ABN AMRO-FORTIS, 2007-2010

Merge or takeover, ABN AMRO 2007
In 2007, ABN AMRO experienced a very eventful year where a new period of transition began. A consortium made up of Royal Bank of Scotland (RBS), Fortis, and Banco Santander, who went by the collective name of RFS Holdings, launched a bid to takeover ABN AMRO. Before that time Barclays had already made an offer to merge Barclays’ and ABN AMRO’s activities. The majority of the shareholders accepted RFS Holdings’ offer, which was made unconditional on October 17, 2007, meaning that it had officially acquired ABN AMRO.

ABN AMRO was eventually delisted from the Euronext Amsterdam and the New York Stock Exchange and on September 22, 2008, RFS Holdings became the sole shareholder in ABN AMRO. The allocation of the different businesses of ABN AMRO among the three consortium banks was agreed upon. Central functions and activities considered non-core were proportionally allocated to the consortium members. The separation and transfer of ABN AMRO businesses to their new owners proceeded according to the consortium’s separation and integration plan developed in 2007. Business Units Netherlands, Asset Management and Private Banking were to be acquired by Fortis. The transfer of Business Unit Asset Management to Fortis Bank Belgium (later BNP Paribas) was concluded on April 1, 2008 and the transfer of Banco Real (Brazil) and Antonveneta (Italy) allocated to Santander was concluded in July 2008. The transfer of business and client activities in Asia, Europe and North America to RBS began in the first half of 2008.

Nationalization and integration, Fortis and ABN AMRO 2008
The worldwide credit crisis began to affect the Netherlands in 2008. The Dutch-Belgian insurance and banking group Fortis was the first in the Benelux region to experience financial trouble. Like many other financial institutions, Fortis had trouble raising capital, particularly to finance its recent acquisition of ABN AMRO. Confidence in Fortis from both the financial market and customers decreased sharply and the share price of Fortis fell. At the end of September 2008, Fortis’ cash flow problems prompted intervention from the Benelux governments.
Initially, the governments of the Netherlands, Belgium and Luxembourg decided to nationalise parts of Fortis. Fortis’ stake in ABN AMRO would be sold. Unfortunately, the rescue operation did not have the desired effect. Stock price and customer confidence were not restored. On October 3, the Benelux governments made the decision to nationalise Fortis in its entirety. The Dutch government bought the Dutch businesses of Fortis Bank, the insurance arm of Fortis and the Fortis share in ABN AMRO for EUR 16,8 billion. Subsequently, it announced that upon finalising the separation of all ABN AMRO businesses, the Dutch State acquired ABN AMRO businesses would be integrated with Fortis Bank Nederland to form the new ABN AMRO.
A transition team headed by Gerrit Zalm, former Finance Minister of the Netherlands, was composed in February 2009 to prepare for the integration of the two banks.

Remedy, 2007-2010
In order to obtain clearance from the European Commission for the acquisition of ABN AMRO by Fortis, a requirement was put in place in 2007 that some parts of the Fortis-acquired Business Unit Netherlands of ABN AMRO would be sold off. This was called the EU Remedy. Fortis chose to sell the subsidiary businesses of Hollandsche Bank-Unie and IFN Finance, two corporate clients business units and thirteen district offices. After the acquisition by the Dutch Government, the
remedy requirement remained the same and ultimately, the Remedy businesses were sold on April 1, 2010 to Deutsche Bank. The finalisation of the EU Remedy cleared the way for full integration of ABN AMRO and Fortis Bank Netherlands (FBN).
To finance the separation, Remedy, integration costs and recapitalisation needed to fulfill the capital requirements of the Dutch regulator, the Dutch government provided funding to ABN AMRO of EUR 2.6 billion in mid-2009.

**Towards a new ABN AMRO, 2010**
An important milestone in the separation process was the legal demerger. On February 6, 2010, the businesses of ABN AMRO acquired by the Dutch State were legally demerged from the RBS acquired businesses. As a result, they became two separate banks within ABN AMRO Holding N.V.: Royal Bank of Scotland N.V. (‘RBS N.V.’) and the new entity named ABN AMRO Bank N.V., each licensed separately by the Dutch Central Bank. Two months later, ABN AMRO Bank N.V. was separated from the ABN AMRO Holding (renamed RBS Holdings N.V. on the same date) and transferred to a new parent company, ABN AMRO Group. Fortis Bank (Nederland) N.V. also then transferred to ABN AMRO Group. Both banks continue to operate within the holding but as independent banks until their legal merger on July 1, 2010. As of April 1, 2010 though, the Holding company and both banks have the same Managing Board (chaired by Gerrit Zalm) and Supervisory Board (led by Hessel Lindenbergh).
The new ABN AMRO will focus on the retail market in the Netherlands, private banking in the Netherlands and various European and Asian countries. ABN AMRO will also continue to concentrate on companies in the Netherlands and their activities abroad.