

BPER

BUY

Sector: Banks

Price: Eu12.36 - Target: Eu14.30

Reiterating BUY: Capital Deployment as Key Next Step

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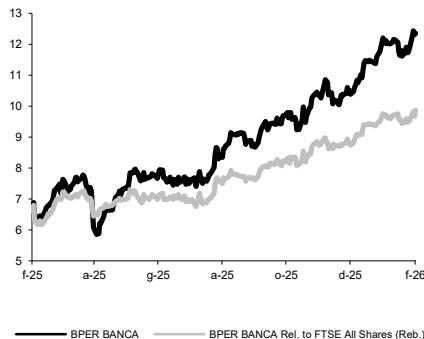
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 14.20 to 14.30		
2026E	2027E	2028E	
Chg in Adj EPS	1.0%	1.5%	1.4%

BPER - 12M Performance



Stock Data			
Reuters code:	EMII.MI		
Bloomberg code:	BPE IM		
Performance	1M	3M	12M
Absolute	1.3%	19.3%	87.1%
Relative	1.2%	13.7%	62.0%
12M (H/L)		12.43/5.86	
3M Average Volume (th):		9,316.82	

Shareholder Data	
No. of Ord shares (mn):	1,964
Total no. of shares (mn):	2,035
Mkt Cap Ord (Eu mn):	24,269
Total Mkt Cap (Eu mn):	24,269
Mkt Float - Ord (Eu mn):	16,459
Mkt Float (in %):	67.8%
Main Shareholder:	
Unipol	19.7%

Balance Sheet Data	
Tangible Equity (Eu mn):	16,270
TEPS (Eu):	8.00
CET1 Ratio Fully Loaded:	15.2%
Gross NPE Ratio:	2.7%

FY25 results highlight BPER's strong upside potential, especially considering the ongoing integration of BPSO. The group is growing organically in terms of the bottom line and CET1 ratio, and has levers to further improve the penetration of AM/Bancassurance products within the BPSO perimeter.

Moreover, we see upside potential regarding shareholder remuneration, given the large capital position (also improved by the imminent merger) and the TRS. Specifically, we believe the bank has leeway to raise its payout ratio to 80% and approve a SBB program.

We reiterate our **BUY** recommendation on the stock, while raising the TP to €14.3.

■ **4Q25 results** significantly exceeded expectations, underpinned by robust operating trends and a CoR that came in lower than anticipated. This performance was driven by a resilient top line where NII benefitted from healthy volume growth and marginal expansion of commercial spreads, while fee income saw substantial contributions from product distribution across WM, AM, and bancassurance. Furthermore, trading gains and income from associates provided additional upside to forecasts. On the efficiency front, operating expenses remained well under control, resulting in an annual C/I ratio of 45.9%. AQ remained high, with the CoR staying low (28bps) and overlays stable, reflecting a disciplined and selective lending strategy. Regarding the integration of BPSO, the bank recorded €288mn of integration costs, slightly below the €300mn projected, with the remaining €112mn slated for 2026. Finally, the CET1 ratio came as a positive surprise, partly bolstered by the capital relief from the deconsolidation of Alba Leasing.

■ **Positive feedback from the conference call**, despite the lack of specific targets for 2026. Management is confident of delivering strong results from new selective lending, which should support NII, and from the fee-based businesses, which should further improve after full integration. Positive messages also on remuneration, with management highlighting potential upward revision or a SBB program, if OCG remains robust, noting that the 3Y TRS is also intended to hedge such a decision.

■ **Change in Estimates.** We have tweaked our model to embed slightly higher growth of lending, resulting in a slight uptick in NII and in +1.0%/+1.6%/+1.5% increases to our bottom line forecasts. Our estimates already reflect the expected merger with BPSO, with the consequent higher share count and capital. We also believe that the bank will propose a SBB programme (worth €700mn per year), given its large capital position, the TRS on ~10% of its capital, and the dilutive effect of the share issuance (related to the merger with BPSO).

■ **Valuation:** We value BPER using a GGM based on implicit P/TE, averaging 2027 and 2028 fair values. Given the slight increase in estimates, we raise our TP to €14.3, confirming our **BUY** recommendation. The stock is trading at 1.55/1.52/1.49x FY26/27/28 TE; at target it would trade at 1.79/1.76/1.73x.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Total income (Eu mn)	5,609	6,572	7,536	7,723	7,954
Net Operating Profit (Eu mn)	2,575	3,558	4,184	4,456	4,754
Net Profit Adj (Eu mn)	1,403	2,139	2,379	2,576	2,766
EPS New Adj (Eu)	0.987	1.089	1.169	1.302	1.440
EPS Old Adj (Eu)	0.987	0.981	1.158	1.283	1.420
DPS (Eu)	0.600	0.650	0.905	1.040	1.150
P/E Adj	12.5	11.3	10.6	9.5	8.6
Div. Yield	4.9%	5.3%	7.3%	8.4%	9.3%
P/TE	1.65	1.62	1.55	1.52	1.49
ROTE	13.2%	14.3%	14.6%	16.0%	17.4%

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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 FTSEMBI40 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.

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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:	32.33%
OUTPERFORM:	37.59%
NEUTRAL:	29.33%
UNDERPERFORM:	00.75%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (73 in total) is as follows:

BUY:	53.42%
OUTPERFORM:	31.51%
NEUTRAL:	13.70%
UNDERPERFORM:	01.37%
SELL:	00.00%

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