



**1<sup>st</sup> Q. 2009**

Chief Executive Officer **Giovanni Bossi**

## Highlights

Strategies and Business Plan

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 with a better credit standing**
- **Attentive management of the enterprise risk**

## ... the impact on Banca IFIS

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

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

## ◆ Particular characteristics of Banca IFIS

- 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 = 130 days) that is liquid and also reliable (Core Tier 1 at 1st January 2009 = 10.4%; Ratio of net equity to total assets = 11.4%)

## ◆ Actions taken to diversify funding

- The first programme generating assets eligible with the Eurosystem from credit deriving from ordinary activities (overall total equal to 280 million Euro) was completed in October 2008
- Retail funding: Rendimax, a high interest savings account, has been successfully launched

**Banca IFIS continues to operate in line 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
- ◆ High growth and profitability, as history shows
- ◆ Total coverage of Italian territory
- ◆ Close relation between sales force and territorial offices

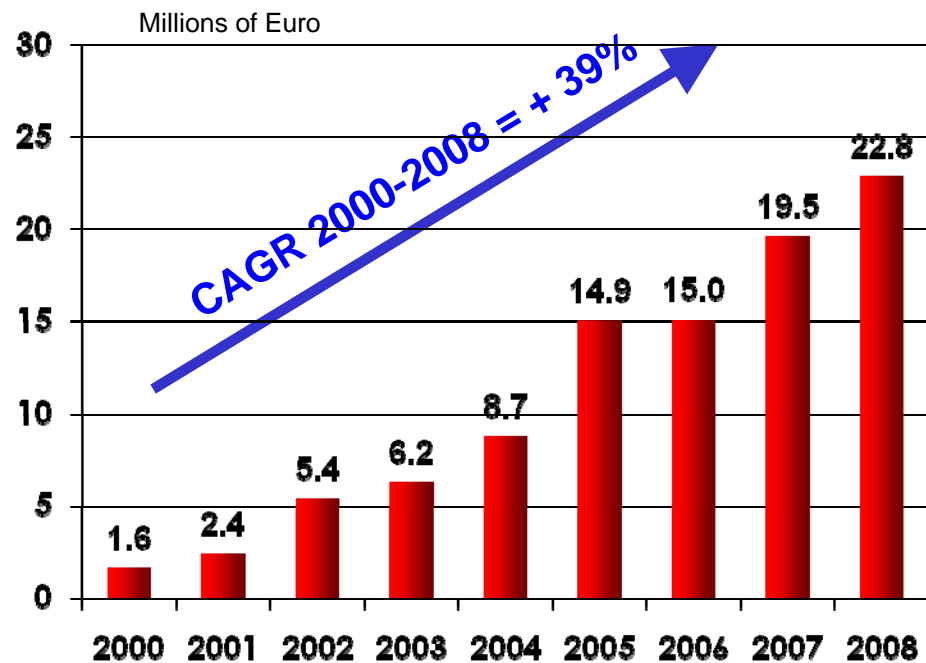


## ... with high growth opportunities based on

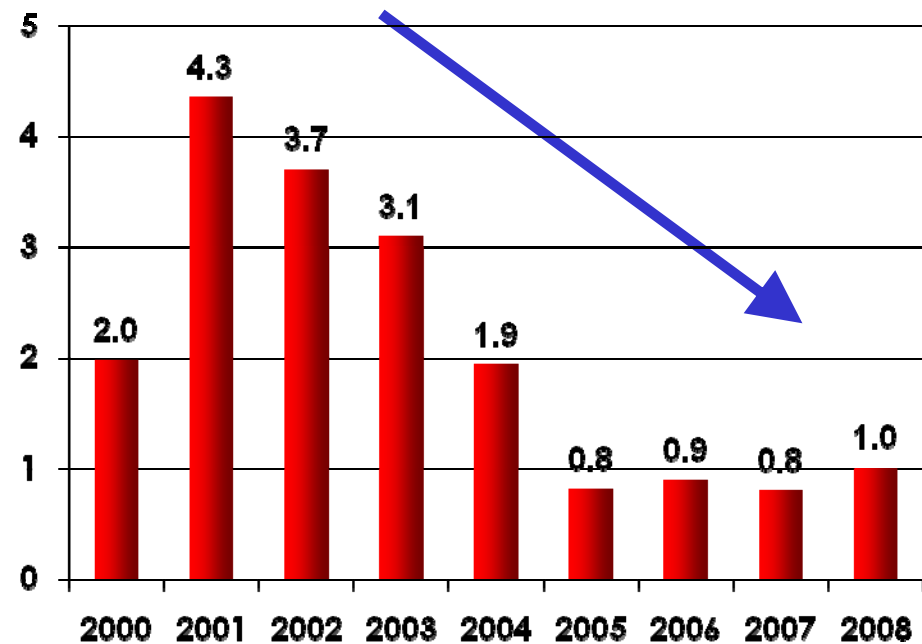
- ◆ Strong request for services from enterprises
- ◆ Low competition levels
- ◆ Excellent capital structure: tier 1 equal to 10.4%
- ◆ Easy access to financial resources
- ◆ Cross selling opportunities
- ◆ External growth: a lot of opportunities but only if compatible with the business model
- ◆ Strong growth through the internal sales structure
- ◆ Strong growth despite the present economic scenario

# 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 2009 – 2011 Business Plan

The guidelines for the execution of the 2008 – 2010 Business Plan have been confirmed:

- ◆ Evolution of the bank's model from being a bank specialised in factoring to being a relationship-based bank satisfying the financing and service needs of SMEs
- ◆ Growth in core business by further strengthening the distribution network and by new agreements with territorial and local banks as well as banks belonging to Groups without a specialist operator within the Group
- ◆ Extension in the range of products offered: After the distribution of leasing, the distribution of insurance products for enterprises and entrepreneurs, as well as medium-term financial products, is presently under evaluation
- ◆ Further optimisation of the bank's funding sources: after achieving direct access to the Eurosystem, a buffer of available and immediately liquidable reserves will be set up, also in order to keep up with the growth in on line funding realised with Rendimax
- ◆ The internationalisation process has been slowed down in order to take into account the present market context in target countries



# 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

- ◆ Perceived as a factoring specialist for SMEs
- ◆ Relationships with the client are necessary to conclude factoring operations and, as such, end with the operation
- ◆ Focus on the profitability of each individual operation



## to a relationship-based bank

- ◆ Perceived as the answer to SMEs every financing and service need
- ◆ Relationship with the client is the most important element: clients are taken care of by a relationship manager
- ◆ 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 branches and territorial offices: number of offices expected to grow from 23 (14 branches and 9 territorial offices) in May 2009 to 32 at the end of 2010
- ◆ In-house recruitment and selection and training of the sales staff
- ◆ Agreements with banks belonging to Groups without specialist operators
- ◆ Agreements with banks (cooperative banks and local banks) spread out over territory

**Focus on clients with receivables due from the Public Administration: Banca IFIS is the best specialised operator to resolve problems of late payment by the Public Administration. To date, the Public Administration is counterparty to 28% of all receivables managed. Banca IFIS intends to expand further within this segment**

## 2. Internationalisation of core business

### Lines of development: next steps

- ◆ Continue to work only with counterparties of high standing without any foreign exchange risk
- ◆ Due to worsening in the international economic situation, the opening of a factor in Romania has been postponed until 2010
- ◆ Development of operations in the Paris branch, opened at the beginning of January 2009, with high credit-standing counterparties from commercial relationships already consolidated in Italy
- ◆ Membership in Factors' Chain International as an Italian partner by excellence
- ◆ International Business represents 12% of Banca IFIS's turnover and 5% of its net banking income

**Factoring, which allows and requires an asset-based approach to risk instead of concentrating on the client, continues to provide 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 successfully launched (distribution of Centro Leasing Banca's leasing product throughout Italy)
- ◆ Kick off of the distribution of insurance products for enterprises and entrepreneurs
- ◆ Kick off of the distribution of medium/long term credit (through distribution agreements with specialists) is an integral part of the strategic plan
- ◆ Services for enterprises as support to the active cycle (on line operations, digital signatures, electronic invoicing)

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

## 4. Expansion in funding sources

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

- ◆ Average duration of loans to clients has risen to 130 days both due to the increase in average delays in payment at the due date by debtors and due to the development of the Maturity product (with payment extensions) reserved exclusively for the Public Administration and private debtors of a particularly high credit standing
- ◆ Loans to banks are at sight

### Consistent with diversification of funding:

- ◆ Bilateral relationships with Italian and European banks have been further reinforced
- ◆ Direct access to the Eurosystem through the placing of securities is active
- ◆ The Rendimax savings account has reached 50% of the bank's overall funding; the range of products was enhanced with new fixed deposits

# Rendimax: Banca IFIS's on line savings account

## Stability of funding and consolidation of clientele:

- ◆ The best return on the market for the account holders, aside from promotional offers
- ◆ Introduction of a fixed deposit (from 1 to 9 months) at increasing rates of return

## Reduction of costs:

- ◆ Since 4 May, the effective gross annual rate of return on Rendimax has been 3%. This will allow the bank's cost of funding to be substantially reduced, maintaining the product's positioning in the highest rate of return band

## Simplicity:

- ◆ The choice of simplicity in the Rendimax offer itself and in the relative publicity has proved successful. Low advertising and management costs allows the best returns for Rendimax clients

# Targets for 2011

2008		2011 Targets
Turnover 3.2 billion Euro	▶	Turnover 5 billion Euro
Net banking income/turnover 2.11%	▶	Net banking income/turnover higher than 2%
Cost/Income ratio 43%	▶	Cost/Income ratio less than 35%
Net profit 22.8 million Euro	▶	Net profit +80% /+100%
Core Tier 1 at 10.6%	▶	Core tier 1 higher than 10%

**2011 targets are set on a constant perimeter and are based on the current economic context. Losses on credit have been forecasted to grow considerably in 2009 and then to moderately decrease percentage-wise with respect to commitments with clients**



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# Consolidated income statement 1<sup>st</sup> Q. 2009

## Consolidated income statement

<i>€ thousands</i>	1st QUARTER		VARIATION	
	2009	2008	ABSOLUTE	%
<b>Net banking income</b>	<b>17,331</b>	<b>14,938</b>	<b>2,393</b>	<b>16.0%</b>
Net impairment losses on loans and receivables	(2,181)	(1,263)	(918)	72.7%
<b>Net profit from financial activities</b>	<b>15,150</b>	<b>13,675</b>	<b>1,475</b>	<b>10.8%</b>
Operating costs	(8,453)	(6,403)	(2,050)	32.0%
Gross profit before taxes	6,697	7,272	(575)	-7.9%
<b>Net profit for the period</b>	<b>4,850</b>	<b>5,247</b>	<b>(397)</b>	<b>-7.6%</b>

# Financial figures: Analysis by Quarter

## Profitability: Quarterly evolution

€ thousands	2009	2008				2007			
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net banking income	17,331	17,416	17,895	17,375	14,938	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	-	-	-	(2)	-	-	1,515	1,070	-
No. of clients	2,391	2,293	2,134	2,099	1,987	1,868	1,735	1,678	1,522
Adjusted net banking income	17,331	17,416	17,895	17,377	14,938	15,836	13,493	11,337	10,467
Net banking income/Turnover	2.52%	2.11%	2.20%	2.06%	2.07%	1.73%	1.77%	1.50%	1.46%

Client average 2H 2008 = 2,196; Client average 1H 2008 = 1,984



+ 12.6% circa

Average adjusted net banking income 2H 2008 = €17,656 m. Average adjusted net banking income 1H 2008 = €16,151 m.

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

# Consolidated balance sheet 2005 – 2008

## Consolidated balance sheet

€ millions	PERIOD			
	31/12/08	31/12/07	31/12/06	31/12/05
Due from banks	188.1	312.1	267.3	128.8
Due from clients	1,008.6	923.1	783.0	710.9
Fixed assets	37.7	34.7	31.0	24.3
Other assets items	106.1	5.5	11.3	12.7
<b>Total Assets</b>	<b>1,340.5</b>	<b>1,275.3</b>	<b>1,092.6</b>	<b>876.7</b>
Due to banks	905.2	1,010.4	836.4	627.0
Due to clients	157.9	57.8	82.6	93.9
Outstanding shares	91.4	36.1	42.7	35.5
Net equity	153.1	134.0	108.3	103.3
Other liability items	33.0	37.1	22.7	20.0
<b>Total Liabilities</b>	<b>1,340.5</b>	<b>1,275.3</b>	<b>1,092.6</b>	<b>879.7</b>

## Consolidated financial figures: Funding

- ◆ **Substantial stability in availability: 1,168 million Euro**
- ◆ **Committed medium term lines equal 231 million Euro**
- ◆ **Weighted average duration (on an annual basis) equals 89 days**
- ◆ **Weighted average cost of funding for 1<sup>st</sup> Q. 2009 is 180 bps more than the average Euribor 3M recorded in the same period (spread generated by the rapid reduction in rates)**

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# The factoring market and group positioning



Not only factoring market

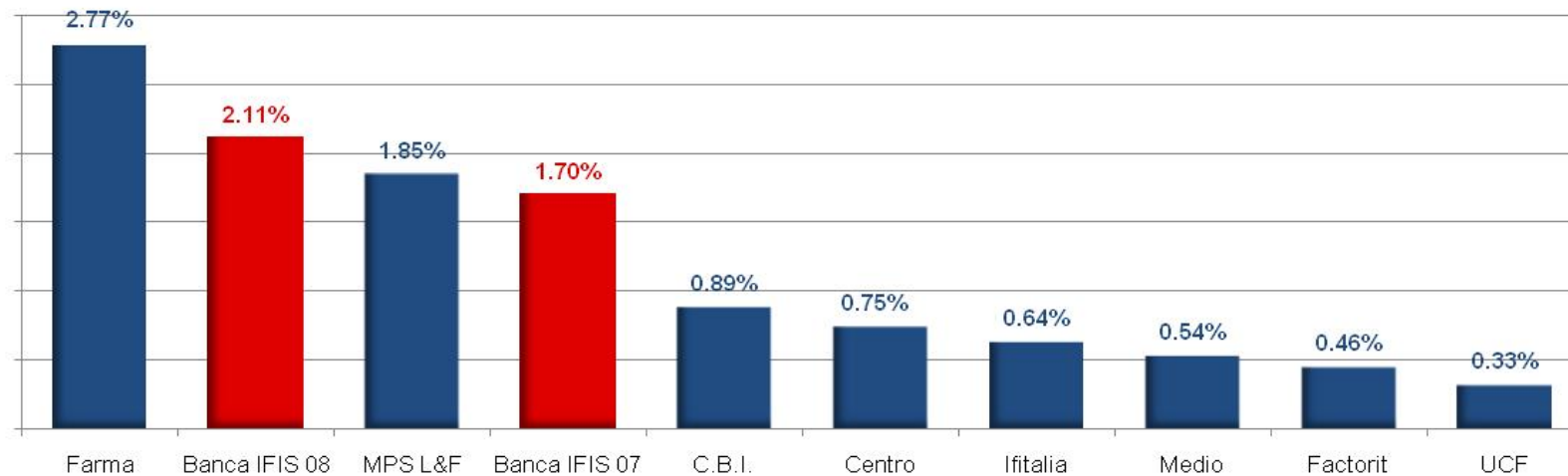
Turnover in Italian factoring market 2008 equal to about 122 billion Euro (source - Assifact); loan commitments equal to 31 billion Euro.

+

But even short term commercial finance market

Italian short term commercial finance market 2008 equal to 340 billion Euro (Banca IFIS estimation based on Bank of Italy figures as at December 2008).

Net banking income/Turnover (2007)



Figures at 31/12/2007



# The factoring market and group positioning (continued)

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

Group logic

Captive factoring  
companies or specialists

- Serfactoring – ENI Group
- Fercredit – FS Group
- ENEL Factor
- Farmafactoring
- Others

Captive logic

Independent operators



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


# The sales structure

- ◆ **96 sales staff** work in the 14 branches and the 9 territorial offices that, 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 2008, agreements with brokers and local banks generated 21% and 3.3% of total Turnover respectively.

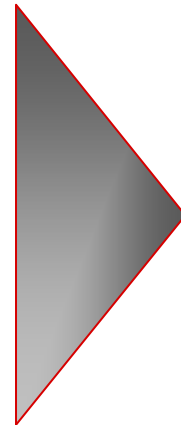
40 commercial agreements with banks

4 agreements with the “Confederazioni di Banche di Credito Cooperativo”

200 agreements with brokers and other intermediaries

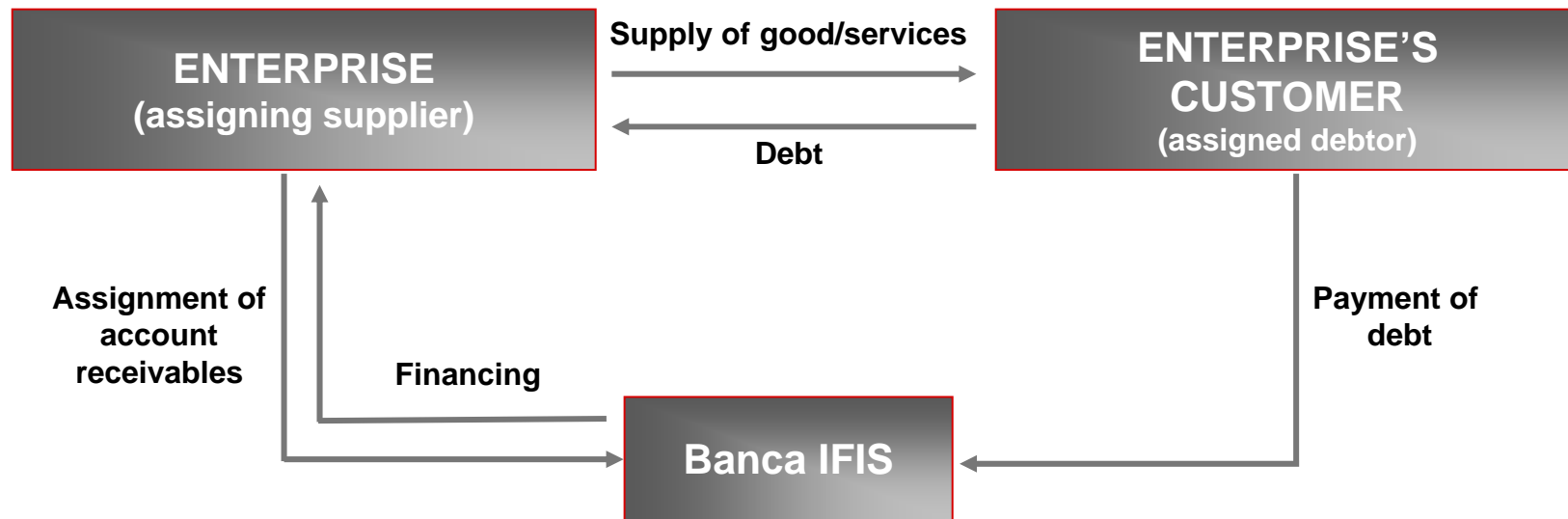
16 agreements with institutional debtors

15 agreements with trade unions



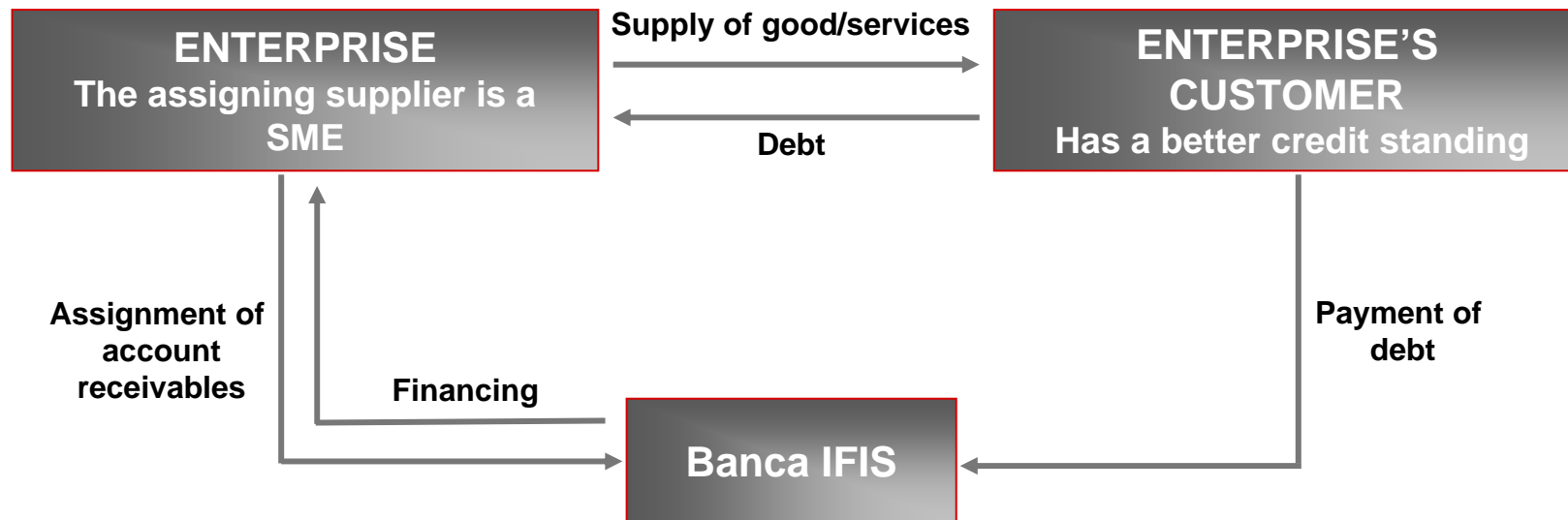
All refer to the local offices  
and  
receive 30-40% of the bank's  
factoring commission

# 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

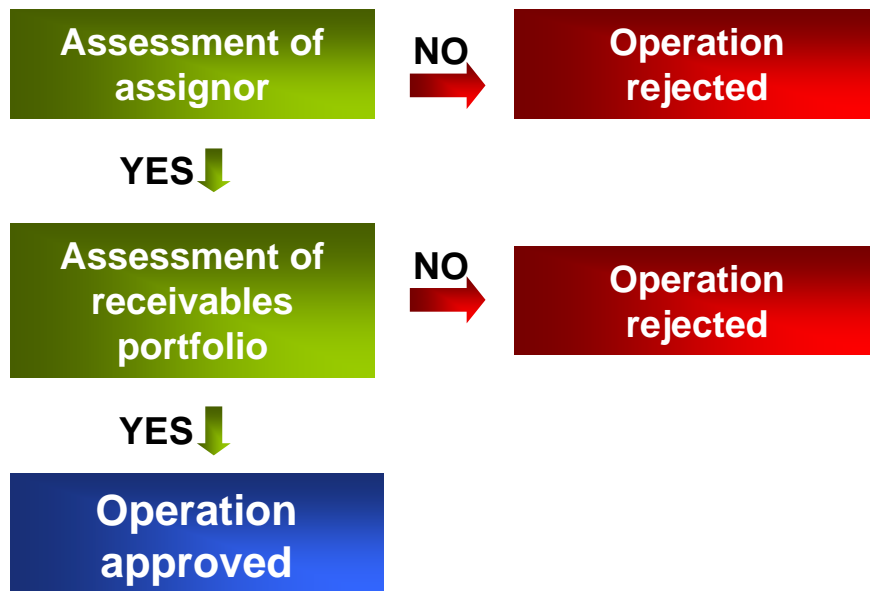
# What is factoring for Banca IFIS?



- ◆ The **current economic scenario**, with higher sensitivity in terms of credit risk assessment, 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

# Risk assessment in factoring: The different approaches

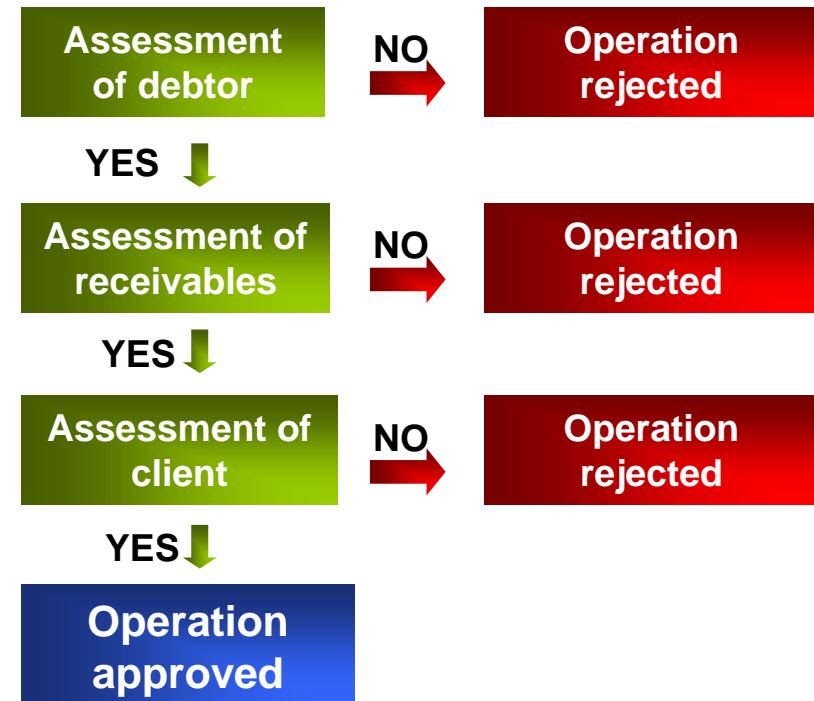
## Traditional risk assessment



Focus on ASSIGNOR

## Banca IFIS risk assessment

### The 3 pillars of risk assessment



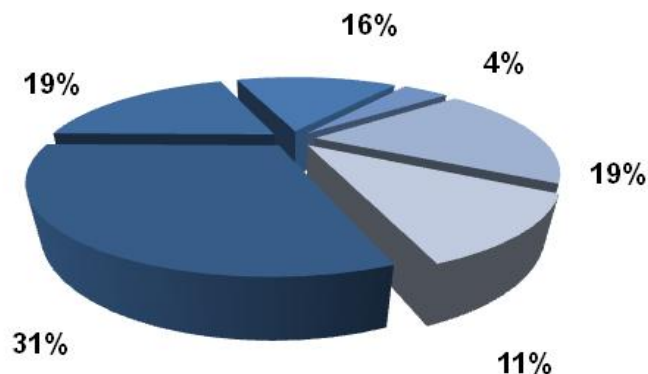
Focus on DEBTOR

# Clients and debtors

Breakdown by client as at 25/05/09

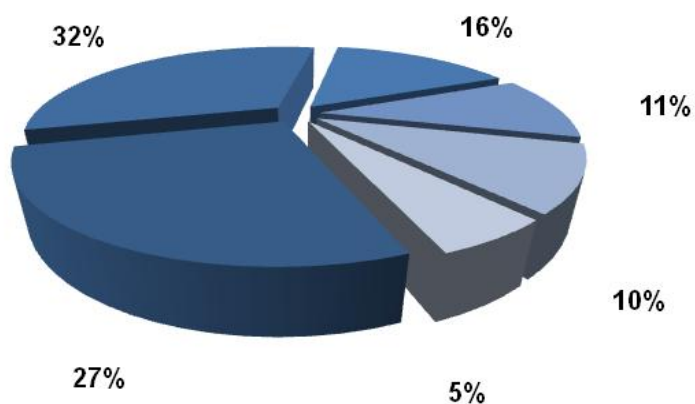
Turnover class in millions of Euro

■ from 1 to 5 ■ from 5 to 15 ■ from 15 to 50 ■ from 50 to 100 ■ over 100 ■ Unclassifiable



Outstanding as at 25/05/09

■ Public entities ■ Large Groups ■ Excellent ■ Good ■ Medium ■ Poor



◆ 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

# Banca IFIS milestones

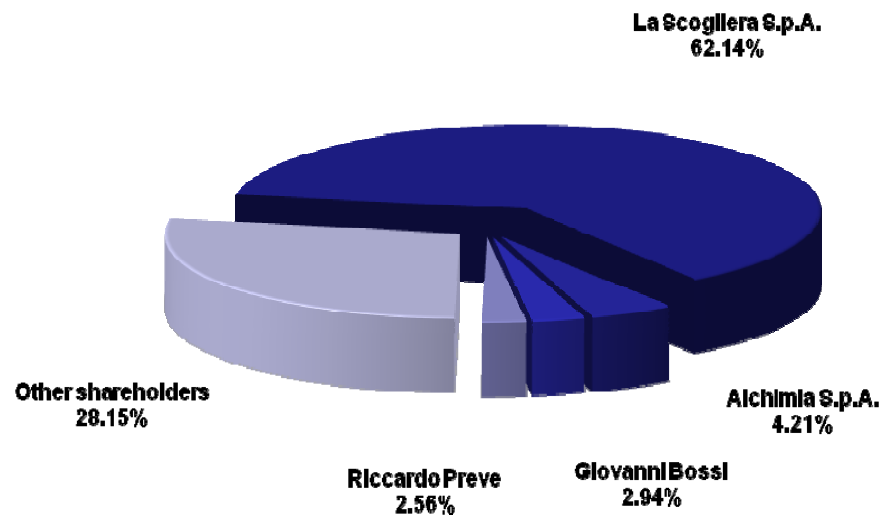
- 1983** The company, I.Fi.S. - Istituto di Finanziamento e Sconto S.p.A. -, was incorporated.
- 1989** IFIS shares received listing admission on the over-the-counter market of Milan.
- 1997** Registration in the list of financial intermediaries ex art 107 of the TULB (Consolidation Act for banks).
- 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).
- 2009** At May 2009: 287 employees, 14 branches, 9 territorial offices in Italy, a branch in Paris, representative offices in Bucharest and Budapest, and IFIS Finance in Warsaw, Poland.

# 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



The fact that Banca IFIS's shareholder breakdown is so compact can allow for external growth in terms of possible acquisitions or similar.

This scenario is expected only in cases of:

- ◆ Industrial upgrading
- ◆ Creation of synergies
- ◆ Cross selling

Figures updated on 29 January 2009