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(BFW) Banco BPM, BPER, UBI Gain on Positive News on NPLs Reduction

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By Chiara Remondini

(Bloomberg) -- Banco BPM gains as much as 7.3% in Milan trading and is up 4.3% as of 2:24pm, best performer on the FTSE MIB benchmark index, -0.5%; BPER Banca gains 3.3% and UBI up 2%.

* NOTE: European Banks Rally From 18-Month Low on Reuters ECB Report

* ECB May Soften Bad-Loan Guidance for Banks, Reuters Reports

* NOTE: Il Sole 24 Ore on Tuesday followed a June 6 Bloomberg report that Banco BPM is seeking offers for at least EU3.5b of bad loans, a figure that may rise to as much as EU9.5b

* ³The key trading theme driving share prices for second-tier Italian banks is their ability to complete the NPL disposal plans as agreed with ECB,² said Francesco Castelli, a portfolio manager at Banor Capital. ³Any news showing investors appetite for Italian NPLs, despite all the political uncertainty, should be seen as supportive for share prices"

** "Banco BPM deal is very interesting as it will show the political discount -- if any -- required by NPL investors to commit money for the long run, as the investment horizon for Italian NPL portfolios is typically beyond a decade"

* ³A possible acceleration in NPLs disposals² is driving Banco BPM shares and benefiting other lenders that are seeking to reduce bad loans, says Filippo Diodovich, a market strategist at IG Markets; he also mentions ³positive indications² for Italian banks from initial phase of stress tests

--With assistance from Gaurav Panchal.