



DETERMINATION OF MERGER NOTIFICATION M/11/033 -

VÄRDE/SAV

Section 21 of the Competition Act 2002

Proposed acquisition by Värde Partners Inc of SAV Credit Limited

Dated 27 October 2011

Introduction

1. On 10 October 2011, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed transaction whereby Värde Partners Inc ("Värde") would acquire sole control of SAV Credit Limited ("SAV").

The Undertakings Involved

Värde

2. Värde is a leading global investor in credit and event-driven strategies. Credit strategies refer to debt-related investments which include corporate bonds as well as commercial and consumer loans. Event-driven strategies arise when Värde seeks a catalyst for value recognition.¹ Such a catalyst can be an event or process that causes unrecognised value to be realised.²
3. Värde provides funding to investment entities in the State including Värde Investments (Ireland) Limited ("VIIL") and CC Asset Management ("CCAM").³ CCAM is a special purpose vehicle with independent directors. SAV is the servicer of CCAM's credit card portfolio and has a [...] % interest in CCAM. Värde holds the remaining [...] % interest which entitles Värde to income from credit card receivables. However, Värde does not own or control CCAM and is not involved in the credit card business (e.g., issuing of credit cards, credit card processing, etc).⁴
4. For the financial year ending 31 December 2010, Värde's worldwide turnover was €[...]. Värde's turnover in the State for the same period was €[...].

SAV

5. SAV is a leading specialist credit card lender in the United Kingdom with approximately 500,000 accounts. SAV owns the *Aqua*, *Opus*, and

¹ [...].

² [...].

³ VIIL is owned by a number of charitable trusts. [...].

⁴ Värde, in its role as senior subordinated lender, monitors its investment in CCAM in the normal course of business. Such monitoring, by its nature, involves a certain amount of consultation with SAV in its role as servicer. However, Värde does not own or control either CCAM or SAV.

Marbles branded credit cards. SAV is the only company in the United Kingdom to provide credit cards to those customers who are not served by the high street banks. As part of the services offered by SAV in respect of its credit card portfolio, SAV acts as an intermediary for the sale of third party payment protection insurance ("PPI") products. However, this forms a very small part of SAV's business and the turnover generated by SAV from PPI commissions is negligible.

6. SAV does not have any physical presence in the State. However, it does provide credit card services (and receives some commission revenues from historic PPI sales although there is no current PPI sale activity) to customers based in the island of Ireland.
7. For the financial year ending 31 December 2010, SAV's worldwide turnover was €109 million. SAV's turnover in the State for the same period was approximately €[...].

Rationale for the Proposed Acquisition

8. The parties submit that the proposed acquisition will enable SAV's expansion and provide the financial resources to make further acquisitions. Värde submits that the broad sector knowledge and strong analytical capabilities of SAV will contribute to Värde's strategic objectives and develop Värde's investment in the consumer credit card market. Finally, the parties submit that the proposed acquisition will contribute towards the development of SAV's existing business to create a competitive player in the credit card payment market.

Third Party Submissions

9. No submissions were received.

Analysis

10. There is no horizontal or vertical relationship between the parties in the State. Värde is not active in the provision of credit cards or credit insurance services (including PPI) in the State.⁵
11. In light of the above, the Authority considers that the proposed transaction will not raise any competition concerns in the State.

Ancillary Restraints

12. The Share Purchase Agreement ("SPA") contains [...] non-compete and non-solicitation obligations on the seller. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

⁵ As noted above, Värde earns interest income from its investment in CCAM but it does not own or control CCAM.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Värde Partners Inc would acquire sole control of SAV Credit Limited will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Noreen Mackey

Member of the Competition Authority

Director, Mergers Division