

BPER

Sector: Banks

NEUTRAL

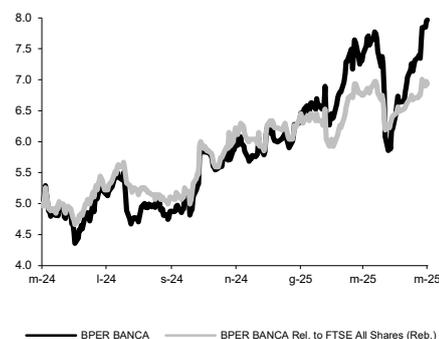
Price: Eu7.97 - Target: Eu8.10

1Q25 Beat Thanks to Solid Operating Trends

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 6.30 to 8.10		
	2025E	2026E	2027E
Chg in Adj EPS	8.0%	6.2%	7.6%

BPER - 12M Performance



Stock Data			
Reuters code:	EMII.MI		
Bloomberg code:	BPE IM		
Performance	1M	3M	12M
Absolute	23.7%	24.6%	59.4%
Relative	8.6%	18.4%	45.0%
12M (H/L)	7.97/4.36		
3M Average Volume (th):	17,659.43		

Shareholder Data	
No. of Ord shares (mn):	1,422
Total no. of shares (mn):	1,422
Mkt Cap Ord (Eu mn):	11,325
Total Mkt Cap (Eu mn):	11,325
Mkt Float - Ord (Eu mn):	7,782
Mkt Float (in %):	68.7%
Main Shareholder:	
Unipol	19.7%

Balance Sheet Data	
Tangible Equity (Eu mn):	11,238
TEPS (Eu):	7.91
CET1 Ratio Fully Loaded:	15.8%
Gross NPE Ratio:	2.4%

BPER published its 1Q25 results on May 8, beating both our estimates and consensus. The beat was mainly driven by positive trends at operating level, both on revenues and OpEx. In November, BPER published its new BPlan, raising the payout policy to 75% and targeting €1.5bn of net profit in FY27 (we are now in line with this figure), basically matching the market practice on distribution. On top of this, the bank launched an offer on BPSO, which, as of yesterday, was 4.34% below market price. We think BPER should recognize to BPSO' shareholders a portion of the synergies from the deal in order to seize control of the EGM, also considering that retail shareholders in BPSO make up a quite large portion of the total. Given the change in estimates made, we raise our TP to €8.10, while sticking to our NEUTRAL recommendation due to small residual upside potential.

■ **1Q25 results.** BPER delivered results that exceeded both our projections and consensus: NII proved resilient, fee revenues grew thanks to strong performances in wealth management and solid banking service flows, and an unexpected gain from equity investments lifted "Other Income" to €57mn vs. the €18mn we modelled. OpEx fell roughly 3% YoY as branch closures and staff reductions more than offset inflation, bringing the cost/income ratio down to 46.7% and pushing operating profit about 16% above expectations. LLPs were also lighter than feared, with CoR of roughly 30bps. Altogether, the bank posted net profit of €443mn, almost 20% above our €371mn estimate. Capital was another bright spot: strong organic generation added 37bps to the CET1 ratio, fully neutralising the €1.7bn rise in RWAs tied to Basel IV.

■ **Outlook.** During the conference call, management highlighted that: 1) capital could further benefit from external factors, other than OCG, driving the CET1 ratio well above 15% (we estimate 15.8%); 2) fees are set to follow a positive trend, driven by WM and CIB, also in the remaining three quarters; 3) OpEx will further benefit from the efficiency plan ongoing.

■ **Change in estimates.** We have revised our model to reflect a more favourable P&L mix: the top line is now marginally stronger thanks to resilient NII and higher fee generation—largely a result of robust wealth-management inflows—lifting total revenue by about 0.8% and 0.9% for FY25 and FY27; OpEx are trimmed by roughly 1.4%, 2.3% and 2.2% on expectations that the efficiency plan will keep administrative costs falling; below the operating line, we assume materially lower risk charges because bank levies are shrinking and the CoR is edging down; taken together, these adjustments push projected adjusted net profit up by roughly +8.4%, 6.7% and 8.0%.

■ **Valuation.** We think the bank is relatively fairly priced as of now, factoring in also a +50bps higher risk premium, but the deal with BPSO could unlock further upside and value for both shareholders. The key to achieving the deal is to pay the fair price, which exceeds the current offer price. The stock is trading at 1.00/0.98/0.95x its FY25/26/27 TE; at target it would trade at 1.02/1.00/0.97x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	5,494	5,609	5,416	5,411	5,540
Net Operating Profit (Eu mn)	2,711	2,575	2,650	2,725	2,851
Net Profit Adj (Eu mn)	1,770	1,403	1,435	1,471	1,549
EPS New Adj (Eu)	1.250	0.987	1.009	1.035	1.090
EPS Old Adj (Eu)	1.250	0.962	0.934	0.974	1.013
DPS (Eu)	0.300	0.600	0.753	0.770	0.810
P/E Adj	6.4	8.1	7.9	7.7	7.3
Div. Yield	3.8%	7.5%	9.4%	9.7%	10.2%
P/TE	1.29	1.06	1.01	0.98	0.96
ROTE	20.3%	13.2%	12.8%	12.8%	13.1%

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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