

# BFF BANK

Sector: Banks

## OUTPERFORM

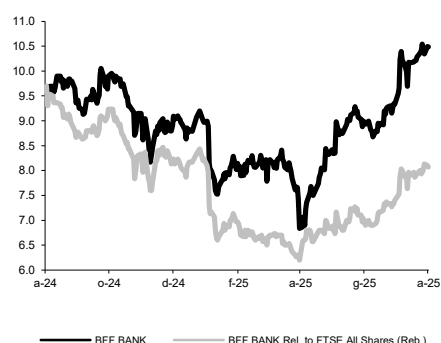
Price: Eu10.49 - Target: Eu11.60

### Positive operating trends, CET1 ratio at 14.3%

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Stock Rating				
Rating:	Unchanged			
Target Price (Eu):	from 9.80 to 11.60			
	2025E	2026E	2027E	
Chg in Adj EPS	-6.8%	0.8%	3.4%	

BFF BANK - 12M Performance



Stock Data			
Reuters code:	BFF.MI		
Bloomberg code:	BFF IM		
Performance	1M	3M	12M
Absolute	12.3%	24.6%	9.2%
Relative	9.4%	18.5%	-20.5%
12M (H/L)	10.55/6.84		
3M Average Volume (th):	327.50		

Shareholder Data	
No. of Ord shares (mn):	188
Total no. of shares (mn):	188
Mkt Cap Ord (Eu mn):	1,977
Total Mkt Cap (Eu mn):	1,977
Mkt Float - Ord (Eu mn):	1,854
Mkt Float (in %):	93.8%
Main Shareholder:	
Belingheri	5.6%

Balance Sheet Data	
Tangible Equity (Eu mn):	803
TEPS (Eu):	4.26
CET1 Ratio Fully Loaded:	13.6%
Gross NPE Ratio:	16.3%

BFF published its 2Q25 results yesterday, which show positive top-line trends, but were slightly short of estimates regarding net profit.

We expect 2H to be stronger than 1H in terms of both operating and bottom-line profitability due to the expected trends at the factoring business and the progressive shrinking of the past-due stock, which was affecting RWAs and then capital ratios.

Besides the no-update on the Bol theme, we think the bank is on the right track to be able to distribute earnings (payout included in our estimates), as the capital position has been successfully restored.

We maintain our OUTPERFORM recommendation on the stock. TP raised to €11.60.

■ **2Q25 results.** BFF's 2Q25 net profit landed at €35mn, a shade under expectations, yet the quarter showed healthier momentum on both the top line and capital. Net interest income benefited from a 14% jump in factoring turnover and a 2% rise in loans outstanding—driven by strength in Italy and France and a nascent recovery in Spain—alongside a helpful contribution from the securities portfolio, while fee income came in 6% above estimates thanks to solid results at Payments and Securities Services, where global custody returned to growth. Operating costs overshot forecasts because of inflation pressures and higher IT spend aimed at preserving efficiency, and no variable remuneration was awarded. The CET1 ratio improved to 14.3%, lifted by earnings retention, the non-accrual of dividends, and an organic reduction in the past-due portfolio that lowered RWAs.

■ **Change in estimates.** We have revised our model to reflect the latest trends. On the revenue side, the mix shifts: net interest income is lifted mainly for 2026-27 (only a marginal uptick for 2025) on the back of stronger factoring volumes, higher late-payment-interest accruals and extra help from the securities book; fee income edges up on continued organic growth at Securities Services and Payments, while trading income is marked down. Lower loan-loss provisions accompany an improving asset-quality picture and the ongoing shrinkage of the past-due stock. These changes move adjusted net profit by -5.9% in 2025, +1.7% in 2026, and +4.3% in 2027 (per-share data are different due to a minor capital increase related to SBCs). On capital, we still assume past-due reductions are achieved chiefly through collections—deemed the most profitable route to cutting RWAs—though management has not ruled out portfolio sales. Our CET1 forecasts already factor in the lifting of the dividend ban and the distribution of all adjusted net profit.

■ **Valuation.** We value BFF using a GGM implied P/TE model, netting the TBV of the excess capital present at YE, given that the excess capital has now returned to being structural. After embedding the change in estimates in our calculations, and the lower ERP (by 50bps) we now reach a target price of €11.6 per share. We maintain the OUTPERFORM recommendation on the stock as we expect further organic growth, mainly from the Factoring business. The stock is now trading at 2.47/2.45/2.43x its FY25/26/27 TE, at target 2.72/2.70/2.69x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	392	357	414	469	500
Net Operating Profit (Eu mn)	199	154	224	273	299
Net Profit Adj (Eu mn)	183	139	184	223	247
EPS New Adj (Eu)	0.981	0.746	0.977	1.185	1.312
EPS Old Adj (Eu)	0.981	0.746	1.048	1.176	1.269
DPS (Eu)	0.981	0.000	0.977	1.185	1.312
P/E Adj	10.7	14.1	10.7	8.9	8.0
Div. Yield	9.3%	0.0%	9.3%	11.3%	12.5%
P/TE	2.86	2.45	2.46	2.45	2.43
ROTE	26.8%	17.4%	22.9%	27.6%	30.4%

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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 FTSEIMIB40 Index, most of those on the MIBEX 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.

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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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BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
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 (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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