



DETERMINATION OF MERGER NOTIFICATION M/05/081 – Commerzbank/Eurohypo

Section 21 of the Competition Act 2002

**Proposed acquisition of Eurohypo AG, Frankfurt by
Commerzbank AG, Frankfurt**

Dated 12/01/06

Introduction

1. On 16th December 2005, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of the proposed acquisition by Commerzbank AG, Frankfurt (“Commerzbank”) of sole control of Eurohypo AG, Frankfurt (“Eurohypo”).

The Parties

2. Commerzbank, the acquirer, is a German bank whose business activities include retail, commercial and investment banking, foreign exchange trading, securities trading and asset management. The Commerzbank Group’s activities in Ireland involve the provision of international financing, to clients from other Western Europe and OECD countries, through its base in the IFSC. The group has no domestic customers in Ireland.
3. Eurohypo, the target, is a German Pfandbrief bank¹ that specialises in providing (i) real estate financing of private property for business and private customers; (ii) state financing; and (iii) the issuing of German covered bonds (“*Pfandbriefe*”), debentures and bonds generally. Additionally, Eurohypo owns 90% of the share capital of Europaeische Hypothekenbank S.A. (“Eurohypo Luxembourg”) whose main business is limited to granting public sector loans to corporations and institutions governed by public law. Eurohypo Luxembourg has a branch in Ireland, Europaeische Hypothekenbank S.A., which provides services exclusively to clients located outside of the State. Eurohypo has [] Irish customers who are serviced by Eurohypo AG London.

¹ A German covered bonds’ bank.

The Proposed Transaction

4. Currently, the main shareholders in Eurohypo are (i) Commerzbank which indirectly holds 48.92%, (ii) Deutsche Bank, Frankfurt, ("Deutsche Bank") which directly and indirectly holds 27.99%, Dresdner Bank AG, Frankfurt, ("Dresdner Bank") which indirectly holds 21.13% and the remaining 1.96% is held by the general public.
5. The proposed transaction involves a restructuring of the ownership of Eurohypo in which Commerzbank will acquire the shares of both Deutsche Bank and Dresdner Bank. As a result of the proposed transaction, both Deutsche Bank and Dresdner Bank will cease to hold any interest in Eurohypo, while Commerzbank will hold 98.04%. The general public will continue to hold 1.96% in Eurohypo.

Analysis

6. There is no competitive overlap between the parties' activities in the State. Therefore, the proposed transaction does not raise competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Commerzbank AG, Frankfurt, of Eurohypo AG, Frankfurt, will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry

Member of the Competition Authority