

BANCA IFIS

Sector: Banks

OUTPERFORM

Price: Eu15.95 - Target: Eu20.50

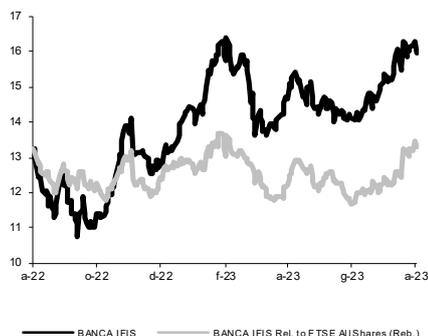
Guidance 2023 Revised Upwards, New Dividend Policy

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 19.00 to 20.50		
	2023E	2024E	2025E
Chg in Adj EPS	9.6%	1.5%	1.6%

BANCA IFIS - 12M Performance



Stock Data

Reuters code:	IF.MI		
Bloomberg code:	IF IM		
Performance	1M	3M	12M
Absolute	5.4%	10.5%	20.2%
Relative	7.8%	8.6%	0.2%
12M (H/L)	16.40/10.76		
3M Average Volume (th):	108.74		

Shareholder Data

No. of Ord shares (mn):	54
Total no. of shares (mn):	54
Mkt Cap Ord (Eu mn):	858
Total Mkt Cap (Eu mn):	858
Mkt Float - Ord (Eu mn):	358
Mkt Float (in %):	41.7%
Main Shareholder:	
La Scogliera	50.5%

Balance Sheet Data

Tangible Equity (Eu mn):	1,571
TEPS (Eu):	29.20
CET1 Ratio Fully Loaded:	14.8%
Gross NPE Ratio:	5.2%

- 2023 results above expectations thanks to low CoR.** Banca Ifis posted net profit above estimates (Eu 45mn vs exp Eu 39mn) thanks to extremely low CoR (Eu 6mn vs exp Eu 12mn) which offset higher costs (+8.1% YoY or +13.1% QoQ). Revenues were above estimates thanks to higher fees and trading income while NII was slightly weaker than estimates (-2.7% vs estimates or +1.5% YoY / -3% QoQ) due to higher cost of funding (2.76% from 2.24% in the previous quarter). The CET1 ratio stood at 15.01% (from 15.21%) due to some increase in RWA and higher exposure under the calendar provisioning framework.
- 2023 net profit guidance raised with conservative assumptions.** Management increased 2023 net income guidance to Eu 160mn (bringing forward by one year the net profit target, which was set for 2024) based on the assumption of no geopolitical shocks and no significant deterioration in macroeconomic conditions. The main drivers of the guidance increase were strong 1H23 net profit (Eu 91mn), the extremely benign evolution of asset quality (overlays increased further in the quarter by +Eu 9mn, bringing the total amount of overlays to Eu 65mn or >1% of EAD) and taking into account the higher cost of funding and the upfront integration costs from the Revalea acquisition to be booked in 2H23. As for 2024, management decided not to increase the net profit guidance for the time being.
- New dividend policy to boost dividend yield.** The BoD decided to increase the dividend policy on the back of the current high level of capital (CET1 ratio 15%) and taking into account the expected evolution of the macro scenario, regulatory framework and growth targets for the 2022/24 period. As a result, the new dividend policy amounts to distribution of 50% of consolidated net income up to Eu 100mn followed by distribution of 100% of consolidated net income > Eu 100mn. A minimum CET1 ratio threshold has been set (>14%) over the business plan period, and among the conditions to apply the new dividend policy are achievement of 2023 net profit guidance and having enough capital to finance 2022/24 RWA growth.
- Change in estimates.** We have revised our 2023 EPS estimates by 9%, while 2024/2025 by 1.6% on average; we are slightly above 2023 net profit new guidance as we think the implied rise in CoR in 2H23 is too high. We have also increased the payout ratio in accordance with new dividend policy.
- Outperform confirmed, T.P. from Eu 19.0 to Eu 20.5.** We think management has ample levers to beat 2023 new guidance. The higher distribution policy (fully in cash) delivers a solid dividend yield (9-9.5%) that should support the stock. We see the possibility of some slowdown in the NPL business but the cautious origination policy in factoring should help to keep CoR under control. Stock trading at 0.55x P/TE with an expected ROTe 2023/24 at 9.3% on average.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Total income (Eu mn)	627	700	725	754	763
Net Operating Profit (Eu mn)	247	290	297	312	311
Net Profit Adj (Eu mn)	93	134	155	161	161
EPS New Adj (Eu)	1.723	2.481	2.874	2.988	2.994
EPS Old Adj (Eu)	1.723	2.481	2.622	2.942	2.947
DPS (Eu)	0.950	1.400	1.450	1.500	1.500
P/E Adj	9.3	6.4	5.5	5.3	5.3
Div. Yield	6.0%	8.8%	9.1%	9.4%	9.4%
P/TE	0.56	0.56	0.55	0.53	0.51
ROTE	6.0%	8.8%	9.8%	9.9%	9.6%