ACCORDING TO THE CHINESE ZODIAC, 2012 was the year of the dragon—a period of new beginnings and mixed blessings. And so it proved in corporate dealmaking, with companies shedding assets at record rates.

Spin-offs and divestitures accounted for almost half of the $2.6 trillion global M&A market in 2012, according to Thomson Reuters—the highest proportion since the data provider first started tracking deal flow in 1980.

Offloading business units can help corporations streamline their operations and provide funds for strategic investments. But for some, such as Dutch-based ING Groep NV, doing so wasn’t by choice.

Like many banking and financial services firms, ING was hit hard by the recession. Its shares tanked by over 25 percent in a single day in 2008, after the rapidly diminishing value of subprime mortgage assets held by its U.S. business led the group to announce that it would post its first quarterly loss for more than half a century. The company's worsening plight forced the Dutch government to step in and provide a €10 billion ($13 billion) capital injection.

Unlike most of the bank bailouts seen across Europe during the recession, the Dutch government did not take a stake in ING in return for the aid, meaning that its stock was not diluted. The support still came at a heavy price, however, with a European Union commission ordering ING to undertake a major restructuring to separate its worldwide insurance and banking operations before the end of 2013. The company immediately turned to long-standing counsel Sullivan & Cromwell, with partners William Torchiana and Mark Menting acting on a series of asset sales totaling more than $15 billion.

“Ever since ING Group was formed in the early nineties, the emphasis had always been to push the integration of the banking, insurance, and asset management businesses,” says Torchiana, a financial institutions partner based in Sullivan’s 23-lawyer Paris office. “Having to then separate those elements under such an aggressive timescale was a massive challenge. We basically had two years to unwind more than 20 years of work in putting the group together.”

New York M&A partner Menting says the combination of an extremely short deadline and continued market uncertainty made for a challenging balancing act. “There were two almost contradictory forces at play,” he says. “Most of the other financial institutions had been likewise affected by the financial crisis, so the pool of potential buyers was much shallower, but ING was very conscious about not being positioned as a forced seller.”

The New York–based firm has a close relationship with ING that stretches back decades. It advised the company on the Dutch government's initial capital injection and subsequent €30 billion guarantee of ING’s U.S. mortgage-backed securities portfolio, and also recently acted on ING's $11.1 billion follow-on equity rights offering. (At press time Sullivan was currently working on the ongoing IPO of its U.S. insurance arm, ING U.S. Inc.)

The undoubted highlight of the latest deals—in value terms, at least—was the February 2012 sale of the group's online banking arm, ING Direct USA, to Capital One Financial Corp. At $9 billion, it ranks as the largest U.S. bank deal since the U.S. government's $13.9 billion sale of IndyMac Federal Bank to OneWest Bank Group in 2009.

The firm also acted on the $3.8 billion sale of ING's Latin American insurance and investment management operations to Colombian financial conglomerate Grupo de Inversiones Suramericana SA, which closed in December, and the CAN.$3.1 billion sale of ING Direct Canada to Scotiabank—the biggest deal in Canada's banking sector for more than a decade.

The successful transactions mean that ING has already repaid more than 75 percent of the total amount owed to the Dutch government, and the company remains well on track to complete its restructuring ahead of the E.U.–imposed deadlines.

“Despite the extremely difficult circumstances, we have already completed a number of huge transactions,” says ING general counsel Jan-Willem Vink. “Mark and William have been a key factor in that success. They both have an intimate understanding of our business, both in banking and insurance, which really elevates them beyond the point of simply being lawyers and providing legal support—they’re true partners in the commercial decision-making process.”

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DEALMAKERS OF THE YEAR

WILLIAM TORCHIANA AND MARK MENTING, Sullivan & Cromwell

DEAL TRIVIA

Number of S&C or ING offices worldwide that the lawyers met at to complete the deals: Nine