



ΚΥΠΡΙΑΚΗ  
ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ  
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

**Decision CPC:33 /2018**

Case Number 8.13.018.13

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

**Notification of a concentration concerning the acquisition by the Hellenic Bank  
Public Company Ltd of activities and assets which belong to the Cyprus Co-  
operative Bank Ltd**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Panayiotis Oustas	Member
Mr. Aristos Aristidou Palousas	Member
Mr. Polynikis-Panayiotis Charalambides	Member

Date of Decision: 24 July, 2018

**SUMMARY OF THE DECISION**

On 20/6/2018, the Commission for the Protection of Competition (hereinafter the "Commission") received on behalf of Hellenic Bank Public Company Ltd (hereinafter "Hellenic Bank") a notification of a proposed concentration.

The said notification involves 1) the increase of the market share of Hellenic Bank 2) the acquisition of the activities and assets of Cyprus Cooperative Bank Ltd (hereinafter "CBC") from Hellenic Bank.

The enterprises involved in this transaction are the following:

The target in this merger is part of the portfolio of CBC which is composed mainly of performing loans, Cypriot Government Bonds, cash, customer deposits and some other current liabilities and assets.

Hellenic Bank Public Company Ltd is a public limited liability company, duly registered under the laws of the Republic of Cyprus. Hellenic Bank Public Company Ltd is a licensed credit institution overseen by the Central Bank of Cyprus. In addition to banking services, Hellenic Bank Public Company Ltd is active, through subsidiaries and/or associated companies, in other areas such as insurances, management of non-performing loans and real estate acquired by credit institutions or other persons with claims in delay and related subsidiary debt.

According to the notification, Hellenic Bank Public Company Ltd intends to fund the acquisition of the target with a share capital increase.

Hellenic bank has the following subsidiary companies which constitute its group:

- Pancyprian Insurance Ltd, which operates in the provision of personal and enterprises insurances.
- Hellenic Alico life Insurance company Ltd, which operates in the provision of life insurance.
- Hellenic Trust and Finance Corporation Ltd which offers trust trustee services to insurance companies.
- Hellenic Bank (Investments Ltd) which no longer operates but holds some assets of Hellenic Bank (100%).
- Hellenic Insurance Agency Ltd which is now inactive.
- D4 A2 Ltd which controls 34 vehicles which hold all the properties that were acquired by Hellenic Bank due to non- performing loans.
- APS DEBT Servicing Cyprus Ltd (49%) which operates in the market of management of non- performing loans.

The concentration is based on two transactions. The first transaction involves the increase of the share capital of Hellenic Bank. The second transaction involves the acquisition of the operations and assets of CBC. It is clarified that Hellenic Bank will not obtain any part or control or service carried out by the related company of CCB, Altamira Asset Management (Cyprus) Ltd, which deals exclusively with the management and retrieval of non- performing loans from CCB.

The first transaction in the concentration was examined in accordance to two scenarios:

- a) The existing shareholders will acquire the right to purchase the shares that are entitled from the capital increase of €100 million and the BSIII investment fund will acquire shares worth €50 million through private placement,
- b) Demetra Investment public Ltd will acquire the right to purchase shares amounting to €50 million, the BSIII investment fund will acquire via private placement €50 million shares and existing shareholders will acquire the remaining purchase rights that they are entitled from the capital increase of €50 million.

The Commission examined the two scenarios and concluded that no shareholder will acquire control of Hellenic Bank in either scenario.

Under the second transaction, Hellenic Bank will acquire the activities that are now carried out by CCB.

The Commission, having taken into account the facts of the concentration, concluded that the aforementioned transaction constitutes a concentration within the meaning of section 6 (1) (a) (ii) of the Law, since it leads to a change of control on a lasting basis of the Target Business.

On the basis of the information provided by the notification, the Commission also 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:

- 1) The provision of deposit services,
- 2) The provision of lending services,
- 3) The distribution of general insurance,
- 4) The distribution of life insurance,
- 5) The management and recovery of non-performing loans granted by credit institutions or other persons with claims in delay and related subsidiary debt
- 6) The management of real estate that was acquired by credit institutions or other persons with demands in delay and related subsidiary debt.

The Commission has further concluded that the geographic market is defined as the geographical territory of the republic of Cyprus for all product/service relevant markets.

The Commission concluded that there is a horizontal overlap in the provision of deposit and lending services between the activities of the parties. Their combined market share in the provision of deposit services is 30%-40% and in the provision of lending services is 10%-20%. Therefore the two relevant markets are affected markets as defined in Annex I of the Law.

In addition, there is a vertical relationship between the provision of lending services carried out by the Target and the management and recovery of non-performing loans granted by credit institutions or other persons with claims in delay and related subsidiary debt as well as the management of real estate that was acquired by credit institutions or other persons with demands in delay and related subsidiary debt carried out by APS Debt Servicing Cyprus Ltd. It is noted that Hellenic Bank has joint control over APS Debt Servicing Cyprus Ltd. The market share of the parties in each relevant market is below 25% and therefore there are no affected markets as defined in Annex I of the Law.

There is also a neighboring connection between the distribution of insurance for vehicles carried out by Hellenic Bank's subsidiaries and the provision of lending activities carried out by the Target. The market share of the parties in each relevant market is below 25% and therefore there are no affected markets as defined in Annex I of the Law.

Therefore, the Commission proceeded to analyze the compatibility of the merger, in accordance with the criteria set out in Article 19 of the Law in the provision of deposit and lending services. The Commission took into account and assessed 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, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market according to Annex I of the Law, and therefore the

concentration does not raise serious doubts as to its compatibility with the operation of 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 competition in the market.

Loukia Christodoulou  
Chairperson of the Commission for the Protection of Competition