Intermonte

Milan, 09 May 2025

Italian Equity Research – 1Q25 Results

BANCO BPM

BUY

Sector: Banks

Price: Eu9.85 - **Target: Eu12.00**

Raising the Bar

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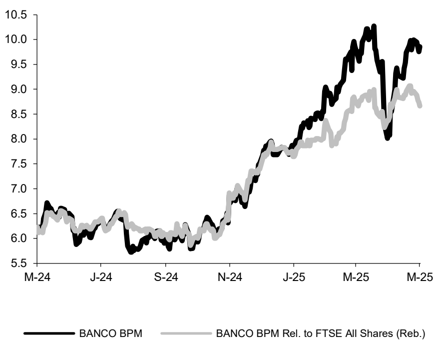
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 11.75 to 12.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	n.m.	n.m.	n.m.

BANCO BPM - 12M Performance



Stock Data			
Reuters code:			BAMI.MI
Bloomberg code:			BAMI IM
Performance	**1M**	**3M**	**12M**
Absolute	19.9%	9.0%	58.3%
Relative	4.3%	3.8%	44.7%
12M (H/L)			10.27/5.73
3M Average Volume (th):			13,099.58

Shareholder Data	
No. of Ord shares (mn):	1,515
Total no. of shares (mn):	1,515
Mkt Cap Ord (Eu mn):	14,931
Total Mkt Cap (Eu mn):	14,931
Mkt Float - Ord (Eu mn):	11,003
Mkt Float (in %):	73.7%
Main Shareholder:	
Credit Agricole	19.8%

Balance Sheet Data	
Tangible Equity (Eu mn):	12,267
TEPS (Eu):	8.10
CET1 Ratio Fully Loaded:	13.9%
Gross NPE Ratio:	2.7%

BAMI published its 1Q25 results, beating estimates through better top line and OpEx figures, as well as a lower CoR. The bank also brought its FY25 net profit guidance to €1.95bn, now also including the contribution from Anima; the figure is consistent with our calculation for the combined entity.
The deal is set to be a game changer for BAMI, as confirmed by our estimates (which now embeds the Anima contribution starting from 2Q).
We note that the offer period for the UCG VTO continues (ending at the end of June), and there remains a clear mispricing. Press rumours indicate that UCG could soon decide whether to bump up the offer or walk away.
Given the expected positive trends for the new structure, underlined by the results published, we are confirming our BUY recommendation on the stock, and raising our TP to €12 (see page 6 for details on the valuation).

- **1Q25 results (p. 4)** surpassed expectations, with revenue 5% higher than forecast thanks to resilient NII, record fee generation from savings products, strong trading gains in buoyant markets, and a growing contribution from insurance, which should reach full speed by 2026. Tight cost control kept operating expenses 2% below estimates, producing a cost/income ratio of 43.7% and operating profit of €831mn, about 12% ahead of projections. The CoR was 9bp lower than expected and the default rate improved to 0.97%, confirming healthy asset quality. Net profit reached €511mn, roughly 20% above the estimate; including the Anima stake, to be consolidated from 2Q25, profit would have been €544mn and fees would represent about 43% of revenue. The CET1 ratio also beat forecasts, lifted by management actions, DTAs, the sterilisation of FVOCI reserves and roughly 15bp of organic capital generation after booking 80% of the dividend; it also already factors in the BPM Vita capital raise for the Anima deal and the initial impact of Basel4.
- **Anima update:** the acquisition of Anima was completed in the first half of April, and the integration process is ongoing. From 2Q25 Anima's contribution will start to be included in BAMI's results. We continue to think that the deal is a game changer, as it will be highly accretive for the bank's profits (double-digit in terms of adj. EPS), while the CET1 position will remain solid (~13.9% at YE in our view, considering the ~90% stake acquired).
- **Change in estimates (p. 5):** we now factor the Anima integration into our estimates, trimming FY25 NII, adjusting fees, cutting costs and lowering the cost of risk, while booking a €160mn capital gain on the pre-existing Anima stake; these tweaks lift stated net profit by 6.4%/2.9%/3.5%, and adj. net profit by +0.5%/+2.9%/+3.4%.
- **Valuation (p. 6):** considering BAMI's new structure and our updated estimates, we are raising our fundamental FV to €11 per share. On top of that, we are adding an estimated share of synergies, related to the UCG-BAMI offer, equal to €1 per share (from €2 per share previously), assuming a 50% probability of the UCG-BAMI deal going through, bringing our target price to €12 per share. The stock is now trading at 1.22/1.19/1.16x its FY25/26/27 TE, at our fundamental FV it would trade at 1.36/1.33/1.29x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	5,341	5,704	6,060	6,234	6,335
Net Operating Profit (Eu mn)	2,770	3,048	3,317	3,484	3,594
Net Profit Adj (Eu mn)	1,278	1,639	1,959	2,050	2,128
EPS New Adj (Eu)	0.843	1.082	1.293	1.353	1.404
EPS Old Adj (Eu)	0.843	1.079	1.164	1.181	1.216
DPS (Eu)	0.560	1.000	1.088	1.082	1.123
P/E Adj	11.7	9.1	7.6	7.3	7.0
Div. Yield	5.7%	10.1%	11.0%	11.0%	11.4%
P/TE	1.17	1.12	1.22	1.19	1.16
ROTE	10.0%	12.3%	16.0%	16.4%	16.5%

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 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.

Explanation of our ratings system:

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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