

BANCA IFIS

Sector: Banks

OUTPERFORM

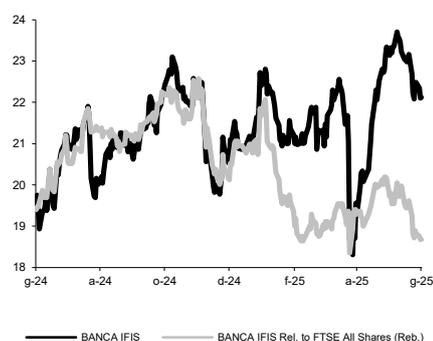
Price: Eu22.12 - Target: Eu25.00

The Importance of the Merger for the Success of the Deal

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

BANCA IFIS - 12M Performance



Stock Data			
Reuters code:	IF.MI		
Bloomberg code:	IF IM		
Performance	1M	3M	12M
Absolute	-5.2%	5.6%	14.0%
Relative	-7.4%	-1.3%	-4.3%
12M (H/L)	23.70/18.31		
3M Average Volume (th):	172.71		

Shareholder Data	
No. of Ord shares (mn):	54
Total no. of shares (mn):	54
Mkt Cap Ord (Eu mn):	1,190
Total Mkt Cap (Eu mn):	1,190
Mkt Float - Ord (Eu mn):	497
Mkt Float (in %):	41.7%
Main Shareholder:	
La Scogliera	50.5%

Balance Sheet Data	
Tangible Equity (Eu mn):	1,697
TEPS (Eu):	31.53
CET1 Ratio Fully Loaded:	16.8%
Gross NPE Ratio:	4.8%

On 30 May 2025, a group of ILTY shareholders communicated to the market the creation of a consultation agreement topping ~27.2% of share capital. However, La Scogliera, the holding company of Banca Ifis, confirmed its commitment and support for the VTEO, highlighting the strong track record of Ifis management. It also emphasised its hope that the bid would achieve a result enabling the merger of the two entities as soon as possible (in our view at least 66.67%) to facilitate extraction of synergies. We believe that there won't be an increase of the offer consideration.

■ Consultation agreement: on 30 May 2025, a group of ILTY core shareholders disclosed the creation of a consultation pact with a combined stake of ~27.2%.

The pact, which we note is non-binding, is committed to evaluating the VTEO, seen as unsatisfactory, and to not acquiring further illimity shares that could trigger an obligatory PTO. The agreement will be dissolved if the public purchase and exchange offer by Ifis does not go through. The ILTY BoD has considered the offer consideration as fair from a purely financial point of view.

Through a statement on 4 June 2025, Banca Ifis holding company **La Scogliera** reiterated its support for the deal, counting on the rock-solid track record of Ifis management, and highlighting the importance of merging the two entities once the offer has ended.

■ The offer period will run until 27 June 2025. For an ILTY shareholder, we think that not tendering would bring forth downside risks in the following scenarios.

- 1) Ifis not reaching the sub-threshold condition (45%+1 share): in this case, we see double downside risk for ILTY shareholders due to the potential negative market reaction driven by the loss of offer support for the ILTY stock price, and the more uncertain trends that would characterize, in our view, the standalone path for illimity, as we noted in our last report.
- 2) Ifis reaching a stake above 45%+1 share and below 66.67%: this, in our view, is the trickiest case, because not having control of the ILTY EGM might make it difficult to proceed with the merger and hence obtain full extraction of synergies. In our view, this could entail the risk of Ifis' management not waiving the 66.67% threshold condition, bringing back the issues highlighted above (market reaction and uncertain trends for illimity).
- 3) Ifis getting at least 66.67%: in this case, illimity will remain listed for some time, but will become highly illiquid, also given the possible presence of some ILTY historical shareholders. Then, as highlighted by both Ifis management and La Scogliera, Ifis would merge the two entities, but there is potential downside risk from the merger ratio, which may not imply any premium.

■ Valuation: we believe strongly in the strategic and industrial rationale of the deal, which could drive further upside on the stock and enable double-digit accretion of both the DPS and adj. EPS. We value Banca Ifis as-is at €25 per share, while the combined entity with illimity (not under our coverage), assuming a 100% acceptance rate, would be valued at €28.3. The stock is trading at 0.70/0.68/0.66x its FY25/26/27 on a standalone basis, while at target (€25) it would trade at 0.79/0.77/0.75x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	730	733	714	726	741
Net Operating Profit (Eu mn)	310	292	276	288	300
Net Profit Adj (Eu mn)	153	156	160	164	168
EPS New Adj (Eu)	2.843	2.899	2.978	3.042	3.121
EPS Old Adj (Eu)	2.843	2.899	2.978	3.042	3.121
DPS (Eu)	2.046	2.120	2.098	2.163	2.243
P/E Adj	7.8	7.6	7.4	7.3	7.1
Div. Yield	9.3%	9.6%	9.5%	9.8%	10.1%
P/TE	0.74	0.72	0.70	0.68	0.66
ROTE	9.5%	9.5%	9.4%	9.4%	9.3%

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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 S&PMB40 Index, most of those on the MIBEX 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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