

***Case No COMP/M.5296 -
DEUTSCHE BANK /
ABN AMRO ASSETS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 01/10/2008

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01.10.2008

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.5296 – Deutsche Bank/ ABN AMRO Assets
Notification of 28 August 2008 pursuant to Article 4 of Council
Regulation No 139/2004**

1. On 28 August 2008, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004¹ (the Merger Regulation) by which the undertaking Deutsche Bank ("DB", Germany) acquires sole control of parts of ABN AMRO Bank N.V. and parts of ABN AMRO's subsidiary IFN Group B.V. (together "ABN AMRO assets", the Netherlands) by way of purchase of shares.

I. THE PARTIES

2. DB is active worldwide in global investment business and provides banking services to private clients.
3. ABN AMRO Assets include Hollandsche Bank Unie N.V., two of ABN AMRO's corporate client departments and 13 of ABN AMRO's commercial advisory centres (together "HBU divestment business") as well as ABN AMRO's Dutch factoring subsidiary IFN ("IFN divestment business").

¹ OJ L 24, 29.1.2004 p. 1

II. THE CONCENTRATION

4. The proposed transaction consists of the acquisition by DB of sole control of ABN AMRO Assets, i.e. the acquisition of all shares of New-HBU II N.V. which will hold the HBU divestment business and of all shares of IFN Finance B.V. which will hold the IFN divestment business.
5. The acquisition of control by DB over the above mentioned assets constitutes one single concentration. Both acquisitions were agreed upon between the same parties and on the same date and will also be consummated on the same date. According to the SPAs the acquisition of the HBU divestiture business is dependent on the acquisition of the IFN divestiture business and vice versa. Consequently, the transaction constitutes a single concentration within the meaning of Article 3 of the Merger Regulation.²
6. The transaction is a consequence of the acquisition of certain assets of ABN AMRO by Fortis, Case COMP/M.4844 - Fortis/ABN AMRO assets which has been approved by the European Commission on 3 October 2007 subject to conditions. This approval decision is conditional upon the upfront divestiture of the HBU divestment business and the IFN divestment business.

III. COMMUNITY DIMENSION

7. The transaction has a Community dimension pursuant to article 1(2) of the Merger Regulation. The parties have a combined aggregate worldwide turnover in excess of € 5,000 million (DB: 89,509 million, ABN AMRO assets: [...] million) and a Community-wide turnover in excess of € 250 million (DB: [...] million, ABN AMRO assets; [...] million). Only ABN AMRO assets realises its entire turnover in the Netherlands.

IV. RELEVANT MARKETS

8. The Parties activities overlap in corporate banking, factoring and financial market services in the Netherlands.
9. In previous decisions³ the Commission has held that banking services can be divided into three main segments: (i) retail banking; (ii) corporate banking and (iii) financial market services. Also factoring has been distinguished as a separate product market within the banking sector.⁴

² See Commission's Consolidated jurisdictional notice – 1.5 Interrelated transactions
<http://ec.europa.eu/comm/competition/mergers/legislation/en.pdf>

³ Case No COMP/M.4844 – Fortis/ABN AMRO ASSETS, Commission decision of 3 October 2007.

⁴ Case No COMP/M.4844 – Fortis/ABN AMRO ASSETS, Commission decision of 3 October 2007.

(i) Corporate banking

10. Corporate banking comprises banking services to large corporate customers ("LCCs") and smaller commercial clients, these services include notably: domestic payments, international payments, savings, loans, documentary credits, export financing and cash management services. In previous decisions⁵ LCCs have been considered to be companies with an annual turnover exceeding 250 million, commercial customers are companies with a turnover between 2.5 and 250 million. Companies with a turnover of less than 2.5 million are normally served through the retail banking network.
11. In previous Commission's decisions⁶ the markets for corporate banking for commercial customers have been defined as national while for LCCs the question on whether the market for these services is national or wider has been left open.
12. In the Netherlands, DB offers its services mainly to LCC while the HBU divestiture business offers its services mainly to commercial clients. DB estimates the Parties combined market share to be around [10-20] % in the commercial client segment in general and for all possible sub-segments. For LCC the Parties estimate their combined market share to be less than [5-10] %. Therefore the proposed transaction will not result in affected markets.

(ii) Factoring

13. Factoring is a financial service by which a commercial client pledges its debtors to a factoring company that will collect the money. This financial service has been defined by the Commission as a separate relevant product market with a national dimension.⁷
14. The proposed transaction will result in an affected market for factoring.

(iii) Financial Market Services

15. Financial market services include a broad range of services such as trading in securities, bonds, derivatives, foreign exchange and money market instruments. In previous decisions⁸ the Commission has left open the question whether these segments constitute separate product markets.

⁵ Case No COMP/M.4844 – Fortis/ABN AMRO ASSETS, Commission decision of 3 October 2007.

⁶ Case No COMP/M.4844 – Fortis/ABN AMRO ASSETS, Commission decision of 3 October 2007.

⁷ Case No COMP/M.2577 - GE Capital/Heller Financial, Commission Decision of 23 October 2001.
Case No COMP/M.3894 - Unicredito/HVB, Commission Decision of 18 October 2005.

⁸ Case No COMP/M.3894 - Unicredito/HVB, Commission Decision of 18 October 2005.
Case No COMP/M.4844 – Fortis/ABN AMRO ASSETS, Commission decision of 3 October 2007.

16. The market has normally been considered wider than national in scope, although in some cases an assessment at national basis has been carried out.⁹
17. Both DB and HBU divestment business have only limited activities in the market for financial market services in the Netherlands both in terms of product portfolio and in terms of revenue. Their combined activities will not lead to any affected market.

V. COMPETITIVE ASSESSMENT

18. The proposed transaction leads to one affected market for factoring in the Netherlands.
19. On the market for factoring in the Netherlands the Parties will have a combined market share of [20-30] % (IFN divestment business: [20-30] % and DB: [0-5] %). However, taking into consideration the small increment ([0-5] %) as well as the existing number of significant competitors on the factoring market in the Netherlands (ING Commercial – [30-40] %; Fortis – [30-40] %; De Lage Landen/Rabobank – [10-20] %) the proposed transaction will not have a significant impact on the factoring market in Netherlands.
20. The proposed transaction results in an HHI level post merger of [2000-3000] and a delta of only [10-20], which makes it unlikely to identify horizontal competition concerns according to the guidelines on horizontal mergers.¹⁰
21. Therefore, also based on the Commission's in-depth analysis of the market concerned in the case M.4844 - Fortis/ABN AMRO assets, it can be concluded that the proposed transaction does not raise serious doubts as to its compatibility with the common market.

VI. CONCLUSION

22. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the Commission
(signed)
Neelie KROES
Member of the Commission

⁹ Case No COMP/M.3894 - Unicredito/HVB, Commission Decision of 18 October 2005.

¹⁰ Guidelines on the assessment of horizontal mergers – OJ C.31 of 05.02.04 p. 5, para 20.