



Results 30 September 2010



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Banca IFIS: innovation for SMEs

In a market context that remains difficult, SMEs need tools that will support their growth.

The traditional bank

Cannot grant SMEs the credit required due to the **difficulty in controlling the credit risk**



Applies models to SMEs used only in the corporate segment

Finances SMEs, obtaining high profitability levels in the face of limited risk

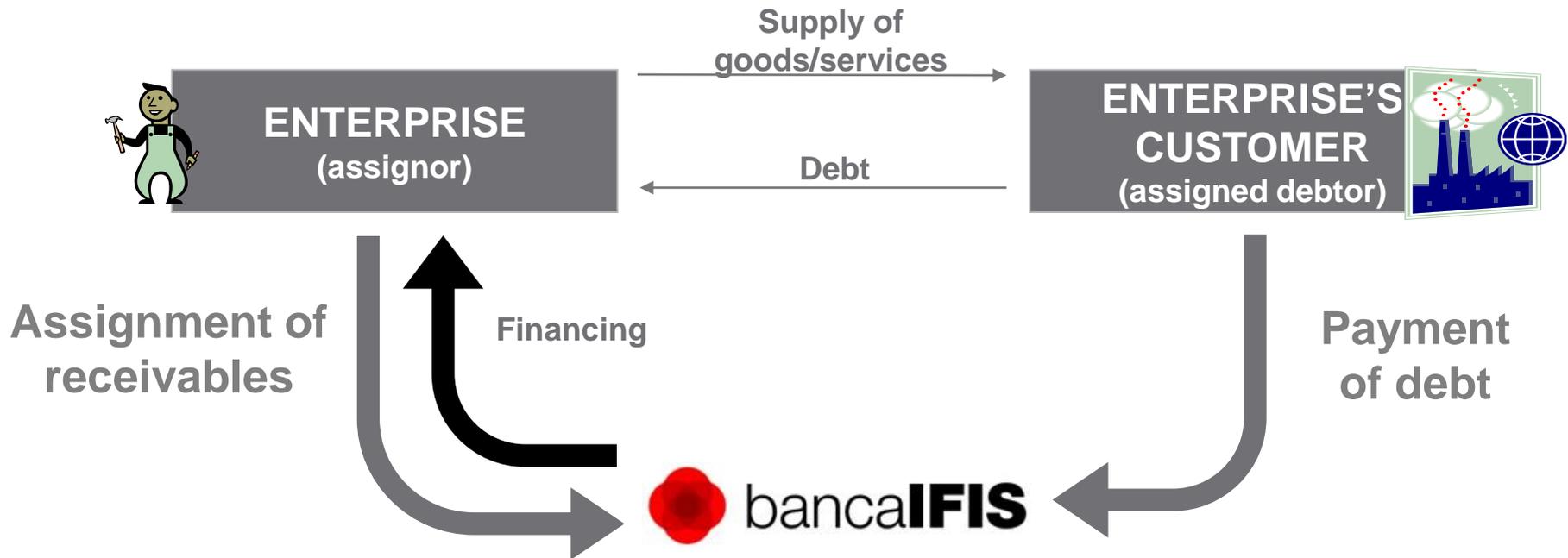
Has diversified funding, largely from the retail market



Banca IFIS's innovative approach allows the granting of credit to SMEs, optimising enterprises' assets and allowing them to diversify their funding sources



What is factoring?



Through factoring, the enterprise gains **quick** access to **credit** to satisfy its liquidity needs.

Factoring is a **flexible instrument** that 'teaches' the enterprise to better manage its working capital.



The factoring market and group positioning



Factoring market

Short-term commercial finance market

 **bancaIFIS**
market

* Short-term loans to non-financial companies and family businesses, net of default loans and gross of “repurchase agreements” (Source: The Bank of Italy - Bollettino Statistico II- 2010)

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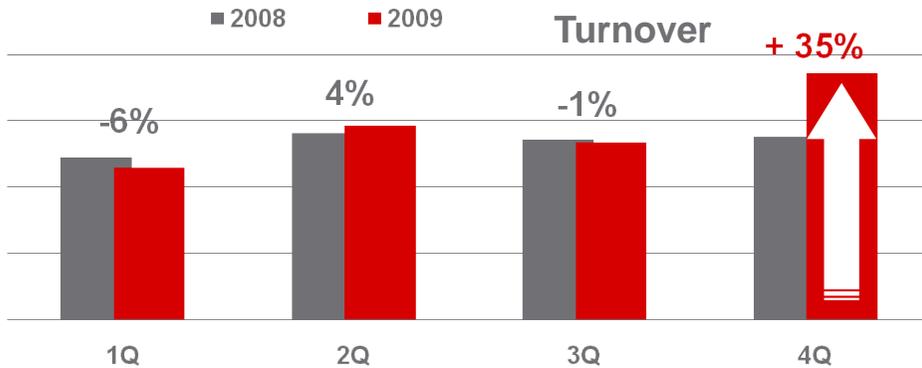
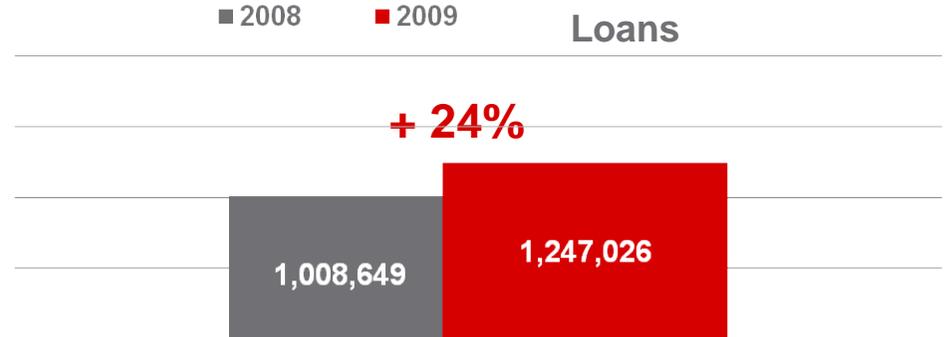
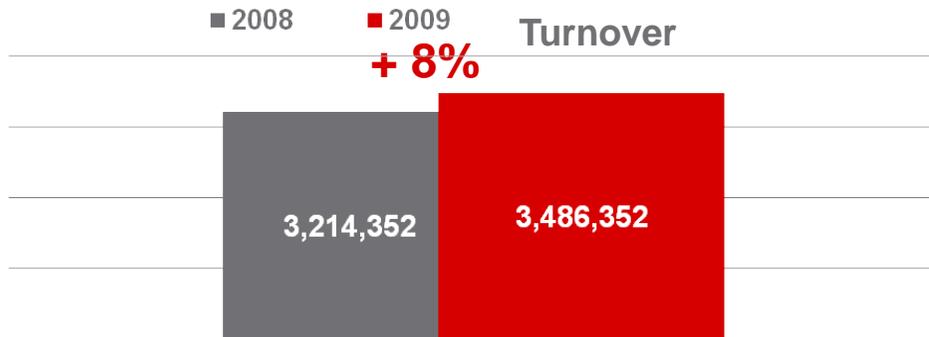


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Turnover and loans significantly on the rise ... (figures in thousands of Euro)



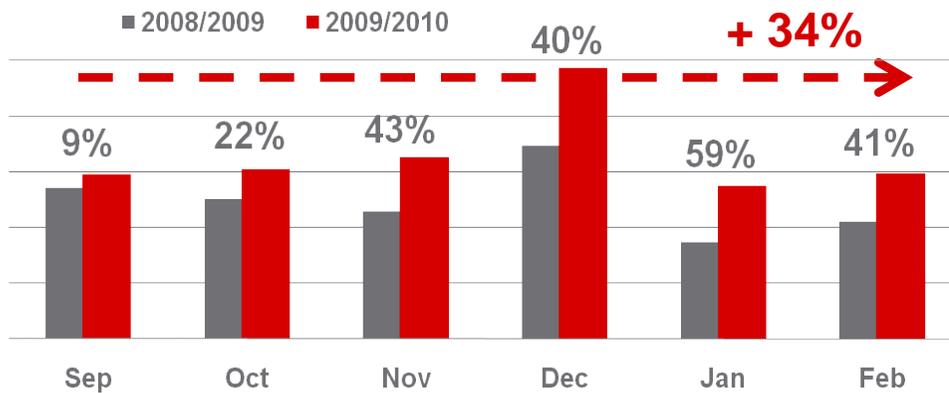
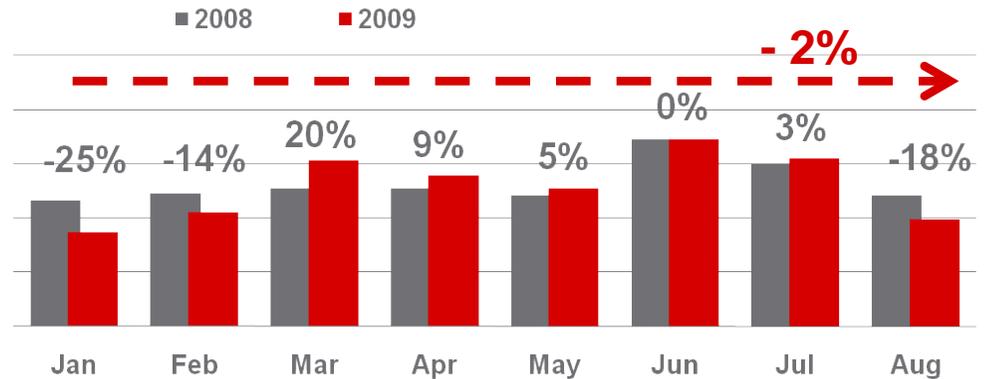
In a difficult year, and after a slow start marked by the low level of demand for credit by enterprises due to the crisis, **Banca IFIS immediately responded to SMEs' needs** the minute enterprises started their engines up again. **Banca IFIS has proved itself ever-ready and ever-closer to enterprises.**





... above all in the last 6 months 2009 *(figures show turnover)*

Enterprises, trapped between the new need for financing to support their recovery and the **unwillingness of banks to assist them in this recovery** to the extent required, find an ideal partner in Banca IFIS.



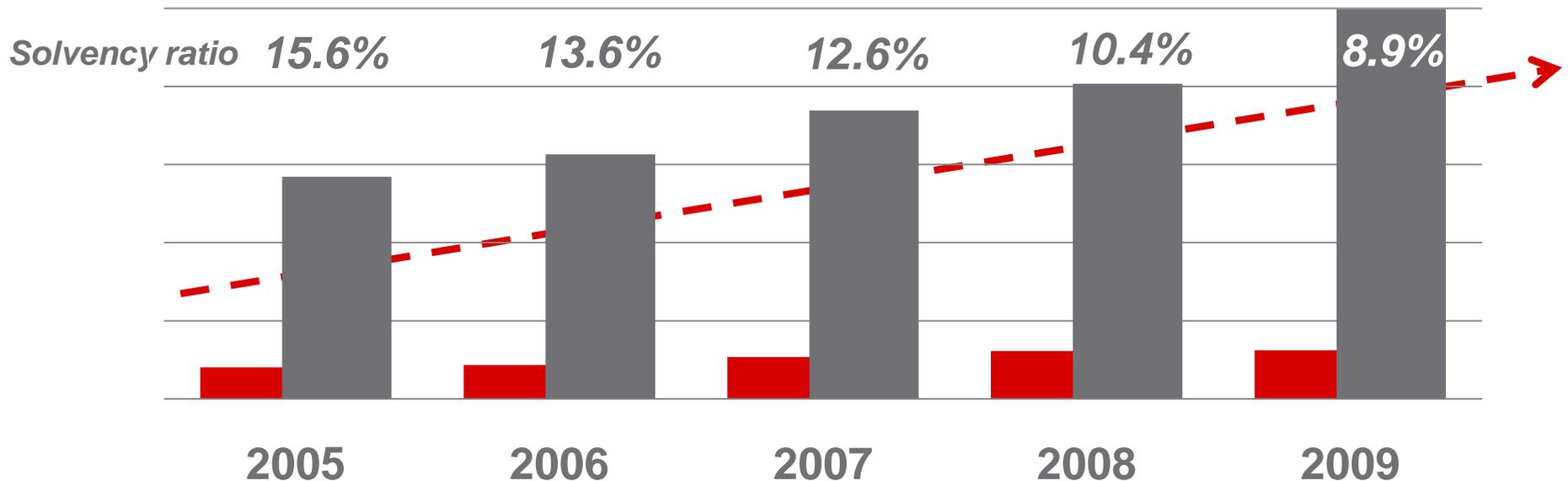
Banca IFIS's model is able to control the credit risk much more successfully than the traditional commercial banking approach. For this reason, **Banca IFIS can continue to grow, maintaining a high level of asset quality** even in turbulent times.





Capital increase to support expansion

■ Net Equity ■ Factoring loans



The Board of Directors proposed **a capital increase of 50 million Euro** to the Shareholders' Meeting, so as to support expansion.

Aim: maintain a stable **Solvency ratio** and **Tier 1 above 10%**.

Bonus issue: **1 new share for every 10 shares held** prior to the capital increase.

Rights offering for shareholders.





Takeover bid for Toscana Finanza

On 5 March 2010, Banca IFIS changed its **total, voluntary takeover bid** for **Toscana Finanza**, originally launched on 9 July 2009

Highly positive industrially and presents numerous **synergies** with Banca IFIS's activity, hence representing a **natural extension to its already existing operations**

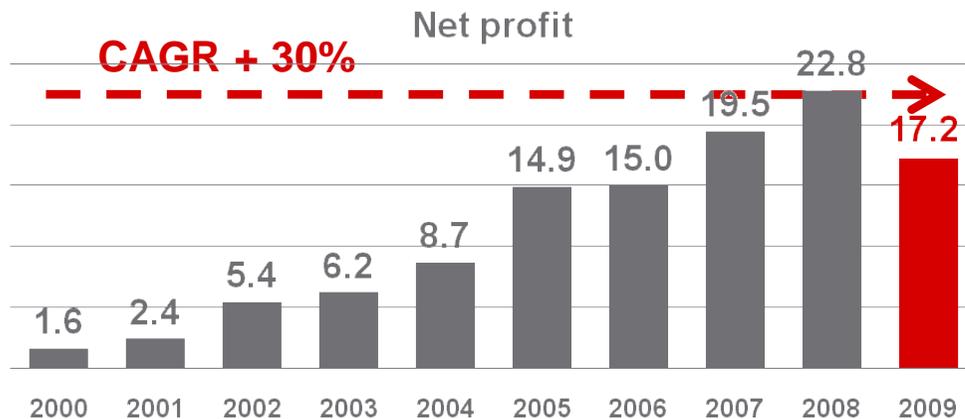
Toscana Finanza's activity is a-cyclic (not anti-cyclic) and will contribute to the stabilisation of Group profit

Should the bid be accepted in full, the **countervalue of the takeover will equal approx 45.9 million Euro**. The new bid price is **1.50 Euro per share**, an increase of 20% from the 1.25 Euro of the original takeover bid

Toscana Finanza can count on **easier access to financial resources** with a positive impact on the Group's growth and profitability levels and **no significantly negative impact on capital consumption**



High profitability and credit quality *(figures in millions of Euro)*



The negative impact of the crisis on the bank's results has been contained.

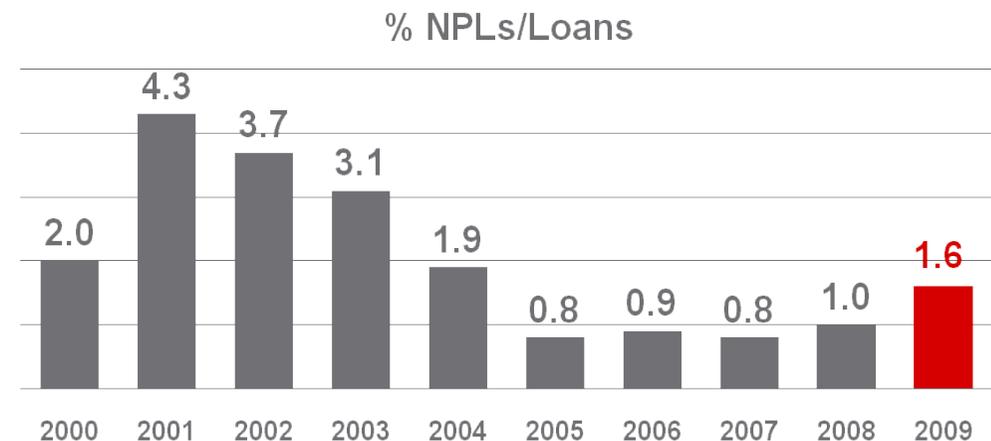
The increase in net banking income has allowed a return to the profit levels recorded in the years prior to the crisis.

ROE at 30/09/2010 = 13.1%.

The ratio of non-performing loans/loans should be considered impressive given the crisis underway.

The figure of 1.6% is in line with the average for Italian banks prior to the crisis.

The ratio of non-performing loans/net equity equals 13% and indicates **excellent ability to cover non-performing loans.**



2010-2012 growth guidelines

Consolidation of funding structure	Internal growth in core business		International expansion
	Service	Products	
<p>RendiMax Marketing strategy confirmed: high returns, direct and transparent communication, no adv & promotions, customer care service will be coupled with the introduction of new services for retail clients.</p>	<p>Fast Credit Service implementation of new CRM project released by the end of November. New widespread local structures quicker in supporting SMEs' financial needs. Operative since 2010, the "Giovani leoni" task force (over 40 new talents trained over the last few months).</p>	<p>Focus on making a client a faithful customer through an open and professional relationship, increasing our ability to support the client's business through diversified products.</p>	<p>Conscious approach to new markets, driven by political stability, economic development, commercial exchanges.</p> <p>2010: j.v. set up in India</p>



Internal growth in core business



The bank's own network is made up of **99 Relationship Managers** located in **25 branches throughout Italy**. The employment of **40 new resources** by the end of 2012 is expected.

Professional growth is guaranteed thanks to a training path set up specifically with the quality of relationships with clients in mind.

Focus on clients with receivables due from the Civil Service.

To date, the Civil Service is counterparty to 27% of all receivables managed and **further expansion is expected.**





Proximity, Quality and Innovation

Clients are visited often by Banca IFIS's **Relationship Managers** whose office is **their client's company**.

Being **close to the client** allows the foundations for a **long-lasting relationship** to be set.

A CRM project is in progress and will involve the bank to 360 degrees. The client will be taken care of in the best way possible right from the word go. Banca IFIS's **CRM** is not an IT tool but rather a **philosophy** characterising the bank.

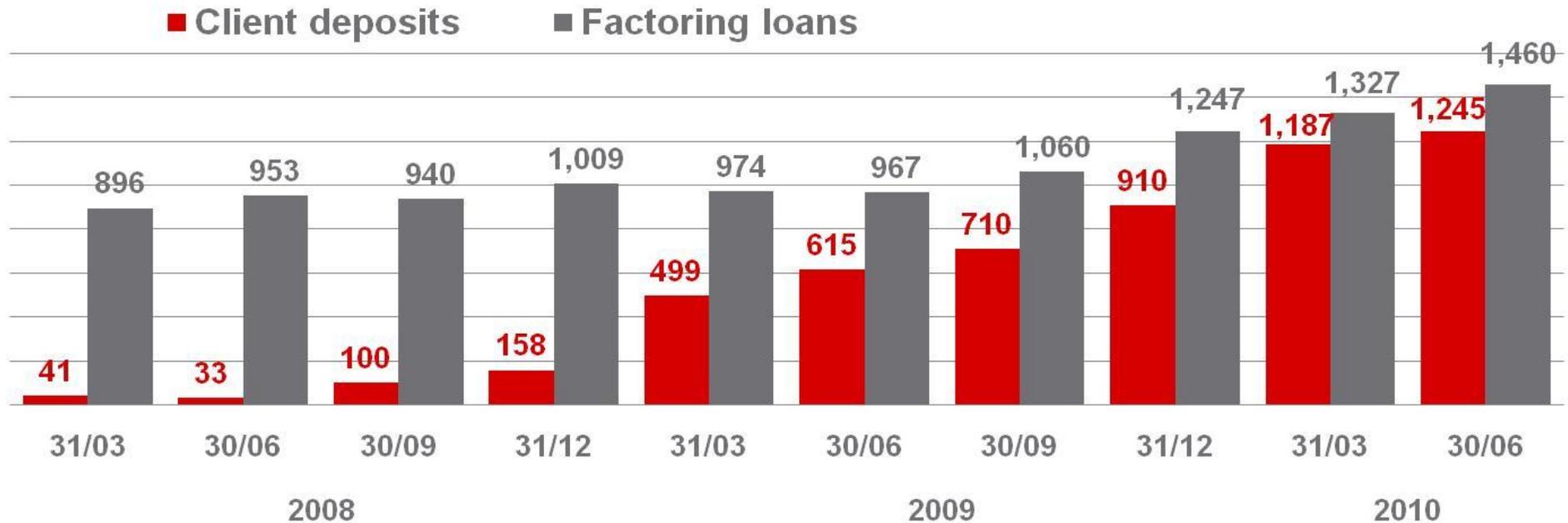
Whoever has an impact on the client is an integral part of the relationship.

Bring the factoring product to **SMEs** – so far reserved only for corporate clients (medium large enterprises) – through **technology** and **innovation** of processes. Thanks to this innovation, approaching ever-smaller enterprises creates barriers to those entering the market which allows the bank to maintain a considerable **competitive advantage**.





Consolidation of the funding structure *(figures in millions of Euro)*



The success of Banca IFIS's retail funding has changed the genetics of the bank's funding structure.

Banca IFIS usually operates on interbank markets (loans of 1.6 billion Euro, 40% utilised, with 120 banks in Italy and Europe) and on the **Eurosystem platform**, the **MIC** and the **E-Mid**.

With interbanking, Banca IFIS pays an average interest rate of **Euribor 3 month flat**.

The average duration of core loans is very short, around 120 days.

Only if necessary will an **EMTN** programme be activated, **in order to stabilise funding** in the medium-term.





International expansion

In 2009, the **turnover and net banking income** generated by the International Area stood at **17%** and **10%** respectively of overall Group results.



Factoring, which allows and indeed requires an **approach** to risk that concentrates on the assigning client's business rather than the client's creditworthiness, continues to provide **enormous room for growth** in countries with heavily expanding economies.

Banca IFIS continues to take care of **Italian** SMEs doing business abroad and this makes it possible to gain **international SMEs** as clients too.

Consolidation and reinforcement of **IFIS Finance** also continues.

Banca IFIS operates in **Romania** and maintains an important presence in **Hungary** and **France**.

A **joint venture with Punjab National Bank** for the development of **factoring for Indian SMEs** has just been signed.



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Consolidated income statement at 30/09/2010



Year

Change

<i>Figures in thousands of Euro</i>	30/09/10	30/09/09	Amount	%
Net banking income	67,941	53,616	14,325	26.7%
Impairment losses on loans and receivables	(13,914)	(8,121)	(5,793)	71.3%
Net profit from financial activities	54,027	45,495	8,532	18.8%
Operating costs	(29,375)	(24,694)	(4,681)	19.0%
Pre-tax profit	24,665	20,801	3,851	18.5%
Net profit	15,720	14,559	1,161	8.0%

Consolidated statement of financial position at 30/09/2010



	Period		Change
	30/09/10	31/12/09	%
Cash and cash equivalents	33	4,614	(99.3)%
Held for trading financial assets	347	325	6.8%
Available for sale financial assets	876,439	387,705	126.1%
Due from banks	217,240	182,859	18.8%
Due from customers	1,457,544	1,247,026	16.9%
Plant, property and equipment	34,446	34,506	(0.2)%
Intangible assets	3,817	3,916	(2.5)%
Tax assets	5,601	4,997	12.1%
Other assets	131,462	107,463	22.3%
Total assets	2,726,929	1,973,411	38.2%
Due to banks	1,104,786	840,546	31.4%
Due to customers	1,373,956	909,615	51.0%
Outstanding shares	-	20,443	(100.0)%
Tax liabilities	4,246	3,938	7.8%
Other liabilities	34,439	41,975	(18.0)%
Post-employment benefit	1,064	1,055	0.9%
Net equity	208,438	155,839	33.75%
Total liabilities	2,726,929	1,973,411	38.2%

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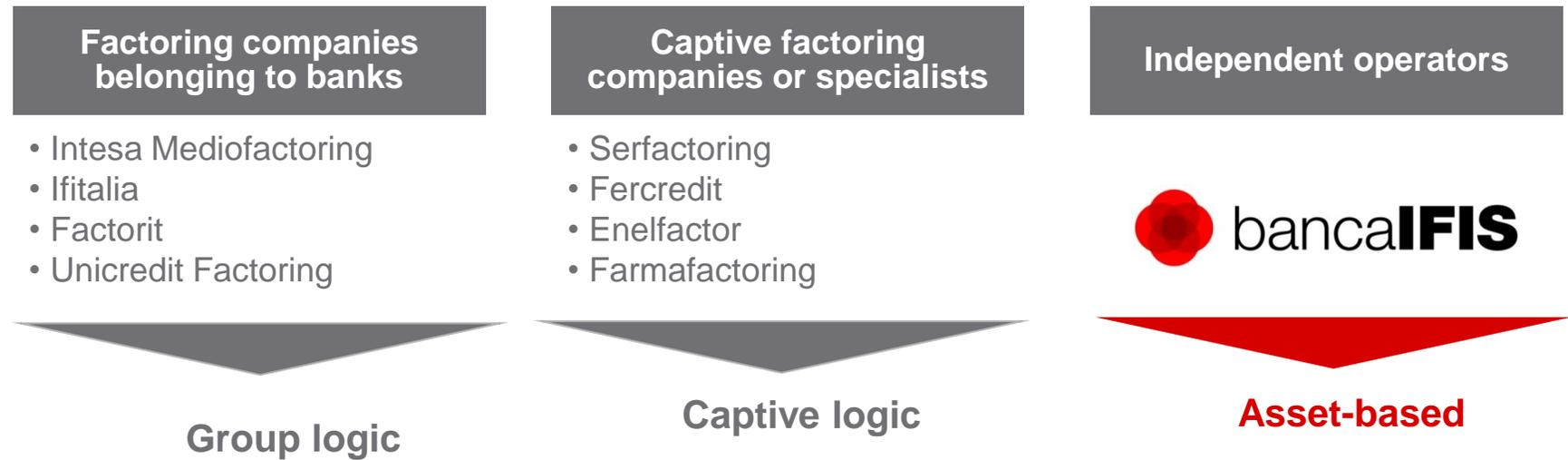
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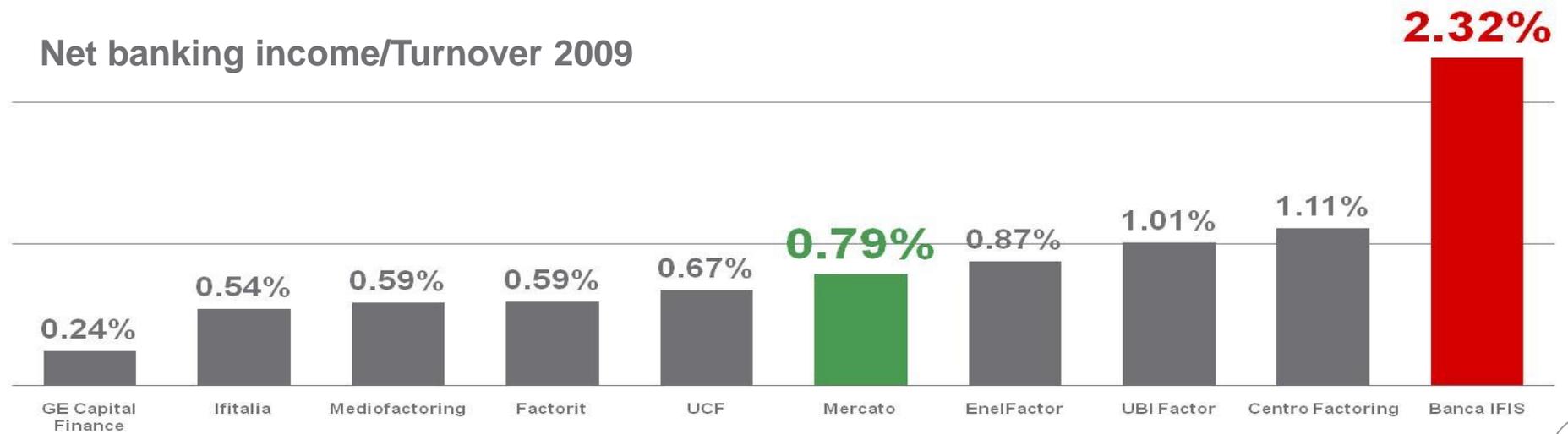
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The factoring market and group positioning (continued)

The Italian factoring market of today is characterised by **3 types of operators**

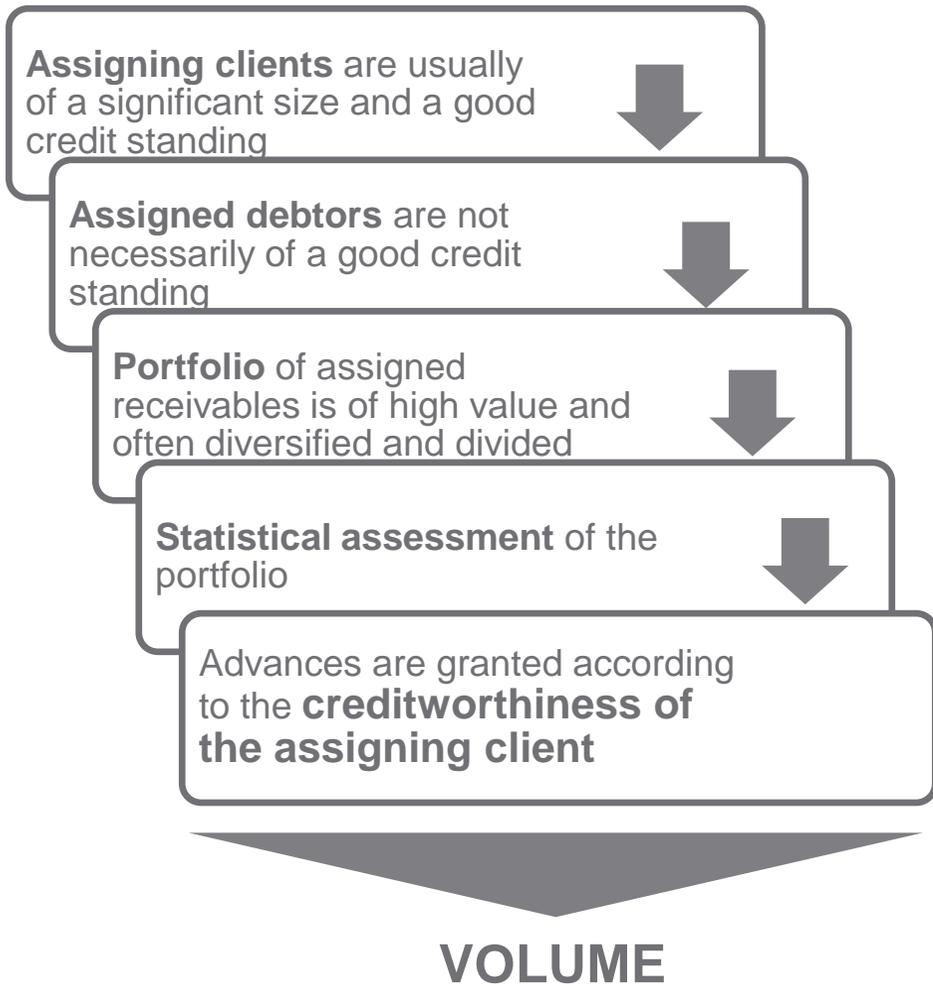


Net banking income/Turnover 2009

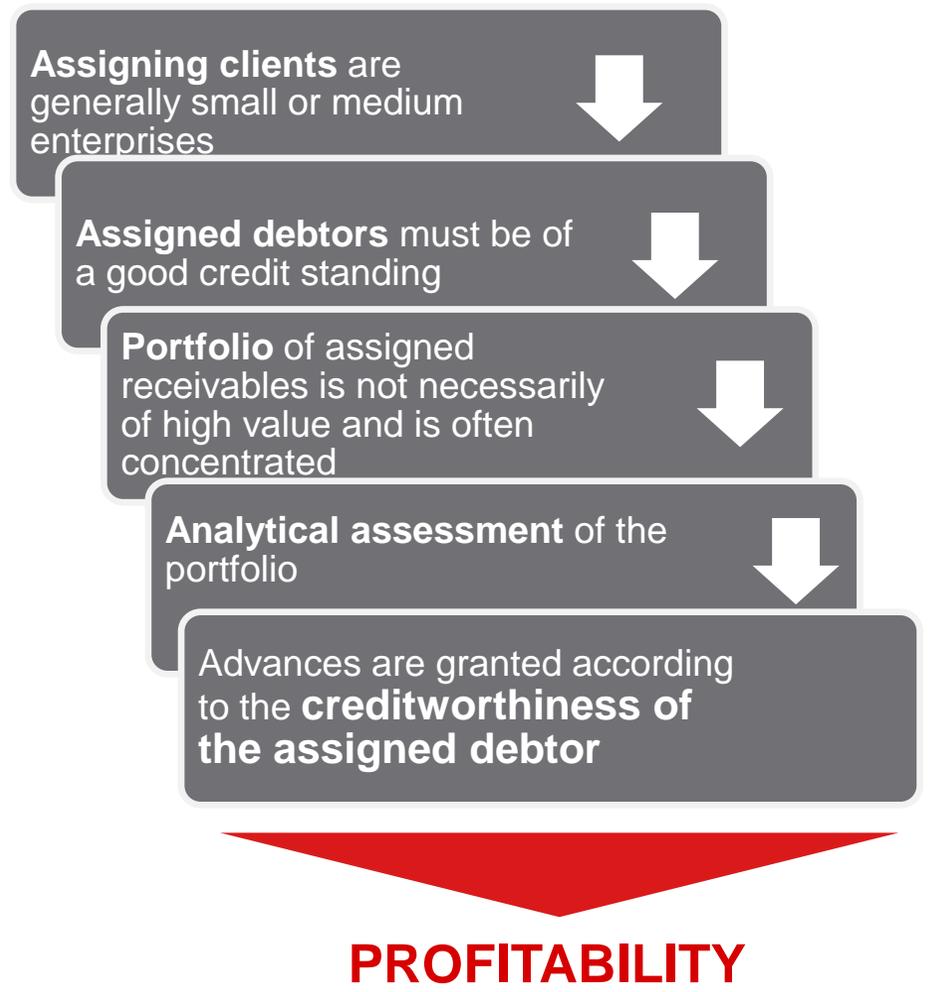


The factoring market and group positioning (continued)

Traditional operators Group logic

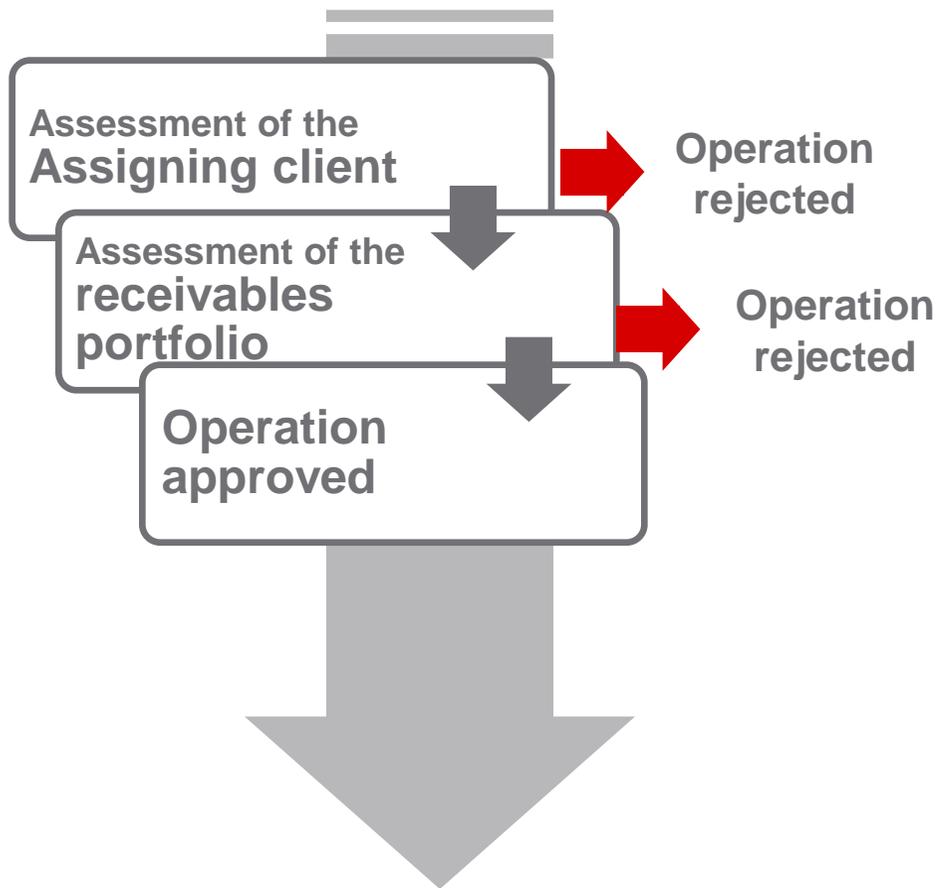


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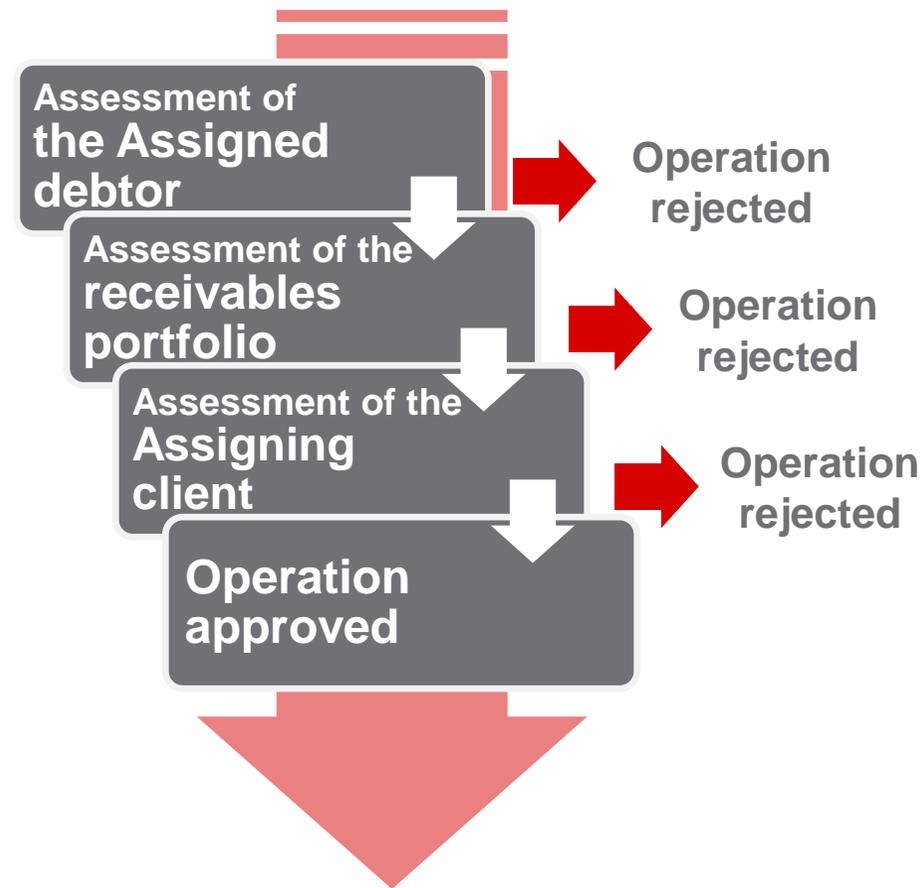


A new approach to assessing creditworthiness

Traditional risk assessment



Focus on the **ASSIGNING CLIENT**



Focus on the **ASSIGNED DEBTOR**



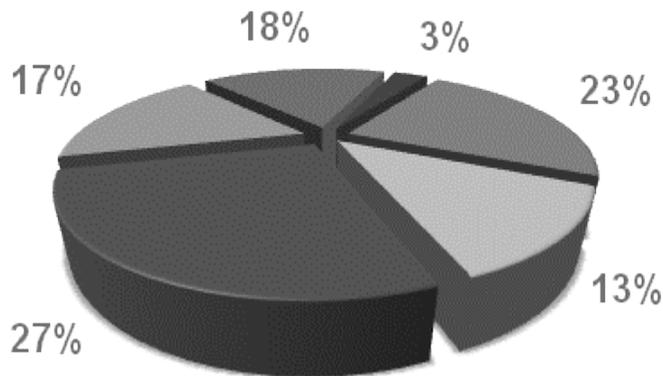


Clients and Debtors

Client breakdown as at 31/12/2009

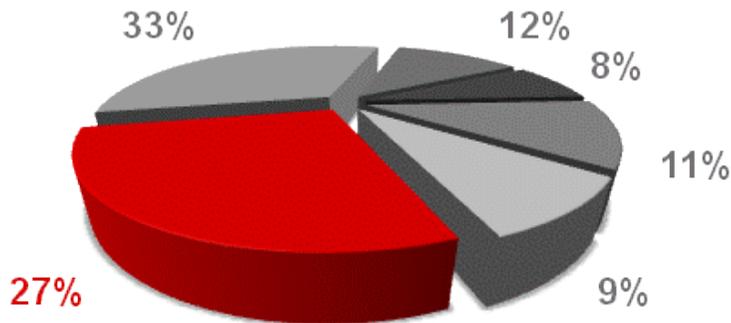
Turnover in millions of Euro

- From 1 to 5
- From 5 to 15
- From 15 to 50
- From 50 to 100
- Over 100
- Non-classifiable



Outstanding as at 31/12/09

- Public entities
- Large groups
- Excellent
- Good
- Medium
- Low



The duration of factoring operations is **short term** (90/120 days).

The **financing granted does not normally exceed 80% of receivables purchased.**

The transfer of the risk is guaranteed even in assignments with debtors of a **medium/low credit standing.** In these cases, the **percentage of the receivables financed is lower** or the service offered is management only.





The sales network

99 Relationship Managers work within the 25 branches that together constitute the **largest network in Italy specialising in factoring.**

Their compensation is, **on average, 35% linked** to the achievement of objectives predefined in the budget.



External subjects responsible for finding new business propose this new business directly to the applicable branch but are **coordinated centrally** by specialists in this field.

Such subjects receive, on average, **25% of the factoring commission** payable by the client introduced.

In 2009, agreements with **local banks, cooperative banks** and the **Confederazioni di BCC** generated **5%** of the bank's overall turnover. Agreements with **trade associations and brokers** generated **22%**.

