



November 2007

Highlights

The Factoring Market in Italy

Description and Activity of the Group

Consolidated Financial and Economic Data

Strategies

Market rationale

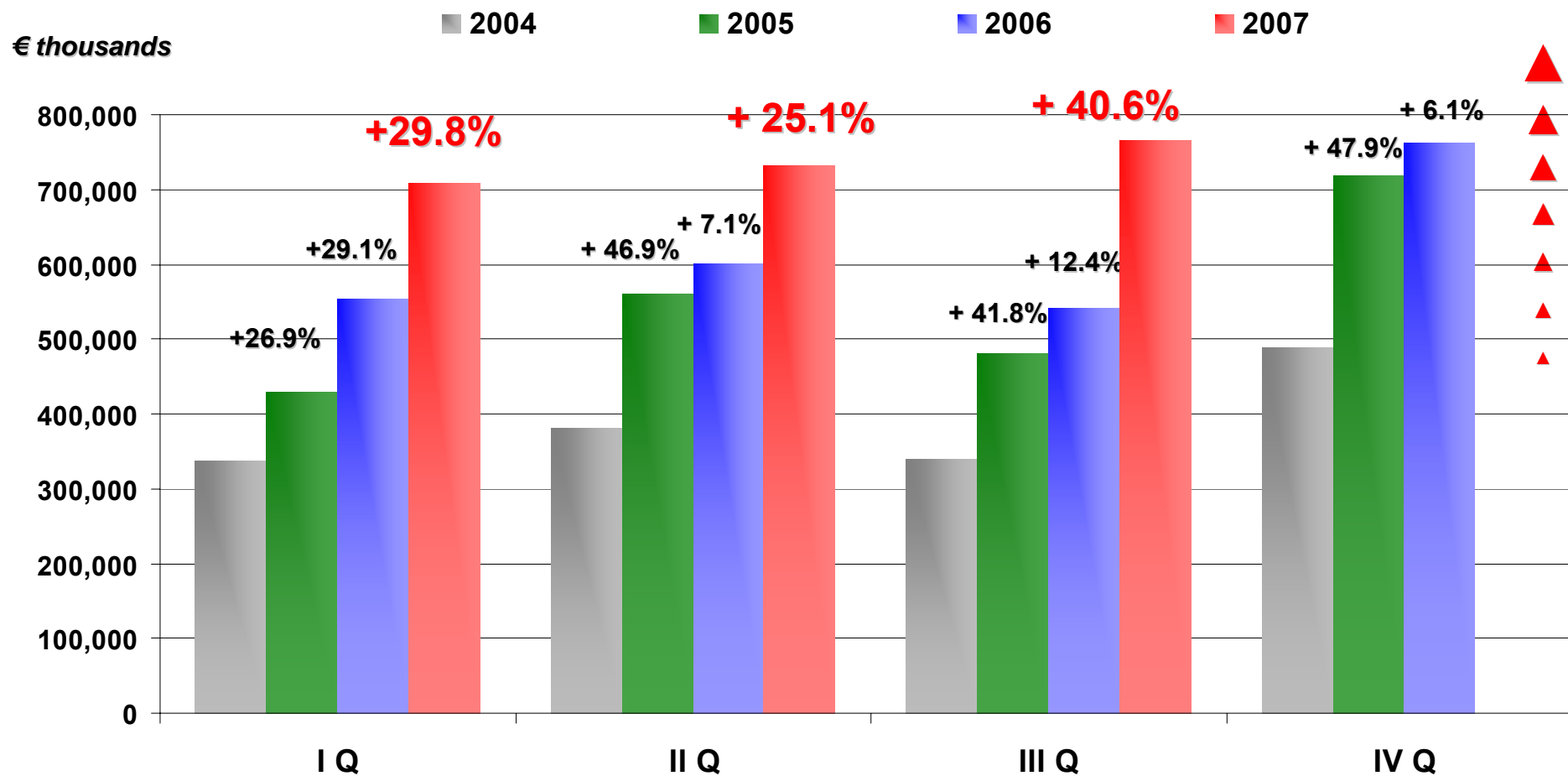
Shareholders and Governance

Highlights

- ◆ Strong SME demand for management and financial support in Italy and in Europe.
- ◆ Factoring is an excellent instrument to support an enterprise's net working capital, especially in a context of volatile markets such as that of today.
- ◆ Banca IFIS is the only bank specialised in factoring; no operations in derivatives or securities: a mercantile and commercial bank for SMEs.
- ◆ Unique and highly efficient business model, with:
 - High profitability levels (ROE at 18.7% with a solvency ratio of 12.0%)
 - Excellent credit quality (Bad debts on loans/total loans 0.8%).
- ◆ Impressive growth rates over the last 10 years; a lot of room to develop this service and ancillary services.
- ◆ Internationalisation of activity: a totally new market with enormous potential for development.
- ◆ Receivables portfolio, very short term and highly spread.

Highlights: Growth in volumes

Turnover: Quarterly growth



The growth rate is calculated against the corresponding period of the previous year

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The Factoring Market in Italy

Structure of the product

- ◆ Factoring is a financial/management product that allows an enterprise (the assigning supplier) to sell the accounts receivables due from its customers (assigned debtor) to a specialised operator (the factor), obtaining management services, financing and/or a guarantee against bad debts.

Rules and regulations

- ◆ Factoring is regulated, in Italy, by Law 52/91 “Enterprise assignment of receivables discipline” and by articles 1260 – 1267 of the Italian Civil Code.

The Factoring Market in Italy

Product risk

- ◆ In general throughout Europe, the factor is, under certain conditions, protected against damages caused by the insolvency of its clients. The factor does, however, assume the risk of insolvency as far as concerns the assigned debtors (the supplier's customers) and that connected to the poor quality of the receivables accepted in assignment (dilution).

Opportunities

- ◆ The correct use of factoring allows the factor to transfer the credit risk from the assigning supplier to the purchaser of the goods/services (the assigned debtor), and to generally keep revenue linked with the credit-worthiness of the assigning supplier. If the credit worthiness of the assigning supplier is worse than that of the assigned debtor(s), the use of factoring leads to a reduction of the risk without a reduction in returns.

The Factoring Market in Italy

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.

The Factoring Market in Italy

- ◆ The Italian factoring market represents one of the main European and international markets.
- ◆ Total turnover in 2006 was 108.8 billion Euro, an increase of 7.8% in comparison to 2005. Total turnover for the 3° Q. 2007 was 81.85 billion Euro, an increase of approx 2.35% compared to the same period of 2006 (Assifact figures).
- ◆ Total Outstanding in 2006 was slightly above 34.4 billion Euro, an increase of 7.63% in comparison to 2005. Total outstanding for the third Q. 2007 was 34.6 billion Euro, an increase of 10.85% compared to the same period of 2006 (Assifact figures).

Year	Total Turnover	Total Outstanding	% variation on Turnover	% variation on Outstanding	% variation on G.D.P.
2001	105,946	31,087	4.97%	17.31%	1.80%
2002	119,197	34,385	12.51%	10.61%	0.40%
2003	118,704	33,474	-0.41%	-2.65%	0.30%
2004	105,126	31,626	-11.44%	-5.52%	1.20%
2005	101,087	32,100	-3.84%	1.50%	0.10%
2006	108,805	34,447	7.80%	7.63%	2.00%
3rd Q. 2007**	81,848	34,616	2.35%	10.85%	1.80%

Figures in millions of Euro. Source ASSIFACT (the variations are compared with the corresponding period of 2006. Figures

(*) Source: ISTAT (preliminary estimation for the 3rd Quarter 2007)

(**) Figures for 3rd Quarter 2007 are compared with the corresponding period of the previous accounting year

The Factoring Market in Italy

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 in Italy

- ◆ 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

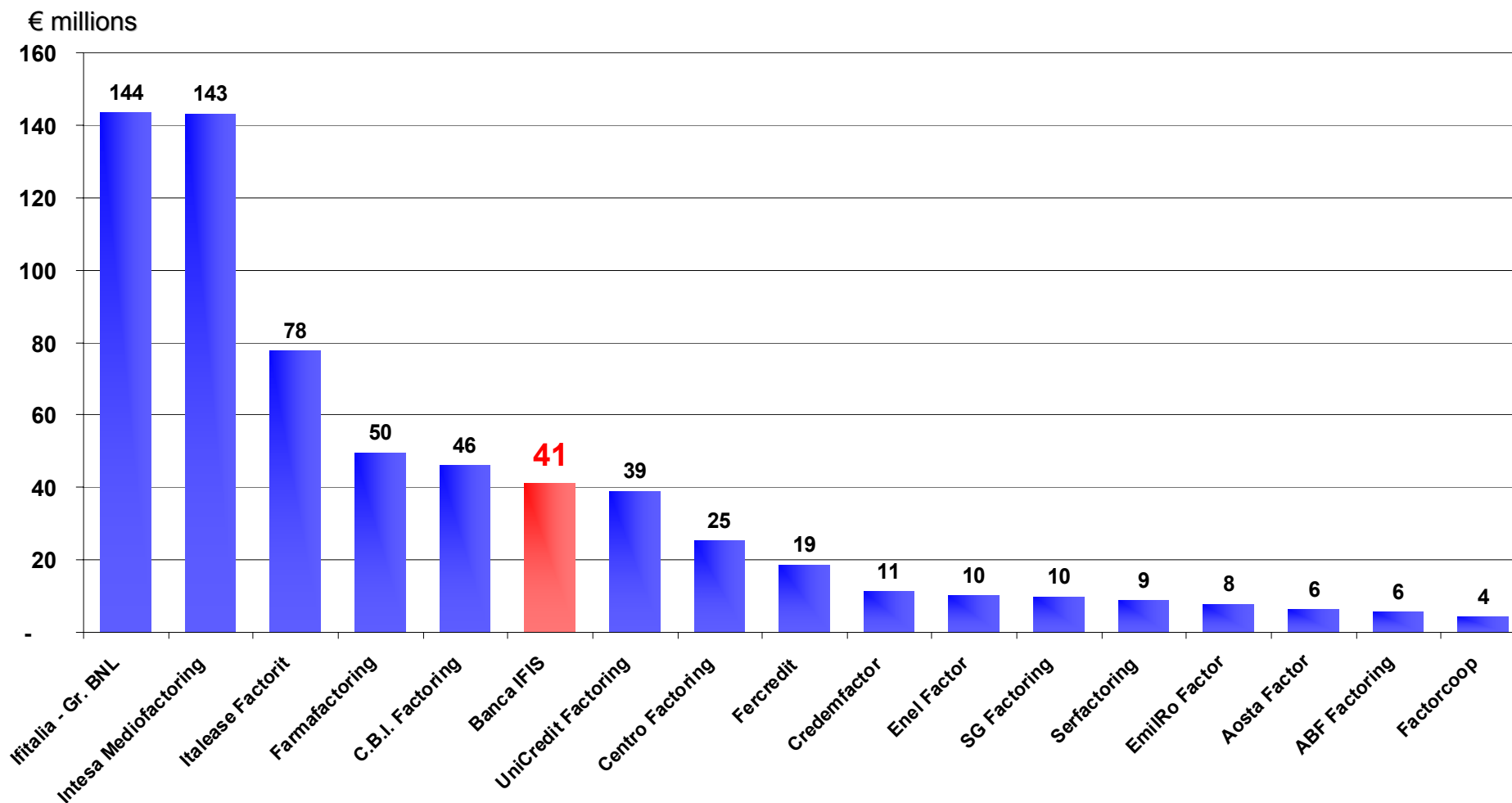
- ◆ **The assigning enterprises** are usually of a significant size and good credit standing.
- ◆ **The assigned debtors** are not necessarily of a good credit standing.
- ◆ **Portfolio** of assigned receivables is of high value and often diversified and divided.
- ◆ **Statistical assessment** of the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

Profitability approach

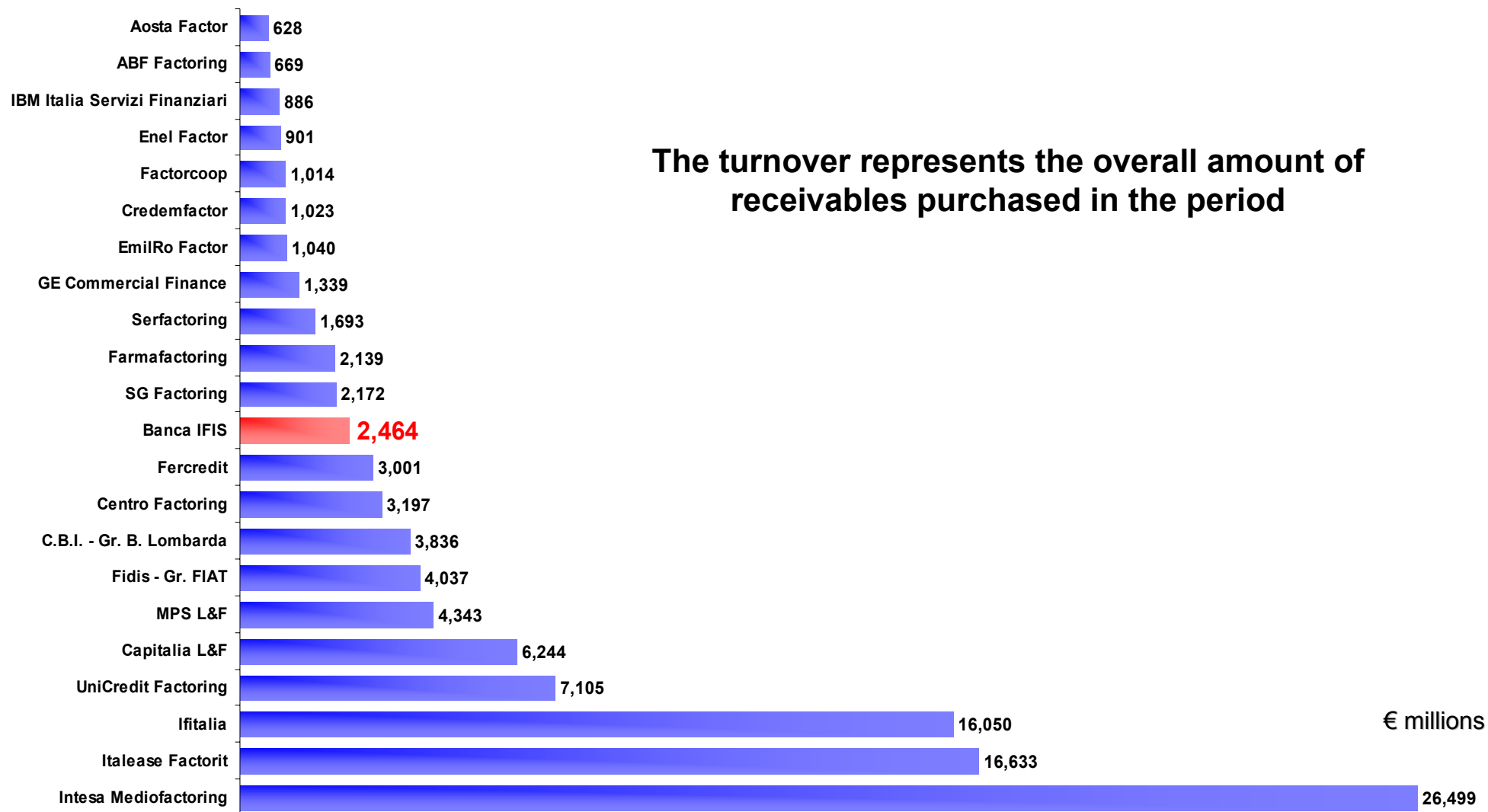
- ◆ **The assigning enterprises** are not usually of a significant size.
- ◆ **The assigned debtors** must be of a good credit standing.
- ◆ **Portfolio** of assigned receivables is not necessarily of high value and is often concentrated.
- ◆ **Analytical assessment** of the portfolio.
- ◆ **Advances**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

The Factoring Market in Italy - The players: created value

Earning margin
Balance sheet data as at 31/12/2006



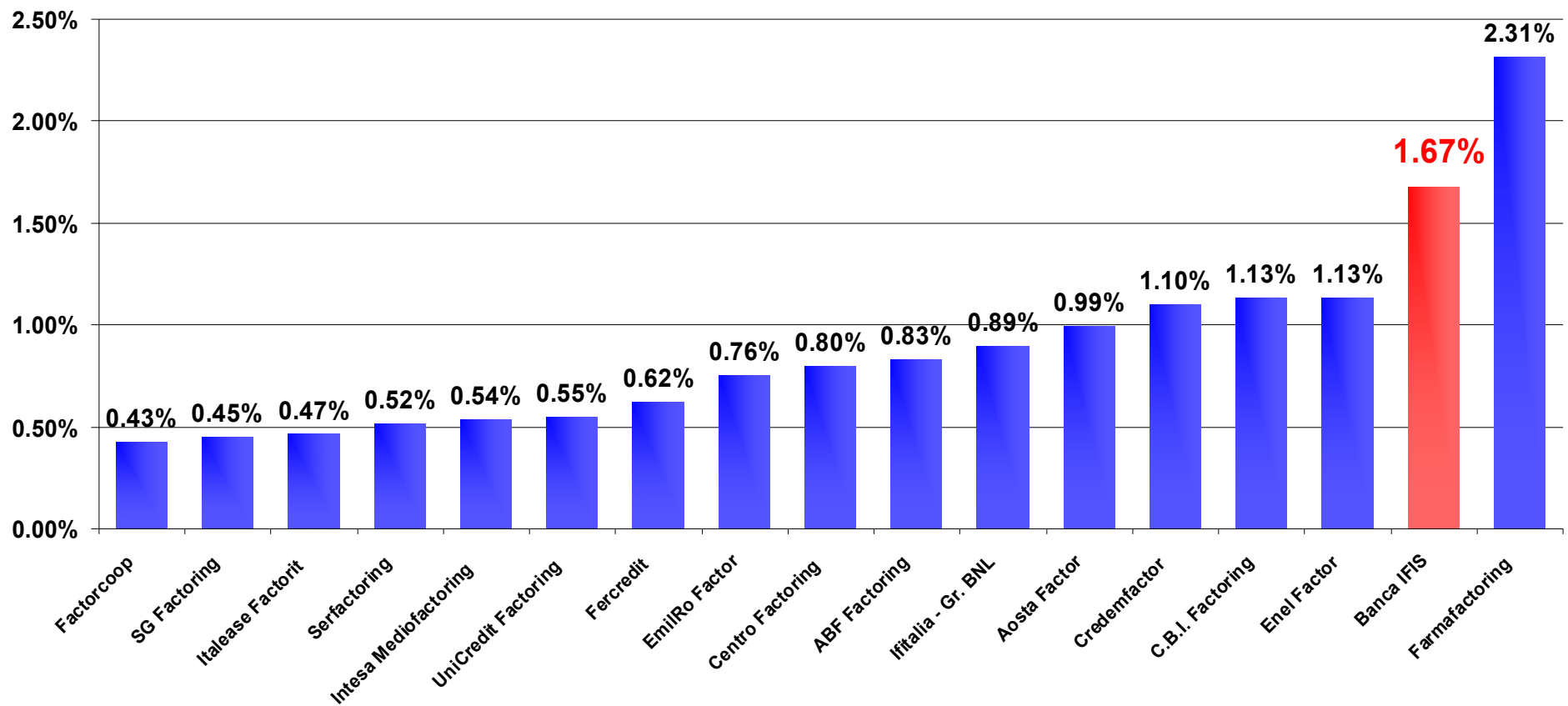
The Players in Italy: Turnover 2006 (source:ASSIFACT)



The Players in Italy: Profitability

Earning margin/Turnover

Year 2006



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Description and Activity of the Group: History

- 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).
- 2007** 204 employees, 13 branches in Italy, 2 representative offices abroad, 1 office in Paris IFIS Finance.

The Group: Markets covered

Venice Mestre

Turin

Milan

Pordenone

Brescia

Imola

Florence

Ancona

Rome

Naples

Bari

Cagliari

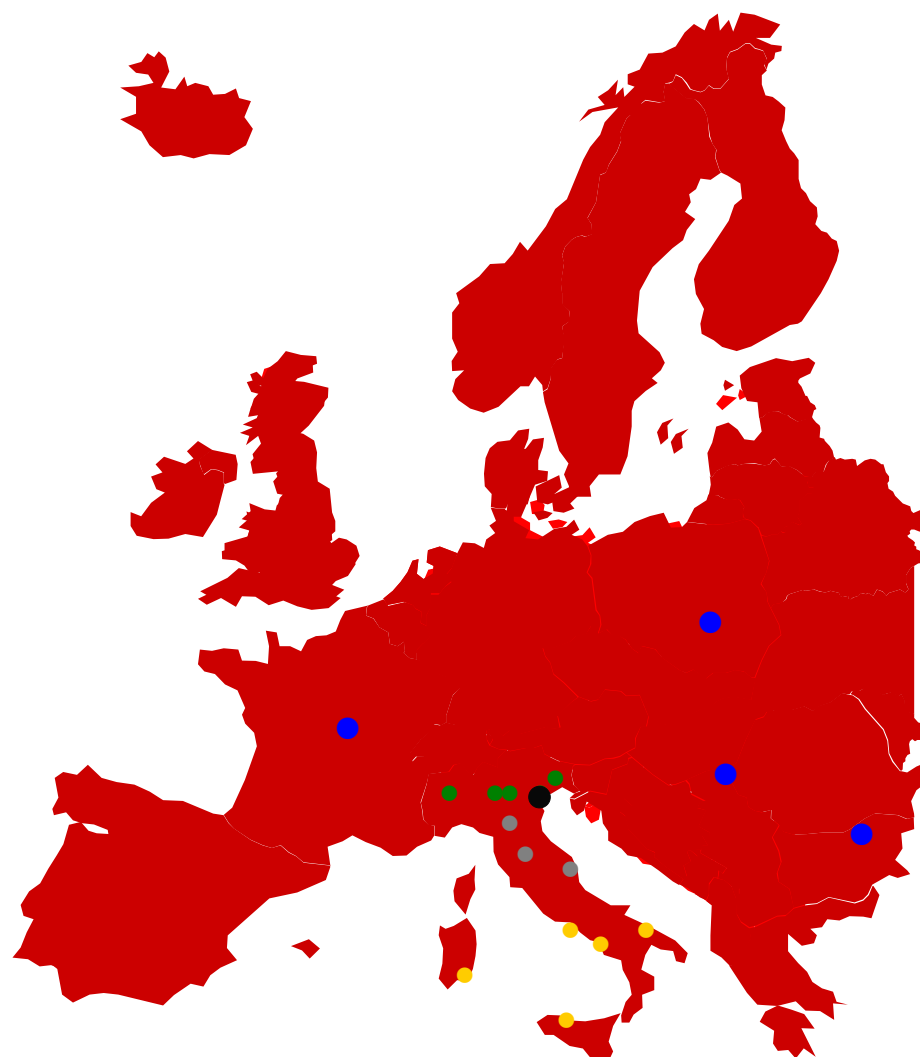
Palermo

Paris

Warsaw

Budapest

Bucharest



HEADQUARTERS
Venice Mestre

Description and Activity of the Group: other distribution channels

30 managers work in the branches; their remuneration is, on average, 35% linked to the achievement of the objectives predetermined by the budget.

- ◆ 20 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;
- ◆ 18 agreements with institutional debtors.



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

Description and Activity of the Group: Business Model

- ◆ Banca IFIS operates independently both from the traditional banking system and the industrial one. Its core business is represented by the acquisition of accounts receivables and by the subsequent financing of SMEs' working capital.

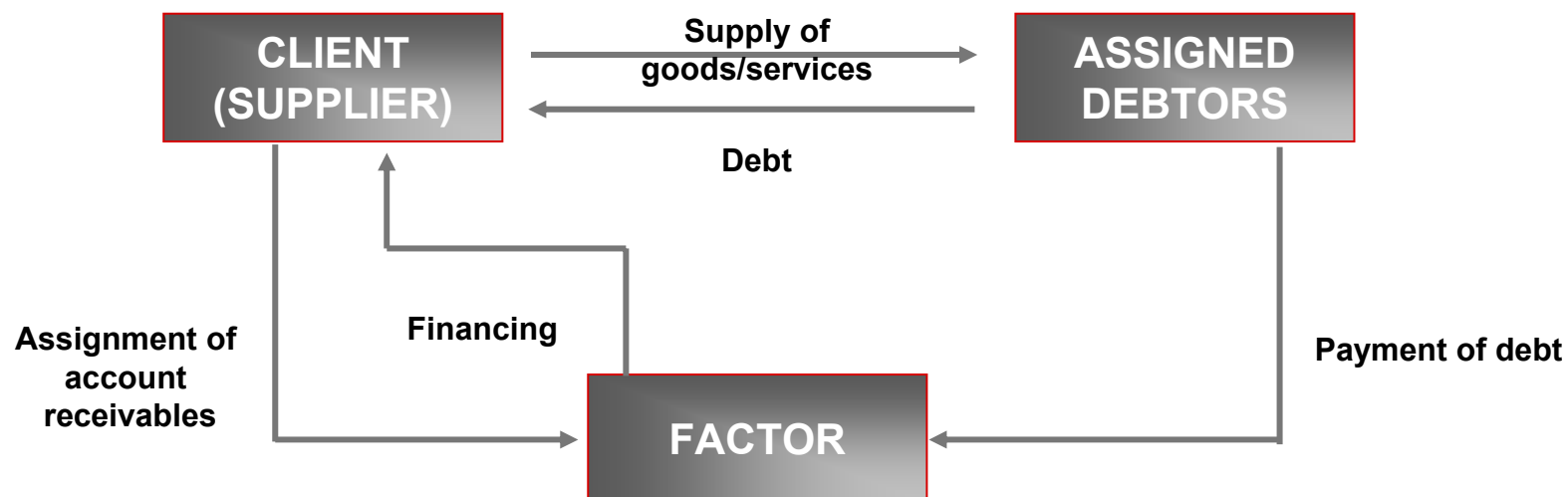
Small Medium Enterprises are the framework of the production system

Small Medium Enterprises represent the segment of the market whose needs are least attended to by financial institutions

More profitability per operation

Efficient risk management

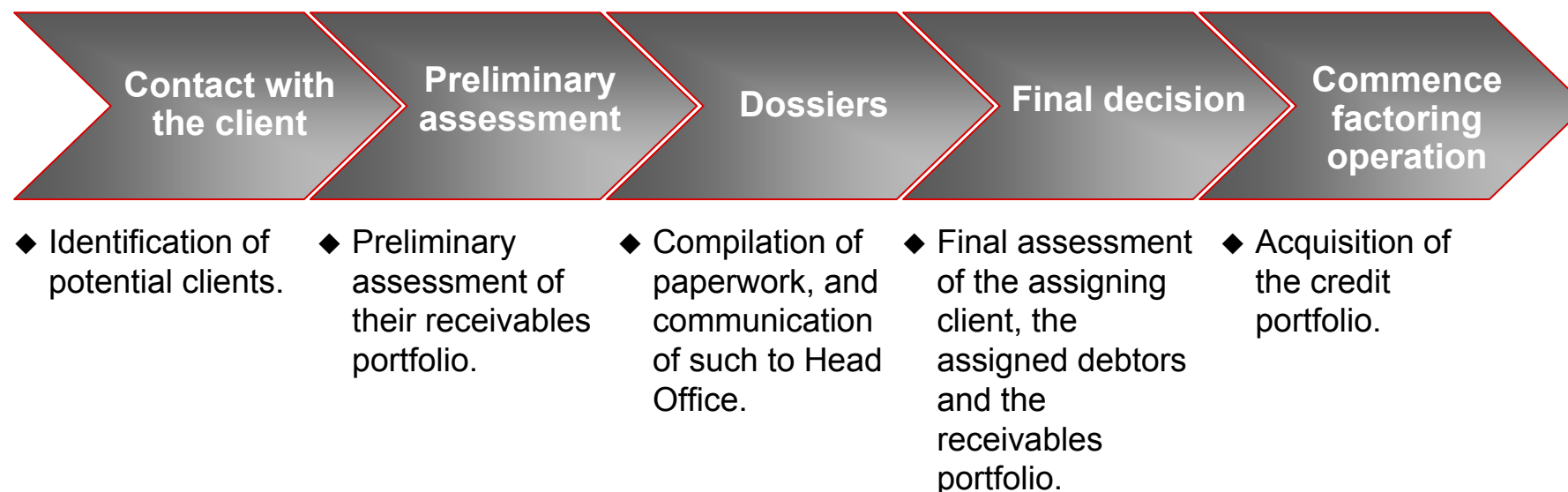
Description and Activity of the Group: Business Model



- ◆ 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.

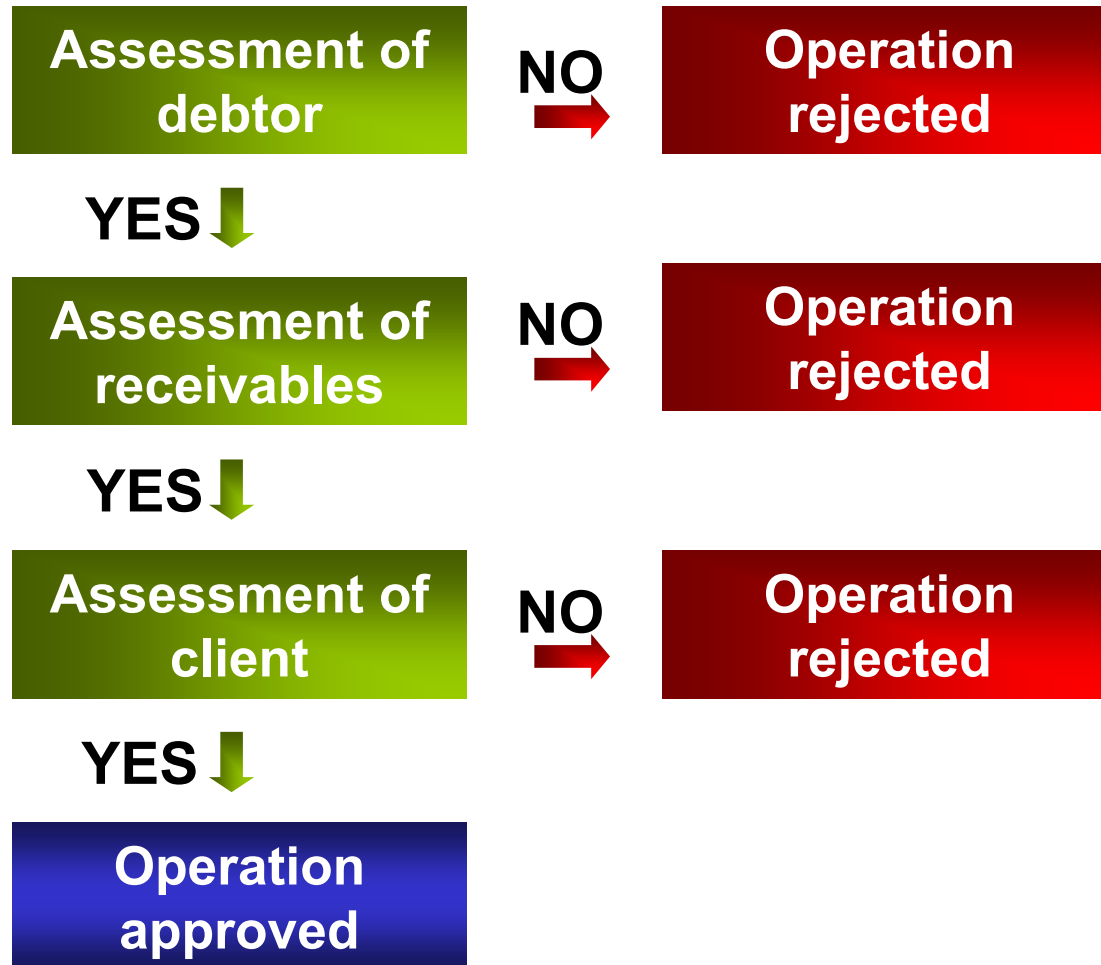
Description and Activity of the Group: Risk Assessment

Client Attainment Process



Description and Activity of the Group: Risk Assessment

The three pillars of risk assessment



Description and Activity of the Group: Risk Assessment

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**

Description and Activity of the Group: Services

- ◆ The different mix of the basic elements making up factoring allows Banca IFIS to offer very wide and different services:

	Advances (Financing)	Guarantee	Management
Recourse factoring	✓		✓
Non recourse factoring	✓	✓	✓
Only guarantee factoring		✓	✓
Only management factoring			✓
NON - NOT non recourse factoring	✓	✓	
Only guarantee		✓	
Financing on portfolio	✓		✓

Other characteristic elements of the service are:

- ◆ Its *international activity* (assigning supplier and debtor reside in different countries);
- ◆ The assumption of the risk of late payment by the debtor with *IAS 39* compliant definitive purchase services;
- ◆ Operations that allow the debtor extensions on the payment of supplies, freeing the assigning client from having to wait for payment. Typical of *maturity factoring*.
- ◆ The average original duration for the private client is circa 75 days, while a public debtor counterpart-where the risk is very contained – rises to 250 days.

Description and Activity of the Group: Revenue

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 Euribor 3 months	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

Description and Activity of the Group: Costs

Funding	→	Interbank at short term	EURIBOR 3M+ 0 ÷ 10 bps
Funding	→	Interbank up to 18 months	EURIBOR 3M + 25 ÷ 35 bps
Funding	→	Convertible Bonds	Fixed rate = 4.375%
Funding	→	Securitization programme	EURIBOR 3M + 45 ÷ 60 bps
Funding	→	Client deposits	EURIBOR 3M - 20 ÷ 50 bps

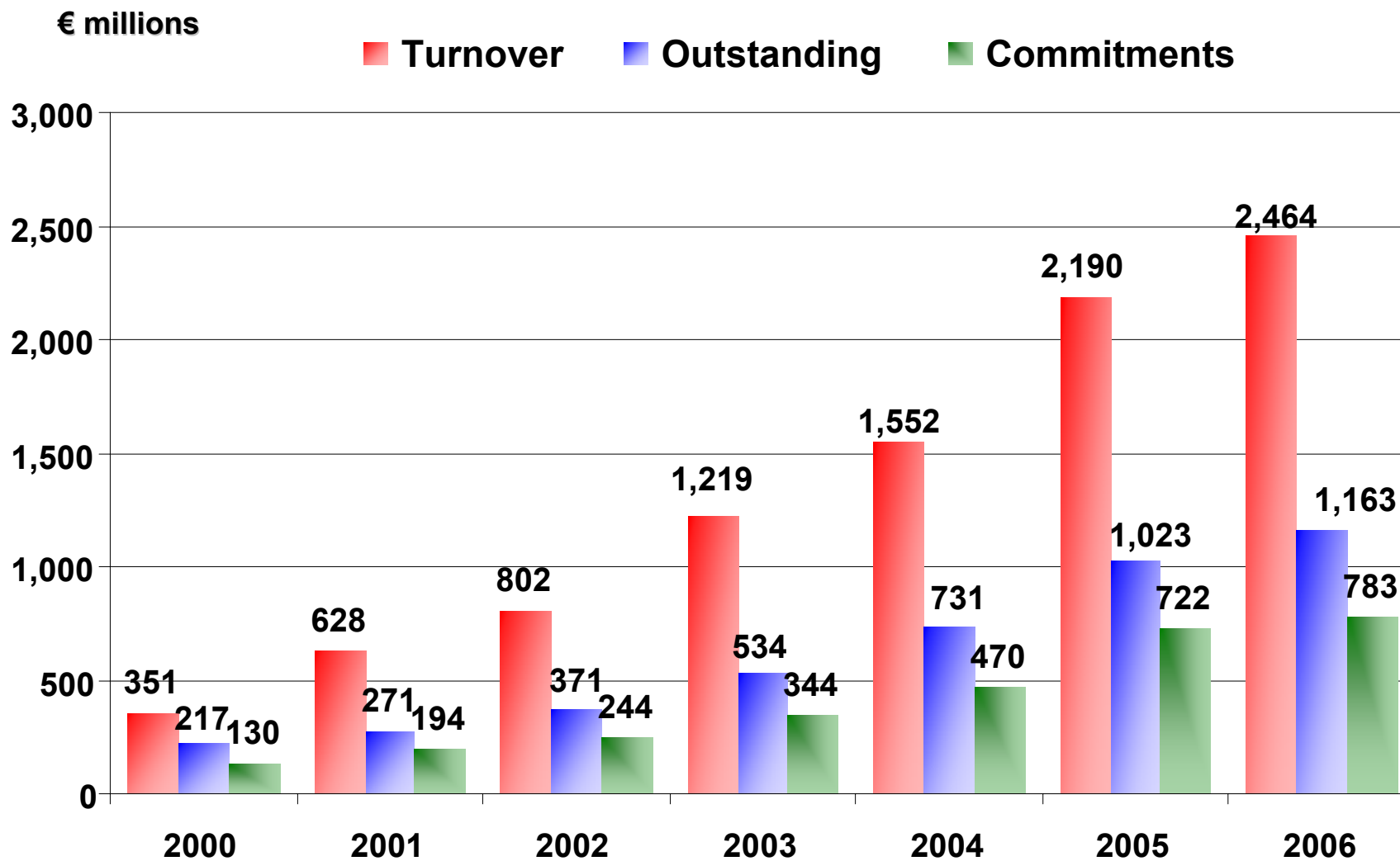
Interbanking funding: relationships with more than 120 banks

Reinsurance cost: insignificant (30 thousand Euro in 2006)

Distribution commission through brokers and intermediaries:

- ◆ Applied on about 30% of business volume → from 10% to 40% of factoring commission debited by the bank;
- ◆ Total commission for 2006: 1,136,000 Euro.

Description and Activity of the Group



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Financial and Economic Data: Consolidated Balance Sheet

Consolidated Balance Sheet

€ millions	PERIOD		VARIATION		1ST H 06
	30/06/07	31/12/06	ABSOLUTE	%	30/06/06
Due from banks	107.84	267.29	-159.45	-59.7%	68.09
Due from clients	814.04	782.98	31.06	4.0%	704.54
Fixed assets	33.01	31.03	1.98	6.4%	27.64
Other asset items	8.41	11.34	-2.93	-25.8%	12.60
Total Assets	963.30	1,092.65	-129.34	-11.8%	812.88
Due to banks	757.60	836.39	-78.80	-9.4%	627.92
Due to clients	25.79	82.56	-56.77	-68.8%	17.86
Outstanding shares	43.74	42.69	1.04	2.4%	43.51
Net equity	105.13	108.32	-3.19	-2.9%	102.04
Other liability items	31.05	22.68	8.37	36.9%	21.55
Total Liabilities	963.30	1,092.65	-129.34	-11.8%	812.88

Financial and Economic Data: Consolidated P and L account

Consolidated Profit and Loss Account

<i>€ millions</i>	1st HALF		VARIATION	
	2007	2006	ABSOLUTE	%
Earning margin	22.87	20.54	2.33	11.4%
Net value adjustments on receivables	-0.46	-2.51	2.04	-81.5%
Operating revenue	22.41	18.04	4.38	24.3%
Operating expenses	-10.15	-7.31	-2.85	38.9%
Pre-tax profit	12.26	10.73	1.53	14.3%
Net profit	8.25	6.64	1.61	24.2%

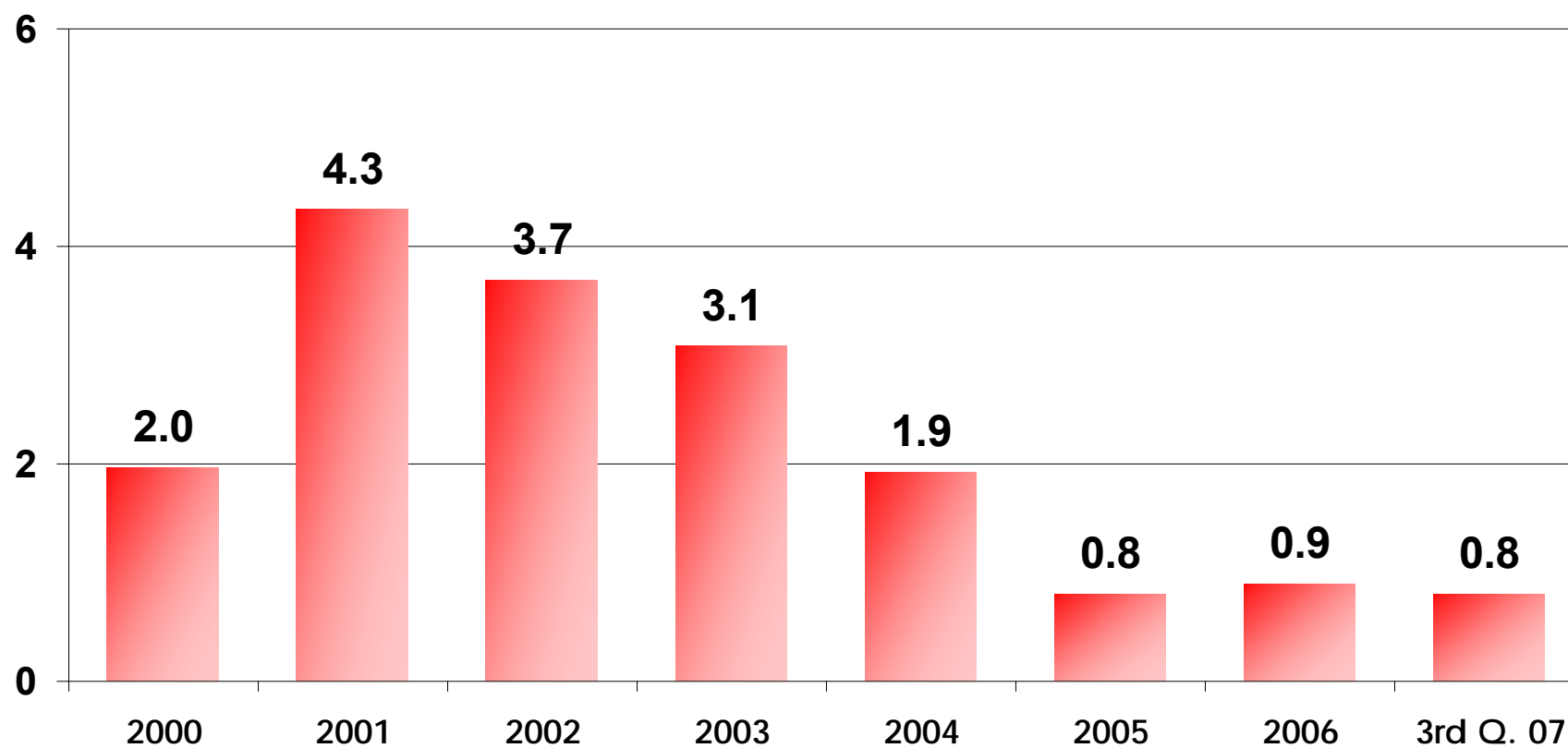
Financial and Economic Data: Quarterly Evolution

Consolidated Profit and Loss Account: Quarterly evolution

€ millions	ACCOUNTING YEAR 2007			ACCOUNTING YEAR 2006		
	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Earning margin	12.41	10.47	11.64	9.03	9.08	11.47
of which:						
-Interest margin	4.19	3.81	3.66	3.62	3.73	3.73
-Net commission	7.15	6.64	5.63	5.44	5.33	7.79
Operating expenses	5.43	4.72	4.86	3.64	3.47	3.84
Value adjustments on receivables	-0.25	-0.21	1.05	-0.34	-1.01	-1.50
Pre-tax profit	6.72	5.54	7.83	5.05	4.60	6.13
Income tax	1.98	2.03	2.66	1.85	1.82	2.27
Net profit	4.74	3.51	5.17	3.20	2.78	3.86

Trend of Bad Debt on Loans/Total Loans Ratio

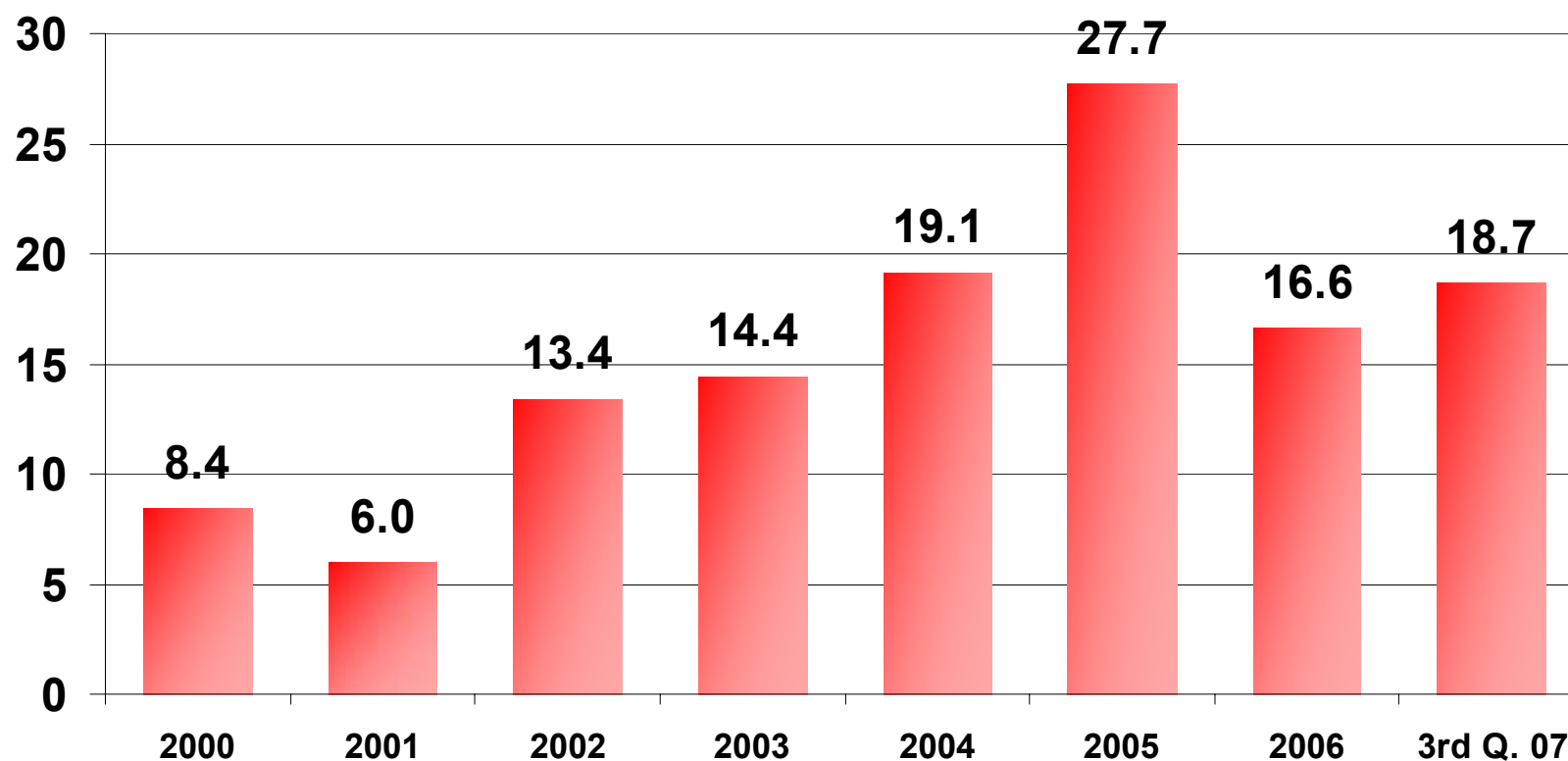
Bad debts on loans/Total loans (%)



ROE Trend

- ◆ 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.

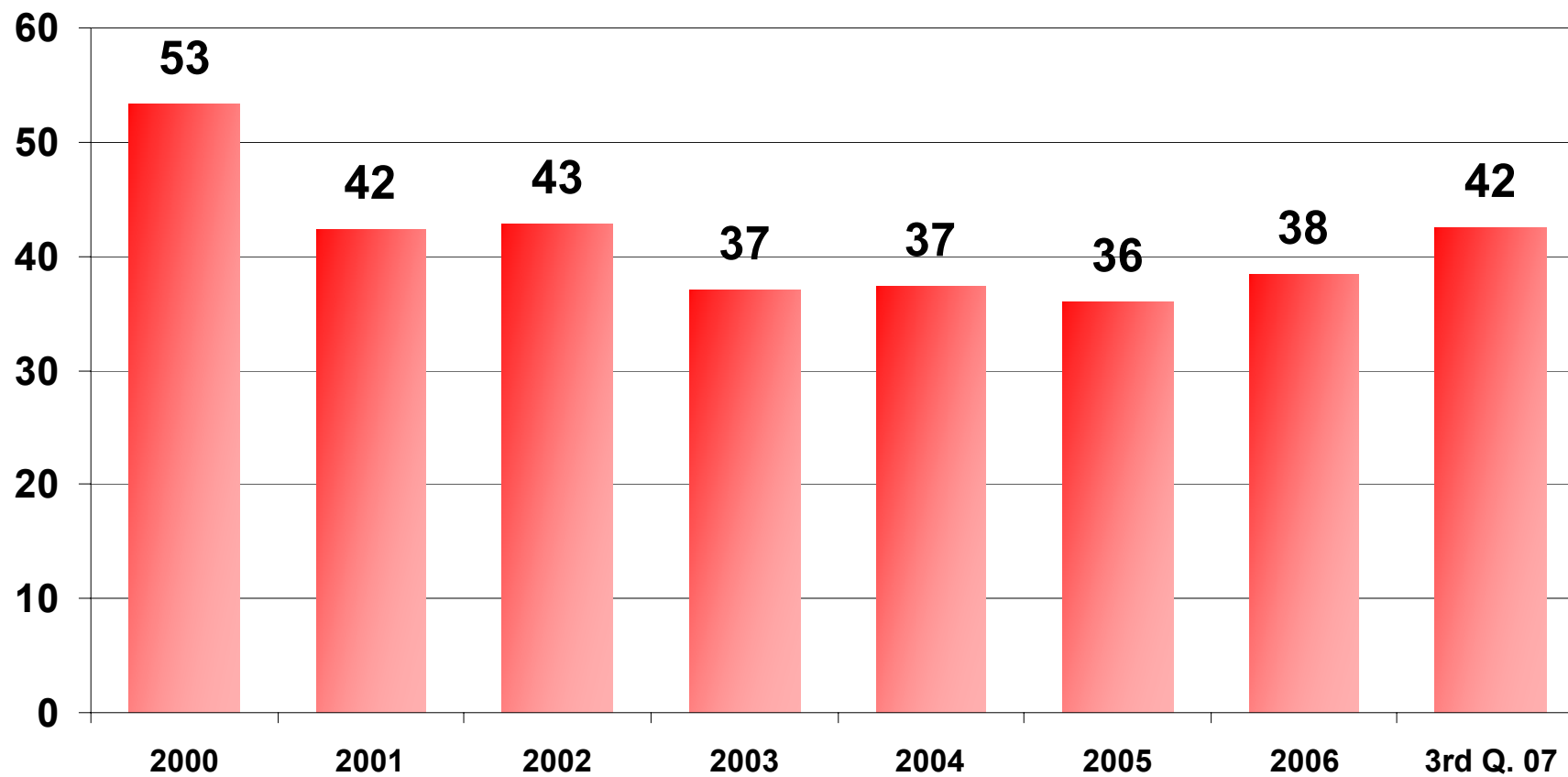
ROE* (%)



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

Cost/Income Ratio Trend

Cost/Income Ratio (%)



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Description of the Group

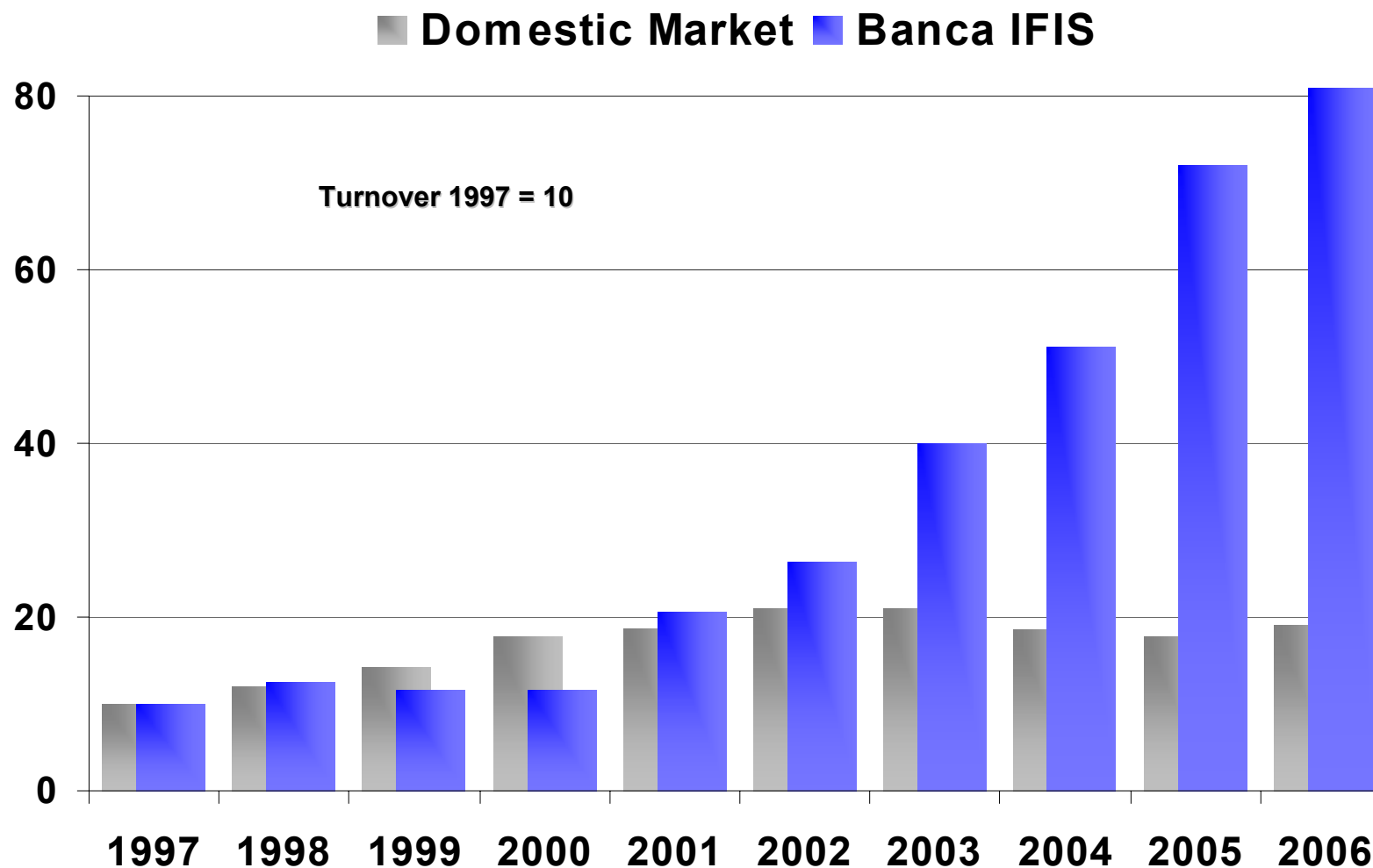
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Strategies: Turnover Trend



◆ This graph shows the growth in the bank's turnover compared to that recorded for the sector in the last 10 years

Short term evolution of credit market

- ◆ After years of “easy credit”, the market will ask for higher premiums for higher risks and will ration credit.
- ◆ The more fragile companies will be the hardest hit but the requirement for greater spread will also penalise stronger clients and will even, albeit in a more limited manner, affect interbanking relationships.
- ◆ The use of asset-based instruments such as factoring, allowing the containment and control of risks, will be excellent in moments such as these.
- ◆ A scenario that takes into account the discrimination of credit risk goes without saying; as such, it is probable that the level of liquidity that the market is used to will not return soon.

Strategies: Short Term

- ◆ Valorise the business model specifically in favour of SMEs.
- ◆ Revaluation of risk/return trends in all relationships with clientele so as to optimise margins in a market context which permits significant interventions.
- ◆ Maintenance of short/very short–term duration of receivables portfolio.
- ◆ Diversification of funding sources:
 - ✓ unbundling;
 - ✓ moderate extension of duration;
 - ✓ movement towards clear and transparent asset-based formulas.

Strategies: Short Term

- ◆ Significant further increase in the number of active, domestic clients (about 1,750 today) maintaining profitability through:
 - ✓ Significantly strengthening the sales network;
 - ✓ Individuating segments and areas poorly catered to by other forms of financial or management support;
 - ✓ Multi-channel distribution;
 - ✓ The opening of further new branches.

- ◆ Strengthening of operations in France and Poland, opening of offices in Romania and Hungary and selection of new markets.

- ◆ Perfection of available instruments for the selection of credit and the monitoring of clients.

Strategies: Medium/Long Term

- ◆ Domestic territorial coverage with 'light' sales offices.
- ◆ Boosting of international network, necessary to develop strong international growth.
- ◆ Progressive increase in the non-recourse operations (higher return ↔ containment of the portfolio risk).
- ◆ Integration of products offered to the clients through the distribution of third party products (e.g. M/L term financing, commercial finance and other financial services for enterprises).
- ◆ External growth ONLY IF ADVANTAGEOUS and IDEAL FOR VALUE CREATION.
- ◆ Integration with client/debtor IT systems.
- ◆ First digital certificate factoring platform → technological infra-structure.

Strategies: Internationalisation

How to develop the internationalisation strategy:

- 1) Direct presence in economically advanced EU countries;
- 2) Direct presence in emerging countries serving local enterprises with debtors in the Euro area.



Creation of a network providing financial support where business relations have been established between emerging countries and those that are financially more developed and/or between developed countries where particular niche markets are present.



This network serves as a guarantee to risk assessment.

Strategies: Markets of potential interest

DEVELOPED COUNTRIES

Germany?

France

Spain?

DEVELOPING COUNTRIES

Oriental Europe

Poland

Hungary

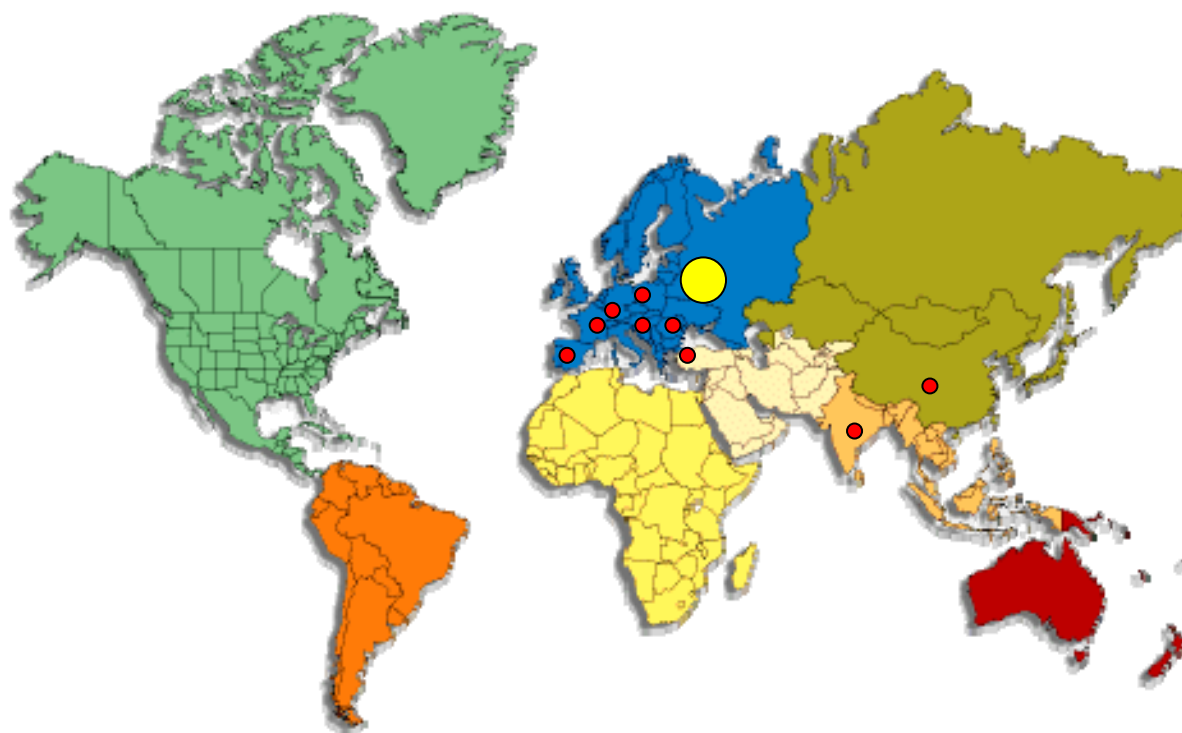
Romania

Turkey?

China?

India?

NETWORK



Strategies: Objectives

Summary of main points:

- ◆ **Focus on internal growth** – the best element for the creation of value;
- ◆ **Maintenance of profitability levels** achieved through constant attention to the quality of the receivables portfolio;
- ◆ **Valorisation of the business model** in Italy and abroad and innovation of services offered;
- ◆ **Internationalisation** in order to take advantage of new business opportunities in new markets.

Strategies: Exogenous factors – Funding costs

A variation in market interest rates has a substantially neutral effect on the bank's accounts.

- ◆ Immediate shifting of variation to the client: the rates applied are indexed to Euribor (total indexation was achieved during 2006).
- ◆ The remuneration of deposits is indexed to Euribor, with the exception of the Convertible Bond Loan that is at a fixed rate of 4.375% (> 7% of funding).

Strategies: Exogenous factors – Increase in spread

For Banca IFIS, the increase in spread will lead to:

An increase of **10/20 bps** on funding.



but...

An increase of **80/120 bps** on lending.

Strategies: Exogenous factors – the sales network

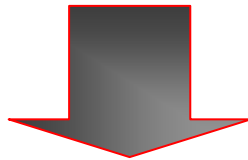
High level of loyalty in the sales network:

- ◆ Extreme attention to human resources.
- ◆ Considerable variable remuneration.
- ◆ “Revolving” annual stock option plan, exercisable up to 2011. The Board of Directors will decide for the future but the logic of long-term loyalisation remains firm.

Strategies: Exogenous factors – the clientele

High level of client loyalty:

◆ In complete consistency with the business model, Banca IFIS is the only factoring operator that assumes the credit risk at Headquarters but delegates the management of relations with clientele to the offices spread out over the territory. This represents a strength for Banca IFIS and is one of the critical points regarding competitors. The client is very attentive to the service and **it is not possible** to provide quality services to a large number of clients from Headquarters alone.



A high level of professionalism and skills are required in the local branches, set up by Banca IFIS over the last 10 years of the business model development

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Market rationale: Own equity

At the end of 2005, Banca IFIS increased capital for the following reasons:

To adequately support growth in assets;

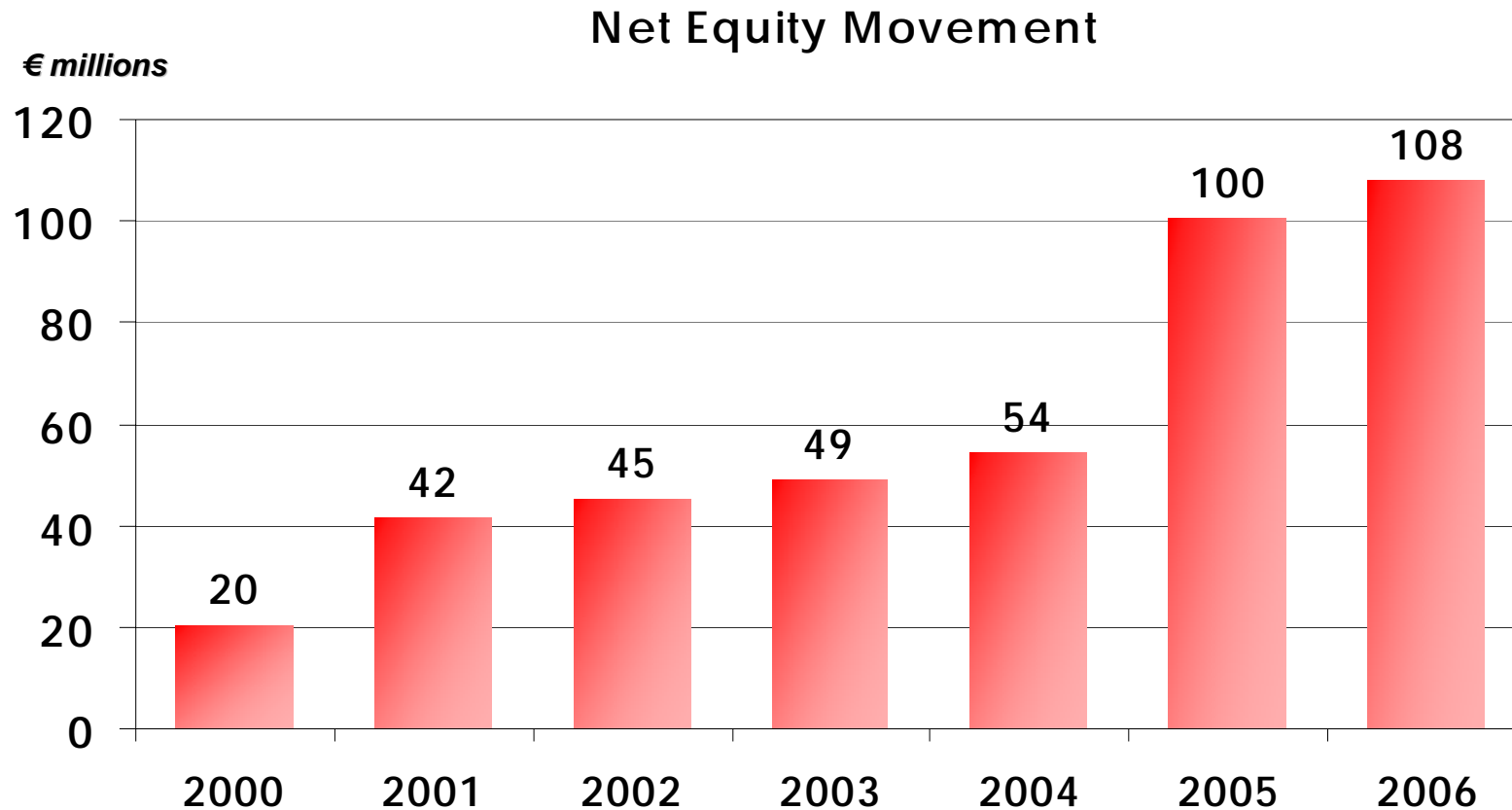
Not to support acquisitions;

External growth will take place only in the face of good opportunities, favourable economic and financial conditions and where the new business can be integrated with existing business;

Activate a more expansive dividend policy.

Market rationale: Net Equity

- ◆ At 30 September 2007, Banca IFIS's Share capital amounted to 29,061,212 Euro, represented by 29,061,212 shares.
- ◆ As at 30 September 2007, NET EQUITY equalled 109 million Euro.



Market rationale: Forecasted Net Equity

Hypothesizing:

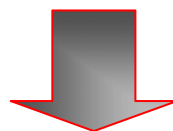
The exercising of stock options;

The exercising of warrants in 2008;

The conversion of the convertible bond in 2009;

An increasing rate of profitability in line with the bank's expectations;

A pay-out in line with last year.



**Net equity at 31 December 2009
is estimated at between 220/240 million Euro.**

Market rationale: Regulatory capital and the solvency ratio

Regulatory capital amounts to 98 million Euro and is made up as follows:

- ◆ Core Tier 1: 97.72 million Euro
- ◆ Core Tier 2: 37 thousand Euro

Average weighted risk ratio on receivables due from clients: 80%

The solvency ratio:

- ◆ Solvency ratio at 30/09/2007: 12.0%

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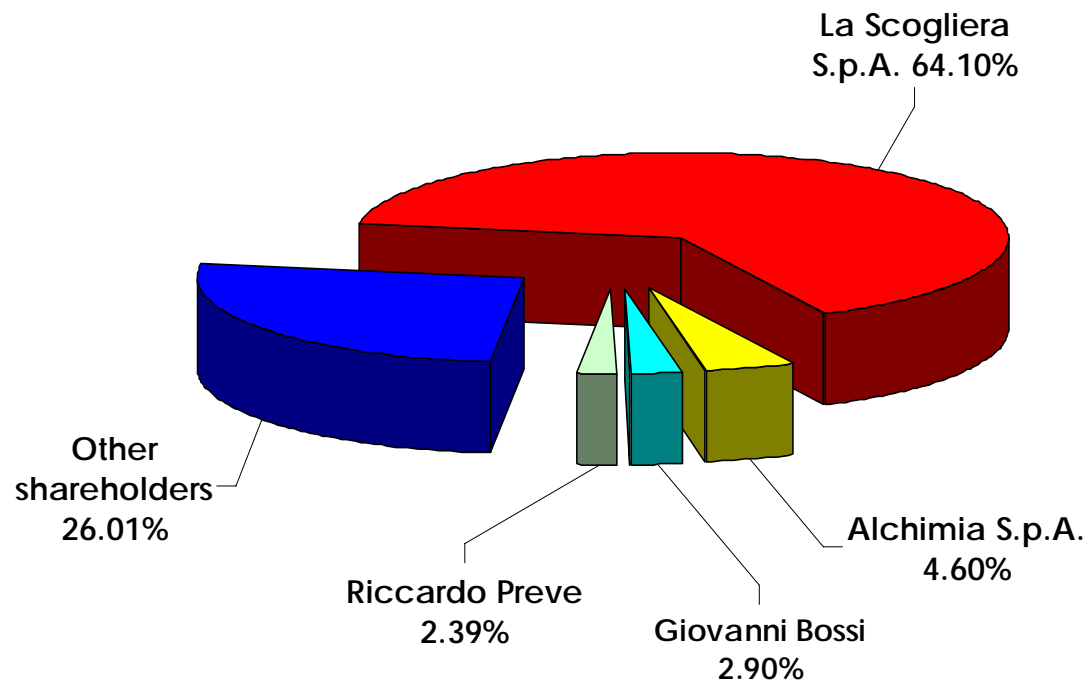
Market rationale

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Shareholders and Governance: Share capital composition

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

Composition of share capital:



Date as at 9 October 2007