



May 2008

## Highlights

The Factoring Market and Group Positioning

Strategies

Consolidated Financial and Economic Data

Attachments

# Highlights: Large Reference Market

Italian factoring market

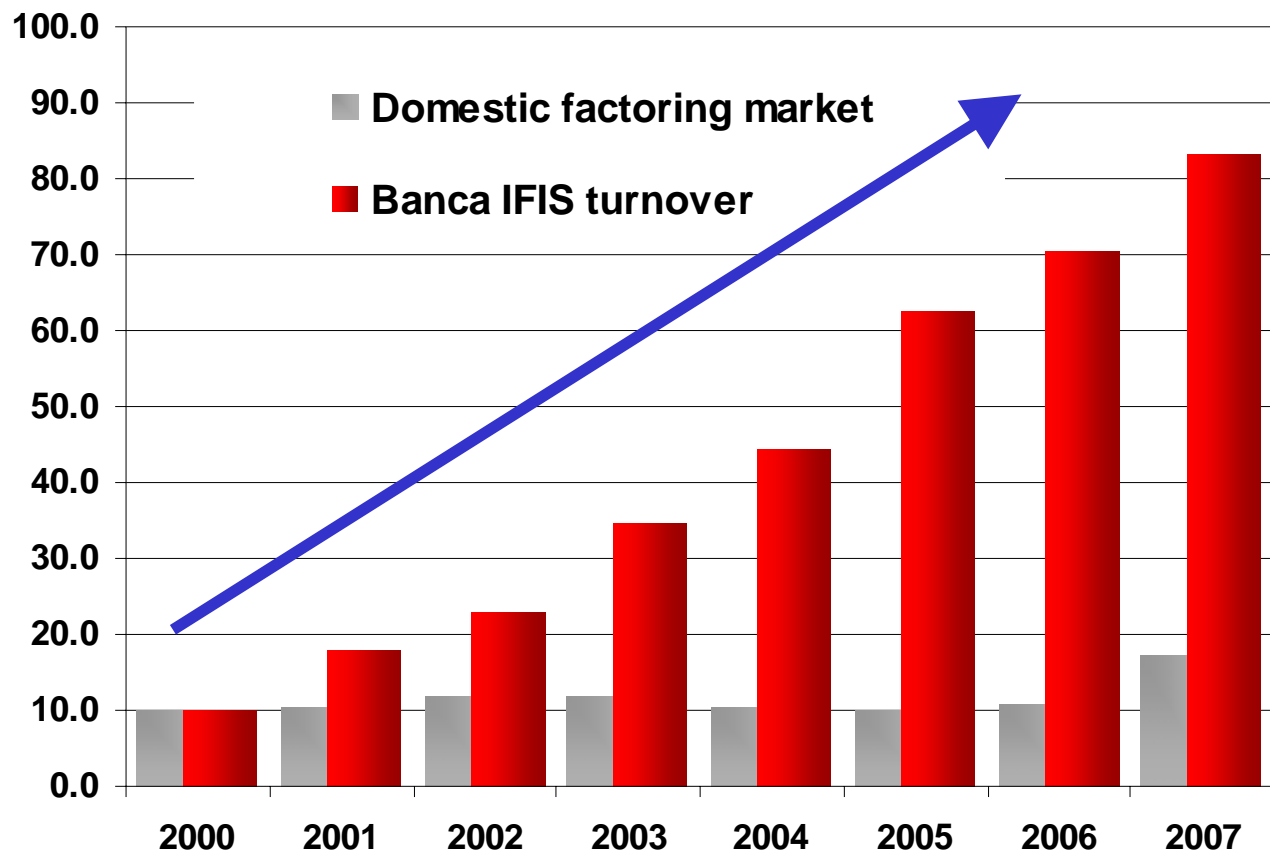
Turnover in Italian factoring market 2007 equal to about 109.1 billion Euro (Source - Assifact); Loan commitments equal to 24 billion Euro (Banca IFIS estimation).

+

Italian short term commercial finance market

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

# Highlights: Higher Growth than Market



Market  
CAGR  
2000-2007

**+ 8.0%**

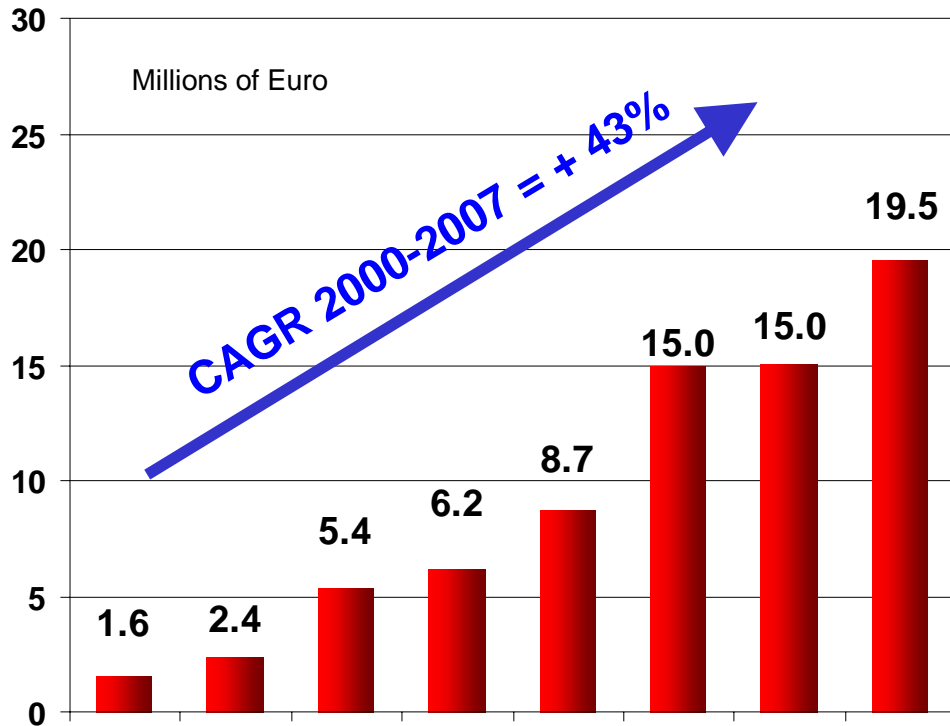
Banca IFIS  
CAGR  
2000-2007

**+ 35.3%**

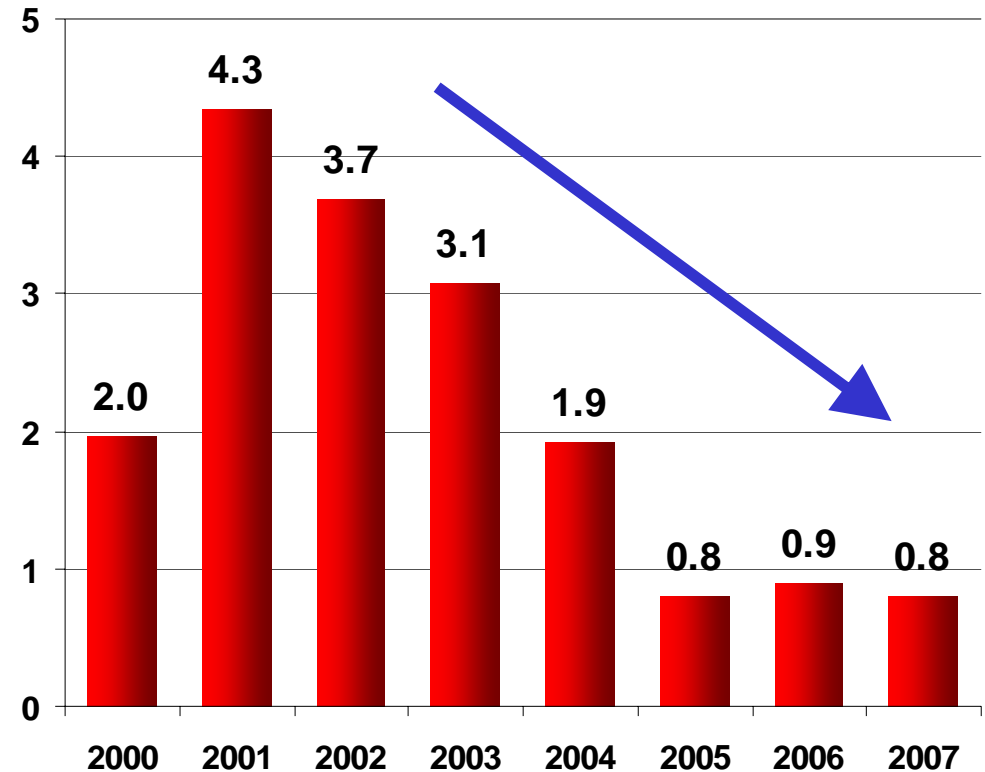
Note: Figures for 2000 equal to 10  
Turnover: Amount of receivables purchased by the company

# 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

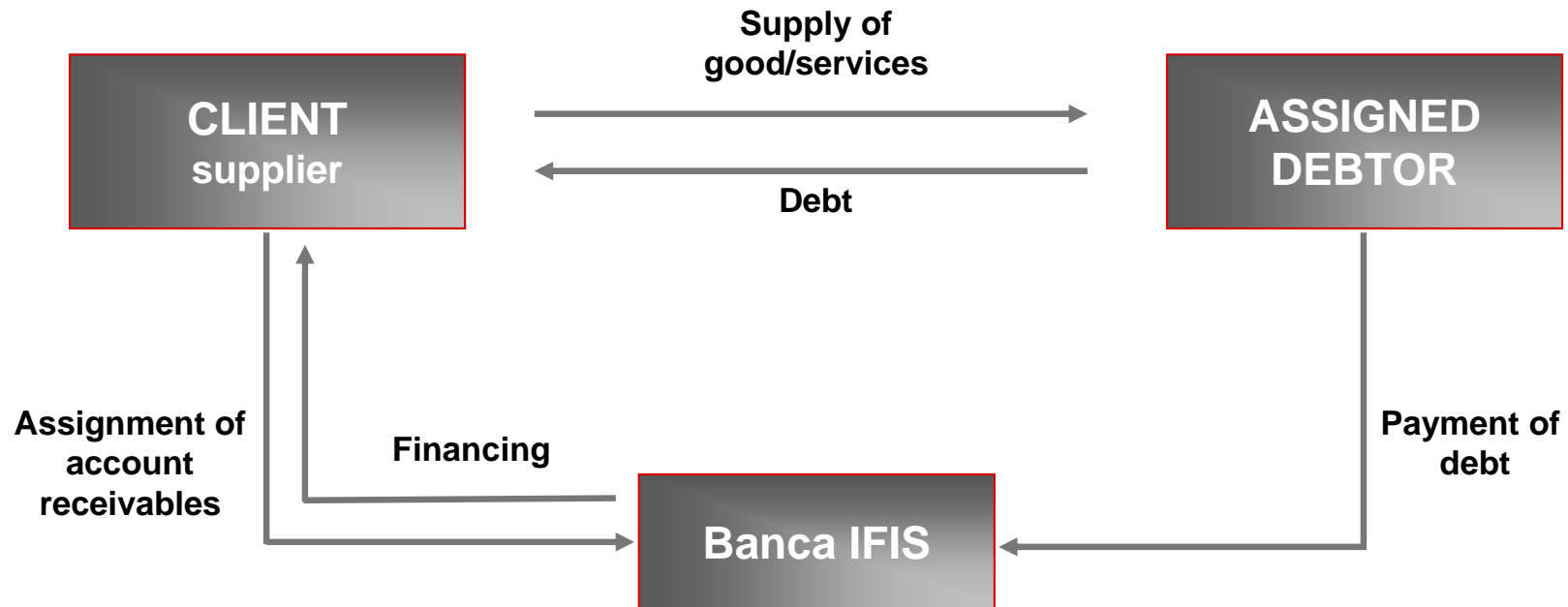
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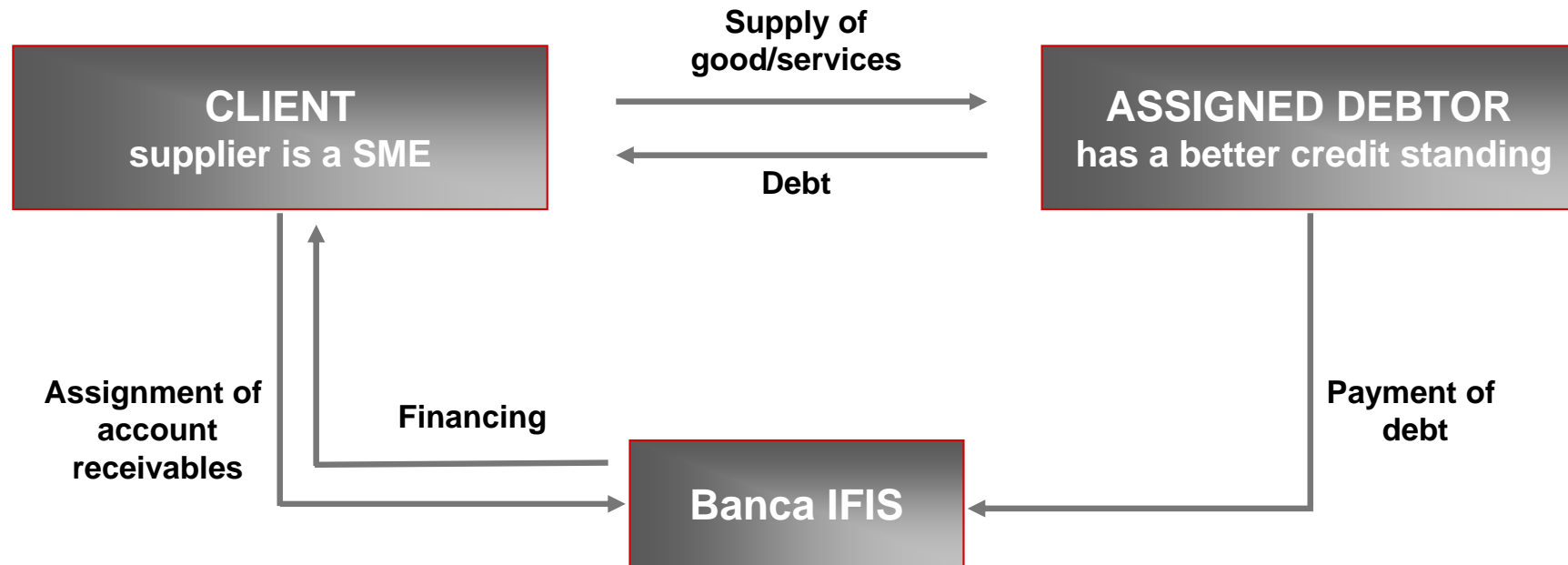
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# What is factoring?



- ◆ The client can gain quick access to credit for its liquidity needs
- ◆ A flexible tool that “educates” the client to a better management of working capital

# What is factoring for Banca IFIS?



- ◆ The **current economic scenario**, with a high sensitivity for credit risk, encourages Banca IFIS business model
- ◆ Banca IFIS business model configures the **application of economic condition to supplier** (SME) while transferring **the risk** on a company (assigned debtor) of a better credit standing



# 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**

**Group factoring**

**Captive factoring**

**Asset based  
business model**

# The Factoring Market and Group Positioning (continued)

## 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

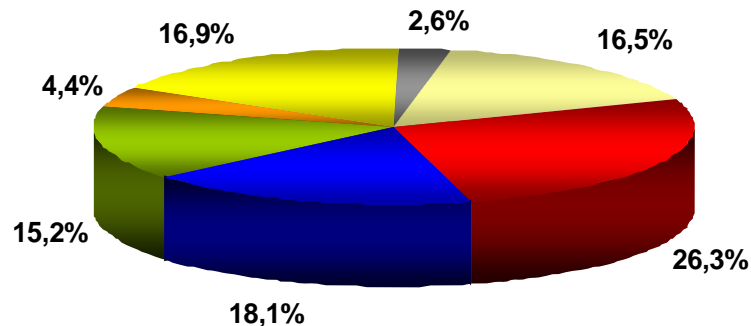
- **The assigning enterprises** are not usually of a significant size.
- **The assigned debtors** must be of a good credit standing.
- **Portfolio** of assigned receivables is not necessarily of high value and is often concentrated.
- **Analytical assessment** of the portfolio.
- **Advances** are assessed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

Banca IFIS

# 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

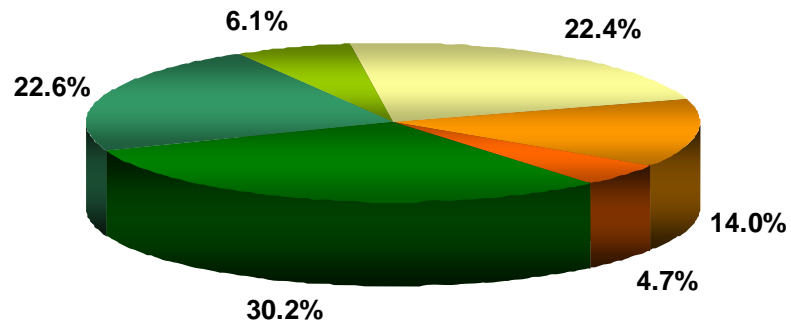


## Classes by Turnover

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.

# Products and Activity of the Group: The Sales Structure

- ◆ In the branches work **71 sales** constituting **the largest specialised network**. 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.

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# Strategies: The Guidelines

***“From a specialized bank to a relationship-based bank for SMEs”  
capitalising stage cyclical market***

1. Internal growth in core business

2. Internationalisation of core business

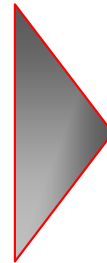
3. Widening the range of products offered

4. Expansion in funding sources

# Strategies: The New Model

## Transaction-based bank

- ◆ Perceived as product specialist for SMEs
- ◆ Relationships with the client necessary to conclude factoring operations and, as such, end with the operation
- ◆ Profitability focused on 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 relationship manager
- ◆ Profitability focused on overall relationship with client through diversification of product

# Strategies: 1. Internal growth of core business

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



## Strategies: 2. Internazionalisation of core business

### Lines of development: next steps

- ◆ Opening of a factor in Romania, within the first few months of 2008, replicating action taken in Poland (110 M. turnover in start-up year, with forecasts of double that for 2008)
- ◆ Kick off of the Paris branch operations, within the first months of 2008
- ◆ Small/medium acquisitions of companies in Central European countries and/or companies compatible with Banca IFIS operations
- ◆ Membership of Factors' Chain International as an Italian interlocutor by excellence

**Factoring, which allows and requires an approach to risk asset based instead concentrated on the customer, has enormous room for growth in countries with medium economies industrialization and financialisation**

## Strategies: 3. Widening the range of products offered

### Products/Services for the new policy of cross-selling and customers retention:

- ◆ **Distribution of leasing (agreement with Centro Leasing Banca for alla 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 completion of the offer**

# Strategies: 4. Expansion in funding sources

## Banca IFIS's financial need is short-term:

- ◆ On average, the duration of loans to clients is 110 days
- ◆ Loans to banks are at sight

## According to a further diversification of funding:

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

# Strategies: 2010 Targets

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%

*Targets do not include the effects from the increase in the range of products offered*

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# Consolidated Profit and Loss account: 1<sup>st</sup> Q 2007/1<sup>st</sup> Q 2008

## Consolidated Profit and Loss account

€ thousands	1 <sup>st</sup> Quarter		VARIATION	
	2008	2007	ABSOLUTE	%
<b>Earning margin</b>	<b>14,926</b>	<b>10,467</b>	<b>4,459</b>	<b>42.6%</b>
Net value adjustments on write downs on receivables	(1,263)	-209	(1,054)	504.3%
<b>Net trading result</b>	<b>13,663</b>	<b>10,258</b>	<b>3,405</b>	<b>33.2%</b>
Operating cots	(6,391)	(4,720)	(1,671)	35.4%
Pre-tax profit	7,272	5,538	1,734	31.3%
<b>Net profit</b>	<b>5,247</b>	<b>3,505</b>	<b>1,742</b>	<b>49.7%</b>

# Consolidated Profit and Loss account 2004 - 2007

## Consolidated Profit and Loss account

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

# Financial Figures: Analysis by Quarter

In 2H07, risk repricing started to show its effects,  
increasing client profitability

## Profitability: Quarterly evolution

€ thousands	2008	2007			
	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q
<b>Earning margin</b>	<b>14,836</b>	<b>15,836</b>	<b>15,008</b>	<b>12,407</b>	<b>10,467</b>
Profit (loss) from sale or buyback of:	-	-	1,515	1,070	-
a) available for sal financial assets	-	-	1,515	1,070	-
<b>No. of Clients</b>		<b>1,917</b>	<b>1,775</b>	<b>1,744</b>	<b>1,547</b>
<b>Adjusted earning margin</b>	<b>14,836</b>	<b>15,836</b>	<b>13,493</b>	<b>11,337</b>	<b>10,467</b>
<b>Earning margin/Turnover</b>	<b>2.07%</b>	<b>1.73%</b>	<b>1.77%</b>	<b>1.50%</b>	<b>1.46%</b>

◆ 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

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



# Consolidated Balance Sheet 2004 – 1<sup>st</sup> Q 2008

## Consolidated Balance Sheet

€ millions	PERIOD				
	31/03/08	31/12/07	31/12/06	31/12/05	31/12/04
Due from banks	135.1	312.1	267.3	128.8	13.90
Due from clients	896.3	923.1	783.0	710.9	468.20
Fixed assets	35.3	34.7	31.0	24.3	18.80
Other assets items	6.7	5.5	11.3	12.7	7.80
<b>Total Assets</b>	<b>1,073.3</b>	<b>1,275.3</b>	<b>1,092.6</b>	<b>876.7</b>	<b>0.36</b>
Due to banks	827.5	1,010.4	836.4	627.0	295.80
Due to clients	40.8	57.8	82.6	93.9	103.42
Outstanding shares	36.6	36.1	42.7	35.5	41.36
Shareholders' equity	137.3	134.0	108.3	103.3	54.24
Other liability items	31.3	37.1	22.7	20.0	13.80
<b>Total Liabilities</b>	<b>1,073.3</b>	<b>1,275.3</b>	<b>1,092.6</b>	<b>879.7</b>	<b>0.36</b>

# Consolidated Financial Figures : Funding

- 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
- Weighted average cost of funding is 16 bps higher than the average of the Euribor 3M in the same period

# Consolidated Financial Figures: Net Equity

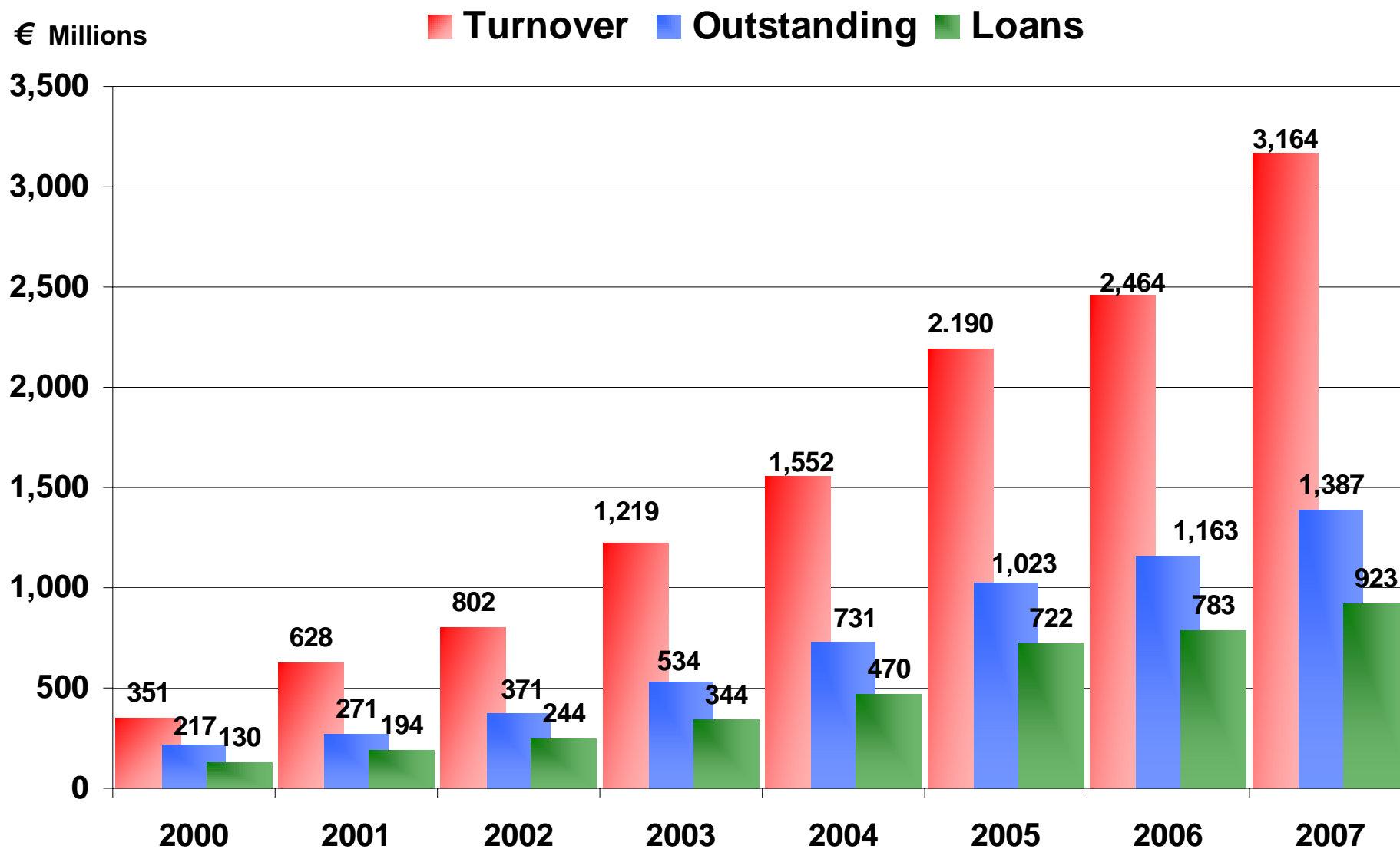
**Actual no. of shares: 31,260,482**

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

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

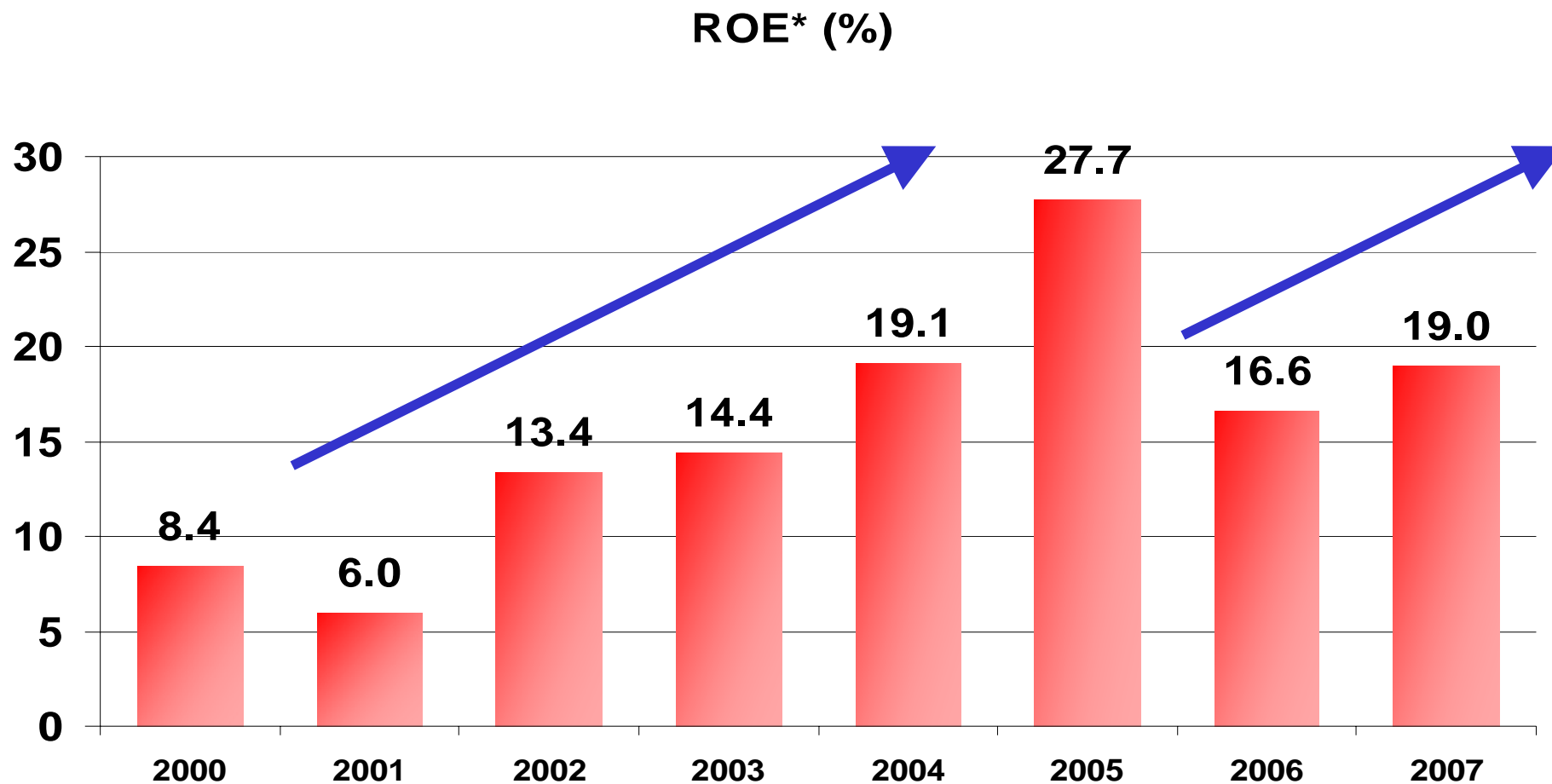
**Net Equity  
as at 31 December 2009  
is estimated at between 220/240 million Euro**

# 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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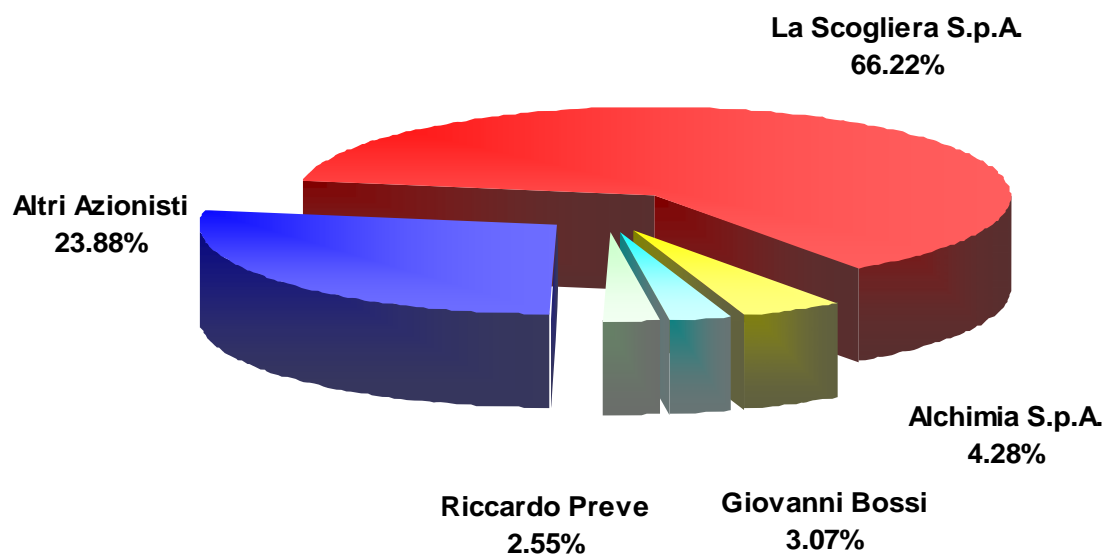
# History: Banca IFIS Milestones

- 1983** The company, I.Fi.S. - Istituto di Finanziamento e Sconto S.p.A. -, was incorporated.
- 1989** IFIS shares received listing admission 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, 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 14 May 2008

## 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

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

# 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
<b>86,63</b>	<b>86,63</b>	<b>SCORE DI SINTESI</b>	<b>32,42</b>	<b>32,42</b>
<b>C</b>	<b>C</b>	<b>RATING DI SINTESI</b>	<b>A</b>	<b>A</b>

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

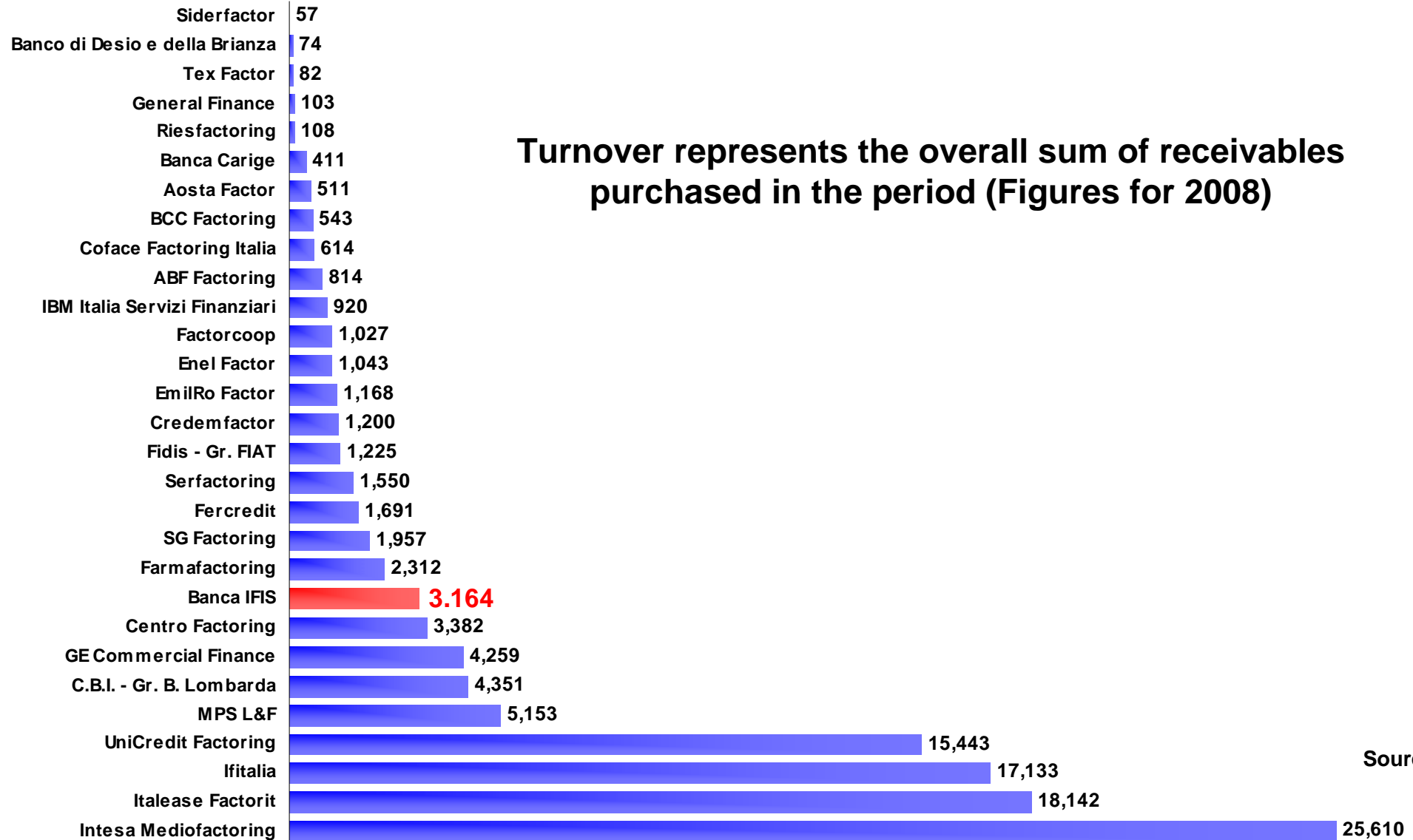
Rating Operazione Semplice

SCORE OPERAZIONE SEMPLICE: **54,92**

RATING OPERAZIONE SEMPLICE: **BB**

# The Factoring Market and Group Positioning (2008)

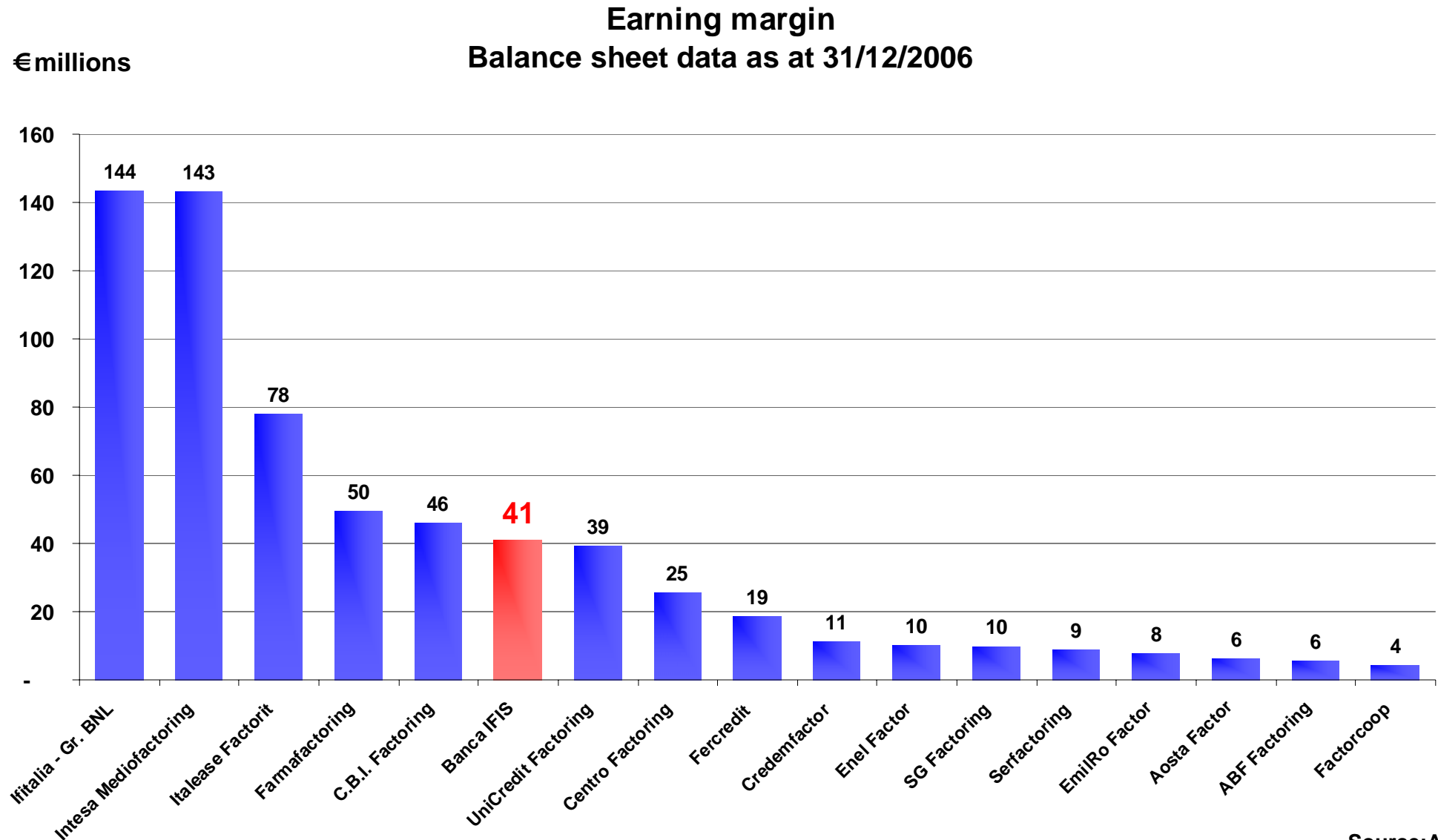
€ millions



Turnover represents the overall sum of receivables purchased in the period (Figures for 2008)

Source: Assifact

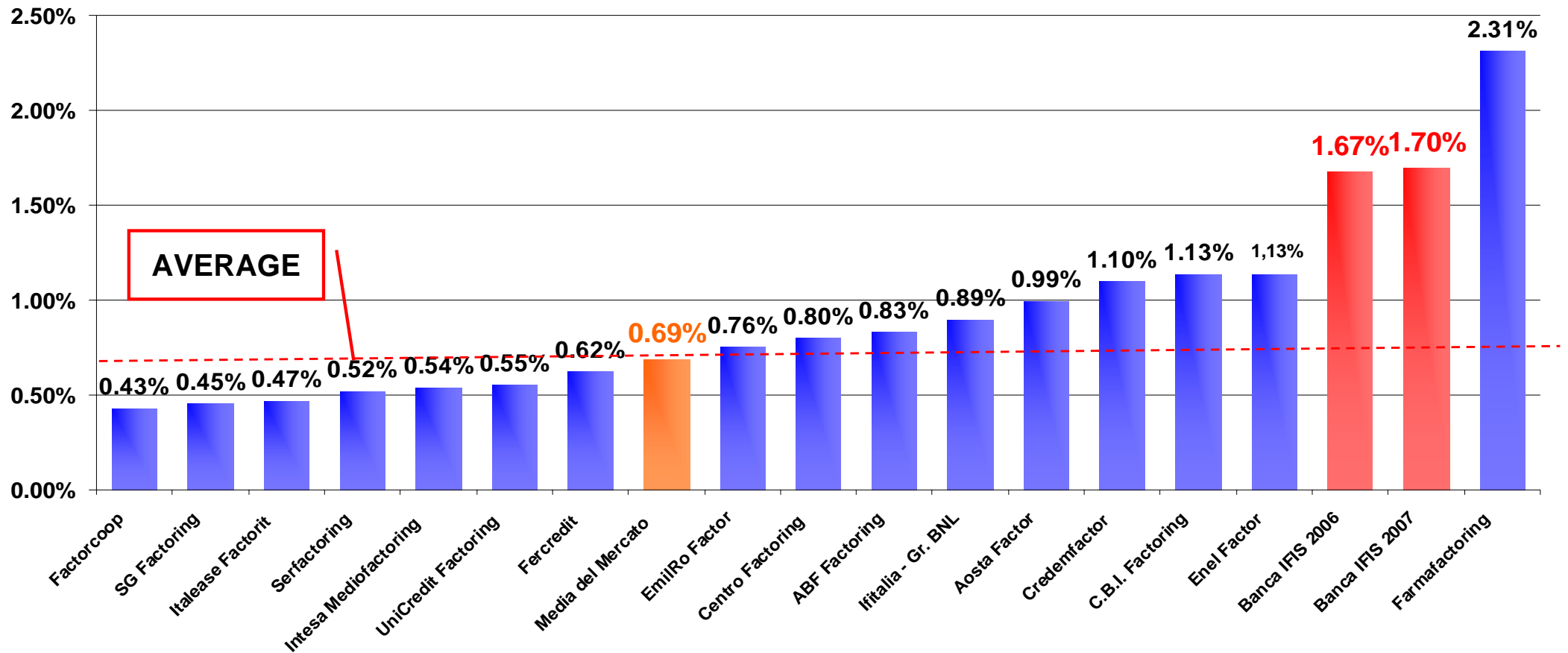
# The Factoring Market and Group Positioning



Source: Assifact

# Positioning of the Group in terms of Earning Margin on Turnover

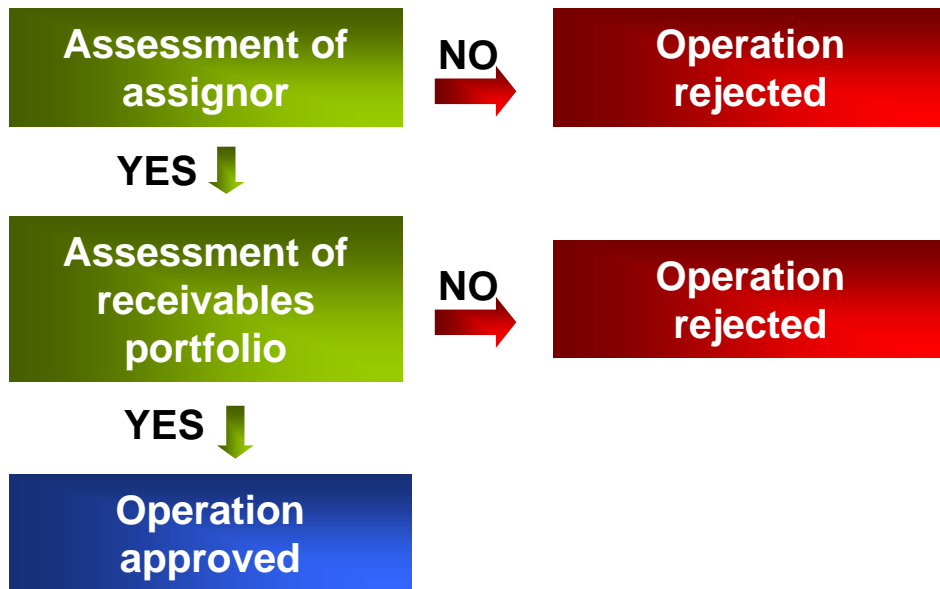
**Earning Margin/Turnover**  
Year 2006



Source: Assifact

# Risk Assessment in Factoring: The Different Approaches

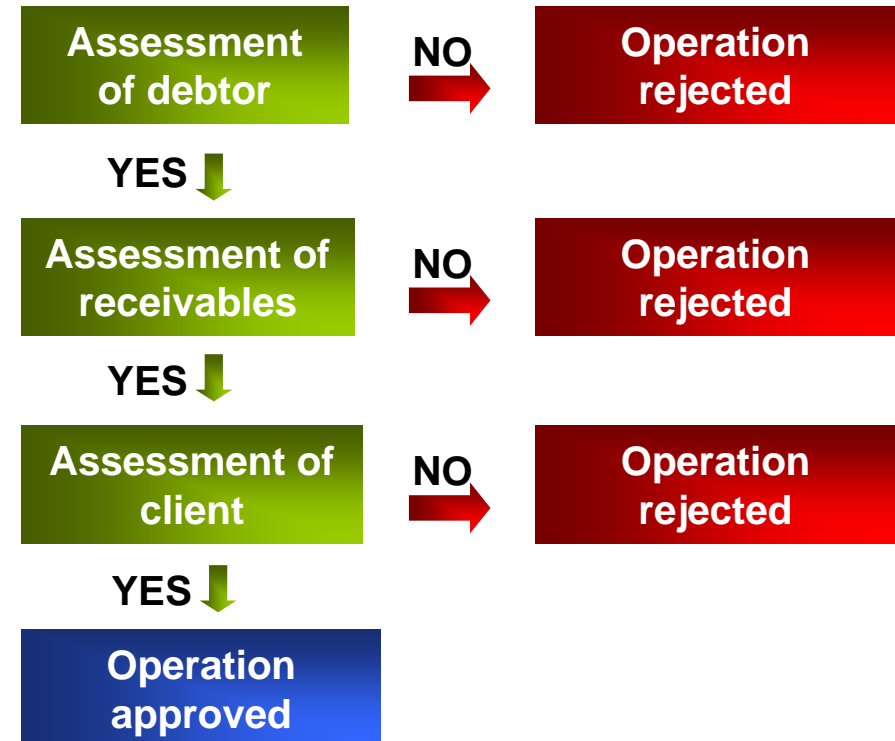
## Traditional risk assessment



Focus on ASSIGNOR

## Banca IFIS risk assessment

### The 3 pillars of risk assessment



Focus on DEBTOR