

BPER Banca

Issuer View • 27 August 2024

Authors: Dr Frederik Kunze // Lukas Kühne // Alexander Grenner

Ratings

BPER Banca S.p.A.

	Rating	Outlook
Fitch	BBB-	Stable
Moody's	Baa3	Stable
S&P	BBB-	Positive

BPER Banca S.p.A., which is listed on the Milan stock exchange, is the fourth-largest banking group in Italy in terms of assets (H1/2024: total assets of EUR 139.4bn). The bank is categorised by the Banca D'Italia as nationally systemically important and has over 1,600 branches nationwide with more than 20,000 employees (H1/2024). The Group also includes specialised subsidiaries that complement the product range beyond banking services (e.g. in the areas of real estate, credit management, leasing and factoring). It is reported in the business segments "Retail", "Private", "Corporate", "Large Corporate", "Finance", "Corporate Centre" and "Other Assets". BPER Banca's loan portfolio is divided into the categories of households (H1/2024: 47.3% of the loan portfolio), non-financial companies (44.2%) and financial companies (8.5%). Geographically, the bank's lending activities are focussed on Northern Italy, which accounts for 59.8% of the loan portfolio (H1/2024). As at 30 June 2024, the majority of the bank's funding consisted of deposits (H1/2024: 78.4% of total assets), followed by debt securities issued (9.5%). The loan-to-deposit ratio was reported at 75.7% as at the same reporting date. In February 2024, the bank placed its first senior preferred green bond (EUR 500m) on the market. In addition, the Group issued over EUR 1.5bn in green and social bonds (H1/2024). The green asset ratio at the end of 2023 was 0.4%. BPER Banca is a member of the Net-Zero Banking Alliance and aims to achieve net-zero CO2 emissions by 2050.

Homepage

www.bper.it

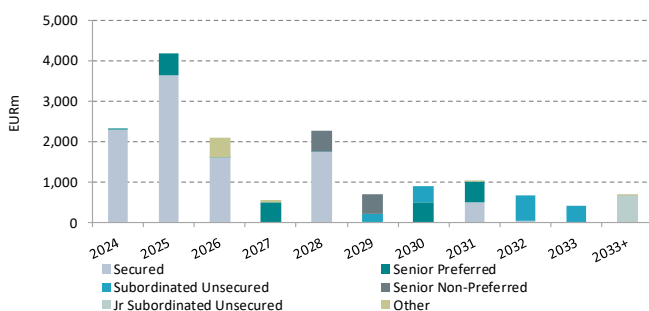
Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	105,962	101,915	102,985
Total Securities	11,223	9,418	7,580
Total Deposits	107,415	104,855	104,379
Tier 1 Common Capital	6,613	7,736	8,173
Total Assets	152,303	142,128	139,397
Total Risk-weighted Assets	53,025	53,502	53,417

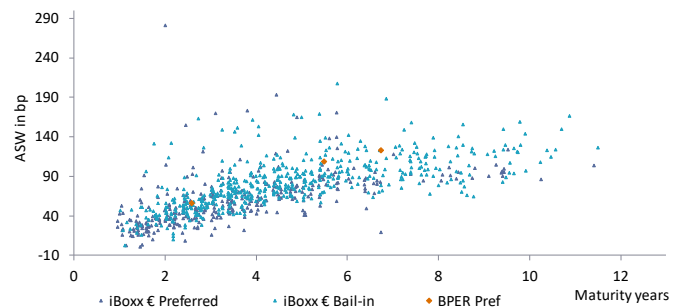
Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	1,826	3,252	1,682
Net Fee & Commission Inc.	1,922	1,945	1,004
Net Trading Income	141	127	21
Operating Expense	3,137	3,272	1,675
Credit Commit. Impairment	588	406	158
Pre-tax Profit	1,388	1,725	1,044

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024H1	2022Y	2023Y	2024H1	
Net Interest Margin	1.28	2.41	2.63	Liquidity Coverage Ratio	195.30	160.90	161.40
ROAE	19.35	17.73	14.47	IFRS Tier 1 Leverage Ratio	4.38	5.48	-
Cost-to-Income	74.97	56.94	54.89	NPL/ Loans at Amortised Cost	1.85	1.70	2.01
Core Tier 1 Ratio	12.47	14.46	15.30	Reserves/Loans at Amort. Cost	2.23	1.76	1.90

As of: 27.08.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalisation
- Liquidity
- Funding

Risks / Weaknesses

- Profitability
- Operating risks on the back of acquisition strategy
- Loan quality

Covered Bonds

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Cover assets totalled EUR 7.6bn as at 30 June 2024

The issuer BPER Banca is represented in the current composition of the iBoxx EUR Covered benchmark index with four issues. These EUR benchmarks add up to a volume of EUR 2.6bn. As at the reporting date of 30 June 2024, the issuer reported a cover pool volume of EUR 7.6bn. These cover assets were offset by EUR 5.0bn in covered bonds. The arithmetical overcollateralisation ratio was therefore 52.7%. The statutory minimum requirement for the overcollateralisation ratio in Italy is 5%. In addition, the issuer has a contractual OC of 19% and voluntary overcollateralisation of 20%.

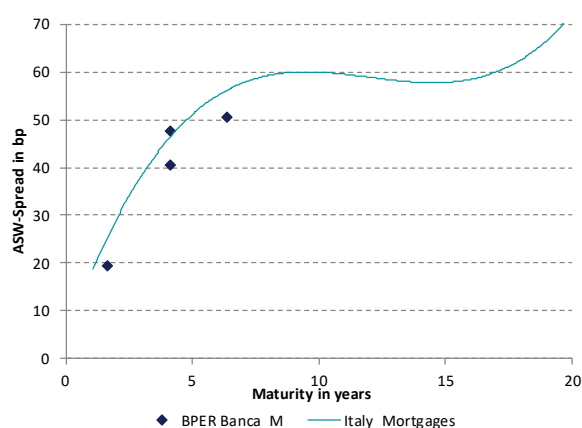
Programme data

30 Juni 2023	Mortgage
Covered bonds outstanding	EUR 5.000bn
Cover pool volume	EUR 7.633bn
OC (current / legal)	52.7% / 5.0%
Type primary cover	100% Residential
Main country	100% Italy
Number of loans / Borrowers	84,354 / 83,889
Average loan size	EUR 87,499
Share of 10 largest Borrowers	0.17%
NPL	0.14%
Fixed interest (Cover Pool / CBs)	74.6% / 77.0%
WAL (Cover Pool / CBs) ¹	10.3y / 2.5y
CB Rating (Fitch / Moody's / S&P)	- / Aa3 / -

¹ Information from the Moody's Performance Overview as at 31 March 2024

Source: issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Italy



Cover pool from BPER Banca with exclusively residential primary coverage

As at the reporting date of 30 June 2024, 96.7% of BPER Banca's mortgage cover pool consisted of primary cover. Substitutional assets account for EUR 252m or 3.3% of all cover pool assets. Around 75% of the primary cover pool assets are fixed-interest loans. The primary cover assets are exclusively of Italian origin. The total of 84,354 mortgage loans are all residential property loans and are spread across 83,889 different borrowers. The average loan volume as at 30 June 2024 is stated at EUR 87,499. The granularity of the cover pool is also reflected in the weighting of the ten largest borrowers ("borrower concentration": 0.17%). In terms of loan volume, the largest share of the cover pool (27.5%) is accounted for by the EUR 100,000-150,000 loan category. In terms of geographical distribution, the Emilia Romagna region dominates (29.1%), followed by Lombardy (17.0%), Lazio (10.1%) and Campania (7.2%). The NPL ratio (payment arrears >90 days) is reported at 0.14% of the cover pool volume. The indexed LTV is stated at 53.2% and is therefore only slightly higher than the LTV for the non-indexed case (53.3%).

Rating and regulation

The mortgage covered bonds of BPER Banca are rated Aa3 by Moody's. Accordingly, they benefit from a preferred risk weight of 10% in accordance with the CRR. In our opinion, bonds in the EUR benchmark format are eligible as Level 1 assets in the LCR context. Newly placed deals of the Issuer based on the Italian Covered Bond legislation may bear the label "European Covered Bond (Premium)".

Appendix

Contacts at NORD/LB

Floor Research



Dr Frederik Kunze

Covered Bonds/Banks

+49 172 354 8977

frederik.kunze@nordlb.de



Dr. Norman Rudschuck, CIIA

SSA/Public Issuers

+49 152 090 24094

norman.rudschuck@nordlb.de



Lukas Kühne

Covered Bonds/Banks

+49 176 152 90932

lukas.kuehne@nordlb.de



Christian Ilchmann

SSA/Public Issuers

+49 157 851 64976

christian.ilchmann@nordlb.de



Alexander Grenner

Covered Bonds/Banks

+49 157 851 65070

alexander.grenner@nordlb.de



Lukas-Finn Frese

SSA/Public Issuers

+49 176 152 89759

lukas-finn.frese@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 9818-9460
Fixed Income Relationship Management Europe	+352 452211-515

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

Relationship Management

Institutionelle Kunden	rm-vs@nordlb.de
Öffentliche Kunden	rm-oek@nordlb.de

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