



DETERMINATION OF MERGER NOTIFICATION M/09/001 – SGVHT/NASPA DUBLIN

Section 21 of the Competition Act 2002

Proposed acquisition of sole control by Sparkassen- und Giroverband Hessen-Thüringen of Naspa Dublin

Dated 4 February 2009

Introduction

1. On 13 January 2009, 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 Sparkassen- und Giroverband Hessen- Thüringen (“SGVHT”) would acquire sole control of Naspa Dublin through the purchase of 100% of the shares of Naspa Dublin.

The undertakings involved

The Acquirer

2. SGVHT is a public body formed pursuant to a German state treaty dated 10 March 1992. SGVHT is owned by fifty German savings banks which provide banking services in the German regions of Hesse and Thuringia (the “Banks”)¹. SGVHT itself does not supply any banking services. The objectives of SGVHT pursuant to the German state treaty include²:
 - (i) promoting and supporting the common interests of the Banks;
 - (ii) developing the businesses of the Banks; and,
 - (iii) undertaking quasi-regulatory and exclusive auditing functions in relation to the Banks.
3. SGVHT currently controls three companies. One of these companies, Landesbank Hessen Thüringen–Girozentrale (“Helaba”), provides wholesale and retail banking services primarily in Germany. Helaba also provides corporate and investment banking facilities in international markets. Neither of the other two companies controlled by SGVHT is engaged in the provision of banking services.
4. In the State, Helaba operates a branch at the International Financial Services Centre (“IFSC”) in Dublin. This branch provides loans to international customers and to a small number of customers in the State³. Helaba also has a wholly-owned, subsidiary, Helaba Dublin

¹ The share capital of SGVHT is divided between the Banks according to their respective size. SGVHT is not controlled by any one of the Banks.

² Page 11 of the Merger Notification Form.

³ The international and Irish customers of Helaba’s Irish branch include companies involved in property development, aircraft and projects. Helaba estimates that the loans provided by Helaba’s Irish branch amount to an insignificant percentage (4%) of the branch’s overall assets.

Landesbank Hessen-Thüringen International (“Helaba Dublin”), which is located in the IFSC. Helaba Dublin is mainly active in the areas of asset finance, investor administration and receivables purchasing to customers located outside the State⁴. Helaba Dublin has no customers in the State.

The Target

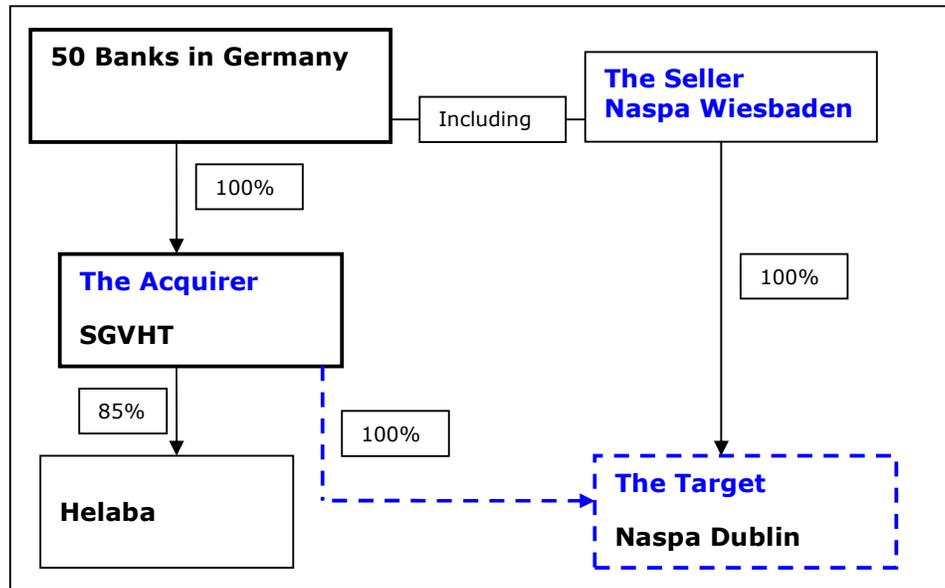
5. Naspas Dublin is a wholly owned subsidiary of Nassauische Sparkasse, Wiesbaden (“Naspas Wiesbaden”), one of the Banks that own SGVHT. Naspas Dublin is also located in the IFSC in Dublin. Naspas Dublin carries out the following activities, both in the State and outside the State:
 - (i) Investing in debt securities such as floating rate notes issued by banks and asset backed securities (mainly residential mortgage backed securities); and,
 - (ii) Using derivative transactions such as cross currency swaps, foreign exchange swaps and forward rate agreements mainly for hedging purposes.

6. Naspas Dublin has Irish investments which represent approximately 7.5% of its overall investments. Naspas Dublin’s investments are therefore mainly located outside the State. Naspas Dublin does not provide any financial products or services to customers in the State or outside the State

The Proposed Transaction

7. The proposed transaction is illustrated in Figure 1 below.

**Figure 1
The Proposed Transaction: Acquisition of Sole Control over Naspas Dublin**



⁴ Helaba Dublin’s international customers include companies involved in aircraft and projects financings.

8. Figure 1 shows that pre-acquisition the seller, Naspas Wiesbaden, is one of the Banks that own the acquirer, SGVHT. Following completion of the proposed transaction, SGVHT would have sole control over the target Naspas Dublin. The proposed transaction will not affect the ownership structure of SGVHT or the 85% shareholding of SGVHT in Helaba.
9. The proposed transaction is part of a restructuring plan of Naspas Wiesbaden [...]. The proposed transaction will concentrate the capital market business of the SGVHT in the State.

Analysis

10. Outside the State there is horizontal overlap between the activities of SGVHT (through Helaba) and Naspas Dublin in connection with investment in bank and other financial securities. Although both Helaba and Naspas Dublin have a physical presence in the State, there is, however, no horizontal overlap in their activities in the State.
11. In the State, Helaba's Irish branch and Naspas Dublin are not focussed on the same activities. While Helaba's Irish branch is active in the provision of loans to a small number of Irish customers, Naspas Dublin is active in investing in debt securities and using derivative transactions for hedging purposes.
12. In light of the above, the Authority considers that the proposed acquisition does not raise competition concerns in the State.

Determination

The 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 of sole control of Naspas Dublin by Sparkassen- und Giroverband Hessen- Thüringen will not be to substantially lessen competition in any markets for goods and services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr. Stanley Wong
Member of the Competition Authority