UNICREDIT

Sector: Banks

OUTPERFORM (unchanged)

Target: €103 (from €87.0)

The Blueprint goes to Germany

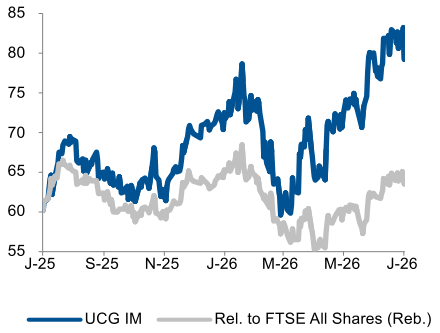
ANALYST(s)

Lorenzo Giacometti +39-02-77115.244
lorenzo.giacometti@intermonte.it
Alberto Villa +39-02-77115.431
alberto.villa@intermonte.it

Change (%)	2026E	2027E	2028E
Eps Adj.	-2.6%	9.1%	4.1%

Key Data	July 23, 2026
Price (€)	79.2
Upside/(Downside)	30.0%
Sector	Banks
Reuters Code	CRDI.MI
Bloomberg Code	UCG IM

Performance (%)	1M	3M	12M
Absolute	0.4%	22.9%	31.6%
Relative	1.9%	14.9%	5.5%
12M (H/L)			83.21/59.63
3M Average Volume (th):			5,457.77



Shareholder data	
Total no. of Shares (mn):	1,508
Mkt Cap (€ mn):	119,460
Mkt Float (€ mn):	95,649
Mkt Float (in %):	80.1%
Main Shareholder:	
Blackrock	5.9%

Balance Sheet Data	
Tangible Equity (€ mn)	68,322
TEPS (€)	45.31
CET1 Ratio Fully Loaded	15.0%
Gross NPE	2.5%

We are updating our model to embed the line-by-line consolidation of Commerzbank. Our estimates now target ~€15bn of net profit in 2028, with RoTE >20% and a solid capital position, combined with a confirmed payout policy (80% payout) and further upside potential driven by a potential merger in the medium term. UCG remains a top performer on profitability and efficiency, and the CBK consolidation adds scale to the efficiency machine rather than diluting it, with C/I back to ~35% by 2028. We confirm our OUTPERFORM, raising our TP to €103 from €87 on the back of the consolidation.

- **CBK consolidation.** We are using company-compiled consensus for the acquired perimeter, as well as the disclosed value creation, the €33bn of RWA optimisation and the €2.2bn upfront investment. Our new estimates, embedding consolidation from January 2027, see net profit of €13.2bn in FY27 and €15.2bn in FY28, with FY27 dampened by the full booking of integration costs. On a restated basis, ROTE rises to c.21% in both FY27 and FY28, some 230-310bp above our previous standalone numbers.
- **Ambitions upgraded across the plan.** FY26 net profit guidance now points to well over €11bn, or c.€11.5bn excluding integration costs, with FY28 raised to well over €13bn and FY30 to well over €15bn, all before full Commerzbank consolidation; the year-end CET1 ratio is expected at c.15% on the same basis. On Commerzbank, pre-merger value creation was lifted to €1.2bn by 2030 from €0.8bn, of which €0.8bn by 2028, on revenue initiatives raised to €350mn from €200mn and efficiencies of €1.4bn. Post-merger synergies were reduced to €0.8bn, leaving total value creation from the combination unchanged, for now, at €2.0bn.
- **2Q26 results.** UCG reported 2Q26 net profit of €2,905mn, 6.6% above our estimate and 2.4% above company-compiled consensus, or €3,065mn excluding €245mn in one-off hedging and funding costs linked to the increased Commerzbank position. Better results were driven by core revenues, with fees and net insurance up 14% YoY and NII accelerating 2% sequentially for the first time in five quarters on 8% loan and deposit growth. Costs fell again, taking cost/income to 35.2% in the quarter and 34.3% in 1H26, while the cost of risk remained at 17bp. The CET1 ratio rose 7bp QoQ to 14.26%.
- **FY26 estimates.** Our 2026 estimates are broadly unchanged, with net profit up 0.7% to €11.3bn. Better 2Q26 core revenues and costs lift total income by 1.4%, but are largely offset by higher provisioning, and our number sits marginally below the c.€11.5bn ex-integration target, as we absorb the c.€140mn extraordinary impact flagged up by management. Adj. EPS is down 2.6%, reflecting the assumed cancellation of the SBB.
- **Valuation.** We value UCG using a GGM implied P/TE model, averaging the 2027 and 2028 fair values. Given the line-by-line consolidation of CBK, we are raising our TP to €103 and confirming our OUTPERFORM recommendation. Dilution from the transaction is already in the price, value creation is not. With approval potentially as early as 4Q26 and updated group targets due with FY26 results, the next three quarters offer a dense sequence of catalysts, on a bank that is applying to Commerzbank the same blueprint that made its German franchise the most efficient in the country.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Total income (€ mn)	24,865	24,536	26,302	40,546	42,432
Net Operating Profit (€ mn)	15,458	15,094	16,919	24,844	27,384
Net Profit Adj (€ mn)	9,336	11,571	11,319	14,985	15,564
EPS New Adj (€)	5.994	7.673	7.506	9.575	10.256
EPS Old Adj (€)	5.994	7.673	7.704	8.776	9.850
DPS (€)	2.395	3.150	3.558	4.092	4.887
P/E Adj	5.9	7.5	10.6	8.3	7.7
Div. Yield	3.0%	4.0%	4.5%	5.2%	6.2%
P/TE	2.05	1.84	1.75	1.73	1.62
ROTE	15.5%	17.9%	16.6%	20.9%	21.0%

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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 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

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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 24 July 2026 Intermonte's Research Department covered 137 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	29.93%
OUTPERFORM:	40.88%
NEUTRAL:	29.19%
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 (80 in total) is as follows:

BUY:	51.25%
OUTPERFORM:	27.50%
NEUTRAL:	20.00%
UNDERPERFORM:	01.25%
SELL:	00.00%

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