



UNICREDIT FACTORING S.p.A. – ITALY
UNICREDIT TIRIAC BANK - ROMANIA

Factoring in crisis times – an opportunity?
Italian & Romanian Markets outlook

Presentation for Bucharest Conference:
“HOW TO FINANCE YOUR BUSINESS THROUGH FACTORING”

Alessandro Bertoldo – Head of International Dept. – UniCredit Factoring S.p.A. - Milan

Bucharest, October 6th, 2009



AGENDA

- INTERNATIONAL FACTORING MARKET AND UNICREDIT GROUP
- ABOUT ITALIAN FACTORING MARKET
- ABOUT ROMANIAN FACTORING MARKET
- PRODUCTS & SERVICES PROVIDED

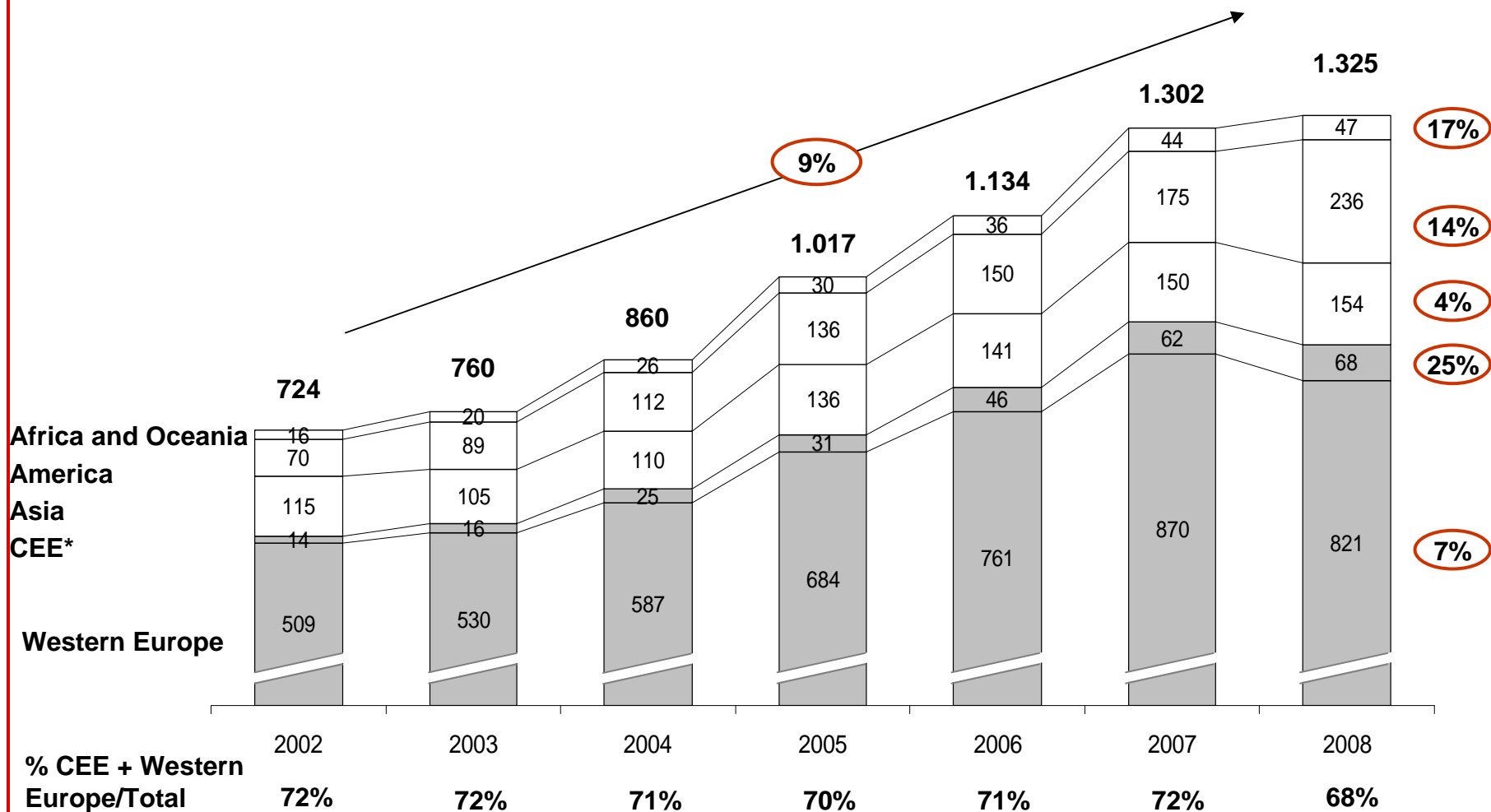
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The worldwide Factoring market is over to 1.300 Billions Euro, mainly focused on Europe

Turnover, Billions Euros, Percentage

 CAGR '02-'08



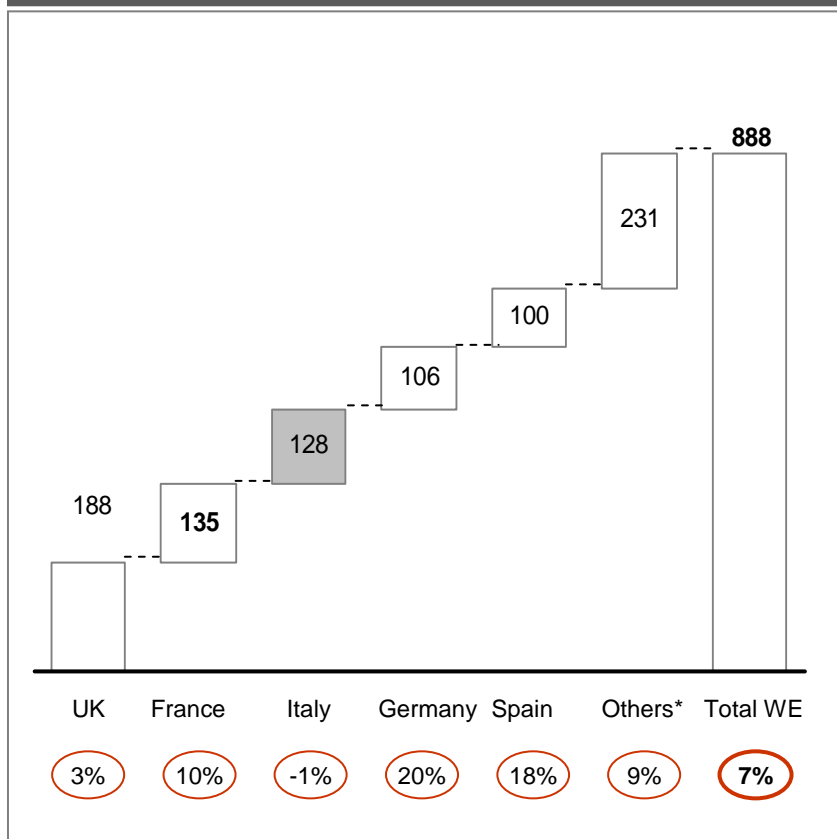
* Croatia, Cyprus, Czech Rep., Estonia, Hungary, Lithuania, Poland, Latvia, Romania, Russia, Slovenia, Slovakia, Turkey, Ukraine, Bulgaria
 Source: Factors Chain International

Western Europe accounts for 92% of the total European market ... but growth is concentrated in CEE

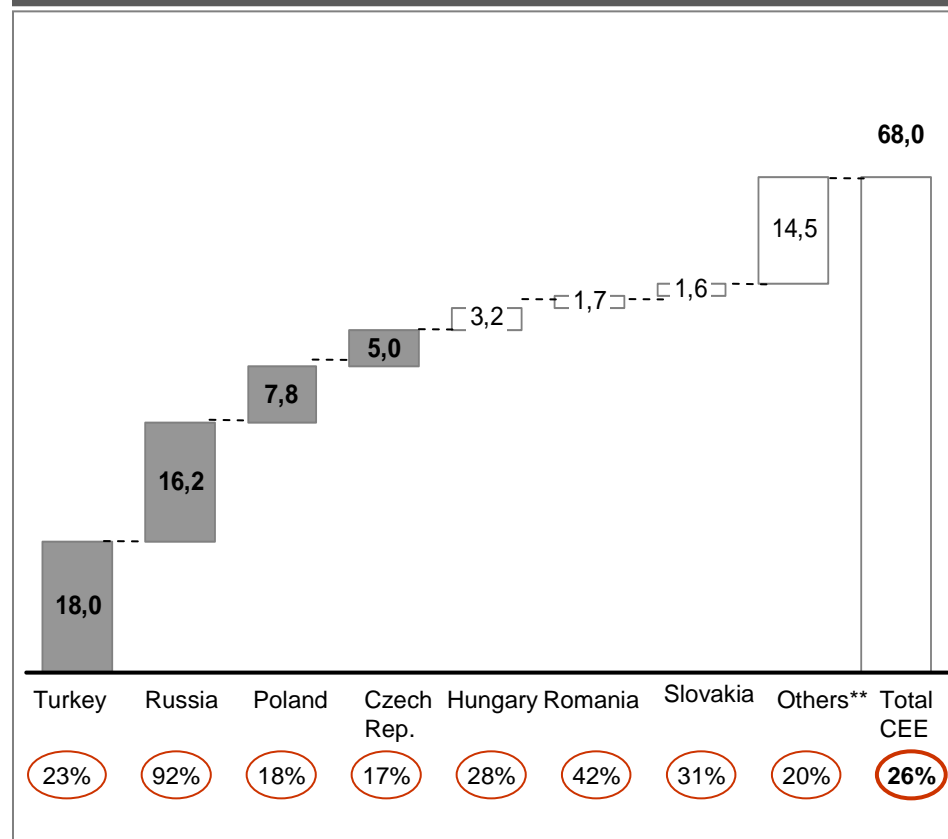
2008, Market turnover, Billions of Euro, Percentage

CAGR '02-'08

Italy is the third biggest market in Western Europe ...



... while Turkey, Russia, Poland, and Czech Republic are the most relevant countries in CEE



* Austria, Sweden, Portugal, Belgium, Finland, Norway, Denmark, Greece, Ireland, Luxemburg, Island

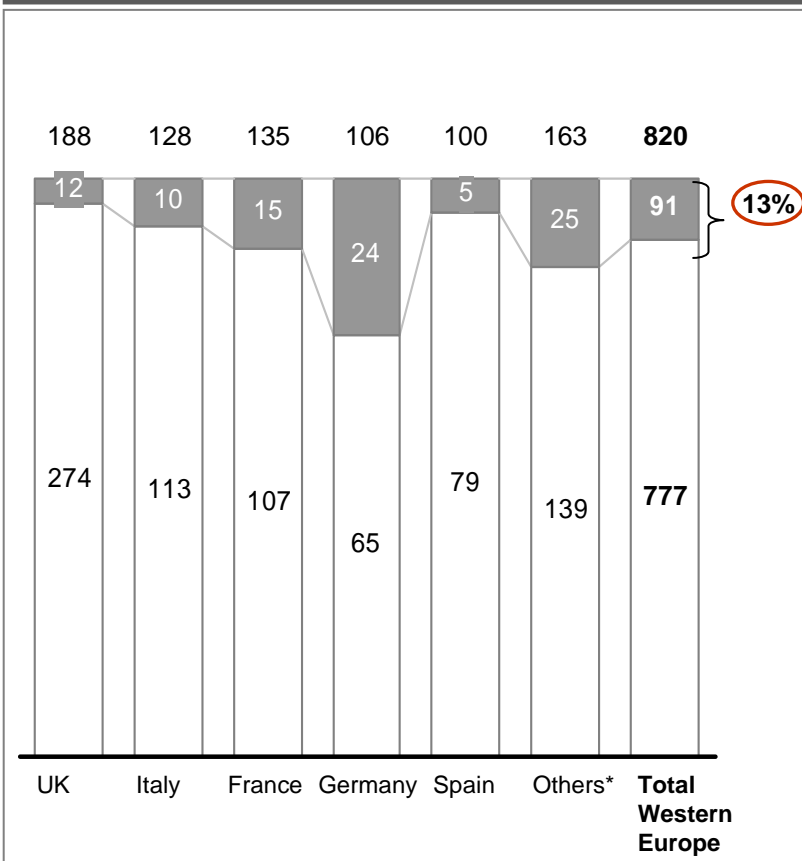
** Bulgaria, Croatia, Estonia, Lithuania, Latvia, Slovenia, Ukraine, Cyprus

International business is more important for CEE countries than for Western Europe

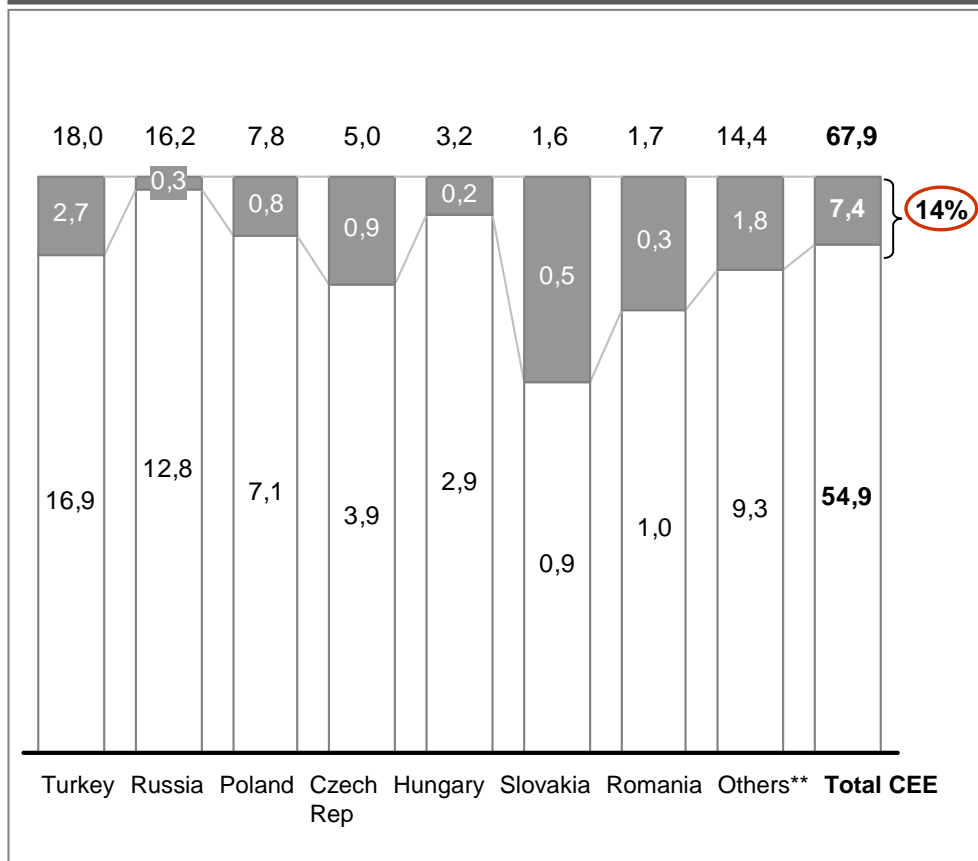
2008, Market turnover, Billions of Euro, Percentage

■ International
□ Domestic

Western Europe breakdown international vs. domestic factoring



CEE countries breakdown international vs. domestic factoring



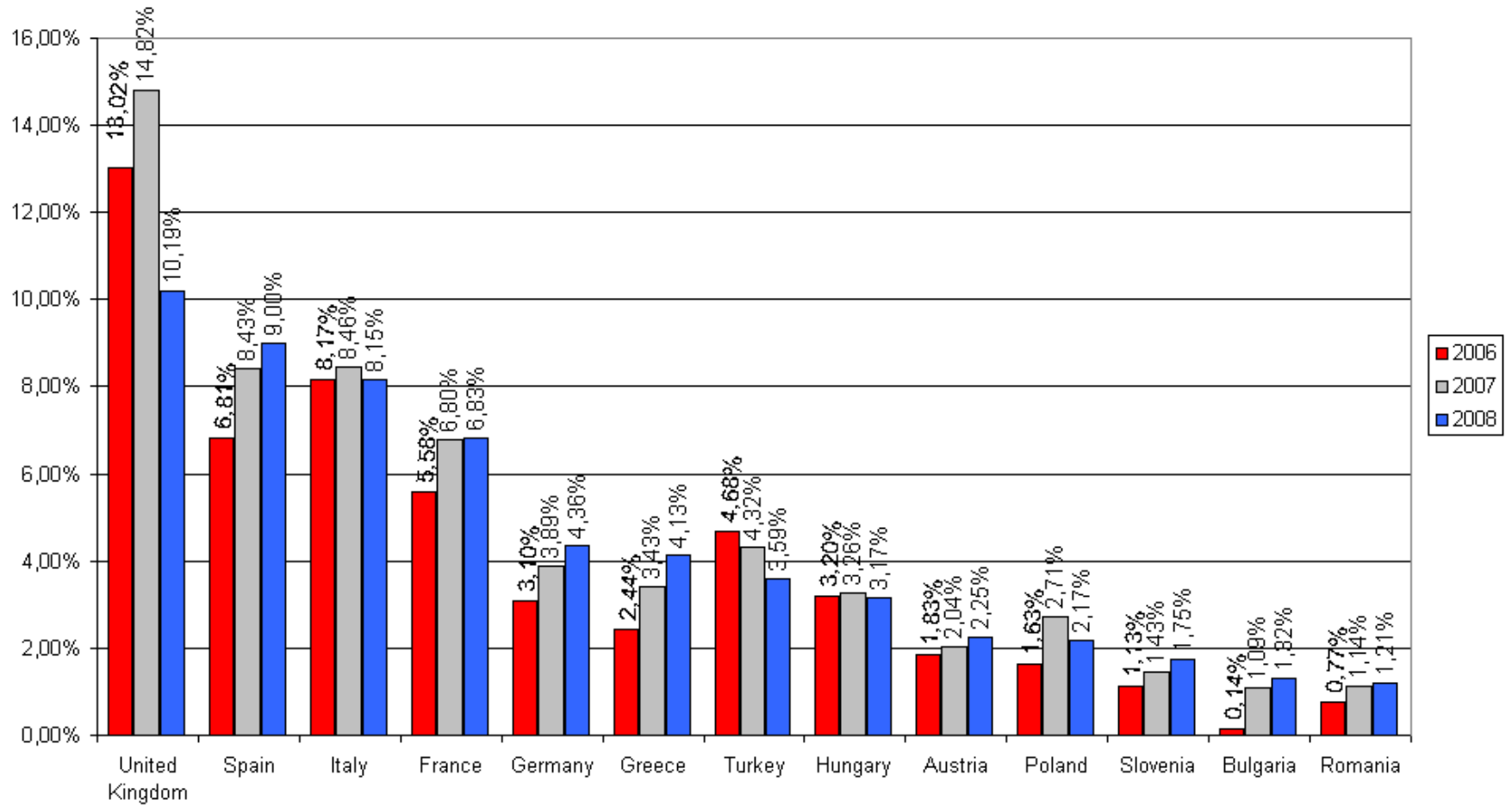
* Austria, Sweden, Portugal, Belgium, Finland, Norway, Denmark, Greece, Ireland, Luxemburg, Island

** Bulgaria, Croatia, Estonia, Lithuania, Latvia, Slovenia, Ukraine, Cyprus

Source: Factors Chain International

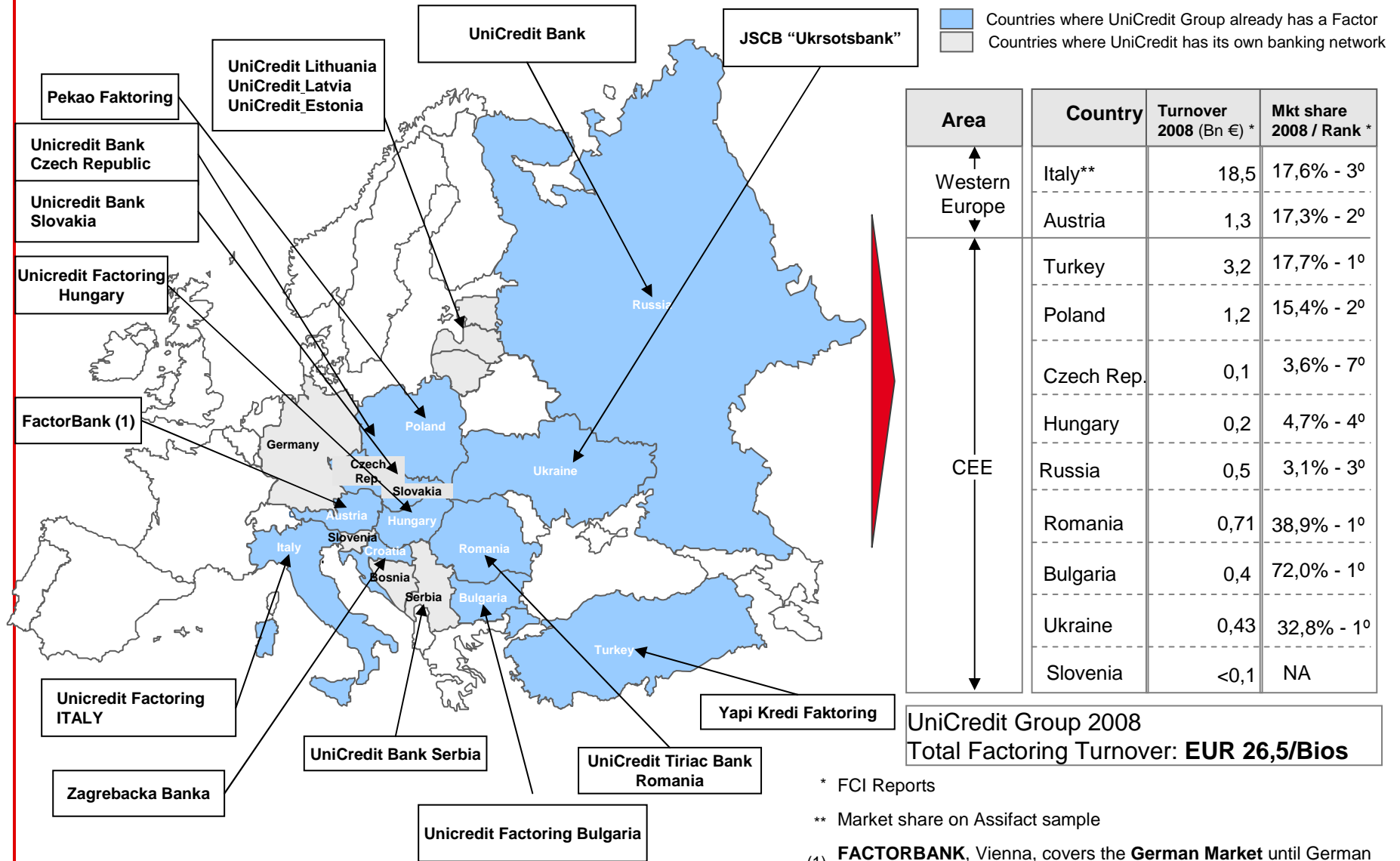
Factoring Utilization Attitude by European Countries

USE OF FACTORING
(% factoring on GDP)



Sources: FCI Statistics, Eurostat, UCG Internal research

UniCredit Group footprint is like no other in Europe, with factoring operations characterized by excellent local risk assessment and operational capabilities.



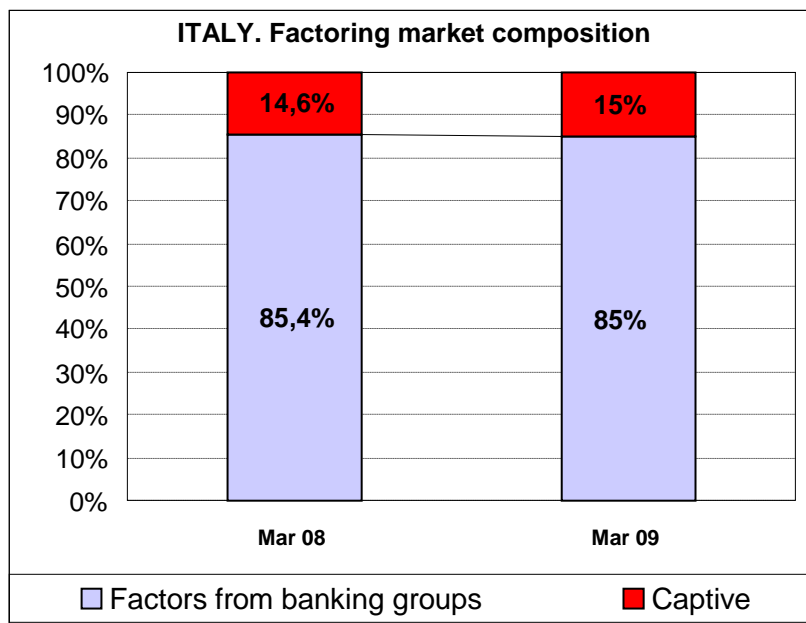
* FCI Reports
 ** Market share on Assifact sample
 (1) **FACTORBANK**, Vienna, covers the **German Market** until German local operations will start.

Sources: UniCredit Group internal Project
 FCI Statistics

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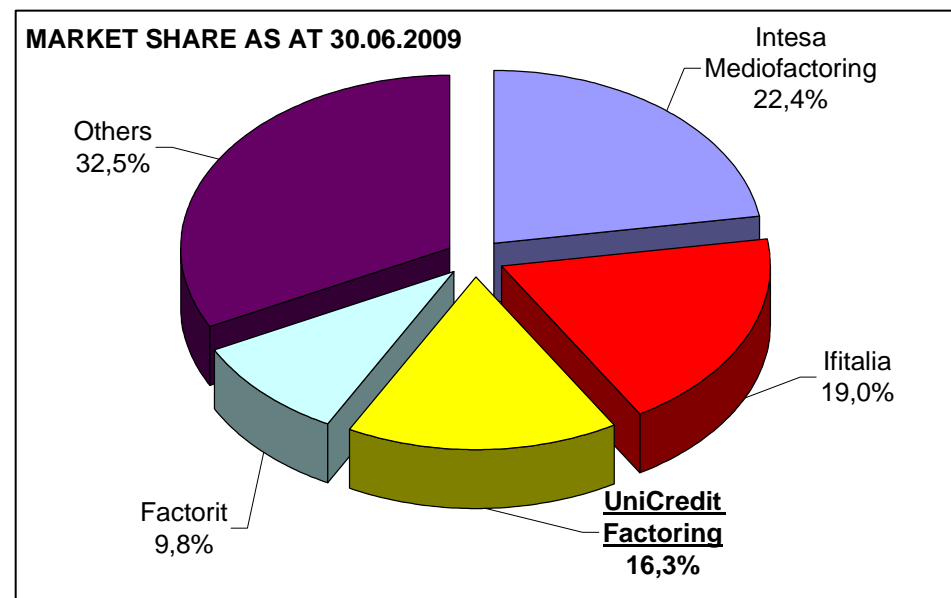
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About Italian factoring market



- The cumulative Turnover in 2009 (Jan-Jun) was equal to **Eur 56/Bios** (-5,4% vs 2008 same period)
- The Receivables Outstanding as at 30.06.2009 was equal to **Eur 39,7/Bios** (+5,8%).
- The total Financial Exposures as at 30.06.2009 were equal to **Eur 29,5/Bios** (+11,3%)
- The Italian factoring market is dominated by factors from banking groups (85,0% of the market)

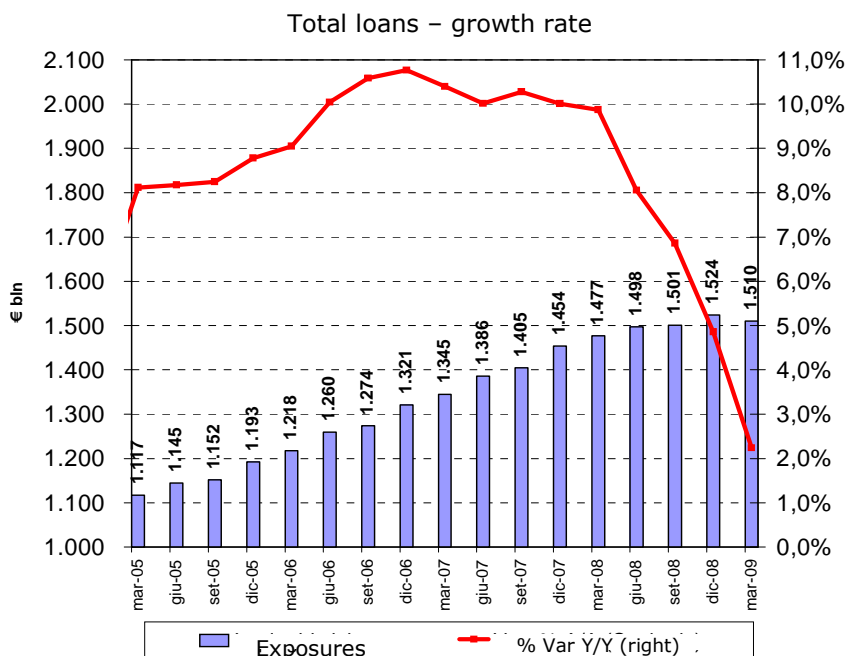
- Unicredit Factoring, with a market share of 16,3%*, is the 3° factoring company on the market, having a significant increase, both compared to March 2008 (eg 12,7%), and December 2008 (15,2%)
- The domestic market is heavily concentrated, the first 4 competitors registering 67,5% of the total turnover, having increased 66,1% in December 2008



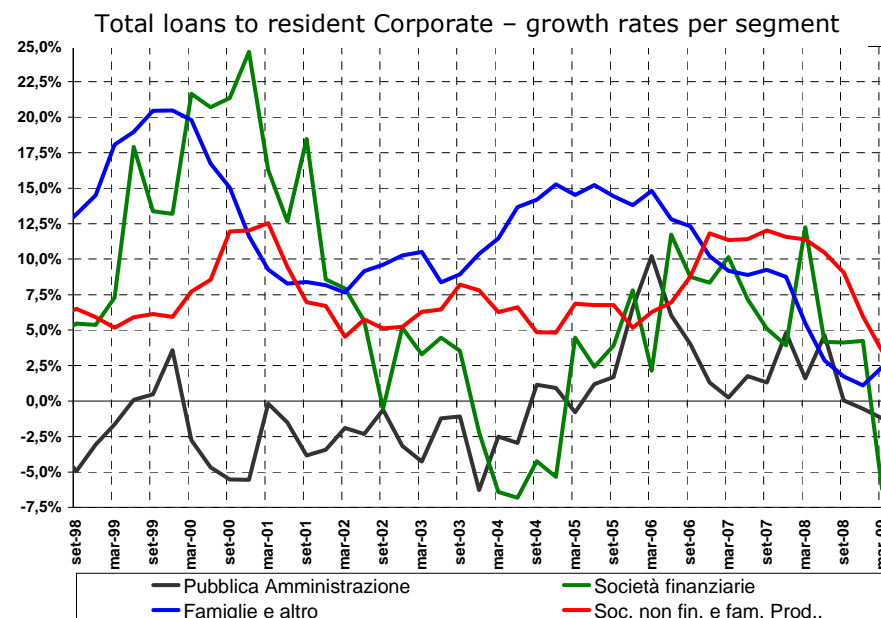
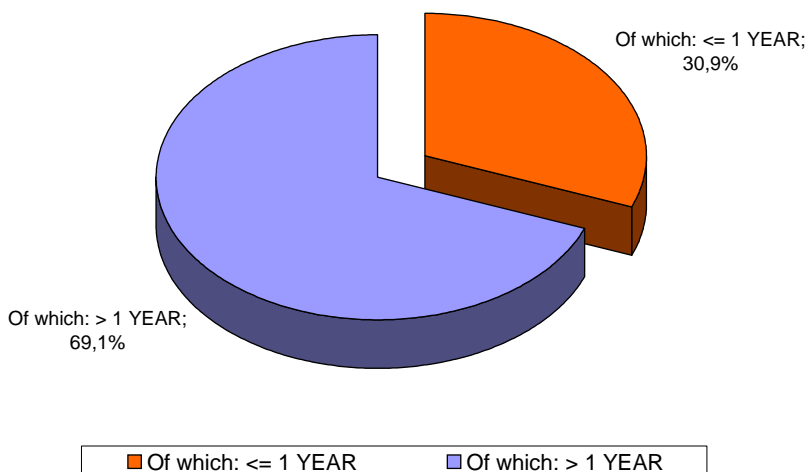
Source: Assifact

* As at 30 June 2009

In Q1 2009 the banking loans underwriting growth kept on slowing down, although still in a positive trend



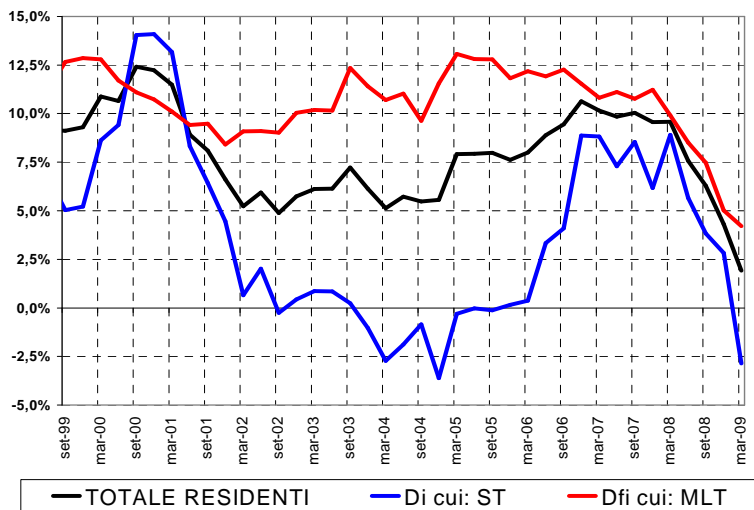
Italian financial system - Drill down ST vs MLT



- As at March 2009 total loans amount to inland clientele was Eur **1.510/bios**, with a **growth of 2,2% Y/Y**, although showing a constant decrease since the beginning of 2008
- The **Loans to Corporates** has a **better growth rate (+3,5% as at March 2009)**, but showing a remarkable drop. They correspond to the **61%** of the total loans granted by the Italian Banking System
- **Factoring is identified as a Short Term facility (< one year)** which as at March scored as the **30,9%** of total loans granted by the Italian Banking System.

The drop of the ST loans is mitigated by the self-liquidating component, mainly due to the Factoring activity

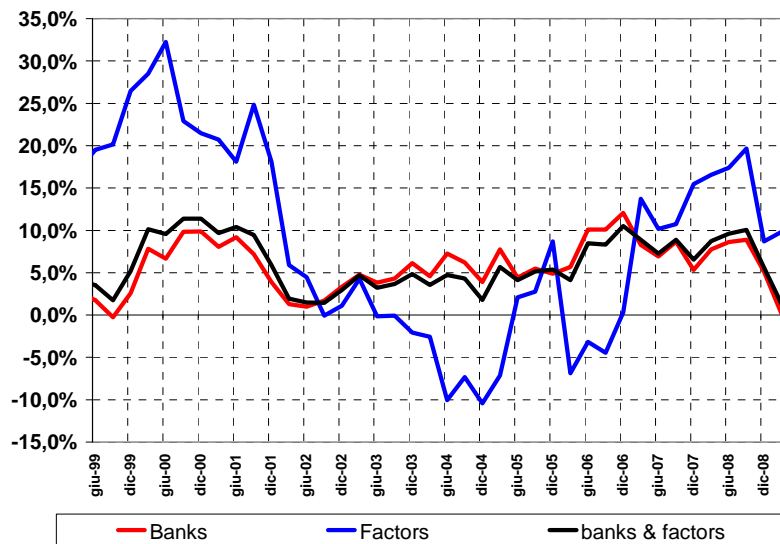
Total loans to resident Corporate – growth rates per segment



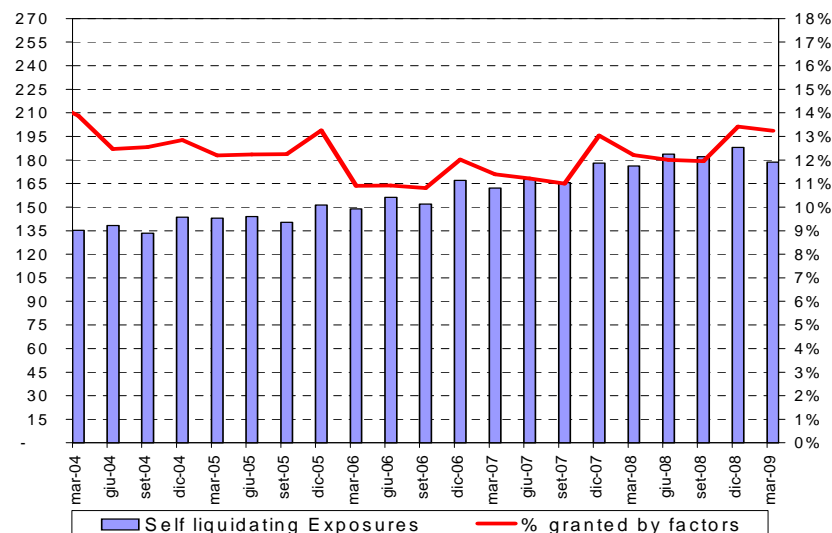
Until sep08 ST is considered <=1,5 Y and MLT is >1,5Y. Starting from dec08 ST is considered <1Y

- As at March 2009 **Short Term Lending** shows a **clear drop (-2,9%)** while the MLT component still has a positive growth (+4,2%), although declining.
- **Self-liquidating loans** grow by the 1,3% mainly because of **Factoring Companies impulse (+9,8%)** while Banking System facilities are stagnant.
- The share market of the **Factoring Sector in the self-liquidating lending** keeps on growing. As at March 2009 they covered the 13,2% of the market (+1% compared to March 2008).

Total loans – self-liquidating lending growth rates



Total loans – self-liquidating exposures (Euro Bios)



The credit insurance issue

The insolvency outlook

DEFAULT RATE FORECAST

Variation Y/Y	2009	2008
The Netherland	75%	1%
Hong Kong	71%	3%
Norway	66%	28%
Spain	58%	187%
United Kingdom	56%	31%
Ireland	55%	113%
Slovakia	55%	-27%
Latvia	50%	21%
USA	45%	54%
Lithuania	40%	53%
Danmark	40%	54%
Estony	40%	112%
Singapore	37%	25%
EURO ZONE	35%	33%
Sweden	35%	9%
Insolvency Global Index	35%	27%
Finland	32%	14%
Italy	31%	45%
Portugal	30%	67%
Hungary	30%	15%
Czech Rep.	28%	-3%
Poland	26%	-10%
France	25%	15%
South Korea	25%	19%
Germany	19%	0%
Belgium	18%	10%
Taiwan	18%	-23%
Switzerland	16%	-2%
Greece	15%	10%
Japan	15%	11%
Austria	15%	0%
Luxemburg	15%	-12%
Canada	10%	-2%
China	10%	5%
Brasil	-8%	-18%

Source: National sources, Insurance Co. forecasts

- Due to the Global Crisis, the tremendous growth of the default rate determined a upwards re-balancing of the pricing in the credit insurance market.
- In Italy in the first half 2009, the claims to Credit Insurance Companies increased by 52% compared to previous year, having negative consequences on policies price.
- UniCredit Factoring Credit Insurance recourse in 2009, deteriorated significantly (see below).

COMPARISON FIRST HALF 2008/2009

	NUMBER	AMOUNTS
REDUCTIONS	+ 20 TIMES	+ 41 TIMES
CANCELLATION	+137%	+460% *
REFUSALS	+64%	+150%
NEW GRANTS		
FULL	+21%	-17%
PARTIAL	+214%	+381%

REQUESTED AMOUNTS	GRANTED AMOUNT	1H	REDEMPTION
415.206.500	332.065.000	2008	79,98%
642.391.000	358.745.000	2009	55,85%

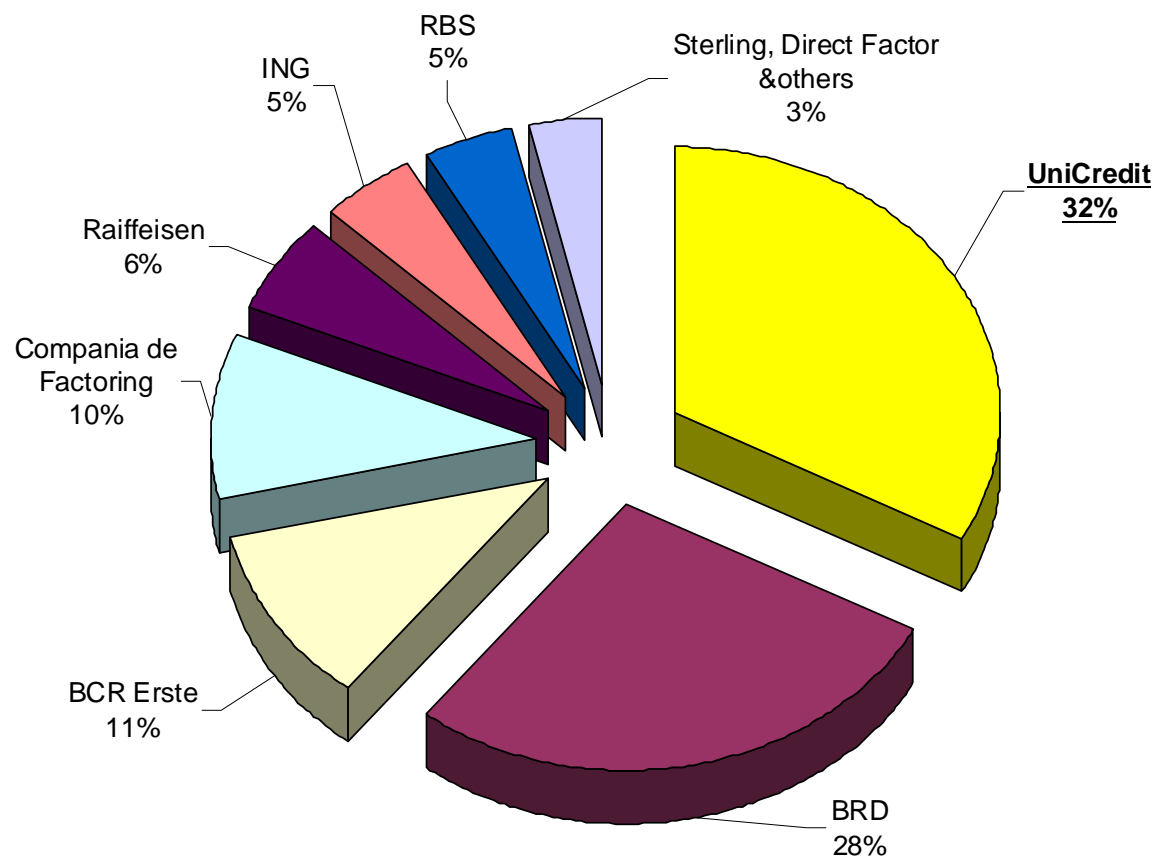
- *) From Eur 44/mios to Eur 249/Mios
Amounts in Euro

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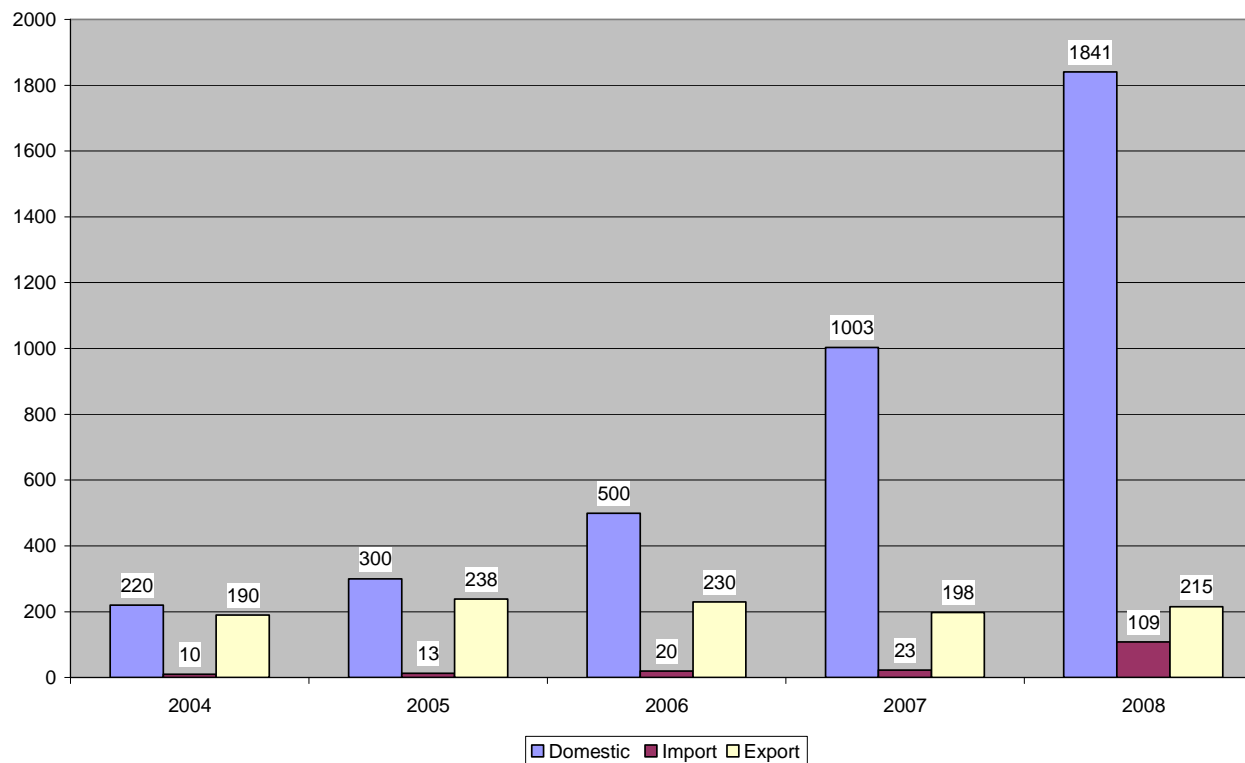
About Romanian factoring market

- **UniCredit Tiriac Bank**, with a market share of 32%, is the **1st** factoring company on the Romanian market. Regarding traditional factoring volumes, August 2009 compared with same period in 2008 shows a significant increase of 41%.
- Romanian Market is still dominated by banks and heavily concentrated, the first 3 players registering 71% of the total turnover.



About Romanian factoring market

Due to current market constraints (mainly related to real estate collaterals value drop and follow-up requirements), the companies' access to traditional short term financing facilities has been limited this year. As a consequence, both Banks and companies turned to factoring products, characterized by flexibility in financing as well as by receivables and cash management services outsourcing, **without the burden of identifying and evaluating additional collaterals.**



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UniCredit Factoring groupwide currently has a product portfolio covering all main product categories

Service Components

Financial	<ul style="list-style-type: none"> Working capital financing depends on value and quality of the debtors
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Operational	<ul style="list-style-type: none"> Monitoring of debtors Management of payment collections
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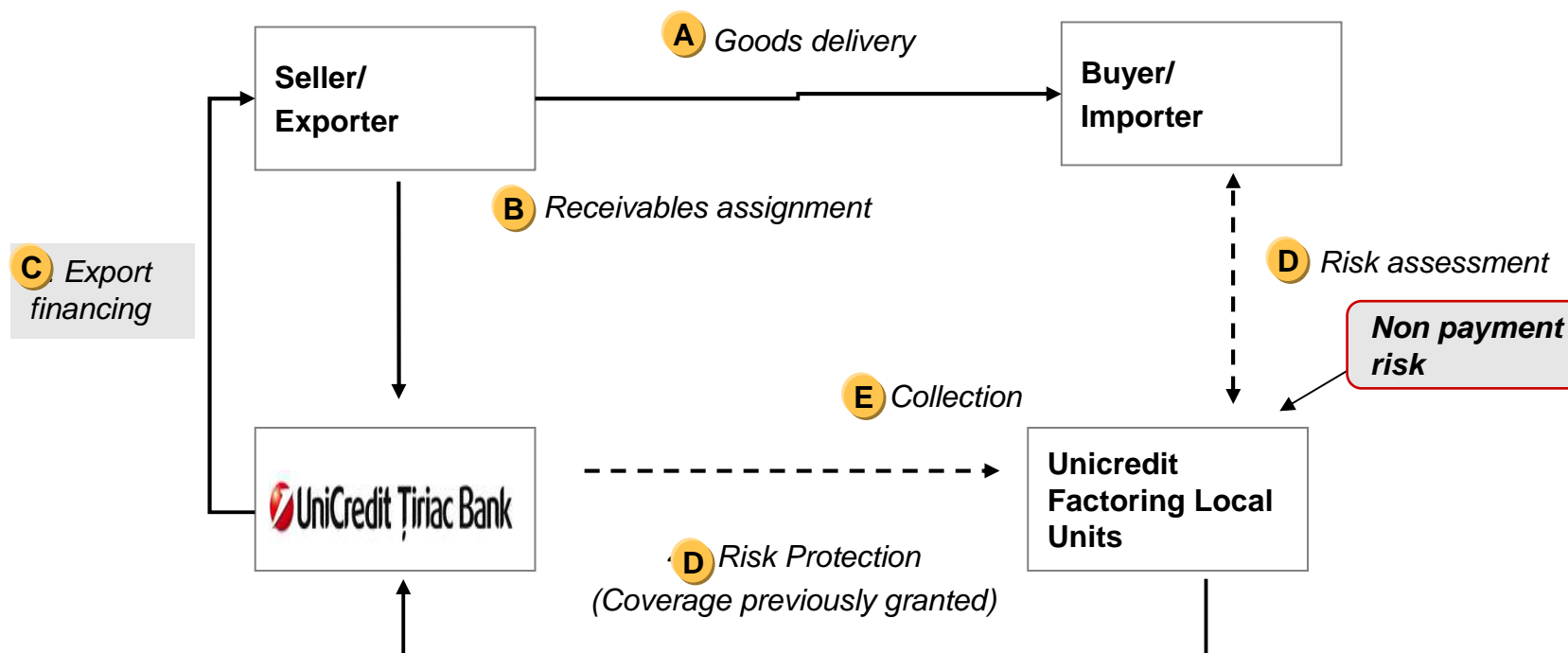


Risk Coverage (only in non recourse factoring)	<ul style="list-style-type: none"> Coverage of debtors insolvency risk
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Products

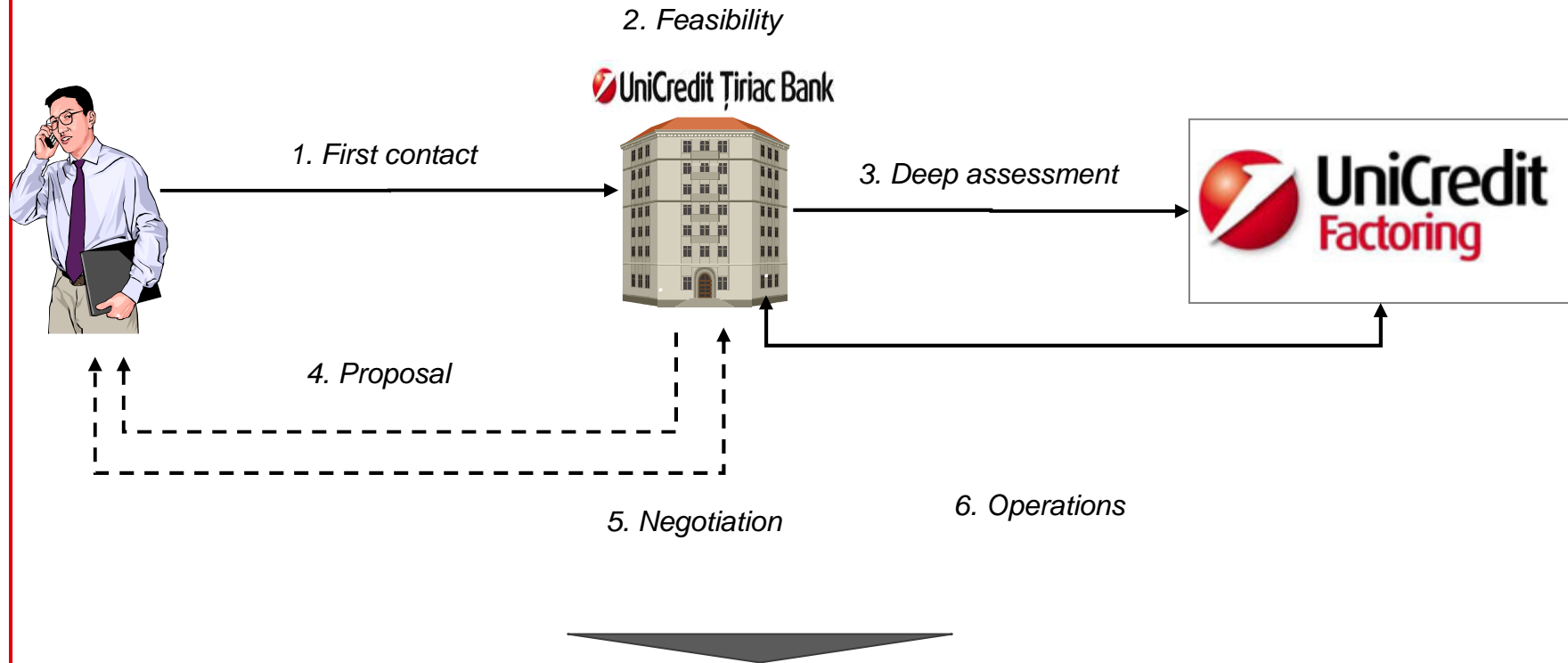
Products	Main characteristics
Domestic factoring	<ul style="list-style-type: none"> Coverage of debtors insolvency risk (in non recourse) Financing for the buyer
Maturity factoring	<ul style="list-style-type: none"> Payment of the supplier at a certain date (fixed) by the factor Post financing for the buyer
Reverse factoring	<ul style="list-style-type: none"> Agreement with large corporate with many and continuous suppliers Recourse/non recourse credit line for the debtor Financing of suppliers Profit sharing with large corporates
Import factoring	<ul style="list-style-type: none"> Non recourse credit line and for foreign supplier Post financing for the Italian buyer
Export factoring	<ul style="list-style-type: none"> Coverage of foreign debtors insolvency risk
Credit mgmt for state owned entities	<ul style="list-style-type: none"> Generally non recourse Days Sales Outstanding (DSO)
Full factoring	<ul style="list-style-type: none"> Recourse/ non recourse, on the totality of receivables portfolio

Factoring International transactions – Example of co-operation



- Operating with factoring, the non-payment risk is on the **import factor's** side
- The assignor receives financing deducted of factoring commissions and interests on advance financing

Only few steps to benefit of international factoring



1. The seller contact the UCTB local factoring expert
2. First assessment for the operation feasibility
3. UCTB expert communicate to UCF (Milan or other entities) the operation details for deep assessment
4. UCF inform the UCTB expert about the results and after send a proposal to the Exporter
5. In case of acceptance direct negotiation will start between UCTB and Romanian Exporter
6. Start of operations (receivables assignment vs. financing)

* Filing approval and financing could be performed by other UniCredit Group companies

THANK YOU FOR YOUR ATTENTION

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