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CCPC clears AIB acquisition of Ulster Bank commercial loans

28 April 2022

The Competition and Consumer Protection Commission (CCPC) has cleared the proposed acquisition of certain assets of Ulster Bank Ireland DAC (Ulster Bank) by Allied Irish Banks p.l.c. (AIB) (the Proposed Acquisition). These assets consist of a portfolio of performing commercial loans (i.e. loans to businesses) of Ulster Bank. In addition to the commercial loans, a number of Ulster Bank employees will also transfer to AIB.

In February 2021, Ulster Bank announced its intention to withdraw all of its banking services in the State.¹

Based on a review of the evidence available to it, the CCPC accepted the argument of the parties that Ulster Bank would cease to provide commercial loans to businesses in the State with turnover greater than €2 million, irrespective of whether or not the sale of its commercial loan portfolio to AIB proceeded.

The CCPC considered whether the Proposed Acquisition would cause a substantial lessening of competition, when compared to the alternative scenario of an exit of Ulster Bank by winding down its business lending or (in the case of commercial real estate loans) a sale of the loans to an alternative purchaser, and found that it would not.

Ulster Bank's exit from the market means that only two full service banks will remain in the State to serve the needs of businesses with turnover between €2 million to €250 million.

International evidence shows that higher concentration in banking services is likely to have a detrimental effect on competition, leading to poorer outcomes for business borrowers in terms of pricing, innovation and service. This is substantiated by some of the business customers contacted by the CCPC, who indicated that they had concerns with the exit of Ulster Bank from the State.

While the CCPC does not have a role in approving or reversing the decision of a company to exit the State, it does have a duty to highlight competition issues which arise as a result of the exit and which are likely to harm business customers and the wider Irish economy.

The CCPC notes that the retail banking review currently being conducted by the Department of Finance will consider (amongst other things) the structure of the banking industry, competition in the market for banking services, and the availability of credit for SMEs.

The CCPC considers that its concerns regarding the competitive landscape of the Irish banking services market are highly relevant to all of these issues and will continue to work with all

¹ A separate transaction ([M/21/076](#)) involving the proposed acquisition of other Ulster Bank assets by Permanent TSB is currently being reviewed by the CCPC. The assets in this separate transaction include Ulster Bank lending to micro SMEs (i.e. businesses with turnover less than €2 million).

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stakeholders to consider how to ensure the market is open and competitive to the benefit of everyone.

The CCPC will publish its full determination on its website no later than 60 working days after the date of the determination and after allowing the parties the opportunity to request that confidential information be removed from the published version.

Further details on the CCPC's announcement are available [here](#)