



STAR CONFERENCE 2008

Chief Executive Officer **Giovanni Bossi**

General Manager **Alberto Staccione**

Highlights

The Factoring Market and Group Positioning

Consolidated Financial and Economic Data

Strategies

Attachments

Highlights: Large Reference Market

Italian factoring market

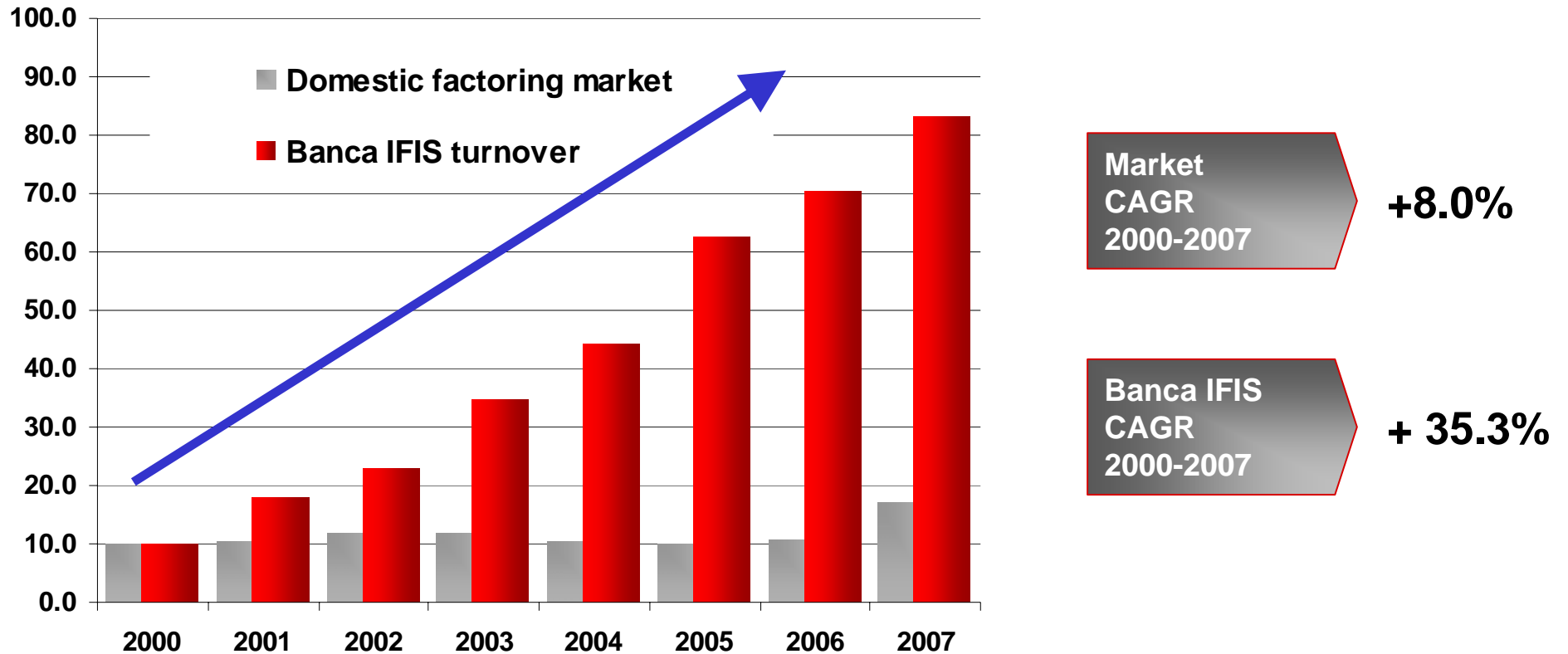
Turnover in Italian factoring market 2007 equal to circa 109.1 billion Euro (Fonte - Assifact); Loan commitments equal to 24 billion Euro (Banca IFIS estimation).

+

Italian short term commercial finance market

Italian short term commercial finance market 2007 equal to 337 billion Euro (Banca IFIS estimation based on Bank of Italy figures as at September 2007)

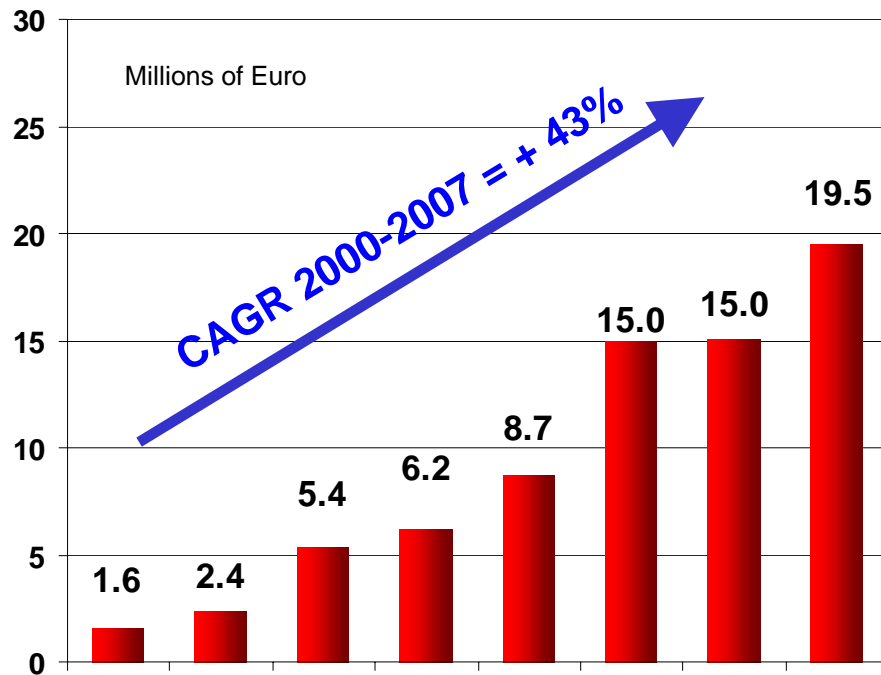
Highlights: Higher Growth than Market



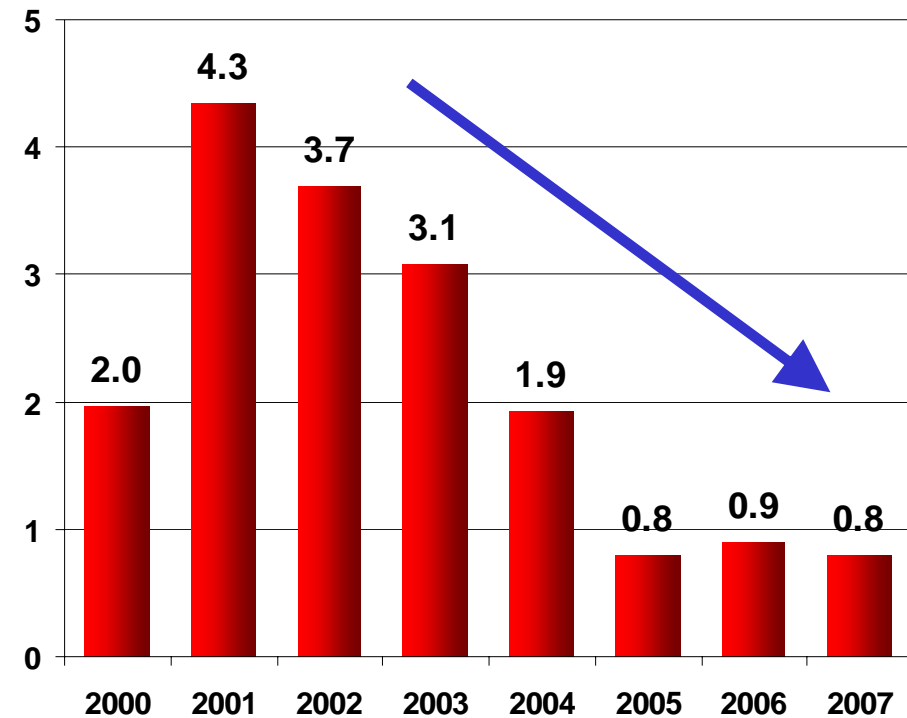
Note: Figures for 2000 equal to 10
Turnover: Amount of receivables purchased by the company

Highlights: High Profitability and Limited Credit Risk

Net profit



Bad debts on loans/Total loans %



Note: since 2002, when the company became a bank, it has adopted stricter credit policies

Highlights

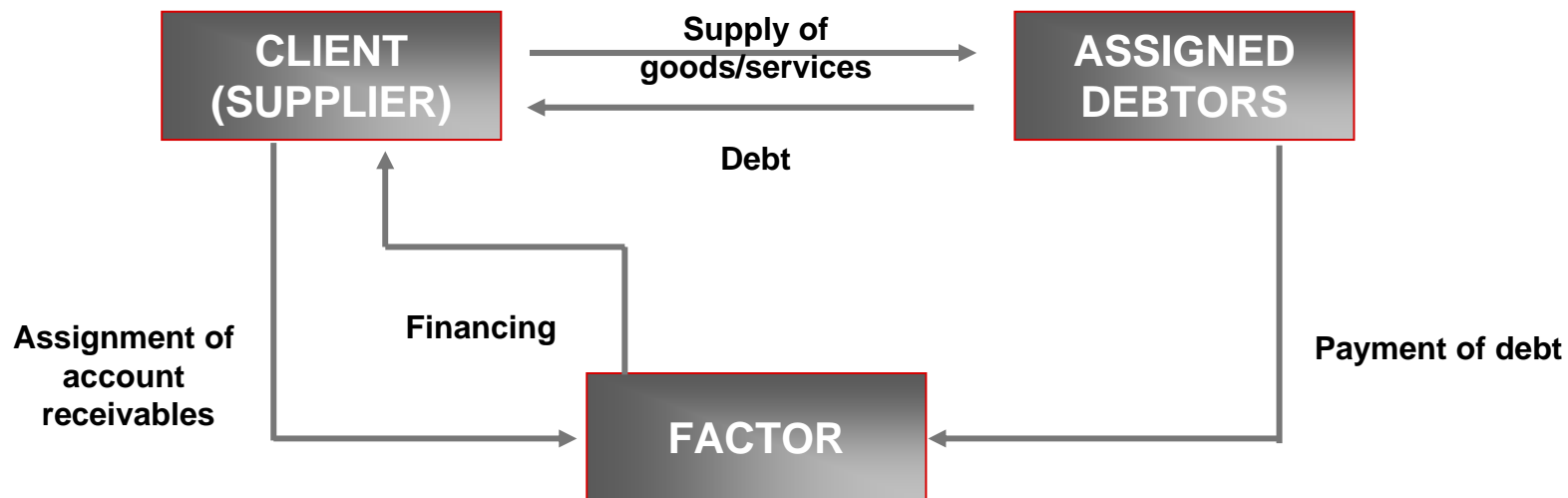
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What is Factoring?



- ◆ In general, enterprise financing through factoring allows the factor to **transfer the credit risk** from the assigning supplier to those who, at the due date, are obliged to pay the account receivables assigned (the assigned debtor).
- ◆ Factoring is at **maximum efficiency** when the assigned debtor has a better credit standing than that of the assigning client, and where the quality of the receivables has been confirmed or adequately documented.
- ◆ The possibility of recourse on the assigned debtor and, subsequently, the assigning client, represents a significant **limitation to the risk** for the factor.

The Factoring Market and Group Positioning

The Italian factoring market of today is characterised by three types of operators:

Factoring companies belonging to banks

- Intesa Mediofactoring
- Ifitalia BNL Group
- Italease Factorit
- MPS Leasing & Factoring
- Unicredit Factoring
- Others

Captive Factoring companies or specialists

- Serfactoring – ENI Group
- Fercredit – FS Group
- ENEL Factor
- Farmafactoring
- Others

Independent operators

- **Banca IFIS**

- ◆ Both factoring companies belonging to banks and captive factoring companies act as a division of the parent company and operate exclusively, or for the most part, within the company or bank they belong to. Often, their strategic and operational autonomy is limited by that of their Group.
- ◆ In the last 2 years, the 5 leading operators made up approximately 65% of the total turnover.
- ◆ Specialist operators carry out their activity exclusively within their specific market segment, as for example, the health sector. Their activity is not transferable to the mass market.

The Factoring Market and Group Positioning (continued)

- ◆ The factoring sector is characterised by players who are significantly different in terms of objectives, strategies, clientele and approach to credit risk, falling into two main business models:

Dimensional approach

- **The assigning enterprises** are usually of a significant size and good credit standing.
- **The assigned debtors** are not necessarily of a good credit standing.
- **Portfolio** of assigned receivables is of high value and often diversified and divided.
- **Statistical assessment** of the portfolio.
- **Advances** are assessed according to the credit worthiness of the assigning supplier.

Traditional operators

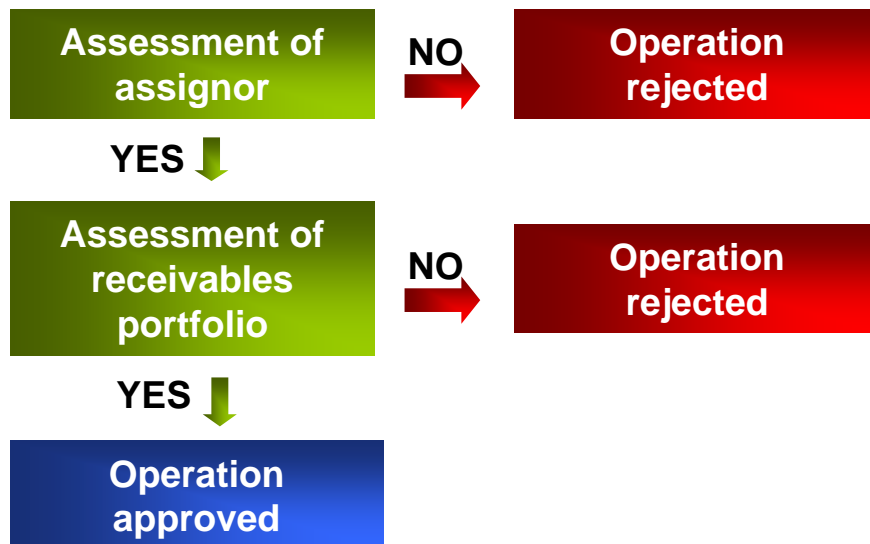
Profitability approach

- **The assigning enterprises** are not usually of a significant size.
- **The assigned debtors** must be of a good credit standing.
- **Portfolio** of assigned receivables is not necessarily of high value and is often concentrated.
- **Analytical assessment** of the portfolio.
- **Advances** are assessed according to the credit worthiness of the debtor.

Banca IFIS

Risk Assessment in Factoring: The Different Approaches

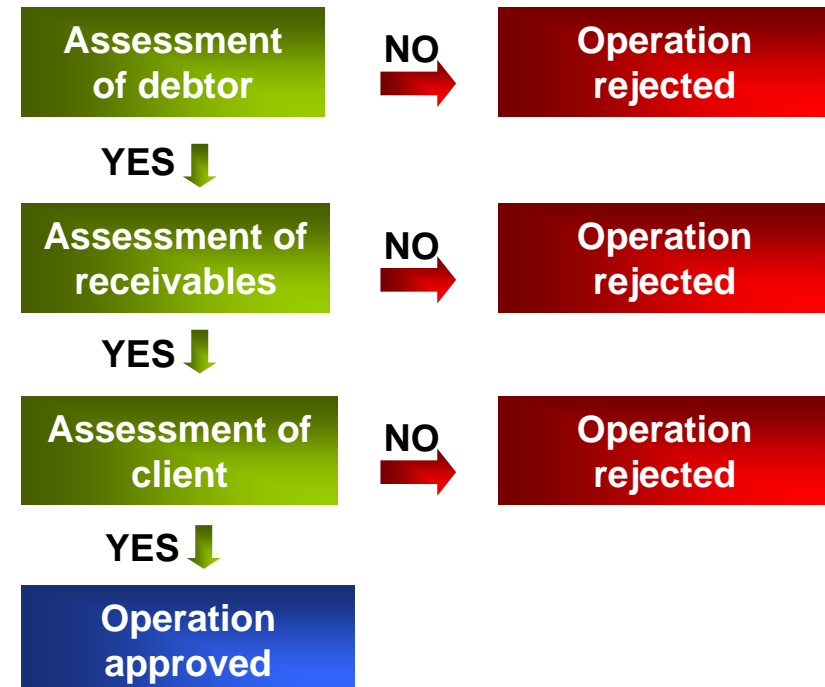
Traditional risk assessment



Focus on ASSIGNOR

Banca IFIS risk assessment

The 3 pillars of risk assessment

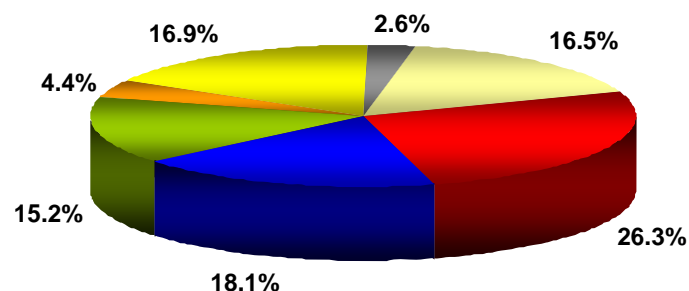


Focus on DEBTOR

Products and Activity of the Group: Clients and Debtors

Breakdown in Loan Commitments as at 31/12/2007

■ XSmall XXSmall ■ Small ■ Medium ■ Large ■ XLarge ■ XXLarge ■ Unclassifiable

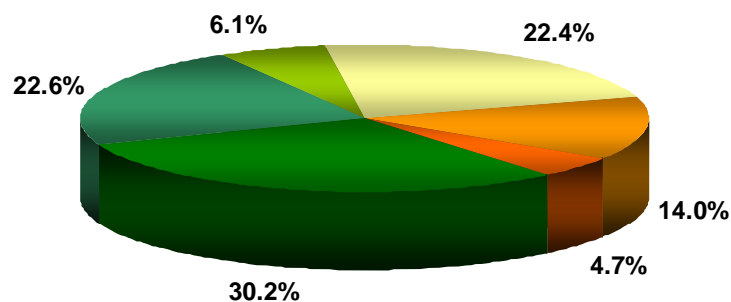


Classes by Turnover

XSmall/XXSmall = from 0 to 5 million Euro
 Small = from 5 to 15 million Euro
 Medium = from 15 to 50 million Euro
 Large = from 50 to 100 million Euro
 XLarge/XXLarge = over 100 million Euro

Total Outstanding for Standing Debtors as at 31/12/2007

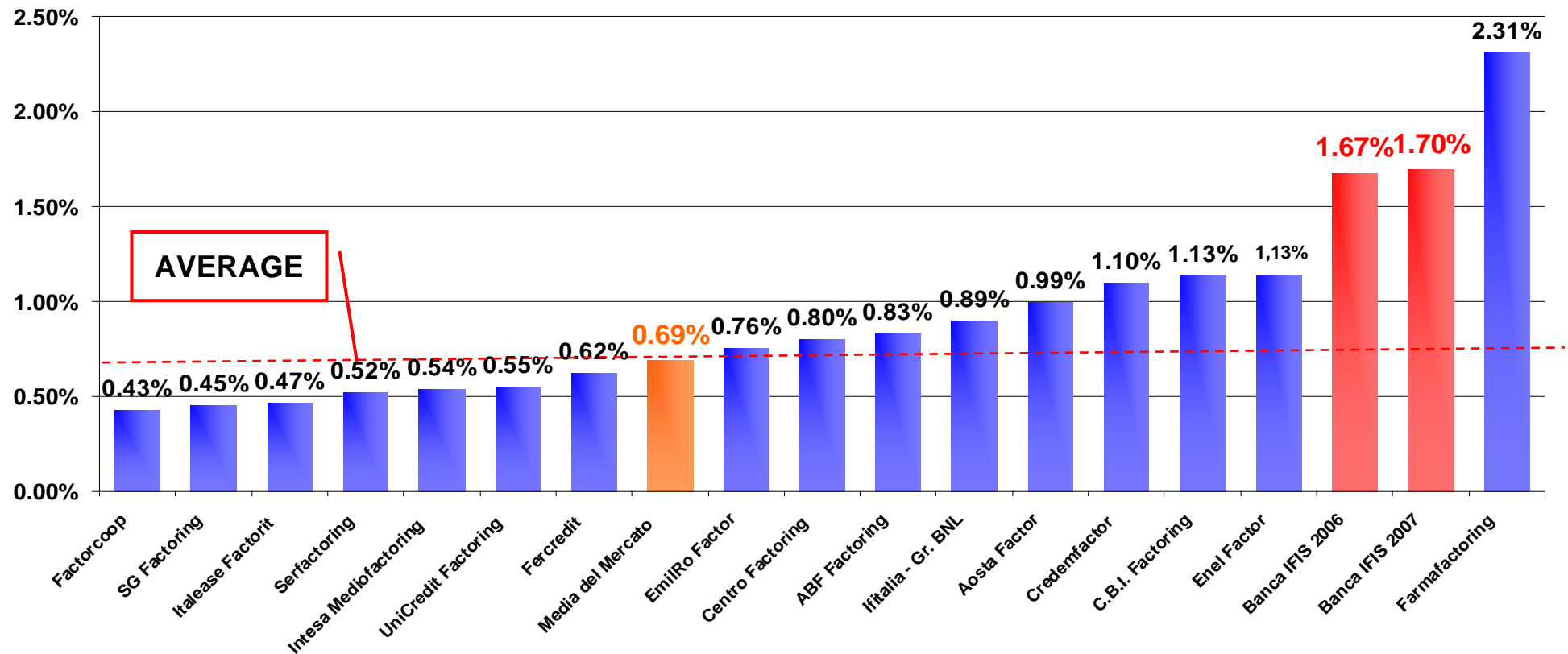
■ Public Administration ■ Large Groups ■ Excellent ■ Good ■ Medium ■ Poor



81.3% of total outstanding existing at 31/12/2007 is made up of receivables due from debtors of high credit standing. In addition, the duration of factoring operations (90/120 days) is a further guarantee of the solvency of all debtors.

Positioning of the Group in terms of Earning Margin on Turnover

Earning Margin/Turnover
Year 2006




Source: Assifact

Products and Activity of the Group: The Sales Structure

59 sales people work in the branches – of which **25 young in-house trained resources** - their remuneration is, on average, 35% linked to the achievement of the objectives predetermined by the budget.

- ◆ 30 commercial agreements with banks
- ◆ 4 commercial agreements with the “Confederazioni di Banche di Credito Cooperativo” (Veneto, Friuli Venezia Giulia, Piemonte and Liguria, Emilia Romagna)
- ◆ 79 agreements with brokers and other intermediaries
- ◆ 16 agreements with institutional debtors
- ◆ 10 agreements with associations of the sector



All refer to the local branches
and
receive a part of the income earned by the Bank.

Highlights

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Consolidated Profit and Loss account 2004 - 2007

Consolidated Profit and Loss Account

€ thousands	YEAR				CAGR
	2007	2006	2005	2004	2004/2007
Earning margin	53,718	41,211	38,182	27,958	24.3%
Net value adjustments on write downs on receivables	(2,470)	(1,788)	(3,976)	(4,054)	-15.2%
Net trading result	51,248	39,423	34,206	23,904	28.9%
Operating costs	(22,566)	(15,811)	(13,691)	(10,526)	28.9%
Pre-tax profit	28,682	23,612	20,515	13,378	29.0%
Net profit	19,534	15,012	14,948	8,734	30.8%
Cost/Income Ratio	42.0%	38.4%	35.9%	37.6%	

Financial Figures: Analysis by Quarter (2006 – 2007)

In 2H07, the first positive effects of risk repricing were felt, increasing client profitability

Profitability: Quarterly evolution (2007)

€ thousands	FINANCIAL YEAR 2007			
	4th Q.	3rd Q.	2nd Q.	1st Q.
Earning margin	15,836	15,008	12,407	10,467
Profit (loss) from sale or buyback of:	-	1,515	1,070	-
a) available for sale financial assets	-	1,515	1,070	-
Pre-tax profit	8,653	7,772	6,719	5,538
Net profit	5,643	5,645	4,741	3,505
No. of Clients	1,917	1,775	1,744	1,547
Adjusted earning margin	15,836	13,493	11,337	10,467
Earning margin/Turnover	1.73%	1.77%	1.50%	1.46%

Note: The Earning margin/Turnover ratio is calculated using the adjusted earning margin

◆ Client average 1H 2007 = 1,645; Client average 2H 2007 = 1,846



+ 12% circa

◆ Average adjusted earning margin 1H 2007 = Euro 10,902 m.;
Average adjusted earning margin 2H 2007 = Euro 14,665 m.



+ 35% circa

Consolidated Balance Sheet 2004 - 2007

Consolidated Balance Sheet

€ millions	PERIOD				CAGR
	31/12/07	31/12/06	31/12/05	31/12/04	2004/2007
Due from banks	312.1	267.3	128.8	13.9	182.1%
Due from clients	923.1	783.0	710.9	468.2	25.4%
Fixed assets	34.7	31.0	24.3	18.8	22.7%
Other assets items	5.5	11.3	12.7	7.8	-11.0%
Total Assets	1,275.3	1,092.6	876.7	508.7	35.9%
Due to banks	1,010.4	836.4	627.0	295.8	50.6%
Due to clients	57.8	82.6	93.9	103.4	-17.6%
Outstanding shares	36.1	42.7	35.5	41.4	-4.5%
Shareholders' equity	134.0	108.3	100.3	54.2	35.2%
Other liability items	37.1	22.7	20.0	13.8	39.1%
Total Liabilities	1,275.3	1,092.6	876.7	508.7	35.9%

Consolidated Financial Figures : Funding

◆ What has happened since July 2007 to date?

- Substantial stability in availability (from 1,242 to 1,184 million Euro, a slight decrease in availability following merger processes in the banking market);
- An increase in committed medium term lines, from 70 to 211 million Euro;
- Weighted average duration passed from 102 days to 165 days.

FUNDING	
Interbank at short term	Euribor 3M + 0 ÷ 20 bps
Interbank at 18 months	Euribor 3M + 30 ÷ 70 bps
Convertible bonds	Fixed rate = 4.375%
Securitisation programme	Euribor 3M + 45 ÷ 70 bps
Client deposits	Euribor 3M - 20 ÷ 50 bps
Syndicated loan (171 million Euro)	Euribor 3M + 55 bps

Consolidated Financial Figures: Net Equity

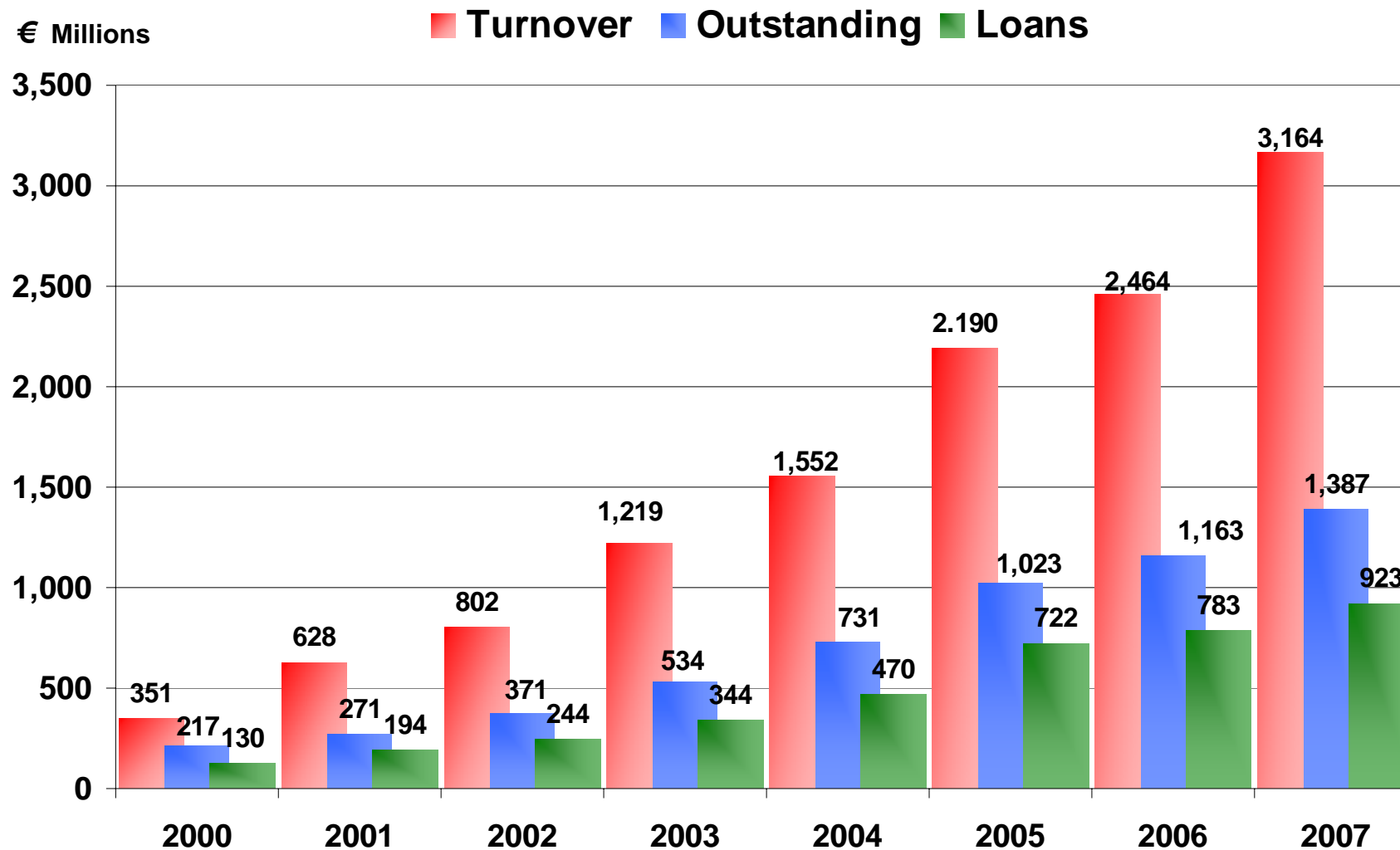
No. of shares today: 31,213,652

No. of shares after the exercising of warrants (July 2008): 34,284,734

No. of shares after conversion of convertible bonds (July 2009): 38,898,814

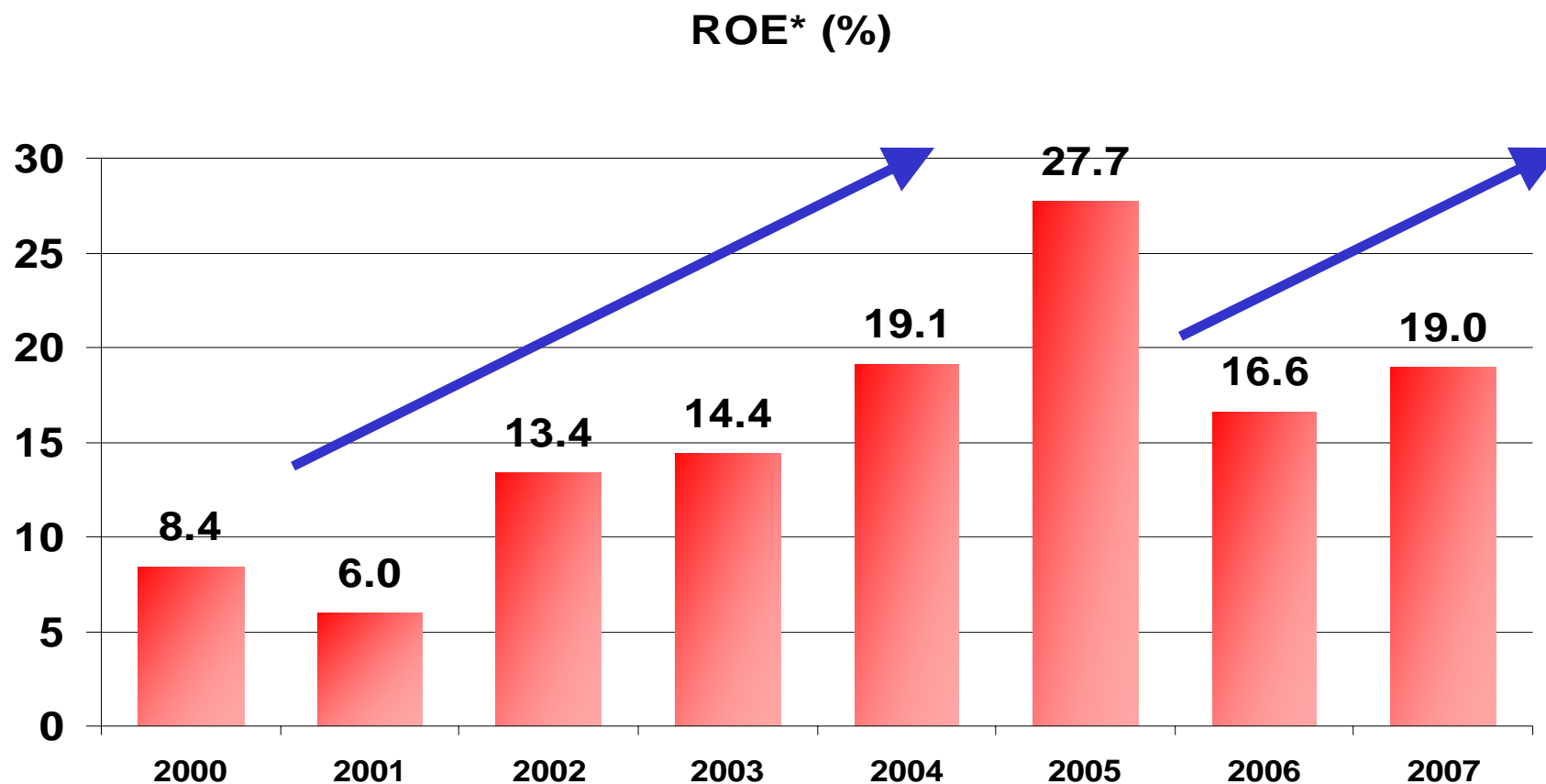
**Net Equity
as at 31 December 2009
is estimated at between 220/240 million Euro**

Turnover, Outstanding and Loan Commitments 2000 - 2007



ROE % 2000 - 2007

- ◆ The reduction in ROE between 2005 and 2006 is due to the increase in Net Equity resulting from the capital increase, carried out in December 2005.



* The ROE 2005 and 2006 is calculated as Net Profit over the weighted average of Net Equity, excluding valuation reserves.

The ROE 2007 is an estimation based on drafted figures as at 31/12/2007

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Strategies: The Guidelines

“From a transaction-based bank to a relationship-based bank for SMEs”

1. Internal growth in core business

- ◆ Extend our winning business model based on asset based financing from a niche market to the mass market of SMEs.
- ◆ Reinforcement of sales network.
- ◆ Maintenance of both profitability and the high quality of services offered.

2. Internationalisation of core business

- ◆ Replicate our model throughout European countries.
- ◆ Extend our own network.
- ◆ Realise market economies.
- ◆ Take advantage of the demand for cross-border financing to the favour of SMEs.

3. Expansion in the range of products offered

- ◆ Utilise own sales network to distribute other services.
- ◆ Widen the network's coverage.
- ◆ Distribute other services.

4. Expansion in funding sources

- ◆ Strengthening of relationships with Italian and European banks.
- ◆ Direct access to the Eurosystem.
- ◆ Negotiation of other 18 month syndicated loans.
- ◆ Initiation of retail funding programmes.
- ◆ Enlargement of securitisation programme.

Strategies: The New Model

Transaction-based bank

- ◆ Perceived as product specialists for SMEs;
- ◆ Relationships with the client are necessary to conclude factoring operations and, as such, end with the operation itself;
- ◆ Focus on the profitability of each individual operation.



Relationship-based bank

- ◆ Perceived as the answer to SMEs every financing and service need;
- ◆ The client is the most important element: clients are taken care of by a customer relationship manager;
- ◆ Focus on overall profitability from client.

Strategies: 1. Internal Growth of Core Business

- ◆ Reach potential clients through the reinforcement of the bank's own network and the spreading of the factoring culture.
- ◆ New territorial branches: from 14 at the beginning of 2008 to 28 at the end of 2010. Light structures with break-even within one year of start-up.
- ◆ Internal recruitment and selection: Junior sales staff throughout Italy. Strong variability in retribution and compensation – up to 100% of fixed retribution based on profitability, quality and diversification in relationships with clients.
- ◆ Agreements with banks (Bcc and local banks) spread out over territory in order to reach all Italian SMEs. Ceding of around 30-40% of the ordinary factoring commission to such banks.
- ◆ Attention to smaller enterprises with high growth potential, less attended to by traditional banks, with higher profitability levels but higher risk - such risk is transferred to the stronger assigned debtors.

Strategies: 2. Internationalisation

- ◆ Factoring has developed much more in Italy than in other European countries.
- ◆ In line with globalisation and otherwise, strong demand by enterprises for a financial, management and insurance product has arisen.
- ◆ Factoring offers enormous room for growth in countries with medium-industrialised and medium-financed economies. This not only allows, but requires, an asset based approach to risk, rather than one based on the client. This asset based approach appears particularly opportune in the case of SMEs and of countries with medium to low transparency of information.
- ◆ Good results in Poland (IFIS Finance): 110 M. turnover in the start-up year, with forecasts of double that for 2008.

Direct development

- ◆ Replicate action taken in Poland by opening a Factor in Romania, within the first few months of 2008.
- ◆ Kick off of Paris branch operations, within the first few months of 2008.
- ◆ Small/medium acquisitions of companies in Central European countries and/or companies compatible with Banca IFIS operations.

Indirect development

- ◆ Continue expansion of already existing sales channels.
- ◆ Membership of Factors' Chain International as an Italian interlocutor by excellence.

Objective: Manage and finance European enterprises' working capital through own sales network and excellent knowledge of the global credit market.

Strategies: 3. Expansion in the Range of Products Offered

- ◆ Strong demand by enterprises and the sales network for completion of the offer.
- ◆ After the kick-off of leasing (agreement with Centro Leasing Banca for all Italy), new prospects in the services to enterprises sector.
- ◆ Through this new approach, retention increases significantly, which is an important element for a product specialist (clients that no longer need factoring, or short-term financial support, tend to close the business relationship but, if many products are offered, such relationships remain open indefinitely).
- ◆ Areas of potential distributive interest: insurance (already initiated as a corollary to leasing); medium/long term finance (with distribution agreements with specialists); services for enterprises (support to the cycle) and entrepreneurs.

Strategies: 4. Funding/deposits

Banca IFIS's financial need is short-term: The average duration of loans to clients is 110 days; Loans to banks are at sight. Financial commitments are only short term.

- ◆ **Confirmation and reinforcement of bilateral relationships with Italian and European banks.** Action taken in order to increase the 130 existing relationships. Of particular importance, banks' appreciation of the business model.
- ◆ **Direct access to the Eurosystem.** Technological infrastructure ready. Initiation of programmes aimed at generating appropriation activities (by the first Half 2008). Use of access to contain funding costs on shorter expiries.
- ◆ **Negotiation of other 18 month syndicated loans** (after the 171 million utilised in January 2008) in accordance with market conditions. Modest importance given to the higher cost of such financing, in a context driven more by margins on clients than by controls on funding costs.
- ◆ **Preparation of an EMTN programme** in expectation of eventual improvements in the liquidity conditions within the system.
- ◆ **Initiation of retail funding**, also on line; considering that the current average cost of funding and deposits is in line with the 3 month Euribor.
- ◆ Renewal and expansion of **receivables securitisation programmes** to 300/400 million, with optimisation of operational aspects and costs.

Strategies: 5. Target for 2010

2007		Target 2010
Turnover 3.2 billion Euro	▶	+ 100%
No. of Clients approx. 1,900	▶	+ 100%
Earning margin/Turnover 1.70%	▶	Between 1.60% - 1.70%
Cost/Income ratio 42%	▶	In line with period 2003-2006
Net profit 19.5 million Euro	▶	+ 100%

The target does not include the effects of expanding the range of products offered

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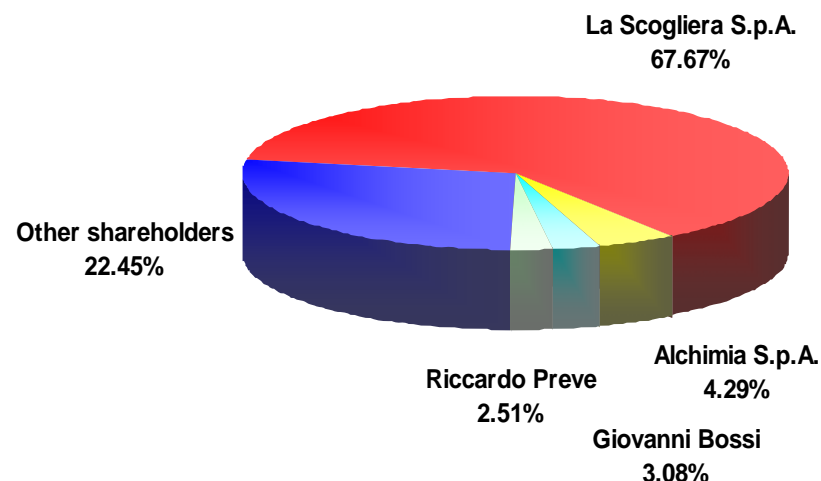
History: Banca IFIS Milestones

- 1983** The company, I.Fi.S. - Istituto di Finanziamento e Sconto S.p.A. -, was founded.
- 1989** IFIS shares received listing admission on the over-the-counter market of Milan.
- 1997** Registration in the list of financial intermediaries ex art 107 of the TULB (Consolidation Act for banks).
- 2001** Authorised to carry out banking activities as from 1st January 2002.
- 2003** Listing admission on the Mercato Telematico Azionario (telematic stock market).
- 2004** Listing admission in the STAR segment of the Italian Stock Exchange.
- 2005** Capital increase, Equity equal to 100 million Euro.
- 2006** Fitch rating agency assigns an 'investment grade' (BBB -). Internationalisation: opening of an office in Paris. Acquisition of IFIS Finance in Poland (previously known as FIDIS FACTORING POLSKA).
- 2008** 215 employees, 14 branches in Italy (including the setting up of the Genoa branch), representative offices in Bucharest and Budapest, an office in Paris and IFIS Finance.

Shareholders: Stable Shareholders and Committed Management

La Scogliera S.p.A. is controlled by Banca IFIS's President - Sebastien Egon Fürstenberg. Giovanni Bossi, the C.E.O., has been the Bank's third largest shareholder since 1995.

Shareholders



Figures as at 31 December 2007

Stock option plans

- ◆ Banca IFIS has introduced 5 stock option plans for all Banca IFIS employees – two of which have already been activated. The directors who have been attributed option rights are only those who have executive roles within the bank (the CEO and the Vice President).
- ◆ Stock option objectives:
 - employee loyalisation; identification /involvement of employees;
 - attraction for potential resources;
 - management involvement in company results.

Products and Activity of the Group: Services Offered

Granting of advances / financing service

- ◆ The client can obtain a total or partial advance on the receivables assigned.
- ◆ It is possible to give advances on future receivables (common in cases of contract work).

Guarantee service

- ◆ Allows the client to obtain a total or partial guarantee against the risk of debtor insolvency.
- ◆ The risk of insolvency is commonly shared between the factor and the client requesting the guarantee (which still remains partial).

Management service

- ◆ Administration, management and collection of the enterprise's assigned receivables. This service does not include financing or guarantees and does not entail the assumption of risk by Banca IFIS. It is not commonly used alone.

Products and Activity of the Group: Profit per Product

Management service	→	Recourse factoring commission (flat, monthly)	from 0.10% to 1% on total receivables
Guarantee	→	Non recourse factoring commission	from 0.10% to 1.50% on total receivables guaranteed
Advances	→	Interest margin, spread on 3 month Euribor	from 50 bps to 350 bps on the effective financial commitment
Full definitive purchase service	→	Total commission for guarantee, management and advance services	from 2% to 9% on total receivables purchased

Products and Activity of the Group: Internal Rating System

◆ Banca IFIS has set up its own system of Internal Rating (SIR).

◆ The SIR allows:

- Immediate rating of the debtor, the assigning supplier and the operation;
- Definition of pricing in relation to the risk involved;
- Monitoring of the counterpart's rating.

Cedente			Debitore	
AZIENDA CEDENTE			AZIENDA DEBITORE	
Score automatico	Score rettificato		Score automatico	Score rettificato
71,44	71,44	BILANCIO	35,36	35,36
45,38	45,38	SETTORE	61,95	61,95
100,00	100,00	CENTRALE RISCHI	19,10	19,10
0,00	0,00	INFO ESTERNE	0,00	0,00
100,00	100,00	SEGMENTO DIMENSIONALE	0,00	0,00
86,63	86,63	SCORE DI SINTESI	32,42	32,42
C	C	RATING DI SINTESI	A	A

Credito maturato su contratto perfezionato per fornitura di beni			
Documentato	Ceduto	Notificato	Senza adesione
Con riserva	Non confermato	Condizionato	

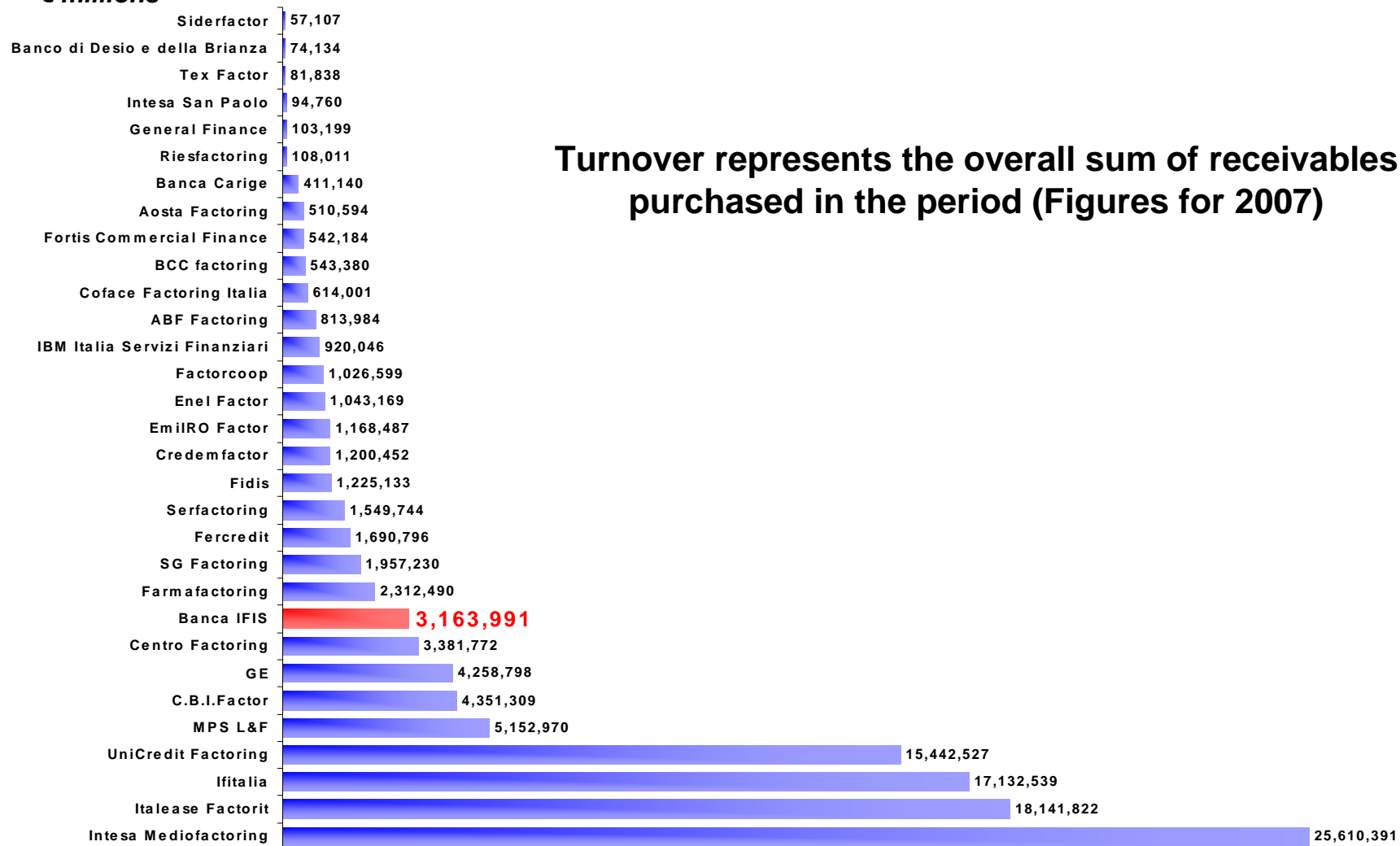
Rating Operazione Semplice

SCORE OPERAZIONE SEMPLICE: **54,92**

RATING OPERAZIONE SEMPLICE: **BB**

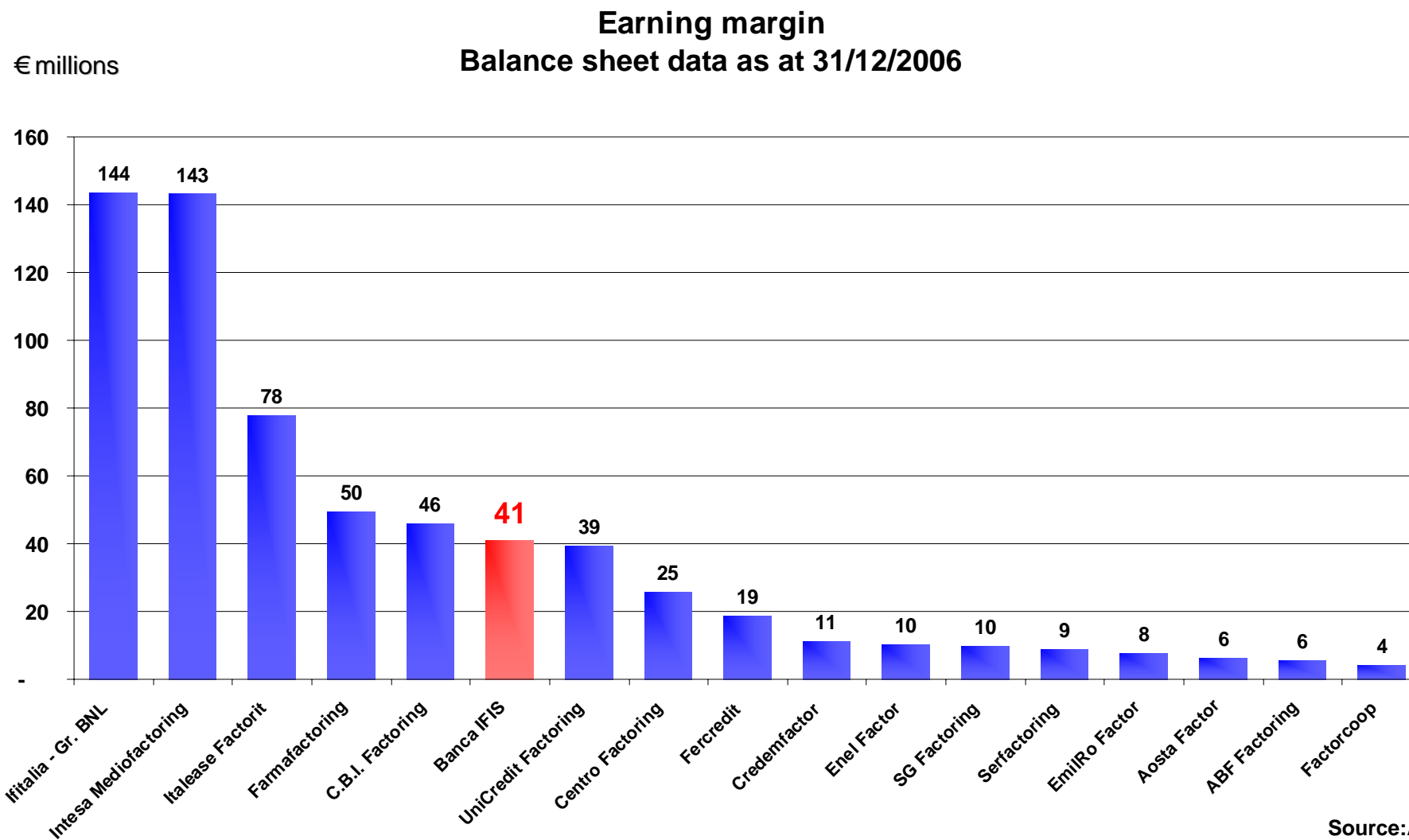
The Factoring Market and Group Positioning (2007)

€ millions



Source: Assifact

The Factoring Market and Group Positioning



Source: Assifact