



GAZDASÁGI
VERSENYHIVATAL

Acquisitions in the banking sector

The Hungarian Competition Authority (GVH) granted authorisation to Wallis Zrt. for the acquisition of WestLB Hungaria Bank Zrt. The GVH also authorised Volksbank Zrt. Hungary to buy up the assets and liabilities constituting the portfolio of the Hungarian Branch of BNP Paribas.

On 26 June 2009 Wallis Zrt. and WestLB AG signed an agreement for sale and purchase of shares according to which Wallis acquired the entire equity of WestLB Hungaria Bank Zrt.

81 undertakings belong to the Wallis-group. Among others, they are interested in real estate development, management, distribution and renting, vehicle trade and leasing, environmental remediation, distribution of medical devices, electricity production and trade, production of plastic building materials, financial services (financial services for SMEs and residents, and residential leasing services) and property management.

WestLB is a financial institution that provides financial and supplementary financial services, investment and supplementary investment services. Its clients are foreign, partly or fully foreign-owned and domestic big and medium sized companies. The undertaking does not really provide residential services. The financial institution mostly provides deposit, credit and loan services, together with money market operations, bank account management and commercial financing and other bank transactions, such as bank guarantees and futures.

According to the GVH, no substantive effects on competition can be identified as a result of the concentration on the market directly affected by the transaction (on the Hungarian market of universal banking and financial and investment services for companies). Wallis is a relatively new undertaking - not substantially present on the relevant market -, that acquires control over an undertaking that has already been present on the market. Hereby the transaction would not change the concentration of the relevant market. The share of WestLB is around 1 percent on the relevant market.

According to the Competition Act, the GVH may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition on the relevant market, in particular as a result of the creation or strengthening of a dominant position. Since there are no concerns for the lessening of competition as a result of the concentration, the GVH cleared the concentration.

On 7 August 2009 Volksbank Zrt. and the Hungarian Branch of BNP Paribas (BNP) entered into an agreement. According to the agreement Volksbank will acquire the assets and liabilities (deposits, securities, credits, loans and guarantees) constituting the portfolio of BNP.

Volksbank started its activity in 1993, since that time it has been providing universal financial services. The BNP Paribas bank-group has been present in Hungary for about 20 years, since 2001 as 100 percent owner of BNP Paribas Hungária Bank Rt. The latter has been

functioning as the Hungarian branch of the group since 1 September 2006. Its clients are mostly made up of multinational companies, domestic big and medium sized companies, and financial institutions. It provides special services for its clients.

According to the GVH, as a result of the transaction, the market share of Volksbank rises, but it will probably remain far below 5 percent. It is also important to take into account that Volksbank and BNP are active in different fields of the market. The former is one of the developing small and medium sized banks that provide services for residents and companies, while the latter is specialised in companies and mostly provides special services for them, as a result, its competitors in Hungary are the banks that are considered relatively small. Based on the experience of the GVH, competition is more intensive on the market of financial services for companies than on the one of domestic financial services. It is due to the fact that on the market of banking and financial services for companies switching costs are relatively lower (for instance in the case of credits, depending on the amount of the credit), and thus bank switching is more frequent. As a result, the market positions of the players are more even. Based on all the above mentioned, according to the GVH, the concentration is not likely to result in any detrimental effects.

According to the Competition Act, the GVH may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition on the relevant market, in particular as a result of the creation or strengthening of a dominant position. Since there are no concerns for the lessening of competition as a result of the concentration, the GVH cleared the concentration.

Case number: **Vj-99/2009** and **Vj-106/2009**.

Budapest, 7 October 2009

Hungarian Competition Authority
Communication Group

Further Information:

András Mihálovits

Hungarian Competition Authority

Address: 1054 Budapest, V. Alkotmány u.5.

Postal address: 1245 Budapest, 5. POB. 1036

email: Mihalovits.Andras@gvh.hu

<http://www.gvh.hu>