

Banca IFIS: agreements to purchase Credifarma SpA signed

Completion of the transaction expected this summer.

An exclusive industrial partnership with Federfarma for Italian pharmacies also signed.

Mestre (Venice), 30 January 2018 - Banca IFIS announces that the binding agreements for the acquisition of a controlling interest in Credifarma SpA have been signed by Federfarma, UniCredit and BNL –BNP Parisbas Group. Credifarma, a financial company registered in the Single Register pursuant to Art. 106, is currently 67,5% controlled by the National federation of the Italian Pharmacies' owners (Federazione nazionale unitaria dei titolari di Farmacia italiani, called Federfarma), with UniCredit and BNL – BNP Parisbas Group equally owning minority shares for the remaining 32,5%. The company mainly performs short-term financing activities for private pharmacies by granting advances on 'Distinte Contabili Riepilogative', which are pharmacies' receivables towards the National Health Service. Through the contextual increase of capital too, at the end of the transaction, Credifarma will be 70% owned by Banca IFIS and 30% by Federfarma.

The deal includes also a multi-year strategic partnership with Federfarma aiming to foster Credifarma's role in favour both of Federfarma's members and of the national pharmacy market.

"The aim of purchasing this controlling stake in Credifarma, availing ourselves of the expertise we have developed in the sector, is to become the leader in specialist financing to pharmacies in Italy" commented **Giovanni Bossi, Banca IFIS's C.E.O.** "Thanks to the high level of integration and the significant synergies existing with the already consolidated Farmacie division, Credifarma can become the reference point for financial support, development and use of digital tools serving the Italian pharmaceutical sector".

Strategy - The strategy envisaged for Credifarma, which will be purchased using Banca IFIS's substantial liquidity only, involves:

- Expansion of the product base to include new solutions for pharmacies in order to satisfy customers in all the various stages of activity (from loans for acquisitions to trade payables);
- Preservation of Credifarma's structure (made up of about 40 employees);
- Introduction of services on the e-money market in order to meet the needs of pharmacists' payment systems (POS, advanced ATMs, etc.);
- Maximum organizational and process integration;
- Increased investment by Banca IFIS in the digital transformation of Credifarma's production processes, expanding the range of services, simplifying processes, increasing cost efficiency and reducing response times.

The phases - The transaction merging Credifarma SpA into the Banca IFIS Group is subject to authorization from the Bank of Italy and should be completed during the summer. The ensuing phases expected to be performed simultaneously are:

- 1) Acquisition of all the shares held by UniCredit and BNL – BNP Parisbas Group, equal to a total of 32,5% of Credifarma's share capital;
- 2) Purchase of a part of the current stake held by Federfarma, standing at 21,5 % of Credifarma's share capital;

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3) A capital increase reserved for Banca IFIS aimed at providing Credifarma with a solid capital base for regulatory purposes and for future development plans.

At the end of the transaction, Banca IFIS will hold approximately 70% of Credifarma's share capital. The acquisition price of the stake is slightly lower than Credifarma's net equity. Banca IFIS's overall investment for the purchase, including the capital increase, is approximately 10 million Euro. The bank will make all its competence, already present in Banca IFIS' "Farmacie" division, available in order to enhance the business and best manage relationships with the client pharmacies.

At the end of 2016, Credifarma recorded a net banking income of 6,6 million Euro and recently announced its preliminary figures for 2017 that show significant growth in commission and operating income, with results above target levels (the gross operating profit is equal to 0,87 million against 0,5 million last year). Gross margin stands at 1.1 million, +12%, while the ratio between net NPLs and net loans halved, down from 0,8% in 2016 to 0.4%. Lastly, the Cet 1 also improved, passing from 11,2% in 2016 to 15,2% in 2017.

Banca IFIS as advisor of the acquisition transaction received support from reputed external consultants, specifically Clifford Chance law firm as legal advisors and KPMG Corporate Finance as financial advisors.

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