

Banco BPM**Banco BPM rejects UniCredit takeover bid**

Italy's third-largest bank says value of offer is 'completely unusual' and fails to reflect its prospects



UniCredit launched its €10.1bn takeover bid for Banco BPM on Monday © Bloomberg

Silvia Sciorilli Borrelli in Milan

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Italian lender Banco BPM has dismissed a bid from rival UniCredit, calling the value of the offer “completely unusual” and saying it failed to reflect the bank’s profitability and future prospects.

In its first comments since UniCredit made its all-share offer, [BPM](#) said it remained “focused on the implementation of its 2023-2026 business plan and on its takeover of [asset manager] Anima”.

UniCredit on Monday [launched a €10.1bn takeover bid](#) for BPM, Italy’s third-largest bank, surprising the market and the country’s political establishment. The move suggests a shift in chief executive Andrea Orcel’s priorities, after UniCredit rapidly built a stake in German rival Commerzbank this year.

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Italian finance minister Giancarlo Giorgetti told Italian lawmakers on Monday: “As [military strategist] Carl von Clausewitz said, the safest way to lose the war is to engage on two fronts.” He added that the government had been informed of the bid but had “not agreed” to it.

UniCredit’s offer values each Banco BPM share at €6.66. The deal would, if agreed, create the Eurozone’s third-largest lender by market capitalisation.

However, BPM’s board of directors said the terms of the offer represented a 0.5 per cent premium to Friday’s share price and an implicit 7.6 per cent discount to Monday’s price.

BPM shares rose more than 5 per cent to about €7 each on Monday after the takeover offer was announced.

“In the opinion of the board of directors, the terms of the offer do not in any way reflect BPM’s profitability and its further growth potential,” the lender said in a statement. The board added that a potential merger would wipe out BPM’s brand and “greatly reduce competition” in both the retail and corporate space in the Italian banking sector.

Ahead of the board meeting in Milan, director Mauro Paoloni told reporters that UniCredit’s takeover bid was “hostile”.

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Morningstar senior analyst Johann Scholtz said the current terms of the deal implied “a steep premium compared to where BPM has traded historically” and UniCredit had “limited capacity” to increase its offer.

“With this deal and the Commerzbank deal facing obstacles, UniCredit will feel pressure to get at least one deal over the line. UniCredit’s management must however be disciplined not to overpay,” Scholtz added.

Banco BPM launched a takeover offer for Milanese asset manager Anima this month and is awaiting regulatory approval. It also took a 5 per cent stake in once-ailing Tuscan lender Monte dei Paschi di Siena, which the Italian government is in the process of privatising after a bailout in 2017.

Under Italian financial law, target companies must abstain from actions that may affect the outcome of a takeover offer. “The Italian so-called passivity rule will now greatly limit BPM’s strategic flexibility with regards to the Anima transaction and the recent investment in Banca Monte dei Paschi di Siena,” BPM said in the statement.

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