



# STAR Conference 2010

Chief Executive Officer **Giovanni Bossi**

General Manager **Alberto Staccione**

THE ITALIAN BANK  
FOR ENTERPRISES



## The corporate model

Strategies and expansion plans

Consolidated financial and economic data

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# Banca IFIS: innovation for SMEs

## Traditional banking approach

In a market context that is still unfavourable, **SMEs need tools that will support their growth**

Traditional banks cannot grant the credit required by SMEs due to the **difficulty of controlling the credit risk**

## The approach adopted by



The use of models **for SMEs**, so far only used for the **corporate segment**

Allows financing of **these SMEs**, with high profitability levels, whilst **keeping the risk under control**

**Diversified funding** largely from the retail market

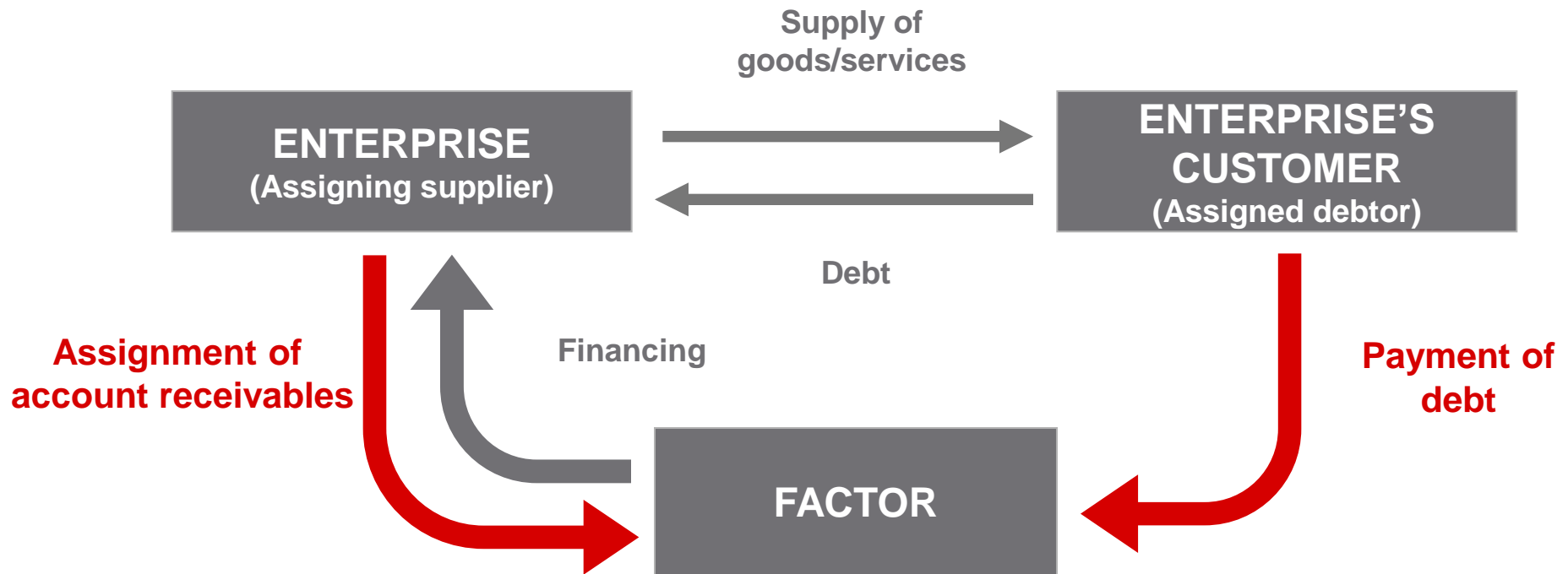


With the traditional banking approach, **many SMEs are not financeable**, or not to the extent required. Banca IFIS's innovative approach allows **these highly profitable SMEs to be financed too, whilst maintaining good control over the risk involved.**





# What is factoring?

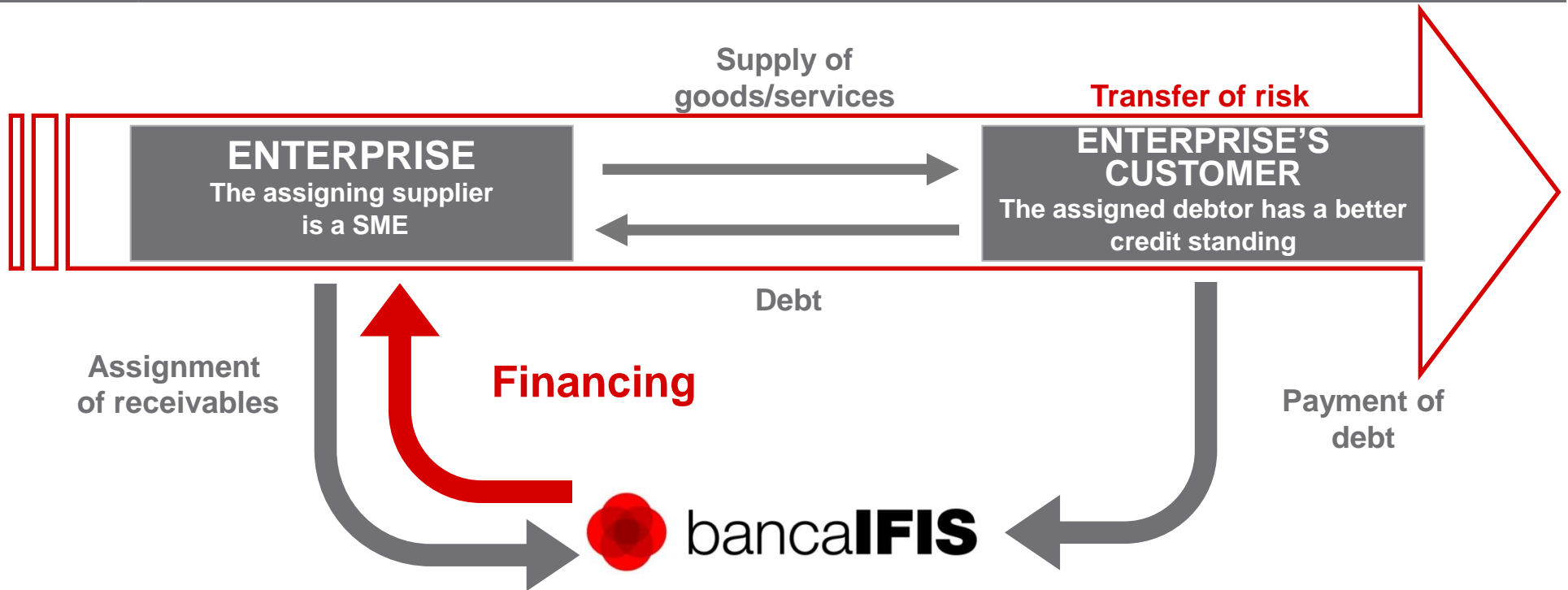


Through factoring, the enterprise gains **quick access to credit** to satisfy its liquidity needs.

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



# What is factoring for Banca IFIS?

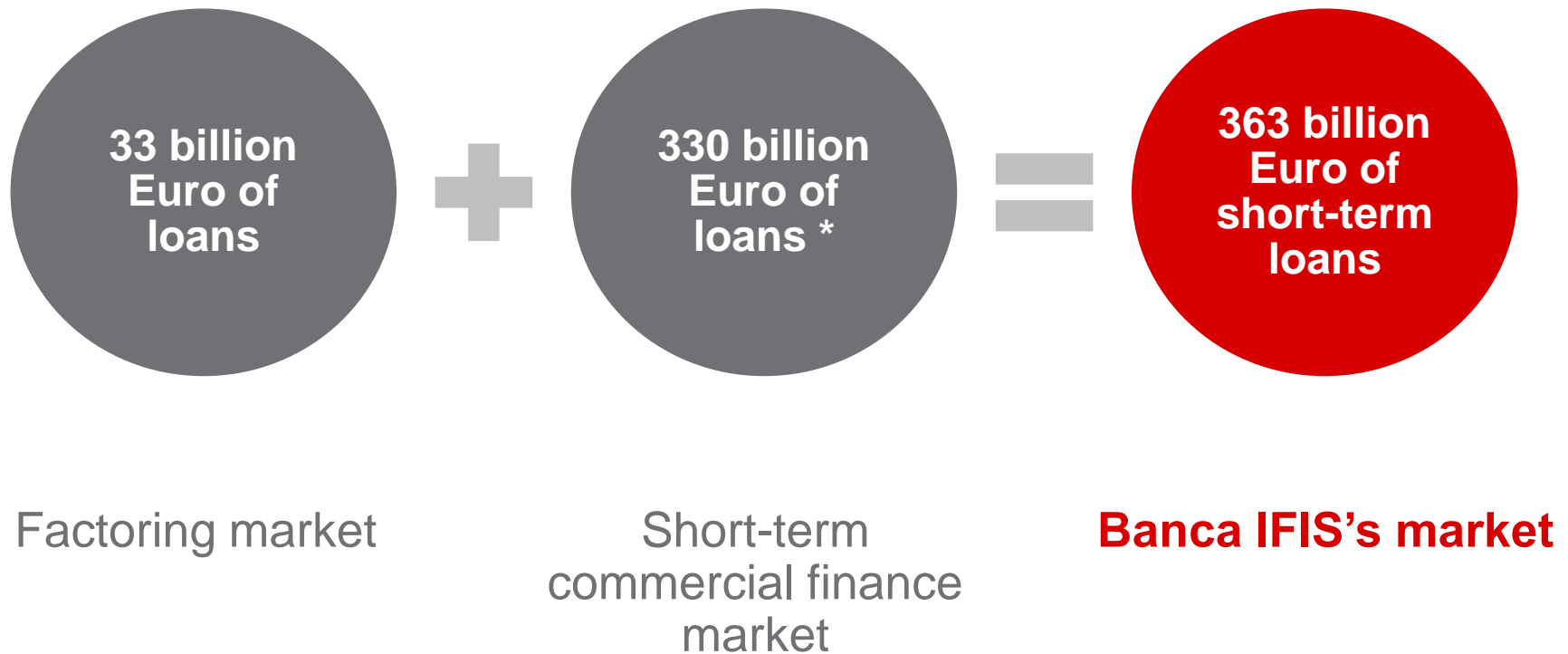


Banca IFIS grants **financing to the ENTERPRISE (SME)** and applies its financial conditions to this party whilst **transferring the risk to the assigned debtor** (company with a better credit standing).

Banca IFIS's factoring represents an **ideal instrument for SMEs** as they can take advantage of their customers' credit standings hence **improving their possibility to access credit.**

**With the traditional banking approach** many small enterprises are not financeable: **with Banca IFIS they can obtain financing** with a limited increase in risk for the bank.

# The factoring market and group positioning



\* 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 IV – 2009)

The corporate model

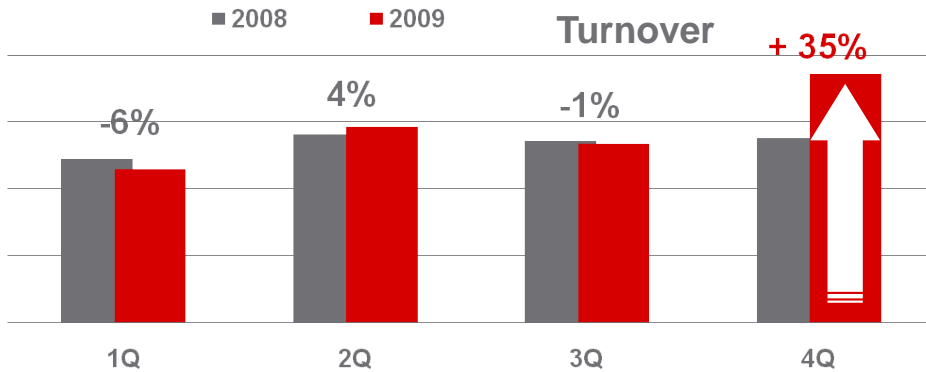
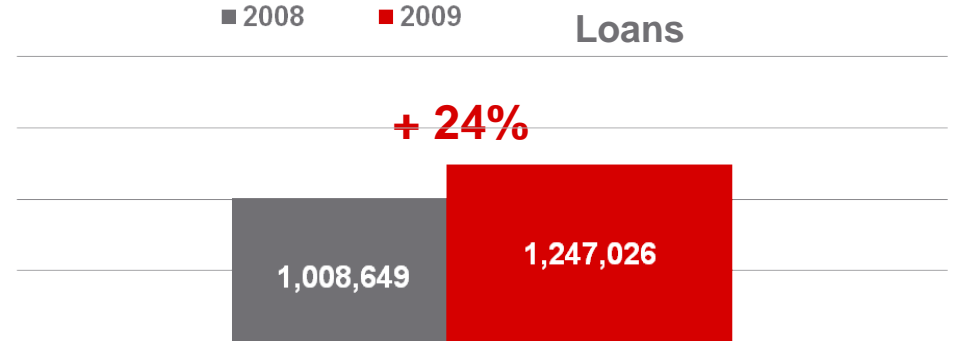
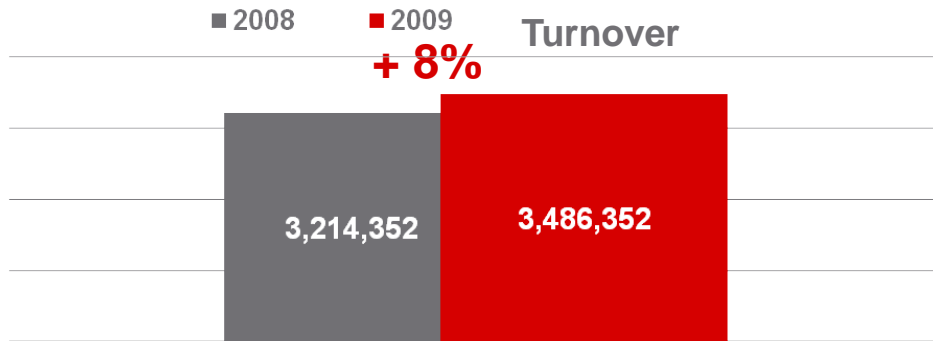


## **Strategies and expansion plans**

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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 headed off SMEs' needs** the minute enterprises started their engines up again.

**Banca IFIS has proved itself ever-ready and ever-closer to enterprises.**

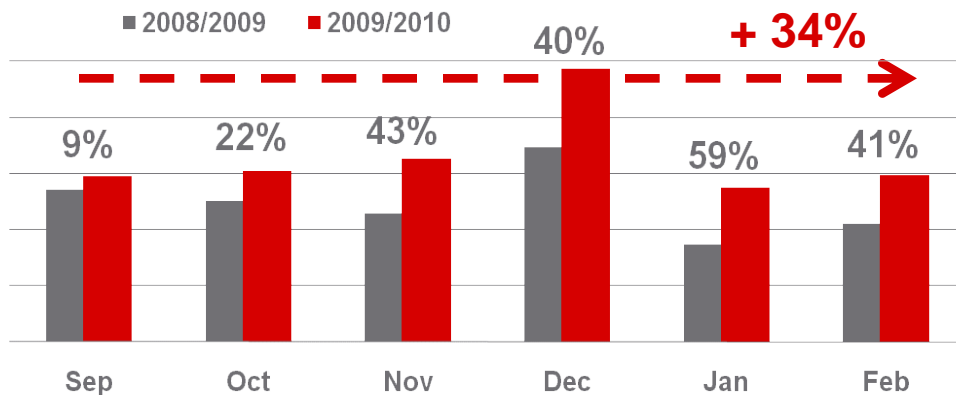
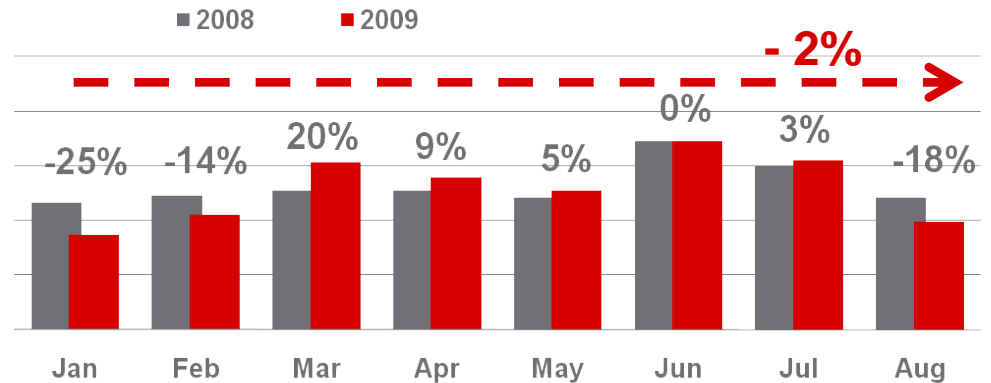






# ... above all in the last 6 months *(figures show turnover)*

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.



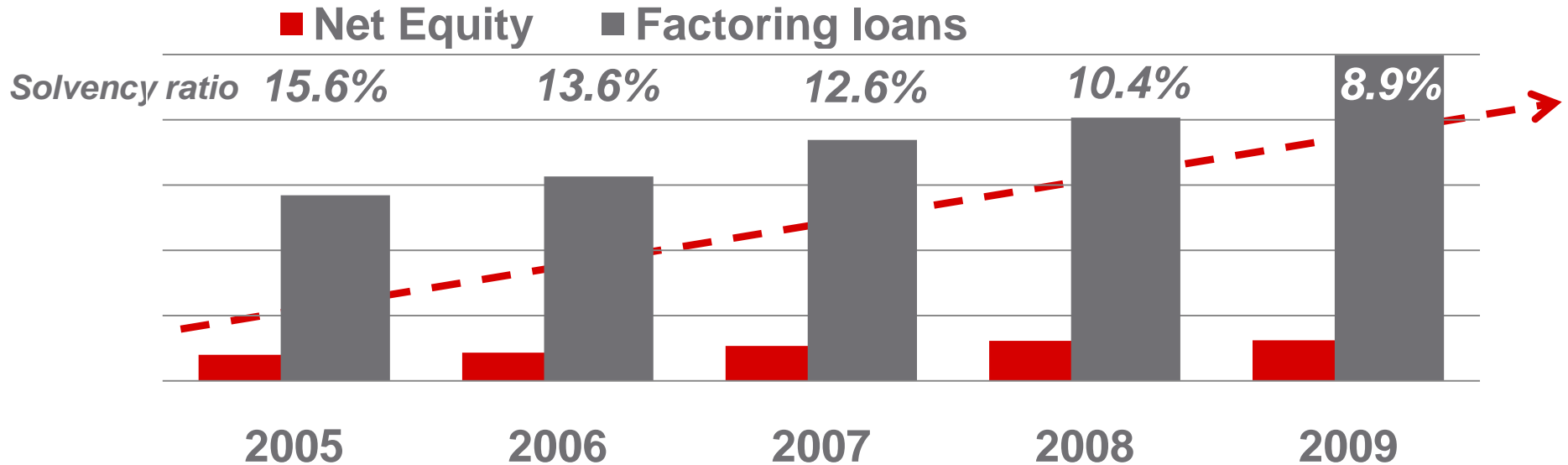
Banca IFIS's model is able to control the credit risk much more successfully than the traditional commercial banking approach allowed.

For this reason, **Banca IFIS can continue to grow, maintaining a high level of asset quality** even in times of turbulence.





# Capital increase to support expansion



The Board of Directors proposes, to the Shareholders' Meeting, **a capital increase of 50 million Euro** 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.

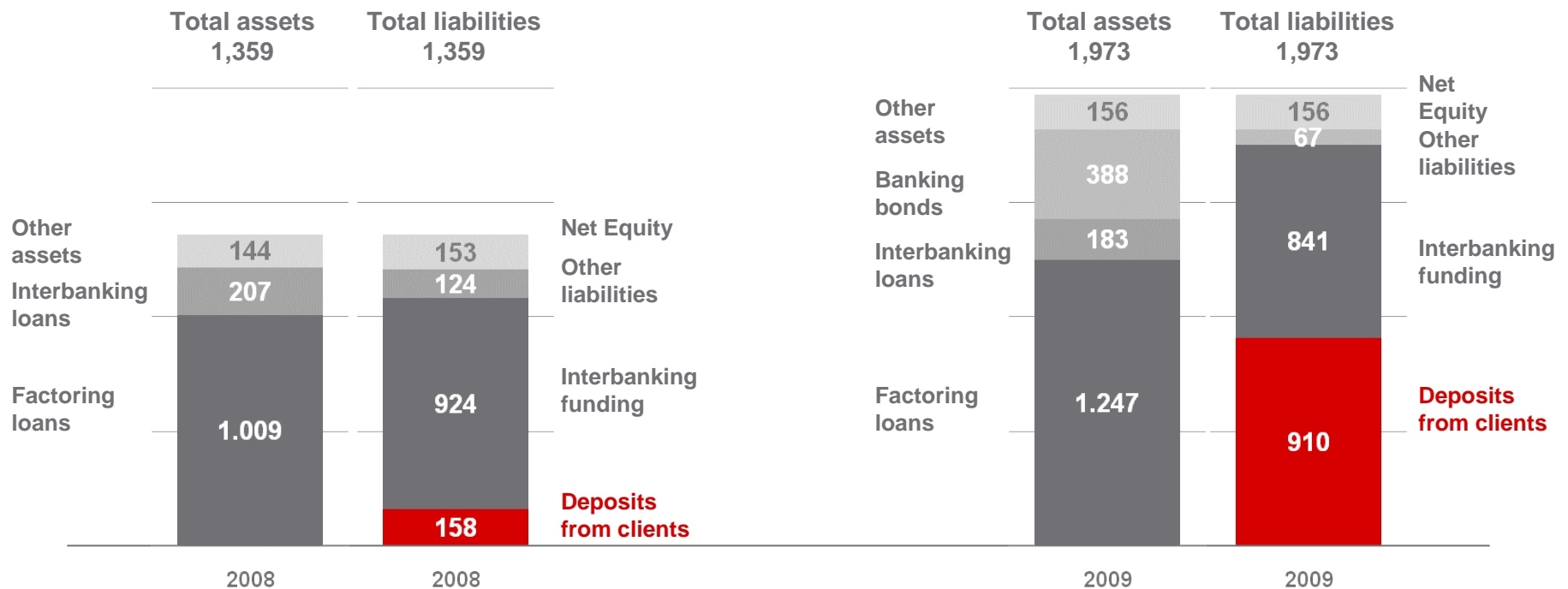
Rights offering: shareholders' option - **manner to be defined by July 2010**.



In 2009, the Bank underwent a **genetic mutation . . .**

... from being a **wholesale** bank ...

... to a **retail funding** bank.





# 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**

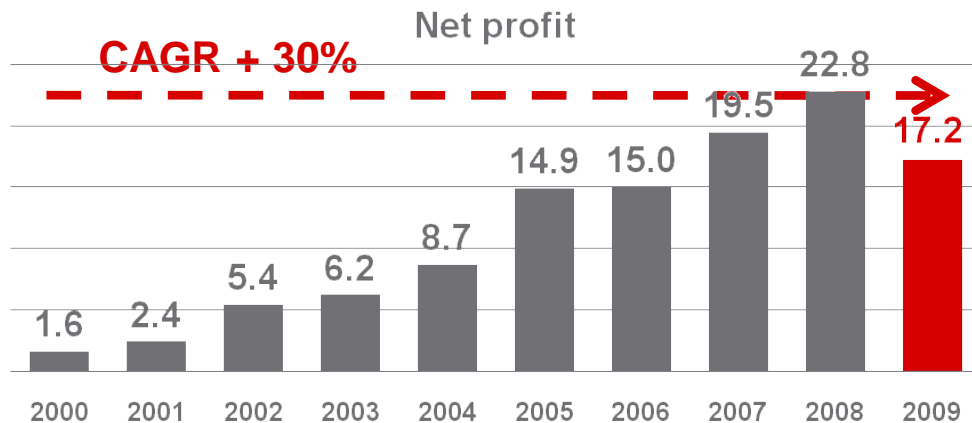
**Toscana Finanza's activity is a-cyclic** (not anti-cyclic) and will contribute to the stabilisation of Group profit

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)*

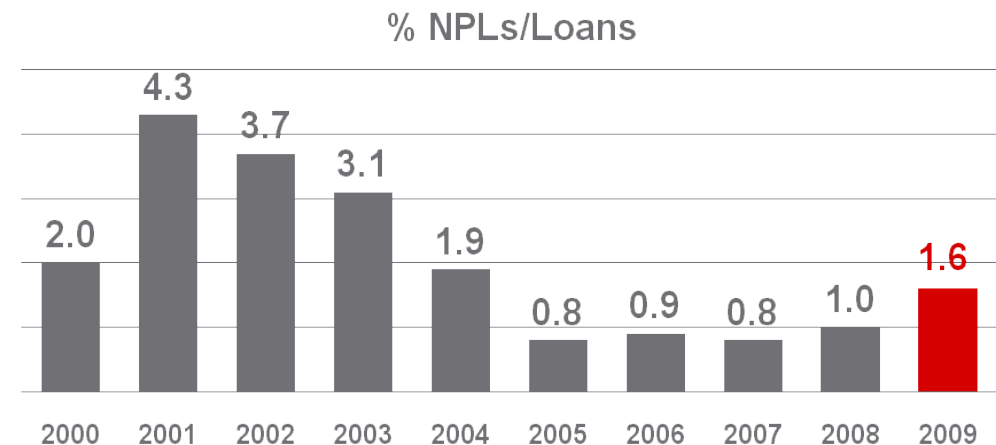


**The negative impact of the crisis on the bank's results has been contained.** The increase in net banking income has allowed a return to the profit levels recorded in the years prior to the crisis.  
**ROE remains at 11.6%.**

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 business plan: guidelines



From a bank specialised in factoring to a **relationship-based bank to serve SMEs' financial needs.**

The drive for **internal growth** has been intensified and the network now boasts over **108 Relationship Managers.**

The approach to clients: **proximity, quality of relationships and innovation** in assessing SMEs' creditworthiness. **Focus on loyalisation** through consolidating relationships with the client and **diversifying products.**

**Consolidation of the funding structure** also through **rendimax.** The simplicity of the product and the stability of the returns offered will be gradually accompanied by the introduction of **new services for retail clients.**

**The drive towards international expansion continues,** even if direct international presence will only be increased **once the economies of Central-European countries, in particular, have stabilised**





# Internal growth in core business



The bank's own network is made up of **108 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 should be visited often and **Banca IFIS's Relationship Managers should consider their place of work as being at their clients' companies.** **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.**

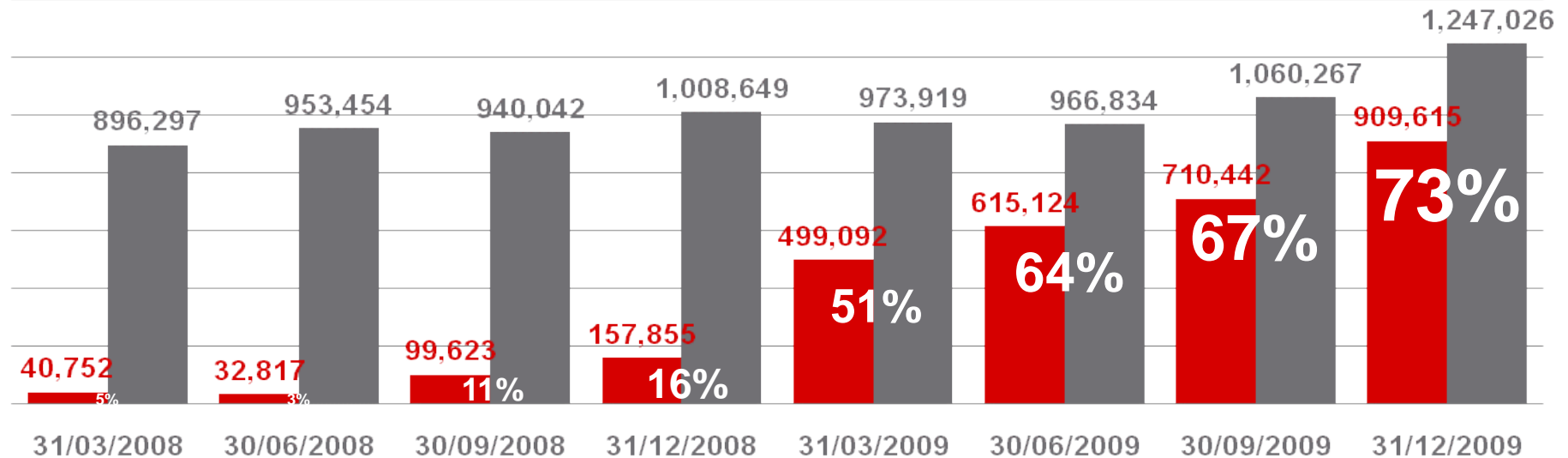






# Consolidation of the funding structure *(figures in millions of Euro)*

■ Client deposits    ■ Factoring loans



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

**Banca IFIS usually operates on interbanking 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 **asset-based approach** to risk, rather than concentrating on the client, continues to provide **enormous room for growth** in countries with **medium-level industrialised and financed 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 2008/2009 income statement figures

<i>Figures in thousands of Euro</i>	<b>Year</b>		<b>Variation</b>	
	<b>31/12/09</b>	<b>31/12/08</b>	<b>Absolute</b>	<b>%</b>
Net banking income	<b>80,810</b>	67,627	13,183	19.5%
Impairment losses on loans and receivables	<b>(20,218)</b>	(6,403)	(13,815)	215.8%
Net profit from financial activities	<b>60,592</b>	61,224	(632)	(1.0%)
Operating costs	<b>34,617</b>	28,926	(5,691)	19.7%
Profit from continuing operations, gross of taxes	<b>25,975</b>	32,298	(6,323)	(19.6%)
Net profit	<b>17,216</b>	22,801	(5,585)	(24.5%)

## Quarterly evolution

<i>Figures in thousands of Euro</i>	<b>Year 2009</b>				<b>Year 2008</b>			
	<b>4 Q</b>	<b>3 Q</b>	<b>2 Q</b>	<b>1 Q</b>	<b>4 Q</b>	<b>3 Q</b>	<b>2 Q</b>	<b>1 Q</b>
Net banking income	<b>27,194</b>	17,142	19,143	17,331	17,416	17,895	17,453	14,938
Impairment losses on loans and receivables	<b>(12,097)</b>	(2,738)	(3,202)	(2,181)	(1,693)	(1,912)	(1,535)	(1,263)
Net profit	<b>2,657</b>	4,540	5,169	4,850	4,839	6,078	6,637	5,247
Net banking income/Turnover	<b>2.43%</b>	2.13%	2.18%	2.52%	2.11%	2.20%	2.06%	2.07%
N of existing clients	<b>2,822</b>	2,558	2,523	2,391	2,293	2,134	2,099	1,987

# Consolidated 2008/2009 balance sheet figures

<i>Figures in thousands of Euro</i>	<b>Year</b>		<b>Variation</b>	
	31/12/09	31/12/08	Absolute	%
Due from clients	1,247,026	1,008,649	238,377	23.6%
Due from banks	182,859	207,102	(24,243)	(11.7)%
Financial assets available for trading	325	396	(71)	(17.9)%
Financial assets available for sale	387,705	3,134	384,571	12,270.9%
Tangible fixed assets	34,506	34,217	289	0.8%
Intangible fixed assets	3,916	3,459	457	13.2%
Other asset items	117,074	102,447	14,627	14.3%
<b>Total assets</b>	<b>1,973,411</b>	<b>1,359,404</b>	<b>614,007</b>	<b>45.2%</b>
Due to clients	909,615	157,855	751,760	476.2%
Due to banks	840,546	924,189	(83,643)	(9.1)%
Outstanding shares	20,443	91,356	(70,913)	(77.6)%
Financial liabilities for trading	---	2,392	(2,392)	(100.0)%
Post-employment plan	1,055	1,057	(2)	(0.2)%
Tax liabilities	3,938	2,968	970	32.7%
Other liability items	41,975	26,481	15,494	58.5%
Net equity	155,839	153,106	2,733	1.79%
<b>Total liabilities</b>	<b>1,973,411</b>	<b>1,359,404</b>	<b>614,007</b>	<b>45.2%</b>

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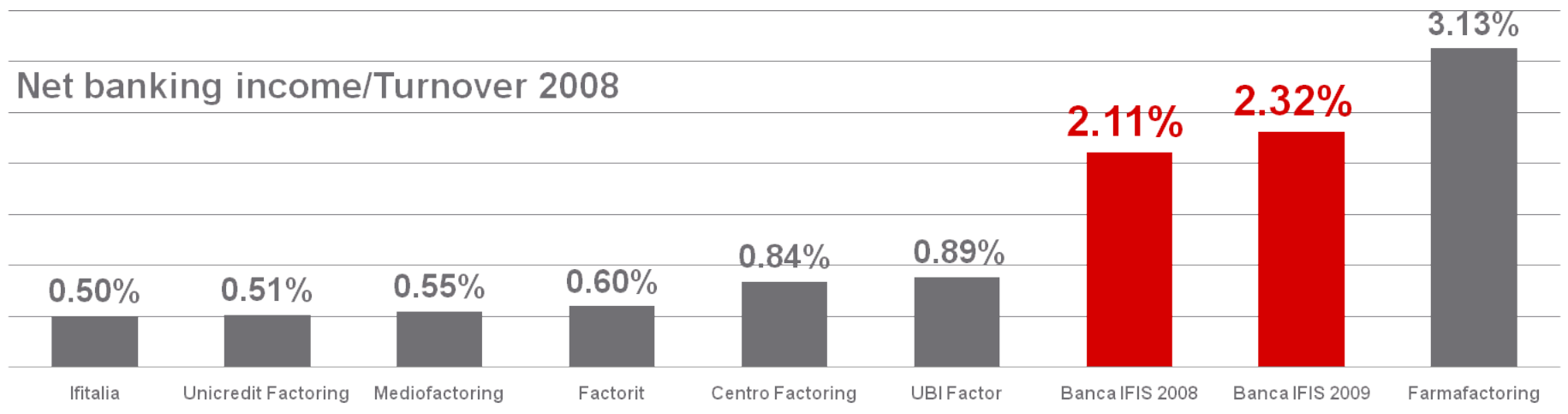
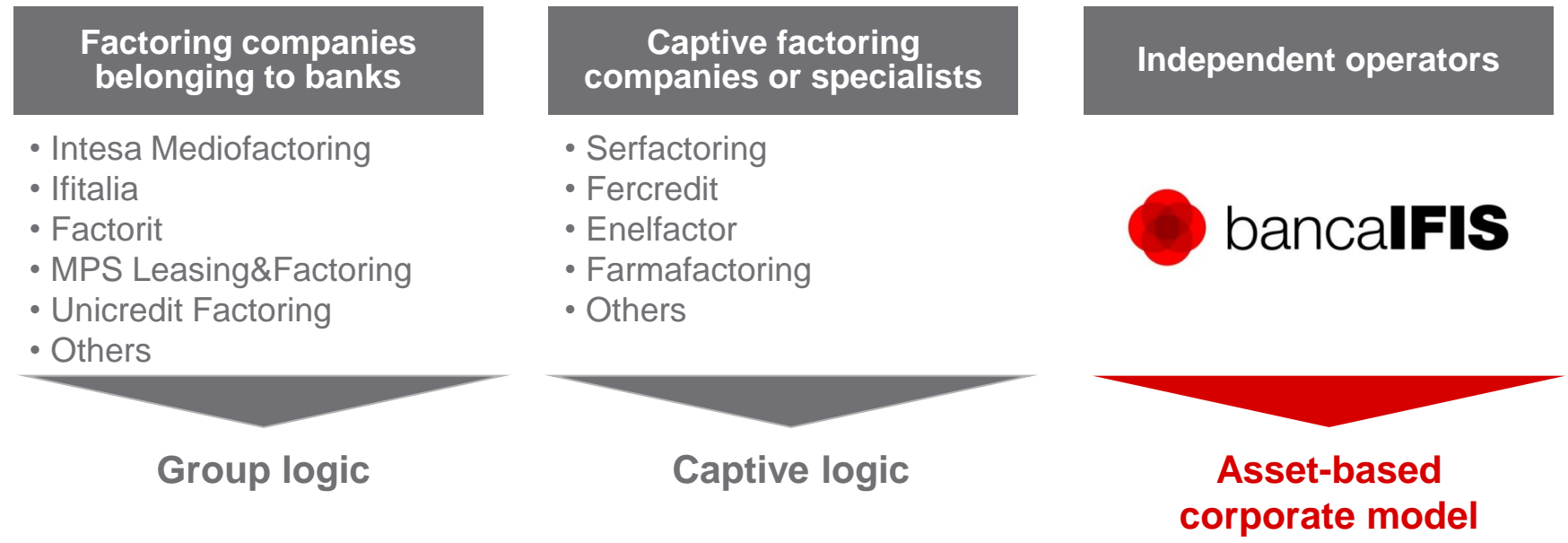
Consolidated financial and economic data



## **Attachments**

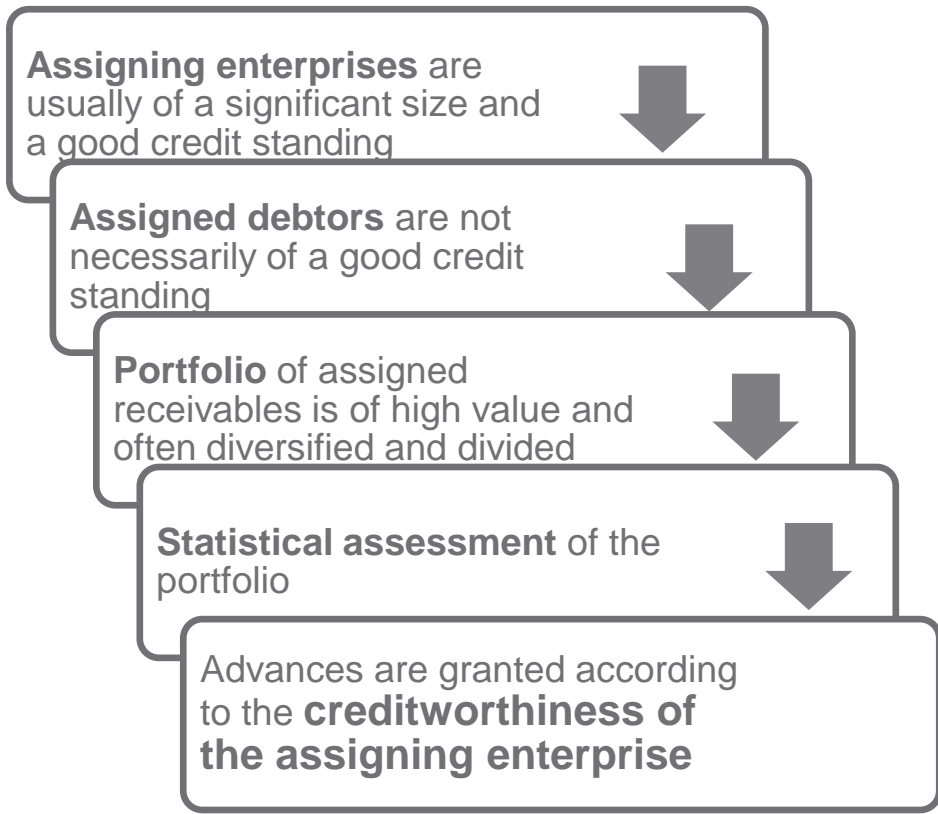
# The factoring market and group positioning (continued)

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

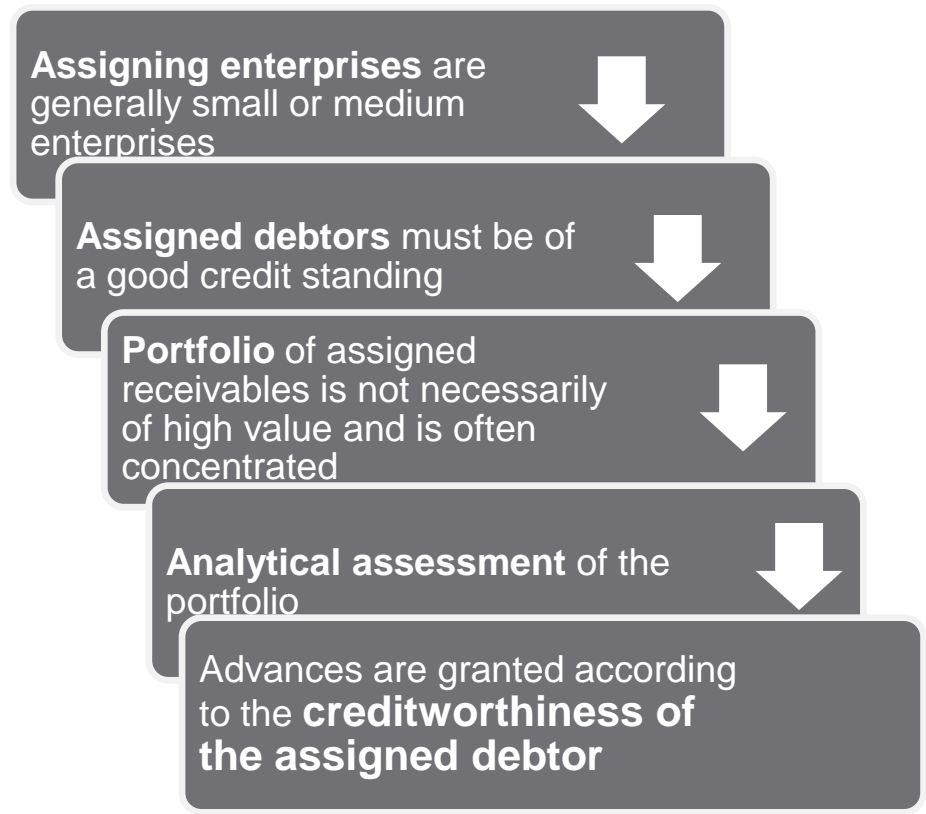


# The factoring market and group positioning (continued)

## Traditional operators Group logic



**DIMENSION**



**PROFITABILITY**

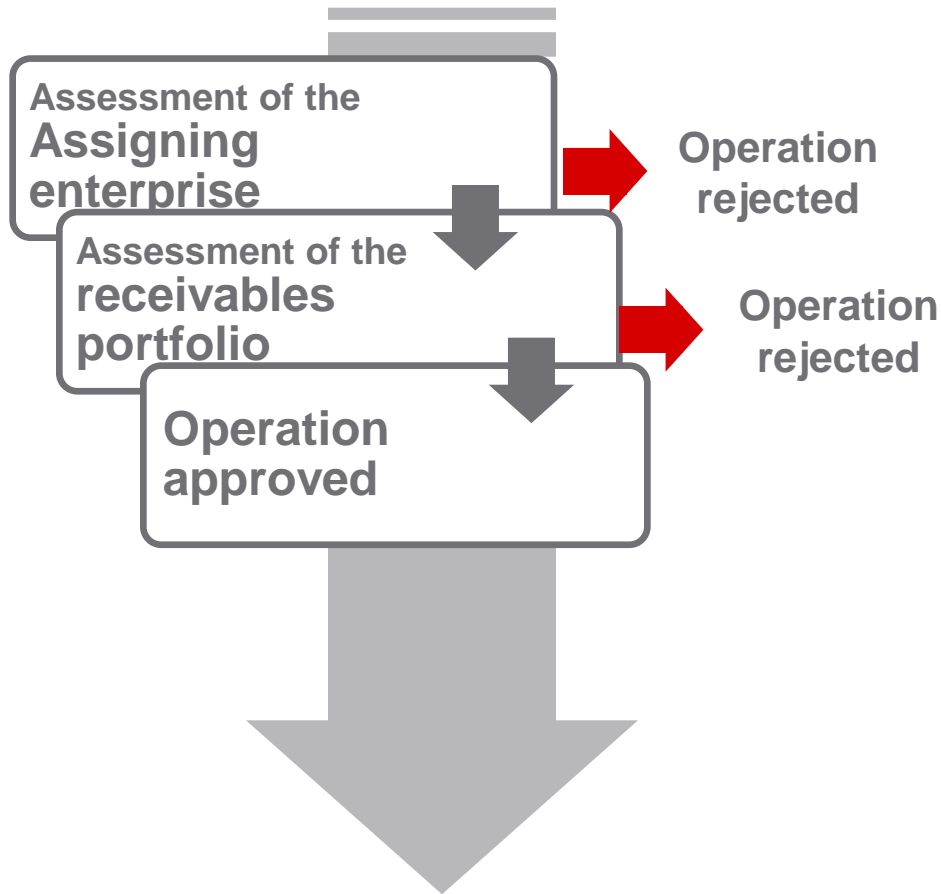




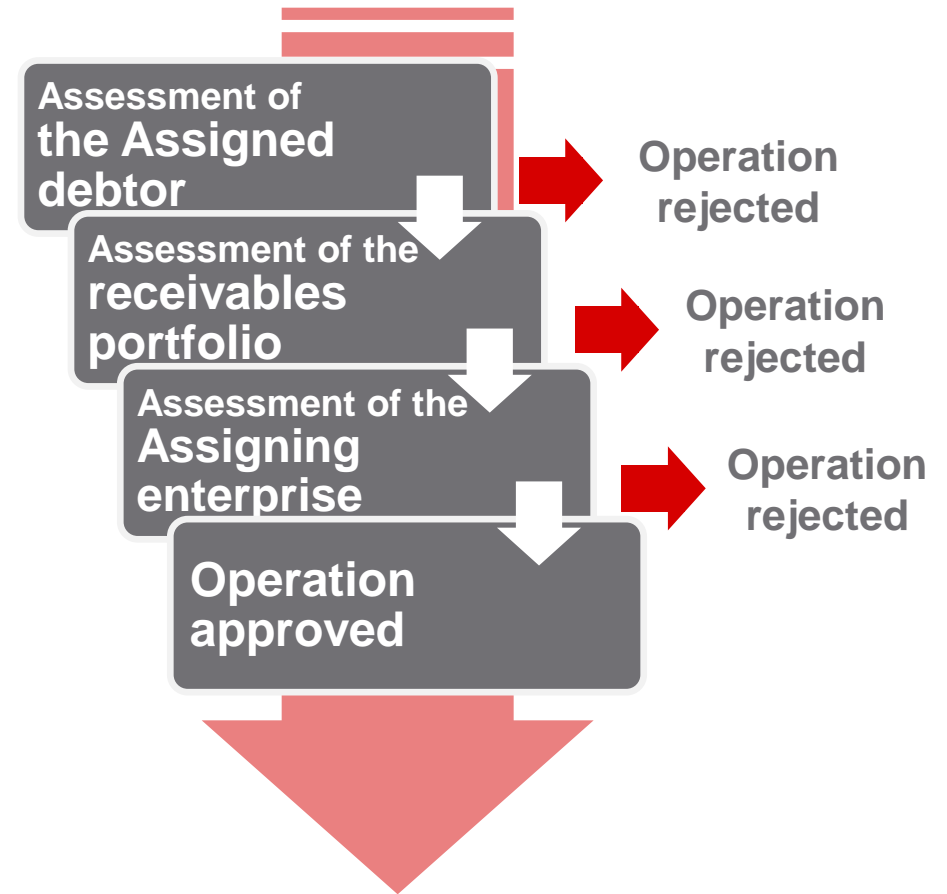


# A new approach to assessing creditworthiness

## Traditional risk assessment



Focus on the **ASSIGNING ENTERPRISE**



Focus on the **ASSIGNED DEBTOR**



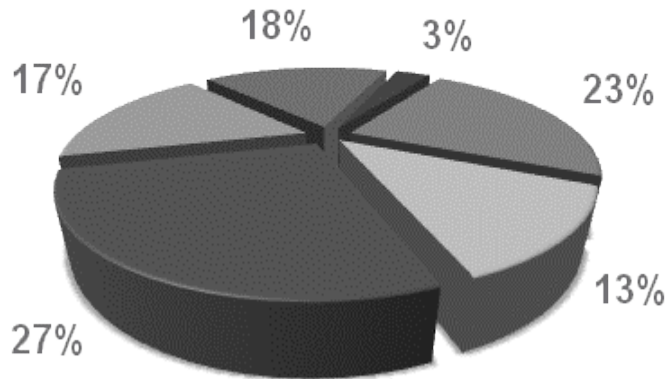


# Clients and Debtors

## Client breakdown as at 31/12/2009

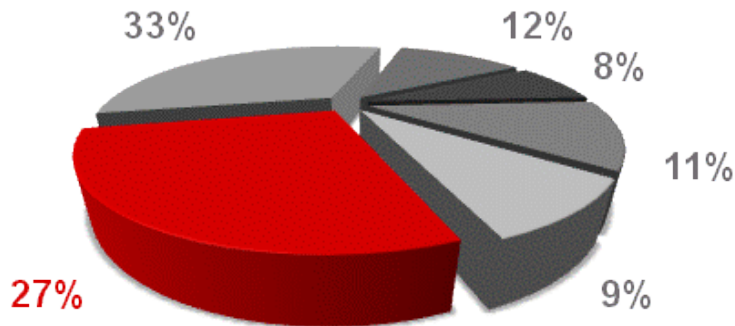
Turnover in millions of Euro

- 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.**

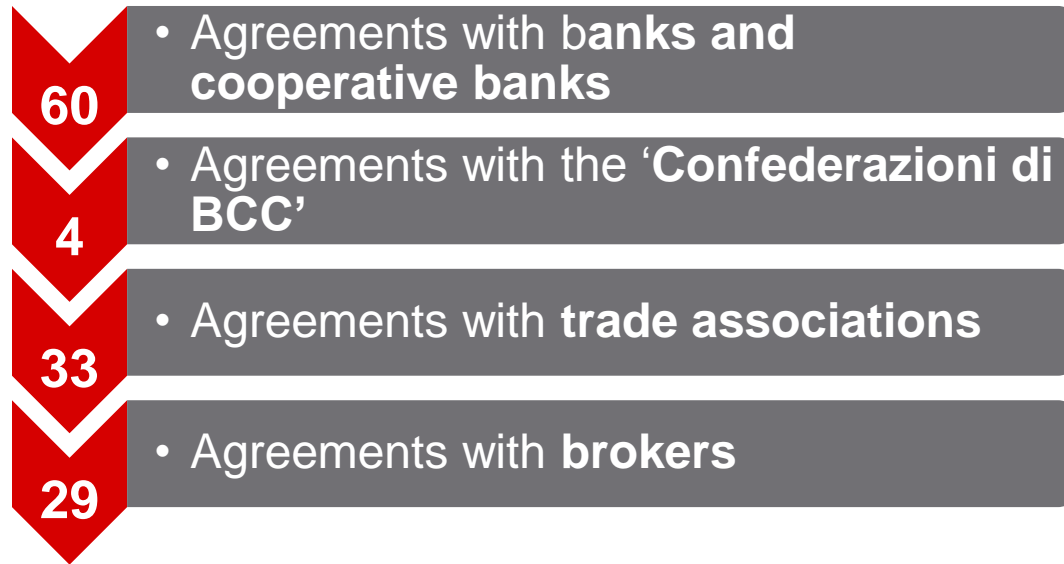
The transfer of the risk is guaranteed even in assignments with debtors of a **medium/low credit standing.** In these cases, the **percentage of the receivables financed is lower** or the service offered is management only.





# The sales network

**108 Relationship Managers** work within the 25 branches that together constitute the **largest specialised network in Italy.** Their compensation is, **on average, 35% linked** to the achievement of objectives predefined in the budget.



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%**.

**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.





# Banca IFIS milestones

1983

• The company “I.Fi.S. – Istituto di Finanziamento e Sconto S.p.A.” **was incorporated**

1989

• IFIS shares received listing admission to the **over-the-counter market of Milan**

1997

• Registration on the **list of financial intermediaries** as per article 107 of the 1993 Banking Law

2001

• Authorised to carry out **banking activities as from 1 January 2002**

2002

• Listing admission to the **Telematic Stock Market**

2004

• Listing admission to 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-**. **IFIS Finance** in Poland purchased

2009

• Banca IFIS launches a **Takeover bid for Toscana Finanza**

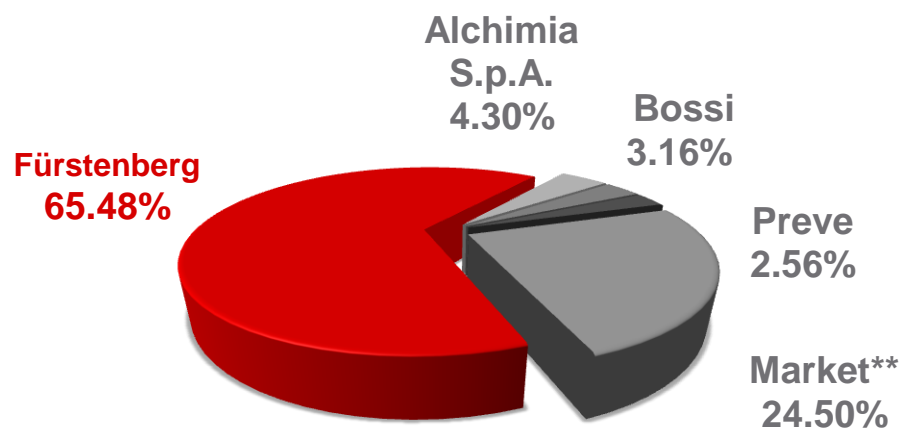


# Shareholder breakdown

**Sebastien Egon Fürstenberg**, through the company La Scogliera S.p.A., **controls Banca IFIS and chairs the Board of Directors.**

The Chief Executive Officer, **Giovanni Bossi**, has been the **third largest shareholder** since 1995.

## Shareholder breakdown \*



Upon conclusion of the Toscana Finanza Takeover bid, **Fürstenberg will maintain his right to control** Banca IFIS.

The fact that Banca IFIS's **shareholder breakdown is so compact** allows for **external growth** in terms of possible, strategic acquisitions.

This scenario is expected only in cases of **industrial upgrading, creation of synergies** or **cross selling**.

\* Figures updated 11 February 2010  
\*\* of which, 6.10% of treasury shares

