Eleventh-hour push to find buyer for Fortis

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BELGIUM and Luxembourg were last night desperately searching for a buyer for troubled financial group Fortis before markets opened this morning.

The 11th-hour talks came as concerns grew over the future of rival Franco-Belgian bank Dexia.

In a second weekend of crisis talks, Belgian prime minister Yves Leterme said yesterday that he hoped to keep the Belgian and Luxembourg operations of the group together after the Dutch nationalised most of Fortis units on Friday.

Leterme said: "There are contacts with private groups, several private groups. We are not going to decide on this situation with our backs to the wall. We are going to send a clear and strong signal to the markets before they open."

Last night, there were reports that French bank BNP Paribas was in talks to take up to 80 per cent of Fortis. Belgium and Luxembourg would keep a 20 per cent share in the Fortis banks in their countries. BNP declined to comment.

Belgium and Luxembourg were left to deal with the remains of Fortis’s banking and insurance operations after the Netherlands took over the Dutch activities for 16.8 billion (GBP 13bn) at the end of a week of turmoil for European banks.

The credit crisis has struck hard in Belgium, with bail-outs required for Fortis, the largest private sector employer, and Franco-Belgian Dexia.

New doubts surfaced about Dexia after German banks and insurers pulled out of a state-led 35bn rescue programme for lender Hypo Real Estate (HRE), the parent of Dexia's rival public finance lender, Depfa.

In an effort to restore confidence, Leterme yesterday described Dexia as a "very solvent bank". Dexia, the recipient of a 6.4bn public bail-out on Tuesday, said that credit risks related to HRE would have a very limited impact on the group’s solvency.

Meanwhile, the fight over control of America's Wachovia intensified after a US judge temporarily agreed to block the sale of the bank to Wells Fargo.

State Supreme Court Justice Charles Ramos issued the order late on Saturday night, blocking the sale of Wachovia which Wells Fargo & Co had agreed to buy in a dollars 14.8 billion (GBP 8.4bn) deal.

Rival Citigroup accused Wells Fargo of trying to cut off its earlier takeover offer of Wachovia's banking operations for dollars 2.1bn in a deal struck with the assistance of the Federal Deposit Insurance Corporation.

On Friday, four days after that deal was struck, Wells Fargo said it was buying Wachovia.

Wachovia said yesterday that it was pressing ahead with its deal to sell its banking operations to Wells Fargo.