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Milan, 07 November 2025

Italian Equity Research – 3Q25 Results

BPER

BUY

Sector: Banks

Price: Eu10.36 - **Target: Eu12.50**

Smooth Integration, Strong Returns

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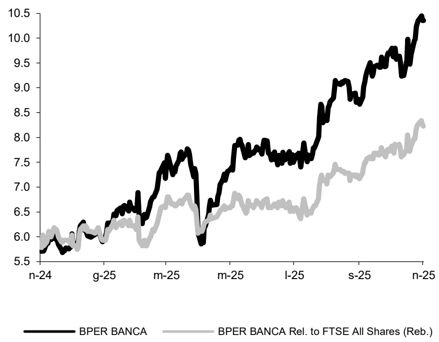
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 10.00 to 12.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	11.8%	5.5%	9.1%

BPER - 12M Performance



Stock Data			
Reuters code:			EMII.MI
Bloomberg code:			BPE IM
Performance	**1M**	**3M**	**12M**
Absolute	6.9%	24.1%	78.0%
Relative	6.7%	17.9%	52.1%
12M (H/L)			10.45/5.68
3M Average Volume (th):			11,995.12

Shareholder Data	
No. of Ord shares (mn):	1,964
Total no. of shares (mn):	1,964
Mkt Cap Ord (Eu mn):	20,341
Total Mkt Cap (Eu mn):	20,341
Mkt Float - Ord (Eu mn):	13,795
Mkt Float (in %):	67.8%
Main Shareholder:	
Unipol	19.7%

Balance Sheet Data	
Tangible Equity (Eu mn):	14,022
TEPS (Eu):	7.14
CET1 Ratio Fully Loaded:	14.6%
Gross NPE Ratio:	2.6%

Yesterday BPER published 3Q25 results, the first including the contribution of BPSO; the results came in higher than estimates due to a positive top-line beat driven by resilient trends for NII and strong ones for fees at both BPER and BPSO.

Management highlighted that integration is proceeding as estimated and confirmed the expected synergies (saying that when CARIGE was acquired, the synergies exceeded expectations) and one-off costs. It was also said that a decision on a potential increase to the payout ratio and on SBB will come if and when allowed by capital generation (in our view, by the time of the BPlan release in June/July 2026).

We remain strongly positive on the stock given the expected growth trajectory and the hefty remuneration, and raise our TP to €12.5 on the back of a lower NoSh, lower risk-free rate and the change in estimates.

- **3Q25 results** were stronger than expected, reflecting a solid operating performance across both BPER and BPSO. The top-line beat was organic, driven by higher NII, supported by growing commercial volumes and replicating the portfolio contribution that offset margin pressure, and by higher fee income, particularly in WM and bancassurance. Despite a QoQ NII decline of 0.9% for BPER and 4.4% for BPSO, fee income rose 1.4% and 3.9% respectively. OpEx were lower than forecast (management offered encouraging signals on integration of BPSO) and as a result, operating profit exceeded expectations by 11.6%. Below the line, a modest beat on cost of risk was partially offset by higher provisions. Overall, net profit was ~16% above estimates, with a positive surprise on the CET1 ratio (15.12%, +56bps A/E).
- **Change in estimates.** FY25 NII was revised up after a solid 3Q25, suggesting resilience continuing into 4Q, and fee income projections were also raised, supported by positive momentum in wealth management, bancassurance, and banking services. Trading income expectations were trimmed, as BPER may prioritize interest income over capital gains. FY26/27 top-line figures remain unchanged. OpEx for FY25 were adjusted, leading to a 5.7% increase in operating profit. Below the line, CoR and provisions were revised downward across the forecast period. These updates translate into upward revisions to adj. net profit of +12.6%/+2.8%/+2.7% for FY25/26/27. The assumption of a higher FY26 payout ratio (from 75% to 80%) is maintained, and a €700mn annual share buyback programme for 2026/2028 has been factored in, expected to be proposed with the new business plan in June/July 2026. The estimates already incorporate the BPSO merger at the proposed 1.45x ratio, assuming no minorities to be paid out in 2026.
- **Capital deployment.** BPER recently acquired a synthetic exposure on 9.9% of its own share capital, basically locking the stock's price at €9.98 for any potential future SBB, which we consider as highly positive as it may reduce the NoSh and boost the per-share data. As highlighted above, we now include the SBB in our estimates, implying a lower future share count.
- **Valuation:** we value BPER with a GGM implied P/TE. Considering the change in estimates, the reduction of the risk-free rate by 50bps, and the lower NoSh driven by the assumed SBB, we raise our target price to €12.5 per share. The stock is trading at 1.45/1.43/1.45x its FY25/26/27 TEps, at target: 1.75/1.73/1.76x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	5,494	5,609	6,542	7,344	7,431
Net Operating Profit (Eu mn)	2,711	2,575	3,490	4,092	4,260
Net Profit Adj (Eu mn)	1,770	1,403	2,016	2,396	2,506
EPS New Adj (Eu)	1.250	0.987	1.026	1.184	1.282
EPS Old Adj (Eu)	1.250	0.987	0.918	1.122	1.175
DPS (Eu)	0.300	0.600	0.683	0.920	1.024
P/E Adj	8.3	10.5	10.1	8.7	8.1
Div. Yield	2.9%	5.8%	6.6%	8.9%	9.9%
P/TE	1.68	1.38	1.45	1.39	1.36
ROTE	20.3%	13.2%	14.4%	15.9%	16.9%

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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.

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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:	32.06%
OUTPERFORM:	39.69%
NEUTRAL:	27.49%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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