Intermonte

Milan, 25 February 2026

Italian Equity Research – Company Update

BANCA MPS

BUY

Sector: Banks

Price: Eu8.47 - **Target: Eu10.60**

Feb 27th: Defining the Road Ahead

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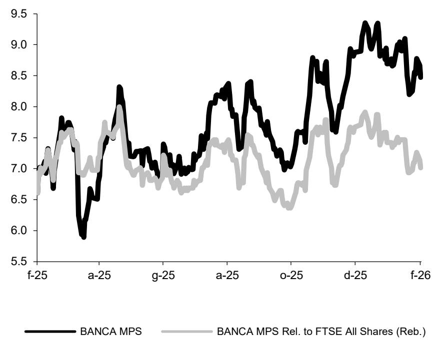
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 11.00 to 10.60
	2026E	**2027E**	**2028E**
Chg in Adj EPS	-9.3%	-5.2%	-4.8%

Next Event

Business Plan Out on Feb. 27th

BANCA MPS - 12M Performance



Stock Data			
Reuters code:			BMPS.MI
Bloomberg code:			BMPS IM
Performance	**1M**	**3M**	**12M**
Absolute	-2.5%	1.1%	28.2%
Relative	-6.0%	-8.7%	7.1%
12M (H/L)			9.35/5.89
3M Average Volume (th):			27,030.55

Shareholder Data	
No. of Ord shares (mn):	3,038
Total no. of shares (mn):	3,303
Mkt Cap Ord (Eu mn):	25,741
Total Mkt Cap (Eu mn):	25,741
Mkt Float - Ord (Eu mn):	16,372
Mkt Float (in %):	63.6%
Main Shareholder:	
Delfin	17.5%

Balance Sheet Data	
Tangible Equity (Eu mn):	24,858
TEPS (Eu):	7.53
CET1 Ratio Fully Loaded:	16.5%
Gross NPE Ratio:	4.3%

The upcoming Business Plan presentation on February 27th is a clear catalyst for the BMPS equity story, as the market seeks a precise roadmap in order to understand how the MB integration will be managed, how value will be extracted and how shareholders will be remunerated, with a clear focus on the usage of excess capital.

In this report, we embed the merger into our model, resulting in both higher net profit and higher NoSh, and a dilutive effect on per-share data (which could be offset by an SBB programme). We confirm our positive view on the stock and stick to our BUY recommendation, while lowering our TP to €10.6.

- **The BMPS BPlan** is expected to provide clarity and detail on: 1) the MB delisting, with indications on the timing and, potentially, the merger ratio; 2) the reshaping of the group, with the new MB entity keeping CIB, PB and the G stake, while Compass is likely to come under BMPS; 3) a potential expansion plan for Compass in Europe; 4) synergies, as the press was reporting a potential upward revision of the expected synergies to €1bn (from €0.7bn); 5) the payout policy and overall distributions, as on the one hand the 100% payout ratio has been increasingly reiterated, but on the other the bank is sitting on large excess capital (seen as growing also thanks to the merger and to compensation of DTAs), which could be used for extraordinary distributions (in our view via SBB in order to counter-dilute the effect of share issuance).
- **Change in estimates.** We update our model ahead of the Business Plan release to incorporate the delisting of MB (through a merger, in our view) effective in 2H26, using the actual post-dividend exchange ratio. Top-line adjustments include a reduction in fee expectations following recent restatements and a lower-than-expected starting point. Regarding operating expenses, lower administrative costs are partially offset by higher depreciation and amortization, leading to a downward revision of operating profits by -4.7%/-3.8%/-3.1%% for 2026/27/28. Below the operating line, we expect the majority of the integration costs to be booked in 2026, and all of the foregoing leads to changes to pretax profit of -8.7% / -0.4% / -2.9% across the forecast period. Given that we now include the merger, we remove the minorities line, resulting in higher net profit. Although a higher share count will dilute EPS and DPS, the merger provides a meaningful boost to the CET1 ratio. This strengthened capital position is expected to drive excess capital growth and potentially support extraordinary distributions, likely via SBB in order to mitigate the dilution from issuing new shares.
- **Valuation.** We arrive at our target price through the average of an implicit P/TE GGM (adjusted for excess capital) and a SoP, averaging 2027-28 fair values. Given the higher NoSh and the updated estimates, we slightly decrease our TP to €10.6, while confirming the BUY recommendation as we see great re-rating potential in the stock. BMPS is trading at 1.13/1.12/1.12x its FY26/27/28 TE, while 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	8,474	8,676
Net Operating Profit (Eu mn)	2,165	2,653	4,624	5,031	5,291
Net Profit Adj (Eu mn)	1,218	1,721	2,843	3,264	3,470
EPS New Adj (Eu)	0.967	0.566	0.861	0.988	1.050
EPS Old Adj (Eu)	0.967	0.566	0.949	1.042	1.104
DPS (Eu)	0.860	0.860	0.880	0.936	1.020
P/E Adj	8.8	15.0	9.8	8.6	8.1
Div. Yield	10.2%	10.2%	10.4%	11.0%	12.0%
P/TE	0.93	1.08	1.13	1.12	1.12
ROTE	10.6%	7.3%	11.4%	13.1%	13.9%

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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.

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

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As at 25 February 2026 Intermonte's Research Department covered 133 companies. Intermonte's distribution of stock ratings is as follows:

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 (72 in total) is as follows:

BUY:	54.17%
OUTPERFORM:	31.94%
NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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