

Welcome to IMAS M&A Monthly – July 2011
Highlighting key deals and trends in the UK financial services industry

General Insurance

Insurance consolidation discussions have also been active in July with rumours of a £17bn offer from Zurich for Aviva, The Co-operative Group looking to sell its life arm to Royal London, as well as an agreed deal for HSBC Insurance Services £68.5m sale of its underwriting business to Syndicate Holding Corp. Giles also approached CBG regarding a potential deal whilst Lloyd's broker Thompson, Heath & Bond is in takeover discussions with US-based broker AmWINS.

Investment Related

Asset management also saw selected activity with Michael Spencer's private equity vehicle IPGL disposing of Origin Asset Management to NYSE-listed Principal Financial Group, JO Hambro Capital Management to be bought by Australian fund manager BT Investment Management (owned by Westpac) for £209m and Williams de Broe in talks to acquire BNP Paribas Investment Management.

IFAs also continue to be active with Moneygate acquiring City-based Equus Independent Financial Management with £1bn funds under influence. In addition, Aegon has put its Guardian Life insurance business up for sale for £250m.

July also saw outbound overseas interest with Kleinwort Benson Bank acquiring German banking service provider BHF-Bank AG from Deutsche Bank and Tullett Prebon gaining approval to acquire Brazilian inter-dealer broker Convencao Corretora de Valores e Cambio.

Lending

Banking M&A continues to be active with major activity around Lloyds Banking Group, Northern Rock and Citigroup's piecemeal disposal of Egg.

Initial interest appears to have narrowed on Lloyds' 632 branch disposal with only NBNK (headed by Lloyd's of London chairman Lord Levene), Co-operative Financial Services and Hugh Osmond (backed by Sun Capital) understood to remain in the process. Northern Rock rumoured to be in the running. Buy-to-let lender Paragon is considering a bid for Northern Rock or its loan portfolio and Egg continues to be sold piecemeal to Yorkshire Building Society (Egg's mortgage and savings business), Barclays (Egg's credit card accounts) and Britannica Recoveries (Egg's loans portfolio).

Support Services (Financial)

Finally, financial support services continue to be active with Western Union's announced acquisition of Travelex Global Business Payments from Apax for £606m. The London Stock Exchange is understood to be in discussions around a potential merger with Nasdaq, following last month's failure to complete the Toronto Stock Exchange deal.