 (1) (b) of the Law, since it results in the acquisition of control of CDB from Dayarona and Loramina, as defined in the Law.

Furthermore, based on the information contained in the notification, the Commission found that the proposed concentration fell within the meaning of Section 3(2) (α) of the Law.

The relevant product/services markets in this case are defined as the provision of 1) retail banking (private and small medium enterprises), 2) corporate banking (large enterprises and organizations) and 3) financial services. The definition of the geographic market for the relevant product/services market in this case was left open, as the transaction is unlikely to raise competition concerns irrespective of the precise geographic market definition.

In this case only CDB is active in Cyprus whereas the buyers are not active at all; therefore the Commission considered that there is no affected market.

Thus the Commission unanimously decided that this concentration does not create or strengthen a dominant position as the concentration does not raise serious doubts as to its compatibility with the competitive market.

Therefore, the Commission, acting in accordance with Section 18 of the Law, unanimously decided not to oppose to the notified concentration and to declare it as being compatible with the requirements of the competitive market.

Loukia Christodoulou

Chairperson of the Commission for the Protection of Competition