Milan, 23 October 2025

Italian Equity Research – 3Q25 Results

UNICREDIT

NEUTRAL

Sector: Banks

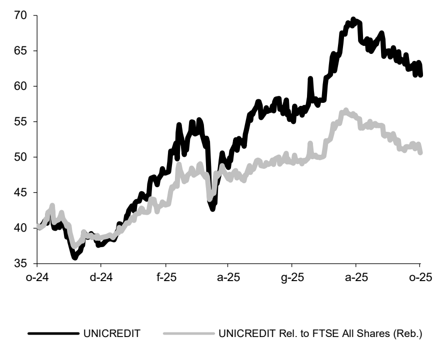
Price: Eu61.58 - **Target: Eu58.00**

3Q25 Results Beat Estimates, but Quality Lacking

Fabrizio Bernardi +39-02-77115.387
fabrizio.bernardi@intermonte.it
Lorenzo Giacometti: +39-02-77115.244
lorenzo.giacometti@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 61.00 to 58.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-2.4%	-3.3%	-6.8%

UNICREDIT - 12M Performance



Stock Data			
Reuters code:			CRDI.MI
Bloomberg code:			UCG IM
Performance	**1M**	**3M**	**12M**
Absolute	-5.3%	6.0%	52.7%
Relative	-4.8%	1.0%	31.1%
12M (H/L)			69.49/35.81
3M Average Volume (th):			5,055.00

Shareholder Data	
No. of Ord shares (mn):	1,530
Total no. of shares (mn):	1,501
Mkt Cap Ord (Eu mn):	94,228
Total Mkt Cap (Eu mn):	94,228
Mkt Float - Ord (Eu mn):	75,446
Mkt Float (in %):	80.1%
Main Shareholder:	
Blackrock	5.9%

Balance Sheet Data	
Tangible Equity (Eu mn):	66,706
TEPS (Eu):	44.44
CET1 Ratio Fully Loaded:	14.7%
Gross NPE Ratio:	2.7%

UCG's 3Q25 results were better than expected thanks to strong trading and lower provisions, meaning the quality was not high. The main positive to highlight was the better-than-expected CET1 ratio (14.8%), a measure now projected at 16.2% in 2027 (although this does not factor in excess capital distribution).
However, given the new ordinary payout ratio at 80% of net profit, with the cash payout ratio still at 50%, we are lowering our estimate for future Share Buybacks (SBBs), with a negative impact on EPS, adj. EPS and DPS due to the higher share count.

Considering the changes to our estimates and expectations for lower SBBs, we are cutting our target price to €58 (from €61), confirming our NEUTRAL recommendation, as we continue to prefer other banking stocks under our coverage, which are expected to project stronger organic growth trajectories and higher dividend yields.

- **UCG's 3Q25 results** exceeded expectations, primarily driven by stronger trading income and significantly lower risk provisions. Revenues were broadly flat QoQ, as a decline in NII was offset by resilient Fee income, mainly from investment and insurance, and robust trading performance. OpEx was slightly lower, resulting in a C/I ratio of 37.1%. Below the operating line, the cost of risk came in at just 10bp vs. the 15bp expected, and risk provisions were well below forecasts, with overlays remaining steady at €1.7bn. Net profit reached €2.6bn (+15% A/E and +9.5% A/Consensus). The CET1 ratio stood at 14.8%, significantly above the 13.9% expected, reflecting lower-than-expected impacts from Commerzbank and muted RWA inflation. The Board also approved an interim DPS of €1.4282 and confirmed that the second tranche of the 2024 SBB (€1.8bn) will commence shortly, although no interim buyback was proposed.
- **Change in estimates:** on the revenue side, we are only making minor adjustments to NII and fees, reflecting loan growth and a higher expected insurance contribution. We are revising the trading line to embed hedging costs related to the CBK stake. On costs, we now project lower admin. expenses and D&A, with a flat trend through 2027, resulting in a projected C/I ratio of 36.8%. We are reducing LLPs for 2025 to reflect the better-than-expected results, but raising them for 2026 and 2027 to account for potential AQ deterioration due to UCG's pan-European exposure. We are also revising risk provisions downwards. We are adjusting the tax rate to reflect lower expected DTA write-ups in 2026 and 2027. Adj. net profit is now seen slightly lower, by -0.3%/-1.1%/-2.5% for FY25/26/27.
- **Payout and SBB:** the ordinary payout ratio has been lowered to 80% of net profit, with the cash payout ratio still at 50%, implying a reduction in expected future SBBs. This has a positive impact on capital generation, but a negative one on EPS and DPS, as well as on the valuation.
- **Valuation:** we value UCG through a GGM implicit P/TE multiple, discounted back to 31/12/2026. Given the changes made within our model, we are lowering our TP to €58 (from €61). The stock is now trading at 1.39/1.27/1.19x its FY25/26/27 TEps, at target it would trade at 1.31/1.20/1.12x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	23,826	24,844	24,580	25,263	25,704
Net Operating Profit (Eu mn)	14,366	15,439	15,125	15,849	16,251
Net Profit Adj (Eu mn)	8,844	9,336	10,539	10,317	10,798
EPS New Adj (Eu)	5.166	5.993	7.021	7.251	7.867
EPS Old Adj (Eu)	5.166	5.993	7.194	7.497	8.442
DPS (Eu)	1.761	2.395	3.221	3.625	3.933
P/E Adj	11.9	10.3	8.8	8.5	7.8
Div. Yield	2.9%	3.9%	5.2%	5.9%	6.4%
P/TE	1.71	1.59	1.39	1.27	1.19
ROTE	14.3%	15.5%	15.8%	14.9%	15.1%

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 NOTICES. 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 web page CUSTOMER AREA.

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 certify 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 Avenue, 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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 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 23 October 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.06%
OUTPERFORM:	37.40%
NEUTRAL:	30.54%
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 (76 in total) is as follows:

BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	18.42%
UNDERPERFORM:	00.00%
SELL:	00.00%

CONFLICT OF INTEREST

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

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, AZIMUT, EL.EN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SESA, STAR7, SYS-DAT, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DOMINION HOSTING HOLDING, ELICA, ESPRINET, EVISO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARMI, G.M. LEATHER, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, LEMON SISTEMI, LUVE, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TALEA GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA **in the last 12 months**

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISO, EXECUS, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, PREATONI GROUP, RACING FORCE, REDFISH LONGTERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SPINDOX, TALEA GROUP, TAMBURI, TINEXTA, TMP GROUP, TPS, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

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 acting as financial advisor to Banca CF+ in the context of the public tender offer promoted on Banca Sistema.Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for AQUAFIL, BANCA GENERALI, BANCA IFIS, BANCO BPM, MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA GENERALI, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINECOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, EL.EN., EMAK, ENERGY, GREEN OLEO, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SERVIZI ITALIA, SESA, SG COMPANY, SOMEC, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT **with the obligation to disseminate studies**

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html

Further information is available.