Milan, 02 March 2026

Italian Equity Research – Company Update

BANCA MPS

BUY

Sector: Banks

Price: Eu8.30 - **Target: Eu10.60**

2026-2030 BPlan: Solid Targets and Significant Distributions

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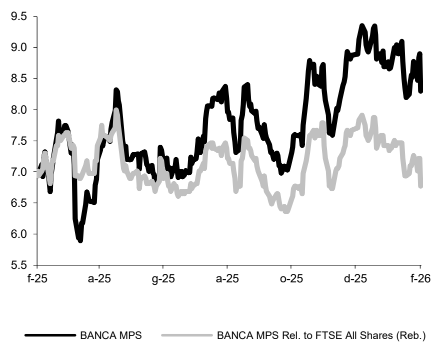
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	**2027E**	**2028E**
Chg in Adj EPS	-1.9%	1.2%	1.7%

BANCA MPS - 12M Performance



Stock Data			
Reuters code:			BMPS.MI
Bloomberg code:			BMPS IM
Performance	**1M**	**3M**	**12M**
Absolute	-5.4%	-0.4%	18.3%
Relative	-8.8%	-9.2%	-3.7%
12M (H/L)			9.35/5.89
3M Average Volume (th):			27,204.29

Shareholder Data	
No. of Ord shares (mn):	3,038
Total no. of shares (mn):	3,303
Mkt Cap Ord (Eu mn):	25,213
Total Mkt Cap (Eu mn):	25,213
Mkt Float - Ord (Eu mn):	16,036
Mkt Float (in %):	63.6%
Main Shareholder:	
Delfin	17.5%

Balance Sheet Data	
Tangible Equity (Eu mn):	24,674
TEPS (Eu):	7.47
CET1 Ratio Fully Loaded:	16.1%
Gross NPE Ratio:	4.3%

The new BMPS business plan broadly confirms our expectations on financial targets and is above consensus estimates; the cold reception from the market was likely due to a lack of more positive surprises and some uncertainties ahead that should be clarified in the next few months. Along with the merger with MB, there will be a group reorganization aimed at forming the operational backbone for the new financial targets, also enabling the extraction of the €700mn targeted synergies. The group sits on a rock-solid capital position (CET1r at ~16% over the plan), which brings optionality on potential optimization of the remuneration policy, also given the merger and the robust efforts to reshape the organizational structure. We remain confident on the re-rating potential of the stock, and we stick to our BUY recommendation and €10.60 TP.

- The Group will execute a **structural reorganisation**, centred on the merger of MB into BMPS by late 2026 in order to merge Monte dei Paschi's extensive retail reach with Mediobanca's specialist expertise in WM and IB. This will create a streamlined perimeter consisting of five core business divisions plus a Principal Investing unit, with the high-end Private Banking and CIB segments being housed in a new, BMPS-owned MB entity to safeguard the Mediobanca brand and technical know-how. Strategically, the Retail & Commercial Banking division aims to become a high-speed relationship engine through an AI-driven mortgage factory and expanded bancassurance, while Consumer Finance will leverage on the Compass platform to unlock cross-selling opportunities throughout the MPS branch network and expand into new international markets. The wealth strategy involves integrating Widiba and MB Premier into a unified asset-gathering platform, positioning Private Banking as a specialized franchise for entrepreneurial clients supported by global hubs and close collaboration with the CIB division.

  The reshuffle seeks to continue generating uncorrelated earnings through the Group's strategic stake in Assicurazioni Generali, creating a diversified banking champion with a strong emphasis on digital distribution and international growth.

- **Change in estimates.** We have updated our model to reflect a slightly different P&L mix, with little changes to the bottom line. On the top line, we have raised NII figures due to significant volume growth, which offsets a more conservative outlook on fee growth. Regarding OpEx, staff costs have been adjusted upward, whereas admin. costs have been lowered to reflect a stricter focus on efficiency. D&A has been increased to accommodate substantial planned IT investments. These adjustments lead to a marginal revision of adj. net profit by -1.9%/-0.1%/+0.4% for FY26/27/28. As for remuneration, the group intends to maintain 2026 payouts in line with 2025 levels through a combination of cash dividends and share buybacks. The estimated DPS for 2026 is thus slightly lower to make room for a new €350mn share buyback program, slated for execution following 2026 results and completion of the corporate reorganisation.

- **Valuation.** We value BMPS through an average of a GGM implicit P/TE model and a SoP, averaging FY27-28 FVs. Given the almost unchanged estimates, we confirm our TP, while sticking to our BUY recommendation as we believe in the strong re-rating potential of the stock. The stock is trading at 1.11/1.09/1.09x its FY 26/27/28 TE, at target it would trade at 1.38/1.37/1.37x.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Total income (Eu mn)	4,034	4,957	8,091	8,599	8,881
Net Operating Profit (Eu mn)	2,165	2,653	4,615	5,141	5,452
Net Profit Adj (Eu mn)	1,218	1,721	2,790	3,262	3,484
EPS New Adj (Eu)	0.967	0.566	0.845	1.000	1.068
EPS Old Adj (Eu)	0.967	0.566	0.861	0.988	1.050
DPS (Eu)	0.860	0.860	0.800	0.947	1.038
P/E Adj	8.6	14.7	9.8	8.3	7.8
Div. Yield	10.4%	10.4%	9.6%	11.4%	12.5%
P/TE	0.91	1.06	1.11	1.09	1.09
ROTE	10.6%	7.3%	11.3%	13.2%	14.1%

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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:	31.58%
OUTPERFORM:	38.35%
NEUTRAL:	29.32%
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:

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

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