GLOBAL INDUSTRY ACTIVITY REPORT

FACTORING IN 2008

KEY FINDINGS

"Connecting and supporting the Commercial Finance Industry Worldwide"

Contents

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Introduction & Method

The primary objective of the **2008 Global Industry Activity Report** (GIAR) is to collate, compare and contrast the various economic environments for the commercial finance industry across 54 countries around the world.

The value of this study is in bringing this important information in one place for reference purposes.

To compile the necessary information knowledgeable individuals within the industry have been asked to answer a series of questions about their country environment and we were most appreciative of the assistance we received.

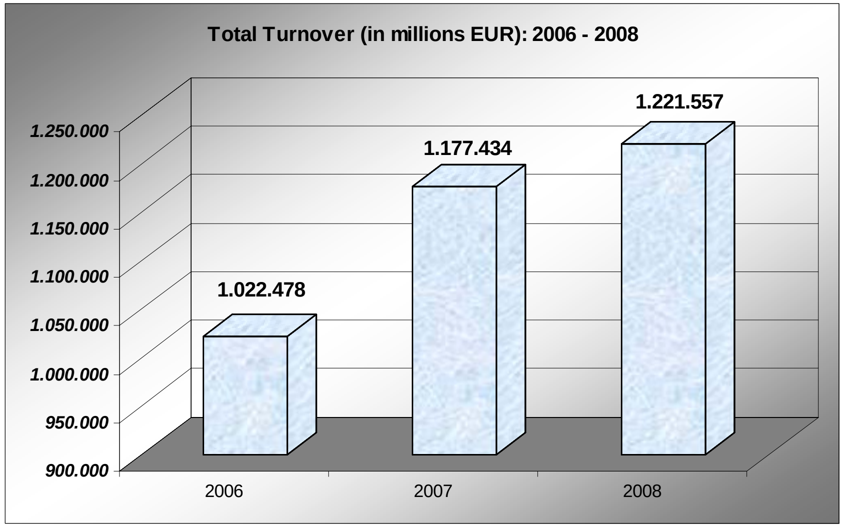
The study consists of 10 questions touching the most relevant aspects of commercial finance. The questionnaire, as well as the individual country reports are available on the members section of IFG website at www.ifgroup.com . They include individual comments and in general much more information than it could be summarized here.

Due to the complexity of some of the questions, there are instances where responses are partial, or in some cases, due to underdeveloped nature of the industry of receivables financing and factoring, no answer has been forthcoming. In some of these cases case we used commendable estimate or the best available alternative information sources.

Total Industry Turnover

The worldwide industry turnover in 2008 can be estimated at **1.221.557 million €** considering the total amount of assigned receivables. The increase was **3,75%** as compared to 2007**.** The growth of the previous year was **15,01%.**
However the statistics were significantly influenced by a strong Euro. Most notably a large market such as in the United Kingdom - has actually increased in size when expressed in GBP while expressed in EURO it decreased by **4.84%**.

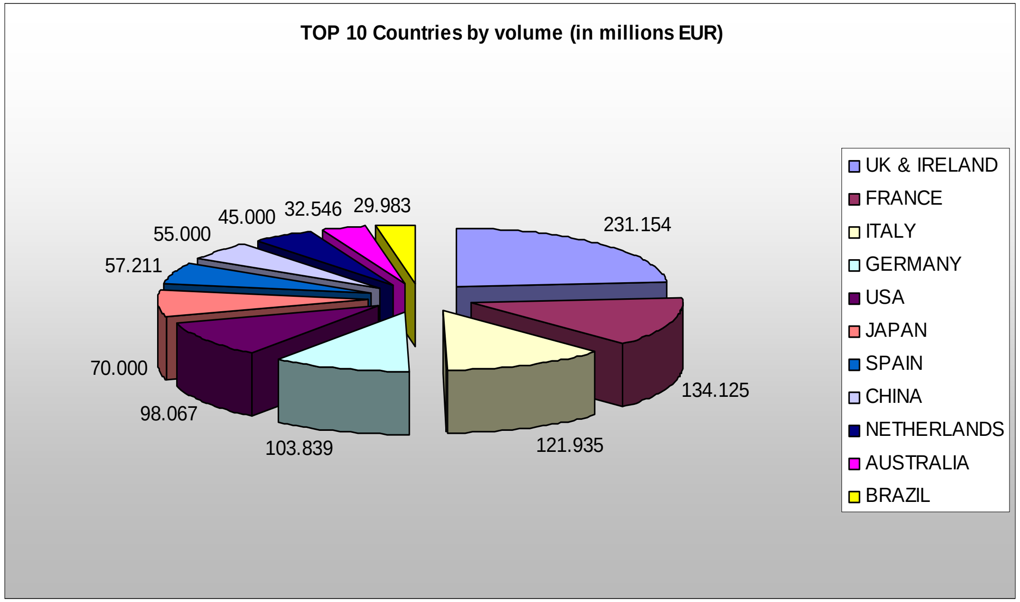
Figure 1



Turnover by country

- TOP 10 Markets by volume in **2008** (with country's turnover and as a percentage of the World's total)

Figure 2



Ranking	Country Name	World Market Share
1	UK & IRELAND	18,94%
2	FRANCE	10,99%
3	ITALY	9,99%
4	GERMANY	8,51%
5	USA	8,03%
6	JAPAN	5,73%
7	SPAIN	4,69%
8	CHINA	4,51%
9	NETHERLANDS	3,69%
10	AUSTRALIA	2,67%
Total - top 10		80,14%

Table 1

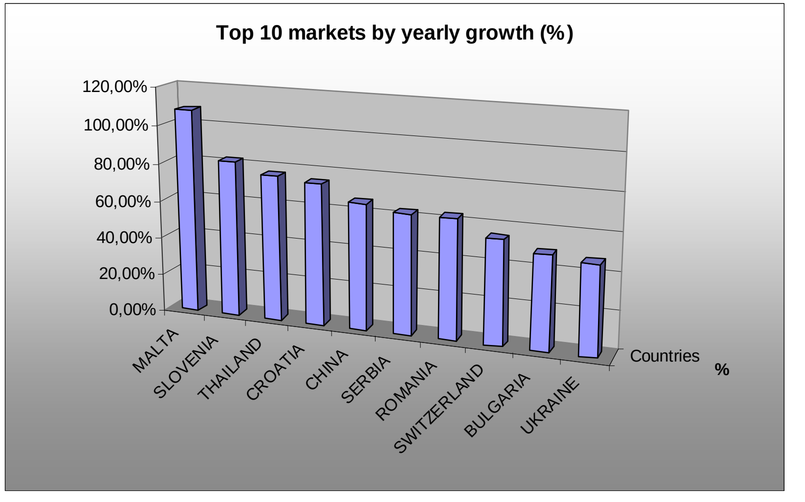
Top growth

- Top 10 Growth Markets by percentage (%) as compared to previous year (2007)

Ranking	Country Name	Growth 2008/2007 (%)
1	MALTA	108,00%
2	SLOVENIA	82,42%
3	THAILAND	77,17%
4	CROATIA	75,00%
5	CHINA	66,79%
6	SERBIA	63,72%
7	ROMANIA	63,64%
8	SWITZERLAND	55,19%
9	BULGARIA	50,00%
10	UKRAINE	47,64%
Average Growth - Top 10		68,96%
Average Growth - World		3.75%

Table 2

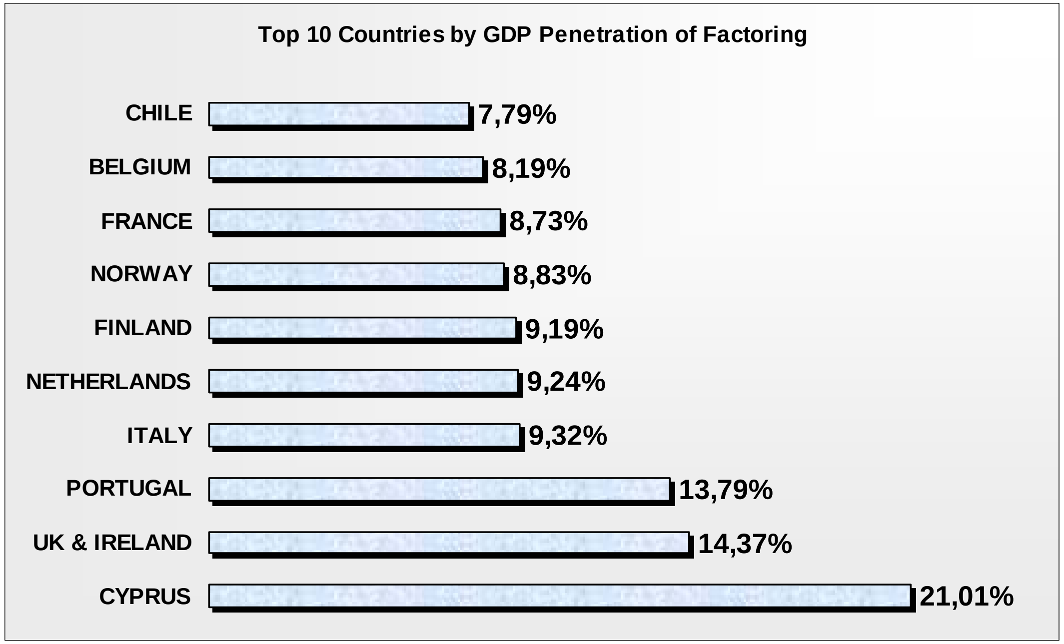
Figure 3



Top countries by factoring's penetration in GDP

- Top 10 countries by penetration of factoring turnover in the GDP of the country

Figure 4



Ranking	Country Name	GDP Penetration
1	CYPRUS	21,01%
2	UK & IRELAND	14,37%
3	PORTUGAL	13,79%
4	ITALY	9,32%
5	NETHERLANDS	9,24%
6	FINLAND	9,19%
7	NORWAY	8,83%
8	FRANCE	8,73%
9	BELGIUM	8,19%
10	CHILE	7,79%
Average - Top 10		*11,05 %*
Average - World		*3,45%*

Table 3

Number of Factoring/Invoice discounting companies

Ranking	Country Name	Number of Companies in 2008
1	BRAZIL	664
2	USA	110
3	TURKEY	81
4	CANADA	61
5	UK & IRELAND	60
6	COLOMBIA	40
7	UKRAINE	40
8	ITALY	34
9	HUNGARY	32
10	CHILE	29
Total - Top 10		***1151***
Total - World		***1620***

Table 4

The total number can be estimated at **1620** and there is little variation when compared to **2007.**
A few countries with high number of small players e.g. Brazil (664) and USA (110) influence significantly the total for the industry.

Other key figures

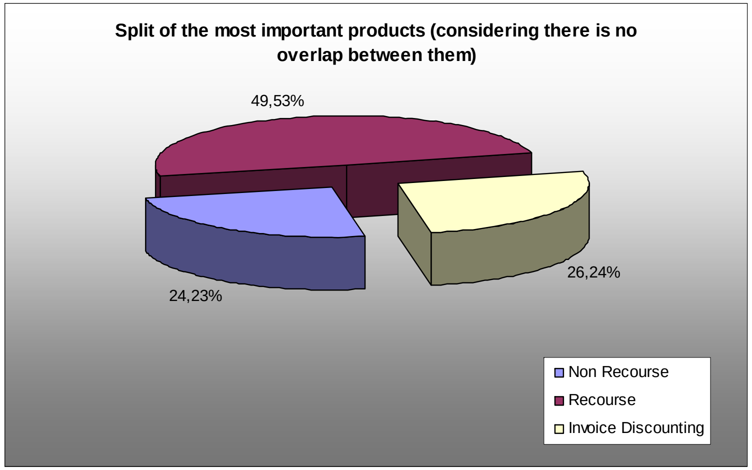
Estimated Financed Amount at year end	210.164 million €
Estimated number of Clients	571.000 (companies served by the industry in 2008)
Estimated number of employees	60.000 (staff employed directly by the factoring industry)

Table 5

Products

Assuming that there is no overlap between products the split between them would be as follows: **With-recourse**: **47,38%** of total turnover**, Non-recourse: 24.33%** and **Invoice Discounting** (with or without recourse) : **29,45 %**.

Figure 5



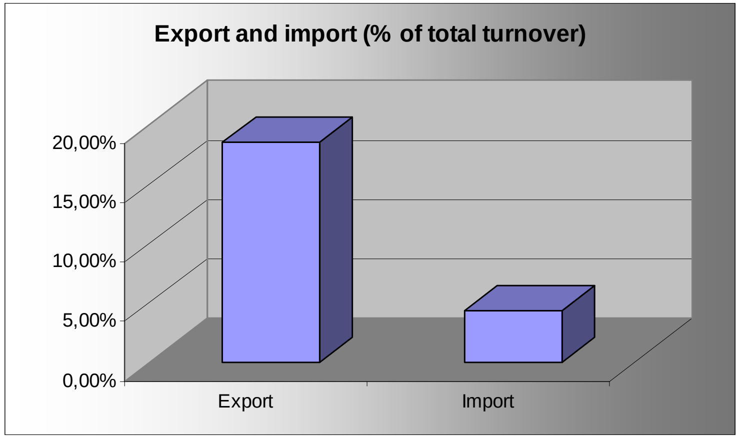
Country	*% of Invoice Discounting in total turnover*
NETHERLANDS	84,00%
AUSTRIA	80,00%
SWITZERLAND	80,00%
GERMANY	78,00%
UK & IRELAND	75,80%
NEW ZEALAND	60,00%

Table 6

There were 6 countries with a percentage of **Invoice Discounting** in the total Turnover higher than 50 % - most notably **Netherlands** 84% and **Austria** 80%.

Trends in Export and Import

Figure 6



Export represents **19 %** of total world's turnover. Import can be estimated at **4,37%** of the turnover.

Among the countries with a high export turnover **Moldova** had a staggering **90 %.** As one can see in the attached table there were six countries with significant percentages in export (above 25%).

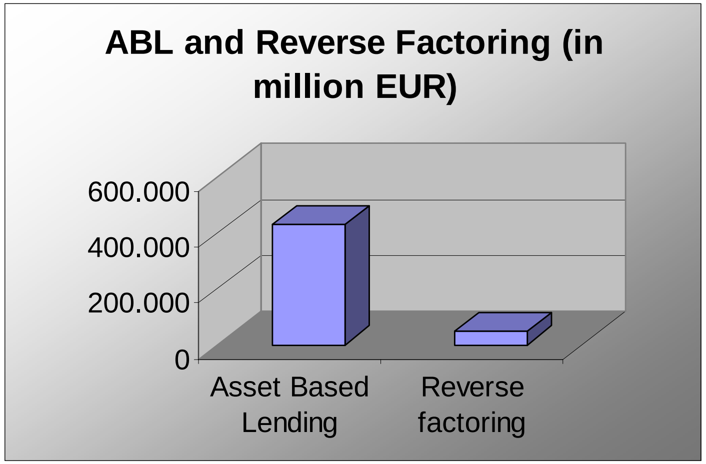
Country	*% of Export in total turnover of the country*
MOLDOVA	90,00%
ISRAEL	40,00%
SWITZERLAND	40,00%
LITHUANIA	37,00%
DENMARK	35,00%
GERMANY	27,00%

Table 7

ABL and Reverse Factoring

Asset Based Lending: **431 billion €** estimated financed amount at the end of the year 2008 in ABL deals. Almost entirely USA (and some UK)

Figure 7



Reverse Factoring: 48 Billion € estimated financed amount in reverse factoring at year end. Almost entirely Spain (and some Portugal).

Industry perception and future expectations

Table 8

Industry perception in various countries	
Awareness	**Medium**
Acceptance	**Medium**

Factoring **awareness** is on average **medium.** The same trend is true for **acceptance** of industries' products. Eight countries reported **high awareness** (Austria, Chile, Czech Republic, Lithuania, Germany, Poland, Sweden and Tunisia).

The Industry sees an **increased demand** for its services and expects a bright future development for factoring. But on the **short term**, the financial crisis has a negative impact on turnover, profitability and risks both on debtors and clients. The industry in general doesn't think that its funding capacities are influenced by the crisis.

Table 9

Expected impact of the financial crisis on:	*World's average*
… Demand for factoring	**Positive**
… Turnover	**Negative**
… Profitability	**Negative**
… Debtor risk	**Negative**
… Client risk	**Negative**
… Funding possibilities	**Neutral**
… Future development of the industry	**Positive**