



**REPUBLIC OF ALBANIA**  
**-COMPETITION AUTHORITY-**  
**Competition Commission**

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**D E C I S I O N**

**No. 52, Dated 21.06. 2007**

**The notification of concentration realized through the purchase of 75.006 % of shares of the Popular Bank, by Societe General S.A.**

The Competition Commission, on its meeting held on 21 .06 .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 of concentration realized through the purchase of 75.006 % of shares of the Popular Bank by Societe General S.A.

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. Societe General S.A, the purchaser of the 75.006 % of the shares of the initial owners' capital of the Popular Bank, is the main company of the Societe General Group, with headquarters in Paris, France. In compliance with its Statute and the applicable regulations for financing institutions, Societe General S.A., is authorized to offer banking services, investment services and to operate as agent in the insurance activity.
2. On the year 2006, the annual turnover of Societe General S.A. in the international market, was: 22 417 million Euro= 2 757 291 000 000 Lek<sup>(1)</sup>.
3. The Popular Bank sh.a., the seller of 75.006 % of the shares of the owners' capital of the Popular Bank, is a financial institution, founded on December 2003, in compliance with the law on commercial companies. The Popular Bank is part of the banking system, licensed as such by Decision No.17, dated 16.02.2004, issued by the Bank of Albania. Its headquarters are in Tirana. The Popular Bank has 31 branches, which enable it to be present nearly in all the national market. The initial capital of the Popular Bank sh.a. is 1.474.000.000 Lek, divided into 14.740 shares with a nominal value of 100. 000 Lek each.
4. On the year 2006, the annual turnover of Popular Bank sh.a. in the national market was: 1 887 739 000 Lek.
4. The notified transaction consists on the purchase of the 75.006 % of the capital and the voting rights, equivalent to 11.056 shares of the Popular Bank. Upon completion of the transaction, Societe General S.A. shall own 75.006 % of the shares of the Popular Bank, while the remaining 24.99% of the shares of the owners' capital of the Popular Bank, which are equivalent to 3.684 shares, shall be owned by its nine shareholders (ownership rights apply beyond 0.20%-9.33%).
5. The buyer, Societe General S.A., takes on all the legal and contractual rights and obligations of the Popular Bank, as stipulated in the agreement signed by the parties. In relation to the sale and transfer of shares from the seller to the buyer, Societe General S.A., in compliance with the conditions defined under point 2.2 of the sale contract, shall immediately pay to the seller (the Popular Bank), 90% of the total amount due, while the remainig 10% shall be paid after an eighteen month period. The total amount due is 4.090.720.000 Lek and shall be serviced through own sources of the Societe General S.A.
6. The transaction results in the acquisition of the control of a considerable share of the owners' capital and the voting rights, and constitutes a concentration that accomplishes the conditions of becoming subject of review by the Competition Authority, in conformity with the Article 12, Paragraphs 1/a and b of the Law.

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<sup>1</sup> On the basis of the official exchange rate of the Bank of Albania for 2006, 1 Euro=123 Lek. Source: The Official Journal.

## **7. Relevant market**

### *a) Product market:*

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 its behalf, or on behalf of the clients, the following:
  - i. instruments of monetary market;
  - ii. debt securities;
  - iii. futures and options, related to debt securities or interests rates;
4. Offering of payment and cashing 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 of the service of security boxes;
9. Offering of bank guarantees and other guarantees;
10. Offering investment advisory services or representation services (services described under point 3 are not included here).

*b) Geographical market:* The national market; the existing network of the Popular Bank, which includes 31 branches extending in the whole territory of the country.

### *c) Assesment of impact on competition:*

1. The transaction implying the purchase of shares of the Popular Bank by Societe General S.A., does not cause any changes in the structure of the banking market. Only the structure of the Popular Bank is subject to change.
2. 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, and specifically in the market of deposits, treasury bonds, loans, where the market shares of the Popular Bank are, respectively: 4.06 %, 6.09 %, 4.64 %.

11. The parties participating in the concentration exercise their activity in separated geographical markets and do not have common clients. In this context the concentration can not have anti-competitive effects because, as stated in the Article 13 of the Law, does not risk to create or strengthen any dominant position of the companies involved in the concentration. Thus, does not exist any causal relation between the realisation of this concentration and the creation or consolidation of the dominant position.

### **FOR THE ABOVE REASONS**

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

### **DECIDED:**

1. To authorize the concentration realized through the purchase of 75.006% of the shares of the Popular Bank by Societe General S.A., with headquarters in Paris, France.
2. This decision enters into effect immediately.

### **COMPETITION AUTHORITY**

**Lush Përpali**  
(\_\_\_\_\_)  
**Deputy Chairman**

**Servete Gruda**  
(\_\_\_\_\_)  
**Member**

**Koço Broka**  
(\_\_\_\_\_)  
**Member**

**Lindita Milo (Lati)**  
**CHAIRWOMAN**