Milan, 11 February 2026

Italian Equity Research – 4Q25 Results

BANCA MPS

BUY

Sector: Banks

Price: Eu8.78 - **Target: Eu11.00**

4Q25 in line, Feb. 27th the Next Key Catalyst

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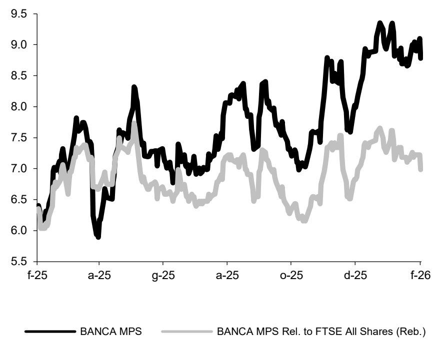
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	**2027E**	**2028E**
Chg in Adj EPS	0.4%	0.7%	0.4%

Next Event
Business Plan release on Feb. 27

BANCA MPS - 12M Performance



Stock Data			
Reuters code:			BMPS.MI
Bloomberg code:			BMPS IM
Performance	**1M**	**3M**	**12M**
Absolute	-2.3%	7.4%	39.1%
Relative	-4.6%	0.5%	13.5%
12M (H/L)			9.35/5.89
3M Average Volume (th):			28,356.75

Shareholder Data	
No. of Ord shares (mn):	3,038
Total no. of shares (mn):	3,038
Mkt Cap Ord (Eu mn):	26,686
Total Mkt Cap (Eu mn):	26,686
Mkt Float - Ord (Eu mn):	16,973
Mkt Float (in %):	63.6%
Main Shareholder:	
Delfin	17.5%

Balance Sheet Data	
Tangible Equity (Eu mn):	23,748
TEPS (Eu):	7.82
CET1 Ratio Fully Loaded:	16.4%
Gross NPE Ratio:	4.3%

4Q25 results were broadly aligned with estimates, with an operating miss driven by lower fees offset by lower-than-expected integration costs and higher DTAs contribution. The FY25 DPS came in at €0.86 (vs €0.88 expected) and the CET1 ratio at 16.2%.
However, we believe the real catalyst will be the new business plan, out on February 27th, through which management will disclose its plan to integrate MB and, consequently, to exploit the €700mn synergies.
We reiterate our positive view on the stock, given the visible expected synergies, the strong optionality on excess capital distribution (potentially enhanced with the merger) and the robust remuneration offered.
BUY recommendation and €11 TP confirmed.

- **4Q25 results**, the first with the contribution of the MB P&L, were broadly in line with bottom line estimates, but slightly below in terms of operating profit due to a slight miss on NII (restatement of a few one-offs) and on fees (due to a lower-than-expected contribution from MB), which was not fully compensated by lower OpEx. Below the operating line, CoR was in line with expectations, while pretax profit benefitted from lower extraordinary items. As expected, there was a meaningful contribution from write-ups of DTA, which enabled proposal of a €0.86 DPS (vs €0.88 expected). Regarding MB trends, the P&L was impacted by several one-offs: write-downs of intangible assets (goodwill and brands) of two non-Italian subsidiaries; costs directly or indirectly attributable to the offers; and severance payments for senior management. The trends on business segments were positive overall, especially on CF and WM, while CIB suffered a little from lower advisory fees and the postponement of some deals.
- **Change in estimates.** Overall, we confirm our estimates for the P&L mix, and only slightly reduce our labour cost expectations. The most impactful change is on integration costs, which we were expecting to be higher in the FY25 release. Management said that ~€500mn gross of tax were left to be booked, but that we would have to wait until the CMD to have more detail on the timing. In the meantime, we split the figures between 2026-27, with a -1.4%/-3.0% impact on FY26-27 stated net profit.
- **CCall and CMD.** During the CCall, no forward-looking messages were given to the market, as management postponed all the answers to the CMD on Feb. 27th. Within the expected release, we believe management will disclose details on the potential delisting of MB (through a merger, in our view), the reshuffle of the group, a potential European expansion plan for Compass, and potential excess capital distribution (via a SBB, in our view).
- **Valuation.** Our target price is reached through the average of an implicit P/TE GGM (adjusted for excess capital) and a SoP, averaging 2027-28 fair values. Given the almost unchanged estimates, we confirm our €11 TP, while confirming the BUY recommendation as we see lots of re-rating potential on the stock. BMPS is trading at 1.12x its FY26/27/28 TE, while at target it would trade at 1.40x.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Total income (Eu mn)	4,034	4,957	8,341	8,699	8,876
Net Operating Profit (Eu mn)	2,165	2,653	4,851	5,228	5,460
Net Profit Adj (Eu mn)	1,218	1,721	2,884	3,167	3,354
EPS New Adj (Eu)	0.967	0.566	0.949	1.042	1.104
EPS Old Adj (Eu)	0.967	0.535	0.945	1.035	1.099
DPS (Eu)	0.860	0.860	0.889	0.982	1.104
P/E Adj	9.1	15.5	9.3	8.4	8.0
Div. Yield	9.8%	9.8%	10.1%	11.2%	12.6%
P/TE	0.96	1.12	1.12	1.12	1.12
ROTE	10.6%	7.3%	12.1%	13.3%	14.0%

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- 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.

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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:	32.33%
OUTPERFORM:	37.59%
NEUTRAL:	29.33%
UNDERPERFORM:	00.75%
SELL:	00.00%

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OUTPERFORM:	31.94%
NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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