



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

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**DECISION**

**No.65, Dated 11.12.2007**

**On the authorization of the concentration realized through the  
merger of the American Bank of Albania and the Italian-Albanian  
Bank**

The Competition Commission, on its meeting held on 11.12.2007, with the participation of:

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

Discussed the following issue:

Subject      The authorization of the concentration realized through the merger of the American Bank of Albania and the Italian-Albanian Bank.

Legal basis: Law No. 9121, dated 28.07.2003, titled "On Protection of Competition", Article 24, letter "d", Article 73, paragraph 1, letter "b", Articles 10-12, in particular Chapter IV "Concentration of Undertakings", Articles 53-56, Article 58, Regulation "On the implementation of concentration procedures of the undertakings", Guideline "On the form of the notification of a concentration and the option for a simplified form of notification", and the "Notification of Concentration Form".

Upon review of the report prepared by the Secretariat on the notification of concentration realized through the merger of the American Bank of Albania and the Italian-Albanian Bank, the Competition Commission,

**NOTED THAT:**

1. **Parties participating in the transaction:**

- **The American Bank of Albania, (ABA)** with headquarters in Tirana, Albania, is the shareholding company, composed by two shareholders:
  - a) **Intesa Sanpaolo S.p.a**, the owner of 80% of the shares;;and,
  - b) **The Albanian-American Enterprise Fund, (AAEF)**, the owner of 20% of the shares,;
  - c) **The Italian-Albanian Bank (IAB)**, with headquarters in Tirana, Albania, is the shareholding company, composed by three shareholders:
    - a. **Intesa Sanpaolo S.p.a**, the owner of 76.13% of the shares,
    - b. **The European Bank for Development and Reconstruction, (BERZH)**, the owner of 20% of the shares; and,
    - c. **Simest S.p.a**, owner of 3.87 % of the shares;

on **6 November 2007** have entered an agreement, which consists on the the merger of the American Bank of Albania and the Italian-Albanian Bank. As a consequence, the Italian-Albanian Bank ceases to exist as a juridical person, and all its assets and liabilities, as well as all the agreements and transactions where the Italian-Albanian Bank is a party to, shall be transferred at the American Bank of Albania, in compliance with the Law.

2. The American Bank of Albania and the Italian-Albanian Bank operate in the banking and financial market in compliance with their respective licenses, specifically, License No. 11, dated 10.08.1998, and License No. 1/1996, dated 17.07 1998, issued by the Bank of Albania.
3. This transaction constitutes a concentration and therefore fulfills the conditions of becoming subject of review by the Competition Authority, in conformity with the Article 10, paragraph 1, letter “a”, and Article 12, paragraph 1, letter “b” of the Law No. 9121, dated 28.07.2003, titled “On the Protection of Competition”.
4. In the year 2006, the annual turnover in the international market of the American Bank of Albania was: 497.285 thousand Lek;
5. In the year 2006, the annual turnover in the national market was 5.468.801 thousand Lek, and is composed of the following:
  - annual turnover in the national market of the American Bank of Albania: 4.201.381 thousand Lek; and

- annual turnover in the national market of the Italian-Albanian Bank:: 1.267.420 thousand Lek.

2. **Relevant market:**

a) Product market:

Referring to the respective licenses held by the two banks, the following are considered as products:

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, traveler's cheques and banker cheques;
6. Intermediation of monetary operations, including hard currency;
7. Financial leasing,
8. Provision of representation and financial consultancy services (excluding services described under points (a) and (b));

**b) Geographical market:**

With respect to the extension of the market of the two banks participating in the merger, we note that it is a limited market, local in nature and mainly concentrated in Central Albania, the Western Lowland and Southeastern Lowland of Albania.

- The Italian-Albanian Bank operates in the banking market through its main branch in Tirane and five agencies located in : Tirane, Durres, Shkoder and Vlore.
- The American Bank of Albania operates in the banking market through its ten branches and eleven agencies located in: Tirana, Durres, Vlore, Elbasan, Fier, Lushnje, Gjirokaster, and Korçe.

In the evaluation of this concentration, the **national market** is considered as the relevant geographic market, because the impact of the strengthening of the position in the market of the new American Bank of Albania shall involve the whole banking market.

**c) The assesment of impact into competition:**

- The transaction consists on the merger, through the takeover procedure, of the Italian-Albanian Bank by the American Bank of Albania. At the conclusion of this transaction, a new bank emerges, the American Bank of Albania (the name remains the same as before), and the Italian-Albanian Bank ceases to exist as a juridical person, and all its assets and liabilities, as well as all the agreements and transactions where the Italian-Albanian Bank is a party to, shall be transferred at the American Bank of Albania, in compliance with the Law.
- The undertakings participating in the concentration operate at the same horizontal level of the product market. After the concentration, the **market share of the new American Bank of Albania** is: 16.44 % of the asset market, 16.05 % of the credit market, 7.05 % of the tresury bonds market and 14.35 % of the deposit market, therefore ranking **the new American Bank of Albania only second** to Raiffeisen Bank.
- The market is open to competition, with no entry barriers and is characterized by swift changes, with respect to the geographical extension and the offering of new products. The positive trends towards the extension of the banking market through the opening of new branches and agencies has brought about a significant and tangible improvement concerning the coverage ratio and the quality of the existing products, besides the introduction of new ones, in particular in the city of Tirana.
- This concentration causes changes in the structure of the banking market through the reduction of the number of competitors (from 17 into 16 banks), and through the strengthening of the position in the market of the new American Bank of Albania, which shall be ranked second in the product market (assets, credits, deposits and tresury bonds).
- The strengthening of the position in the market of the new American Bank of Albania, after the concentration, does not cause any significant reduction of the competition in the market and has beneficial effects for the customers. The introduction of new services / products, the improvement of the existing ones, the reduction of costs and increase in revenues, the development of information technology, etc., are indicators that motivate competition in the market and balance out the limiting consequences that spring from strengthening of the position in the market of the new American Bank of Albania,

**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 the Protection of Competition”, the Competition Commission,

**DECIDED:**

1. To authorize the concentration realized through the realized through the merger of the American Bank of Albania and the Italian-Albanian Bank.
2. This decision enters into effect immediatey.

**COMPETITION AUTHORITY**

**Lush Perpali**

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Member

**Servete Gruda**

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Member

**Koço Broka**

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Member

**Lindita Milo (Lati)**

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**CHAIRWOMAN**