



REPUBLIC OF ALBANIA
-COMPETITION AUTHORITY-
Competition Commission

D E C I S I O N

No. 51, Dated 09. 05. 2007

On

**The concentration realized through the purchase of 80% of shares of
the American Bank of Albania by Intesa Sanpaolo S.p.a.**

The Competition Commission, on its meeting held on 09.05.2007, with the participation of:

- Mrs. Lindita Milo (Lati) Chairwoman
- Mr. Lush Përpali Deputy chairman
- Mrs. Servete Gruda Member
- Mr. Koço Broka Member

Discussed the following issue:

Subject: Notification dated 13.02.2007, on the concentration realized through the purchase of 80% of the shares of the American Bank of Albania by Intesa Sanpaolo S.p.a., Italy

Legal basis: Law No. 9121, dated 28.07.2003, titled "On Protection of Competition", Article 24, letter "d", Articles 10-12, in particular Chapter III "Concentrations of Companies", Articles 53-56, 58, the Regulation "On the implementation of procedures for the concentration of enterprises", Guideline "On the method of notification of the concentration and the option for simplified notification method" and the Form "On the notification of concentration".

Upon review of the notification of concentration, the Competition Commission,

NOTED THAT:

1. Intesa Sanpaolo S.p.a., with headquarters in Turin and Milan, Italy, is the notifier/purchaser of 80% of the shares of the American Bank of Albania. It is a joint stock company, which operates in the banking and insurance markets, both at the national and international level.
2. In the national market, this company performs banking operations in compliance with the license No 1/1996, dated 17.7.1998, issued by the Bank of Albania through the Italian-Albanian Bank, where it owns 76.12% of the owners' capital, equal to 118 shares. The national geographical market of the Italian-Albanian Bank sh.a. is composed of its branches in four cities, namely Tiranë, Durrës, Shkodër and Vlorë. Indirectly, Intesa San Paolo S.p.a. is present in the national market through Credit Agricole, which owns 71.97% of the shares of Emporiki Bank, which has branches in Tiranë, Vlorë and Sarandë.
3. The Albanian-American Enterprise Fund (AAEF), the seller, is a non-for-profit organization, with headquarters in New York, USA, founded in compliance with the Law approved in 1989 "On Supporting Democracy in Eastern Europe". The main purpose of the AAEF is the promotion of private sector development in Albania. AAEF is the owner of 100% of the capital of the American Bank of Albania, with headquarters in Tirana, Albania.
4. In the national market, this company performs banking operations in compliance with the license No. 11, dated 10.08.1998, issued by the Bank of Albania through the American Bank of Albania and its branches in eight districts of the country, namely: Tiranë, Durrës, Vlorë, Elbasan, Fier, Gjirokastër, Korçë and Lushnje.
5. In the international market, the AAEF operates in the banking market in Greece through the American Bank of Greece.
6. In the year 2005, the annual turnover in the international market was:
 - Bank Intesa Sanpaolo S.p.a.: 31.22 billion Euro/1.921.509 billion Lek; and,
 - American Bank of Albania: (the Greek branch): 1, 725.369 million USD/165,6 million Lek.
7. In the year 2005, the annual turnover in the national market was:
 - Bank Intesa Sanpaolo S.p.a.: 9 million Euro/ 1.107 million Lek.
 - American Bank of Albania: 21.652.712 USD/ 20.786.6 million Lek.
8. The notified transaction consists in the purchase of 80% of the shares of the American Bank of Albania by Intesa Sanpaolo S.p.a., and that is equal to 12 million shares of the American Bank of Albania. Upon completion of the transaction, Intesa Sanpaolo S.p.a. shall own 80% of the shares of the American Bank of Albania and AAEF shall own 20% of the shares of the owners' capital of the American Bank of Albania.

9. The companies participating in the concentration operate in the banking sector at the same horizontal level of the product. The resulting combined portion of the market after the concentration represents 16.64 % of the banking capital market; 24.66% of the loan market, 7.76% of the treasury bonds market and 15.36% of the deposits market.
10. The transaction constitutes a concentration and accomplishes the conditions of becoming subject of review by the Competition Authority, in conformity with the Article 12, Paragraph 1 of the Law.

1. **The respective market**

a) *Product Market:*

Intesa Sanpaolo S.p.a is present in the Albanian market since the year 2006, and operates on the basis of license No. I/1196, dated 17.07.1998, issued for the operation in the banking market, specifically for the following activities:

1. Acceptance of deposits (in the form of unlimited deposits; limited deposits or other forms of deposits) with payable or unpayable interest;
2. Granting of loans, including consumable and mortgage loans, factoring loans with or without assistance resources and financing of trading transactions;
3. Borrowing of funds and purchasing or selling on her behalf or on behalf of the clients (of instruments of monetary market, such as cheques, bills of exchange and certificates of deposits; debt securities; futures and options, related to debt securities or interests rates; instruments of interests rates);
4. Payment services;
5. Emission and administration of payment means, including credit and debit cards,, traveller cheques and banker cheques;
6. Intermediation of monetary operations, including hard currency;
7. Financial leasing,
8. Offering investment advisory services or representation services (services described under point 1 and 2 are not included here).

b) *Geographical market:* The territory of Albania. The present network of the Italian-Albanian Bank sh.a., (Tiranë, Durrës, Shkodër, Vlorë); The present network of the American Bank of Albania sh.a., (Tiranë, Durrës, Vlorë, Elbasan, Fier, Gjirokastër, Korçë, Lushnje) and Emporiki Bank (Tiranë, Vlorë, Sarandë).

c) *The assesment of impact into competition.*

The transaction consists on the direct acquisition of ownership of the share of the American Bank of Albania in the banking market, through the shares' purchase procedure.

After the concentration, the position of the purchaser in the combined product market, with respect to market share in capital, loans, deposits and treasury bonds is, respectively,: 16.64%, 24.66%, 7.76%, 15.36%.

By referring to the concentration index, can be stated that after the concentration, the capital and loan market is moderately concentrated, while the treasury bonds market and the deposits market are highly concentrated. Compared to other banks, Intesa San Paolo S.p.a. holds a leading position in the loan market, while in the capital, deposits and treasury bonds market the leading bank is Raiffeisen Bank, and this is solely the result of the later's heritage of the dominant position in the product market and infrastructure formerly held by the Savings Bank.

The post-concentration analysis confirms that the market is open to competition, without entry barriers, and is characterized by strong competitors, which hold considerably large market shares, specifically in the market of deposits, treasury bonds, loans, etc. The concentrations brings about changes in the banking market structure by enforcing and increasing the position of Intesa Sanpaolo S.p.a. both in the national and international market.

In spite of the above, such concentration viewed from the standpoint of market efficiency results in enhancement of competitiveness in the banking market, by increasing the number of new services/products in the market, as well as the number of branches and agencies in the national market, the improvement of the banking standards as a result of the expertise of Intesa San Paolo S.p.a. in the international market, etc.

FOR THE ABOVE REASONS

Based on, Article 24, letter d, and Article 56, paragraph 1 of Law No. 9121, dated 28.07.2003, titled "On Protection of Competition"

DECIDED:

1. To authorize the concentration realized through the takeover of 80% of shares of the American Bank of Albania by the company Intesa San Paolo S.p.a., Italy.
2. This decision enters into effect immediately.

THE COMPETITION COMMISSION

Lush Përpali
(_____) **Deputy chairman**

Servete Gruda
(_____) **Member**

Koço Broka
(_____) **Member**

Lindita Milo (Lati)

CHAIRWOMAN