bancaIFIS

3rd Q. 2008

Highlights

The factoring market and group positioning

Strategies

Consolidated financial and economic data

Attachments

The “Credit Crunch”: impact on Banca IFIS’s activity

The consequences for SMEs are …

- Significant increase in the credit risk connected to all counterparties
- Widening of spread: enterprises need financing “at any cost”
- Difficulties for SMEs in finding the financial support they need from traditional banks

BANCA IFIS’s BUSINESS MODEL

- **Transfer of credit risk from the financed client to the assigned debtor who often has a better credit standing**
- **Attentive management of the enterprise risk**

… the impact on Banca IFIS

- Significant increase in spread (the higher cost of funding is more than compensated by repricing in the face of clients)
- Increase in credit risk and therefore higher costs for provisioning
- Overall growth in profits and reinforcement in competitive positioning thanks to careful risk management

The "Credit Crunch": impact on Banca IFIS's liquidity

- **Particular characteristics of Banca IFIS**
  - → Banca IFIS maintains higher levels of funding and deposits than the interbanking market
  - → Total absence of securities portfolio: no derivatives, no mortgages, no long terms, no toxic assets
  - → Corresponding banks view Banca IFIS as an operator with short-term loan commitments (average duration of commitments = 111 days) that is not only liquid but also reliable (Forecasted Core Tier 1 at 1st January 2009 =12%; Ratio of net equity to total assets =13%)

- **Actions taken to diversify funding**
  - → By the end of October, the first programme aiming at generating eligible assets with the Eurosystem from credit deriving from ordinary activities (overall total equal to 375 million Euro) will have been completed
  - → Retail funding: Rendimax, a high interest savings account, has been launched

Banca IFIS continues to operate in conformity with its 2008-2010 business plan

Business model and growth opportunities

A business model that guarantees high performance for a bank …

- Focused on enterprises
- Excellent credit quality
- Short term lending
- Solid financial position
- Light cost structure and high operating leverage
- Close relation between sales force and territorial offices
- High growth and profitability, as history shows
- Total coverage of Italian territory
- Completely free of the credit crunch and substantially anticyclical

… with high growth opportunities based on

- Strong request for services from enterprises
- Low competition levels
- Excellent capital structure: tier 1 equal to 13%
- Access to “unlimited” financial resources
- Cross selling opportunities
- External growth only if compatible with business model
- Strong growth through the internal sales structure
- High growth despite present economic scenario

Large reference market

Italian factoring market

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

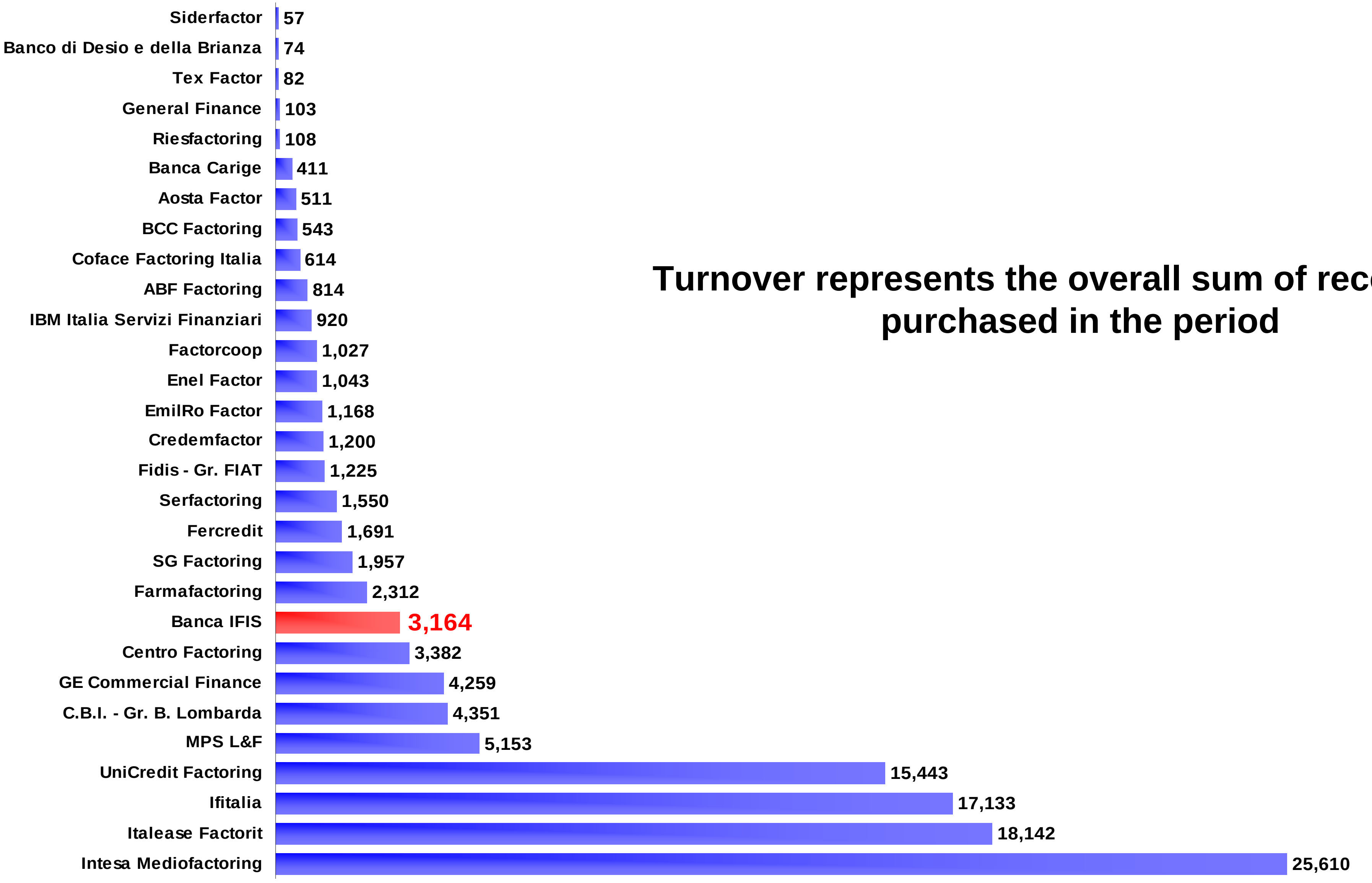
+

Italian short term commercial finance market

Italian short term commercial finance market 2007 equal to 360 billion Euro (Banca IFIS estimation based on Bank of Italy figures as at December 2007).

The factoring market and group positioning

2007 figures (source:Assifact)

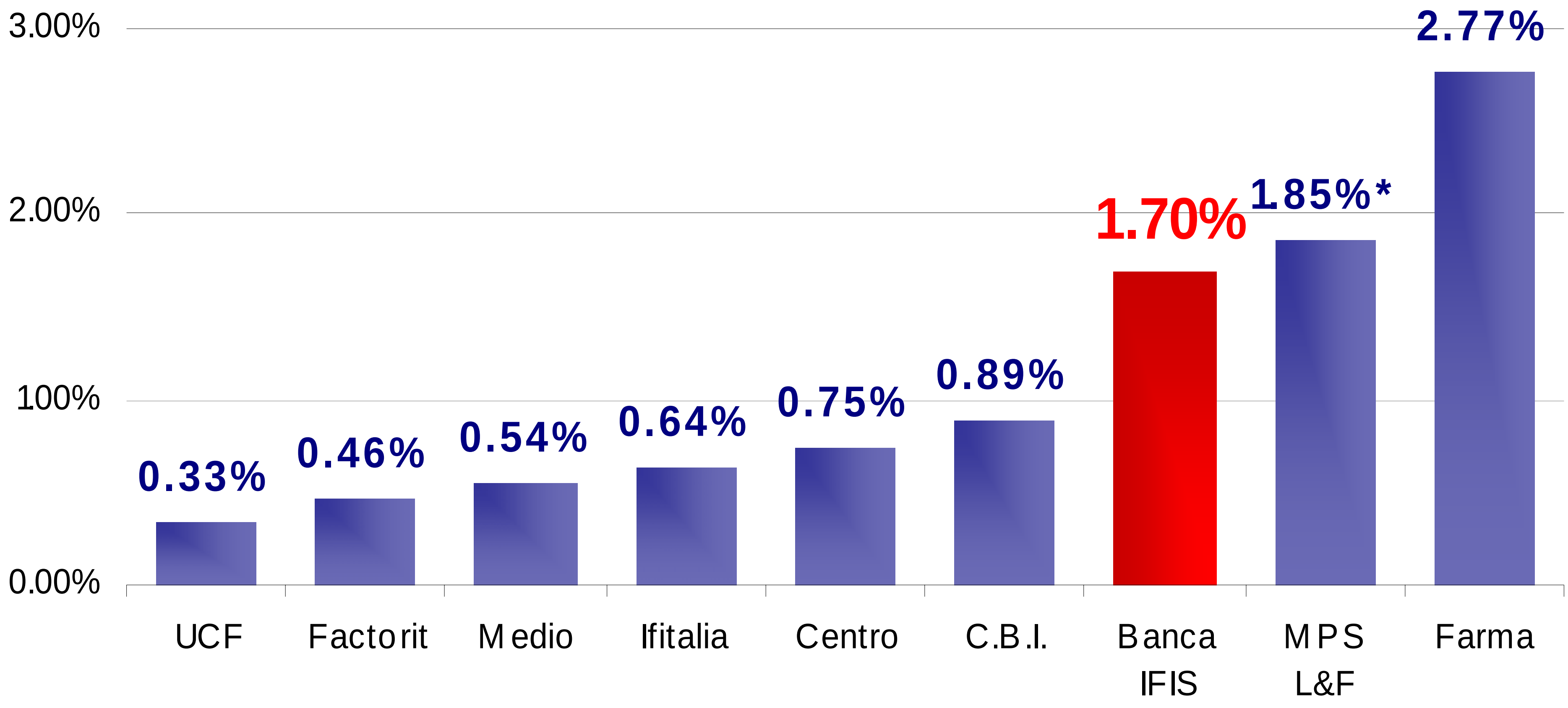


€ millions

Turnover represents the overall sum of receivables purchased in the period

Group position in terms of net banking income on Turnover

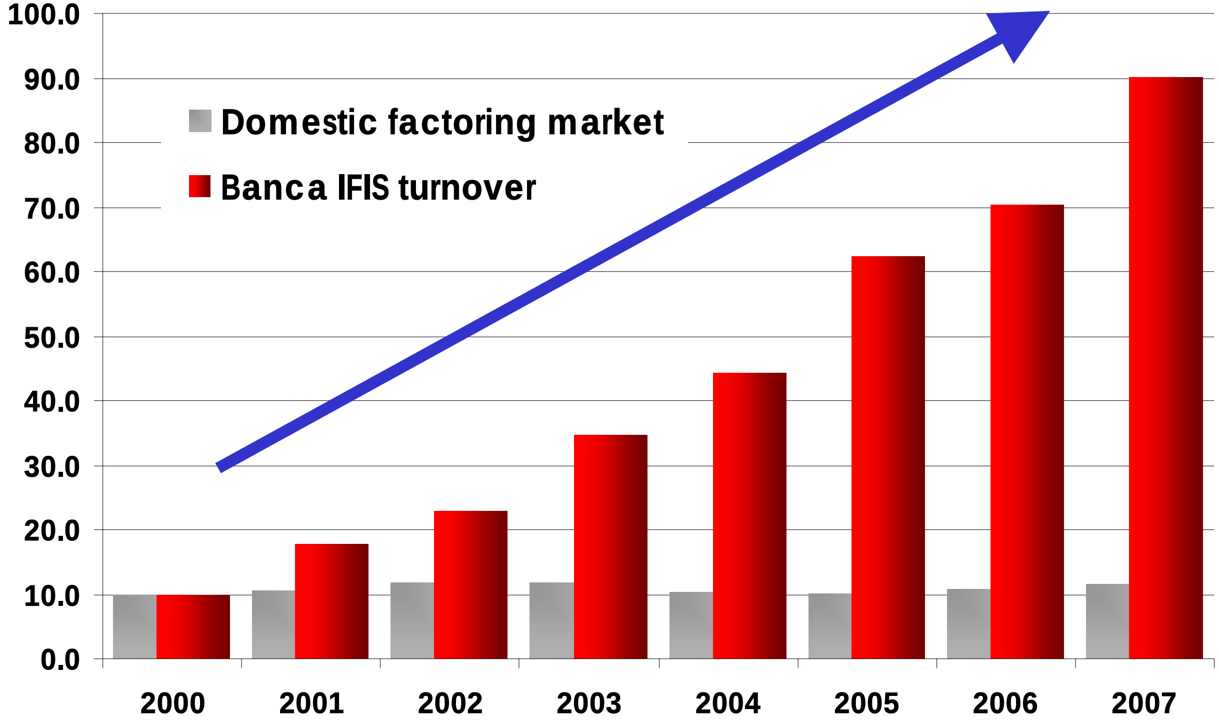
Net banking income/Turnover (figures from 2007)



* These figures include the banking income deriving from leasing charges

Source: OSSFIN – Report 2008

Higher growth than market



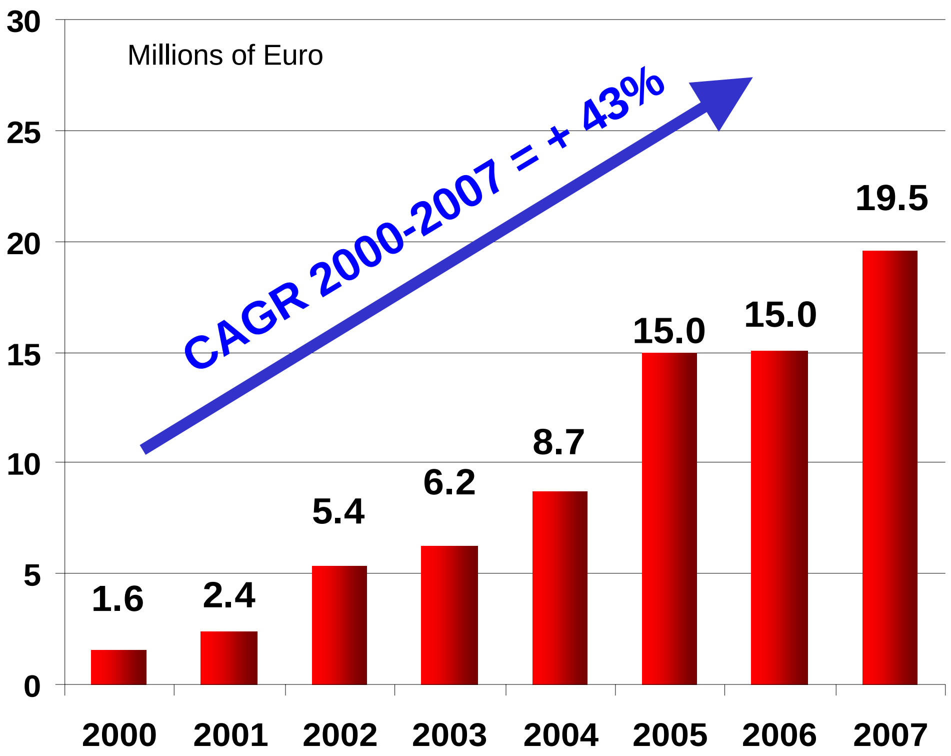
Market CAGR 2000-2007 — **+ 8.0%**

Banca IFIS CAGR 2000-2007 — **+ 35.3%**

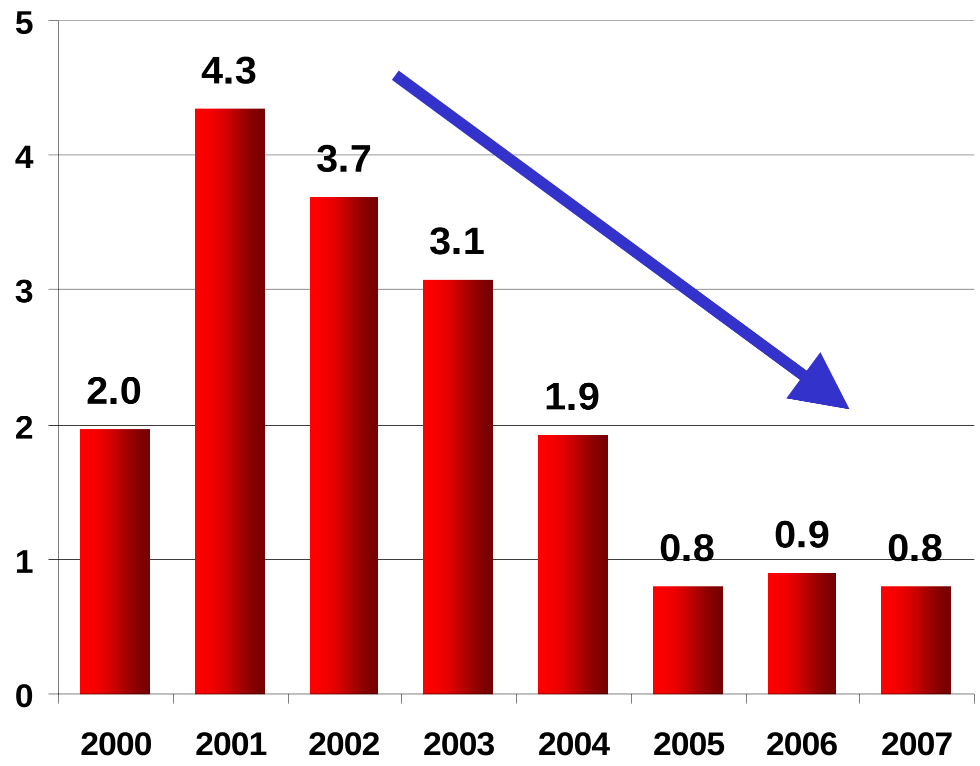
Note: Figures for 2000 equal to 10
Turnover: Amount of receivables purchased by the company

High profitability and limited credit risk

Net profit



Non performing loans/Total loans %



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

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The factoring market and group positioning

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

Factoring companies belonging to banks	Captive factoring companies or specialists	Independent operators
- Intesa Mediofactoring	- Serfactoring – ENI Group	bancaIFIS
- Ifitalia - BNL Group	- Fercredit – FS Group	
- Italease Factorit	- ENEL Factor	
- MPS Leasing & Factoring	- Farmafactoring	
- Unicredit Factoring	- Others	
- Others		
Group logic	**Captive logic**	**Asset based business model**

The factoring market and group positioning (continued)

Dimensional approach (Group logic)

- **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 granted according to the credit worthiness of the assigning supplier

Traditional operators

Profitability approach (Independent)

- **The assigning enterprises** are generally small or medium enterprises

- **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 granted according to the credit worthiness of the debtor

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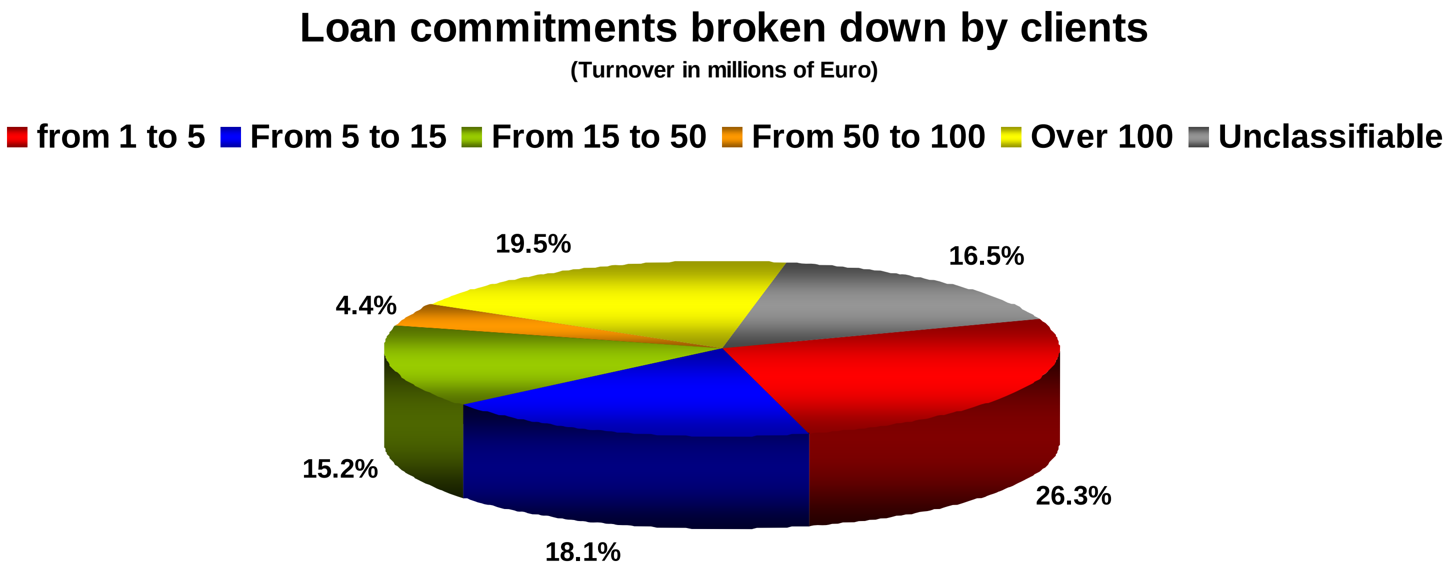
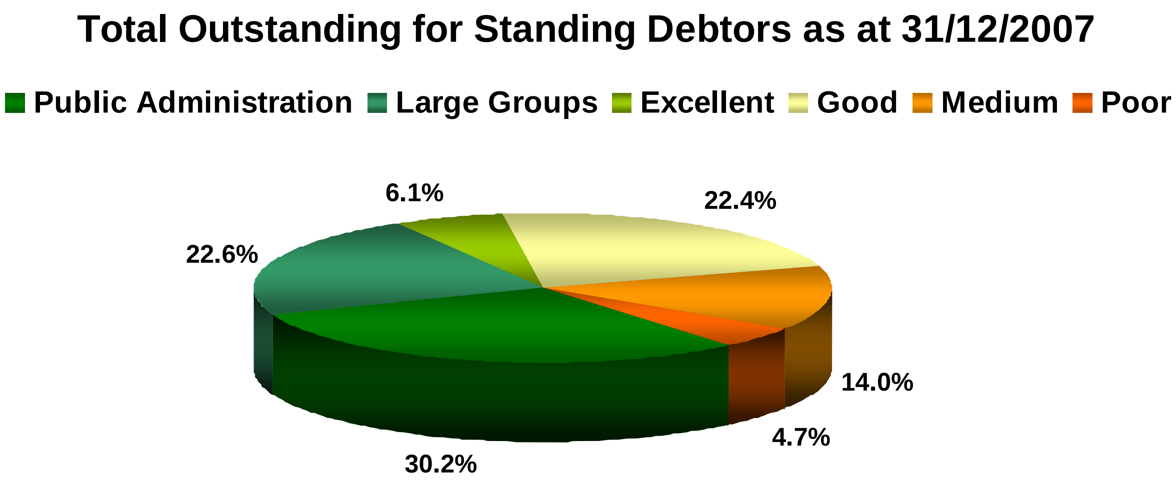
Clients and debtors



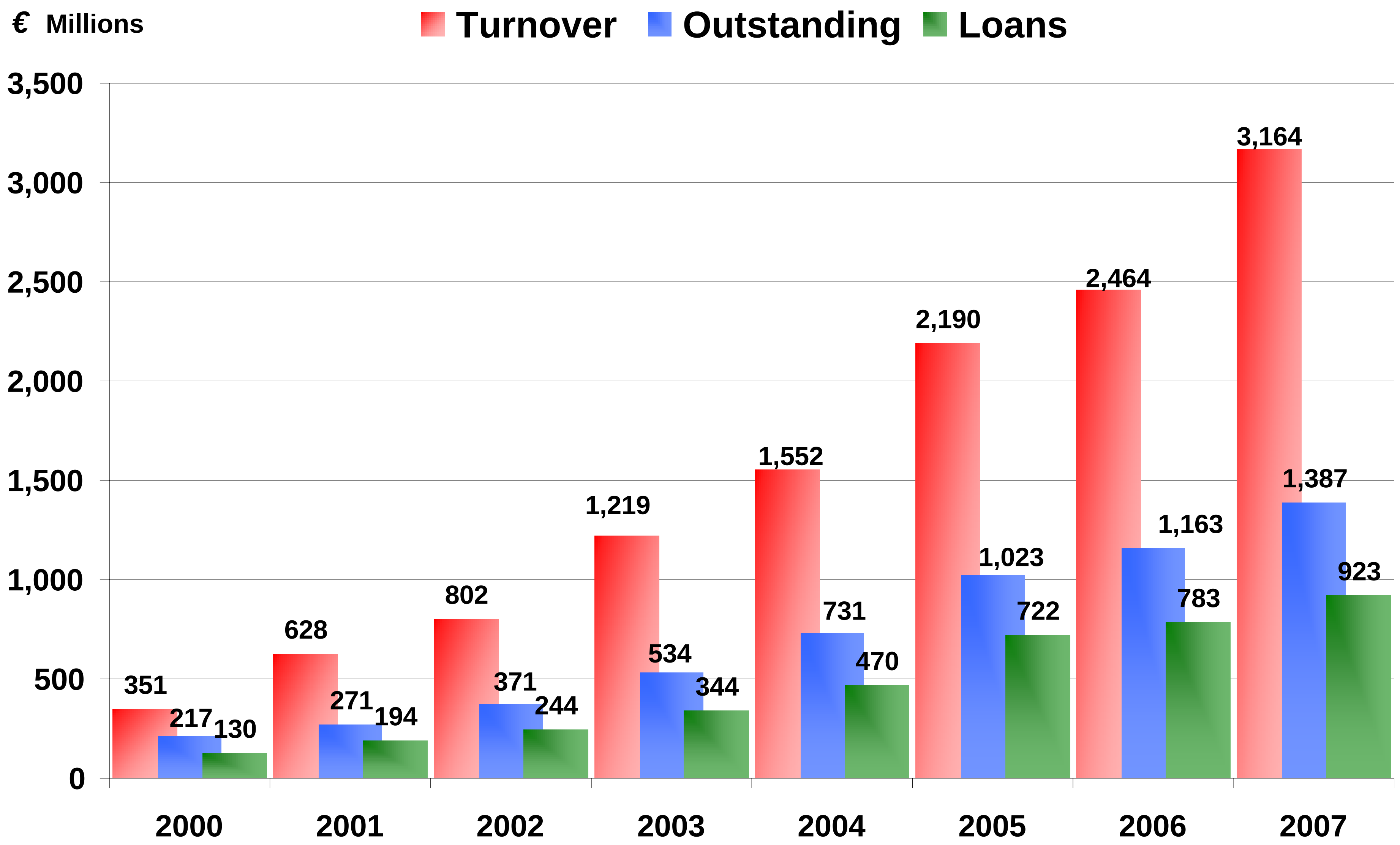


- ◆ The duration of factoring operations is short-term (90/120 days)

- ◆ The financing granted does not normally exceed 80% of the receivables purchased

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

Turnover, outstanding and loan commitments 2000 - 2007



The sales structure

- **77 sales staff** work in the 17 territorial offices, which together constitute **the largest specialised network in Italy.** Staff remuneration is, on average, 35% linked to the achievement of the objectives predetermined by the budget.
- In 1st H 2008, agreements with brokers and local banks generated 19.1% and 2.9% of total Turnover respectively.

- **35 commercial agreements with banks**
- **4 commercial agreements with the "Confederazioni di Banche di Credito Cooperativo" (Veneto, Friuli Venezia Giulia, Piedmont, Liguria and Valle d'Aosta, 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 offices
and
receive 30-40% of the bank's commission

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The guidelines

"From a specialized bank to a relationship-based bank for SMEs" capitalising on market trends

1. Internal growth in core business
2. Internationalisation of core business
3. Extending the range of products offered
4. Expansion in funding sources

The new model

From specialised bank	to a relationship-based bank
◆ Perceived as a factoring specialist for SMEs	◆ Perceived as the answer to SMEs every financing and service need
◆ Relationships with the client are necessary to conclude factoring operations and, as such, end with the operation	◆ Relationship with the client is the most important element: clients are taken care of by a relationship manager
◆ Focus on the profitability of each individual operation	◆ Focus on profitability of overall relationship with client also through diversifying products

1. Internal growth of core business

- Reach potential clients through the reinforcement of the bank's own network
- New territorial offices: from 14 at the beginning of 2008 to 28 at the end of 2010
- In-house recruitment and selection
- Agreements with banks (cooperative banks and local banks) spread out over territory

2. Internationalisation of core business

Lines of development: next steps

- Opening of a factor in Romania, within the next few months of 2008, replicating the model applied in Poland (110 M. turnover in start-up year, with forecasts of double that for 2008)

- Kick off of Paris branch operations within 2008

- Small/medium acquisitions of companies in Central European countries and/or companies compatible with Banca IFIS operations

- Membership in Factors' Chain International as an Italian interlocutor by excellence

Factoring, which allows and requires an asset based approach to risk instead of concentrating on the customer, has enormous room for growth in countries with medium-level industrialised and financed economies

3. Extending the range of products offered

Products/services for the new policy of cross-selling and customer retention:

- Distribution of leasing (agreement already signed and actuated with Centro Leasing Banca throughout Italy)
- 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

Strong demand by enterprises and the sales network for extension of the offer

4. Expansion in funding sources

<u>Banca IFIS's financial need is very short-term:</u>

- Average duration of loans to clients is 110 days
- Loans to banks are at sight

<u>A further diversification of funding will bring about:</u>

- Reinforcement of bilateral relationships with Italian and European banks
- Direct access to the Eurosystem
- Negotiation of other 18 month syndicated loans
- Preparation of an EMTN programme
- Initiation of retail funding programme
- Expansion of receivables securitisation programme

Targets for 2010

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

Targets do not include the effects of extending the range of products offered

Consolidated income statement: 3rd Quarter 2007/3rd Quarter 2008

Consolidated income statement

€ thousands	3rd QUARTER 2008	3rd QUARTER 2007	VARIATION ABSOLUTE	VARIATION %
Net banking income	**17,895**	**15,008**	**2,887**	**19.2%**
Net impairment losses on loans and receivables	(1,912)	(1,290)	(622)	48.2%
Net profit from financial activities	**15,983**	**13,718**	**2,265**	**16.5%**
Operating costs	(7,038)	(5,946)	(1,092)	18.4%
Gross profit before taxes	8,945	7,772	1,173	15.1%
Net profit for the period	**6,078**	**5,645**	**433**	**7.7%**

Consolidated income statement 2004 - 2007

Consolidated income statement

€ thousands	YEAR 2007	2006	2005	2004	CAGR 2004/2007
Net banking income	**53,718**	**41,211**	**38,182**	**27,958**	**24.3%**
Net impairment losses on loans and receivables	(2,470)	(1,788)	(3,976)	(4,054)	-15.2%
Net profit from financial activities	**51,248**	**39,423**	**34,206**	**23,904**	**28.9%**
Operating costs	(22,566)	(15,811)	(13,691)	(10,526)	28.9%
Gross profit before taxes	28,682	23,612	20,515	13,378	29.0%
Net profit for the period	**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

In 1H 2008, risk repricing continued to show its positive effects: client profitability increases further

Profitability: Quarterly evolution

€ thousands	2008 3rd Q.	2008 2nd Q.	2008 1st Q.	2007 4th Q.	2007 3rd Q.	2007 2nd Q.	2007 1st Q.
Net banking income	**17,895**	**17,375**	**14,926**	**15,836**	**15,008**	**12,407**	**10,467**
Profit from sale or buybacks on:	_	(2)	-	-	1,515	1,070	-
a) available for sale financial assets	_	-	-	-	1,515	1,070	-
No. of clients	**2,402**	**2,203**	**2,024**	**1,917**	**1,775**	**1,744**	**1,547**
Adjusted net banking income	**17,895**	**17,377**	**14,926**	**15,836**	**13,493**	**11,337**	**10,467**
Net banking income/Turnover	**2.20%**	**2.06%**	**2.07%**	**1.73%**	**1.77%**	**1.50%**	**1.46%**

Client average 2H 2007 = 1,830; Client average 1H 2008 = 2,060

+ 12.6% circa

Average adjusted net banking income 2H 2007 = Euro 14,665 m.
Average adjusted net banking income 1H 2008 = Euro 16,607 m.

+ 13.3% circa

Note: Net banking income/turnover ratio is calculated using the adjusted net banking income

Consolidated balance sheet 2004 – 3 Q. 2008

Consolidated balance sheet

€ millions	PERIOD 30/09/08	31/12/07	31/12/06	31/12/05	31/12/04
Due from banks	211.2	312.1	267.3	128.8	13.90
Due from clients	940	923.1	783.0	710.9	468.20
Fixed assets	36.5	34.7	31.0	24.3	18.80
Other assets items	8.3	5.5	11.3	12.7	7.80
Total Assets	**1,196.10**	**1,275.3**	**1,092.6**	**876.7**	**0.36**
Due to banks	837.6	1,010.4	836.4	627.0	295.80
Due to clients	99.6	57.8	82.6	93.9	103.42
Outstanding shares	62.2	36.1	42.7	35.5	41.36
Net equity	155.8	134.0	108.3	103.3	54.24
Other liability items	40.7	37.1	22.7	20.0	13.80
Total Liabilities	**1,196.10**	**1,275.3**	**1,092.6**	**879.7**	**0.36**

Consolidated financial figures: Funding

- → Substantial stability in availability (from 1,242 to 1,168 million Euro, a slight decrease in availability following merger processes in the banking market)
- → Committed medium term lines equal 211 million Euro
- → Weighted average duration (on an annual basis) equals 111 days
- → Weighted average cost of funding for 3Q 2008 is 2 bps less than the average Euribor 3M recorded in the same period

Consolidated financial figures: Net equity

Number of shares

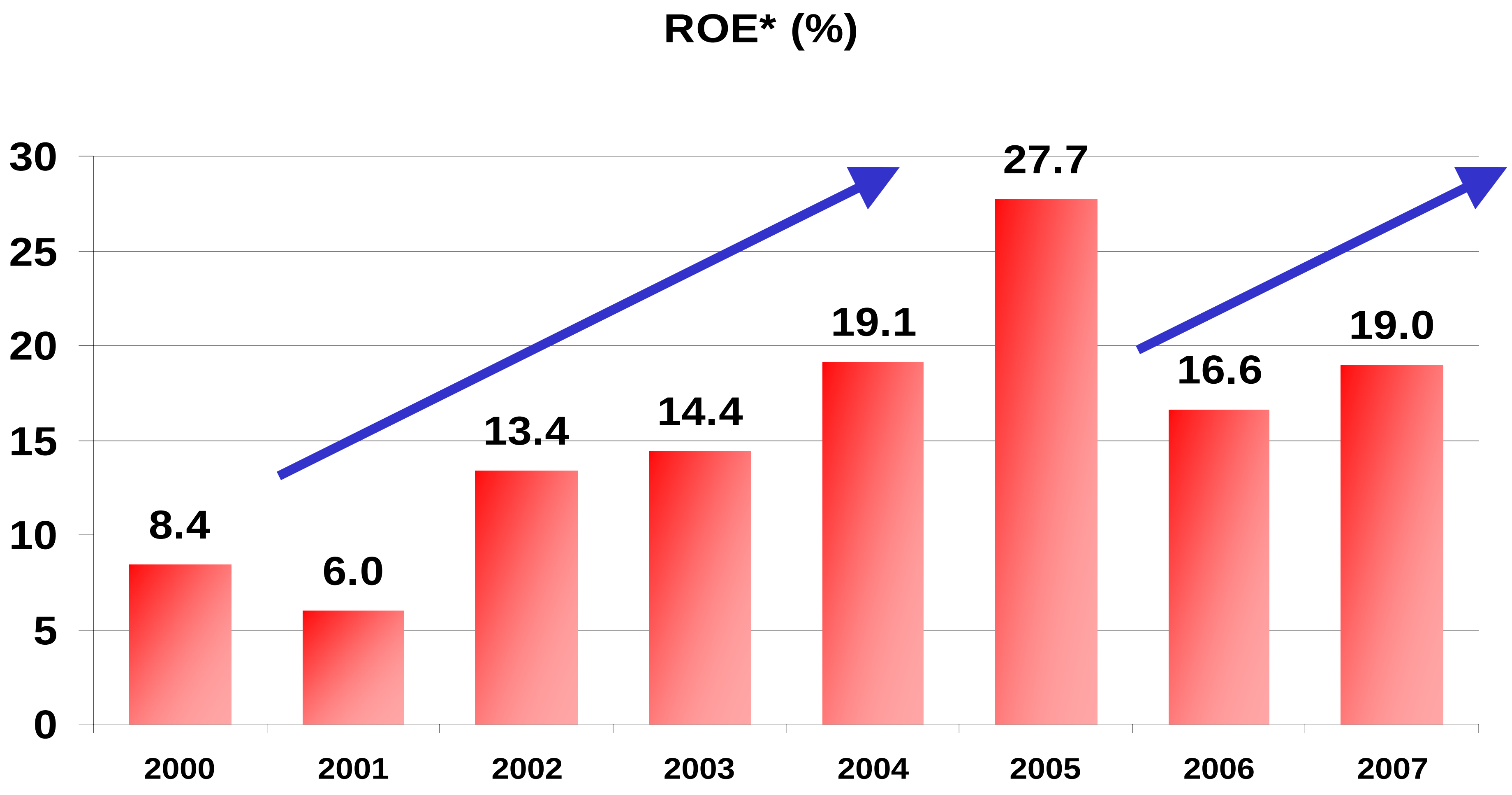
No. of shares at 30/06/2008	Post warrants exercise *	Post convertible bond loan **
31.5 million	**34.3 million**	**38.8 million**

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

(*) The exercise period for the Warrants expired 31 July 2008
(**) Should the convertible bond loan be totally converted

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.

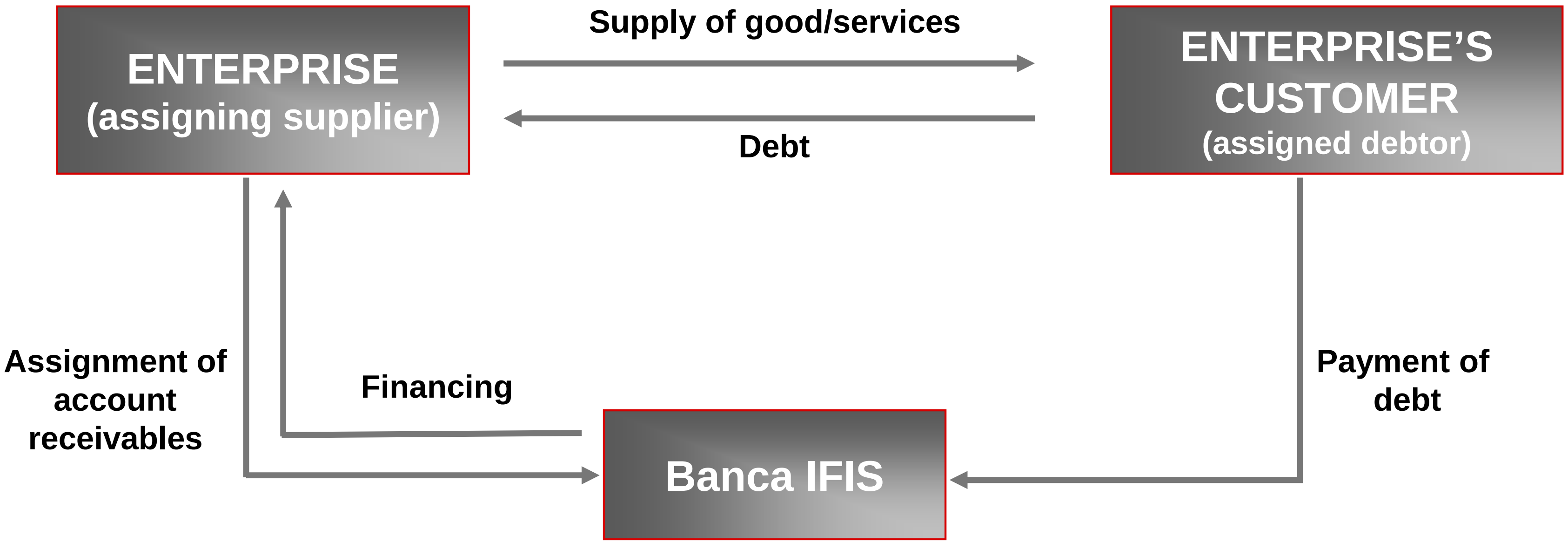


* The ROE 2005 and 2006 is calculated as Net Profit over the weighted average of Net Equity, excluding fair value reserves.
The ROE 2007 is an estimation based on drafted figures as at 31/12/2007

Banca IFIS milestones

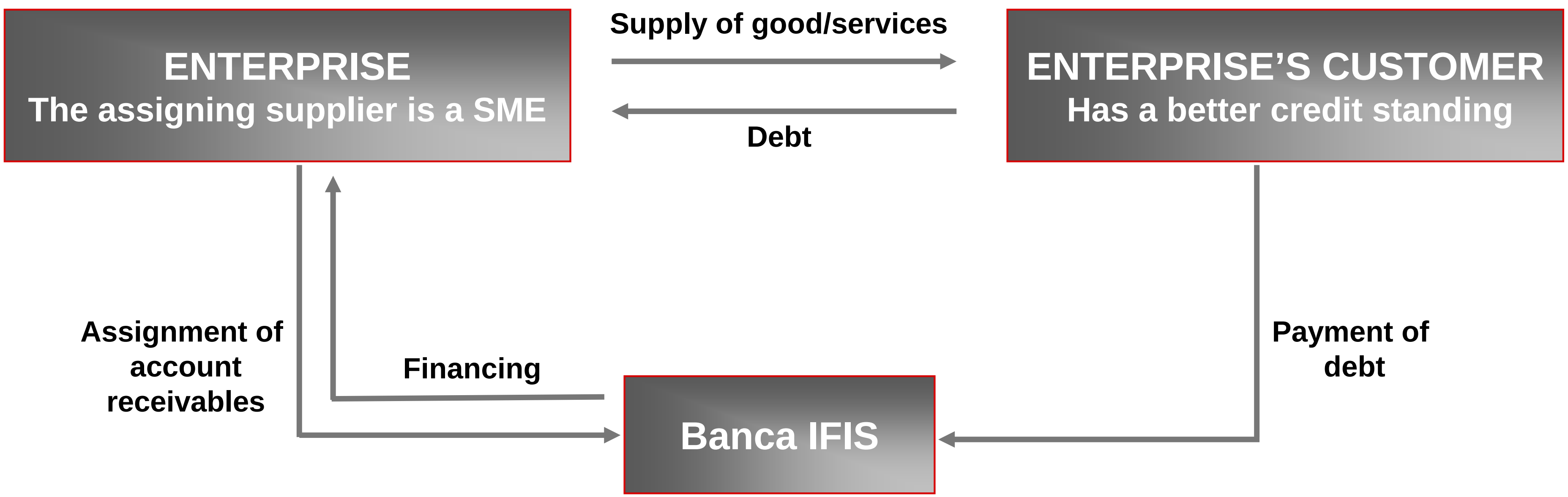
1983	The company, I.Fi.S. - Instituto di Finanziamento e Sconto S.p.A. -, was incorporated.
1989	IFIS shares received listing admission on the over-the-counter market of Milan.
1997	Registration in the list of financial intermediaries ex art 107 of the TULB (Consolidation Act for banks).
2001	Authorised 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	230 employees, 17 territorial offices in Italy, representative offices in Bucharest and Budapest, an office in Paris and IFIS Finance.

What is factoring?



- The assigning enterprise can gain **quick access to credit** for its liquidity needs
- **A flexible tool** that "teaches" the enterprise to better manage its working capital

What is factoring for Banca IFIS?



- The **current economic scenario,** with a higher sensitivity to credit risk, favours Banca IFIS's business model
- Banca IFIS's business model involves the **application of financial/economic conditions to the assigning enterprise** (SME) while transferring **the risk** to the assigned debtor company of a better credit standing

Services offered

Granting of advances (financing)	Guarantee service	Management 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).	◆ 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.	◆ 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.

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**

Risk assessment in factoring: The different approaches

Traditional risk assessment

Assessment of assignor — NO → Operation rejected

YES ↓

Assessment of receivables portfolio — NO → Operation rejected

YES ↓

Operation approved

Focus on ASSIGNOR

Banca IFIS risk assessment

The 3 pillars of risk assessment

Assessment of debtor — NO → Operation rejected

YES ↓

Assessment of receivables — NO → Operation rejected

YES ↓

Assessment of client — NO → Operation rejected

YES ↓

Operation approved

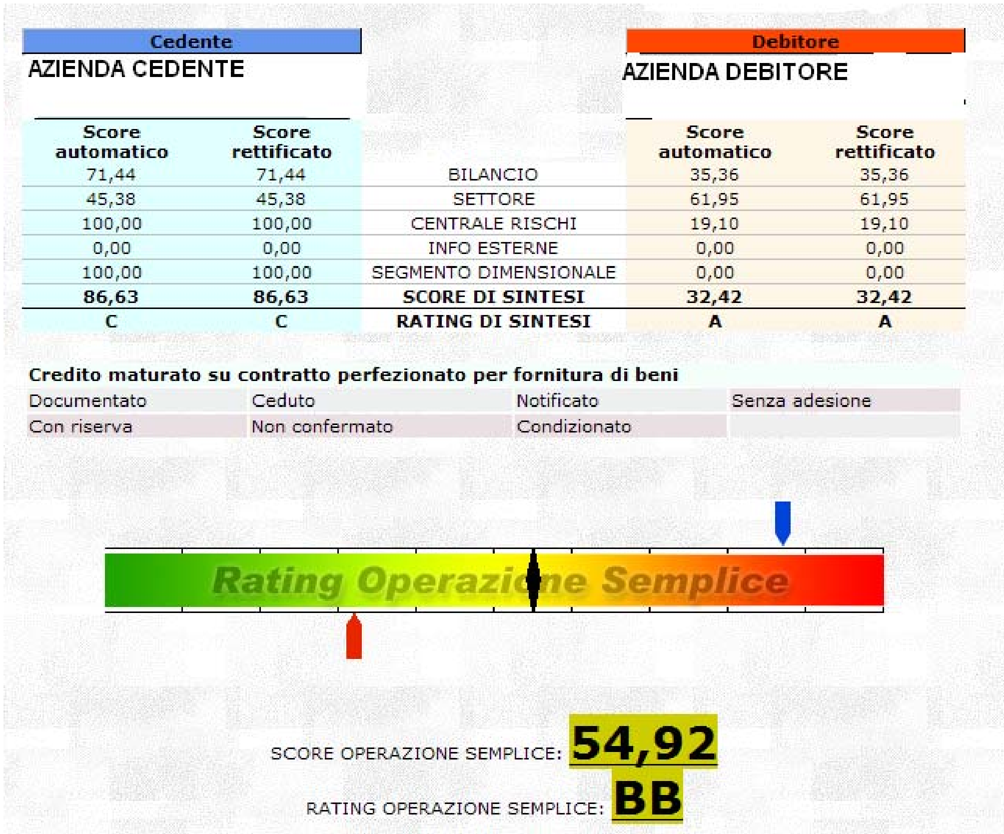
Focus on DEBTOR

The 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 counterparty's rating



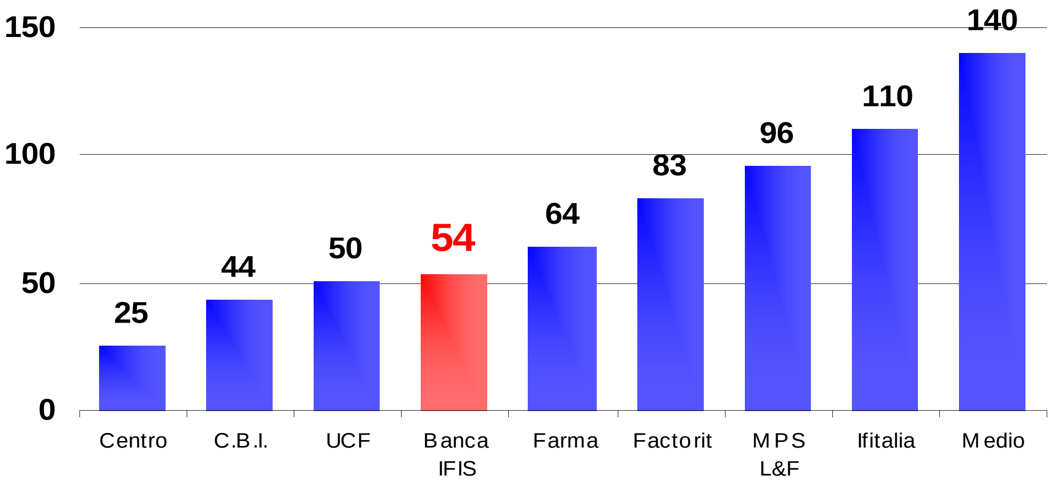
Cedente			Debitore	
AZIENDA CEDENTE			AZIENDA DEBITORE	
Score automatico	Score rettificato		Score automatico	Score rettificato
71,44	71,44	BILANCIO	35,36	35,36
45,38	45,38	SETTORE	61,95	61,95
100,00	100,00	CENTRALE RISCHI	19,10	19,10
0,00	0,00	INFO ESTERNE	0,00	0,00
100,00	100,00	SEGMENTO DIMENSIONALE	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

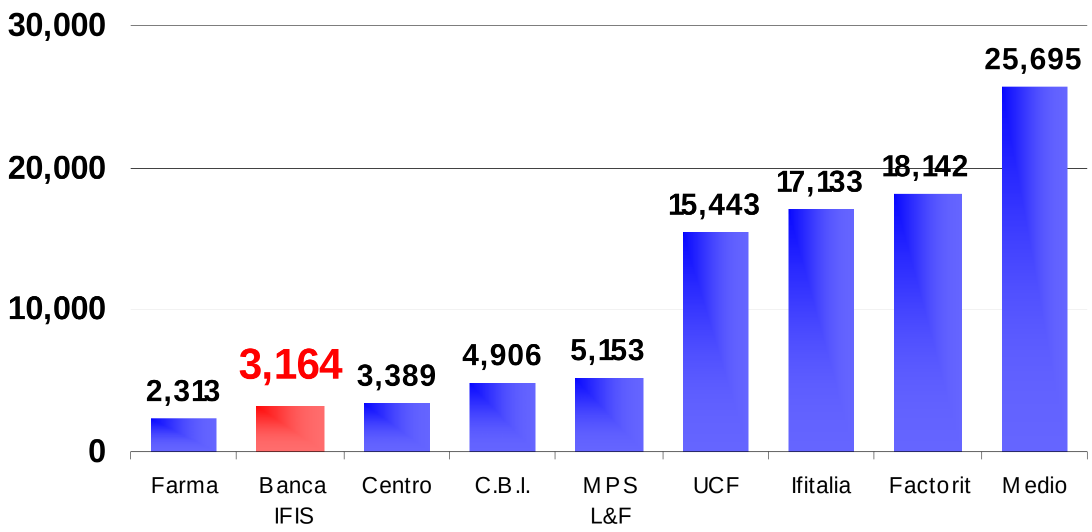
Documentato	Ceduto	Notificato	Senza adesione
Con riserva	Non confermato	Condizionato	

The factoring market and group positioning

Net banking income (in milions of Euro)



Turnover (in millions of Euro)

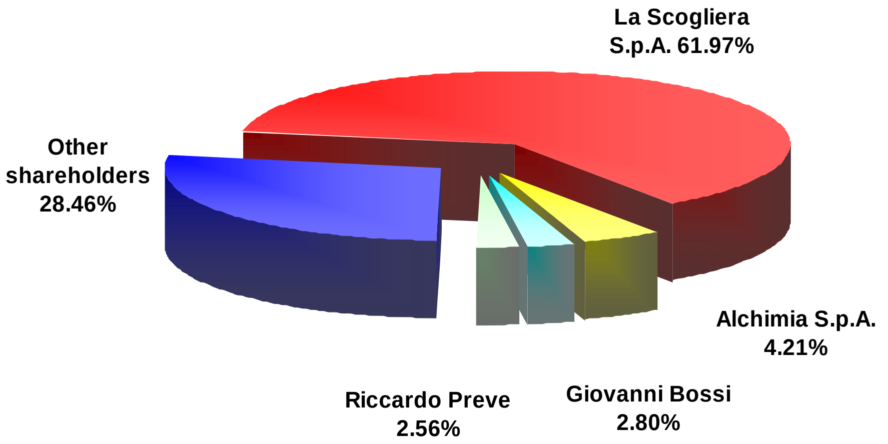


Source: OSSFIN – Report 2008

Stable shareholders

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



Stock option plans

- 5 stock option plans – two of which have already been activated – for all Banca IFIS employees (and, from the Board of directors, the C.E.O. and the Vice President).
- Stock option objectives:
  - ➔ employee loyalisation; identification /involvement of employees
  - ➔ attraction for potential resources
  - ➔ management involvement in company results

Figures updated on 4 August 2008