

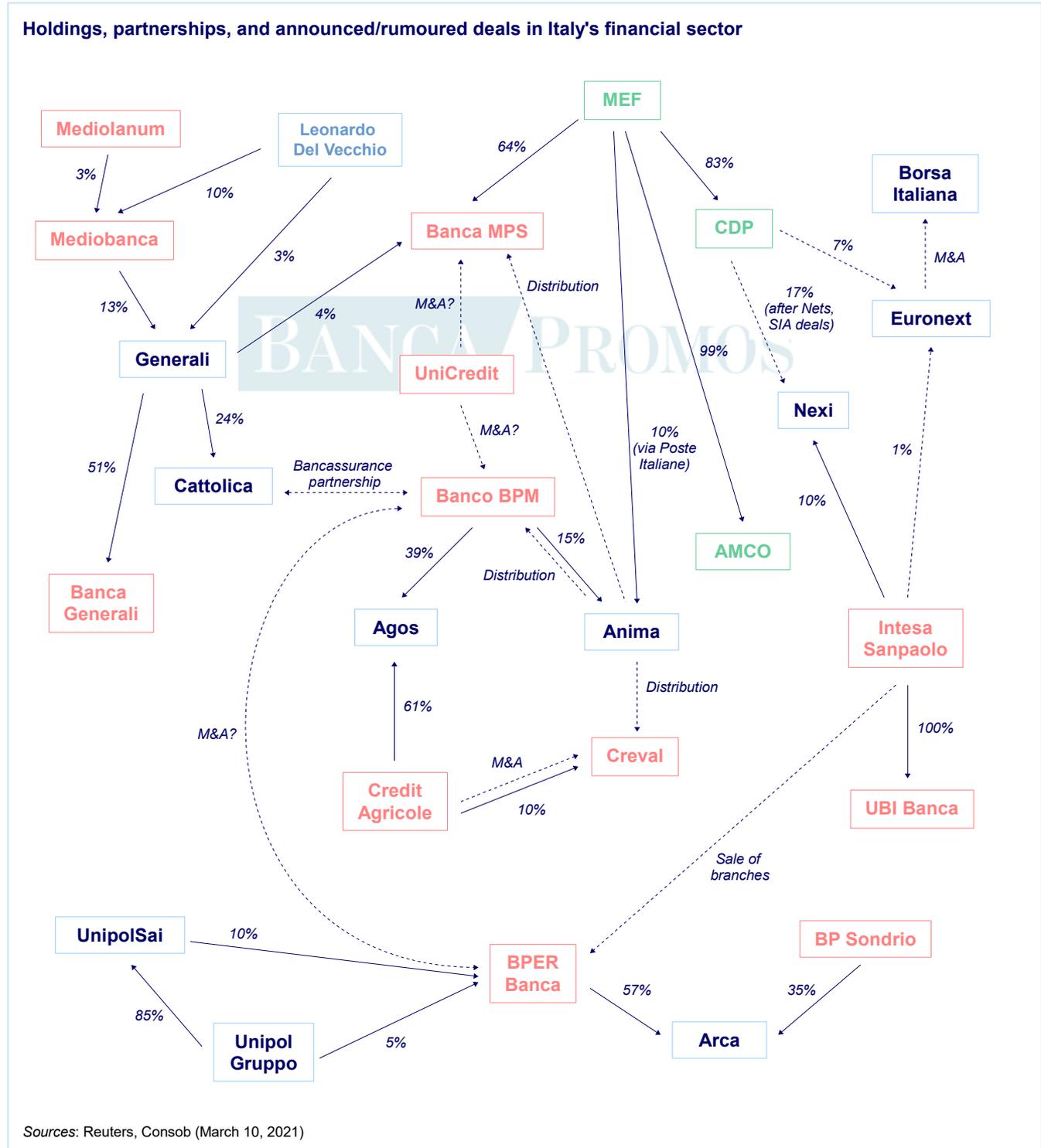
# M&A focus: Italian banks

Italy's "petrified forest" shaken by Covid-19 and lower-for-longer rates

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## Hurray for the newlyweds!

The spillovers of the coronavirus pandemic, the prospect of lower-for-longer interest rates, and competitive pressures arising from **Intesa Sanpaolo's** acquisition of smaller rival **UBI Banca** have created the ideal conditions for a new season of mergers and acquisitions among major Italian banks.

**UniCredit**, whose helm will be taken by new CEO Andrea Orcel from mid-April, is the cornerstone of the whole consolidation wave. Italy's Ministry of Finance (MEF) is pushing for the second biggest Italian bank to take on ailing **Monte dei Paschi di Siena** (in the face of a wide package of tax incentives and legal guarantees) but Orcel reportedly signaled a preference for **Banco BPM**.

A three-way deal (UniCredit, MPS, Banco BPM), despite its higher execution risk, is still an option on the table of the Italian dealmaker, which in 2007 worked (on behalf of Merrill Lynch) on Monte Paschi's acquisition of Banca Antonveneta (an operation that sparked off at least part of the following troubles of the Siena-based lender).

Meanwhile, having abandoned the idea of a tie-up, Banco BPM has stepped up its moves towards **BPER Banca** (with the blessing of **Unipol**, the largest shareholder of the Modena-based bank) and **Credit Agricole Italia** has announced in November a takeover bid on **Credito Valtellinese**.

## Petrified forest

*This is how, in 1988, then Treasury Minister Giuliano Amato described the immobility of Italy's banking system, on the eve of a season of privatizations and aggregations.*



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