

## CONSOLIDATED INTERIM REPORT AT 30 SEPTEMBER 2011

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## Corporate bodies

### Board of Directors

Chairman

Deputy Chairman

C.E.O.

Directors

Sebastien Egon Fürstenberg

Alessandro Csillaghy

Giovanni Bossi <sup>(1)</sup>

Leopoldo Conti

Roberto Cravero

Andrea Martin

Riccardo Preve

Marina Salamon

Francesca Maderna

1) The CEO has powers for the ordinary management of the Company.

### General Manager

Alberto Staccione

### Board of Statutory Auditors

Chairman

Mauro Rovida

Standing Auditors

Erasmus Santesso

Dario Stevanato

Alternate Auditors

Luca Giacometti

Francesca Rapetti

### Independent Auditors

KPMG S.p.A.

**Manager responsible for  
preparing the company's  
financial documents**

Carlo Sirombo

Share Capital: 53,811,095 Euro fully paid in  
Bank Licence (ABI) No.: 3205.2  
Tax Code and Venice Company Register no. 02505630109  
VAT No.: 02992620274  
Enrolment in the Register of Banks No.: 5508  
Registered and administrative office:  
Via Terraglio 63, Mestre, 30174, Venice, Italy  
Internet address: [www.bancaifis.it](http://www.bancaifis.it)



Member of Factors  
Chain International

## Group Key Data

### Group historical data

<i>(in thousands of Euro)</i>	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2007
Available for sale financial assets	1,509,296	876,439	3,143	3,134	1,116
Due from customers	1,858,527	1,457,544	1,060,267	940,042	845,336
Due to banks	719,550	1,104,786	753,057	837,649	794,286
Due to customers	2,928,877	1,373,956	710,442	99,623	42,928
Equity	207,393	208,438	152,249	155,820	108,685
Net banking income	83,826	67,941	53,616	50,224	37,882
Net profit from financial activities	64,883	54,027	45,495	45,514	36,129
Group profit for the year	20,996	15,720	14,559	17,962	13,891
Cost/Income ratio	39.2%	43.2%	46.1%	40.5%	42.5%
Solvency ratio	11.2%	10.6%	10.4%	10.9%	12.0%
Core Tier 1	11.5%	10.8%	10.4%	10.9%	12.0%

## Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION <i>(in thousands of Euro)</i>	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
Available for sale financial assets	1,509,296	818,507	690,789	84.4%
Due from customers	1,858,527	1,571,592	286,935	18.3%
Total assets	3,929,546	2,802,119	1,127,427	40.2%
Due to banks	719,550	752,457	(32,907)	(4.4)%
Due to customers	2,928,877	1,802,011	1,126,866	62.5%
Equity	207,393	206,613	780	0.4%

CONSOLIDATED INCOME STATEMENT <i>(in thousands of Euro)</i>	PERIOD		CHANGE	
	30.09.2011	30.09.2010	ABSOLUTE	%
<b>Net banking income</b>	83,826	67,941	15,885	23.4%
Net value adjustments on receivables and other financial assets	(18,943)	(13,914)	(5,029)	36.1%
<b>Net profit from financial activities</b>	64,883	54,027	10,856	20.1%
Operating costs	(32,883)	(29,375)	(3,508)	11.9%
Pre-tax profit from continuing operations	32,000	24,652	7,348	29.8%
<b>Group net profit for the period</b>	<b>20,996</b>	<b>15,720</b>	<b>5,276</b>	<b>33.6%</b>

## Results by business sector

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT 30.09.2011				AMOUNTS AT 31.12.2010			
	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINA- TIONS AND ADJUST- MENTS	GROUP CONSOLIDA TED TOTAL	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATI ONS AND ADJUSTMEN TS	GROUP CONSOLIDA TED TOTAL
Available for sale financial assets	1,509,296	-	-	1,509,296	818,507	-	-	818,507
Due from banks	356,246	721	-	356,967	228,013	-	-	228,013
Due from customers	1,773,431	142,527	(57,431)	1,858,527	1,571,592	-	-	1,571,592
Due to banks	691,670	85,311	(57,431)	719,550	752,457	-	-	752,457
Due to customers	2,916,930	11,947	-	2,928,877	1,802,011	-	-	1,802,011
Total RWA	1,723,046	130,833	-	1,853,879	1,796,910			1,796,910

INCOME STATEMENT (in thousands of Euro)	01.01.2011 - 30.09.2011				01.01.2010 - 30.09.2010			
	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINA- TIONS AND ADJUST- MENTS	GROUP CONSOLI- DATED TOTAL	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATIONS AND ADJUST- MENTS	GROUP CONSOLIDATED TOTAL
Net banking income	79,288	4,538	-	83,826	67,941	-	-	67,941
Net profit from financial activities	60,984	3,899	-	64,883	54,027	-	-	54,027
Operating costs	(30,575)	(2,308)	354	(32,529)	(29,375)	-	-	(29,375)
Gross profit on current operations	30,409	1,591	354	32,354	24,652	-	-	24,652
Cost / income ratio	38.6%	50.9%	n.a.	38.8%	43.2%	-	-	43.2%
Number of employees	345	65	-	410	339	-	-	339

<sup>(1)</sup> The Toscana Finanza Group contributed to forming the results at 30 September 2011 starting from 30 June 2011 since that was the date identified for recording the business combination.

## Reclassified Financial Statements

### Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
Financial assets held for trading	239	293	(54)	(18.4)%
Available for sale financial assets	1,509,296	818,507	690,789	84.4%
Due from banks	356,967	228,013	128,954	56.6%
Due from customers	1,858,527	1,571,592	286,935	18.3%
Property, plant and equipment and investment property	39,310	34,309	5,001	14.6%
Intangible assets	5,124	3,686	1,438	39.0%
Other assets	160,083	145,719	14,364	9.9%
<b>Total assets</b>	<b>3,929,546</b>	<b>2,802,119</b>	<b>1,127,427</b>	<b>40.2%</b>

LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
Due to banks	719,550	752,457	(32,907)	(4.4)%
Due to customers	2,928,877	1,802,011	1,126,866	62.5%
Financial liabilities held for trading	354	-	354	n.a.
Tax liabilities	13,564	4,857	8,707	179.3%
Post-employment benefits	1,486	1,060	426	40.2%
Other liabilities	58,322	35,121	23,201	66.1%
Equity	207,393	206,613	780	0.4%
<b>Total liabilities and equity</b>	<b>3,929,546</b>	<b>2,802,119</b>	<b>1,127,427</b>	<b>40.2%</b>

## Consolidated Income Statement

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 - 30.09.2011	01.01.2010 - 30.09.2010	ABSOLUTE	%
Interest receivable and similar income	68,845	45,068	23,777	52.8%
Interest due and similar expenses	(44,062)	(26,389)	(17,673)	67.0%
<b>Net interest income</b>	<b>24,783</b>	<b>18,679</b>	<b>6,104</b>	<b>32.7%</b>
Commission income	61,893	52,182	9,711	18.6%
Commission expense	(3,315)	(2,816)	(499)	17.7%
<b>Total net commission income</b>	<b>58,578</b>	<b>49,366</b>	<b>9,212</b>	<b>18.7%</b>
Dividends and similar income	82	17	65	382.4%
Net result from trading	(121)	(121)	-	-
Profit (loss) from assignment of AFS financial assets	504	-	504	n.a.
<b>Net banking income</b>	<b>83,826</b>	<b>67,941</b>	<b>15,885</b>	<b>23.4%</b>
Net value adjustments due to deterioration of:	(18,943)	(13,914)	(5,029)	36.1%
receivables	(18,943)	(13,914)	(5,029)	36.1%
<b>Net profit from financial activities</b>	<b>64,883</b>	<b>54,027</b>	<b>10,856</b>	<b>20.1%</b>
Personnel expenses	(19,964)	(19,211)	(753)	3.9%
Other administrative expenses	(12,231)	(9,449)	(2,782)	29.4%
Net value adjustments to property, plant and equipment and investment property and intangible assets	(2,101)	(1,828)	(273)	14.9%
Net allocations to provisions for risks and charges	(103)	-	(103)	n.a.
Other operating income (losses)	1,516	1,113	403	36.2%
<b>Operating costs</b>	<b>(32,883)</b>	<b>(29,375)</b>	<b>(3,508)</b>	<b>11.9%</b>
<b>Pre-tax profit from continuing operations</b>	<b>32,000</b>	<b>24,652</b>	<b>7,348</b>	<b>29.8%</b>
Income tax expense for the period	(11,606)	(8,932)	(2,674)	29.9%
<b>Net profit for the period</b>	<b>20,394</b>	<b>15,720</b>	<b>4,674</b>	<b>29.7%</b>
Profit (loss) for the period attributable to non-controlling interests	(259)	-	(259)	n.a.
<b>Group net profit before Purchase Price Allocation</b>	<b>20,135</b>	<b>15,720</b>	<b>4,415</b>	<b>28.1%</b>
Net effect of Purchase Price Allocation	861	-	861	n.a.
<b>Group net profit for the period</b>	<b>20,996</b>	<b>15,720</b>	<b>5,276</b>	<b>33.6%</b>

## Consolidated Income Statement: quarterly trend

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY TREND (in thousands of Euro)	YEAR 2011			YEAR 2010			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
<b>Net interest income</b>	<b>12,697</b>	<b>6,309</b>	<b>5,777</b>	<b>8,614</b>	<b>7,948</b>	<b>5,352</b>	<b>5,379</b>
<b>Total net commission income</b>	<b>20,174</b>	<b>20,051</b>	<b>18,353</b>	<b>17,478</b>	<b>16,797</b>	<b>16,733</b>	<b>15,836</b>
Dividends and similar income	-	82	-	-	-	17	-
Net result from trading	(89)	(139)	107	(97)	(11)	1	(111)
Profit (loss) from sale of available for sale financial assets	-	504	-	494	-	-	-
<b>Net banking income</b>	<b>32,782</b>	<b>26,807</b>	<b>24,237</b>	<b>26,489</b>	<b>24,734</b>	<b>22,103</b>	<b>21,104</b>
Net value adjustments due to deterioration of:							
receivables	(7,484)	(6,139)	(5,320)	(10,295)	(7,179)	(3,904)	(2,831)
available for sale financial assets	-	-	-	(235)	-	-	-
<b>Net profit from financial activities</b>	<b>25,298</b>	<b>20,668</b>	<b>18,917</b>	<b>15,959</b>	<b>17,555</b>	<b>18,199</b>	<b>18,273</b>
Personnel expenses	(7,002)	(6,623)	(6,339)	(6,549)	(6,079)	(6,661)	(6,471)
Other administrative expenses	(5,122)	(3,420)	(3,689)	(3,869)	(3,149)	(3,128)	(3,172)
Net allocations to provisions for risks and charges	(103)	-	-	-	-	-	-
Net value adjustments to property, plant and equipment and investment property and intangible assets	(790)	(679)	(632)	(655)	(626)	(625)	(577)
Other operating income (losses)	768	199	549	323	285	416	412
<b>Operating costs</b>	<b>(12,249)</b>	<b>(10,523)</b>	<b>(10,111)</b>	<b>(10,750)</b>	<b>(9,569)</b>	<b>(9,998)</b>	<b>(9,808)</b>
<b>Pre-tax profit from continuing operations</b>	<b>13,049</b>	<b>10,145</b>	<b>8,806</b>	<b>5,209</b>	<b>7,986</b>	<b>8,201</b>	<b>8,465</b>
Income tax expense	(4,661)	(3,725)	(3,220)	(2,303)	(2,969)	(3,020)	(2,943)
<b>Net profit for the period</b>	<b>8,388</b>	<b>6,420</b>	<b>5,586</b>	<b>2,906</b>	<b>5,017</b>	<b>5,181</b>	<b>5,522</b>
Profit (loss) for the period attributable to non-controlling interests	(259)	-	-	-	-	-	-
<b>Group net profit before Purchase Price Allocation</b>	<b>8,129</b>	<b>6,420</b>	<b>5,586</b>	<b>2,906</b>	<b>5,017</b>	<b>5,181</b>	<b>5,522</b>
Net effect of Purchase Price Allocation	(183)	1,044	-	-	-	-	-
<b>Group net profit</b>	<b>7,946</b>	<b>7,464</b>	<b>5,586</b>	<b>2,906</b>	<b>5,017</b>	<b>5,181</b>	<b>5,522</b>



## Notes

### Basis of preparation

Banca IFIS Group's interim report at 30 September 2011 has been prepared in compliance with both the provisions as per article 154-ter of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and with IAS/IFRS.

The consolidated financial statements at 30 September 2011 are compared, in terms of statement of financial position figures, with those at 31 December 2010 and, in terms of income statement results, with those at 30 September 2010.

The result for the period is reported net of income taxes which reflect the presumed expense for the period based on current and deferred taxes, calculated using the average rate forecast for the current year.

Interim reports are not audited by the independent auditing company.

### Consolidation scope

At 30 September 2011, the Group was composed of the parent company, Banca IFIS S.p.A., the wholly-owned subsidiary, IFIS Finance Sp. Z o. o. and Toscana Finanza S.p.A. which was 77.26% owned as well as the latter's wholly-owned subsidiaries Fast Finance S.p.A. and TF Sec S.r.l. All the companies are consolidated using the line-by-line method. Control of Toscana Finanza S.p.A. was acquired on 17 May 2011 and 30 June 2011 was chosen as the date of the business combination.

The accounts on which the consolidation is based are those prepared by Group companies at 30 September 2011.

The Toscana Finanza Group contributed to forming the results at 30 September 2011 starting from 30 June 2011 since that was the date chosen for recording the business combination.

## Group equity and income situation

### The scenario

The economic situation in Europe and Italy has been strongly conditioned by the difficulties on financial markets which have led to the worsening of conditions of access to credit for certain sovereign issuers, including Italy, and for Italian banks. Gradually banks have found it impossible to obtain funds from institutional markets – in particular for smaller institutes – and interbank deposits fell considerably. On retail deposits banks and governments in some cases found that they had to compete on the economic conditions reserved for savers. This forced banks to make very careful decisions regarding investments, making them less disposed towards medium/long term funding and also more careful on the shorter end of the curve, and in any case with a strong growth in costs for families and companies.

The sector where the Banca IFIS Group is traditionally present remains, however, characterised by a significant trend: the growth in credit to companies has experienced a slowdown (+4.2% yoy, Bank of Italy) while factoring is registering a strong growth (+27% yoy, Assifact) in line with the current development of this service, considered to be safer for financing banks.

### The position of the Banca IFIS Group

Since it was founded, Banca IFIS has been known for the support it provides to its client-companies. The bank provides financing for the working capital that companies need, while mitigating credit risks through the use of factoring. Moreover, it provides services for the management and guarantee of credit generated by companies through their ordinary production activities.

The segment in which Banca IFIS has traditionally operated is represented by small businesses with receivables from reliable clients. This segment features a higher counterparty client risk, but the credit risk is shifted to the client portfolio, and is therefore strongly mitigated, resulting in higher profitability.

The entry into this segment of companies that are suppliers to Public Administration is quite recent. Operations are based on the purchase of portfolios containing receivables of these companies due from Public Health Agencies – since the former need to collect their accounts receivable in the short term.

The Bank's distribution model is based on the local presence, the cornerstone of its effort to be aligned with the needs of its client-companies, with 25 offices in Italy and 91 direct development staff, with the possibility of additional offices being opened in the short to medium term. To this has been added a rapid intensification of the relationships with medium- to large-sized credit institutions that, without a "product factory" in the factoring sector, have decided to use the services of Banca IFIS to better support their clientele.

The Banca IFIS Group is also present on the international stage, particularly in France (Paris), with a branch office, and Poland (Warsaw), with the subsidiary, IFIS Finance Sp. Z o.o., which is active in the factoring market. Its international activities are also conducted through a network of representatives that report to Factor Chain International, with regard to both "import factoring" and "export factoring" activities. The offering of international services is completed with the import activities that have been developed by Management and promoted by offices in Bucharest, Budapest and Timisoara as well as the Group's more recent involvement in India Factoring and Finance Solutions Private Limited that have the objective of developing the domestic Indian market and supporting commercial relationships between European and local companies.

As a result of its acquisition of the Toscana Finanza Group, the Banca IFIS Group has also become involved in the sector of non-performing receivables that is characterized by its activities involving the management and collection of non-performing and tax receivables generated by bankruptcy proceedings.

Toscana Finanza purchases non-performing receivables mainly from financial institutions in the consumer credit, banks and leasing companies sector. In this economic phase, the purchase prices of these portfolios are decidedly moderate (even fractions of a percentage point); the reasons leading operators to factoring are of an organisational and management nature. Toscana Finanza is responsible for the recovery activity (which starts immediately after the purchase and takes place over a period of time which can be as much as 8-10 years, with a good concentration in the first three financial years) using their own facilities, partly also through external local structures, with regard to debtors mainly consisting of private individuals.

Fast Finance deals with insolvency procedures generating receivables to the Tax Authorities. It purchases assets for an amount considerably lower than nominal value thus allowing the procedures to be carried out. In some cases, the receivables are collected within the year and usually within three-five years, through direct organisations which liaise with the Tax Offices that have to be paid.

More recently, Banca IFIS Group has been able to and has needed to rely first and foremost on its own direct funding abilities. Driven by the considerable fundraising abilities of the online Rendimax savings account, which has proven to be a significant success, today Banca IFIS boasts a nearly one to one ratio between loans issued to companies involved in the institute's principal activity and retail collections. This means that direct retail collections are able to guarantee almost complete coverage of the demands for distributions to the clientele.

A good portion of retail collections have been time deposits, with maturities from one to twenty-four months. Moreover, Rendimax clients have been offered the opportunity to use their deposited amounts with a payment card that has ATM and POS functions.

The demand deposits made by Rendimax clientele is an aspect that requires adequate attention with respect to cash reserves, but at the same time represents a good opportunity for the Bank. collections are handled with a portfolio of allocated assets with the Eurosystem that are represented by Italian government securities and bank bonds. The profile of the securities, in line with their goals, includes the presence of short or at the most, medium-term maturities, at a fixed rate for the shortest transactions (treasury bills, zero coupon bonds) and at an indexed rate for medium-term transactions. With regard to some categories of financial instruments that are considered to be of a higher risk (subprime lending, derivatives), it remains confirmed that Banca IFIS does not have any direct or indirect exposure to such assets.

## Group performance

During recent months, the Group has proceeded with the optimization of the Bank's resources, continuing to support the economy of the country in the sector in which it has always been present. Beginning with the analysis carried out on its position in the SME sector and market performance, it was deemed opportune to concentrate the Bank's activities around companies of a limited size, proceeding with the decrease of its presence in the sector of larger-sized enterprises, with more contained profitability, which has traditionally involved the market's biggest players. The Bank's presence in the pharmaceutical industry segment has been further developed with a focus on the suppliers to medium-sized government healthcare agencies. In the non-performing receivables sector, focus has been on purchasing economic conditions and on acceleration of collection times also via appropriate organisational changes; in the tax receivables sector, focus has been on maximising profitability and using the Bank's leverage to optimise the offer.

"During the third quarter, the Group accelerated noticeably, laying the foundations for an excellent result for the entire year 2011," declared CEO Giovanni Bossi. "Profit margins were very good, and provide testimony to the market's acknowledgement of the quality of the actions implemented by the Bank in both the traditional sector of SMEs and in the new sectors of non-performing receivables, which is the result of the merger of Toscana Finanza into the Group's scope of consolidation. The yield on capital is very high, and we believe that will be confirmed in the near future; the Group's cash reserves are excellent, thanks to collections from the Rendimax online deposits; equity is high, and serves as a guarantee for depositors and the Group's potential for

growth. We are confirming, in a difficult situation, that we have excellent strategies that allow us to meet the demands of clients, investors and shareholders.”

## Significant events occurred in the period

Banca IFIS adopts a transparent and timely approach to market communication and constantly publishes information on significant events through press releases. Please refer to the “Investor Relations\press releases” section on the website [www.bancaifis.it](http://www.bancaifis.it) for complete details.

<http://www.bancaifis.it/bancaifis/index.php/en/main/Investor-Relations/Press-releases>

Here below is a summary of the most important events:

### ***Rendimax on Facebook and Best Savings Account***

In July rendimax, the high-interest online savings account of Banca IFIS, celebrated its third anniversary by raising interest rates for existing and new customers, and so confirmed its position as the savings account with the best yield in its category, excluding promotions. On this occasion a social network strategy was launched, starting with the Facebook page of rendimax, where every day savers and customers can discuss savings issues and ask questions about the savings account with real-time replies.

[http://www.rendimax.it/notizie/0\\_rendimax\\_festeggia\\_il\\_terzo\\_compleanno\\_con\\_un\\_rialzo\\_dei\\_tassi](http://www.rendimax.it/notizie/0_rendimax_festeggia_il_terzo_compleanno_con_un_rialzo_dei_tassi)

In August the new **Top Deferred Interest** option was introduced. It envisages the payment of interest on a quarterly basis (on an annual calendar basis).

[http://www.rendimax.it/notizie/0\\_ai\\_blocchi\\_di\\_partenza\\_l\\_opzione\\_interessi\\_posticipati\\_top](http://www.rendimax.it/notizie/0_ai_blocchi_di_partenza_l_opzione_interessi_posticipati_top)

A new service was also made available, the **Automatic Transfer Device** through a direct debit system: an automatic and regular transfer from a particular current account to rendimax, which enables the yield on liquidity to be optimised, thus providing an even simpler way to increase capital and obtain the maximum benefit with a wide range of choice. In particular, this service allows customers to operate independently and can be tailored to various options.

[http://www.rendimax.it/notizie/0\\_disponibile\\_la\\_disposizione\\_di\\_trasferimento\\_automatico](http://www.rendimax.it/notizie/0_disponibile_la_disposizione_di_trasferimento_automatico)

Appreciation of rendimax by the public and experts is confirmed by the recognition given to it by the *Osservatorio Finanziario* – the institute monitoring all web-based banking services – and published in the institute’s online magazine. In the list of **2011 best savings accounts**, rendimax was identified as the **Best Savings Account**, and took a place on the podium also for the categories of **Best Time Deposit Account**, which analyses savings accounts with short or very short maturities, and **Best Services**, which concerns the accessory services linked to the deposit.

[http://www.rendimax.it/notizie/1\\_rendimax\\_miglior\\_conto\\_deposito\\_del\\_2011](http://www.rendimax.it/notizie/1_rendimax_miglior_conto_deposito_del_2011)

## Consolidated Statement of Financial Position

	Assets (in thousands of Euro)	30.09.2011	31.12.2010
10	Cash and cash equivalents	36	31
20	Financial assets held for trading	239	293
40	Available for sale financial assets	1,509,296	818,507
60	Due from banks	356,967	228,013
70	Due from customers	1,858,527	1,571,592
120	Property, plant and equipment and investment property	39,310	34,309
130	Intangible assets	5,124	3,686
	of which:		
	- goodwill	800	868
140	Tax assets	28,841	9,945
	a) current	556	14
	b) deferred	28,285	9,931
160	Other assets	131,206	135,743
	<b>Total assets</b>	<b>3,929,546</b>	<b>2,802,119</b>

	Liabilities and equity (in thousands of Euro)	30.09.2011	31.12.2010
10	Due to banks	719,550	752,457
20	Due to customers	2,928,877	1,802,011
40	Financial liabilities held for trading	354	-
60	Hedging derivatives	43	-
80	Tax liabilities	13,564	4,857
	a) current	2,032	960
	b) deferred	11,532	3,897
100	Other liabilities	57,881	35,121
110	Severance indemnities	1,486	1,060
120	Provisions for risks and charges	398	-
	b) other provisions	398	-
140	Valuation reserves	(36,658)	(9,245)
170	Reserves	86,316	78,037
180	Share premiums	76,692	78,882
190	Share capital	53,811	53,811
200	Treasury shares (-)	(4,459)	(13,498)
210	Non-controlling interests (+/-)	10,695	-
220	Profit (loss) for the period (+/-)	20,996	18,626
	<b>Total liabilities and equity</b>	<b>3,929,546</b>	<b>2,802,119</b>

## Consolidated Income Statement

	Items (in thousands of Euro)	30.09.2011	30.09.2010
10	Interest receivable and similar income	68,845	45,068
20	Interest due and similar expenses	(44,062)	(26,389)
<b>30</b>	<b>Net interest income</b>	<b>24,783</b>	<b>18,679</b>
40	Commission income	61,893	52,182
50	Commission expense	(3,315)	(2,816)
<b>60</b>	<b>Total net commission income</b>	<b>58,578</b>	<b>49,366</b>
70	Dividends and similar income	82	17
80	Net result from trading	(121)	(121)
100	Profit (loss) from sale or buyback of:	504	-
	b) available for sale financial assets	504	-
<b>120</b>	<b>Net banking income</b>	<b>83,826</b>	<b>67,941</b>
130	Net value adjustments/revaluations due to deterioration of:	(18,943)	(13,914)
	a) receivables	(18,943)	(13,914)
<b>140</b>	<b>Net profit from financial activities</b>	<b>64,883</b>	<b>54,027</b>
180	Administrative expenses:	(33,728)	(28,660)
	a) personnel expenses	(19,964)	(19,211)
	b) other administrative expenses	(13,764)	(9,449)
190	Net allocations to provisions for risks and charges	(103)	-
200	Net value adjustments/revaluations of plant, property and equipment	(970)	(987)
210	Net value adjustments/revaluations of intangible assets	(1,131)	(841)
220	Other operating income (expenses)	3,403	1,113
<b>230</b>	<b>Operating costs</b>	<b>(32,529)</b>	<b>(29,375)</b>
<b>280</b>	<b>Pre-tax profit (loss) for the year from continuing operations</b>	<b>32,354</b>	<b>24,652</b>
290	Income taxes for the year relating to current operations	(11,099)	(8,932)
<b>300</b>	<b>After-tax profit (loss) from continuing operations</b>	<b>21,255</b>	<b>15,720</b>
<b>320</b>	<b>Profit (loss) for the period</b>	<b>21,255</b>	<b>15,720</b>
330	Profit (loss) for the period attributable to non-controlling interests	(259)	-
<b>340</b>	<b>Profit (loss) for the period attributable to the parent company</b>	<b>20,996</b>	<b>15,720</b>

## Statement of financial position figures

MAIN STATEMENT OF FINANCIAL POSITION FIGURES (in thousands of Euro)	AMOUNTS AT			ABSOLUTE CHANGE BETWEEN	
	30.09.2011	30.06.2011	31.12.2010	09.2011-06.2011	06.2011-12.2010
Other financial assets	1,509,535	1,161,145	818,800	348,390	342,345
Due from banks	356,967	317,091	228,013	39,876	89,078
Due from customers	1,858,527	1,844,204	1,571,592	14,323	272,612
Property, plant and equipment and investment property and intangible assets	44,434	44,844	37,995	(410)	6,849
Other assets	160,083	133,982	145,719	26,101	(11,737)
<b>Total assets</b>	<b>3,929,546</b>	<b>3,501,266</b>	<b>2,802,119</b>	<b>428,280</b>	<b>699,147</b>
Due to banks	719,550	867,517	752,457	(147,967)	115,060
Due to customers	2,928,877	2,339,634	1,802,011	589,243	537,623
Other liabilities	73,726	65,300	41,038	8,426	24,262
Equity	207,393	228,815	206,613	(21,422)	22,202
<b>Total liabilities and equity</b>	<b>3,929,546</b>	<b>3,501,266</b>	<b>2,802,119</b>	<b>428,280</b>	<b>699,147</b>

The Bank's **assets** are essentially represented by **receivables due from customers** from transactions with companies, which rose by 18.3% compared to the end of 2010 to 1,859 million Euro, and by Government securities and bonds for a total of 1,605 million Euro, almost entirely recorded under **available for sale financial assets** and the remainder under **receivables due from banks**.

### **Other financial assets**

Other financial assets consist of available for sale financial assets totalling 1,509,296 thousand Euro (+84.4% compared to 31 December 2010), and financial assets held for trading totalling 239 thousand Euro (-18.4% compared to 31 December 2010); available for sale assets include debt and equity securities, while financial assets held for trading consist solely of debt securities.

In order to provide a complete analysis of the Bank's financial assets, the debt securities portfolio, represented by several asset items in the statement of financial position, and the equity portfolio are commented on below.

### **Debt securities portfolio**

As from the third quarter of 2009 and for progressively larger amounts, a portfolio of assets eligible for refinancing with the Eurosystem (guarantee portfolio) was created, consisting of short-term, fixed rate Italian Government bonds, and short to medium term -, highly creditworthy and variable rate banking bonds. Such portfolio aims to maintain a solid liquidity base that is consistent with strategies, in a funding context that is now influenced by free and fixed retail funding. These securities are classified, on the basis of their characteristics and in compliance with the provisions of IAS 39, under available for sale financial assets or under receivables due from banks. At 30 September 2011 the guarantee portfolio totalled 703,879 thousand Euro.

In addition, as from May 2010, the Bank has set up a portfolio consisting mainly of short-term, fixed rate Italian Government bonds (investment portfolio) in order to invest surplus liquidity. These securities, too, have been classified as financial assets held for trading, available for sale financial assets or receivables due from banks, based on their characteristics and according to the provisions of IAS 39. At 30 September 2011 the investment portfolio totalled 901,084 thousand Euro.

Some of the securities held in the guarantee and investment portfolios were used in short to very short term repurchase agreements. Total debt securities held at 30 September 2011 amounted to 1,604,963 thousand Euro (+78% compared to 31 December 2010) and are broken down as follows: 83.5% Italian Government securities, 15.7% bank securities and 0.8% other securities. They mature in the short term: 65.5% of total debt securities mature within 12 months.

DEBT SECURITIES PORTFOLIO (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
<b>STATEMENT OF FINANCIAL POSITION ITEM:</b>				
Financial assets held for trading	239	293	(54)	(18.4)%
<i>Investment portfolio</i>	239	293	(54)	(18.4)%
Available for sale financial assets	1,495,761	805,039	690,722	85.8%
<i>Guarantee portfolio</i>	623,009	492,270	130,739	26.6%
<i>Investment portfolio</i>	872,752	312,769	559,983	179.0%
<b>Due from banks</b>	108,963	96,520	12,443	12.9%
<i>Guarantee portfolio</i>	80,870	81,474	(604)	(0.7)%
<i>Investment portfolio</i>	28,093	15,046	13,047	86.7%
<b>Total debt securities held</b>	<b>1,604,963</b>	<b>901,852</b>	<b>703,111</b>	<b>78.0%</b>
of which:				
<i>Guarantee portfolio</i>	703,879	573,744	130,135	22.7%
<i>Investment portfolio</i>	901,084	328,108	572,976	174.6%

### **Equity portfolio**

Other financial assets also include equity securities relating to non-controlling interests in unlisted companies totalling 13,535 thousand Euro, which are classified among available for sale financial assets.

### **Receivables due from banks**

At 30 September 2011 receivables due from banks totalled 356,967 thousand Euro compared to 228,013 thousand Euro at 31 December 2010 (+56.6%).

This change is due to the consolidation of receivables due from banks of the Toscana Finanza Group (721 thousand Euro).

Some securities not listed on an active market and eligible with the Eurosystem were classified under this item for an amount of 108,963 thousand Euro (+12.9% compared to 31 December 2010). This security portfolio is held for the purposes described in the paragraph on other financial assets.

The item includes 248,004 thousand Euro for treasury loans with other lenders (+88.6% compared to 31 December 2010) largely connected to maintaining excess liquidity on year-end maturities.

### **Receivables due from customers**

At 30 September 2011 total receivables due from customers reached 1,858.5 million Euro, with an increase of 18.3% compared to 1,571,6 million Euro at 31 December 2010.

With regard to activities related to SMEs, the duration of the financing has been established in the short term, in line with the working capital support strategy that represents the Bank's main activity.

This change is due to the consolidation of receivables due from the Toscana Finanza Group's customers (142,527 thousand Euro).

Receivables due from customers are broken down as follows: 26.7% from the Public Administration (compared to 18.6% at 31 December 2010) and 73.3% from the private sector (compared to 81.4% at 31 December 2010).



Geographically, the item is broken down as follows: 98.1% from customers resident in Italy and 1.9% from customers resident abroad.

Finally, it should be noted that the item includes 5 positions, for a total of 153,192 thousand Euro, which fall within the category of major risks.

### ***Deteriorated assets***

Total net deteriorated assets for the period relating to factoring – breakdown is provided here below – totalled 207,454 thousand Euro compared to 220,928 thousand Euro at 31 December 2010 (-6.1%).

Total **non-performing loans** to customers at 30 September 2011, net of value adjustments, was 40,028 thousand Euro, compared to 38,421 thousand Euro at 31 December 2010 (+4.2%).

Thanks to the adoption of a business model ideal for transferring risk from customers to better-structured debtors, the Bank is able to mitigate its exposure to customer default. The ratio of non-performing loans to shareholders' equity at 30 September 2011 was 19.3%, up from 18.6% at 31 December 2010.

Total **substandard loans**, net of value adjustments, stood at 110,750 thousand Euro, up by 44.2% compared to 76,810 thousand Euro at 31 December 2010.

As envisaged by the instructions of Bank of Italy, the item “substandard loans” also includes the so-called “objective substandard loans with recourse” which, due to the particular business undertaken by the Bank, do not represent particular problems. Specifically, “objective substandard loans with recourse” relate to loans to assigning customers, whose assigned debtors show strong delays in payments. The Bank believes these positions are not particularly problematic, as payment delays by the assigned debtor do not necessarily correspond to an objective financial difficulty of the assigning customer. If the Bank finds out that the assigning customer is also facing difficulties in fulfilling its commitments, the position is automatically recorded among substandard loans.

Net **rescheduled loans** totalled 3,608 thousand Euro at 30 September 2011, compared to 7,251 thousand Euro at 31 December 2010, down by 50.2%.

Net **overdue loans** totalled 53,068 thousand Euro at 30 September 2011, compared to 98,446 thousand Euro at 31 December 2010, down by 46.1%. These positions refer to receivables due from the Public Administration (18,702 thousand Euro) purchased on a final basis within the factoring activity. Given the credit and debt counterparty quality, it is believed that these positions are not subject to impairment.

The ratio of non-performing loans to loan commitments improved from 2.4% to 2.3% considering value adjustments, and from 6.4% to 6.6% in terms of gross amounts.

The ratio of substandard loans to total loan commitments rose from 4.9% to 6.2% considering value adjustments, and from 4.8% to 6.1% in terms of gross amounts.

The ratio of total net deteriorated assets to loan commitments was 11.7% compared to 14.1% at 31 December 2010 and 15.7% compared to 17.7% in terms of gross figures.

It should be noted that the activity carried out by the Toscana Finanza Group is partly (71,260 thousand Euro) dedicated to the purchase, management and collection of non-performing receivables, whose classification as “deteriorated assets” according to current supervisory regulations is not representative of their recoverability; the Toscana Finanza group is also present in the sector of tax receivables generated by insolvency procedures (71,267 thousand Euro), which are mainly classified as performing according to current supervisory regulations.

QUALITY OF LENDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2011	ABSOLUTE	%
Non-performing loans	40,028	38,421	1,607	4.2%
Substandard loans	110,750	76,810	33,940	44.2%
Rescheduled loans	3,608	7,251	(3,643)	(50.2)%
Overdue loans	53,068	98,446	(45,378)	(46.1)%
<b>Total deteriorated assets from factoring customers</b>	<b>207,454</b>	<b>220,928</b>	<b>(13,474)</b>	<b>(6.1)%</b>
Net performing receivables from factoring customers	1,565,977	1,350,664	215,313	15.9%
<b>Total due from factoring customers (cash)</b>	<b>1,773,431</b>	<b>1,571,592</b>	<b>201,839</b>	<b>12.8%</b>
Other due from customers	142,527	-	142,527	n.a.
Intercompany eliminations	(57,431)	-	(57,431)	n.a.
<b>Total due from customers</b>	<b>1,858,527</b>	<b>1,571,592</b>	<b>286,935</b>	<b>18.3%</b>

<sup>(1)</sup> The item refers to receivables due from customers concerning the sector of the Toscana Finanza Group. According to the classification criteria envisaged by current supervisory regulations, which are not representative of recoverability, these receivables consist of deteriorated assets for 54,152 thousand Euro, divided between non-performing loans for 9,781 thousand Euro, substandard loans for 37,080 thousand Euro and overdue loans for 7,291 thousand Euro, as well as performing receivables for 88,375 thousand Euro, relating to tax receivables for 69,200 thousand Euro.

### ***Intangible assets and property, plant and equipment and investment property***

**Intangible assets** totalled 5,124 thousand Euro compared to 3,686 thousand Euro at 31 December 2010 (+39%). The item refers to software (3,733 thousand Euro) and goodwill (800 thousand Euro) arising from the consolidation process of the investment in IFIS Finance Sp. Z o.o.

Toscana Finanza Group's contribution to this item is 1,058 thousand Euro, entirely for software.

**Property, plant and equipment and investment property** stood at 39,310 thousand Euro, up by 14.6% compared to 31 December 2010.

The property included under property, plant and equipment and investment property mainly includes: the important historical building, Villa Marocco, located in Mestre (Venice) and housing Banca IFIS's registered office and the property in Mestre (Venice), partly sub-leased to the parent company, La Scogliera S.p.A.

The carrying amount of the property above has been confirmed by the report of experts specialising in the measurement of luxury property. Villa Marocco is not depreciated as its estimated residual value at the end of its useful life is expected to be higher than its carrying amount.

Following the consolidation of the Toscana Finanza Group, the Group's head office in Florence, which was acquired under a finance lease, was recorded at 5,012 thousand Euro.

Some property of minor value is also recorded.

### ***Funding***

Total funding, which at 30 September 2011 totalled 3,648,427 thousand Euro up by 42.8% compared to 31 December 2010, consists of **Payables due to customers** (80.3%) and **Payables due to banks** (19.7%).

The Bank's supply sources are therefore rather diversified, with limited exposure to sudden credit crunches that may occur at times of crisis in the interbank market, especially as a result of the constant growth of the online Rendimax savings account, which as of the end of September amounted to 1,505,331 thousand Euro with approximately 37,000 customers.

The remainder of **Payables due to customers** (which at 30 September 2011 totalled 2,928,877 thousand Euro, +62.5% compared to 31 December 2010) is mainly represented by the funding implemented through repurchase agreements with underlying Government securities and the *Cassa di Compensazione e Garanzia* as counterparty for 1,331,236 thousand Euro.

This change also takes into account the consolidation of the Toscana Finanza group (11,947 thousand Euro).

**Payables due to banks**, which totalled 719,550 thousand Euro (-4.4% compared to 31 December 2010), consisted of interbank deposits for 329,550 thousand Euro (-18.1% compared to 31 December 2010) of which 189,000 thousand Euro regulated on the e-MID platform (-33.5% compared to 31 December 2010), and funding from the Eurosystem for 390,000 thousand Euro, through security-backed financing. To this aim, both securities obtained from the securitisation of trade receivables started in October 2008 and the securities included amongst available for sale financial assets and receivables due from banks were used.

The consolidation of the Toscana Finanza group contributed to the item with 27,880 thousand Euro.

### **Capital adequacy and solvency ratios**

The equity attributable to the Group was 207,393 thousand Euro at 30 September 2011, compared to 206,613 thousand Euro at 31 December 2010. This increase in equity is shown below:

<b>EQUITY: CHANGES</b> (in thousands of Euro)	
<b>Equity at 31.12.2010</b>	<b>206.613</b>
<b>Increases:</b>	<b>44.266</b>
Group net profit	20.996
Non-controlling interests	10.695
Sale of treasury instruments	12.440
Other changes	135
<b>Decreases:</b>	<b>(43.486)</b>
Dividends distributed	(10.486)
Change in valuation reserve:	(27.409)
- AFS securities	(24.661)
- exchange differences	(2.748)
Purchase of treasury instruments	(5.591)
<b>Equity at 30.09.2011</b>	<b>207.393</b>

The change in the fair value of Government bonds classified under available for sale financial assets, although it has no effect in terms of the income statement, caused an increase in the negative value of the valuation reserve and a consequent reduction in the Group's equity. The valuation reserve, due to the overall investment in Italian Government bonds, went from a net value of -3,038 thousand Euro (-4.533 thousand Euro gross of the tax effect) at 31 December 2010 to -25.858 thousand Euro (-38.634 thousand Euro gross of the tax effect) at 30 September 2011.

Overall, the valuation reserve for AFS securities went from a net value of -5,461 thousand Euro (-8,141 thousand Euro gross of the tax effect) at 31 December 2010 to -30,122 thousand Euro (-45,077 thousand Euro gross of the tax effect) at 30 September 2011.

The change in the valuation reserve for exchange differences refers mainly to exchange differences deriving from the consolidation of the subsidiary IFIS Finance Sp. Z o.o.

For further information on treasury shares transactions, reference should be made to the "Other information – Transactions on treasury shares" section in this report.

CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	30.09.2011	31.12.2010
<b>Regulatory capital</b>		
Tier 1 capital	223,268	206,510
Tier 2 capital	(6,447)	(3,784)
Deductibles	-	-
<b>Total capital</b>	<b>216,821</b>	<b>202,726</b>
<b>Regulatory minimum requirements</b>		
Credit risk	140,735	129,716
Market risk	1,930	1,893
Operational risk	12,143	12,144
<b>Total minimum requirements</b>	<b>154,808</b>	<b>143,753</b>
<b>Solvency ratios</b>		
Tier 1 capital/total weighted assets	11.5%	11.5%
Total capital/total weighted assets	11.2%	11.3%
<b>Capital surplus (in excess of minimum requirements)</b>	<b>62,013</b>	<b>58,973</b>

Pursuant to Bank of Italy's Regulation dated 18 May 2010, the Banca IFIS Group calculated its regulatory capital at 30 September 2011 by adopting the so-called "symmetric filter", which allows to neutralize both gains and losses on securities issued by the Central Administrations of EU Member States included amongst available for sale financial assets, as if they were valued at cost.

## Income statement

### Formation of net profit from financial activities

Group **net profit from financial activities** totalled 64,883 thousand Euro compared to 54,027 thousand Euro at 30 September 2010, up by 20.1%. This positive result confirms that the higher charges to factoring customers adequately correspond to the increased risk in loan commitments even in an extremely difficult economic and financial scenario. Please note that the contribution to this item from the initial consolidation of the Toscana Finanza Group was 3,899 thousand Euro, generated as from 1 July 2011.

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
<b>Net banking income</b>	<b>83,826</b>	<b>67,941</b>	<b>15,885</b>	<b>23.4%</b>
Net value adjustments due to deterioration of:				
receivables	(18,943)	(13,914)	(5,029)	36.1%
<b>Net profit from financial activities</b>	<b>64,883</b>	<b>54,027</b>	<b>10,856</b>	<b>20.1%</b>

**Net banking income** increased by 23.4% from 67,941 thousand Euro to 83,826 thousand Euro. Net banking income is made up of commission income (69.9%), interest income (29.6%) and other components (0.5%). The development of products with a high related services component, income from which is represented by commission income only, leads to marked volatility between net interest income and commission income, such as to make comparisons between periods meaningless. For information purposes, however, a detailed analysis is provided below. The contribution to this item arising from the Toscana Finanza Group was 4,538 thousand Euro.

NET BANKING INCOME (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
Net interest income	24,783	18,679	6,104	32.7%
Total net commission income	58,578	49,366	9,212	18.7%
Dividends and similar income	82	17	65	382.4%
Net result from trading	(121)	(121)	-	-
Profit (loss) from assignment of AFS financial assets	504	-	504	n.a.
<b>Net banking income</b>	<b>83,826</b>	<b>67,941</b>	<b>15,885</b>	<b>23.4%</b>

**Net interest income** went from 18,679 thousand Euro at 30 September 2010 to 24,783 thousand Euro at 30 September 2011 (+32.7%), of which 5,160 thousand Euro generated by the Toscana Finanza Group.

Please note that at 30 September 2011, interests on arrears accrued on amounts due from the Public Administration relate to invoices already paid (about 9.5 million Euro) and to invoices not yet paid (about 21.9 million Euro). Such amounts, which are calculated based on current regulations and contract law, were not recorded in the financial statements, because, as of today, the Bank does not have the necessary information to ascertain their recoverability.

**Net commission income** performed well and was up by 18.7% compared to the same period in the previous year. This result is due in particular to the higher charges for the receivables management and guarantee service offered by the Group, owing to the management complexity involved, and in order to offset the increase in credit risk.

Commission income, totalling 61,893 thousand Euro compared to 52,182 thousand Euro at 30 September 2010, came primarily from factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme) as well as from other fees usually charged to customers for services.

Commission expense, totalling 3,315 thousand Euro compared to 2,816 thousand Euro at 30 September 2010, came primarily from intermediation activities of designated banks, the work of other credit brokers, and commissions paid to correspondent factors. The item also includes the fees (477 thousand Euro) recognised by the Toscana Finanza Group to debt collection companies in proportion to the sums they have recovered.

**Net value adjustments due to deterioration in receivables** totalled 18,943 thousand Euro, compared to 13,914 thousand Euro at 30 September 2010 (+36.1%), due to an economic scenario featuring difficult forecasting, high volatility and unstable financial conditions. The adjustments, in line with the large number of customers, were mainly fragmented and of limited amount. The value adjustments arising from the consolidation of the Toscana Finanza Group totalled 639 thousand Euro.

The Banca IFIS Group has continued to be rigorous in its assessment of assets, also given the still difficult general economic conditions, recognising value adjustments in the income statement in a timely manner as soon as conditions to do so arise.

### **Formation of profit for the period**

The table below shows the formation of the Group's profit for the period starting from the previously mentioned profit from financial activities, compared with the same period of the previous year.

FORMATION OF PROFIT FOR THE PERIOD (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
Net profit from financial activities	64,883	54,027	10,856	20.1%
Operating costs	(32,883)	(29,375)	(3,508)	11.9%
<b>Pre-tax profit from continuing operations</b>	<b>32,000</b>	<b>24,652</b>	<b>7,348</b>	<b>29.8%</b>
Income tax expense for the period	(11,606)	(8,932)	(2,674)	29.9%
<b>Profit for the period</b>	<b>20,394</b>	<b>15,720</b>	<b>4,674</b>	<b>29.7%</b>
Profit (loss) attributable to non-controlling interests	(259)	-	(259)	n.a.
<b>Group net profit before Purchase Price Allocation</b>	<b>20,135</b>	<b>15,720</b>	<b>4,415</b>	<b>28.1%</b>
Net effect of Purchase Price Allocation	861	-	861	n.a.
<b>Consolidated net profit attributable to the Group</b>	<b>20,996</b>	<b>15,720</b>	<b>5,276</b>	<b>33.6%</b>

Total operating costs stood at 32,883 thousand Euro, up by 11.9% compared to 30 September 2010. This item includes operating costs for the Toscana Finanza Group of 2,308 thousand Euro.

Considering the net effect of the Purchase Price Allocation (PPA) gross of taxes on the operating costs of the period, the latter amount to 32,529 thousand Euro, an increase of 10.7% compared with the same period of the previous year.

The cost/income ratio stood at 39.2% (38.8% taking into account the PPA effect), up and from 43.2% at 30 September 2010.

OPERATING COSTS (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
Personnel expenses	19,964	19,211	753	3.9%
Other administrative expenses	12,231	9,449	2,782	29.4%
Net allocations to provisions for risks and charges	103	-	103	n.a.
Value adjustments to property, plant and equipment and investment property and intangible assets	2,101	1,828	273	14.9%
Other operating charges (income)	(1,516)	(1,113)	(403)	36.2%
<b>Total operating costs</b>	<b>32,883</b>	<b>29,375</b>	<b>3,508</b>	<b>11.9%</b>

**Personnel expenses** of 19,964 thousand Euro rose by 3.9% compared to 30 September 2010; this increase was in part due to the consolidation of the Toscana Finanza Group, which in the third quarter of 2011 recorded personnel expenses of 916 thousand Euro.

At 30 September 2011 staff consisted of 410 employees.

**Other administrative expenses** at 30 September 2011 reached 12,331 thousand Euro, compared to 9,449 thousand Euro in the prior year period (+29.4%). This increase is notably explained by the consolidation of the Toscana Finanza Group, which in the third quarter of 2011 incurred costs for other administrative expenses of 1,059 thousand Euro.

It also includes some operating costs of the special purpose vehicle set up for the revolving securitisation plan for trade receivables (154 thousand Euro).

The item does not include the costs incurred for the acquisition of the Toscana Finanza Group, equal to 1,533 thousand Euro gross of the tax effect, reclassified as a separate item in the consolidated income statement, below the profit for the period.

Please note that part of the expenses included in this item (in particular legal expenses and indirect taxes) is charged back to customers and the relevant revenue is recognised under other operating income. Net of this component, other administrative expenses totalled 12,161 thousand Euro at 30 September 2011, compared to 8,317 thousand Euro at 30 September 2010 (+46.2%).

**Net value adjustments to intangible assets** totalled 1,131 thousand Euro at 30 September 2011, up by 34.5% compared to the first nine months of last year, and largely refer to IT equipment, while **net value adjustments to property, plant and equipment and investment property** totalled 970 thousand Euro compared to 987 thousand Euro at 30 September 2010 (-1.7%).

**Other net operating income** totalled 1,516 thousand Euro (+36.2% compared to 1,113 thousand Euro at 30 September 2010) and are mainly made up of revenue from recoveries of third party expenses. The relevant cost item is included in other administrative expenses, in particular under legal expenses and indirect taxes. If this item also included the effect of Purchase Price Allocation gross of the tax effect (1,887 thousand Euro), other operating income would amount to 3,403 thousand Euro.

**Pre-tax profit for the period from continuing operations** stood at 32,000 thousand Euro, up by 29.8% compared to 30 September 2010.

**Income tax expense** amounted to 11,606 thousand Euro, compared to 8,932 thousand Euro at 30 September 2010 (+29.9%).

**Profit for the period** totalled 20,394 thousand Euro, of which 1,137 thousand Euro generated by the Toscana Finanza Group. Net of non-controlling interests of 259 thousand Euro, the **net profit attributable to the Parent Company** before Purchase Price Allocation amounted to 20,135 thousand Euro, up by 28.1% compared to 30 September 2010.

**Group net profit for the period** amounted to 20,996 thousand Euro, up by 33.6% compared to 30 September 2010.

## Contribution of business sectors to Group results

### The organisational structure

The model for segment reporting is in line with the organisational structure used by the Management to analyse Group results and is broken down into the sectors Banca IFIS prior to PPA and Toscana Finanza.

#### BANCA IFIS prior to PPA

The primary business involves provision of financial and managerial support to small and medium size enterprises through factoring which is supplied by the Parent Company and the subsidiary IFIS Finance Sp. Z o.o.

#### TOSCANA FINANZA

The business carried out by Toscana Finanza entails the non-recourse acquisition and management of non-performing receivables which have different risk profiles and specific characteristics. These financial, trade or tax receivables are bought from banks and financial institutions, insolvency proceedings and companies.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT 30.09.2011				AMOUNTS AT 31.12.2010			
	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATIONS AND ADJUSTMENTS	GROUP CONSOLIDATED TOTAL	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATIONS AND ADJUSTMENTS	GROUP CONSOLIDATED TOTAL
Available for sale financial assets	1,509,296	-	-	1,509,296	818,507	-	-	818,507
Due from banks	356,246	721	-	356,967	228,013	-	-	228,013
Due from customers	1,773,431	142,527	(57,431)	1,858,527	1,571,592	-	-	1,571,592
Due to banks	691,670	85,311	(57,431)	719,550	752,457	-	-	752,457
Due to customers	2,916,930	11,947	-	2,928,877	1,802,011	-	-	1,802,011
Total RWA	1,723,046	130,833	-	1,853,879	1,796,910	-	-	1,796,910
Number of employees	345	65	-	410	339	-	-	339



Here below are the results of the first nine months of 2011 by business sector which will be commented on in the sections dedicated to the individual sectors.

The Toscana Finanza Group contributed to the net profit at 30 September 2011 as from 30 June 2011 since that was the date chosen for recording the business combination.

INCOME STATEMENT DATA (in thousands of Euro)	01.01.2011 - 30.09.2011				01.01.2010 - 30.09.2010			
	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINA- TIONS AND ADJUST- MENTS	GROUP CONSOLI- DATED TOTAL	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINA- TIONS AND ADJUST- MENTS	GROUP CONSOLI- DATED TOTAL
<b>Net interest income</b>	<b>19,623</b>	<b>5,160</b>	-	<b>24,783</b>	<b>18,679</b>	-	-	<b>18,679</b>
<b>Total net commission income</b>	<b>59,055</b>	<b>(477)</b>	-	<b>58,578</b>	<b>49,366</b>	-	-	<b>49,366</b>
Dividends and similar income	82	-	-	82	17	-	-	17
Net result from trading	24	(145)	-	(121)	(121)	-	-	(121)
Profit (loss) from assignment of AFS financial assets	504	-	-	504	-	-	-	-
<b>Net banking income</b>	<b>79,288</b>	<b>4,538</b>	-	<b>83,826</b>	<b>67,941</b>	-	-	<b>67,941</b>
Net value adjustments due to deterioration in receivables	(18,304)	(639)	-	(18,943)	(13,914)	-	-	(13,914)
<b>Net profit from financial activities</b>	<b>60,984</b>	<b>3,899</b>	-	<b>64,883</b>	<b>54,027</b>	-	-	<b>54,027</b>
Personnel expenses	(19,048)	(916)	-	(19,964)	(19,211)	-	-	(19,211)
Other administrative expenses	(11,172)	(1,059)	(1,533)	(13,764)	(9,449)	-	-	(9,449)
Net allocations to provisions for risks and charges	-	(103)	-	(103)	-	-	-	-
Net value adjustments to property, plant and equipment and investment property and intangible assets	(1,988)	(113)	-	(2,101)	(1,828)	-	-	(1,828)
Other operating income (losses)	1,633	(117)	1,887	3,403	1,113	-	-	1,113
<b>Operating costs</b>	<b>(30,575)</b>	<b>(2,308)</b>	<b>354</b>	<b>(32,529)</b>	<b>(29,375)</b>	-	-	<b>(29,375)</b>
<b>Pre-tax profit from continuing operations</b>	<b>30,409</b>	<b>1,591</b>	<b>354</b>	<b>32,354</b>	<b>24,652</b>	-	-	<b>24,652</b>
Income tax expense	(11,152)	(454)	507	(11,099)	(8,932)	-	-	(8,932)
<b>Net profit for the period</b>	<b>19,257</b>	<b>1,137</b>	<b>861</b>	<b>21,255</b>	<b>15,720</b>	-	-	<b>15,720</b>
Non-controlling interests	-	-	(259)	(259)	-	-	-	-
<b>Group profit for the period</b>	<b>19,257</b>	<b>1,137</b>	<b>602</b>	<b>20,996</b>	<b>15,720</b>	-	-	<b>15,720</b>

<sup>(1)</sup> - Income statement generated from 1 July 2011 to 30 September 2011.

<sup>(2)</sup> Figures include profit gross of the tax effect arising from the acquisition, at favourable prices, of the Toscana Finanza Group and the related accessory costs.

## Banca IFIS prior to Purchase Price Allocation (PPA) sector

The sector coincides with the business scope of Banca IFIS prior to the acquisition of the Toscana Finanza Group.

INCOME STATEMENT (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
Net banking income	79,288	67,941	11,347	16.7%
Net adjustments to receivables	(18,304)	(13,914)	(4,390)	31.6%
Net profit from financial activities	60,984	54,027	6,957	12.9%
Operating costs	(30,575)	(29,375)	(1,200)	4.1%
Gross profit from continuing operations	30,409	24,652	5,757	23.4%

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
Due from customers	1,773,431	1,571,592	201,839	12.8%
<i>of which deteriorated assets</i>	207,454	220,928	(13,474)	(6.1)%
Total RWA of the sector	1,723,046	1,796,910	(189,305)	(10.5)%

ECONOMIC AND FINANCIAL INDICATORS	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2007
Turnover (in thousands of Euro)	3,585,345	3,474,503	2,369,043	2,389,556	2,236,503
Net banking income/Turnover	2.2%	2.0%	2.3%	2.1%	1.7%
Net non-performing loans/Due from customers	2.3%	2.3%	1.7%	1.0%	0.8%
Net non-performing loans/Equity	19.3%	15.8%	12.0%	5.7%	6.2%

The following tables provide further information relating to receivables due from customers.

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	COMMITMENTS	TURNOVER
Northern Italy	41.8%	51.9%
Central Italy	30.7%	24.0%
Southern Italy	25.6%	14.4%
Abroad	1.9%	9.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

DETERIORATED ASSETS (in thousands of Euro)	NON-PERF. LOANS	SUBST. LOANS	RESCHEDULED LOANS	OVERDUE LOANS	TOTAL
<b>BALANCE AT 30.09.2011</b>					
Nominal value of deteriorated assets	122,824	113,197	4,139	53,244	293,404
<i>Incidence on total receivables at nominal value</i>	6.6%	6.1%	0.2%	2.9%	15.7%
Value adjustments	82,796	2,447	531	176	85,950
<i>Incidence on nominal value</i>	67.4%	2.2%	12.8%	0.3%	29.3%
Carrying amount	40,028	110,750	3,608	53,068	207,454
<i>Incidence on net total receivables</i>	2.3%	6.2%	0.2%	3.0%	11.7%
<b>BALANCE AT 31.12.2010</b>					
Nominal value of deteriorated assets	105,481	79,270	7,818	98,724	291,293
<i>Incidence on total receivables at nominal value</i>	6.4%	4.8%	0.5%	6.0%	17.7%
Value adjustments	67,060	2,460	567	278	70,365
<i>Incidence on nominal value</i>	63.6%	3.1%	7.3%	0.3%	24.2%
Carrying amount	38,421	76,810	7,251	98,446	220,928
<i>Incidence on net total receivables</i>	2.4%	4.9%	0.5%	6.3%	14.1%

CLASSES OF NET NON-PERFORMING LOANS	NO. OF NON PERFORMING LOANS	GROSS AMOUNT	TOTAL ADJUSTMENTS	NET AMOUNT	% HEDGING
from 1 to 200,000	466	72,817	(60,216)	12,601	82.7%
from 200,001 to 500,000	26	12,581	(4,258)	8,323	33.8%
from 500,001 to 1,000,000	9	13,221	(7,031)	6,190	53.2%
from 1,000,001 to 2,000,000	3	5,727	(1,761)	3,966	30.7%
> 2.000.001	3	18,478	(9,530)	8,948	51.6%
<b>Total</b>	<b>507</b>	<b>122,824</b>	<b>(82,796)</b>	<b>40,028</b>	<b>67.4%</b>

The following table shows the nominal value of receivables purchased for factoring transactions existing at the end of the period (Total receivables), broken down into receivables with or without recourse and receivables purchased on a final basis. Please note that the breakdown of purchased receivables in the following table is based on the contract form used by the Bank.

TOTAL RECEIVABLES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.10.2010	ABSOLUTE	%
Receivables without recourse	133,390	180,458	(47,068)	(26.1)%
<i>of which due from the Public Administration</i>	7,681	10,216	(2,535)	(24.8)%
Receivables with recourse	1,509,202	1,421,495	87,707	6.2%
<i>of which due from the Public Administration</i>	483,844	408,452	75,392	18.5%
Purchased on a final basis	562,123	461,061	101,062	21.9%
<i>of which due from the Public Administration</i>	466,824	291,924	174,900	59.9%
<b>Total receivables</b>	<b>2,204,715</b>	<b>2,063,014</b>	<b>141,701</b>	<b>6.9%</b>
<i>of which due from the Public Administration</i>	<b>958,349</b>	<b>710,592</b>	<b>247,757</b>	<b>34.9%</b>

## Toscana Finanza Group sector

The Toscana Finanza group has a direct presence in the sector of buying, managing and collecting non-performing loans generated by banks and operators in retail lending. In addition, the group which has been taken over is present, through its subsidiary Fast Finance, in the sector of tax receivables generated by insolvency proceedings.

The Toscana Finanza Group contributed to the net profit at 30 September 2011 as from 30 June 2011, since that was the date chosen for recording the business combination.

INCOME STATEMENT (in thousands of Euro)	PERIOD		CHANGE	
	01.07.2011 30.09.2011	01.01.2010 30.09.2010	ABSOLUTE	%
Net interest	5,160	-	5,160	n.a.
Total net commission income	(477)	-	(477)	n.a.
Net result from trading	(145)	-	(145)	n.a.
<b>Net banking income</b>	<b>4,538</b>	-	<b>4,538</b>	<b>n.a.</b>
Net adjustments to receivables	(639)	-	(639)	n.a.
<b>Net profit from financial activities</b>	<b>3,899</b>	-	<b>3,899</b>	<b>n.a.</b>
Operating costs	(2,308)	-	(2,308)	n.a.
<b>Gross profit from continuing operations</b>	<b>1,591</b>	-	<b>1,591</b>	<b>n.a.</b>

Receivables due from customers are valued at amortised cost. Interest income of 6,164 thousand Euro mainly includes the yield on the receivables portfolio calculated using the effective interest rate method.

Interest expense of 1,004 thousand Euro includes the costs of collection which are incurred for 56% in regard to the Parent Company.

Commissions include the costs arising from the fees due to debt collection companies set in proportion to the sums they have recovered.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2011	31.12.2010	ABSOLUTE	%
Due from customers	142,527	-	-	n.a.
Total RWA of the sector	130,833	-	-	n.a.

RWA is calculated on the basis of the classification of receivables due from customers in accordance with the supervisory regulations.

The following table provides further information relating to receivables due from customers. It should be noted that these receivables are claimed solely from counterparties based in Italy.

BREAKDOWN OF CUSTOMERS BY TYPE OF RECEIVABLE	AMOUNTS	NOMINAL VALUE
Tax receivables	71,267	87,150
Financial receivables	59,455	1,398,766
Trade receivables	3,510	254,238
Mortgage receivables	6,814	52,375
Other guaranteed receivables	1,124	3,906
Receivables from revocatory actions	357	4,755
<b>Total receivables due from customers</b>	<b>142,527</b>	<b>1,801,190</b>

## Significant events after 30 September 2011

### ***Rendimax flies high with new interest rate rises and an enticing social initiative***

Together with further interest rate rises offered in the fourth quarter

([http://www.rendimax.it/notizie/0\\_rialzo\\_dei\\_tassi\\_per\\_tutte\\_le\\_scadenze\\_su\\_interessi\\_posticipati\\_top](http://www.rendimax.it/notizie/0_rialzo_dei_tassi_per_tutte_le_scadenze_su_interessi_posticipati_top) and

[http://www.rendimax.it/notizie/1\\_rendimax\\_vola\\_con\\_un\\_nuovo\\_rialzo\\_per\\_gli\\_interessi\\_anticipati](http://www.rendimax.it/notizie/1_rendimax_vola_con_un_nuovo_rialzo_per_gli_interessi_anticipati)), the social

network strategy of rendimax is proceeding in particular through the survey project involving all

savers via various platforms (the official website, the Facebook Fan Page and specialist forums)

where savers can express their preferences on the features of the savings account which will lead – by the end of the year – to the creation of a new savings product as part of the rendimax family.

The objective is to expand the service offer by creating a range of products to meet the various needs of customers and savers.

[http://www.rendimax.it/notizie/1\\_rendimax\\_coinvolge\\_le\\_persone\\_per\\_disegnare\\_il\\_nuovo\\_prodotto\\_di\\_risparmio](http://www.rendimax.it/notizie/1_rendimax_coinvolge_le_persone_per_disegnare_il_nuovo_prodotto_di_risparmio)

## Outlook

The Bank's activities continue with profit in an economic context that is very complex due to the current economic situation, from the difficulties that characterize the Euro zone, especially those that involve Italy, to the tensions that are present in interbank markets.

Although the interaction between the phenomena is able to generate significant volatility, it is reasonable to forecast a positive result also during the fourth quarter of 2011.

## Other information

### ***Merger of Toscana Finanza S.p.A. into Banca IFIS S.p.A.***

The process leading to the merger of Toscana Finanza into Banca IFIS continued, and below is a summary of the key events in the period and those envisaged up to the end of the process.

On 8 September 2011 the Boards of Directors of Banca IFIS S.p.A. and Toscana Finanza S.p.A. approved the planned merger of Toscana Finanza into Banca IFIS and the related Directors' Report.

The primary aim of the merger is the delisting of Toscana Finanza S.p.A. shares from the *Mercato Telematico Azionario* (screen-based stock exchange) at the Milan Stock Exchange together with the organisational enhancement of the processes of the newly acquired company, the simplification of exercising strategic, managerial, technical and operational control, as well as the achievement of synergies and economies of scale, while maintaining the highly specialist structures.

The Boards of Directors, having agreed and endorsed the assessments and conclusions of their respective advisors, set the share exchange ratio at 7 Banca IFIS shares for every 23 Toscana Finanza shares.

Toscana Finanza shareholders who do not vote at the Shareholders' Meeting in favour of the merger have the right to withdraw.

On 30 September authorisation to merge Toscana Finanza S.p.A. into Banca IFIS S.p.A. was granted by the Bank of Italy.

On 2 November 2011 the respective Shareholders' Meetings of Banca IFIS and Toscana Finanza approved the merger and the exchange ratio; in addition, the Shareholders' Meeting of Banca IFIS approved the possibility of assigning treasury shares of Banca IFIS Spa to shareholders of Toscana Finanza in line with the proposed merger.

Merger will be completed by the end of the year in order to be effective as from 31 December 2011.

### ***The Fitch rating***

On 3 June 2011 the international rating agency Fitch confirmed the ratings allocated to the Bank, in particular BBB- for the long term and F3 for the short term and revised the outlook from stable to negative following the significant growth which the Group is recording in a market which is still weak, besides the credit quality which is a significant cost on the Bank's income statement and a slight concentration of the business following the new stated strategy of operating in the pharmaceutical industrial sector.

### ***Transactions on treasury shares***

The Shareholders' Meeting of 29 April 2011 renewed the authorisation to buy and sell treasury shares, pursuant to article 2357 et seq. of the Italian Civil Code, as well article 132 of Legislative Decree 58/98, establishing a price interval within which the shares can be bought between a minimum of 2 Euro and a maximum of 20 Euro, for a total amount of 20 million Euro. The Meeting also established that the duration of the authorisation is equal to 18 months from the date the resolution was passed.

At 31 December 2010, the bank held 2,229,017 treasury shares for a value of 13,498 thousand Euro and a nominal amount of 2,229 thousand Euro.

During the period Banca IFIS made the following transactions on treasury shares:

- it bought, at an average price of 4.75 Euro, 1,175,986 treasury shares worth 5,591 thousand Euro and a nominal value of 1,175 thousand Euro;
- it sold, at an average price of 4.89 Euro, 1,039,460 treasury shares worth 5,086 thousand Euro and a nominal value of 1,039 thousand Euro, realising losses of 1,700 thousand Euro

which, in compliance with international accounting standards, were recorded under the capital reserves;

- it distributed to shareholders, as part of the dividend from 2010 earnings, 1,410,405 treasury shares, for a value of 5.22 Euro with a value of 7,355 thousand Euro, yielding losses for 489 thousand Euro which, in compliance with international accounting standards, were recognised under equity reserves.

The remaining balance at 30 September 2011 totalled 955,138 treasury shares for a value of 4,459 thousand Euro and a nominal value of 955 thousand Euro.

### ***Stock option plans for directors and employees of the Bank***

On 30 April 2011 the exercise period for the latest stock option plan (no. 5), which was approved on 30 April 2007, came to an end. The unexercised options lapsed and at 30 September 2011 there were no other plans in place.

Venice - Mestre, 14 November 2011

For the Board of Directors

*The Chairman*  
Sebastien Egon Fürstenberg

*The C.E.O.*  
Giovanni Bossi

**Declaration as per article 154-bis of Legislative Decree no. 58  
of 24 February 1998**

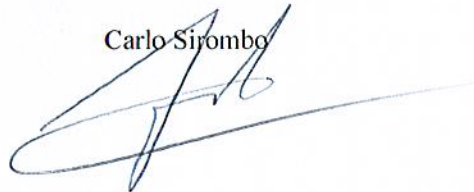


**Statement by the 'Manager responsible for preparing corporate financial documents'**

The undersigned, Carlo Sirombo, '**Manager responsible for preparing corporate financial documents**' for Banca IFIS S.p.A. declares, as per paragraph 2, article 154 bis of the Consolidation Act on financial intermediation, that the financial information contained in the present consolidated Quarterly Report as at 30 September 2011 corresponds to the documentable figures and results contained in Banca IFIS's accounting and bookkeeping documents, books and registers.

**Manager responsible for preparing  
corporate financial documents**

Carlo Sirombo



Mestre, 14 November 2011