



ΚΥΠΡΙΑΚΗ
ΔΗΜΟΚΡΑΤΙΑ

Decision CPC:44 /2018

Case Number 8.13.018.07

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

**Notification of concentration concerning the acquisition of the operations of
USB Bank Plc from Astrobank Ltd**

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: 13/9/2018

SUMMARY OF THE DECISION

On 2/5/2018, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of AstroBank Ltd (hereinafter “AstroBank”) a notification of a proposed concentration.

According to the said notification, AstroBank will acquire the assets, liabilities and operations of USB BANK PLC (hereafter “USB”).

The enterprises involved in this transaction are the following:

Astrobank Limited is a limited liability company duly registered in accordance with the laws of the Republic of Cyprus. The main activity of the company is the operation and provision of a range of banking services. Apart from banking services, AstroBank is also active in insurance services through Astrobank insurance Agency Limited, which operates as an intermediary agent for other insurance companies for transactions relevant to the credit activities of the bank. Astrobank also has eight SPVS that hold buildings which the bank has acquired through procedures of operations or payments against credit rights.

The target in this transaction represents the assets, liabilities and activities of USB, which is a private limited liability company duly registered under the laws of the Republic. This company operates in the market of banking services.

The acquisition under consideration, is carried out on the basis of a share purchase agreement (hereinafter the “agreement”) dated 31/7/2018 between Astrobank (Purchaser) and USB (seller). Under the agreement, Astrobank will acquire the assets liabilities and operations (except from two properties that belong to USB and are used as bank branches and 75% of shares of the SPV that has in its possession the main office buildings).

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 there is a change of control on a permanent basis of the target.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(α) 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: 1) the provision of loan services and 2) the provision of deposit services, whilst for the market of distribution of insurance services, the relevant product markets are defined as: 1) the market of distribution of life insurance και 2) the market of distribution of general sector insurances. The Commission has further concluded that the geographic market for all

product/services markets is defined as the geographical territory of the republic of Cyprus.

According with the undertaking concerned, this concentration leads to a horizontal overlap, in the provision of loan services and in the provision of deposit services, but its combined market share is below 15% and therefore do not constitute an affected market according to Annex I of the Law.

As regards the relevant markets for the distribution of life insurance products and general insurance, these are neighbouring markets closely related to the provision of loan services, since these products belong to a range of products that are purchased in rule from the same customer group. Specifically, the client who will be a loan, in most cases, and certainly in the cases of a mortgage will need at the same time to purchase a life insurance and/or a general insurance to secure the loan.

The market shares of the parties in each one of the above relevant markets are below 25% and therefore do not constitute an affected market according to Annex I of the Law.

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