

BANCO BPM

Sector: Banks

BUY

Price: Eu8.12 - Target: Eu8.80

The Pivotal centre of consolidation

 Fabrizio Bernardi +39-02-77115.387
 fabrizio.bernardi@intermonte.it

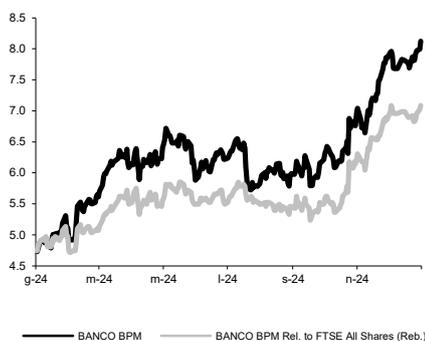
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 8.45 to 8.80		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.9%	0.9%

Next Event

 Results Out on February 11th

BANCO BPM - 12M Performance



Stock Data

Reuters code:	BAMI.MI
Bloomberg code:	BAMI IM

Performance	1M	3M	12M
Absolute	3.5%	30.7%	69.3%
Relative	3.2%	29.6%	55.0%
12M (H/L)		8.12/4.73	
3M Average Volume (th):		13,808.51	

Shareholder Data

No. of Ord shares (mn):	1,515
Total no. of shares (mn):	1,515
Mkt Cap Ord (Eu mn):	12,306
Total Mkt Cap (Eu mn):	12,306
Mkt Float - Ord (Eu mn):	10,374
Mkt Float (in %):	84.3%
Main Shareholder:	
Credit Agricole	9.2%

Balance Sheet Data

Tangible Equity (Eu mn):	13,948
TEPS (Eu):	9.21
CET1 Ratio Fully Loaded:	15.1%
Gross NPE Ratio:	3.3%

Banco BPM is now at the centre of the perfect M&A storm between a PTO launched on Anima Holding and UCG trying to take it over. Both offers seem clearly mispriced, and while BAMI is working on defensive moves to protect its standalone status, the market expects UCG to raise its offer, as we stated in our last banking sector report. We think BAMI is still very attractive due to the aforementioned expected hike by UCG, the defensive moves management will put in place (raising BPlan targets and bump on Anima) and the unclear role of Credit Agricole. We stick to our BUY recommendation and move our TP to €8.8.

■ **What's Up?** BAMI is set to report its FY24 results at the beginning of February, and we expect the conclusion of another positive year, with guidance confirmed (restated EPS >€0.95, while we are higher at €1.03) and an expected €1.2bn cash dividend (of which ca. €600mn already paid as an interim in November). Management is also expected to raise Business Plan targets with a dual objective: to include Anima in the projections and to show the markets the capabilities of the standalone entity. In our view, one of the key topics on which the market will focus is the payout policy, which we expect to be raised to 80% of net profit from 2025 onward, leaving further room for an eventual SBB able to improve multiples and accretion, even after integrating Anima. Even after the increase in shareholder remuneration, BAMI could be sitting on a large capital buffer (ca. €900mn vs their 14% BP target as of 3Q24) that could be used for other M&A opportunities in the product factory segment.

■ **The Anima Deal:** the cash PTO on Anima is still at €6.20 per share, but the market expects a hike (the stock is trading ca. 9% higher than the offer). BAMI clearly has leeway to do so, also thanks to the low capital consumption on likely application of the Danish Compromise (not to mention the capital improvement that will come from the two SRTs disclosed by BBG, which, on our calculations, could generate a benefit of ca. 30/35bps). Timing is not an issue as BAMI can increase its bid until the offer period ends, and that raise can even be decided at an AGM, scheduled at the end of April, with only 50%+1 of attendees' votes needed.

■ **UCG's Offer:** as stated above, UCG's PTO is also mispriced, and undoubtedly by more than the one on Anima. In our report "[Open Pandora's Box](#)" we analyzed the situation, and stated that a fair offer on BAMI needed to incorporate a hefty cash top-up, to which we would say: tender BAMI shares. Said top-up, in our view, would be around €3.7bn (or ca. €2.4 per share), and imply a total valuation, bearing in mind the 0.175 swap ratio, of ca. €14.5bn, or €9.6 per share (+18% vs 14/01 prices), implying a paid multiple of ca. 1x 2027 TE.

■ **Valuation:** Given the minor changes we made to BAMI's model (higher fee income and an upgrade to the payout ratio), the adj. EPS changed by ca.1%, and so did our TP based on fundamentals, which went from €7.90 to €8. As we already did in December, we now arrive at our TP through an average of the fundamental and M&A prices (now €9.6). We then move our BAMI TP to €8.8, sticking to our BUY recommendation.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Total income (Eu mn)	5,341	5,709	5,560	5,534	5,459
Net Operating Profit (Eu mn)	2,770	3,025	2,886	2,862	2,788
Net Profit Adj (Eu mn)	1,278	1,560	1,593	1,576	1,553
EPS New Adj (Eu)	0.843	1.029	1.051	1.040	1.025
EPS Old Adj (Eu)	0.843	1.029	1.042	1.031	1.018
DPS (Eu)	0.560	0.798	0.835	0.832	0.820
P/E Adj	9.6	7.9	7.7	7.8	7.9
Div. Yield	6.9%	9.8%	10.3%	10.2%	10.1%
P/TE	0.96	0.90	0.88	0.86	0.84
ROTE	10.0%	11.4%	11.4%	11.1%	10.7%

DISCLAIMER (for more details go to [DISCLAIMER](#))

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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&PMB40 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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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 December 2024 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
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 (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aquafil, Banca Ifis, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Eagle (on Greenthesis shares), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Amblienthesis), IEG, IndelB, Intred, Luve, Mistano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharmanutra, Relatech, Reply, Revo Insurance, Reway, Saes Getters, Sciuiker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Sy5-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Biffre S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Coffe, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, DHH, Digital Bros, Digital Magics, Digitouch, Doxee, Edilziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GM Leather, GPI, Green Oleo, High Quality Food, Ikonisy, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Mare Group, Masi Agricola, Matica Fintec, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Relatech, Reti, Sciuiker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevic, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, Wit, Zest.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2025 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available