



Decision CPC: 54/2020

Case Number: 8.13.020.26

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: 15/12/2020

SUMMARY OF THE DECISION

On 5/10/2020, 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 of Bank of Cyprus Public Company Ltd (hereinafter η “Bank of Cyprus”). 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»).

- 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 a Sale and Purchase Agreement between Bank of Cyprus, CYCMC and Oxalis, dated 3 August 2020 (hereinafter "Purchase and Sale Agreement"), according to which, initially, Bank of Cyprus will transfer to CYCMC, through a settlement plan (hereinafter the "Settlement Plan"), a portfolio of non-performing loans (Target). The Target mainly consists of loans to individuals and small and medium-sized enterprises secured through assets in Cyprus, and a small number of non-performing loans secured by assets in Central, Eastern and Southern Europe. Subsequently, on the basis of the Agreement, Oxalis will acquire the share capital of CYCMC.

Simultaneously with the above Agreement, on August 3, 2020, Oxalis, Bank of Cyprus and CYCMC signed a Services Agreement, under which Bank of Cyprus will continue to operate the Target, within a transitional period that has not yet been defined.

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 CYCMC and 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 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%.

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