

# BANCO BPM

**BUY**

Sector: Banks

Price: Eu9.79 - Target: Eu11.75

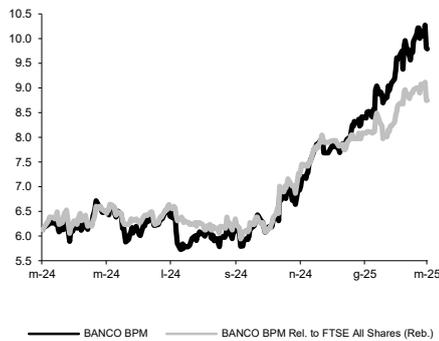
## Still a Tasty Prospect, Even If Danish is Off the Menu

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 12.00 to 11.75		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

### BANCO BPM - 12M Performance



### Stock Data

Reuters code:	BAMI.MI
Bloomberg code:	BAMI IM

Performance	1M	3M	12M
Absolute	2.1%	25.0%	59.8%
Relative	1.0%	11.2%	47.9%
12M (H/L)	10.27/5.73		
3M Average Volume (th):	11,235.46		

### Shareholder Data

No. of Ord shares (mn):	1,515
Total no. of shares (mn):	1,515
Mkt Cap Ord (Eu mn):	14,831
Total Mkt Cap (Eu mn):	14,831
Mkt Float - Ord (Eu mn):	12,502
Mkt Float (in %):	84.3%
Main Shareholder:	
Credit Agricole	9.2%

### Balance Sheet Data

Tangible Equity (Eu mn):	13,689
TEPS (Eu):	9.03
CET1 Ratio Fully Loaded:	15.0%
Gross NPE Ratio:	2.7%

Regulators rejected the request to apply Danish Compromise to BAMI's tender offer on Anima, as the process requires a more in-depth analysis. This news comes somewhat out of the blue and, according to our calculations (which include some managerial actions in mitigation), will erode some 180bp of capital (CET1r) vs. our FY25 standalone figure of ~15%. As a result, BAMI may not be in a position to pursue its projected €1bn share buyback (SBB), which we are now excluding from our figures for the combined entity.

The results of this "No-Danish" scenario are basically a lower YE25 CET1r and reduced EPS/DPS accretion. Having said that, the deal still entails double-digit accretion, and therefore strong value creation, while the CET1r is certainly not an issue given BAMI's organic capital generation and managerial actions that will be put in place.

We point out that our "official" estimates do not embed Anima's figures, as we are waiting for the outcome at the conclusion of the offer period.

We confirm our BUY rating on the stock, given the strong returns the deal would bring, trimming our TP to €11.75 per share (from €12), due to the new "No-Danish" scenario.

■ **What's going on?** BAMI moved its 22% stake in Anima to 100%-owned BPM Life (DC already applied) in order to use the DC in the tender offer on 100% of Anima. Unfortunately, the ECB gave a wary preliminary view on the DC situation, which was followed by the EBA decision on March 27 to reject the question posted by BAMI using the Q&A tool. In a "No-Danish" scenario BAMI lands on a CET1r of 13.18% which is well above the SREP requirement (currently at 9.18% for 2025), but leaves less upside to enable execution of the SBB, therefore eating into per-share accretion.

■ **Offer on Anima** is ongoing, with BAMI already having secured >47% of the target's share capital, and rumours suggesting it could already be at >50%. As stated yesterday, BAMI will pursue the acquisition even without DC application, as the deal would still be highly accretive. The offer period will end on 4 April, with the payment date scheduled for 11 April, unless the offer period is extended.

■ **What's changed?** With the ECB's conservative opinion and the EBA's rejection of the Q&A submission, we are removing our previous assumption that the DC would be applied, under which the CET1r impact would be lower with a €1bn SBB to be executed in 2027. Our P&L estimates remain the same, however, as while EPS/DPS accretion is lower due to the increased no. of shares (NoSh), it remains in the double-digit area, indicating that the deal is still highly accretive.

■ **Valuation.** We think denial of DC application has an impact on accretion, but is not enough to undermine the strong value that the deal could bring.

To reach our Target Price, we are **averaging our BAMI standalone fair value (€9.3 per share, unchanged) with the value deriving from the combination with Anima**, excluding DC and the €1bn SBB (**€10.2 per share, vs. our previous €10.6 including DC and SBB**). On top of that, we are **adding ~50% of the synergies** estimated by UCG regarding its offer on BAMI (**€2 per share**). All in all, we reach a **TP of €11.75 per share**. The stock is now trading at 1.08/1.06/1.03x its FY25/26/27 TE. At the BAMI-Anima FV it would trade at 1.13/1.10/1.07x, while at our TP it would trade at 1.30/1.27/1.24x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	5,341	5,704	5,739	5,756	5,791
Net Operating Profit (Eu mn)	2,770	3,048	3,078	3,098	3,146
Net Profit Adj (Eu mn)	1,278	1,635	1,764	1,790	1,842
EPS New Adj (Eu)	0.843	1.079	1.164	1.181	1.216
EPS Old Adj (Eu)	0.843	1.079	1.164	1.181	1.216
DPS (Eu)	0.560	1.014	0.907	0.927	0.955
P/E Adj	11.6	9.1	8.4	8.3	8.1
Div. Yield	5.7%	10.4%	9.3%	9.5%	9.8%
P/TE	1.16	1.11	1.08	1.06	1.03
ROTE	10.0%	12.2%	12.9%	12.8%	12.8%

