

Brussels, 5 April 2011

## State Aid: Commission approves restructuring of ABN AMRO Group, subject to conditions

***The European Commission has approved under EU state aid rules a support package and restructuring plan for the ABN AMRO Group, subject to certain conditions designed to consolidate the viability of the group. It will ensure an appropriate own contribution to the cost of restructuring and prevent that the public funds are used to finance an aggressive business strategy to the detriment of competitors, who have to operate without state aid. After an in-depth investigation (see [IP/09/565](#)) and a temporary approval of additional recapitalisation measures (see [IP/10/138](#)) the Commission concluded that, subject to these conditions, the total aid package is in line with EU rules that allow aid to remedy a serious disturbance in a member state's economy (Article 107(3)(b) of the Treaty on the Functioning of the European Union). The restructuring package has been implemented since October 2008, when the Dutch State purchased Fortis Bank Nederland and the Dutch activities of the then existing ABN AMRO Bank, which then merged to form ABN AMRO Group.***

Commission Vice President in charge of competition policy Almunia said: *"The conditions set by the Commission to accompany the restructuring plan shall effectively ensure that the aid is used to make the ABN AMRO Group viable in the long term and prevent that the aid finances competition distorting initiatives".*

The ABN AMRO Group results from the merger of Fortis Bank Nederland and the Dutch activities of the then existing ABN AMRO Bank. When Fortis SA/NV run into acute difficulties subsequent to the high price paid for the Dutch activities of ABN AMRO Holding and its large holding of structured credits, the Dutch state purchased Fortis Bank Nederland, including the Dutch activities of ABN AMRO on 3 October 2008, and provided it with liquidity facilities in order to implement the separation from Fortis Bank. Fortis Bank Nederland repaid the loan facilities in mid 2009, partly through the issuance of also state guaranteed longer term bonds.

Besides this liquidity support, the two entities received different support measures. The Commission's investigation found that the recapitalisation measures taken between October 2008 and January 2010 represent an aid amount of between €4,2 and €5,45 billion. Certain measures, such as the purchase price of €12.8 billion paid by the Dutch State to Fortis Bank SA/NV for acquiring the two entities, while they represent a cost for the Dutch State, were not considered as representing state aid to the two entities since the latter did not receive the corresponding money. The Dutch State owns 100% of the merged Fortis/ABN Amro.

In order to ensure that the state funding is used solely to consolidate the viability of the merged entity and not, for instance, for financing an aggressive growth of the group at the expense of competing banks, the Commission has subordinated its approval of the aid package to a set of conditions. The conditions include a ban on acquisitions and a requirement to achieve certain margin profit levels in the private banking sector, where the bank has a strong position, to avoid that it uses the aid to undercut competitors.

The Commission's investigation confirmed that, unlike in other cases, the need for state support did not stem primarily from excessive risk taking or unsustainable business models of the two aided entities, but from the separation from their respective mother company, which left them as undercapitalised stand alone entities, in particular not able to finance the upfront costs related to the merger. In this specific context and taking into account the limited amount of the recapitalisation aid received, the Commission concluded that no divestment was required.

The Commission had already approved aid for Fortis Bank SA/NV in May 2009 (see [IP/09/743](#)). The merger between Fortis and the Dutch ABN AMRO assets had been cleared, subject to conditions, under the EU merger regulation in 2007 (see [IP/07/1442](#)). The divestment the parties committed to implement has since then been carried out.

The non-confidential version of the present decision will be made available under case number SA26674 in the [State Aid Register](#) on the [DG Competition website](#) once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).