European bank merger

On February 3rd 2006 BNP Paribas, France's second-biggest bank, declared that it was buying a 48 percent stake (0) .... Banca Nazionale del Lavoro (BNL) and would bid (31) .... the rest. The offer values BNL, Italy's sixth-biggest bank, at about €9 billion ($10.8 billion). (32) .... approved by regulators, this will be the biggest foreign acquisition ever by a French bank and the fifth-largest cross-border takeover in European banking.

BNL has (33) .... seen as a takeover target for three years, but BNP Paribas was never thought to (34) .... a potential buyer. Last year Spain's Banco Bilbao Vizcaya Argentaria (BBVA), (35) .... owns 15 percent of BNL, tried to buy the lot but hardly received enthusiastic encouragement from the Italian authorities. Unipol, an Italian insurer, then (36) .... in a bid which was eventually rejected by the central bank last week. When Unipol and 12 other shareholders were ready to sell, the opportunity was (37) .... good to let pass, says Baudouin Prot, chief executive of BNP.

Mr Prot's strike shows (38) .... attractive Italy's banking market is at this time. It looks ripe for consolidation: the top five banks have a share of only 35 percent, as (39) .... to 72 percent in France and 80 percent in Britain. It ought to be profitable: Italians save more than the European Union average and pay higher bank fees. It is (40) .... noting that BNP's Italian operations, in consumer finance, insurance and corporate finance, already produce revenue of €750m a year.