



DETERMINATION OF MERGER NOTIFICATION M/11/013 - DZ BANK/WGZ BANK/DZ PRIVATBANK

Section 21 of the Competition Act 2002

Proposed acquisition by DZ Bank AG and WGZ Bank AG of Joint Control of DZ Privatbank S.A.

Dated 30 May 2011

Introduction

1. On 4 May 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 DZ Bank AG Deutsche Zentral-Genossenschaftsbank ("DZ Bank") and WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank ("WGZ Bank") would acquire joint control of DZ Privatbank S.A. Luxembourg ("DZ Privatbank").
2. The proposed transaction involves the pooling of the private banking activities of DZ Bank and WGZ Bank into an existing subsidiary of the former, DZ Privatbank, and the subsequent acquisition of joint control of that subsidiary by DZ Bank and WGZ Bank.

The Undertakings Involved

DZ Bank

3. DZ Bank is a central and commercial bank incorporated in Germany. It is the fifth largest bank in Germany and is a member of the Association of Cooperative Banks which services 30 million private and corporate customers. DZ Bank acts as a central bank for approximately 920 cooperative banks and in that capacity provides services and support for individual cooperative banks in Germany, including liquidity equalisation.
4. In addition to its central bank function within the cooperative banking sector in Germany, DZ Bank also acts as a national clearing bank for corporate customers. DZ Bank offers the complete spectrum of banking services to its customers, mainly in Germany.
5. DZ Bank Ireland plc ("DZ Bank Ireland") is a wholly-owned subsidiary of DZ Bank. DZ Bank Ireland holds a banking licence from the Central Bank of Ireland. It is focussed on investments via floating rate notes, asset swaps, and bilateral loans to a range of parties such as financial institutions, corporations, and sovereign entities in Europe and North America. It also provides medium and long-term fixed rate loans to cooperative banks in Germany. According to the parties, DZ Bank Ireland does not actively target customers in the State. However, a minimal amount of the DZ Bank's turnover is generated by DZ Bank Ireland in the State (e.g., interest income on Irish securities). The

proposed transaction does not relate to the activities of DZ Bank Ireland.

6. For the year ending 31 December 2010, DZ Bank's worldwide turnover was €23.8 billion. Although it has not been possible to ascertain turnover by customer location, DZ Bank estimates that for the year ending 31 December 2010, the group income which could be considered to relate to the State was likely to be in excess of €40 million.

WGZ Bank

7. WGZ Bank is a central and commercial bank incorporated in Germany. It is a member of the Association of Cooperative Banks and it acts as a central bank for 210 cooperative banks. In addition WGZ Bank is also a corporate bank.
8. WGZ Bank Ireland plc ("WGZ Bank Ireland") is a wholly-owned subsidiary of WGZ Bank. WGZ Bank Ireland holds a banking licence from the Central Bank of Ireland. It operates as a commercial bank and its lending activities include the provision of short, medium and long-term loans to banks and borrowers in Germany and internationally. The proposed transaction does not relate to the activities of WGZ Bank Ireland.
9. For the year ending 31 December 2010, WGZ Bank's worldwide turnover was €3.2 billion. WGZ Bank estimates that the total group turnover that could be considered to relate to the State for the year ending 31 December 2010 was approximately €[...].

DZ Privatbank

10. DZ Privatbank is a wholly-owned subsidiary of DZ Bank. DZ Privatbank is active in the private banking sector as well as in the provision of funds services, foreign currency lending and treasury services. DZ Privatbank's private banking activities include asset management, investment advisory services, risk and insurance advice, and personal financial advice. DZ Privatbank has branches in Germany, Luxembourg, Switzerland and Singapore. DZ Privatbank's core market is Germany. According to the parties, DZ Privatbank does not actively target the Irish market. However, it generated a minimum amount of turnover from the provision of private banking services to Irish customers.

Rationale for the Proposed Acquisition

11. The parties submit that the proposed acquisition will enable the pooling of their private banking businesses into a new business unit which will continue to concentrate on the parties' core geographic market, Germany. This will ensure a better and more sustainable exploitation of opportunities in the private banking market in Germany so as to offer more choice, innovation and value to customers, and better returns to shareholders.

Third Party Submissions

12. No submissions were received.

Analysis

13. The proposed transaction does not impact on the provision of corporate banking services. The proposed transaction relates solely to the pooling of the parties' private banking businesses. The parties overlap in the provision of private banking services to customers in Germany.¹ However, there is little or no overlap in the provision of private banking services to customers located in the State.
14. In light of the above, the Authority considers that the proposed acquisition will not raise any competition concerns in the State.

¹ The proposed transaction was cleared by the German Federal Cartel Office on 4 April 2011.

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 DZ Bank AG Deutsche Zentral-Genossenschaftsbank and WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank would acquire joint control of DZ Privatbank S.A. Luxembourg 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

**Gerald FitzGerald
Member of the Competition Authority
Director of Mergers Division**