Mergers: Commission approves proposed acquisition of ABN AMRO assets by Fortis, subject to conditions

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of certain assets of the Dutch banking group ABN AMRO by Belgo/Dutch financial services group Fortis. The Commission's decision is conditional upon the upfront divestiture of ABN AMRO's Dutch factoring subsidiary and part of its commercial banking business in The Netherlands. In light of this commitment, the Commission has concluded that the proposed transaction would not significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it.

Fortis has activities in banking, insurance and related services, such as asset management, leasing and factoring. Fortis' operations are centred, in particular in Belgium and in the Netherlands, with additional presence in other Member States, Asia and the United States.

ABN AMRO is an international banking group active worldwide in four principal customer segments: personal banking, private banking, business and commercial clients and corporate and institutional clients. In the EEA, ABN AMRO is predominantly active in The Netherlands.

On 29 May 2007, a consortium formed by RBS, Fortis and Santander announced a bid for ABN AMRO's entire share capital. If the bid were successful, it would lead to the break-up of the ABN AMRO assets among the three banks. The consortium's operation is considered to give rise to three different proposed concentrations. Today's decision refers to the merger that would result from the acquisition by Fortis of certain ABN AMRO assets. RBS' and Santander's proposed acquisitions of the remaining ABN assets were authorised by the Commission in its decisions of 19 September 2007 (see IP/07/1363).

Pursuant to the terms of the proposed bid, Fortis would acquire ABN AMRO's Business Unit Netherlands (except former Dutch wholesale clients), Business Unit Private Clients and Business Unit Asset Management.

Fortis' activities and the assets to be acquired of ABN AMRO mainly overlap in The Netherlands in the markets of Commercial Banking and Factoring, Retail Banking and Payment Services and to a lesser degree in Leasing, Asset Management, Financial Market Services, and Insurance.

In Commercial Banking, the proposed merger would combine the first and the fourth largest banks in the Dutch market, which is already concentrated. The Commission had concerns that as a result of the transaction corporate customers with a turnover of €2.5 million to €250 million would face less competition between banks.
To address the Commission’s concerns, Fortis committed to divest a corporate banking business, consisting of Hollandsche Bank Unie N.V. (HBU), two corporate client departments, 13 “Advieskantoren” and ABN AMRO's Dutch factoring activities to a large international bank. The divested business is larger than Fortis' corporate banking activities in the Netherlands. Fortis also agreed, under certain conditions, to give the purchaser the option to buy or lease any "advieskantoor" that Fortis would have otherwise closed within a specified period. Fortis can only acquire control over ABN AMRO's Business Unit Netherlands and Business Unit Private Clients after having closed the sale of the Divestment Business to a suitable purchaser.

In factoring, the Commission also had serious doubts that corporate customers would have sufficient competitive choices. However, the divestiture of ABN's factoring subsidiary, IFN Finance BV, would remove the overlap caused by the proposed transaction.

More information on the cases will be available at: http://ec.europa.eu/comm/competition/mergers/cases/index/m96.html#m_4844