

BANCO BPM

Sector: Banks

OUTPERFORM

Price: Eu11.03 - Target: Eu12.00

Solid Results with a Strong Contribution from Anima

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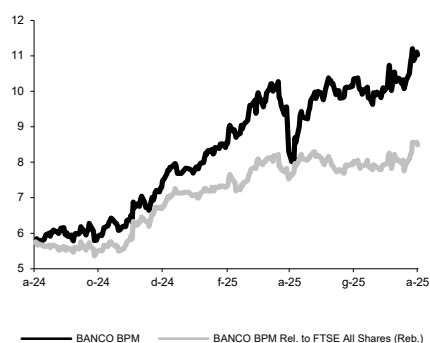
Stock Rating

Rating: from BUY to OUTPERFORM

Target Price (Eu): from 11.60 to 12.00

	2025E	2026E	2027E
Chg in Adj EPS	-4.5%	0.0%	2.5%

BANCO BPM - 12M Performance



Stock Data

Reuters code: BAMI.MI

Bloomberg code: BAMI IM

Performance	1M	3M	12M
Absolute	10.2%	10.9%	92.6%
Relative	7.4%	4.8%	62.8%
12M (H/L)			11.20/5.73
3M Average Volume (th):			7,573.54

Shareholder Data

No. of Ord shares (mn):	1,515
Total no. of shares (mn):	1,515
Mkt Cap Ord (Eu mn):	16,712
Total Mkt Cap (Eu mn):	16,712
Mkt Float - Ord (Eu mn):	12,316
Mkt Float (in %):	73.7%
Main Shareholder:	
Credit Agricole	19.8%

Balance Sheet Data

Tangible Equity (Eu mn):	12,678
TEPS (Eu):	8.37
CET1 Ratio Fully Loaded:	13.5%
Gross NPE Ratio:	2.4%

BAMI yesterday published its 2Q25 results, which were above estimates due to positive trends in the top line, also driven by Anima' strong performance.

We think that the Anima acquisition has been a game changer for BAMI, and this quarter has been proof of the accretion it could bring. The new perimeter now embeds a more diversified top line, more fee oriented, which could partially offset the potential rates reduction, even if we forecast broadly stable NII in the next years, mainly due to foreseen higher-for-longer rates and the presence of an improved replicating portfolio.

For these reasons, we remain positive on the stock, even if we move our recommendation to OUTPERFORM (from BUY). Given the change in estimates, we raise our TP to €12 (from €11.60).

■ **2Q25 results.** Banco BPM's 2Q25 results surpassed expectations. Total income came in 1% above estimates because of a favourable day-count effect and replicating-portfolio contribution that cushioned narrower commercial spreads in NII, a fees beat by 5% thanks to the boost from Anima, insurance revenue remaining solid, and trading gains which included the BMPS dividend. Operating costs were in line, rising QoQ with Anima's consolidation yet still yielding a 45.3% cost/income ratio and €847mn of operating profit—just over 2% ahead of estimates. A lower-than-expected 35bps cost of risk, underpinned by a 0.9% default rate and strong asset quality, together with the capital gain on the pre-existing 22% Anima stake, lifted net profit to €704mn. The CET1 ratio was 13.3%, slightly above the 13.1% forecast. Management reiterated its 2025 net profit guidance of €1.95bn.

■ **Change in estimates.** We have refreshed our forecasts after the strong set of results. Net interest income is trimmed to reflect tighter commercial spreads, but this drag is partially offset by higher fee growth—helped by Anima's outperformance and still-robust insurance revenues—while the BMPS dividend is now booked under trading rather than other income. The full consolidation of Anima nudges operating costs up, so the cost/income ratio is now expected to ease from 46.3% in 2025 to 43.3% in 2027. A benign default rate, prudent NPE management and solid asset quality allow a lighter cost of risk in 2025. We also embed a slightly larger capital gain on Anima and lower goodwill from the deal. After incorporating these changes, our adjusted net-profit revisions stand at -4.5 % for 2025, flat for 2026 and +2.5 % for 2027. The gap between adjusted and stated earnings is mainly the higher-than-expected capital gain on Anima.

■ **Valuation.** We value Banco BPM using a GGM implied P/TE model, averaging our 2026/27 fair values. Given the aforementioned change in estimates, we now reach a FV of €12 per share (from €11.60). We think BAMI, with this set of results, has demonstrated the potential of a diversified and fee driven business model, which could bring further growth in terms of profitability in the next years. For these reasons we remain positive on the stock but move our recommendation to OUTPERFORM (from BUY) due to the lower upside. The stock is now trading at 1.32/1.28/1.24x its TE, while at target it would trade at 1.43/1.39/1.35x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	5,341	5,704	5,921	6,194	6,369
Net Operating Profit (Eu mn)	2,770	3,048	3,178	3,424	3,612
Net Profit Adj (Eu mn)	1,278	1,639	1,870	2,051	2,182
EPS New Adj (Eu)	0.843	1.082	1.234	1.354	1.440
EPS Old Adj (Eu)	0.843	1.082	1.293	1.353	1.404
DPS (Eu)	0.560	1.000	1.088	1.082	1.151
P/E Adj	13.1	10.2	8.9	8.1	7.7
Div. Yield	5.1%	9.1%	9.9%	9.8%	10.4%
P/TE	1.31	1.25	1.32	1.28	1.24
ROTE	10.0%	12.3%	14.8%	15.7%	16.2%

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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