

FITCH UPGRADES BANCA IFIS' LONG-TERM AND INDIVIDUAL RATINGS; OUTLOOK STABLE

Fitch Ratings-London/Milan-10 February 2006: Fitch Ratings has today upgraded Italy-based Banca IFIS' ratings to Long-term 'BBB-' (BBB minus) from 'BB+', Short-term 'F3' from 'B', and Individual C' from 'C/D'. At the same time the agency affirmed the bank's Support rating at '5'. The Outlook is Stable.

The upgrades of the Long-term, Short-term and Individual ratings reflect Banca IFIS' strengthened capital base following the successful issue of fresh capital during Q405. Following the capital increase in Q405, Banca IFIS' total equity reached around EUR100 million at end-2005, up from EUR60m at end-June 2005. The upgrades also consider the bank's good record in managing fast growth while generating sound profit and maintaining asset quality. However, Fitch notes that the bank's ratings remain constrained by its relatively small size and by its operations as a niche factoring bank, which limits income diversification and makes the bank potentially vulnerable to increasing competition. In addition, Fitch considers the bank's expansion to date managed prudently, but notes that the fast pace of growth, which will increasingly include growth outside Italy, could give rise to operational and business risks.

Banca IFIS is a small bank providing factoring services to predominantly Italian small- and medium-sized companies. Based in Mestre in north-east Italy, Banca IFIS has operated as a bank since 1 January 2002, and has since expanded its activities at a rapid pace. The bank considers factoring as an alternative means of providing financing to its clients, which reduces the bank's credit risk exposure given the collateralised nature of this type of lending. The bank has demonstrated a good performance record, generating an annualised return on equity of just under 25% in the first three quarters of 2005.

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