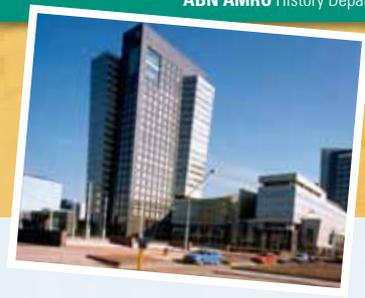


# ABN AMRO, 1990-PRESENT



## The merger, 1990-1991

On 22 September 1991, the two largest general banks in the Netherlands, Algemene Bank Nederland (ABN) and Amsterdam-Rotterdam Bank (Amro), merged. The resulting company adopted the name ABN AMRO. The two principal motives for the merger were to concentrate strengths and to scale up business internationally.



## National and international expansion, 1990-2007

In September 1990, the consumer credit activities in The Netherlands via intermediaries of the subsidiaries Finata, IDM and Mahuko were brought under a new subsidiary Interbank (sold in 2007). Two private subsidiary banking companies also merged in 1991 to form Nachenius Tjeenk & Co. (sold in 2005). Two years later, two more subsidiaries Bank Mees & Hope and Pierson, Heldring & Pierson merged to form MeesPierson. Since these companies primarily competed with ABN AMRO in the Dutch market, MeesPierson was sold to Fortis in 1997.

Even before the creation of ABN AMRO, the United States was an important market for the bank with ABN's purchase of LaSalle in 1979. This importance increased with further acquisitions of Talman Home Federal Savings & Loan Association (1991), Standard Federal Bancorporation (1997) and Michigan National Bank (2001). The crowning moment of ABN AMRO's prominent position in the US came when it achieved listing on the New York Stock Exchange in 1997.

In the growth market of Brazil, ABN AMRO took over Banco Real in 1998, the fourth largest bank in the country.

The South American operations of ABN AMRO's subsidiary Hollandsche Bank-Unie were combined with those of Banco Real under the name Banco ABN AMRO Real. In the following years, more Brazilian take-overs followed, and the country became the company's third home market after the Netherlands and the United States.

Multiple take-overs occurred in Europe as well, such as that of the London stockbroking firm Hoare Govett (1992), the Swedish investment bank Alfred Berg (1995) and the centuries-old German private bank Delbrück & Co. (2002), which was merged with BethmannMaffei, an acquisition from 2004. In France Banque Odier Bungener Courvoisier, Banque Demachy and Banque du Phénix were acquired and merged with Banque de Neuflyze, Schlumberger, Mallet to become Banque NSMD. After a long and controversial struggle regarding Banca Antonveneta, ABN AMRO acquired a majority stake in this Italian bank at the start of 2006.

## Barriers to growth

An important reason for the creation of ABN AMRO was international strengthening and expansion. This goal was energetically pursued with many national and international acquisitions, but the company also divested itself



of subsidiaries. This gave an uneven impression to outside observers, a sense that was reinforced by various reorganizations in which the structure of the bank was thoroughly changed multiple times. In addition, in comparison with the competition, the company incurred high expenses despite the fact that profit increased annually. Thus the price of ABN AMRO shares remained relatively low, which further impeded international expansion of the bank in an increasingly international market.

### **Merger or acquisition, 2007**

A consortium made up of Royal Bank of Scotland (RBS), Fortis and Banco Santander, combined under the name RFS Holdings, made an offer for ABN AMRO. Previously, Barclays had made an offer to merge the operations of Barclays and ABN AMRO. A majority of shareholders accepted RFS Holdings' offer, which took place on 17 October 2007.

With this move, ABN AMRO formally came under the ownership of the consortium and was subsequently split by the new owners; the business units Netherlands, Asset Management and Private Banking went to Fortis while Banco Real and Antonveneta went to Santander, and the private and business clients in Asia, Europe, and North America went to RBS; LaSalle Bank was excluded since it had been sold to Bank of America in October 2007.

### **Nationalization and integration, Fortis and ABN AMRO 2008**

In 2008 the worldwide credit crisis was felt intensely in the Netherlands and Belgium. The Belgian-Dutch insurance and banking group Fortis experienced problems as a consequence of financing the take-over of ABN AMRO. Both financial markets' and private clients' confidence in Fortis quickly declined and Fortis' share price dropped. At the end of September 2008, Fortis' cash flow problems led to actions by the governments of the Benelux countries to partly nationalize the company. As share price and consumer confidence did not improve, Fortis was completely nationalized on 3 October 2008. The Dutch government bought the Dutch operations of Fortis Bank, Fortis' insurance branch, and the share of Fortis in ABN AMRO for a sum of 16.8 billion Euros. Subsequently, the Dutch government announced that after the split, all operations of ABN AMRO and the business components of ABN AMRO and Fortis Bank Nederland (FBN) acquired by the Dutch state would be integrated into the new ABN AMRO. In February 2009, under the guidance of Gerrit Zalm, for-

mer Dutch minister of finance, a transitioning team was put together to prepare for the integration of the two banks.

### **Towards a new ABN AMRO, 2010**

A condition of the European Commission's agreement to the take-over of ABN AMRO by Fortis in 2007 was that a number of components of the Dutch business unit of ABN AMRO, acquired by Fortis – including the subsidiaries Hollandsche Bank-Unie and IFN Finance – would be broken off. This was known as the 'EC Remedy', which resulted in the sale of these business units to Deutsche Bank in April 2010. To defray the costs of the EC Remedy, the Dutch state gave ABN AMRO a capital injection of 2.6 billion Euros in the middle of 2009. With this development, the path was clear for the complete integration and fusion of ABN AMRO and FBN, which took place on 1 July 2010. The new ABN AMRO is focused on the retail market in the Netherlands and on private banking in the Netherlands and various countries in Europe and Asia, as well as on merchant and corporate banking in the Netherlands and abroad.

