

BANCA MPS

Sector: Banks

BUY

Price: Eu7.75 - Target: Eu11.00

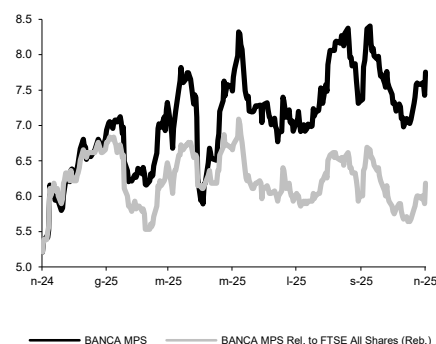
Solid Results, Still ~1.0x P/TE

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 10.50 to 11.00		
	2025E	2026E	2027E
Chg in Adj EPS	1.1%	2.6%	1.5%

BANCA MPS - 12M Performance



Stock Data

Reuters code:	BMPS.MI		
Bloomberg code:	BMPS IM		
Performance	1M	3M	12M
Absolute	6.0%	-2.8%	48.9%
Relative	6.6%	-6.2%	23.1%
12M (H/L)	8.41/5.37		
3M Average Volume (th):	28,158.02		

Shareholder Data

No. of Ord shares (mn):	3,038
Total no. of shares (mn):	3,038
Mkt Cap Ord (Eu mn):	23,563
Total Mkt Cap (Eu mn):	23,563
Mkt Float - Ord (Eu mn):	14,986
Mkt Float (in %):	63.6%
Main Shareholder:	
Delfin	17.5%

Balance Sheet Data

Tangible Equity (Eu mn):	22,604
TEPS (Eu):	7.44
CET1 Ratio Fully Loaded:	16.9%
Gross NPE Ratio:	4.2%

BMPS published 3Q25 results (still standalone for the P&L) on Nov 7, highlighting positive and resilient trends for the business, and posting a positive surprise in terms of the CET1 impact due to lower goodwill than expected.

During the call, management had a positive tone on the integration of MB, highlighting that the €700mn synergy target, albeit temporarily confirmed, may be conservative. On the payout policy, it was stated that the aim is to post rising DPS from now on, that FY25 DPS is seen broadly in line with FY24 (we estimate €0.88/0.90/1.01 for FY25/26/27), and that excess capital may be deployed in extraordinary distributions (DPS or SBB) or selective M&A. We reiterate our BUY recommendation on the stock and raise our TP to €11.

■ **3Q25 results:** BMPS reported its 3Q25 results on a standalone P&L basis, while the balance sheet and equity figures already reflect the MB acquisition. Results exceeded expectations on the top line, mainly due to stronger trading income, while NII and fees were broadly in line, showing resilience despite lower rates and seasonal effects. OpEx were lower than forecast, resulting in an approx. 6% beat on operating profit. Below the operating line, lower provisions pointed to strong asset quality, with pretax profit reaching €431mn, +11.6% A/E. Net profit was €474mn, +26.8% A/E, with the most notable surprise being a more favourable impact on tangible equity and the CET1 ratio thanks to lower-than-expected goodwill recognition.

■ **Change in estimates:** the model has been revised to incorporate the actual data from BMPS' new perimeter, which slightly deviates from previous estimates, along with minor changes to the P&L structure. The update includes a modest increase in NII due to higher-than-expected loan volumes and a slight improvement in 2026 fee income, reflecting stronger WM trends. OpEx saw small tweaks in 2026, resulting in operating profit up by 0.9%/2.3%/1.3% in 2025/26/27. This led to adj. net profit being revised up by 1.1%, 2.6%, and 1.5% respectively.

■ **Feedback from conference call:** BMPS management reaffirmed confidence in the Mediobanca integration, highlighting that the €700mn synergy target, albeit temporarily confirmed, may be conservative. Mediobanca will retain its brand and focus on CIB and private banking, supporting the view that this is a strategic combination, not a full integration. The potential delisting of Mediobanca remains under review, with greater clarity expected in the upcoming business plan. CEO Lovaglio also signalled ambitions for international expansion, particularly through Compass and potentially through Mediobanca's CIB and PB platforms. The 100% payout policy was confirmed, with FY25 DPS seen broadly in line with FY24, and management aims to grow it over time. Excess capital may be used for dividends, buybacks, or selective M&A, with further detail to be provided in the business plan.

■ **Valuation:** our target price is reached through the average of an implicit P/TE GGM (adjusted for excess capital) and an SoP, both on 2027 estimates. Given the change in estimates and the lower risk-free rate (by 50bps), we raise our TP to €11, while maintaining a BUY recommendation on the stock. The stock is trading at 1.04/1.03/1.01x its TE, while at target it would trade at 1.48/1.45/1.43x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	3,797	4,034	5,128	8,340	8,696
Net Operating Profit (Eu mn)	1,954	2,165	2,757	4,834	5,195
Net Profit Adj (Eu mn)	1,348	1,218	1,627	2,875	3,140
EPS New Adj (Eu)	1.070	0.967	0.535	0.946	1.033
EPS Old Adj (Eu)	1.070	0.967	0.529	0.923	1.018
DPS (Eu)	0.250	0.860	0.884	0.903	1.012
P/E Adj	7.2	8.0	14.5	8.2	7.5
Div. Yield	3.2%	11.1%	11.4%	11.6%	13.0%
P/TE	1.00	0.85	1.04	1.03	1.01
ROTE	13.8%	10.6%	7.2%	12.5%	13.4%

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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:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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