CONSOLIDATED INTERIM REPORT

30 JUNE 2011

CONTENTS

Corporate bodies

Board of Directors	
Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy
C.E.O.	Giovanni Bossi [(1)]
Directors	Leopoldo Conti
	Roberto Cravero
	Francesca Maderna
	Andrea Martin
	Riccardo Preve
	Marina Salamon

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	Erasmo 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

Member of Factors Chain International

Interim Directors' report on the Group

Group historical data

The following table shows the main indicators and performances recorded by the Group during the last periods.

(in thousands of Euro)	30.06.2011	30.06.2010	30.06.2009	30.06.2008
Available for sale financial assets	1,160,834	699,194	3,143	2,548
Due from customers	1,844,204	1,460,297	966,834	953,454
Due to banks	867,517	1,145,836	674,502	930,218
Due to customers	2,339,634	1,244,595	615,124	32,817
Equity	228,815	149,667	148,053	138,341
			-	
Turnover	2,470,557	2,342,625	1,566,438	1,573,744
			-	
Net banking income	51,044	43,207	36,474	32,354
Net profit from financial activities	39,585	36,472	31,091	29,556
Group profit for the year	13,050	10,703	10,019	11,884
			-	
Cost/Income ratio	39.2%	45.8%	47.0%	41.1%
Net banking income/Turnover	2.1%	1.8%	2.3%	2.1%
Net non-performing loans/Due from customers	2.3%	1.8%	1.7%	0.9%
Net non-performing loans/Equity	18.6%	17.9%	11.1%	6.2%
Solvency ratio	11.9%	8.0%	10.0%	11.1%
Core Tier 1	12.1%	8.3%	10.5%	11.1%

Group Key Data

Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of Euro)*	PERIOD		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Available for sale financial assets	1,160,834	818,507	342,327	41.8%
Due from customers	1,844,204	1,571,592	272,612	17.3%
Total assets	3,501,266	2,802,119	699,147	25.0%
Due to banks	867,517	752,457	115,060	15.3%
Due to customers	2,339,634	1,802,011	537,623	29.8%
Equity	228,815	206,613	22,202	10.7%

CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	PERIOD		CHANGE	
	30.06.2011	30.06.2010	ABSOLUTE	%
Net banking income	**51,044**	**43,207**	**7,837**	**18.1%**
Net value adjustments on receivables	(11,459)	(6,735)	(4,724)	70.1%
Net profit from financial activities	**39,585**	**36,472**	**3,113**	**8.5%**
Operating costs	(20,006)	(19,806)	(200)	1.0%
Pre-tax profit from continuing operations	19,579	16,666	2,913	17.5%
Consolidated net profit for the year	**13,050**	**10,703**	**2,347**	**21.9%**

ECONOMIC-FINANCIAL INDICES AND RATIOS AND OTHER FIGURES	PERIOD		CHANGE
	30.06.2011	31.12.2010	%
Profitability ratios			
R.O.E. (1)	12.1%	10.9%	1.2%
R.O.A. (2) (3)	1.1%	1.1%	-
Net banking income/Turnover (4)	2.1%	1.9%	0.2%
Cost/income ratio (5)	39.2%	42.5%	(3.3)%
Risk ratios			
Net non-performing loans/Due from customers	2.3%	2.4%	(0.1)%
Net non-performing loans/Equity	18.6%	18.6%	-
Solvency ratios			
Tier 1 capital/credit risk weighted assets	12.1%	11.5%	0.6%
Regulatory capital/credit risk weighted assets	11.9%	11.3%	0.6%
Figures per employee *(data in thousands of euro)*			
Net banking income/Number of employees (6)	304.7	278.6	26.1
Total assets/Number of employees	8,775.1	8,265.8	509.3
Personnel cost/Number of employees (6)	77.4	74.3	3.1

(1) Profit for the period against the weighted average of share capital, share premiums and reserves excluding valuation reserves.
(2) Calculated by projecting income statement figures on an annual basis.
(3) Pre-tax profit from continuing operations against total assets.
(4) Net banking income against turnover (corresponding to the value of receivables managed).
(5) Operating costs against net banking income.
(6) Number of employees at period end on a constant size basis compared to 31 December 2010.

Reclassified Consolidated Financial Statements

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	BALANCES		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Financial assets held for trading	311	293	18	6.1%
Available for sale financial assets	1,160,834	818,507	342,327	41.8%
Due from banks	317,091	228,013	89,078	39.1%
Due from customers	1,844,204	1,571,592	272,612	17.3%
Property, plant and equipment and investment property	39,550	34,309	5,241	15.3%
Intangible assets	5,294	3,686	1,608	43.6%
Other assets	133,982	145,719	(11,737)	(8.1)%
Total assets	**3,501,266**	**2,802,119**	**699,147**	**25.0%**

LIABILITIES (in thousands of Euro)	BALANCES		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Due to banks	867,517	752,457	115,060	15.3%
Due to customers	2,339,634	1,802,011	537,623	29.8%
Financial liabilities held for trading	209	-	209	n.a.
Tax liabilities	12,651	4,857	7,794	160.5%
Post-employment benefits	1,499	1,060	439	41.4%
Other liabilities	50,941	35,121	15,820	45.0%
Equity	228,815	206,613	22,202	10.7%
Total liabilities and equity	**3,501,266**	**2,802,119**	**699,147**	**25.0%**

Reclassified Consolidated Income Statement

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	1st HALF		CHANGE	
	2011	2010	ABSOLUTE	%
Net interest income	**12,086**	**10,731**	**1,355**	**12.6%**
Total net commission income	**38,404**	**32,569**	**5,835**	**17.9%**
Dividends and similar income	82	17	65	382.4%
Net result from trading	(32)	(110)	78	(70.9)%
Profit (loss) from assignment of AFS financial assets	504	-	504	n.a.
Net banking income	**51,044**	**43,207**	**7,837**	**18.1%**
Net value adjustments due to deterioration of:	(11,459)	(6,735)	(4,724)	70.1%
Receivables	(11,459)	(6,735)	(4,724)	70.1%
Net profit from financial activities	**39,585**	**36,472**	**3,113**	**8.5%**
Personnel expenses	(12,962)	(13,132)	170	(1.3)%
Other administrative expenses	(7,109)	(6,300)	(809)	12.8%
Net value adjustments to property, plant and equipment and investment property and intangible assets	(1,311)	(1,202)	(109)	9.1%
Other operating income (losses)	748	828	(80)	(9.7)%
Operating costs	**(20,634)**	**(19,806)**	**(828)**	**4.2%**
Pre-tax profit from continuing operations	**18,951**	**16,666**	**2,285**	**13.7%**
Income tax expense	(6,945)	(5,963)	(982)	16.5%
Net profit before Purchase Price Allocation	**12,006**	**-**	**12,006**	**n.a.**
Net effect of Purchase Price Allocation	1,044	-	**1,044**	n.a.
Net profit for the period	**13,050**	**10,703**	**2,347**	21.9%

Reclassified Consolidated Income Statement Quarterly trend

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION *(in thousands of Euro)*	YEAR 2011		YEAR 2010			
	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**6,309**	**5,777**	**8,614**	**7,948**	**5,352**	**5,379**
Total net commission income	**20,051**	**18,353**	**17,478**	**16,797**	**16,733**	**15,836**
Dividends and similar income	82	-	-	-	17	-
Net result from trading	(139)	107	(97)	(11)	1	(111)
Profit (loss) from sale of available for sale financial assets	504	-	494	-	-	-
Net banking income	**26,807**	**24,237**	**26,489**	**24,734**	**22,103**	**21,104**
Net value adjustments due to deterioration of:						
Receivables	(6,139)	(5,320)	(10,295)	(7,179)	(3,904)	(2,831)
Available for sale financial assets	-	-	(235)	-	-	-
Net profit from financial activities	**20,668**	**18,917**	**15,959**	**17,555**	**18,199**	**18,273**
Personnel expenses	(6,623)	(6,339)	(6,549)	(6,079)	(6,661)	(6,471)
Other administrative expenses	(3,420)	(3,689)	(3,869)	(3,149)	(3,128)	(3,172)
Net value adjustments to property, plant and equipment and investment property and intangible assets	(679)	(632)	(655)	(626)	(625)	(577)
Other operating income (losses)	199	549	323	285	416	412
Operating costs	**(10,523)**	**(10,111)**	**(10,750)**	**(9,569)**	**(9,998)**	**(9,808)**
Pre-tax profit from continuing operations	**10,145**	**8,806**	**5,209**	**7,986**	**8,201**	**8,465**
Income tax expense	(3,725)	(3,220)	(2,303)	(2,969)	(3,020)	(2,943)
Net profit before Purchase Price Allocation	**6,420**	**5,586**	**2,906**	**5,017**	**5,181**	**5,522**
Effect of Purchase Price Allocation	1,044	-	-	-	-	-
Net profit for the period	**7,464**	**5,586**	**2,906**	**5,017**	**5,181**	**5,522**

Environmental scenario

Uncertainty, instability, tension: these three recurring concepts accompanied modest growth in global GDP in the first six months of the year, with some countries growing strongly and others decidedly less dynamic, especially in Europe. Growth was limited in particular by serious tensions on financial markets caused by the public finance crisis in some countries in the Eurozone.

Since the start of the recovery, two years ago, GDP has regained around 30% of the loss incurred following the global financial crisis.

As for Italy, the slight recovery in world trade offset the slow pick-up in domestic demand and the stagnation in household consumption. Domestic manufacturing returned to growth with varying trends in the various sectors.

The debate continues as to whether to tackle the crisis by using the lever of public spending or by limiting debt, but future prospects for recovery and the finance markets are, and will be, conditioned by the sovereign debt crisis.

The European Central Bank has played an important role in supporting the financial systems of member states and has extinguished any possible hotbeds of tension by injecting abundant liquidity. In response to the sovereign debt crisis, the ECB launched a program to buy bonds with the aim of reducing any tensions over yields on public bonds: in April it raised interest rates by 25 base points to 1.25%.

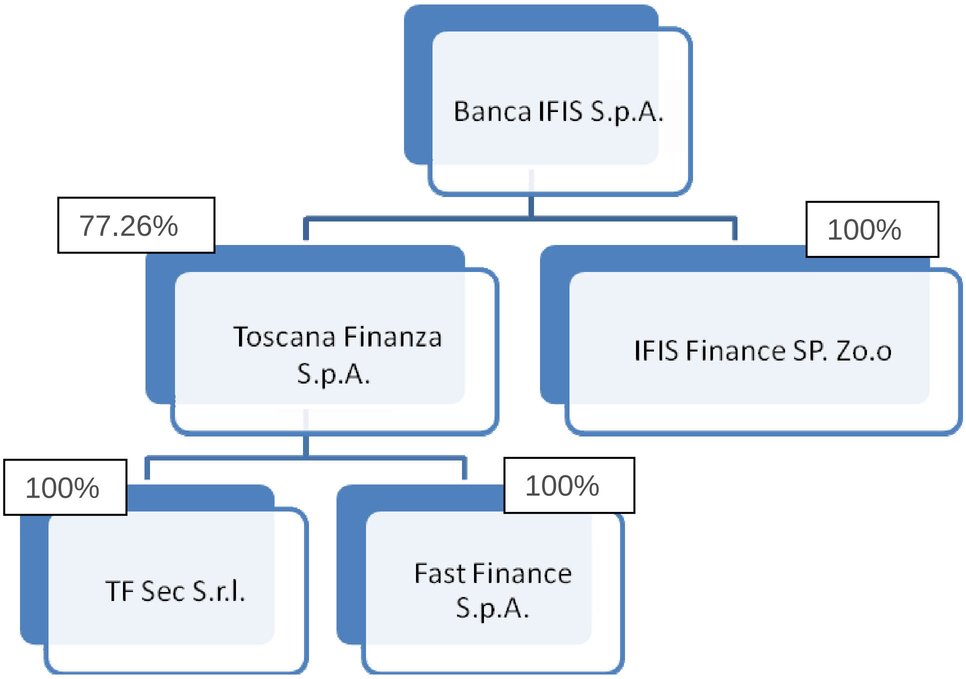
The new Banca IFIS Group

The first half of 2011 saw Banca IFIS enter the sector of non-performing loans. The sector – which the Banca IFIS Group joined by acquiring the Toscana Finanza Group – sees operators manage and collect payment for non-performing and tax receivables caused by insolvency proceedings.

The acquisition represents an integration for the Banca IFIS Group, with the aim of increasing its presence in an important sector given the significant amount of potentially marketable receivables, also in light of the trend in the economy.

The structure of the New Group

At 30 June the structure of the Group was as follows:



The position of Banca IFIS S.p.A. and IFIS Finance Sp. Z o.o

Right from its creation Banca IFIS has been known for its work to support businesses. The Bank finances the working capital of companies, mitigating credit risk through the use of contracts transferring trade receivables claimed by companies from their own customers (factoring); it also provides services for managing and guaranteeing the credit generated by companies in their everyday business.

The traditional segment in which Banca IFIS operates is represented by small enterprises, whose receivables are due from reliable customers; this segment is characterized by a higher client counterparty risk - although the credit risk is moved to the customer portfolio, thus being heavily mitigated - and a much higher profitability.

The Bank has recently become one of the companies which operate as suppliers to the public administration. Operations are based on the purchase of portfolios of receivables generated by these companies with regard to public healthcare entities, in consideration of the need demonstrated by these companies to receive payment for their supplies over short time spans.

Banca IFIS Group is also present at international level and in particular in France (Paris) with a branch office, and in Poland (Warsaw) with the subsidiary IFIS Finance Sp. Z o.o. which operates on the factoring market. The international activity is also carried out through a network of correspondents who refer to Factor Chain International for both import and export factoring. The range of international activities is completed by the import business managed by the Head Office and promoted by the representative offices in Bucharest, Budapest and Timisoara, and finally the recent presence in India Factoring and Finance Solutions Private Limited which aims to develop the Indian domestic market and to support commercial relations between European and local companies.

The domestic network. Significant innovations have been introduced to the Bank's distribution model. Alongside the traditional local presence which remains a cornerstone for being close to companies (25 branches in Italy with about 80 staff dedicated to direct development, with the prospect of some further branches opening over the next 12 months), there is now a rapid intensification in dealings with medium and large size credit institutions which, lacking a "product factory" in factoring, have decided to make use of Banca IFIS to provide better support for their customers. It is worth noting that work generated by the Bank's direct distribution network was 77% of total turnover.

Funding. In the first half of 2011, on a like-for-like basis compared with 31 December 2010, the Bank's liabilities continued to show the increasing weight of funding represented by payables due to customers of 2,323 million Euro (+28.9% compared to December 2010), in other words 73% of all funding sources, while only 27% of funding was represented by payables due to banks of 838 million Euro (+11.4% compared to the end of 2010). Therefore, funding sources were fairly diversified and had limited exposure to unexpected credit squeezes which can occur on the interbank market, above all thanks to the continuous and constant growth of the online deposit account called rendimax, which in July celebrated its third birthday and has over 33,000 clients and more than in 1.4 billion Euro in retail funding. At the end of the half over 60% of funding was tied with expiries ranging from one to two years: in 2011 two new deposit accounts were launched, of 18 and 24 month duration respectively, which enjoyed immediate and significant success.

The untied part of deposits made by rendimax customers represents an aspect which should be adequately considered in terms of liquidity, but at the same time is a good opportunity for the Bank. Free funding is managed through a portfolio of assets which are eligible within the Eurosystem and which are represented by Italian Government bonds and bank bonds. The profile of securities, in keeping with their purpose, sees short or at most medium term maturities, at a fixed rate for short-term operations and at an index-linked rate for medium-term transactions. It is confirmed that Banca IFIS has neither direct nor indirect exposure to some categories of financial assets which are considered of higher risk (subprime, derivatives).

In the first six months of the year the Bank remained active on the interbank market, mainly in a security-backed form, in order to stabilise cash flows and optimise cash management operating conditions; in fact, under payables due to banks repurchase agreements grew significantly by 51%, as did repurchase agreements recorded under payables due to customers, totalling 799 million Euro.

Toscana Finanza S.p.A.

Founded in 1987, Toscana Finanza is now one of the leading companies in Italy in the non-recourse acquisition and management of non-performing loans in compliance with the highest possible standards of ethics and transparency. TF can boast a consolidated presence on the market, with national coverage of both its commercial business to find potential transferors and its management and collection business, which are carried out independently or with the assistance of external partners. Thanks to its experience in assessing and managing receivables, TF can recommend and put in place flexible solutions which satisfy the technical issues on the disposal of non-performing loans, including for small and medium size portfolios.

Fast Finance S.p.A.

Specialising in the purchase of tax receivables arising from insolvency proceedings, Fast Finance operates throughout Italy and works with all the Italian courts. Fast Finance offers the bodies involved in proceedings a simple, transparent and innovative operating solution. In addition, thanks to its significant experience in the sector and high degree of specialisation, Fast Finance offers its clients expert assistance and utmost efficiency in managing operations.

Banca IFIS shares

The listing from 2007 to date

As from 29 November 2004, Banca IFIS S.p.A.'s ordinary shares have been traded in the STAR segment of the Italian Stock Exchange. The transfer to STAR occurred after a year of having been quoted on the Mercato Telematico Azionario (MTA) of the Italian Stock Exchange (Borsa Italiana S.p.A.). Previously, as from 1990, the shares were traded on the Restricted market (IMR) of the Italian Stock Exchange. The following table shows the share prices at the end of the period.

Official share price	1st H. 2011	2010	2009	2008	2007
Share price at year-end	4.69	5.24	7.31	6.16	9.01

The share price at 31 December 2010 reflects the diluting effect caused by the capital increase (for free and against payment) which was completed on 30 July 2010 and which was approved by the extraordinary shareholders' meeting of Banca IFIS on 29 April 2010.

Price/book value

The following table shows the ratio between the stock market value at the end of the period and consolidated equity with respect to the shares outstanding.

Price/book value	1st H. 2011	2010	2009	2008	2007
Share price at year-end	4.69	5.24	7.31	6.16	9.01
Consolidated equity per share	4.29	4.01	4.82	4.62	4.32
Price/book value	**1.09**	**1.31**	**1.52**	**1.33**	**2.08**

Outstanding shares	1st H. 2011	2010	2009	2008	2007
Number of shares outstanding (in thousands)(1)	53,329	51,582	32,339	33,132	30,992

(1) Outstanding shares are net of treasury shares held in portfolio.

Payout ratio

The table below shows the total dividends paid in reference to the last five completed years.

Payout ratio (in thousands of Euro)	2010	2009	2008	2007	2006
Consolidated profit for the year	18,626	17,216	22,801	19,534	15,012
Parent company dividends	10,487 (1)	11,893 (1)	10,290	9,403	6,985
Payout ratio (1)	**56.3%** (1)	**69.1%** (1)	**45.1%**	**48.1%**	**46.5%**

(1) The 2009 and 2010 dividends were paid partly in cash and partly through the assignment of free shares. The value of the dividends shown was calculated by considering the normal value of the share as communicated at the dividend stripping date.

Trading on STAR

In July 2011, in line with the stated commitment of the issuer at the start of the year, Banca IFIS received confirmation of its compliance with the prerequisites to remain on the STAR market segment from Borsa Italiana thanks to achieving a 20% free float in accordance with the Regulations and Instructions of Borsa Italiana.

Group results

Market performance in the first half of 2011

Turning to the quantitative results, it is sensible to start from the numbers for the factoring market which continued to improve and to provide increasingly significant growth rates during the half compared to full-year 2010. In particular, the solid growth was supported by factoring operators belonging to banking groups which considered it opportune to finance their own clients with credit assignment operations rather than the traditional transactions which are typical of ordinary retail banking. This confirms the use of factoring in mitigating risk compared to a commercial bank loan, in particular when market conditions seem uncertain.

Comment on the Group's results for the first half of 2011

The first half of 2011 saw Banca IFIS join the sector of non-performing loans alongside the Bank's traditional presence in supporting the small and medium size enterprises. Its entry into the new sector was the result of the success of its public offer for the share capital of Toscana Finanza. The latter 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 takeover was completed in May. The date as from which the acquisition was consolidated was set by agreement at 30 June 2011. Therefore, the business of the Toscana Finanza Group did not impact on the results of the half under analysis which were influenced only by the direct costs/revenues of the acquisition. There was, however, an impact on the statement of financial position which includes the balances of Toscana Finanza in accordance with the accounting standards adopted by Banca IFIS.

The acquisition represents another stage in the Banca IFIS Group's long history of growth. It is an integration undertaken in order to increase its presence in a particularly important sector in which the Toscana Finanza Group is expert. The Bank believes that there is significant room to grow further given the significant quantity of potentially marketable receivables now and in the future, also in light of the economic trend.

Operating performance

The results for the half are satisfactory and confirm Banca IFIS' ability to successfully steer through and expand even in choppy waters. The Bank is changing rapidly in a market which offers no free rides. Banca IFIS wishes to confirm its commitment to be a leading bank both in funding, where the rendimax deposit account is performing very well, and in lending, thanks to the superiority of its business model which is different from traditional forms used to finance companies while limiting risks. The Bank, therefore, is pursuing the same direction which enables it to contribute to the success of numerous virtuous SMEs which need support. The new commitment to the sector of more complex, i.e. non-performing or tax, receivables is an important challenge which Banca IFIS feels it can handle and from which, given the current situation, it feels it can enjoy further success.

The growth in the volumes of traded receivables in the half was 5.5%, to stand at 2,471 billion Euro.

The Group, in consideration of the analysis undertaken on its positioning in the small and medium size enterprise sector and the market trend, considered it sensible to concentrate its business on dynamic smaller companies and reduce its involvement in the sector of larger companies which is less profitable and which traditionally attracts the major market players. The decision is a consequence of the desire to continue optimising management of the Bank's resources.

The Bank's presence in the pharmaceutical industry segment is still growing, with a focus on suppliers to public mid-size healthcare facilities.

Net banking income continued to rise and was up by 18.1% at 51 million Euro (43.2 million Euro in the first half of 2010). The ratio of net banking income to volumes (turnover) on a 12-month rolling basis was 2.1% and was higher than the average for the last five years.

In the second quarter of the year net banking income rose by 21.3% and stood at 26.8 million Euro compared to the prior-year quarter, and thus accelerated the increase which had already been recorded in the first quarter of 2011 (+14.8%).

The increase in net banking income was a result, on the one hand, of the Bank's ability to make the best possible use of its liquidity and so limit its cost of funding and, on the other, of its ability to optimise the business terms offered to its customers in a particularly dynamic and responsive environment.

Net profit from financial activities totalled 39.6 million Euro, +8.5%. Adjustments to receivables rose by 70.1% and stood at 11.5 million Euro given an economic situation in which the recovery, especially in the most recent weeks, remains uncertain with unstable financial conditions. The adjustments, in line with the large number of customers, were mainly fragmented and of limited amount. Although the times are long gone in which the cost of credit reached minimal levels compared to lending, management hopes that the whole year will confirm an improvement in the cost of credit compared to the prior year.

In the second quarter of the year net profit from financial activities rose by 13.6% to 20,668 thousand Euro compared to the second quarter of 2010, and so increased the acceleration in growth recorded in the first quarter of the year (+3.5%).

In the half **operating costs** rose by 1% to stand at 20 million Euro. The cost/income ratio made a marked improvement and fell from 45.8% in the first half of 2010 to 39.2% for the period in question. Operating costs were also influenced by costs and income related to the acquisition of Toscana Finanza, and in particular by the costs incurred largely for legal and strategic consultancy for 1.3 million Euro and income deriving from the low-cost acquisition for 1.9 million Euro.

There was also a significant change in **pre-tax profit**, +17.5%, at 19.6 million Euro.

Profit for the period rose significantly by 21.9% to 13.1 million Euro (10.7 million Euro in the first half of 2010).

Asset and liability trends of the consolidated Banca IFIS Group

The Bank's assets are largely represented by receivables due from customers and by the securities held in the portfolio.

Receivables due from customers for operations undertaken with companies and for operations resulting from the acquisition of Toscana Finanza rose by 17.3% compared to 31 December 2010 to 1,844.2 million Euro, of which 139.3 million Euro related to Toscana Finanza. Net of this item the increase was, nonetheless, 11.7% compared to December 2010. As for the business with SMEs, the duration of loans remained of a short-term nature, in line with the strategy to support working capital which is the Bank's core business. It should be noted that the amount of 139.3 million Euro relating to the Toscana Finanza Group (nominal value of 1,652.1 million Euro) represents the fair value of 71 million Euro, relating to tax receivables and 68.3 million Euro relating to non-performing receivables.

Government bonds and other bonds totalled 1,257 million Euro and were almost entirely recorded under **Available for sale financial assets** (+42.5% at 1,147.3 million Euro) and the remainder under receivables due from banks (+13.1% at 109.2 million Euro). The Bank's securities portfolio at the end of the half was made up as follows: 76% by Italian Government bonds, 23% by banking bonds and 1% by other securities.

Total net deteriorated assets at the end of the half stood at 225.2 million Euro, having taken account also of the balances transferred from Toscana Finanza, whose receivables are partly classified under deteriorated positions due to the particular nature of the sector in which the company operates.

This amount relates to the Banca IFIS Group's work to support companies prior to the integration of Toscana Finanza for 186.9 million Euro compared to 220.9 million Euro at the end of the year, and fell by 15.4%. The ratio of net non-performing receivables to loans improved significantly, falling from 14.1% to 10.7%.

Total net overdue positions stood at 45.8 million Euro compared to 98.4 million Euro at the end of 2010, sharply down (-53.5%); net restructured positions were largely unchanged (7.8 million Euro compared to 7.3 million Euro).

Total net substandard loans on a constant size basis stood at 95.1 million Euro, up compared to 76.8 million Euro at the end of 2010 (+23.8%). These amounts take account also of the classification in this category of the so-called "objective substandard recourse loans" which, due to the particular business undertaken by the Bank, do not represent objectively problematic positions. The ratio, on a constant size basis, between substandard loans and loans rose from 4.9% to 5.4% if value adjustments are taken into consideration. Again on a constant size basis, total net non-performing loans were unchanged at 38.3 million Euro in line with December 2010. The ratio of net non-performing loans to equity at 30 June 2011 totalled 17.7%, down on 18.6% at 31 December 2010 and the ratio of non-performing loans to loans improved from 2.4% to 2.2%.

In the Group's liabilities, on a constant size basis, the weight of funding continued to grow, represented by **payables due to customers** totalling 2,323.2 million Euro (+28.9% compared to December 2010), in other words 73% of funding sources, while only 27% of funding was represented by **payables due to banks** totalling 838.1 million Euro (+11.4% compared to the end of 2010). The Bank's funding sources were thus fairly diversified and had limited exposure to unexpected credit squeezes which can occur in particular on the interbank market, above all thanks to the continuous and constant growth of the online deposit account called rendimax, which in July celebrated its third birthday and has over 33,000 clients and more than 1.4 billion Euro in retail funding. The remaining payables due to customers were mainly represented by funding implemented through the use of repurchase agreements on the market for 799.2 million Euro.

Payables due to banks consisted of repurchase agreements on the interbank market for 526.8 million Euro (+50.6%) and interbank deposits for 311.3 million Euro (-22.7%).

The impact of the acquisition of Toscana Finanza on the Group's liabilities related basically to the recording of Toscana Finanza's payables due to other banks which were outstanding at the end of the half for 29.4 million Euro, and payables due to customers for purchases on deferred or conditional payment terms for 16.5 million Euro, as well as other minor items.

Equity at 30 June 2011 totalled 228.8 million Euro, of which 10.4 million Euro was minority interests.

Tier 1 capital totalled 12.1% with overall solvency of 11.9%.

Impact of acquiring the Toscana Finanza Group on the consolidated Banca IFIS Group

The Toscana Finanza Group did not contribute to forming the result for the first half of 2011 since the date identified for recording the business combination was 30 June 2011.

The effect of the acquisition on the income statement is recorded under "Other administrative expenses" for the costs incurred, mainly for legal and strategic consultancy, for 1.3 million Euro and under "Other operating charges (income)" for income arising from the low-cost acquisition for 1.9 million Euro.

As for the statement of financial position, the impact of the Toscana Finanza Group's entry into the consolidation scope of Banca IFIS takes account of the amount paid and the valuation of the assets and liabilities of the purchased company. The difference between the assets and liabilities of the Toscana Finanza Group recorded during the initial consolidation and the assets and liabilities recorded in the accounts of the purchased company is due to the fall in the value of the portfolio of financial and tax receivables arising from the valuations made on the basis of the analytical and statistical criteria used by Banca IFIS.

At 30 June, **the group was composed** of the parent company, Banca IFIS S.p.A., the wholly-owned subsidiary, IFIS Finance Sp. Z o. o., a factoring company located in Poland, the 77.26% owned subsidiary Toscana Finanza S.p.A. and the latter's wholly controlled subsidiaries, Fast Finance S.p.A. and TF Sec S.r.l.

The parent company Banca IFIS S.p.A. ended the first half of 2011 with net profit for the period totalling 10,407 thousand Euro on the basis of the IAS/IFRS.

The Polish subsidiary IFIS Finance Sp. Z o.o. recorded net profit for the year of 756 thousand Euro, restated in accordance with IAS/IFRS for consolidation purposes.

The subsidiary Toscana Finanza at 30 June 2011 prepared the consolidated financial statements of the Toscana Finanza Group consisting of Toscana Finanza S.p.A., the parent company, and the subsidiaries, Fast Finance S.p.A. and TF Sec S.r.l. The statements were prepared in compliance with the IAS/IFRS, recording a loss of 6,510 thousand Euro.

The date chosen to record the business combination, following the acquisition by Banca IFIS S.p.A. of the Toscana Finanza Group, was 30 June 2011; there was therefore no contribution from the Toscana Finanza Group to the first half result of the Banca IFIS Group.

The reconciliation of the parent company's net profit for the period and equity and the consolidated net profit for the period and equity is set out in the following table.

(in thousand of Euros)	1st HALF 2011			YEAR 2010	
	EQUITY	OF WHICH PROFIT FOR THE YEAR		EQUITY	OF WHICH PROFIT FOR THE YEAR
Parent company balances	214,925	10,407		205,692	17,149
Differences compared to the carrying amounts of the companies consolidated line by line					
- *IFIS Finance Sp. Zo.o.*	*1,567*	*756*		*921*	*1,477*
- *Toscana Finanza S.p.A.*	**12,323**	**1,887**		**-**	**-**
Group consolidated balances	**228,815**	**13,050**		**206,613**	**18,626**

The difference between the carrying amount of the investment in IFIS Finance and equity includes also a negative component for 3,887 thousand Euro due to the zloty's loss in value against the Euro, which is believed not to last. Refer to the description in the notes to the condensed financial statements for policies on controlling exchange rate risk.

The difference between the carrying amount of the investment in Toscana Finanza S.p.A. and equity is due to the value of minority interests, which was valued in compliance with the provisions of IFRS 3 for a total of 10,436 thousand Euro, as well as to the net profit arising from the low-cost acquisition totalling 1,887 thousand Euro, for a total of 12,323 thousand Euro.

At half-year end, the Group had a total of 399 employees, of which 330 in the parent company, Banca IFIS S.p.A., and 5 in the Polish subsidiary, IFIS Finance Sp. Z o. o. and 64 in the Toscana Finanza Group.

The **local structure** at the end of the half consisted of 25 branches, a foreign branch (Paris) and two representative offices (Bucharest and Budapest), as well as the Warsaw-based office of the Polish subsidiary, plus offices in Florence, Bologna and Milan where the business of the Toscana Finanza Group is carried out.

Contribution of business sectors to Group results

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

The Toscana Finanza Group did not contribute to forming the result for the first half of 2011 since the date identified to record the business combination was 30 June 2011.

INCOME STATEMENT DATA (in thousands of Euro)	1st HALF 2011				1st HALF 2010			
	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATIONS AND ADJUSTMENTS (1)	GROUP CONSOLIDATED TOTAL	BANCA IFIS prior to PPA	TOSCANA FINANZA	ELIMINATIONS AND ADJUSTMENTS	GROUP CONSOLIDATED TOTAL
Net banking income	51,044	-	-	51,044	43,207	-	-	43,207
Operating costs	(20,634)	-	628	(20,006)	(19,806)	-	-	(19,806)
Net profit from operations	30,410	-	628	31,038	23,401	-	-	23,401
Gross profit on current operations	18,951	-	628	19,579	16,666	-	-	16,666
Cost / income ratio	40.4%	n.a.	n.a.	39.2%	45.8%	-	-	45.8%
Number of employees	335	64	-	399	336	-	-	336

(1) The data includes net profit gross of the tax impact arising from the low-cost acquisition of the Toscana Finanza Group and the related accessory costs.

Banca IFIS sector prior to Purchase Price Allocation (PPA)

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)	1st HALF		CHANGE	
	2011	2010	ABSOLUTE	%
Net banking income	51,044	43,207	7,837	18.1%
Net adjustments to receivables	(11,459)	(6,735)	(4,724)	70.1%
Net result from financial activities	39,585	36,472	3,113	8.5%
Operating costs	(20,634)	(19,806)	(828)	4.2%
Gross profit on current operations	18,951	16,666	2,285	13.7%

STATEMENT OF FINANCIAL POSITION *(in thousands of Euro)*	BALANCES		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Due from customers	1,754,926	1,571,592	183,334	11.7%
of which deteriorated assets	*186,954*	*220,928*	*(33,974)*	*(15.4)%*
Total RWA of the sector	1,747,995	1,796,910	(48,915)	(2.7)%

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

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	COMMITMENTS	TURNOVER
Northern Italy	42.3%	51.5%
Central Italy	29.0%	23.7%
Southern Italy	24.9%	14.2%
Abroad	3.8%	10.6%
Total	**100.0%**	**100.0%**

DETERIORATED ASSETS (in thousands of Euro)	NON-PERF. LOANS	SUBST. LOANS	RESCHEDULED LOANS	OVERDUE LOANS	TOTAL
BALANCE AT 30/06/2011					
Nominal value of deteriorated assets	114,891	97,250	8,334	45,924	266,399
Incidence on total receivables at nominal value	*6.2%*	*5.3%*	*0.5%*	*2.5%*	*14.5%*
Value adjustments	76,546	2,192	560	147	79,445
Incidence on nominal value	*66.6%*	*2.3%*	*6.7%*	*0.3%*	*29.8%*
Carrying amount	38,345	95,058	7,774	45,777	186,954
Incidence on net total receivables	*2.2%*	*5.4%*	*0.4%*	*2.6%*	*10.7%*
BALANCE AT 31/12/2010					
Nominal value of deteriorated assets	105,481	79,270	7,818	98,724	291,293
Incidence on total receivables at nominal value	*6.4%*	*4.8%*	*0.5%*	*6.0%*	*17.7%*
Value adjustments	67,060	2,460	567	278	70,365
Incidence on nominal value	*63.6%*	*3.1%*	*7.3%*	*0.3%*	*24.2%*
Carrying amount	38,421	76,810	7,251	98,446	220,928
Incidence on net total receivables	*2.4%*	*4.9%*	*0.5%*	*6.3%*	*14.1%*

CLASSES OF NON-PERFORMING LOANS	No. of non-performing loans	GROSS AMOUNT	TOTAL ADJUSTMENTS	NET AMOUNT	% HEDGING
From 1 to 200,000	453	68,277	(54,754)	13,523	80.2%
From 200,001 to 500,000	27	10,843	(2,599)	8,244	24.0%
From 500,001 to 1,000,000	13	19,234	(10,041)	9,193	52.2%
From 1,000,001 to 2,000,000	2	2,901	(429)	2,472	14.8%
> 2,000,001	2	13,636	(8,723)	4,913	64.0%
Total	**497**	**114,891**	**(76,546)**	**38,345**	**66.6%**

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)	PERIOD		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Receivables without recourse	156,849	180,458	(23,609)	(13.1)%
of which due from the Public Administration	*6,706*	*10,216*	*(3,510)*	*(34.4)%*
Receivables with recourse	1,512,252	1,421,495	90,757	6.4%
of which due from the Public Administration	*455,232*	*408,452*	*46,780*	*11.5%*
Purchased on a final basis	595,666	461,061	134,605	29.2%
of which due from the Public Administration	*448,512*	*291,924*	*156,588*	*53.6%*
Total receivables	**2,264,767**	**2,063,014**	**201,753**	**9.8%**
of which due from the Public Administration	***910,450***	***710,592***	***199,858***	***28.1%***

Toscana Finanza Group sector

The Toscana Finanza Group has a direct presence in the sector of buying, managing and collecting non-performing receivables generated by banks and operators in retail lending (hereinafter "non-performing receivables"). 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 did not contribute to forming the income statement result for the first half of 2011 since the date identified for recording the business combination was 30 June 2011.

Here below are the key figures for the statement of financial position.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	BALANCES			CHANGE	
	30.06.2011	31.12.2010		ABSOLUTE	%
Due from customers	139,311	-		139,311	n.a.
of which deteriorated assets	38,242	-		38,242	n.a.
Total RWA of the sector	129,548	-		-	n.a.

The following tables provide further information relating to receivables due from customers. It should be noted that these receivables are claimed solely from counterparties who are resident in Italy.

DIVISION OF CUSTOMERS BY TYPE OF RECEIVABLE	AMOUNTS	NOMINAL VALUE
Tax receivables	71,046	86,747
Financial receivables	59,034	1,281,690
Trade receivables	3,152	246,285
Mortgage receivables	4,865	33,306
Other guaranteed receivables	1,214	4,087
Total due from customers	**139,311**	**1,652,115-**

The Toscana Finanza Group's non-performing receivables are classified as performing upon purchase. Afterwards, if no payment has been received, they are classified as past-due receivables or substandard loans, based on the period elapsed since the due date notified to the debtor. The debtor's solvency is analysed before classification of receivables as non-performing.

DETERIORATED ASSETS (in thousands of Euro)	NON-PERF. LOANS	SUBST. LOANS	RESCHEDULED LOANS	OVERDUE LOANS	TOTAL
BALANCE AT 30/06/2011					
Nominal value of deteriorated assets	4,267	28,379	-	5,596	38,242
Incidence on total receivables at nominal value	*3.1%*	*20.4%*	*0.0%*	*4.0%*	*27.5%*
Value adjustments	-	-	-	-	-
Incidence on nominal value	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Carrying amount	4,267	28,379	-	5,596	38,242
Incidence on net total receivables	*3.1%*	*20.4%*	*0.0%*	*4.0%*	*27.5%*

Receivables due from customers were purchased at their fair value and therefore there were no value adjustments made to them at 30 June 2011.

CLASSES OF NET NON-PERFORMING LOANS	NO. OF NON PERFORMING LOANS	GROSS AMOUNT	TOTAL ADJUSTMENTS	NET AMOUNT	% HEDGING
From 1 to 200,000	34,729	4,267	-	4,267	0.0%
Total	**34,729**	**4,267**	**-**	**4,267**	**0.0%**

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 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:

Conclusion of the voluntary takeover bid for Toscana Finanza

Banca IFIS, immediately after obtaining authorisation from CONSOB, launched a voluntary public takeover bid for 30,594,476 Toscana Finanza shares. The bid was successfully completed: 23,636,994 shares were bought under the bid, totalling 77.26% of Toscana Finanza's share capital. The company and the subsidiary Fast Finance were recorded in the Banca IFIS banking Group and the Group's integration started immediately, with the establishment of the new Board of Directors consisting largely of members put forward by Banca IFIS. Following the first joint activities, it was considered sensible to progress the merger quickly and not to follow through on the initial project of spinning off the Toscana Finanza branch in favour of Fast Finance.

Commercial agreement with Gruppo Bancario Credito Valtellinese

Banca IFIS and Gruppo Bancario Credito Valtellinese entered into an agreement for the distribution of factoring and related financial services developed by Banca IFIS through the 543 branches of Gruppo Creval present in 10 regions in Italy.

This new agreement allows Banca IFIS to increase the opportunities to promote its products and services to companies and entrepreneurs.

Rendimax 18 and 24 months

On 10 January 2011, Banca IFIS extended the rendimax product range with a fixed deposit with an 18-month maturity, with interest credited in advance on the free savings account. As from 30 May 2011 Banca IFIS also offers the possibility of a maturity up to 24 months.

At the end of the half deposit accounts with 18- and 24-month maturities had respectively collected a total of 182 million Euro and 18 million Euro.

Significant events after 30 June 2011

Request to Bank of Italy

On 8 July a request for authorisation to merge Toscana Finanza S.p.A. into Banca IFIS S.p.A. was sent to the Bank of Italy.

Outlook and main risks and uncertainties for the remaining six months of the year

Forecasts for the final months of 2011 are affected by the trend in macroeconomic variables. Expectations, which are still positive due to the Group's fundamentals, may encounter unforeseeable risks depending on the unstable performance of the financial markets and, more generally, on the economy of the countries where the Group operates.

If we isolate the impact of external variables, the prospects for the Banca IFIS Group are positive in all the sectors in which it operates: on the funding side, the offer of the rendimax deposit account is enjoying a high level of demand from retail customers, which gives rise to high positive net cash flows; on the lending side, demand from small and medium size enterprises for loan support and management is growing. As for problematic receivables, the economic trend over recent years has generated significant amounts with respect to the proposed transfer of complex packages which only operators who are prepared to manage complicated operations can handle. The Bank's liquidity, experience and professional skills developed in over twenty years in the sector mean it is possible to achieve significant results in this sector too over time.

Other information

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 pharmaindustrial sector.

Privacy measures

In compliance with article 34, paragraph 1, letter g) of Lgs. Decree no. 196 of 30 June 2003 (the Personal Data Protection Code), the group periodically updates its 'Personal Data Protection Document' in which the measures taken to guarantee protection of processed personal data are set out..

Parent Company management and coordination

Pursuant to articles 2497 to 2497 sexies of the Italian Civil Code, it is outlined that the parent company La Scogliera S.p.A. does not carry out any management and coordination activities with respect to Banca IFIS, notwithstanding art. 2497 sexies of the Italian Civil Code, since the management and coordination of investee financial companies and banks is expressly excluded from La Scogliera's business purpose.

Shareholders

The share capital of the parent company at 30 June 2011 amounted to 53,811,095 Euro and is broken down into 53,811,095 shares with nominal value of 1 Euro each.

Shareholders who, at 30 June 2011, held investments representing more than 2% of the share capital are as follows:

SHAREHOLDER	% SHARE CAPITAL
Sebastien Egon Fürstenberg	69.11%
- *of which directly*	*0.03%*
- of which through La Scogliera S.p.A.	*69.08%*
Marina Salamon, through Alchimia S.p.A.	3.59%
Giovanni Bossi	3.55%
Riccardo Preve	2.75%
- *of which directly*	*0.15%*
- of which through Preve Costruzioni S.p.A.	*2.60%*

Transactions on treasury shares

The Shareholders' Meeting of 29 April 2011 renewed the authorisation to buy and sell treasury shares, pursuant to article 2357 ff. of the Italian Civil Code, as well art. 132 of Leg. Decree 58/98, establishing a price interval within which the shares can be bought, in this case between a minimum of 2 Euro and a maximum of 20 Euro, for a total maximum 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 Banca IFIS held 2,229,017 treasury shares worth 13,498 thousand Euro (average carrying amount 6.06 euro per share) and a nominal value of 2,229 thousand Euro.

During the first half of 2011 Banca IFIS made the following transactions on treasury shares:

- it bought, at an average price of 5.03 Euro, 673,317 treasury shares worth 3,385 thousand Euro and a nominal value of 673 thousand Euro;
- it sold, at an average price of 4.90 Euro, 1,009,892 treasury shares worth 4,953 thousand Euro and a par value of 1,010 thousand Euro, realising losses of 1,682 thousand Euro which, in compliance with international accounting standards, were recorded under the capital reserves;
- it paid to shareholders, as part of the dividend on profits for 2010, 1,410,405 treasury shares, at a value of 5.22 Euro, worth 7,355 thousand Euro, realising losses of 489 thousand Euro which, in compliance with international accounting standards, were recorded under the capital reserves;

The remaining balance at half-year end totalled 482,037 treasury shares for a value of 2,404 thousand Euro and a nominal value of 482 thousand Euro.

Stock option plans for directors and employees of the bank

30 April 2011 saw the expiry of the period to exercise options under the latest stock option plan (no. 5) which was approved on 30 April 2007. Unexercised options expired and at 30 June 2011 no other plans were outstanding.

Related party transactions

For information on related party transactions, please refer to the “Notes” to the consolidated condensed interim financial statements.

Research and development activities

Due to its activity, the Group did not implement any research and development programs during the first half of the year.

Venice - Mestre, 29 August 2011

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

CONDENSED INTERIM CONSOLIDATED REPORT

Consolidated Financial Statements

Consolidated Statement of Financial Position

	Assets (in thousands of Euro)	30.06.2011	31.12.2010
10.	Cash and cash equivalents	82	31
20.	Financial assets held for trading	311	293
40.	Available for sale financial assets	1,160,834	818,507
60.	Due from banks	317,091	228,013
70.	Due from customers	1,844,204	1,571,592
120.	Property, plant and equipment and investment property	39,550	34,309
130.	Intangible assets	5,294	3,686
	of which:		
	- goodwill	*865*	*868*
140.	Tax assets	16,171	9,945
	a) current	30	14
	b) deferred	16,141	9,931
160.	Other assets	117,729	135,743
	Total assets	**3,501,266**	**2,802,119**

	Liabilities and equity (in thousands of Euro)	30.06.2011	31.12.2010
10.	Due to banks	867,517	752,457
20.	Due to customers	2,339,634	1,802,011
40.	Financial liabilities held for trading	209	-
60.	Hedging derivatives	36	-
80.	Tax liabilities	12,651	4,857
	a) current	1,306	960
	b) deferred	11,345	3,897
100.	Other liabilities	50,512	35,121
110.	Severance indemnities	1,499	1,060
120.	Provisions for risks and charges	393	-
	b) other provisions	393	-
140.	Valuation reserves	(9,105)	(9,245)
170.	Reserves	86,316	78,037
180.	Share premiums	76,711	78,882
190.	Share capital	53,811	53,811
200.	Treasury shares (-)	(2,404)	(13,498)
210.	Non-controlling interests (+/-)	10,436	-
220.	Profit (loss) for the period (+/-)	13,050	18,626
	Total liabilities and equity	**3,501,266**	**2,802,119**

Consolidated Income Statement

	Items (in thousands of Euro)	30.06.2011	30.06.2010
10.	Interest receivable and similar income	37,586	27,625
20.	Interest due and similar expenses	(25,500)	(16,894)
30.	**Net interest income**	**12,086**	**10,731**
40.	Commission income	40,292	34,463
50.	Commission expense	(1,888)	(1,894)
60.	**Total net commission income**	**38,404**	**32,569**
70.	Dividends and similar income	82	17
80.	Net result from trading	(32)	(110)
100.	Profit (loss) from sale or buyback of:	504	-
	b) available for sale financial assets	504	-
120.	**Net banking income**	**51,044**	**43,207**
130.	Net value adjustments/revaluations due to deterioration of:	(11,459)	(6,735)
	a) receivables	(11,459)	(6,735)
140.	**Net profit from financial activities**	**39,585**	**36,472**
180.	Administrative expenses:	(21,330)	(19,432)
	a) personnel expenses	(12,962)	(13,132)
	b) other administrative expenses	(8,368)	(6,300)
200.	Net value adjustments/revaluations of plant, property and equipment	(610)	(661)
210.	Net value adjustments/revaluations of intangible assets	(701)	(541)
220.	Other operating income (expenses)	2,635	828
230.	**Operating costs**	**(20,006)**	**(19,806)**
280.	**Pre-tax profit (loss) for the year from continuing operations**	**19,579**	**16,666**
290.	Income taxes for the year relating to current operations	(6,529)	(5,963)
300.	**After-tax profit (loss) from continuing operations**	**13,050**	**10,703**
320.	**Profit (loss) for the period**	**13,050**	**10,703**
330.	Profit (loss) for the period attributable to non-controlling interests	-	-
340.	**Profit (loss) for the period attributable to the parent company**	**13,050**	**10,703**

Earnings per share and diluted earnings per share	30.06.2011	30.06.2010
Consolidated net profit (in thousands of Euro)	**13,050**	**10,703**
Average number of outstanding shares[(1)]	52,171,175	32,216,210
Average number of potentially dilutive shares	-	323,386
Average number of diluted shares [(1)]	52,171,175	32,539,596
Consolidated earnings per share (Units of Euro)	**0.25**	**0.33**
Consolidated diluted earnings per share (Units of Euro)	**0.25**	**0.33**

[(1)] net of treasury shares in portfolio.

Consolidated Statement of Comprehensive Income

	Items (in thousands of Euro)	30.06.2011	30.06.2010
10.	**Profit (loss) for the period**	**13,050**	**10,703**
	Other comprehensive income, net of taxes		
20.	Available for sale financial assets :	252	(3,824)
30.	Property, plant and equipment and investment property	-	-
40.	Intangible assets	-	-
50.	Hedging of foreign investments:	-	-
60.	Hedging of cash flows:	-	-
70.	Exchange rate differences:	(112)	(264)
80.	Non-current assets under disposal:	-	-
90.	Actuarial gains (losses) on defined benefit plans	-	-
100.	Share of reserves from valuation of investments at equity	-	-
110.	**Total other comprehensive income, net of taxes**	140	(4,088)
120.	**Total comprehensive income (item 10+110)**	**13,190**	**6,615**
130.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
140.	**Total consolidated comprehensive income attributable to the parent company**	**13,190**	**6,615**

Statement of Changes in Consolidated Equity at 30 June 2011

	Balance at 31/12/2010	Change in opening balances	Balance at 01/01/2011	Allocation of profit from previous year		Changes occurred during the year								Equity attributable to the Group at 30/06/2011	Equity attributable to non-controlling interests at 30/06/2011
							Equity transactions								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Overall profit at 30.06.2011		
Share capital															
a) ordinary shares	53,811	-	53,811	-	-	668	-	-	-	-	-	-	-	**53,811**	**668**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Share premiums	78,882	-	78,882	-	-	6,602	(2,171)	-	-	-	-	-	-	**76,711**	**6,602**
Reserves:															
a) of profit	56,222	-	56,222	8,140	-	1,412	-	-	-	-	-	-	-	**64,362**	**1,412**
b) other	21,815	-	21,815	-	-	1,237	-	-	-	-	-	-	-	**21,954**	**1,098**
Valuation reserves	(9,245)	-	(9,245)	-	-	656	-	-	-	-	-	-	140	**(9,105)**	**656**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Treasury shares	(13,498)	-	(13,498)	-	-	-	14,479	(3,385)	-	-	-	-	-	**(2,404)**	**-**
Profit (loss) for the year	18,626	-	18,626	(8,140)	(10,486)	-	-	-	-	-	-	-	13,050	**13,050**	**-**
Equity attributable to the Group	**206,613**	**-**	**206,613**	**-**	**(10,486)**	**139**	**12,308**	**(3,385)**	**-**	**-**	**-**	**-**	**13,190**	**218,379**	**-**
Equity attributable to non-controlling interests	**-**	**-**	**-**	-	-	**10,436**	-	-	-	-	-	-	-	**-**	**10,436**

Statement of Changes in Consolidated Equity at 30 June 2010

	Balance at 31/12/2009	Change in opening balances	Balance at 01/01/2010	Allocation of profit from previous year		Changes occurred during the year								Equity attributable to the Group at 30/06/2010	Equity attributable to non-controlling interests at 30/06/2010
							Equity transactions								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Overall profit at 30.06.2010		
Share capital															
a) ordinary shares	34,300	-	34,300	-	-	-	-	-	-	-	-	-	-	**34,300**	-
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Share premiums	49,765	-	49,765	-	-	-	11	-	-	-	-	-	-	**49,776**	-
Reserves:															
a) of profit	50,899	-	50,899	5,323	-	-	-	-	-	-	-	-	-	**56,222**	-
b) other	22,079	-	22,079	-	-	117	-	-	-	-	-	-	-	**22,196**	-
Valuation reserves	(4,007)	-	(4,007)	-	-	-	-	-	-	-	-	-	(4,088)	**(8,095)**	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Treasury shares	(14,413)	-	(14,413)	-	-	-	8,062	(9,084)	-	-	-	-	-	**(15,435)**	-
Profit (loss) for the year	17,216	-	17,216	(5,323)	(11,893)	-	-	-	-	-	-	-	10,703	**10,703**	-
Equity attributable to the Group	**155,839**	**-**	**155,839**	**-**	**(11,893)**	**117**	**8,073**	**(9,084)**	**-**	**-**	**-**	**-**	**6,615**	**149,667**	**-**
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Consolidated Statement of Cash Flows

Indirect method (in thousands of Euro)	30.06.2011	30.06.2010
A. OPERATING ACTIVITIES		
1. Operations	**[1] 26,108**	**22,080**
- profit(loss) for the year (+/-)	13,050	10,703
- profit/loss on financial assets held for trading and on	(18)	80
- net value adjustments/revaluations due to deterioration (+/-)	11,459	6,735
- net value adjustments/revaluations on property, plant and equipment and investment property and intangible assets (+/-)	1,311	1,202
- net allocations to provisions for risks and charges and other costs/revenues (+/-)	28	8
- unpaid taxes (+)	6,529	5,963
- other adjustments (+/-)	(6,251)	(2,611)
2. Cash flows generated/absorbed by financial assets	**[2] (697,428)**	**(614,320)**
- Available for sale financial assets	(335,856)	(314,539)
- due from banks on demand	(136,395)	66,575
- other due from banks	47,317	(154,863)
- due from customers	(284,071)	(220,006)
- other assets	11,577	8,513
3. Cash flows generated/absorbed by financial liabilities	**[3] 670,522**	**601,745**
- due to banks on demand	(32,025)	26,788
- other due to banks	147,085	278,502
- due to customers	537,623	334,980
- outstanding securities	-	(20,443)
- financial liabilities held for trading	209	-
- other liabilities	17,630	(18,082)
Net cash flows generated/absorbed by operating activities A (+/-)	**(798)**	**9,505**
B. INVESTMENT ACTIVITIES		
1. Cash flows generated by:	5	27
- sale of property, plant and equipment and investment property	5	27
2. Cash flows absorbed by:	**[4] (8,168)**	**(1,334)**
- purchase of property, plant and equipment and investment property	(5,856)	(837)
- purchase of intangible assets	(2,312)	(497)
Net cash flows generated/absorbed by investment activities B (+/-)	**(8,163)**	**(1,307)**
C. FINANCING ACTIVITIES		
- issue/buyback of treasury shares	8,923	(1,011)
- issue/buyback of equity instruments	139	117
- distribution of dividends and other	(50)	(11,893)
Net cash flows generated/absorbed by financing activities C (+/-)	**[5] 9,012**	**(12,787)**
NET CASH FLOWS GENERATED /ABSORBED DURING THE YEAR D=A+/-B+/-C	**51**	**(4,589)**
RECONCILIATION		
OPENING CASH AND CASH EQUIVALENTS E	**31**	**4,614**
NET CASH FLOWS GENERATED /ABSORBED DURING THE YEAR D	**51**	**(4,589)**
CASH AND CASH EQUIVALENTS: EXCHANGE RATE EFFECTS F	**-**	**-**
CLOSING CASH AND CASH EQUIVALENTS G=E+/-D+/-F	**82**	**25**

Below is a list of the effects on the statement of cash flows of the initial consolidation of the Toscana Finanza Group:

[1] 1,887 thousand Euro arising from the Purchase Price Allocation of Toscana Finanza;
[2] 150,441 thousand Euro in liquidity absorbed by financial assets;
[3] 59,013 thousand Euro in liquidity generated by financial liabilities;
[4] 6,326 thousand Euro in liquidity absorbed by tangible and intangible assets;
[5] 10,436 thousand Euro in changes in funding generated by the recording of minority interests.

Notes

Accounting Policies

Statement of compliance with IFRS

Pursuant to art. 154-ter of the Consolidated Law on Finance (Leg. Decree no. 58 of 24/2/1998, hereafter the "TUF") and the Regulation for Issuers no. 11971/99 and subsequent changes, the consolidated interim report at 30 June 2011 has been drawn up in accordance with the IAS/IFRS in force at that date as issued by the International Accounting Standard Board (IASB) and the related interpretations (IFRICs and SICs), approved by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002. This Regulation was transposed into law in Italy by Leg. Decree no. 38 of 28 February 2005.

Interpretation and adoption of the IFRS were carried out referring also to IASB's 'Framework for the preparation and presentation of financial statements', even though not officially endorsed.

In particular, the contents of this consolidated interim report conform to IAS 34 (Interim Financial Reporting); in addition, on the basis of paragraph 10 of the aforementioned standard, the Group has taken advantage of the option to prepare the interim report in condensed form.

The condensed consolidated financial statements included in the consolidated half-year financial report are audited, only to a limited extent, by KPMG S.p.A..

Basis of preparation

As per art 154-ter of the TUF and IAS 34 (Interim Financial Reporting), the consolidated interim report is made up of:

- the condensed consolidated interim financial statements (composed of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows, accounting policies and the notes);
- the interim Directors' report.

The consolidated condensed interim financial statements have been drawn up using the general principles of IAS 1, also referring to IASB's 'Framework for the preparation and presentation of financial statements', with particular attention to the fundamental clauses of substance over legal form, the concept of the relevance and materiality of information, the accruals basis of accounting and considering the group as a going concern.

For the compilation of this report, reference was made to the format put forward by Bank of Italy's Circular no. 262 of 22 December 2005, updated in its entirety on 18 November 2009.

The money of account is Euro and, where not otherwise expressed, amounts are expressed in thousands of Euro.

Information on the business as a going concern

The Bank of Italy, Consob and Isvap, with document no. 2 issued on 6 February 2009 (Disclosure in financial reports on the going concern assumption, financial risks, tests of assets for impairments and uncertainties in the use of estimations), together with the ensuing document no. 4 of 3 March 2010, have required Directors to carry out particularly accurate assessments on the existence of the company as a going concern, as per IAS 1.

Unlike in the past, present conditions on financial markets and in the real economy, together with the negative, short/medium-term forecasts, have rendered particularly accurate assessments necessary with reference to the going concern assumption, as records of the company's profitability and easy access to financial resources may no longer be sufficient in the current context.

To this aim, having examined the risks and uncertainties connected to the present macro-economic context, and considering the 2011-2013 financial and economic plans drawn up by the parent company, the Banca IFIS Group can indeed be considered a going concern, in that it can be reasonably expected to continue to operate in the foreseeable future and, consequently, the consolidated interim financial statements at 30 June 2011 have been prepared in accordance with this fact.

Uncertainties connected to credit and liquidity risks are considered insignificant or, at least, not significant enough to produce doubts on the company's ability to continue as a going concern, thanks also to the good profitability levels that the bank has continually achieved, to the quality of its loans and to its current access to financial resources.

Consolidation scope and methods

The condensed interim consolidated financial statements have been complied on the basis of the accounts at 30 June 2011 prepared by the directors of the companies included in the consolidation scope.

At 30 June 2011, the Group was composed of the parent company, Banca IFIS S.p.A., and 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.

Here below is the summary of the main highlights of the subsidiaries' equity situation.

Company Name	Registered Office	Equity at 30.06.2011 [(1)]	Net profit at 30.06.2011 [(1)]	% of direct investment	% of direct investment	% of consolidation
IFIS Finance Sp. Z o.o..	Warsaw	27,058	756	100%	-	100%
Toscana Finanza S.p.A.	Florence	53,497	(4,836)	77.26%	-	77.26%
Fast Finance S.p.A.	Bologna	6,366	(410)	-	100%	77.26%
TF SEC S.r.l.	Florence	317	(17)	-	100%	77.26%

(1) Figures in thousands of Euro

The financial statements of subsidiaries expressed in foreign currencies are translated into Euro in asset and liability items according to the rate of exchange at the end of the period. In the income statement, figures are translated according to the average exchange rate, which is considered as a valid approximation of the spot exchange rate. The consequent exchange differences deriving from the application of different exchange rates for the statement of financial position and the income statement, together with the exchange differences from the translation of the investee companies' equity, are recognised under capital reserves.

Assets and liabilities, off-balance sheet transactions, income and expenses, and the profit and loss between companies included in the consolidation scope are all eliminated.

Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1st 2009, are accounted for according to the revised IFRS 3 adopted by the Commission Regulation No. 495/2009 of June 3rd 2009 ("IFRS 3"), by applying the acquisition method; IFRS 3 applies to a transactions or other events that meet the definition of a business combination, in which an acquirer obtains control of one or more acquires. Applying the acquisition method requires:

- Identifying the acquirer;
- Determining the acquisition date;

- Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- Recognising and measuring goodwill or a gain from a bargain purchase;

With reference to the takeover of Toscana Finanza S.p.A by Banca IFIS, the acquisition method applies as follows:

Identifying the acquirer

Thanks to the purchase of the largest part of voting rights, Banca IFIS S.p.A. is identified as the acquirer, since it is the entity that obtains control of Toscana Finanza S.p.A. by applying the guidance in IAS 27 (2009).

Determining the acquisition date

The actual acquisition date is the closing date of the public offer of purchase, on which Banca IFIS S.p.A obtained control of Toscana Finanza S.p.A.; on the other hand, by applying the guidelines provided by IFRS 3 BC110, the date designated as business combination date is June 30, 2011, provided there are no material changes in the amounts recognized.

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquirer

Banca IFIS S.p.A has recognized in accordance with IFRS 3 the identifiable assets acquired and the liabilities assumed, and already accounted for in the consolidated financial statement of Toscana Finanza S.p.A.. As set out in paragraph 18 of IFRS 3, the general measurement principle establishes that the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair value.

Recognising and measuring of goodwill or a gain on a bargain purchase

The takeover of Toscana Finanza S.p.A. has produced a gain on bargain purchase for 1.887 thousand Euro, that has been booked as “other operating income (expenses)”.

The gain on a bargain purchase is measured as the excess of a) over b) below:

a) The aggregate of:
   1. The consideration transferred, i.e. the amount of 35.456 thousand Euros Banca IFIS S.p.A paid at the closing date of the public offer of purchase, in order to get the full ownership of the shares representing the 77.26% of Toscana Finanza’s share capital;
   2. The amount of the non-controlling interest, measured by applying the full fair value method, in accordance with IFRS 3. The value of the non-controlling interests has been measured as the value of the share tendered in the public offer of purchase (1.5 Euro per share), for a total amount of 10.436 thousand Euro.
b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed for a total amount of 47.779 thousand Euro.

As for the subsidiary IFIS Finance Sp. Z o.o. instead, the consolidation process has brought about goodwill for 865 thousand Euro, at end of period exchange rates, recognised under item 130 ‘intangible assets’.

Investments in exclusively and jointly controlled companies (consolidated using the proportional method)

Name of company	Registered Office	Type (1)	Investment		Voting rights % (2)
			Held by	% share	
- Consolidated line-by-line					
IFIS Finance Sp. Z o.o.	Warsaw	1	Banca IFIS S.p.A.	100%	100%
Toscana Finanza S.p.A.	Florence	1	Banca IFIS S.p.A.	77.26%	77.26%
Fast Finance S.p.A.	Bologna	1	Toscana Finanza S.p.A.	100%	100%
TF SEC S.r.l.	Florence	1	Toscana Finanza S.p.A.	100%	100%

Key

(1) Type (1):
1 = majority of voting rights in the Annual Shareholders' Meeting
2 = dominant influence in the Annual Shareholders' Meeting
3 = agreements with other shareholders
4 = other forms of control
5 = exclusive control as per article 26, paragraph 1, of Legislative Decree no. 87/92
6 = exclusive control as per article 26, paragraph 2, of Legislative Decree no. 87/92
7 = joint control

(2) Voting rights in the Annual Shareholders' Meeting, distinguishing between effective and potential voting rights.

Other aspects

Estimations of the carrying amounts of items recognised in the consolidated condensed interim financial statements at 30 June 2011, as per IFRS and regulations in force, are largely based on estimations of expected future possibility to recover amounts recognised, effected considering the group as a going concern.

It is important to note that this estimation process has been made particularly complicated by current macroeconomic and market context, which is prone to undergoing unpredictable and rapid changes.

Classification and measurement criteria

The classification and measurement criteria adopted in the drawing up of the condensed interim consolidated financial statements at 30 June 2011 are unchanged from those used to draw up the consolidated financial statements at 31 December 2010, to which the reader is asked to refer for further details.

Fair value hierarchy

In compliance with that stated in paragraph 27 – A of IFRS 7, the following fair value hierarchy was utilised:

FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE (in thousands of Euro)	Level 1	Level 2	Level 3	Total
Financial assets held for trading	311	-	-	311
Available for sale financial assets	1,082,112	484	78,238	1,160,834
Total	**1,082,423**	**484**	**78,238**	**1,161,145**
Financial liabilities held for trading	-	-	209	209
Hedging derivatives	-	-	36	36
Total	**-**	**-**	**245**	**245**

Key
L1= Level 1: fair value of a financial instrument quoted in active markets;
L2= Level 2: fair value measured using measurement techniques based on market observables, different from the quotations of financial instruments;
L3= Level 3: fair value calculated using measurement techniques based on inputs not observable in the market.

ANNUAL CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE (LEVEL 3) (in thousands of Euro)	FINANCIAL ASSETS			
	Held for trading	Measured at fair value	Available for sale	Hedging
1. Opening balance	-	-	**30,664**	-
2. Increases	-	-	**49,787**	-
2.1 Purchases	-	-	4,990	-
2.2 Profit taken to:	-	-	-	-
2.2.1 Income statement	-	-	1	-
-of which: capital gains	-	-	*1*	-
2.2.2 Equity	X	X	-	X
2.3 Transfers from other levels	-	-	43,952	-
2.4 Other increases	-	-	844	-
3. Decreases	-	-	**2,213**	-
3.1 Sales	-	-	1,501	-
3.2 Redemptions	-	-	-	-
3.3 Losses taken to:	-	-	-	-
3.3.1 Income statement	-	-	-	-
- of which capital losses	-	-	-	-
3.3.2 Equity	X	X	-	X
3.4 Transfers to other levels	-	-	-	-
3.5 Other reductions	-	-	712	-
4. Closing balance	-	-	**78,238**	-

ANNUAL CHANGES IN FINANCIAL LIABILITIES VALUED AT FAIR VALUE (LEVEL 3) (in thousands of Euro)	FINANCIAL LIABILITIES		
	Held for trading	Measured at fair value	Hedging
1. Opening balance	-	-	**-**
2. Increases	**209**	-	**36**
2.1 Issues	-	-	-
2,2 Losses taken to:	-	-	-
2.2.1 Income statement	-	-	-
- of which capital losses	-	-	-
2.2.2 Equity	**X**	**X**	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	209	-	36
3. Decreases	-	-	**-**
3,1 Redemptions	-	-	-
3.2 Repurchases	-	-	-
3,3 Profit taken to:	-	-	-
3.3.1 Income statement	-	-	-
- of which capital gains	-	-	-
3.3.2 Equity	**X**	**X**	-
3.4 Transfers to other levels	-	-	-
3.5 Other reductions	-	-	-
4. Closing balance	**209**	**-**	**36**

Financial liabilities held for trading and hedging derivatives were incurred following the consolidation of the Toscana Finanza Group and consist of the value allocated to interest rate swaps.

Information on consolidated statement of financial position

MAIN STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	PERIOD		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
Other financial assets	1,161,145	818,800	342,345	41.8%
Due from banks	317,091	228,013	89,078	39.1%
Due from customers	1,844,204	1,571,592	272,612	17.3%
Property, plant and equipment and investment property and intangible assets	44,844	37,995	6,849	18.0%
Other assets	133,982	145,719	(11,737)	(8.1)%
Total assets	**3,501,266**	**2,802,119**	**699,147**	**25.0%**
Due to banks	867,517	752,457	115,060	15.3%
Due to customers	2,339,634	1,802,011	537,623	29.8%
Other liabilities	65,300	41,038	24,262	59.1%
Equity	228,815	206,613	22,202	10.7%
Total liabilities and equity	**3,501,266**	**2,802,119**	**699,147**	**25.0%**

The Bank's **assets** are essentially represented by **Receivables due from customers** from transactions with companies, which rose by 17.3% compared to the end of 2010 to 1,844 million Euro, and by Government bonds and obligations for a total of 1,270 million Euro, almost entirely recorded under **Available for sale financial assets** and the remainder under **Receivables due from banks**. At 30 June 2011 **Receivables due from customers** also included the financial assets of the Toscana Finanza Group, consisting of non-performing and tax receivables, for 139,311 thousand Euro.

Other financial assets

Other financial assets consist of available for sale financial assets totalling 1,160,834 thousand Euro (+41.8%), and financial assets held for trading totalling 311 thousand Euro (+6.1%); 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-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 June 2011 the guarantee portfolio totalled 586,288 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 have been used for short/very short-term repurchase agreement transactions or for transactions on the Collateralised Interbank Market (MIC). 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 June 2011 the investment portfolio totalled 670,470 thousand Euro.

Total debt securities at 30 June 2011 totalled 1,256,758 thousand Euro (+39.4% compared to 31 December 2010), consisting for 76% of Italian Government bonds, 23% of banking bonds and the remaining 1% of other issuers.

BOND PORTFOLIO (in thousands of Euro)	YEAR		CHANGE	
	30.06.2011	31.12.2010	ABSOLUTE	%
STATEMENT OF FINANCIAL POSITION ITEM:				
Financial assets held for trading	**304**	**293**	**11**	**3.8%**
Investment portfolio	*304*	*293*	*11*	*3.8%*
Available for sale financial assets	**1,147,297**	**805,039**	**342,258**	**42.5%**
Guarantee portfolio	*505,210*	*492,270*	*12,940*	*2.6%*
Investment portfolio	*642,087*	*312,769*	*329,318*	*105.3%*
Receivables due from banks - bonds	**109,157**	**96,520**	**12,637**	**13.1%**
Guarantee portfolio	*81,078*	*81,474*	*(396)*	*(0.5)%*
Investment portfolio	*28,079*	*15,046*	*13,033*	*86.6%*
Total securities held	**1,256,758**	**901,852**	**354,906**	**39.4%**
of which:				
Guarantee portfolio	*586,288*	*573,744*	*12,544*	*2.2%*
Investment portfolio	*670,470*	*328,108*	*342,362*	*104.3%*

Equity portfolio

Other financial assets also include equity securities relating to non controlling interests in unlisted companies totalling 13,537 thousand Euro, which are classified among available for sale financial assets.

Receivables due from banks

At 30 June 2011 receivables due from banks totalled 317,091 thousand Euro compared to 228,013 thousand Euro at 31 December 2010 (+39.1%). This change takes account also of the initial consolidation of the same item in the statement of financial position of the Toscana Finanza Group for 3,004 thousand Euro.

Some securities not listed on an active market and eligible with the Eurosystem were classified under this item for an amount of 109,157 thousand Euro (+13.1% compared to 31 December 2010). This security portfolio is held for the purposes described in the paragraph on other financial assets.

The item includes 207,934 thousand Euro for treasury loans with other lenders (+58.1% compared to 31 December 2010) largely connected to maintaining excess liquidity with year-end maturities.

Receivables due from customers

At period-end total receivables due from customers reached 1,844.2 million Euro, an increase of 17.3% compared to 1,571.6 million Euro at the end of 2010.

This change is due for 139,311 thousand Euro to the initial consolidation of the receivables due from customers of the Toscana Finanza Group.

Receivables due from customers are composed as follows: 25.7% from the Public Administration (compared to 18.6% at 31 December 2010) and 74.3% from the private sector (compared to 81.4% at 31 December 2010).

Geographically, the item is composed as follows: 96.3% from customers resident in Italy and 3.7% from customers resident abroad.

Finally, it should be noted that the item includes 4 positions, for a total of 99,806 thousand Euro, which fall within the category of major risks.

Receivables due from customers, excluding net non-performing loans of 42.6 million Euro, totalled 1,801.6 million Euro, up by 17.5% compared to the end of 2010. This change takes account also of the initial consolidation of the statement of financial position of the Toscana Finanza Group for 135 million Euro.

Deteriorated assets

Total net deteriorated assets for the year totalled 225,197 thousand Euro, against 220,928 thousand Euro at the end of 2010 (+1,9%). Total deteriorated assets arising from the consolidation of the Toscana Finanza Group amounted to 38,243 thousand Euro.

Below is a comment on deteriorated assets relating to the work of Banca IFIS prior to the PPA, on a constant size basis compared to 31 December 2010, the total of which, at 186,954 thousand Euro, fell by 15.4%.

Total **non-performing loans** to customers at 30 June 2011, net of value adjustments, were 38,345 thousand Euro, against 38,421 thousand Euro at 31 December 2010 (-0.2%).

Thanks to its adoption of a business model ideal for transferring risk from customers to their better-structured debtors, the Bank is able to mitigate its exposure to customer default. The ratio of net non-performing loans to equity at 30 June 2011 equalled 17.7%, a decrease compared to 18.6% at 31 December 2010. Gross of any value adjustments, non-performing loans amounted to 114,891 thousand Euro, against 105,481 thousand Euro at the end of 2010 (+8.9%). Banca IFIS enters its gross non-performing loans, recognised in the financial statements net of the related specific value adjustment funds, up to the point in which all legal credit collection procedures have been entirely completed. Thanks also to the strategy of risk spreading, the total amount of non-performing loans is, on average, contained. At 30 June 2011, 497 non-performing loans, for a net, average amount of 77 thousand Euro, were registered. The coverage ratio on gross non-performing loans stood at 66.6% (63.6% at 31 December 2010).

Total **substandard loans**, net of value adjustments, stood at 95,058 thousand Euro, up compared to 76,810 thousand Euro at the end of 2010 (+23.8%).

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 particularly problematic positions. In particular, ‘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** at 30 June 2011 totalled 7,774 thousand Euro, compared to 7,251 thousand Euro at the end of 2010, up by 7.2%.

Overdue positions totalled 45,777 thousand Euro at 30 June 2011, compared to 98,446 thousand Euro at the end of 2010, down by 53.5%. These **positions** refer to receivables due from the Public Administration (17,013 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 decreased from 2.4% to 2.2% considering value adjustments, and from 6.4% to 6.2% in terms of gross amounts.

The ratio of substandard loans to total loan commitments rose from 4.9% to 5.4% considering value adjustments, and from 4.8% to 5.3% in terms of gross amounts.

Also the ratio of total net deteriorated assets to loan commitments improved from 14.1% to 10.7% considering value adjustments, and from 17.7% to 14.5% in terms of gross amounts.

The assets arising from the initial consolidation of the Toscana Finanza Group consist of **non-performing receivables** and **tax receivables**. Non-performing receivables include deteriorated assets for a total of 38,243 thousand Euro, consisting of non-performing loans for 4,267 thousand Euro, substandard loans for 28,379 thousand Euro and overdue loans for 5,597 thousand Euro.

These receivables, which were recorded following the business combination between the Banca IFIS Group and the Toscana Finanza Group, are recorded at their fair value.

QUALITY OF LENDING (in thousands of Euro)	PERIOD				CHANGE	
	30.06.2011			31.12.2010	ABSOLUTE (1)	%
	BANCA IFIS prior to PPA	TOSCANA FINANZA	CONSOLIDATED TOTAL	BANCA IFIS prior to PPA		
Non-performing loans	*38,345*	*4,267*	42,612	38,421	(76)	(0.2)%
Substandard loans	*95,058*	*28,379*	123,437	76,810	18,248	23.8%
Rescheduled loans	*7,774*	-	7,774	7,251	523	7.2%
Overdue loans	*45,777*	*5,597*	51,374	98,446	(52,669)	(53.5)%
Total deteriorated assets to customers	**186,954**	**38,243**	**225,197**	**220,928**	**(33,974)**	**(15.4)%**
Net performing loans	*1,567,972*	*101,068*	1,619,007	1,350,664	217,308	16.1%
Total due from customers (cash)	**1,754,926**	**139,311**	**1,844,204**	**1,571,592**	**183,334**	**11.7%**

(1) Change calculated on a constant size basis compared to 31 December 2010.

Intangible assets and property, plant and equipment and investment property

Intangible assets totalled 5,294 thousand Euro against 3,686 thousand Euro at 31 December 2010 (43.6%). The item refers to software for 3,770 thousand Euro and goodwill for 865 thousand Euro arising from the consolidation process of the investment in IFIS Finance Sp. Z o.o.

The contribution of the Toscana Finanza Group to this item was 973 thousand Euro, and referred wholly to software.

Property, plant and equipment and investment property increased by 15.3% to 39,550 thousand Euro. The increase in this item arising from the consolidation of the Toscana Finanza Group totalled 5,353 thousand Euro.

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 5,053 thousand Euro.

Some property of minor value is also recorded.

Funding

Total funding, which at 30 June 2011 totalled 3,207,151 thousand Euro, an increase of 25.6% compared to 31 December 2010, is represented for 73% by **Payables due to customers** and for 27% by **Payables due to banks.**

This change also takes account of the initial consolidation of the Toscana Finanza Group for 45,865 thousand Euro.

The success of the funding sources diversification implemented by the Bank over the last years is shown by retail funding through the online rendimax deposit account, which at half-year end totalled 1,408,070 thousand Euro; the remainder of **Payables due to customers** (which at 30 June 2011 totalled 2,339,634 thousand Euro, +29,8% compared to 31 December 2010) is mainly represented by the funding implemented through repurchase agreements with underlying State securities and the *Cassa di Compensazione e Garanzia* as counterparty for 799,170 thousand Euro. The contribution to this item arising from the consolidation of the Toscana Finanza Group was 16,483 thousand Euro.

Payables due to banks, which totalled 867,517 thousand Euro (+15.3% compared to December 2010), consisted of interbank deposits for 340,665 thousand Euro (-15.4% compared to the end of 2010) of which 177,500 thousand Euro was regulated on the e-MID platform (-37.5% compared to 31 December 2010), and funding from repurchase agreements for 526,852 thousand Euro (+50.6% compared to the end of 2010), of which 425,285 thousand Euro was regulated on Eurosystem. 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 contribution to this item arising from the consolidation of the Toscana Finanza Group was 29,382 thousand Euro.

Provisions for risks and charges

The Banca IFIS Group, considering the absence of conditions to do so, did not effect provisions for risks and charges following the facts described below:

- In 2008 the Bank was subject to an ordinary tax check carried out by the local Tax Agency's officers. The formal notice of assessment issued revealed two findings, both connected to the correct determination of the limit for the deductibility of receivables pursuant to article 106, para. 3, of Presidential Decree 917/86, for a total of 1,447 thousand Euro. Moreover, considering that the mechanism places limits on the deductibility of the impairments of receivables and that the surplus (arising from the difference between the limit and the net impairments) is deductible on a straight-line basis over the next eighteen years, the application of the criterion indicated in the aforementioned formal notice of assessment would entail a tax benefit for the Bank in the years following 2005. On 21 June 2010 Banca IFIS received an adjusted tax demand regarding the two findings which indicated a greater tax amount due for 2005 of approximately 478 thousand Euro plus interest and fines.

  In the aforementioned formal notice of assessment notification was also made in regard to an alleged case of tax evasion as set out in article 37-bis of Presidential Decree 600/73 regarding the write-down in 2003 of the equity investment in Immobiliare Marocco S.p.A. (a company merged into the Issuer by the act of 19 October 2009). This write-down was used to reduce profits in fifths in the following years on the basis of the losses recorded by this company pursuant to articles 61 and 66 of Presidential Decree 917/86 (in force up to 31 December 2003). On 2 February 2009 a notice was received from the Tax Agency which requested clarification on the write-down, to which the Bank promptly replied.

  Again in reference to the notification of the alleged tax evasion, on 3 December 2009 the Bank received a tax demand for 2004 in which the Tax Agency adjusted income for 2004 for the purposes of corporation tax (IRES), by applying the anti-evasion provision as set out in article 37-bis of Presidential Decree 600/73 for a total of 837 thousand Euro, with more tax due for the tax year in question of approximately 276 thousand Euro plus interest and penalties. Moreover, on 21 June 2010, the bank was given an assessment notice referring to the following year in which the Inland Revenue corrected the income for the year 2005 for corporate tax (IRES) purposes, applying the anti-evasion provision as per article 37-bis of Presidential Decree no. 600/73, for a total amount of 837 thousand Euro, with a higher level of tax due for the tax year in question of 276 thousand Euro, plus interest and sanctions. The same tax demand for tax year 2005 recorded as deferred tax assets the amount relating to the redetermination of the deductible limit for the losses on receivables as described above, for a total of 1,447 thousand Euro.

  Subsequently, by the end of 2010 the Bank received a notice cancelling, under the appeal process, the tax demands issued for 2005. There is currently no further information regarding these notices, the deadlines for the assessment of which expired on 31 December 2010.

  Meanwhile, the Bank initiated proceedings in relation to the first tax demand received (relating to 2004), and discussed its position in the hearing through its representatives. With its sentence deposited on 29 June 2011, the Venice Provincial Tax Commission rejected the appeal relating to 2004.

  The Bank, comforted by the opinion of its tax advisor, believes the Inland Revenue's claims to be totally unfounded, in that the laws in force at the time of the relevant dispute were fully applied and the behaviour of the Company was correct..

  The Bank arranged to engage its own consultants to present an appeal to the Regional Tax Commission.

  The Bank does not, therefore, consider this contingent liability as probable.

The value of the provision for risks and charges at 30 June 2011 arises from the initial consolidation of the Toscana Finanza Group, and consisted for 15 thousand Euro of the "Provision for supplementary customer allowances for agents" and 378 thousand Euro of the "Provision for directors' termination pay".

Capital adequacy and solvency ratios

The equity attributable to the Group at 30 June 2011 was 228,815 thousand Euro, against 206,613 thousand Euro at the end of 2010. This increase in equity is shown below:

EQUITY: CHANGES (in thousands of Euro)	
Equity at 31/12/2010	**206,613**
Increases:	**36,073**
Profit for the year	13,050
Change in valuation reserve:	140
- AFS securities	*252*
- exchange differences	*(112)*
Sale of treasury instruments	12,308
Other changes	139
Minority interests	**10,436**
Decreases:	**(13,871)**
Dividends distributed	(10,486)
Purchase of treasury instruments	(3,385)
Equity at 30/06/2011	**228,815**

The dividends paid included 3,131 thousand Euro in cash and 7,355 thousand Euro through the allocation of Banca IFIS shares (so-called scrip dividends) which were wholly taken from the treasury shares held.

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

CAPITAL ADEQUACY RATIOS (in thousands of Euro)	PERIOD		
	30.06.2011		31.12.2010
Regulatory capital			
Tier 1 capital	227,755		206,510
Tier 2 capital	(3,811)		(3,784)
Deductibles	-		-
Total capital	**223,944**		**202,726**
Regulatory minimum requirements			
Credit risk	136,187		129,716
Market risk	1,873		1,893
Operational risk	12,143		12,144
Total minimum requirements	**150,203**		**143,753**
Solvency ratios			
Tier 1 capital/total weighted assets	12.1%		11.5%
Total capital/total weighted assets	11.9%		11.3%
Capital surplus (in excess of minimum requirements)	**73,741**		**58,973**

Regulatory capital consists of Tier I and Tier II capital

TIER 1 capital

The positive elements playing a part in the calculation of tier 1 capital are share capital, share premiums, reserves (including the part attributable to non-controlling interests) and the part of profit increasing reserves. The deductions include treasury shares held by the Bank at the end of the year, intangible assets, goodwill arising from the acquisition of the foreign subsidiary, as well as the negative balance between positive and negative reserves related to debt securities classified as "available for sale financial assets". Pursuant to the Bank of Italy's instructions of 18 May 2010, the Banca IFIS Group excluded from the calculation valuation reserves related to securities issued by the central administrations of EU member States.

TIER 2 capital is composed of negative elements stemming from the exchange difference arising as a result of the consolidation of the foreign subsidiary.

The increase in the solvency coefficients was due to an improvement in credit quality.

Information on consolidated income statement

The Toscana Finanza Group did not contribute to forming the result for the first half of 2011 since the date identified for recording the business combination was 30 June 2011.

The consolidated income statement includes, under “Other operating income”, the net profit arising from the low-cost purchase of the equity investment in Toscana Finanza S.p.A., resulting from the Purchase Price Allocation.

Formation of net profit from financial activities

Net profit from financial activities of the Group totalled 39,585 thousand Euro compared to 36,472 thousand Euro at 30 June 2010, up by 8.5%. This positive result confirms that the higher charges to customers adequately support the increased risk in loan commitments, even in an extremely difficult economic and financial period.

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	1st HALF			CHANGE	
	2011	2010		ABSOLUTE	%
Net banking income	**51,044**	**43,207**		**7,837**	**18.1%**
Net value adjustments due to deterioration of					
Receivables	(11,459)	(6,735)		(4,724)	70.1%
Net profit from financial activities	**39,585**	**36,472**		**3,113**	**8.5%**

Net banking income passed from 43,207 thousand Euro to 51,044 thousand Euro, an increase of 18.1%. Net banking income is made up of commission income (75.2%), interest income (23.7%) and other components (1.1%). The development of products with a high number of 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.

NET BANKING INCOME (in thousands of Euro)	1st HALF			CHANGE	
	2011	2010		ABSOLUTE	%
Net interest income	12,086	10,731		1,355	12.6%
Total net commission income	38,404	32,569		5,835	17.9%
Dividends and similar income	82	17		65	382.4%
Net result from trading	(32)	(110)		78	(70.9)%
Profit from sale or buyback of financial assets	504	-		504	n.a.
Net banking income	**51,044**	**43,207**		**7,837**	**18.1%**

Net interest income fell from 10,731 thousand Euro at 30 June 2010 to 12,086 thousand Euro at 30 June 2011 (+12.6%).

This increase was influenced, among other things, by the rise in market rates which produced two effects: on the one hand, it enabled an increase in the profitability of corporate customers; on the other, it enabled the increase in the cost of retail funding, which is not directly linked to market rates, to be mitigated. In addition, there was a positive impact from the rising contribution from profits on the securities portfolio (+104% compared to 30 June 2010) due to the increase in its volumes.

Please note that at 30 June 2011, interests on arrears accrued on amounts due from the Public Administration relate to invoices already paid (about 7.2 million Euro) and to invoices not yet paid (about 20.3 million Euro). Such amounts, which are calculated based on the rules in force 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 17.9% 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 complexity involved, as well as to offset the increase in credit risk.

Commission income, totalling 40,292 thousand Euro compared to 34,463 thousand Euro at 30 June 2010, came primarily from factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly formula) as well as other fees usually charged to customers for services.

Commission expense, totalling 1,888 thousand Euro compared to 1,894 thousand Euro at 30 June 2010, came primarily from intermediation activities of designated banks, the work of other credit brokers, and commissions paid to correspondent factors.

NET COMMISSIONS *(in thousands of Euro)*	1st HALF			CHANGE	
	2011	2010		ABSOLUTE	%
Endorsement credits	(109)	(48)		(61)	127.1%
Management and brokerage services	(51)	(57)		6	(10.5)%
Collection and payment services	526	534		(8)	(1.5)%
Factoring services	38,446	32,615		5,831	17.9%
Other services	(408)	(475)		67	(14.1)%
Total net commission income	**38,404**	**32,569**		**5,835**	**17.9%**

Net value adjustments due to deterioration in receivables totalled 11,459 thousand Euro, compared to 6,735 thousand Euro at 30 June 2010 (+70.1%), given an economic situation in which the recovery, especially in the most recent weeks, remains uncertain with unstable financial conditions. The adjustments, in line with the large number of customers, were in the main fragmented and of limited amount.

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 year

The table below shows the formation of the group's profit for the year starting from profit from financial activities, previously described, compared with the same period of the previous year:

FORMATION OF PROFIT FOR THE YEAR (in thousands of Euro)	1st HALF			CHANGE	
	2011	2010		ABSOLUTE	%
Net profit from financial activities	**39,585**	36,472		3,113	8.5%
Operating costs	(20,006)	(19,806)		(200)	1.0%
Pre-tax profit from continuing operations	**19,579**	**16,666**		**2,913**	**17.5%**
Income tax expense	(6,529)	(5,963)		(566)	9.5%
Profit for the year	**13,050**	**10,703**		**2,347**	**21.9%**

The trend in **operating costs** was affected by the increase in business and enhancement of the organisation, in terms of the local presence and human resources who joined the Banca IFIS project.

Total operating costs reached 20,006 thousand Euro, up by 1% compared to 30 June 2010. The item includes, for 1,259 thousand Euro, the costs incurred to buy the Toscana Finanza Group and 1,887 thousand Euro in net profit arising from the low-cost purchase of the equity investment in Toscana Finanza S.p.A. Net of these non-recurring items, the increase compared to the first half of 2010 totalled 4.2%.

The ratio of operating costs to net banking income (or the cost/income ratio) stood at 39.2%, compared to 42.5% at 31 December 2010 and at 45.8% at 30 June 2010. Net of costs and income arising from the acquisition of the Toscana Finanza Group, the cost/income ratio stood at 40.4%.

OPERATING COSTS (in thousands of Euro)	1st HALF			CHANGE	
	2011	2010		ABSOLUTE	%
Personnel expenses	12,962	13,132		(170)	(1.3)%
Other administrative expenses	8,368	6,300		2,068	32.8%
Value adjustments to property, plant and equipment and investment property and intangible assets	1,311	1,202		109	9.1%
Other operating charges (income)	(2,635)	(828)		(1,807)	218.2%
Total operating costs	**20,006**	**19,806**		**200**	**1.0%**

Personnel expenses, totalling 12,962 thousand Euro, fell by 1.3% compared to 30 June 2010. At 30 June 2011 the structure, on a constant size basis compared to 31 December 2010, consisted of 335 employees.

Other administrative expenses at 30 June 2011 reached 8,368 thousand Euro, compared to 6,300 thousand Euro in the prior year (+32.8%). This increase is explained by the costs connected to the growth in business, in particular as regards the selection and training of human resources and the update of IT systems. This item includes some entries relating to the management of the rendimax account, especially costs for the stamp duty on account statements, which rise in direct correlation to the number of operative customers and which, as a result of a commercial policy decision, are not charged back to customers.

The item includes, for 1,259 thousand Euro, the costs incurred to buy the Toscana Finanza Group; net of this non-recurring item, the increase compared to the first half of 2010 was 12.8%.

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 equalled 7,482 thousand Euro at 30 June 2011, compared to 5,483 thousand Euro at 30 June 2010 (+36.5%).

In compliance with the instruction of the Bank of Italy of 22 February 2011, personnel expenses include all the costs which are connected in operating terms to personnel, in particular costs for professional training courses and accommodation and subsistence expenses for staff. This item was also reclassified in reference to the previous half by 390 thousand Euro.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	1st HALF		CHANGE	
	2011	2010	ABSOLUTE	%
Expenses for professional services	**2,623**	**1,093**	**1,530**	**140.0%**
Legal and consulting services	2,209	691	1,518	219.7%
Auditing	96	220	(124)	(56.4)%
Outsourcing services	318	182	136	74.7%
Direct and indirect taxes	**1,238**	**1,112**	**126**	**11.3%**
Expenses for purchasing goods and other services	**4,507**	**4,095**	**412**	**10.1%**
Property expenses	1,285	1,186	99	8.3%
Telephone and data transmission expenses	445	403	42	10.4%
Customer information	433	502	(69)	(13.7)%
Advertising and inserts	312	262	50	19.1%
Postage of documents	382	377	5	1.3%
Software assistance and hire	240	234	6	2.6%
Other sundry expenses	1,410	1,131	279	24.7%
Total administrative expenses	**8,368**	**6,300**	**2,068**	**32.8%**
Expense recoveries	(886)	(817)	(69)	8.4%
Total other administrative expenses, net	**7,482**	**5,483**	**1,999**	**36.5%**

Other sundry expenses refer to 109 thousand Euro of expenses for management of the special purpose vehicle set up for the revolving securitisation of trade receivables programme.

Net value adjustments to intangible assets at 30 June 2011 totalled 701 thousand Euro, up by 29.6% compared to the same period last year, and largely refer to IT support, while **net value adjustments to property, plant and equipment and investment property** totalled 610 thousand Euro compared to 661 thousand Euro at 30 June 2010 (-7.7%).

Other operating income, totalling 2,635 thousand Euro, includes the net profit arising from the low-cost purchase of the equity investment in Toscana Finanza S.p.A. for 1,887 thousand Euro; net of this amount, the change compared to the first half of 2010 was -9.7% .The item also includes revenues arising from the recovery of expenses from third parties; the related cost item is included under other administrative expenses, in particular under legal expenses and indirect taxes.

Pre-tax profit for the period stood at 19,579 thousand Euro, an increase of 17.5% compared to 30 June 2010.

Income tax expense amounted to 6,529 thousand Euro, against 5,963 thousand Euro at 30 June 2010 (+9.5%). The Regional tax on productivity (IRAP) rate applied to calculate current and deferred income taxes takes into account the 0.75% increase of the base rate pursuant to Law Decree 98/2011 converted into Law 111/2011.

Profit for the period totalled 13,050 thousand Euro compared to 10,703 thousand Euro in the first half of 2010 (+21.9%). In the absence of profit attributable to non-controlling interests, these results refer entirely to the Group.

Information on Risks and Risk Management Policies

Banking group risks

With the new, prudential supervisory provisions for banks, as per Circular no. 263 of 27 December 2006 and subsequent amendments, prudential regulations include a system of rules and incentives, allowing both more accurate measurement of potential risks connected to banking and financial activities, as well as maintenance of internal capital levels more suited to the effective level of risk exposure of each intermediary. The second pillar of the provisions includes the ICAAP process (Internal Capital Adequacy Assessment Process), which states that banks autonomously assess their own current and expected capital adequacy in relation to both traditional first pillar risks (credit risk, counterparty risk, market risk and operational risk) and other risks (liquidity risk, banking book interest rate risk, concentration risk etc). This process accompanied the drafting and transmission to the Supervisory Body of the Annual ICAAP Report to December 31, 2010. In May 2011, again in reference to December 31, 2010, in compliance with the obligations envisaged by the relevant law, Banca IFIS published its Public Disclosure Document on capital adequacy, exposure to risks and the general features of the systems in place to identify, measure and manage such risks. This document has been published on Banca IFIS's website www.bancaifis.it in the 'Investor relations' section.

With reference to the above and as per Circular no. 229 of 21 April 1999 - Supervisory Instructions for banks - the Banca IFIS Group has set up an Internal Auditing System that aims to guarantee a reliable and maintainable generation of value in a context of controlled risk, knowingly assumed, so as to protect the Group's financial solidity. Controls involve all personnel, to different extents, and constitute an integral part of daily activities. The controls put in place can be classified according to the organisational structures in which they exist. Some types of controls are highlighted below:

- *Line controls* which aim to ensure that operations are carried out correctly. These controls are carried out by the operational structures themselves or are incorporated in procedures or in back office activities;
- *Risk management controls* which aim to define methods for measuring risks, verify if limits assigned to the various operational areas are being respected and check if operations within all areas are consistent with the risk / reward objectives assigned. These controls are entrusted to various structures, different from the operational one;
- *Internal auditing activities* which aim to identify anomalous trends and violations of procedures and regulations, as well as to appraise the overall efficiency and effectiveness of the Internal Audit System. These activities are carried out on a continual basis, both periodically and by exception, by various different structures that are independent from operational structures, also via on-the-spot audits.

The role of the different players involved in the Internal Auditing System (the Board of Directors, the Internal Auditing Committee, the Executive director empowered with control over the Internal Auditing System, the Supervisory body as per Legislative Decree no. 231/2001, the Internal Auditing Function, the Manager responsible for financial reporting, the Risk Management Office and the Compliance Office) are described in detail in the 'Report on Corporate Governance and Shareholding Structure', prepared as required by the third paragraph of article 123 bis of Legislative Decree no. 58 of 24 February 1998 (the Consolidated Law on Finance, "TUF"), approved by the Board of Directors on 7 March 2011 and published on the Bank's Internet website in the "Investor Relations" section:

During the first half of the year the public tender offer for the entire share capital of Toscana Finanza S.p.A. was completed. With the conclusion of the operation on 17 May 2011, all the risks of the former Toscana Finanza Group were transferred into the consolidation scope of the Banca IFIS Group. On the basis of the information available at the date of preparing the Annual ICAAP Report, which was sent to the Supervisory Body in April 2011, the forward-look to 31 December 2011 includes an assessment of the potential risks connected to the business of the new subsidiaries.

Credit risk

General aspects

Banca IFIS Group's main activity is based on the purchase of enterprises' receivables and is characterised by the direct assumption of risks related to granting advances and loans, as well as guarantees, on the receivables of enterprises, mainly small and medium enterprises, in actuation of expansion strategies defined and pursued by the Group. With the inclusion in the Banca IFIS Group's consolidation scope of the former Toscana Finanza Group, the traditional factoring business has been joined by the business of the new subsidiaries, albeit the impact is marginal in quantitative terms. The companies of the former Toscana Finanza Group operate in the sector of acquiring non-performing financial, trade and tax receivables which have a range of risk profiles. The transferors are typically banks, financial institutes, insolvency proceedings and businesses. The companies of the former Toscana Finanza Group do not grant financial guarantees or take on commitments other than those connected to the acquisition of the aforementioned receivables.

Given the particular activities that the Group companies carry out, credit risk is the most important element to consider as far as the general risks assumed by the Group are concerned. The maintenance of effective credit risk management is a strategic objective for the Banca IFIS Group and this strategy is being pursued through the adoption of integrated tools and processes that ensure correct credit risk management in all its phases (initial dossier and paperwork, granting of advances and loans, monitoring and management and intervention in problematic credits). No changes to the objectives and strategies underpinning credit activities took place over 2011.

In the face of surplus liquidity, the Banca IFIS Group carries out operations involving very short-term deposits with highly creditworthy banking counterparts. Given the counterparts involved, the short duration of the transactions and the contained amounts involved, the credit risk connected to this activity is particularly low.

During 2011 purchases continued of bonds which are classified under available for sale financial assets and under loans and receivables due from banks. This financial activity which, given its classification, is recognised in the banking book even if it is different from the bank's traditional loan activity, gives rise to credit risk. The risk lies in the inability of the issuer to redeem the bond securities, partially or in full, at their maturity. The bonds purchased by the Banca IFIS Group, among other things, consist almost entirely of Italian Government bonds and banking bonds which are in the investment grade, eligible category and have an average overall portfolio maturity equal to around twenty two months and a maximum maturity per individual asset, of just above six years.

The further development of the purchase of bonds does not represent a change in the Group's strategic direction, but reflects the need to protect itself against liquidity risk arising from the potential volatility of the online funding introduced with the rendimax account and from the potential instability seen on the traditional interbank market in recent years. The establishment of an asset portfolio that can be rapidly turned into liquidity also meets the need to act in advance of the increasingly strict prudential regulation in regard to the governance and management of liquidity risk (*Basel* 3).

The Banca IFIS Group does not carry out any activity involving derivative products on loans.

Credit risk management policies: organisational aspects

Organisational aspects

Credit risks in the factoring activities are generated as a direct consequence of financing the customer's enterprise and granting, where requested, guarantees of the Group against losses caused by debtor insolvency. Credit risk management takes place during two specific phases of the credit process: the initial credit assessment phase of the operation and, if the assessment has a positive outcome, during the entire relationship with the assignor/debtor counterparties. In order to maximize the quality of Banca IFIS's portfolio, Banca IFIS has chosen, through the specialisation of resources and separation of functions at every decisional phase, to concentrate the main phases of assumption and management of risk within the factoring activity at Head Office of the Bank, thus allowing for a high level of homogeneity in granting credit and strict monitoring of individual positions. This is also true for the subsidiary IFIS Finance, whose decisions are taken within the operational and organizational limits defined by the Parent Company, Banca IFIS.

In the first phase of the risk management process, the organisational structure in charge for such activities has the responsibility of assessing the creditworthiness of the assignor and debtor counterparties, the nature of the commercial relationship between the counterparties and the quality of the receivables to be assigned. A multi-level system of delegations and decisional powers gives the analysts with the most experience the possibility to assume risks with an increasing importance in terms of size, albeit still contained. Greater risks can be taken on by service and area managers. As for higher amounts, powers are attributed solely to the Chief Operating Officer, the Chief Executive Officer, the Loan Committee and, finally, the Board of Directors.

The Bank’s branches do not have decisional powers in the assumption of credit risk. Rather, they have the responsibility of developing business throughout the territory and managing relationships with customers. Being this the case, within the limits and formalities established by Headquarters’ managerial bodies and under their constant monitoring, branches have the possibility to grant advances as part of ordinary operations with customers.

Qualified and specialised staff follow all aspects of a relationship’s evolution: from the assignment of the receivables to the granting of advances, from the administrative management of the receivables to their collection, from the individuation of possible anomalies to the verification and definition of the most opportune initiatives for credit recovery together with support from the Legal Department, if necessary.

The companies in the former Toscana Finanza Group purchase non-performing receivables in the following business areas:

- Tax receivables usually acquired from insolvency proceedings and claimed from tax authorities;
- Financial receivables acquired from retail credit companies, banks and leasing companies;
- Trade receivables acquired from insolvency proceedings and companies.

The acquisition of the range of receivables is carried out in various ways which are analysed and implemented on the basis of the experience that has been acquired over the years. The market policy of the former Toscana Finanza Group, which has always sought to optimise customer relations (i.e. with the transferors of the receivables), has taken its lead from the process of structural development and organisational adjustment that has accompanied the increase in size of companies and has emphasised its mission of providing high value added services to customers of good standing, with a view to creating long-term relationships.

In order to collect the receivables acquired, the companies in the former Toscana Finanza Group can draw on not only an in-house legal office, but also a widespread and proven network of credit collection companies operating throughout Italy. This structure, together with numerous lawyers located at courts, ensures the utmost flexibility and effective and timely action to recover the whole range of receivables.

The services offered by the former Toscana Finanza Group are complemented and completed by the services of the subsidiary TF SeC S.r.l. which provides auxiliary, support activity for corporate consultancy and professional assessment of receivables. The credit risk for the subsidiary TF SeC S.r.l. is not significant.

The Banca IFIS Group is particularly concerned to concentrate credit risk for all the Group companies both at an individual and consolidated level. Banca IFIS’s Board of Directors has delegated Top Management to take action to contain large risks. In line with the Board of Directors’ instructions, all credit risks which, even if amounting to less than 10% of regulatory capital, require big efforts for the Group, are systematically monitored.

Management, measurement and control systems

The operational procedure governing Banca IFIS Group's credit process within the traditional factoring activity expressively requires the punctual and analytical assessment of all the counterparties involved in the factoring relationship, both on the assignor side and on the assigned debtor side.

These operations do not involve the assumption of credit risks based on a statistical approach.

Within the factoring activity credit risk is constantly controlled by procedures and instruments that can rapidly individuate particular anomalies.

Banca IFIS Group's main instrument of assessment and control is the Internal Rating System (IRS). During the assessment stage, the IRS allows analysts to:

- give the assignor and the debtor a credit standing and counterparty rating;
- immediately individuate the risk in each individual operation of granting advances or financing;
- define adequate pricing for each class of risk, right from initial commercial analysis of the feasibility of the operation.

Once the stages of assessment have been successfully completed, the IRS, fed thanks to information by selected databases, allows the credit risk connected to the counterparties acquired to be constantly monitored.

Protests, prejudicial matters or identification of non-performing loans automatically lead to blocks on operations. Consequential analysis aims to evaluate the seriousness of the anomalies identified and the permanence of the difficulties encountered and in this way aid in deciding whether to progress with the relationship or otherwise.

At present, due to the type of databases used (Central Credit Risks Bureau, protests and judicial records, etc.), the IRS is only fully operational, in both the assessment and monitoring phases, for domestic counterparties or those with Italian offices. For other counterparties, assessment is carried out through the financial statement analysis form only and, if the counterparty has relationships with other Italian banks, through the Central Credit Risks Bureau form.

As for the business of the companies in the former Toscana Finanza Group, in order to ensure increasingly efficient control over the operations undertaken, investments have been made in information systems, with the adoption of solutions and procedures to manage the various business sectors. To manage its credit risk Toscana Finanza has implemented a system to monitor the cash flows generated by the collection of receivables and to analyse the profitability of the receivables portfolio. This work is followed by a periodic review of the technical foundations underpinning the forecast of expected cash receipts.

As far as concerns the credit risk connected to the portfolio of bond securities, remembering that it is mainly made up of Italian government securities and investment grade, short-term bank bonds, the Banca IFIS Group is constantly committed to monitoring the credit quality of the issuers of these bonds. The composition of the bond portfolio is periodically reported upon by the Risk Management Office to the bank's Board of Directors and to Top Management.

Under the Basel 2 Accord for calculating capital requirements in the face of first pillar credit risks, the bank has chosen to use the Standardised method.

Credit risk mitigation techniques

Within the factoring activity, when the type and/or quality of assigned receivables do not fully satisfy requirements or, more generally, the assigning customer is of insufficient creditworthiness, it is consolidated policy for the bank to obtain maximum protection against the credit risk assumed by the Group by obtaining additional surety guarantees from the shareholders or directors of the assignor customers.

As far as concern assigned debtors in factoring relationships, wherever the bank believes that the elements available for assessment of the assigned debtor are not sufficient for the correct evaluation / assumption of the connected credit risk, or the proposed amount of risk exceeds the limits identified during the debtor assessment, the bank will obtain the necessary coverage against assigned debtor default. Guarantees granted by correspondent factors and/or insurance policies undersigned with specialised operators are very common in non-recourse operations with non-domestic assigned debtors.

In relation to the operations and the business model of the former Toscana Finanza Group generally no action is taken to hedge credit risks.

Deteriorated assets

With reference to factoring activities, operations and relationships with customers are constantly monitored by the competent office at Headquarters, both by means of trends in relationships and by monitoring the risky counterparties (through the Central Credit Risks Bureau, protests, judicial records etc.). In cases of anomalous trends and/or counterparty disputes, the situation is placed under observation and the management of the relationship by the individual branch is directly supervised by Head Office's Credit Management Area until anomalies have been overcome.

In cases where the situation deteriorates or becomes critical, management of the entire relationship passes to Head Office's Credit Management Area, with the possible support of the Legal Department, with the aim, based on in-depth evaluation, of maintaining the position under supervision until the problems have been overcome and the situation returns to normal. Based on available information, possible classification of the counterparty under non-performing loans or substandard loans is also assessed.

Management of deteriorated positions, whether they be substandard loans or non-performing loans, normally falls under the responsibility of the Legal Department which initiates action for protection against these and their recovery should they occur, periodically reporting back to Top Management and the Board of Directors. If it is believed that there will be a positive outcome to the problems encountered by the assignor and/or the debtor with the Bank remaining protected against the credit risk, the loan may be rescheduled and placed, once again, under the management and monitoring of the Credit Management Area.

Impairment losses, proposed by the Legal Department, are effected by Top Management and subject to resolution by the Board of Directors.

A similar process is essentially in place also for IFIS Finance Sp. Z o.o.. Nonetheless, it should be noted that the subsidiary has only marginal exposure to deteriorated assets.

The business undertaken by the former Toscana Finanza Group regards the acquisition, management and collection of non-performing receivables. Excluding the tax receivables claimed from the public administration, a significant percentage of the remaining receivables is classified under deteriorated assets. The purchase of receivables at amounts well below their nominal value and receipts which are generally higher than the price paid minimise the risk of write-offs.

Banking group: Cash and off-balance sheet exposure with customers: [1]

Types of loans/values *(in thousands of Euro)*	Gross exposure	Specific net impairment losses	Portfolio impairment losses	Net exposure
A. CASH EXPOSURE				
A.1 Banking group				
a) Non-performing loans	119,157	76,546	X	42,612
b) Substandard loans	125,630	2,193	X	123,437
c) Rescheduled loans	8,334	560	X	7,774
d) Overdue loans	51,520	147	X	51,373
f) Other	2,591,026	X	5,718	2,585,308
TOTAL A	**2,895,668**	**79,446**	**5,718**	**2,810,504**
B. OFF-BALANCE SHEET EXPOSURE				
B.1 Banking group				
a) Deteriorated	153	-	X	153
b) Other	35,636	X	-	35,636
TOTAL B	**35,789**	**-**	**-**	**35,789**

(1) Cash exposures include all cash financial assets relating to customers, independently of their accounting allocation portfolio (available for sale, trading, credit).

Distribution of cash and off-balance sheet exposure with customers by category (carrying amounts)
(in thousands of Euro)

Exposures/counterparties	Governments			Other public entities			Financial companies			Insurance companies			Non-financial companies			Other subjects		
	Net exposure	Specific impairment losses	Portfolio impairment losses	Net exposure	Specific impairment losses	Portfolio impairment losses	Net exposure	Specific impairment losses	Portfolio impairment losses	Net exposure	Specific impairment losses	Portfolio impairment losses	Net exposure	Specific impairment losses	Portfolio impairment losses	Net exposure	Specific impairment losses	Portfolio impairment losses
A. Cash exposure																		
A.1 Non-performing loans	-	-	X	-	-	X	-	112	X	-	-	X	38,373	76,434	X	4,239	-	X
A.2 Substandard loans	-	-	X	15,239	-	X	3,220	16	X	-	-	X	61,144	2,134	X	43,834	42	X
A.3 Rescheduled loans	-	-	X	-	-	X	-	-	X	-	-	X	7,774	560	X	-	-	X
A.4 Overdue loans	2,080	-	X	14,933	-	X	-	-	X	-	-	X	28,334	145	X	6,026	2	X
A.5 Other	997,444	X	-	413,636	X	-	58,591	X	398	-	X	-	1,058,389	X	5,164	57,248	X	156
Total A	**999,525**	**-**	**-**	**443,808**	**-**	**-**	**61,811**	**129**	**398**	**-**	**-**	**-**	**1,194,014**	**79,273**	**5,164**	**111,347**	**45**	**156**
B. "Off-balance-sheet" exposure																		
B.1 Non-performing loans	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X
B.2 Substandard loans	-	-	X	-	-	X	-	-	X	-	-	X	153	-	X	-	-	X
B.3 Other deteriorated assets	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X
B.4 Other loans	-	X	-	-	X	-	-	X	-	-	X	-	35,636	-	-	-	X	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,789**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 30/06/2011	**999,525**	**-**	**-**	**443,808**	**-**	**-**	**61,811**	**129**	**398**	**-**	**-**	**-**	**1,229,803**	**79,273**	**5,164**	**111,347**	**45**	**156**
Total (A+B) 31/12/2010	**533,983**	**-**	**-**	**284,261**	**-**	**-**	**118,220**	**126**	**544**	**-**	**-**	**-**	**1,289,713**	**70,108**	**4,418**	**53,588**	**131**	**151**

Geographical distribution of cash and off-balance sheet exposure due from customers (carrying amounts)
(in thousands of Euro)

Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Overall impairment losses	Net exposure	Overall impairment losses	Net exposure	Overall impairment losses	Net exposure	Overall impairment losses	Net exposure	Overall impairment losses
A. Cash exposure										
A.1 Non-performing loans	42,117	74,068	494	2,478	-	-	-	-	-	-
A.2 Substandard loans	122,253	2,184	1,173	8	5	347	-	-	-	-
A.3 Rescheduled loans	7,774	560	-	-	-	-	-	-	-	-
A.4 Overdue loans	50,086	141	430	2	857	4,390	-	-	-	-
A.5 Other	2,510,950	5,447	71,126	255	496	2,542	2,736	14	1	-
Total	**2,733,180**	**82,399**	**73,223**	**2,743**	**1,359**	**7,279**	**2,736**	**14**	**6**	**-**
B. "Off-balance-sheet" exposure										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	153	-	-	-	-	-	-	-	-	-
B.3 Other deteriorated assets	-	-	-	-	-	-	-	-	-	-
B.4 Other loans	11,677	-	19,585	-	-	-	4,318	-	56	-
Total	**11,830**	**-**	**19,585**	**-**	**-**	**-**	**4,318**	**-**	**56**	**-**
Total 30/06/2011	**2,745,010**	**82,399**	**92,809**	**2,743**	**1,359**	**7,279**	**7,053**	**14**	**62**	**-**
Total 31/12/2010	**2,120,455**	**72,295**	**131,945**	**3,161**	**16,001**	**10**	**9,287**	**12**	**2,077**	**-**

Geographical distribution of cash and off-balance sheet exposure due from banks (carrying amounts)
(in thousands of Euro)

Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Impairment losses	Net exposure	Impairment losses	Net exposure	Impairment losses	Net exposure	Impairment losses	Net exposure	Impairment losses
A. Cash exposure										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
A.3 Rescheduled loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	-	-
A.5 Other	439,306	-	58,842	-	252	-	-	-	-	-
Total	**439,306**	**-**	**58,842**	**-**	**252**	**-**	**-**	**-**	**-**	**-**
B. "Off-balance-sheet"										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other deteriorated assets	-	-	-	-	-	-	-	-	-	-
B.4 Other loans	12,084	-	-	-	-	-	-	-	-	-
Total	**12,804**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 30/06/2011	**451,391**	**-**	**58,842**	**-**	**252**	**-**	**-**	**-**	**-**	**-**
Total 31/12/2010	**389,412**	**-**	**81,332**	**-**	**5,047**	**-**	**-**	**-**	**-**	**-**

Major risks

	(in thousands of Euro)	30.06.2011	31.12.2010
a)	Carrying amount	2,239,226	676,588
b)	Weighted value	280,753	151,059
c)	Number	14	6

The overall total of major risks at their balance sheet values at 30 June 2011 stood at 2,239,226 thousand Euro and consisted of 99,806 thousand Euro for receivables due from customers, 98,754 thousand Euro for receivables due from banks, 1,128,201 thousand Euro for securities and 912,465 thousand Euro for securities used in repurchase agreements.

Disclosure related to Sovereign Debt

On 5 August 2011 CONSOB (on the basis of ESMA document no. 2011/266 of 28 July 2011) issued Communication no. DEM/11070007, regarding disclosure in financial statements on positions held by listed companies in sovereign debt securities and on market trends, as well as on the management of sovereign debt exposures and their economic and equity effects, including subsequent to 30 June 2011.

In compliance with the requirements of the aforementioned communication, it should be noted that at 30 June 2011 the book value of the sovereign debt exposures [(1)] represented by debt securities totalled 954.3 million Euro, and entirely consisted of securities issued by Italy; these securities, whose nominal value totalled 973.3 million Euro, are classified under Available-for-sale financial assets and included in the banking book; the weighted average residual life of these securities is approximately two years. AL 30

The fair values used to value the sovereign debt security exposures at 30 June 2011 are considered as level 1 and the aforementioned exposures were not subject to impairment at that date. For further information regarding the valuation method applied and the classification, reference should be made to the sections in the Accounting Policies and the Information on the consolidated balance sheet.

In compliance with the CONSOB communication, in addition to the sovereign debt security exposures it is also necessary to consider loans to the Italian State, which at 30 June 2011 totalled 489 million Euro, and were divided into 45.2 million Euro due from "central Government" (of which 35.4 million Euro related to tax receivables of the Toscana Finanza Group) and 443.8 million Euro due from "other public bodies".

Transactions in securities undertaken after 30 June 2011 increased the Group's exposure to Sovereign risk. The nominal value of the Italian Government bond portfolio rose from 973.3 million Euro at 30 June 2011 to approximately 1,508 million Euro at 19 August 2011.

As from the end of June there has been growing volatility on financial markets, with a general increase in the spreads on the public debt securities of the so-called "peripheral member-States" of the European Union and, especially, in Italian and Spanish State securities. The change in the fair value of the Government securities classified under available-for-sale financial assets, while still neutral in terms of the impact on income, has caused an increase in the negative value of the valuation reserve and a consequent fall in the Group's Net Equity. The valuation reserve, gross of the tax effect due to the overall position in Italian State securities, changed from -5.4 million Euro to approximately -19.3 million Euro at 19 August 2011.

(1) As indicated in the ESMA document, sovereign debt exposures means bonds issued by central and local governments and by governmental bodies as well as loans made to them.

Market risk

Generally, as the Banca IFIS Group does not habitually carry out trading activities on financial instruments, the financial risk profile refers mainly to banking. The activity of purchasing bonds during the first half of 2011, given that these bonds are classified under available for sale and loans and receivables, is included in the banking book and does not, therefore, constitute new market risks.

In reference to the companies in the former Toscana Finanza Group, generally no trading activities are carried out on financial instruments. At the end of the first half of 2011 there was only one position on an interest rate swap which was classified under financial liabilities held for trading with an overall nominal value of 10 million Euro maturing in 2014. The mark to market of the position is around 209 thousand Euro. The classification of the derivative under financial liabilities held for trading does not reflect the aim of the transaction, which is to mitigate the impact of possible movements in the key interest rates.

Interest rate and price risks

General aspects, management procedures and measurement methods of the interest rate risk

In general, the Banca IFIS Group does not tend to assume significant interest rate risks, as it obtains funds mainly from interbank deposits and from retail customers through the rendimax current account. Interbank funding operations are generally at a fixed rate and very short term. Deposits from customers in the rendimax current account are at fixed rate, both on demand deposits and restricted deposits, and can be unilaterally reviewed by the Bank in compliance with rules and agreements. Loans to customers are usually revocable and at variable rates. Interest rates applied to traditional customers for factoring relationships are normally indexed (mainly at the 3-month Euribor rate) with automatic adjustment to monetary trends. In some cases the interest rates are not index-linked, but they can be unilaterally changed by the Bank in compliance with laws and contractual provisions in this case too.

In terms of the business of the companies in the former Toscana Finanza Group, with a business model that focuses on acquiring non-performing receivables at prices lower than their nominal value, there is a potential interest rate risk connected to uncertainty about when the receivables will be collected. The variability in the length of the loan, which to all intents and purposes can be considered at a fixed rate, is particularly important in reference to tax receivables which are characterised by a high likelihood of collection of the overall nominal value but over a mid- to long-term timeframe. In this situation and in order to effectively mitigate interest rate risk, it is particularly important to correctly value the operations during the initial acquisition stage.

Having taken into account the size of the receivables portfolio of the former Toscana Finanza Group, the contribution in terms of interest rate risk to the overall position of the Banca IFIS Group, while it exists, is not considered significant.

Approximately half of the bond portfolio is made up of bonds whose yields are index-linked to market rates. The remainder consists of fixed-rate, short-term bonds. The average maturity of the overall portfolio is just under seven months.

The assumption of interest rate risk connected to the parent company’s treasury funding activities occurs respecting the limits and policies of the Board of Directors and is governed by precise proxies fixing limits of autonomy for individuals authorised to carry out treasury operations within the Bank.

The business functions that are designed to guarantee the correct management of interest rate risks are: the Treasury Department that directly manages funding, the Risk Management Office entrusted with the role of selecting the most effective risk indicators and monitoring asset and liability trends to ensure compliance with preset limits and, lastly, Top Management that has the responsibility of putting forward to the Board, on an annual basis, proposals regarding policies on lending and funding and the management of the interest rate risk, as well as suggesting opportune interventions during the year in order to ensure that activities are consistent with the risk policies approved by the Bank.

More specifically, within Top Management’s current activities and based on funding indications from the Treasury Department, on interest rate forecasts and on evaluations on development in commitments, Top Management provides the Treasury Department with policies on the use of available lines of financing. The purpose of such activity is to take advantage of changes in interest rates on very short-term expiries and to monitor interest rate risk trends in terms of physiological mismatching between assets and liabilities.

In order to monitor interest rate risk, Top Management receives a daily summary on the overall cash position. The interest rate risk position is also periodically reported upon to the Bank’s Board of Directors by means of a quarterly so-called ‘Dashboard’ report prepared by the Risk Management Office for Top Management. The Integrated Treasury and Risk Management System (SIT) provides further tools for assessing and monitoring the main interest rate sensitive credit and debit items.

With reference to the ICAAP report for 2010, sent to the Supervisory body in April 2011, the interest rate risk falls under the category of second pillar risks. In the final document sent to the Supervisory authorities, as per the applicable regulations (Circular no. 263 of 27 December 2006, Title III, Chapter 1, Annex C), the interest rate risk has been specifically measured in terms of capital absorption. In the face of an attention threshold of 20% of regulatory capital, the resulting risk index for the Group showed 6.4% as at December 31, 2010.

In consideration of the size of the risk entered into, the Banca IFIS Group generally does not use hedging for interest rate risk. Moreover, with regard to the companies in the former Toscana Finanza Group, at the end of the first half of 2011 two interest rate swap positions were recorded which were put in place with the aim of neutralising possible fluctuations in key interest rates.

With regards to the price risk, the Group does not generally assume risks connected with price fluctuations as its activity is mainly aimed at financing SMEs’ working capital.

In relation to bonds held, most of them are classified under available for sale which creates the risk of the Group’s capital reserves fluctuating as a consequence of the change in the fair value of the bonds. This risk is, nonetheless, relatively limited given the high credit standing of the issuers and the short average maturity of the overall portfolio.

Monitoring the price risk that the Group takes on in carrying out its activities is the responsibility of the Risk Management Office. The Integrated Treasury and Risk Management System (SIT), the main tool for assessing and monitoring the Group's treasury activities, provides suitable tools for assessing price risks. Specifically, the SIT also allows:

- Management of traditional treasury activities (securities, exchanges, money market and derivatives);
- Measurement and control of exposure for each market risk type;
- The continual establishment and monitoring of limits set within the various operational functions;

Fair value hedging

There is no fair value hedging.

Hedging of cash flows

The only operations in place are related to the former Toscana Finanza Group. These operations concern the hedging of unexpected rises in interest payments related to funding operations within the terms set out above.

Currency risk

General aspects, management procedures and measurement methods of the currency risk

Assumption of the currency risk, intended as a management tool that is potentially ideal for improving treasury performance, represents a speculative instrument and, thus, in principle, is not part of the Group's policies. The Bank's currency operations basically involve transactions in the name of, or on behalf of, customers and are normally correlated with the typical factoring activity. In this sense, the currency advances given to the customer are generally backed by deposits and/or loans from other banks in the same currency, thus eliminating for the most part the risk of losses connected to exchange rate fluctuations. In some cases, the cover is created using synthetic instruments.

A residual currency risk arises as a physiological consequence of mismatching between the customer's use and the treasury's procurement of a currency. Such mismatches are mainly a result of the difficulty in forecasting the exact financial trends connected with the factoring activity, with particular reference to cash flows from assigned debtors in respect of the customer's financing expiry, together with the effect of interest on this financing.

However the Treasury Department is committed on a daily basis to minimizing such differences, realigning continuously the dimensions and frequency of positions in different currencies.

Assumption and management of the currency risk related to the activity occurs respecting the limits and risk policies set by the Parent Company's Board of Directors and is governed by precise proxies fixing limits of autonomy for individuals authorised to operate, together with particularly strict limits on the daily net position in currency.

The business functions that are designed to guarantee correct management of the currency risk are: the Treasury Department that directly manages funding and the bank's exchange rate position, the Risk Management Office entrusted with the role of selecting the most effective risk indicators and monitoring their trend to ensure compliance with preset limits and, lastly, Top Management that has the responsibility of putting forward to the Board, on an annual basis, proposals regarding policies on funding and management of the currency risk, as well as suggesting opportune interventions during the year in order to ensure that the Group's activities are consistent with the approved risk policies.

With the aim of monitoring the currency risk, Top Management receives a summarised daily report on the treasury's general position, which gives, amongst other information, the Group's position in terms of exchange rates, broken down by currency. The Integrated Treasury System (SIT) provides control functions with suitable tools for monitoring and managing the currency risk. The currency risk position is also periodically reported upon to the bank's Board of Directors by means of a quarterly so-called 'Dashboard' report prepared by the Risk Management Office for Top Management.

Expansion into the Polish market through the subsidiary, IFIS Finance, does not change the above: assets held in zloty are financed through funding in the same currency.

With the purchase of this Polish subsidiary, Banca IFIS has assumed the currency risk represented by the initial investment in IFIS Finance's share capital for an amount of 21.2 million Zloty and the ensuing share capital increase for an amount of 66 million Zloty.

During 2010 Banca IFIS bought a 10% equity investment in the share capital of the company *India Factoring and Finance Solutions Private Limited*, for a total of 100 million Indian rupees and a value of 1,591 thousand Euro at the historic exchange rate. In consideration of the size of this investment it was not considered necessary to arrange specific cover of the consequent exchange rate risk.

With regard to assets related to companies in the former Toscana Finanza Group, no positions in foreign currency were recorded.

Distribution of assets, liabilities and derivatives by currency
(in thousands of Euro)

Items	Currencies					
	US DOLLAR	POUND STERLING	JAPANESE YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIE S
A. Financial assets	**14,031,130**	**187,375**	**17**	**-**	**-**	**23,959,156**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	-	-	-	-	-	-
A.3 Loans to banks	7,229,808	136,133	-	-	-	13,479,323
A.4 Loans to customers	6,801,322	51,242	17	-	-	10,469,343
A.5 Other financial assets	-	-	-	-	-	10,491
B. Other assets	**-**	**-**	**-**	**-**	**-**	**12,853**
C. Financial liabilities	**13,915,849**	**60**	**19,117**	**99**	**156,056**	**507,437**
C.1 Due to banks	13,870,820	-	19,117	99	156,056	1,809
C.2 Due to customers	45,029	60	-	-	-	454,520
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	51,108
D. Other liabilities	**339,434**	**6,839**	**-**	**-**	**-**	**137,405**
E. Financial derivatives						
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+short positions	-	-	-	-	-	-
- Other	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+short positions	-	-	-	-	-	-
Total assets	**14,031,130**	**187,375**	**17**	**-**	**-**	**23,972,009**
Total liabilities	**14,255,283**	**6,899**	**19,117**	**99**	**156,056**	**644,842**
Unbalance (+/-)	**224,153**	**180,476**	**19,100**	**99**	**156,056**	**23,327,167**

Derivative financial instruments

The Banca IFIS Group doesn’t carry out trading activities in financial derivative products on behalf of third parties and those that it carries out on its own behalf are limited to hedging instruments against market risk.

Sometimes Banca IFIS uses financial derivatives aimed at hedging against exchange rates.

As part of the business of the companies in the former Toscana Finanza Group there are two interest rate swap positions, the aim of which is to mitigate interest rate risk.

In terms of the operations, note should be taken that the Group never undertakes speculative transactions.

Liquidity risk

General aspects, management procedures and measurement methods of the liquidity risk

The liquidity risk refers to the possibility that the Group is not able to maintain its payment commitments due to lack of funds or inability to sell enough assets on the market to meet its financing needs. The liquidity risk also refers to inability to obtain new adequate financial resources, in terms of amount and cost, to face its operational needs and opportunities, hence forcing the Group to slow down or stop development of its activity or sustain very steep funding costs in order to respect its payment commitments, with a significant negative influence on profitability levels.

The sources of finance are represented by capital, funding from customers (in particular the online *rendimax* account), and funding undertaken on the domestic and international interbank market. Considering the Group's asset composition, the type of activity it carries out, and the strategies the Board of Directors has defined in order to limit factoring operations on trade receivables to short or very short durations (as a rule not exceeding 6 months, with the exception of that with the State Authorities that can be up to 12 months), the liquidity risk for the Banca IFIS Group, in the face of physiological conditions on financial markets, is not critical.

In reference to the operations undertaken by the companies in the former Toscana Finanza Group, the characteristics of their business model mean a high level of variability both in terms of the amount and the date of actual collection. In this situation the timely and careful management of cash flows is particularly important. Due to the limited importance in terms of size of the receivables related to the former Toscana Finanza Group compared to the overall assets of the Banca IFIS Group, it is, therefore, possible to treat as marginal the overall impact on the offsetting according to the expiry of the consolidated asset and liability entries. In order to guarantee correct assessment of the forecast cash flows, also with a view to correctly pricing the operations undertaken, the trend in receipts compared to forecast flows is carefully monitored.

Thanks to: Banca IFIS's wide and diverse interbank relationships with national and foreign counterparties; its securitisation programme which led to the generation of securities that are eligible with the Eurosystem and transferable on the collateralised interbank market (MIC); the extremely positive response to the online funding through the rendimax savings account; the setting up of a bond portfolio eligible with the ECB, or transferable on the MIC or utilisable in repurchase financing agreements; and, lastly, the type and quality of Banca IFIS Group's assets, the Group has always had sufficient financial resources to satisfy completely its needs, albeit at marginally increasing costs. Over the year, the Bank pursued particularly prudent financial policies aimed at favouring funding stability, providing itself with financial resources which are sometimes in excess of immediate operational needs and, as a result, firmly introduced itself on the interbank markets as a stable lender, albeit as far as very short-term maturities are concerned. This policy, which sacrifices economic efficiency in treasury management, in terms of different rates between interbank funds and commitments, in favour of certain and stable liquidity, is adequately supported by the revenue that the Group obtains from its activity.

Also during the first half of 2011, which saw continuing tensions on the finance markets, the Group continued to operate without a significant downside. At the moment the available financial resources are adequate for the current and future business volumes. The Group is, nonetheless, constantly engaged in the balanced development of its own financial resources in terms of both their size and their cost.

The Parent Company business functions that are designed to guarantee the correct application of liquidity policies are: the Treasury Department that directly manages liquidity, the Risk Management Office entrusted with the role of selecting the most effective risk indicators and monitoring their trends to ensure compliance with preset limits and, lastly, Top Management that has the responsibility specifically of putting forward to the Board of Directors, on an annual basis, proposals regarding policies on funding and the management of liquidity risks, as well as suggesting opportune interventions during the year in order to ensure that activities are consistent with the approved risk policies.

Furthermore, based on indications coming from the Treasury Department and assessments on the development of commitments, and in order to support ordinary short to very short-term treasury activities and manage and monitor liquidity risk trends, Top Management establishes policies on financing that exceed a 3-month duration.

In reference to its own direct operations, the Bank adopted a model for analysing and monitoring present and future liquidity positions, as a further instrument systemically supporting Top Management's and the Board of Directors' decisions in terms of liquidity. The periodic results are reported directly to the Supervisory authorities, as far as concerns the regular functioning of financial markets and in particularly stressed situations. In compliance with the supervisory instructions, the Bank also has a Contingency Funding Plan in order to safeguard the banking Group from harm or danger arising from a possible liquidity crisis and to guarantee business continuity even in the midst of a serious emergency arising from its own internal arrangements and/or the market situation.

The liquidity risk position is also periodically reported upon to the Bank's Board of Directors by means of a quarterly so-called 'Dashboard' report prepared by the Risk Management Office for Top Management.

With reference to subsidiaries, the treasury activity is co-ordinated, under Group policies, by Banca IFIS's Treasury Department. Naturally, where necessary, the bank may intervene directly in the subsidiaries' favour.

Banca IFIS self-securitisation programme

On 13 October 2008, Banca IFIS, together with Securitisation Services S.p.A. as the Arranger, BNP Paribas S.p.A. as the Co-arranger and IFIS Collection Services S.r.l., the vehicle company set up deliberately for the transaction, initiated a revolving securitisation programme involving Banca IFIS transferring, non-recourse and as per Law 130/99, a portfolio of performing trade receivables due from assigned debtors, previously purchased by the Bank from its customers as part of its factoring activities.

The program has a five-year duration and involves the transfer of a trade receivables portfolio due from blocks of assigned debtors, according to particularly strict and rigorous contractually defined eligibility criteria, in order to guarantee the positive performance of the transferred portfolio.

The transfer price of the receivables portfolio is equal to the nominal amount less a discount of 0.80%. Payment by the vehicle to Banca IFIS is made partly on the transfer date (spot purchase price) and is partly deferred (deferred price). The deferred price is paid by the special purpose vehicle once funds from the receipt of receivables are effectively available and is actively updated at each disposal date, on the basis of the criteria envisaged by the securitisation program.

With regard to the securitisation program, the special purpose vehicle IFIS Collection Services S.r.l. issued limited-recourse, asset-backed securities for an initial amount of 280 million Euro. In consideration of the further significant growth in the securitised receivables portfolio, in May 2009 a further tranche of Class A2 securities was issued for 48 million Euro, which increased the overall nominal amount of the securities to 328 million Euro. This tranche too was fully underwritten by Banca IFIS.

The securities may be used in full for refinancing operations at the European Central Bank, also in light of the regulatory developments introduced by Guideline no. 1 of the European Central Bank of 4 March 2010.

In compliance with IAS/IFRS, the securitisation transaction, as is, does not involve the substantial transfer of all risks and rewards and hence does not satisfy the IAS 39 requirements for derecognition.

Toscana Finanza self-securitisation programme

On 25 January 2011 the Board of Directors of Toscana Finanza resolved to put in place a securitisation programme for non-performing receivables pursuant to Law no. 130 of 30 April 1999 in order to optimise the operational and business management of a part of its financial receivables portfolio.

The operation regarded non-performing bank receivables, which can be grouped together, and which are largely backed by mortgages, for an overall nominal amount of around 33.7 million Euro.

The special purpose vehicle, Giglio Srl, issued variable rate asset-backed securities that were wholly underwritten by Toscana Finanza SpA which was given a specific sub-servicing mandate for the collection and management of the receivables.

It should be noted that Toscana Finanza S.p.A., by virtue of the contractual conditions underlying the operation, will largely keep all the risks and benefits relating to the transferred assets (receivables). As a consequence of this, and on the basis of the IAS/IFRS on derecognition, the operation undertaken will have no significant impact on the company's financial statements.

Exposure to high risk instruments - information

In consideration of the goals which it pursues and the technical structure of transactions for the revolving securitisation of **trade receivables** as described above, the Banca IFIS Group has no exposure or risks arising from the trading or the holding of structured credit products, whether these are carried out directly or through special purpose vehicles or bodies which are not consolidated. In particular, it is important to highlight that the securitisation transactions have not caused the removal of any risk from the Group's balance sheet assets, since the prerequisites envisaged by IAS 39 on so-called derecognition have not been satisfied. In the same way, the underwriting of the securities arising from the securitisation has not added any risk or changed the presentation of the financial statements compared to that prior to the above securitisation transactions. In reference to the Recommendation set out in the Report of the Financial Stability Forum of 7 April 2008, Appendix B, it is thus possible to state that there are no positions held with instruments which the market considers high risk or which imply a greater risk than was considered previously.

Operational risk

General aspects, management procedures and measurement methods of the operational risk

Operational risks are risks of loss due to unsuitability or poor functioning of processes, procedures and human resources, internal systems or external events. Losses from fraud, human error, business interruption, unavailability of systems, contract infringement and natural disasters all fall into this category. Management of operational risks requires the ability to identify the risks present in all the significant products, activities, processes and systems that can compromise the achievement of the Group's goals. Included in operational risks are the risks of judicial or administrative sanctions, of significant financial losses or of reputational damage following violations of norms (laws and regulations, such as the laws on transparency in banks, anti-money laundering, privacy and administrative responsibility of corporate bodies) or of corporate governance (for example, the Corporate Governance Code for listed companies).

Correct management of operational risks is tightly connected to the presence of organisational structures, operational procedures and suitable IT support. Also extremely important is the correct training of resources. Indeed, Banca IFIS Group is constantly committed to the training and professional growth of its human resources.

The management of operational risks for subsidiaries is, at present, guaranteed by the strong involvement of the Parent Company which makes decisions in terms of strategies and risk management for the subsidiaries. Specifically, subsidiaries' relevant organisational structures and operational processes are defined and approved by the Parent Company, while the Parent Company's Internal Auditing Office, which extended its scope to the former Toscana Finanza Group as from 1 July 2011, is responsible for assessing levels of supervision over risks, both directly and through support from specialised local structures.

As far as business continuity is concerned, Banca IFIS Group has adopted, as from December 2006, a group Business Continuity Plan, that is an ensemble of initiatives and counter-measures to be enforced in order to reduce business interruption to the acceptable limits set within business continuity strategies. Part of the Business Continuity Plan involves the Disaster Recovery plan in cases where corporate IT systems cease to work.

As per the Basel 2 Accord on the calculation of capital requirements for first pillar risks, the Bank has chosen to avail itself of the Basic Indicator Approach.

Business Combinations

Operations undertaken in the period

The business combinations undertaken with counterparties outside the Group are recorded by applying the principles of IFRS 3 as adopted by Regulation (EC) no. 495/2009 of the European Commission of 3/6/2009, as described in the section on Accounting Policies, consolidation scope and methods in these notes.

During the year purchase of control of Toscana Finanza S.p.A. was completed. Here below is the summary of the main information about that operation.

Company Name	Date of operation	Cost of operation	% stake	Net banking income	Profit/loss for the period	Profit/loss included in the consolidated accounts
Toscana Finanza S.p.A.	17/05/2011	36,715 (1)	77.26%	(2,500)	(6,510)	-

(1) The cost of the operation includes the price paid for the equity investment of 35,456 thousand Euro and related accessory charges of 1,259 thousand Euro.

Related party transactions

At June 30, 2011, the Banca IFIS Group S.p.A. remains controlled by La Scogliera S.p.A. and is made up of the Parent Company, Banca IFIS S.p.A., and IFIS Finance Sp. Z o. o., a Polish factoring company, Toscana Finanza S.p.A. and the latter's wholly owned subsidiaries, Fast Finance S.p.A. and TF Sec S.r.l.

The types of related parties, as defined by IAS 24, that are relevant for the Banca IFIS Group include:

- the parent company;
- managers with strategic responsibilities;
- close relatives to managers with strategic responsibilities or the companies controlled by them or their close relatives.

Here follows information on the remuneration paid to Directors and Managers with strategic responsibilities, together with information on transactions undertaken with the different types of related parties.

Information on remuneration for Managers with strategic responsibilities

The definition of Managers with strategic responsibilities, as per IAS 24, includes all subjects that have the power and the responsibility, either direct or indirect, to plan, manage and control Banca IFIS's activity. This also includes the Bank's Directors (executive and non-executive).

In compliance with the provisions of Bank of Italy Circular no. 262 of 22 December 2005 (as updated on 18 November 2009), managers with strategic responsibilities also include the members of the Board of Statutory Auditors.

Managers with strategic responsibilities
(in thousands of Euro)

Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments
2,755	-	-	20	-

Related party transactions

During the first half of 2011, the following related party transactions took place or were carried on:

The current account relationship with the parent company, La Scogliera S.p.A., continued. The balance at June 30, 2011 represents a receivable Banca IFIS S.p.A. has with La Scogliera S.p.A. for an amount of 996 thousand Euro. Transactions with La Scogliera S.p.A. are governed by market conditions.

In addition, Banca IFIS leased a part of its former Headquarters (until 2005) to La Scogliera S.p.A.. This contract means Banca IFIS receives annual rental fees of 47 thousand Euro, plus VAT. This price is based on market conditions.

Banca IFIS, together with the parent company, La Scogliera S.p.A., opted for the application of group taxation (tax consolidation) in accordance with articles 117 et seq. of Presidential Decree no. 917/86.

Infragroup transactions were regulated by means of a private deed between the parties, signed in the month of May 2010. This deed is of a three-year validity. Banca IFIS has elected domicile at the office of La Scogliera S.p.A., the consolidating company, for purposes of receiving notices of documents and proceedings relating to the tax periods for which this option is exercised.

With this application in force, Banca IFIS's taxable income is transferred to La Scogliera S.p.A., the consolidating company, which is responsible for calculating overall group income. Following this decision, Banca IFIS recorded under Other liabilities at June 30, 2011 a payable due to the parent company for 509 thousand Euro. This amount takes into account the offset of the parent company's tax losses in accordance with the procedure applicable under both this regime and the specific agreements entered into between the companies.

At 30 June 2011 ordinary current accounts were open with an overall debit balance for the Bank of 609 thousand Euro with the counterparty being a number of managers with strategic responsibilities. The conditions applied are in line with market conditions.

Banca IFIS has sublet part of a property to a manager with strategic responsibilities. The contract envisages the payment of lease fees of 14 thousand Euro plus VAT per annum. This price is based on market price.

Routine factoring continued with the final purchase of receivables from an unrelated transferor in relation to credit risk taken on involving a company controlled by a member of the Board of Directors. Exposure at 30 June 2011 towards Banca IFIS was 92 thousand Euro.

Routine factoring continued on behalf of a company managed by a close relative of an executive director of the Board; the exposure of Banca IFIS at June 30, 2011 was 1,689 thousand Euro.

Restricted deposits have been opened by a company controlled by a member of the Board of Directors on market conditions. In total, the Bank's payable balance to this counterparty amounts to 27,097 thousand Euro at June 30, 2011.

Related party transactions
(in thousands of Euro)

Items	Parent company	Managers with strategic responsibilitie s	Other related parties	Total
Due from customers	996	-	1,781	**2,777**
Other assets	-	-	-	**-**
Total assets	**996**	**-**	**1,781**	**2,777**
Due to customers	-	609	27,101	**27,710**
Other liabilities	509	-	-	**509**
Total liabilities	**509**	**609**	**27,101**	**28,219**
Commitments and guarantees granted	**-**	**-**	**-**	**-**
Income	**105**	**7**	**48**	**160**
Expenses	**-**	**7**	**500**	**507**

Share-Based Payments

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 June 2011 there were no other plans in place.

Segment Reporting

The organisational structure

The model for segment reporting is in line with the organisational structure used by the head office to analyse Group results and is broken down into the sectors of factoring and non-performing loans (NPL).

The factoring business is undertaken by the parent company Banca IFIS and by the subsidiary IFIS Finance Sp. Z o. o., while the Toscana Finanza Group focuses on the NPL business.

Banca IFIS S.p.A. prior to PPA

The primary activity of the factoring sector involves supplying financial and managerial support to small and medium size enterprises using factoring.

Toscana Finanza S.p.A.

This activity 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.

INCOME STATEMENT DATA (in thousands of Euro)	1st HALF 2011				1st HALF 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
Net interest income	**12,086**	-	-	**12,086**	**10,731**	-	-	**10,731**
Total net commission income	**38,404**	-	-	**38,404**	**32,569**	-	-	**32,569**
Dividends and similar income	82	-	-	82	17	-	-	17
Net result from trading	(32)	-	-	(32)	(110)	-	-	(110)
Profit (loss) from assignment of AFS financial assets	504	-	-	504	-	-	-	-
Net banking income	**51,044**	-	-	**51,044**	**43,207**	-	-	**43,207**
Net impairment losses on loans and receivables	(11,459)	-	-	(11,459)	(6,735)	-	-	(6,735)
Net profit from financial activities	**39,585**	-	-	**39,585**	**36,472**	-	-	**36,472**
Personnel expenses	(12,962)	-	-	(12,962)	(13,132)	-	-	(13,132)
Other administrative expenses	(7,109)	-	(1,259)	(8,368)	(6,300)	-	-	(6,300)
Net allocations to provisions for risks and charges	-	-	-	-	-	-	-	-
Net value adjustments to property, plant and equipment and investment property and intangible assets	(1,311)	-	-	(1,311)	(1,202)	-	-	(1,202)
Other operating income (losses)	748	-	1,887	2,635	828	-	-	828
Operating costs	**(20,634)**	**-**	**628**	**(20,006)**	**(19,806)**	-	-	**(19,806)**
Pre-tax profit from continuing operations	**18,951**	**-**	**628**	**19,579**	**16,666**	-	-	**16,666**
Income tax expense	(6,945)	-	416	(6,529)	(5,963)	-	-	(5,963)
Net profit for the period	**12,006**	**-**	**1,044**	**13,050**	**10,703**	-	-	**10,703**

STATEMENT OF FINANCIAL POSITION *(in thousands of Euro)*	AMOUNTS AT 30.06.2011				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	1,160,834	-	-	1,160,834	818,507	-	-	818,507
Due from banks	314,087	3,004	-	317,091	228,013	-	-	228,013
Due from customers	1,754,926	139,311	(50,033)	1,844,204	1,571,592	-	-	1,571,592
Due to banks	838,135	79,415	(50,033)	867,517	752,457	-	-	752,457
Due to customers	2,323,151	16,483	-	2,339,634	1,802,011	-	-	1,802,011
Total RWA	1,747,995	129,548	-	1,877,543	1,796,910	-	-	1,796,910
Number of employees	335	64	-	399	339	-		339

Venice - Mestre, August 29, 2011

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

Declaration on the Consolidated Condensed Interim Financial Statements as per article 81-ter of Consob Regulation no. 11971 of 14 May 1999

Report of the Independent Auditors limited to the consolidated condensed interim financial statements

The attached report of the independent auditors and the consolidated condensed interim financial statements, to which the report refers, conform to those which will be deposited at the registered office of Banca IFIS S.p.A. and published pursuant to the law; subsequent to the date given in the report, KPMG S.p.A. did not carry out any audit work aimed at updating its contents.