

BANCA MPS

Sector: Banks

BUY

Price: Eu7.11 - Target: Eu10.50

Unlocking the Re-Rating

Fabrizio Bernardi +39-02-77115.387
 fabrizio.bernardi@intermonte.it
Lorenzo Giacometti +39-02-77115.244
 lorenzo.giacometti@intermonte.it

Stock Rating

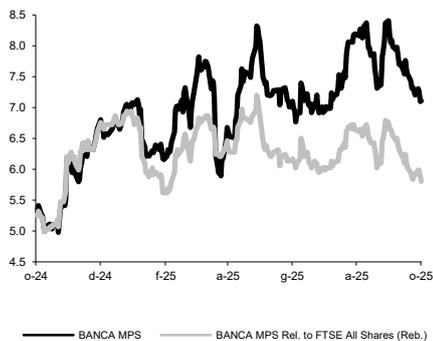
Rating: from OUTPERFORM to BUY
Target Price (Eu): from 8.90 to 10.50

	2025E	2026E	2027E
Chg in Adj EPS	n.m.	-1.4%	3.5%

Next Event

Results Out on November 7

BANCA MPS - 12M Performance



Stock Data

Reuters code: BMPS.MI
 Bloomberg code: BMPS IM

Performance	1M	3M	12M
Absolute	-12.9%	2.5%	35.4%
Relative	-12.6%	-3.9%	13.2%
12M (H/L)	8.41/4.98		
3M Average Volume (th):	26,386.98		

Shareholder Data

No. of Ord shares (mn):	3,038
Total no. of shares (mn):	3,038
Mkt Cap Ord (Eu mn):	21,603
Total Mkt Cap (Eu mn):	21,603
Mkt Float - Ord (Eu mn):	13,740
Mkt Float (in %):	63.6%
Main Shareholder:	
Delfin	17.5%

Balance Sheet Data

Tangible Equity (Eu mn):	20,639
TEPS (Eu):	6.79
CET1 Ratio Fully Loaded:	16.3%
Gross NPE Ratio:	4.2%

BMPS has completed its offer on MB, gaining an 86.3% stake in the Milan-based investment bank. Since the deal closed, the stock has underperformed both its peers and the market, but we think the combination of the two banks' existing growth trajectories and the synergies that can be extracted should drive solid value creation.

We also appreciate the generous payout policy, which enables a 12/14%% dividend yield, accompanied by growth in the CET1 ratio driven by the release of DTAs; in our view this could allow BMPS to approve additional distributions, potentially via a share buyback.

Within this report, we are now including the contribution from MB in our estimates for the combined entity.

Considering our estimates, the discount at which BMPS is trading vs. peers, and the significant remuneration offered, we are raising our TP to €10.50 (from €8.90), driving an upgrade in our recommendation from Outperform to BUY.

Strategically, the deal is transformative for BMPS, as the transaction aims to diversify its revenue base, strengthen its market positioning, and broaden its client reach, combining BMPS's retail and SME focus with MB's CIB and PB strengths.

Financially, BMPS is expected to more than double its revenues and improve its profitability profile, with strong contributions from both NII, driven also by Compass, and rising fee income from WM and CIB. Efficiency is set to improve, with a declining C/I ratio and stable OpEx. The risk profile will also benefit from a focus on capital-light activities and stricter credit control at Compass, keeping the cost of risk at around 40bp throughout 2026/27.

The two main sweeteners for BMPS shareholders are the enhanced distribution policy and the still-strong capital position. The payout policy is assumed to shift to 100% of net profit (from 75% of pre-tax profit) starting from 2025, with the dividend per share estimated at €0.88. While 2026 will be marked by the MB integration, profitability is expected to surge in 2027, supported by realisation of synergies and reduced integration costs. Despite the 100% payout, the CET1 ratio is projected to rise, driven by the gradual compensation of DTAs. As a result, the capital buffer, above the 14% target, is expected to exceed €3bn by 2027, creating space for potential extraordinary distributions.

The estimated synergies are seen as highly achievable due to the strong complementarity between the two groups. No synergies are expected in 2025, although €330mn in integration costs will be incurred, offset by a €1.3bn DTA write-up. In 2026, BMPS is expected to realise a significant portion of both revenue and cost synergies, along with the full benefit of funding synergies and additional integration costs. By 2027, most synergies should be fully realised, with only a small residual impact from integration costs.

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 and both discounted back to 31/12/2026, reaching an overall valuation of €10.50 per share and implying 48% upside potential. The stock is trading at 1.05/1.02/1.00x its TE, while at target it would trade at 1.55/1.51/1.48x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	3,797	4,034	5,104	8,216	8,632
Net Operating Profit (Eu mn)	1,954	2,165	2,732	4,725	5,131
Net Profit Adj (Eu mn)	1,348	1,218	1,609	2,804	3,093
EPS New Adj (Eu)	1.070	0.967	0.529	0.923	1.018
EPS Old Adj (Eu)	1.070	0.967	0.949	0.936	0.984
DPS (Eu)	0.250	0.860	0.878	0.879	0.996
P/E Adj	6.6	7.4	13.4	7.7	7.0
Div. Yield	3.5%	12.1%	12.3%	12.4%	14.0%
P/TE	0.91	0.78	1.05	1.02	1.00
ROTE	13.8%	10.6%	7.8%	13.3%	14.4%

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Avenue, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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 FTSEIMIB40 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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 17 October 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.30%
OUTPERFORM:	38.17%
NEUTRAL:	30.53%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (76 in total) is as follows:

BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	18.42%
UNDERPERFORM:	00.00%
SELL:	00.00%

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, AZIMUT, ELEN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SESA, STAR7, SYS-DAT, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DOMINION HOSTING HOLDING, ELICA, ESPINET, EVISIO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARMII, G.M. LEATHER, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, LEMON SISTEMI, LUVE, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TALEA GROUP, ULLISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA in the last 12 months

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISIO, EXECUS, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, PREATONI GROUP, RACING FORCE, REDFISH LONGTERM CAPITAL, RETI, SCLUKER FRAMES, SG COMPANY, SIMONE, SPINDOX, TALEA GROUP, TAMBURI, TINEXA, TMP GROUP, TPS, ULLISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of MARE ENGINEERING GROUP, TINEXA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is acting as financial advisor to Banca CF+ in the context of the public tender offer promoted on Banca Sistema. Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for AQUAFIL, BANCA GENERALI, BANCA IFIS, BANCO BPM, MARE ENGINEERING GROUP, TINEXA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by AZA, AMPLIFON, AZIMUT, BANCA GENERALI, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINCOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPEBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, ELEN., EMAK, ENERGY, GREEN OLEO, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SERVIZI ITALIA, SESA, SG COMPANY, SOMEK, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT with the obligation to disseminate studies

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

© Copyright 2025 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website <https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html>

Further information is available.