

BANCA IFIS S.p.A.
Share capital € 53,811,095 fully paid up
Tax Code and registration number in the
Companies Register of Venice 02992620274 - ABI 3205.2
Via Terraglio, 63 - 30174 Mestre - Venice

DIRECTORS' EXPLANATORY REPORT ON THE PROPOSALS CONCERNING THE ITEMS ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING CONVENED AT THE REGISTERED OFFICE LOCATED AT THE ADDRESS OF VIA TERRAGLIO 63, MESTRE - VENICE, IN FIRST CALL FOR 2 NOVEMBER 2011 AT 9:00 AM AND, IF NECESSARY, IN SECOND CALL FOR 18 NOVEMBER 2011, SAME PLACE AND TIME.

(Report pursuant to article 125-ter of Italian Legislative Decree 58 of 24 February 1998 - "Consolidated Law on Finance")

Dear Shareholders,

You have been summoned for the purpose of adopting resolutions with regards to the proposals contained in the items on the agenda of the Ordinary and Extraordinary Shareholders' Meeting convened in first call at the registered office located at the address of Via Terraglio 63, Mestre – Venice, for 2 November 2011 at 9:00 am and, if necessary, in second call for 18 November 2011, same place and time.

The items on the agenda of the Shareholders' Meeting, as specified in the Notice to convene, are as follows:

Ordinary part

- 1) Use of Share premium account to increase the Legal reserve;
- 2) Authorization for the purchase and sale of treasury shares: proposed changes to the resolution adopted by the Shareholders' Meeting of 29 April 2011.

Extraordinary part

- 1) Merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A.. Pertinent and consequent resolutions.

In compliance with the publicity obligations provided for by art. 125-ter of Italian Legislative Decree 58 of 24 February 1998, (“Consolidated Law on Finance”), without prejudice to the obligations set forth by additional provisions of the law or regulations, the Board of Directors has drawn up this explanatory report on the topics listed in the agenda of the Shareholders' Meeting.

This report is drawn up pursuant to art. 73 of the regulation issued by Consob with Resolution 11971 of 14 May 1999, as subsequently amended and supplemented, with reference to the proposal concerning the authorization to purchase and sell treasury shares; it is also drawn up pursuant to art. 2501-quinquies c.c. and art. 70, paragraphs 1 and 2, of the Regulation adopted with Consob Resolution 11971 of 14 May 1999, as subsequently amended and supplemented, in relation to the merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A. ,

This report is made available to the public through filing with the registered office and Borsa Italiana S.p.A., as well as through publication on the Bank's website www.bancaifis.it (pursuant to art. 125 quarter of the Consolidated Law on Finance).

* * *

Ordinary part

1) Use of Share premium account to increase the Legal reserve

Dear Shareholders,

While resolving on the “Authorization to purchase and sell treasury shares subject to revocation of the previous authorization”, the Ordinary Shareholders’ Meeting of 29 April 2011 had decided, among other things << TO DETERMINE the “Reserve for future purchase of treasury shares” up to a maximum amount of EUR 20,000,000.00 (twenty million point zero zero), before the portion already used, withdrawing the full amount of the “Share premium reserve”>>.

That being said, the directors hereby report to the shareholders on additional in-depth analyses carried out afterwards, including with a view of full compliance of company practices with the reference normative framework.

Specifically, in view of the combined provisions of articles 2430 and 2431 of the Italian Civil Code, the intention emerged to propose to the shareholders the use of the Share premium account to increase the “Legal reserve” by the amount needed so that it is equal to one fifth of the share capital.

In fact, although the Directors believe, as argued in the discussion with the Supervisory bodies that the evaluation carried out in the preliminary phase of the proposal submitted to the attention of the Shareholders on 29 April 2011 certainly guaranteed compliance with the overall basic *ratio* of the provisions set out in articles 2430 and 2431 of the Italian Civil Code (prohibition to distribute the “sums received by the company for the issuing of shares at a price that exceeds their nominal value ... until the legal reserve has not reached the limit set out by art. 2430”) - they consider it preferable and appropriate, including from a formal standpoint, for the legal reserve to be at least one fifth of the share capital (as per the limit established by art. 2430 of the Italian Civil Code) before resolving on the subsequent item on the agenda.

Therefore, the Shareholders’ Meeting is called to resolve on the following

proposed resolution

“The Ordinary Shareholders’ Meeting, having heard and approved the Board of Directors’ proposals in item 1) of the agenda;

resolves:

- *to use the Share premium account to increase the “Legal Reserve” by the amount necessary so that it is equal to one fifth of the share capital.”*

**2) Authorization for the purchase and sale of treasury shares: proposed changes to the resolution adopted by the Shareholders’ Meeting of 29 April 2011;
(Report pursuant to articles 73, 93 and as per Annex 3A of the regulation adopted by Consob Resolution 11971 of 14 May 1999 and subsequent amendments and additions)**

Dear Shareholders,

The Ordinary Shareholders' Meeting of 29 April 2011 authorized, among other things, the purchase and sale of treasury shares, pursuant to articles 2357 and following of the Italian Civil Code, as well as art. 132 of Italian Legislative Decree 58/98, establishing a price range within which the shares could be purchased, from a minimum of Euro 2 to a maximum of €20, or a maximum amount of €20 million. The purchased shares could then be sold at a price of at least 80% the reference price recorded in the Stock Exchange session preceding the selling date.

The Shareholders' Meeting also established a term of 18 months for the authorization starting from the date on which the resolution was adopted.

As at 30.06.11, Banca IFIS held 482,037 treasury shares for a value of €2,404 thousand (weighted average price €4.99 per share) and a nominal value of €482 thousand.

In execution of the aforementioned resolution as well as of the corresponding determination undertaken by the Shareholders in the previous period, during the course of the first half of 2011 period Banca IFIS carried out the following transactions on treasury shares:

- it purchased 673,317 treasury shares at an average price of €5.03, for an equivalent value of €3,385 thousand and nominal value of €673 thousand;
- it sold 1,009,892 treasury shares, at an average price of €4.90, for an equivalent value of €4,953 thousand and nominal value of €1,010 thousand, incurring losses for €1,682 thousand which, in compliance with international accounting standards, were allocated to capital reserves;
- It distributed 1,410,405 treasury shares to Shareholders, as part of the dividend on the profits for the 2010 period, at a value of €5.22, for an equivalent value of €7,355 thousand, incurring a loss of €489 thousand which, in compliance with international accounting standards, were charged to capital reserves.

Moreover, as a result of the purchases and sales of treasury shares carried out so far, as of the date of this report Banca IFIS holds in portfolio n. 994,210 shares equal to 1.848% of the share capital, for an equivalent value of € 4,628 thousand.

In addition, in view of Consob Resolution 16839 of 19 March 2009, which acknowledged as an "accepted market practice" pursuant to art. 180, paragraph 1, letter c), of Italian Legislative Decree 58 of 24 February 1998 and subsequent amendments and additions, the activity aimed at supporting market liquidity, the Board of Directors, within the scope of the Shareholders' Meeting resolutions, authorized the signing of a contract with a *liquidity provider* lasting for 12 months with the company Credit Agricole Cheuvreux France.

In compliance with the aforementioned Consob Resolution 16839, below please find the summary information concerning the *liquidity provider* assignment (activity carried out with risk charged to the issuer) granted on 16 February 2011.

Bank Broker	Credit Agricole Cheuvreux France, registered office in Courbevoie 92400, 9 quai du President Paul Doumer
Activity start date	16 February 2011
Cheuvreux trader's code	2098
Market where the activity is carried out	Telematic Stock Market, STAR segment
Number of shares made available to the appointed bank broker	50,000

Sum made available to the appointed bank broker	€250,000
Maximum limits for open positions*	Purchase: 2% of issued shares Sale: 2% of issued shares

*Limits can be exceeded only in case of the exceptions specified in Consob Resolution 16839/2009

In fully referencing all elements that constitute the resolution of the Shareholders' Meeting of 29 April 2011 (reasons, maximum number of shares that can be purchased, compliance with the requirement concerning one fifth of the share capital referred to in the third paragraph of art. 2357 of the Italian Civil Code, term of the authorization, prices set for the purchase and sale of the shares, methods used to carry out the purchase and transfer transactions, other selling methods, determination of the "Reserve for the future purchase of treasury shares"), the directors report to the shareholders with regards to additional information (in addition to the contents of the report on the first item on the agenda), always with the aim of fully complying with company practices and with the reference normative framework.

The Directors would like to point out that, within the scope of the four updates to Bank of Italy's Circular letter 263 of 27 December 2006 ("New prudential supervisory provisions for banks") issued between this past December and this past January, among other things a new discipline was introduced on the topic of "repurchase or reimbursement by issuing banks of their own treasury shares" (Title I, Chapter 2, Section II). These supervisory provisions require that the purchase of treasury shares for an amount that exceeds 5% of the share capital be subject to the authorization of Bank of Italy. The request must be submitted after adoption of the Shareholders' Meeting resolution and has to specify the amount and the number of shares to repurchase or to reimburse; said application must also include an updated evaluation of the bank's current and future capital suitability, including in connection with the effects of the transaction. Bank of Italy then notifies its decision within 90 days from the date on which it received the request. The repurchase or reimbursement may be communicated to the market only after Bank of Italy issues its authorization.

With regards to the above, the Directors point out that, at this time, they do not foresee the opportunity to exercise the mandate as per the resolution of the Shareholders' Meeting of 29 April 2011 for purchases of treasury shares exceeding the limit of 5% of the share capital; in case said possibility becomes more tangible in the future, a proper request will be submitted to Bank of Italy.

Lastly, in view of the additional analyses and verifications carried out subsequent to the aforementioned Shareholders' meeting, the Directors hereby submit a proposal to the shareholders to change the "methods" with which they can use the shares, including the possibility to use the Treasury shares purchase account for the assignment of Banca IFIS S.p.A. shares to the Shareholders of the merged company, Toscana Finanza S.p.A., as illustrated in more detail in the report on the extraordinary part of this Shareholders' Meeting.

Therefore, the Shareholders' Meeting is called to resolve on the following

proposed resolution

"The Ordinary Shareholders' Meeting, having heard and approved the proposals submitted by the Board of Directors under item 2) of the agenda, in taking note of what has been done by the directors in the execution of previous Meeting resolution of this past 29 April,

resolves:

- *To modify the “other utilization methods” of the purchased treasury shares, including the possibility to use the Treasury shares purchase account for the assignment of Banca IFIS S.p.A. shares to the shareholders of the merged company Toscana Finanza S.p.A. as resolved in greater detail during the course of the discussion concerning the extraordinary part of this Shareholders’ Meeting;*

Without prejudice to the other elements that make up the resolution adopted during the Shareholders’ Meeting of 29 April 2011.”

Extraordinary part

1) Merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A.. Pertinent and consequent resolutions.

Dear Shareholders,

You have been summoned by the Board of Directors to participate in an Extraordinary Meeting for the purpose of adopting resolution on the proposed merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A..

This report, prepared pursuant to art. 2501-quinquies of the Italian Civil Code and of art. 70, paragraphs 1 and 2, of the Regulations adopted with Consob Resolution 11791 of 14 May 1999, as subsequently amended and supplemented, aims to illustrate and justify, from a legal and economic standpoint - with special reference to the share swap ratio -, the project for the merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A., as well as the reason and motives that justify the aforesaid transaction.

1. Description of the merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A. and of the reasons for the transaction

1.1 Description of the transaction

The merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A. (hereinafter, the “Merger” or the “Transaction”) is part of a wider acquisition project of the Toscana Finanza Group by Banca IFIS S.p.A., authorized pursuant to articles 53 and 67 of Italian Legislative Decree 385/1993 (hereinafter, the “TUB”) by Bank of Italy on 21 February 2011.

The guidelines for this acquisition project are contained in the framework agreement of 5 March 2010 (hereinafter, the “Framework Agreement”), signed by Next S.r.l. (which at the time held ordinary shares representing 47.963% of the share capital of Toscana Finanza S.p.A.), Finross S.p.A. (which at the time held ordinary shares representing 7.058% of the share capital of Toscana Finanza S.p.A.), Serenella Bettini (which at the time held ordinary shares representing 11.080% of the share capital of Toscana Finanza S.p.A.), Mario Sordi (husband of Serenella Bettini, who signed the Framework Agreement since the shares owned by Serenella Bettini were allocated to an equity fund that required the consent of both husband and wife in order to use said shares), Andrea Manganelli (in his capacity as director of Toscana Finanza

S.p.A., as well as controlling partner of Next S.r.l., which in turn controlled Toscana Finanza S.p.A.), Mr. Enrico Rossetti (in his capacity as director of Fast Finance S.r.l.) and Banca IFIS S.p.A. (hereinafter the “Parties” and individually, the “Party”), which also regulates the other governance aspects concerning the entire project.

The initial phase of said acquisition process, whose primary aim is the delisting of Toscana Finanza shares, was partially implemented through the voluntary public take-over bid (hereinafter, the “OPA”) carried out - from 4 April 2011 until 10 May 2011 - on the total of Toscana Finanza’s ordinary shares, equal to 30,594,476 shares, including 499,715 treasury shares in the portfolio (representing 1.63% of its share capital).

The aforementioned OPA concerned a total of 23,637,292 ordinary shares of Toscana Finanza S.p.A., equal to 77.26% of its share capital.

As also provided for by the “Offer Document for Total Voluntary Public Take-Over Bid” drawn up pursuant to articles 102 and 106, paragraph 4, of Italian Legislative Decree no 58 of 24 February 1998 (hereinafter, the “TUF”), in case of failure to reach the targets referred to in articles 108 and 111 TUF, the project will be implemented through the Merger.

We would like to remind you that the Framework Agreement called for the concomitant demerger of all transferable assets and liabilities of Toscana Finanza S.p.A. in favour of Fast Finance S.p.A., a wholly-owned subsidiary of Toscana Finanza S.p.A.. However, following the results obtained with the OPA, and as a consequence of subsequent analyses and evaluations, the Parties deemed it necessary to introduce certain changes to the contents of said Framework Agreement and hence, on 22 June 2011, they signed a deed integrating said Agreement calling for execution of the Merger with no demerger of the assets and liabilities of Toscana Finanza S.p.A..

On 30 September 2011, Bank of Italy issued its authorization for the Transaction, according to the terms and methods indicated in the merger project prepared pursuant to art. 2501-ter of the Italian Civil Code.

The Merger is expected to be completed by 31 December 2011.

1.2 Companies participating in the merger

Merging company: Banca IFIS S.p.A. (hereinafter also referred to as “Merging Company” or “Banca IFIS”): Registered office in Mestre (VE), Via Terraglio 63, share capital € 53,811,095.00, Tax Code and Company Registration Venice 02505630109, Bank of Italy’s Register of Banks 5508.

The purpose of the Merging Company *“is the collection of savings from the public and the exercise of credit in its various forms in Italy and abroad, operating even according to standards and customs in force.*

In compliance with the rules in force, it can execute all banking financial and investment transactions and services permitted; it can set up and manage open-end pension funds and execute any transaction instrumental to or associated with achieving the company purpose.

As parent company of the Banca IFIS Banking Group, pursuant to art. 61, fourth paragraph of Italian Legislative Decree 385/1993, in carrying out its management and coordination

activities, the Company gives instructions to members of the group for complying with the instructions received from Bank of Italy in the interest of the Group's stability.

The Company can issue bonds in compliance with applicable regulatory provisions”.

That being said, we remind you that Banca IFIS is an operator specialized in factoring activities that, in synch with its business model focused on the small and medium-sized companies sector, has never specifically developed the business segments of non-performing loans and tax receivables, although it has kept a close eye on them.

Banca IFIS S.p.A. has long been interested in expanding its operational capacity and service offer with said activities, as can be inferred from the strategic lines contained in the industrial plan for the 2011-2013 period, and it considers managing the “final” phase of the process a tangible market need and, consequently, a business opportunity.

The acquisition of Toscana Finanza S.p.A. is therefore aimed at allowing Banca IFIS S.p.A. to gain an integration of product and offer, as well as top-value skills and know-how, accessing the reference sector with a fully-operational organizational structure and with strong commercial relationships, thus eliminating risks and costs associated with independent product development.

Merged company: Toscana Finanza S.p.A. (hereinafter also referred to as “Merged Company” or “Toscana Finanza”): with registered office in Florence, Via Giambologna 2/r, share capital € 3,059,447.60, Registration number in the Companies Register of Florence and Tax Code 03906680487.

The purpose of the Merged company “*includes the following activities, which are carried out in an exclusive fashion:*

a) transactions involving the purchase of pro-soluto and pro-solvendo loans;

b) the purchase, sale on its own behalf of government bonds, securities and similar instruments, both Italian and foreign, and, generally speaking of all public and private bonds. The participation in consortia that guarantee the undertaking of securities and bonds;

c) the carrying out of any other transaction involving shares such as, for example purposes only, spot or cash purchase and sale, carrying forward, loan in shares, pledge and advance;

d) the taking on and transfer of shareholdings in other companies and entities in Italy and abroad, the participation in setting up other companies as well as the brokerage for the purchase and sale of all kinds of companies, including financial and industrial companies;

e) the financing and the technical and financial coordination of companies and entities in which the Company has an equity interest, investment brokerage activities in the acquisition and placement on the market of company facilities, including through the full or partial negotiation of the related shareholding packages, assistance in the grouping together and demerger of said facilities;

f) consulting to enterprises on the subject of financial structure, industrial strategies and related issues, as well as consulting and services in the field of concentrations and acquisition of enterprises.

The Company shall be able to grant mortgages (including mortgages secured by collateral) and/or loans and to grant guarantees, sureties and co-obligations provided they are associated with or incidental to the collection of loans purchased within the scope of its core business.

The Company shall be able to give guarantees, sureties and co-obligations to third parties, as long as it is done in the interest of companies that are affiliated with or controlled by the Company.

The Company shall not be able to carry out activities involving the granting of loans to the public in the form of issuing guarantees.

Moreover, the company shall be able to carry out, instrumentally to the financial activities, all commercial, financial and securities transactions, related to and associated with the company's purpose, including, for example purposes only:

- the rendering of administrative services in general, including for example purposes only, data processing;*
- the purchase, sale, exchange and leasing, including of a financial nature, and the granting in usufruct of real estate property, industrial machinery, equipment used to carry out trade and marketing activities and movable assets listed in public registers (boats, aircrafts, motor vehicles);*
- the purchase, sale, exchange and leasing of companies and commercial firms in general.*

The Company shall also be able to carry out credit collection and management activities in instrumental to the receivables purchase activity”.

Toscana Finanza and its subsidiary Fast Finance S.p.A. carry out, respectively, activities for the purchase of *non-performing* loans and for the purchase of tax receivables, in other words specialized services that integrate the factoring business.

Such activities satisfy widespread and common needs of a financial and managerial nature, at least for certain market segments and/or classes of operators.

1.3 Reasons for the merger

With the merger, Banca IFIS S.p.A. aims to include activities for the purchase and collection of *non-performing* loans in its corporate perimeter, also for the purpose of achieving benefits in terms of organizational improvement in credit collection processes and *know-how* in purchasing this type of loans, thus integrating the offer of Banca IFIS Group's main product, which is factoring.

The merger will also lead to a simplification in exercising strategic, managerial and operational control by Banca IFIS S.p.A., by setting up an internal operating division specifically dedicated to carrying out the current activities of Toscana Finanza S.p.A., inclusive of commercial and managerial functions.

This new organizational model, conceived by identifying common functions and processes and by trying to pursue their integration and streamlining, at the same time keeping high-specialization units (in the production and market area) separate, albeit under the same sphere of coordination, will make it possible to achieve synergies and to benefit from possible scale

economies. In fact, with the addition of the new business area, the organization chart of Banca IFIS will be able to welcome the specialized structures directly involved in managing the core product of Toscana Finanza, also making it possible to safeguard the typical nature and growth of the characteristic activity featured by Toscana Finanza in a harmonious fashion and with no operational discontinuity, and to have the administrative, organizational, control and market support functions benefit from a streamlining of the functions already operating within Banca IFIS, thus ensuring an optimization of the processes, with the resulting benefits in terms of overall costs.

In short, the objectives of the new organizational structure can be summarized in:

- safeguarding specialization, by separating the commercial and managerial activities of the two original companies, for the purpose of guaranteeing both the protection of business continuity, diversified by market and products, as well as better management and control of *budget* objectives and risk control;
- optimizing and enhancing the administrative, support and control structures put as a common factor;
- better control over operational and credit risks, thanks to diversified risk-assumption, managerial and operational processes.

Lastly, as illustrated in the “Offer Document for Total Voluntary Public Take-Over Bid” drawn up pursuant to articles 102 and 106, fourth paragraph, of the TUF, the Merger also aims at the *delisting* of Toscana Finanza’s shares.

2. Values attributable to the companies involved in the Merger for the purpose of determining the share swap ratio and criteria adopted for determining such ratio

2.1 Merger balance sheet

The merger balance sheets prepared pursuant to art. 2501-*quater* of the Italian Civil Code, both subjected to a limited audit, are as follows:

- as for Banca IFIS, the balance sheet as of 30 June 2011, approved by Banca IFIS’s Board of Directors on 29 August 2011;
- as for Toscana Finanza, the balance sheet as of 30 June 2011, approved by Toscana Finanza’s Board of Directors on 29 August 2011.

2.2 Description of the evaluation criteria

2.2.1 Introduction

For purposes of determining the share swap ratio (hereinafter, the “**Share Swap Ratio**”), the reference values and the number of shares involved in the Merger, this Board of Directors availed itself of the Corporate technical facilities of Banca IFIS.

2.2.2 Objectives of the evaluations

The evaluations were carried out with a view to express a comparative estimate of the values of the companies involved in the Merger, underlining the standardization and comparability of the adopted criteria with respect to calculating their absolute values taken individually, and must be intended exclusively in relative terms and limitedly referred to the same Merger.

The evaluation methods and the resulting economic capital values were identified in order to indicate a share swap ratio range deemed fair for purpose of the merger and, under no circumstances should the aforementioned evaluations be considered as possible indications of the market price or value in a context other than the one in question. In fact, within the context of a merger transaction, a necessary condition for estimating financial conditions is the quantification of the relative values of the individual companies subject to the evaluation, with the final aim of calculating not so much an economic value for each company as standardized and comparable values for the purpose of determining the Share Swap Ratio.

The evaluations were carried out from a *stand-alone* standpoint and, consequently, the results of the analyses are regardless from any consideration concerning possible operational synergies resulting from the merger, which may generate incremental value for the shareholders.

As a consequence of the OPA, Banca IFIS now holds 23,636,994 ordinary shares of Toscana Finanza, equal to 77.26% of the share capital of Toscana Finanza.

2.2.3 Evaluation methods

According to customary evaluation practices, the necessary condition for obtaining meaningful and comparable values for merger purposes is the standardization and comparability of the applied criteria, consistent with the characteristics of the companies and/or groups subject to evaluation.

As already mentioned, although the selected methods represent acknowledged practices normally used in evaluation procedures, both in Italy and worldwide, should not be considered individually but instead as an indivisible part of the same evaluation process. Indeed, the use of results obtained by applying each method independently, and not in view of the complementary relationship created with the other criteria, leads to a loss of meaningfulness of the evaluation process itself.

On the basis of such considerations, and having regard to the distinctive features of the companies involved in the Merger, of the type of operations and of the markets on which the same companies operate, as well as of the *status* of listed company that characterizes both Banca IFIS and Toscana Finanza, the following main types of evaluation methods were identified in order to estimate the economic values of the companies participating in the Merger.

2.2.4 Ways in which the methods can be applied

Given the complex and diversified nature of the companies subject to analysis (as already mentioned, Banca IFIS controls Toscana Finanza), application of the methods required the use of the *Sum of the Parts* (SOP) approach in order to assign a consistent value to the shareholding held in Toscana Finanza. The methods were applied to the consolidated balance sheets as of 30 June 2011, approved on 29 August 2011 by the Boards of Directors of Banca IFIS and Toscana Finanza, and are also based on the 2011-2013 economic-financial forecasts (hereinafter, the “**2011-2013 Forecasts**”) of Banca IFIS, inferred from the 2011-2013 industrial plan approved by this Board of Directors on 29 April 2011, and from the 2011-2013 industrial plan of Toscana Finanza approved by the latter's Board of Directors on 29 June 2011.

Please also note that, in relation to Banca IFIS, a *pro-forma* consolidated balance sheet as of 30 June 2011 was taken into account, in other words without considering the full consolidation of Toscana Finanza, which is recorded at the purchase cost in said balance sheet.

With regards to Banca IFIS, the number of ordinary shares taken as reference, consistent with the balance sheet as of 30 June 2011, is equal to 53,811,095, with nominal value of €1.00 each, minus the number of treasury shares equal to 482,037.

For the purpose of determining a range of economic values related to a company, reference was made to evaluating methods accepted by the best practices and adopted in evaluating procedures, being especially careful to apply said methods with a view to uniformity.

The main method used was the *Dividend Discount Model* (hereinafter also referred to as “**DDM**”), in the “Excess Capital” version, which estimates the value of a company or company division on the basis of future cash-flows attributable to Shareholders. This method is commonly used in consolidated evaluation procedures, and it is backed up by the best doctrine on the subject of company evaluations, with specific reference to organizations operating in the financial sector.

Control methods of an analytical and empirical nature were used, specifically the Gordon Model and the Stock Exchange Listing Method.

2.2.4.1 Main methods - Dividend Discount Model

The *DDM method* calculates the value of a company or company division depending on the flow of dividends that said company or division is expected to generate in future periods. In this specific case, the method used is the DDM in the “Excess Capital” version, according to which the economic value of a company or company division is equal to the sum of the following elements:

- current value of future cash-flows generated within a specific temporal horizon of explicit planning, and distributable to shareholders while maintaining a minimum capitalization level, in line with the instructions provided on the subject by the Supervisory Authority and compatible with the nature and expected evolution of the activities;
- current value of a perpetual yield defined on the basis of a sustainable dividend for the periods subsequent to the period of explicit planning, consistent with a *pay-out ratio* (dividend/net profit ratio) that reflects a sustainable profitability.

This method turns out to be specifically suited for determining the economic value of companies operating in the financial sector, since it:

- emphasizes the ability of the evaluated company to generate cash flows;
- optimally takes into account the levels of capitalization absorbed by the operation, distinguishing between the equity of the company subject to evaluation and the equity actually requested by the activity, in line with the underlying risk profile.

Application of the DDM requires the following formula to be used:

$$W = \sum_{t=1}^n \frac{D_t}{(1+i)^t} + \frac{TV}{(1+i)^n}$$

where:

- W = Value of the Company's economic capital;
- i = Cost of own capital (Ke);
- Dt = Expected dividends in a period of explicit projections, maintaining a satisfactory level of capitalization; in this specific case, this level was estimated on the basis of an objective *Core Tier I* coefficient equal to 8.0%, also in view of the forthcoming introduction of new regulations on regulatory capital known as Basel III;
- n = Explicit period of the projections (years);
- TV = *Terminal value* calculated as the current value of a perpetual yield represented by the average sustainable dividend for the period subsequent to the explicit planning period;

The *Terminal Value* is estimated on the basis of the “free cash-flow for the shareholder in *perpetuity*”, according to the following formula:

$$TV = \frac{D_{n+1}}{(K_e - g)}$$

The cost of own capital (Ke) was estimated on the basis of the *Capital Asset Pricing Model* (“CAPM”), equal to the yield rate of risk-free assets¹ (long-term government bonds) increased by a premium for the specific risk of the sector or of the company subject to evaluation. This premium is calculated by taking as reference coefficient (β), which measures the risk of the specific enterprise, in connection with the variability of its yield compared to the market yield. Based on the information provided above, the cost of capital (Ke) was estimated to be equal to 9.8%, and was applied uniformly to all the companies being analyzed. The long-term growth rate was estimated to be equal to 2.0%.

2.2.4.2 Control methods – Stock Exchange Listing Method

The Stock Exchange Listing Method consists in assigning the company a value which is equal to the value attributed to it on average by the stock exchange market on which the company's shares are negotiated.

This criterion qualifies as a “direct” evaluation method, as it refers to prices expressed by the market in transactions involving capital quotas of the same company in order to calculate the economic value of a listed company.

Applying this method requires a preliminary verification of the following conditions:

¹ The risk-free rate was calculated as the three-month average of the yields of 10-year BTPs, for the purpose of mitigating the high volatility shown by the yields of Italian Government Bonds, especially in recent weeks.

- the degree of significance of the prices expressed by the market for the shares of the company subject to evaluation; in fact, Stock Exchange prices do not always express the proper value of an enterprise, especially during ascending or descending phases of the overall economic cycle, or in case special transactions are carried out on the share capital;
- standardization and comparability, with a sufficiently ample time horizon, of the prices of the company's shares;
- the liquidity level of the securities, an important element in terms of the significance of this methodological approach, the gathering of official prices and the computation of average values.

2.2.4.3 Control methods – Gordon Model

The *Gordon growth model* estimates the economic value of a company or company division on the basis of the current value of the net profit “R” deemed to be sustainable in the long term, capitalized in perpetuity.

“g” represents the expected sustainable growth rate of net profit and “Ke” the yield rate requested by investors for investments having a similar risk profile.

Application of this method requires the following formula to be used:

The cost of own capital (Ke) used to apply this method is the same as the one used for the application of the main method.

2.2.5 Reference date of the evaluation and documentation analyzed

The evaluation was carried out as of the date of 30 June 2011; the companies involved in the Merger agreed that their respective half-yearly reports as of 30 June 2011 be used as the merger balance sheet pursuant to art. 2501-ter of the Italian Civil Code.

The following documentation was deemed to be relevant for purposes of the aforementioned evaluation:

- The separate and consolidated financial statements for 2008, 2009 and 2010 of Banca IFIS and Toscana Finanza approved by the pertinent bodies and accompanied by the report on operations, the report by the Boards of Statutory Auditors and the Auditor's report;
- Half-yearly reports as of 30 June 2011, individual and consolidated, approved by the Boards of Directors of Banca IFIS and Toscana Finanza during the meetings held on 29 August 2011;
- 2011- 2013 projections inferred from the 2011-2013 industrial plan of Banca IFIS, approved by this Board of Directors on 29 April 2011, and the 2011-2013 industrial plan of Toscana Finanza, approved on 29 June 2011 by the latter's Board of Directors;
- Stock Listing trends and estimate of mean values of said trend on a 3, 6 and 12-month basis. To this end, please note that the official prices of each session were taken as reference, and that the means are calculated according to calendar periods;

- Other data and information of an economic-equity and strategic nature deemed to be significant for analysis purposes and provided by the Management of the companies involved in the Merger;
- Information concerning the price trend of securities for Banca IFIS and Toscana Finanza, used in the application of the Stock Exchange Listing Method, provided by *Bloomberg*, as well as information concerning the Beta factor of the comparable companies taken as reference, along with the analysis of liquidity indicators expressed by the turnover ratio;
- Publicly available information deemed to be significant for the purpose of applying the selected evaluation methods.

Moreover, significant events which occurred subsequent to 30 June 2011 and capable of having a relevant impact on the evaluations were taken into account; as of today, no events have occurred such as to significantly impact the evaluations, in additions to the ones illustrated below and considered in the analyses for the determination of the Share Swap Ratio.

2.3 Values assigned to the Merging company and to the Merged company

On the basis of the ⁽¹⁾ described above and in relation to the Merger transactions, the Directors have identified the following ranges of economic values and of Share Swap Ratio⁽²⁾:

	Stock Exchange Listings														
	DDM			Gordon Model			Average of official prices				Weighted average of Official prices				
	Min	Middle	Max	Min	Middle	Max	Last	3 months	6 months	12 months	Last	Media 3 m.	Media 6 m.	Media 12 m.	
Banca IFIS (Value per share *€)	6.09	6.38	6.68	4.43	4.61	4.80	4.20	4.57	4.80	4.96	4.20	4.64	4.84	4.97	
Toscana Finanza (Value per share *€)	1.90	1.94	1.99	1.38	1.41	1.43	1.55	1.63	1.57	1.52	1.55	1.61	1.50	1.48	
Share swap ratio (max over min)	3.52x	3.28x	3.06x	3.47x	3.28x	3.10x	2.71x	2.81x	3.05x	3.26x	2.71x	2.89x	3.22x	3.36x	
Share capital Toscana Finanza (#)	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	30,594,476	
Banca IFIS's shareholding	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	77.3%	
Number of TF shares of third parties (#)	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	6,957,482	
Number of Banca Ifis shares available for the merger (#)	1,978,871	2,117,495	2,270,330	2,004,265	2,119,845	2,245,197	2,571,802	2,477,117	2,279,641	2,133,774	2,571,802	2,409,902	2,162,870	2,070,076	
Banca IFIS (Value 100% *€min ⁽¹⁾)	Util ⁽¹⁾	324.65	340.38	356.47	236.03	246.00	255.98	223.98	243.96	256.21	264.42	223.98	247.51	257.93	265.03
P/E 2010	21.49	15.11x	15.84x	16.59x	10.98x	11.45x	11.91x	10.42x	11.35x	11.92x	12.30x	10.42x	11.52x	12.00x	12.33x
P/E 2011	23.82	13.63x	14.29x	14.96x	9.91x	10.33x	10.75x	9.40x	10.24x	10.75x	11.10x	9.40x	10.39x	10.83x	11.12x
P/E 2012	31.53	10.30x	10.79x	11.31x	7.49x	7.80x	8.12x	7.10x	7.74x	8.13x	8.39x	7.10x	7.85x	8.18x	8.40x
P/E 2013	38.82	8.36x	8.77x	9.18x	6.08x	6.34x	6.59x	5.77x	6.28x	6.60x	6.81x	5.77x	6.38x	6.64x	6.83x
Toscana Finanza (Value per share *€)		58.17	59.46	60.78	42.30	43.00	43.70	47.50	49.83	48.16	46.52	47.50	49.18	46.00	45.24
P/E 2010	3.71	15.68x	16.03x	16.38x	11.40x	11.59x	11.78x	12.80x	13.43x	12.98x	12.54x	12.80x	13.26x	12.40x	12.19x
P/E 2011	-0.25	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E 2012	2.94	19.75x	20.19x	20.64x	14.37x	14.60x	14.84x	16.13x	16.92x	16.35x	15.80x	16.13x	16.70x	15.62x	15.36x
P/E 2013	6.33	9.19x	9.39x	9.60x	6.68x	6.79x	6.90x	7.50x	7.87x	7.61x	7.35x	7.50x	7.77x	7.27x	7.15x

⁽¹⁾ For Banca IFIS, pro-forma Net Profit to account for the portion of TF's profit referred to BI

(1) The Share swap ratio relative to the main methods, as well as the ratio referred to the Gordon Model, is estimated by comparing

Toscana Finanza's minimal value to Banca IFIS's maximum value and vice versa.

(2) The Share swap ratio is expressed as the number of Toscana Finanza shares for 1 share of Banca IFIS.

2.4 Share swap ratio

The share capital of the companies involved in the Merger is subdivided as follows:

- Banca IFIS has a share capital equal to €53,811,095.00 subdivided into 53,811,095 ordinary shares with nominal value of €1.00 each;
- Toscana Finanza has a share capital equal to €3,059,447.60 subdivided into 30,594,476 ordinary shares with nominal value of €10 each.

As of the date of this report, Banca IFIS holds 994,210 treasury shares in its portfolio, while Toscana Finanza holds no treasury shares.

As specified here below, at the conclusion of the Merger, the existing Treasury share account as of the date on which the Merger takes effect will be used for the purpose of assigning the Merging company's shares to the minority Shareholders of the Merged company, without resorting to any increase in the Merging company's share capital.

Following the aforementioned evaluation process and a reasoned comparison of the results obtained by the application of the various evaluation methods selected, and taking into consideration the work carried out, the Boards of Directors of Banca IFIS and Toscana Finanza have set the following Share Swap Ratio:

23 ordinary shares of Toscana Finanza for every 7 ordinary shares of Banca IFIS

There will be no cash adjustments.

2.5 Difficulties and limits in evaluating the Share Swap Ratio

The resulting evaluations must be considered in view of the following limitations and difficulties:

- The reorganization plan in question is the final phase of a wider and more complex industrial project that started with the OPA initiated by Banca IFIS. The completion of said project will entail a complex series of measures that, in some cases, may require the Management bodies of Banca IFIS to estimate the relevant consequences on the main economic and equity figures;
- in the case of Banca IFIS, the evaluations took as reference the *pro-forma* balance sheets without considering the consolidation of Toscana Finanza, which was recorded at the purchase cost and lined up with the relevant economic value when applying the different methods;
- methods of a different nature were applied which required the use of different data and parameters. In applying these methods, the Board took into account the characteristics and limitation inherent each method, on the basis of professional evaluation procedures, both national and international, usually adopted in the reference sectors;
- in the area of evaluation criteria, we would like to point out the important role played by the expected flows that, although inferred from the 2011-2013 Projections approved by the corporate governance bodies of the companies involved in the Merger, feature in and of themselves levels of uncertainty which are associated, among other things, with possible structural changes in the market. This objective difficulty was considered carefully for the purpose of drawing up this report;

- In view of the fact that Banca IFIS and Toscana Finanza are both listed companies, it would seem reasonable to apply the Stock Exchange Listing Method for purposes of this analysis, since it is suited to expressing standardized and comparable values. However, there is a significant limit to this method – which lies in one of its basic assumptions – represented by the extremely low level of liquidity. In fact, in the case of Toscana Finanza this indicator settles at around 5%, as both a precise number and as a 3-month average – especially in the period following the conclusion of the Take-over bid by Banca IFIS, while for Banca IFIS the same indicator is between 6.0% and 8.0%, compared to a market average that exceeds 100% (the figure calculated on the sample of listed companies taken as reference in order to compute the Beta factor shows a *turnover ratio* of 143.05%).

The aforementioned difficulties were taken into careful consideration when drawing up this report.

2.6 Independent Expert's appointment pursuant to art. 2501-sexies of the Italian Civil Code

In reference to the fairness of the Share Swap Ratio, Banca IFIS and Toscana Finanza asked the Court of Venice for the joint appointment of the independent expert called to draw up the report on the fairness of the share swap ratio and the suitability of the criteria adopted to determine said ratio, pursuant to art. 2501-sexies of the Italian Civil Code.

On 1 September 2011, the Court of Venice appointed KPMG S.p.A. as the independent expert.

3. Assignment method of the Merging company's shares and date on which they can be enjoyed

Once the Merger becomes effective, the Merging Company will proceed to assign its shares to the Merged company's Shareholders, using the existing treasury shares purchase account as of the date on which the Merger becomes effective.

With regards to the above, please note that the Merging company's Shareholders, for the purpose allowing the treasury shares held in portfolio to be used on the date on which the Merger takes effect, have drawn up the proposed changes to the "methods" established with the Shareholders' Meeting resolution of 29 April 2011, according to the terms set out in the section of this report pertaining to the execution of the ordinary Shareholders' Meeting.

Moreover, the Merged company's Shareholders will be provided with a service aimed at handling any fractions of shares, at market prices, with no additional charges relating to fees, stamp taxes or commissions.

The Merging company's treasury shares involved in the swap will be made available to the Merged company's Shareholdings according to the specific methods of dematerialized shares centralized at the Monte Titoli S.p.A. as of the first business day following the date on which the civil code consequences of the Merger become effective. Such date will be communicated in the specific notice concerning the Merger, to be published in at least one newspaper with national distribution.

The swap will be carried out beginning from the first day in which the Merger takes effect, at the branches of Banca Akros S.p.A., as well as at any broker authorized by law.

The Board of Directors also points out that the authorization process required by Circular letter 263 of 27 December 2006 (Title I, Chapter 2, Section II), issued by Bank of Italy will not be applied, as it is not expected for the value of the treasury shares to be purchased for purposes of the Merger to exceed the limit of 5% of the share capital.

The Merging company's ordinary shares to be assigned in exchange of Toscana Finanza's shares, written off as a result of the Merger, will be regularly enjoyed and, consequently, will grant their holders the same rights as those granted to the holders of ordinary shares outstanding at the time of their assignment.

4. Date on which the transactions are recorded in the Merging company's financial statements

4.1 Civil code and accounting repercussions of the transaction

The consequences of the Merger shall become effective towards third parties as of the date on which the last one of the registrations required by art. 2504 of the Italian Civil code is carried out, or as of a subsequent date to be specified in the Merger deed.

The Merged company's transactions shall be recorded in the Merging company's financial statements as of the date on which the legal consequences of the Merger take effect, date on which the fiscal consequences of the Merger will also become effective.

4.2 Tax repercussions of the transaction on the Merging company's financial statements

The Merger transaction is fiscally "Neutral" as far as direct taxation is concerned. Pursuant to art. 172 of Italian D.P.R. 917/1986, the Merger does not give rise to the creation of positive or negative taxable income for the parties involved (Merged company, Merging company and Shareholders too).

Specifically, in terms of the Merged company, the transfer of the latter's equity to the Merging company does not originate capital gains or capital losses hidden in the transferred assets or liabilities.

Symmetrically, the assets received by the Merging company are taken on by the latter at the same fiscal value at which they were recorded by the Merged company (continuity principle of "recognized fiscal values").

In determining the income of the Merging company, the surplus or deficit recorded in the financial statements as a result of the Share Swap Ratio was not taken into consideration, and the higher values entered in the financial statements as a result of the allocation of the deficit, if any, to the Merged company's equity items, are not taxable towards the Merging company and are not fiscally acknowledged.

The Merger is VAT-free and is subject to registration, mortgage and cadastral taxes for a fixed amount.

5. Predictions on the composition of the significant shareholding after the merger

As of the date of this report, according to the records of the Shareholders' Register, supplemented by notices as per art. 120 of the TUF (and reference regulations) and by other available information, the significant shareholding of Banca IFIS (shareholdings with right to vote exceeding 2% of the share capital) is made up as follows:

La Scogliera S.p.A.	37,205,220 shares	69.140%
Alchimia S.p.A.	1,906,930 shares	3.544%
Giovanni Bossi	1,909,648 shares	3.549%
Preve Costruzioni S.p.A.	1,391,719 shares	2.586%

As per the contents of the notices as per art. 120 of the TUF, the physical persons who hold shareholdings in La Scogliera S.p.A., in Alchimia S.p.A. and in Preve Costruzioni S.p.A. are, respectively, Sebastien Egon Furstenberg, Marina Salomon and Riccardo Preve. Sebastien Egon Furstenberg and Riccardo Preve also own directly 18,782 shares (equal to 0.035% of the share capital) and 84,335 (equal to 0.157% of the share capital), respectively.

Taking into account the methods used to assign the Merging Company's shares to the Merged company's Shareholders according to the proposed Share Swap Ratio, once the Merger is completed the composition and shareholding percentages will undergo no changes, except for the consequences of those Shareholders of the Merged Company who did not vote in favour of the Transaction exercising their right to withdrawal, as well as by the transfer, if any, of all or part of the shareholdings currently held by the significant Shareholders subsequent to approval of the Transaction.

6. Corporate agreements

As of the date of this report, there are no corporate agreements which are significant pursuant to article 122 of the TUF, involving the shares of the Merging Company.

7. Evaluations on the right to withdraw

The Merger shall entitle Shareholders of the Merged Company who did not vote in favour of the Transaction to withdraw from all or part of their shares.

In that case, the withdrawing Shareholders shall receive a payment calculated in reference to the arithmetic mean of closing prices in the six months that precede publication of Toscana Finanza's extraordinary assembly convened to resolve on the Merge.

The withdrawal shall become effective once the Merger comes into effect.

Therefore, the Shareholders' Meeting is called to resolve on the following

proposed resolution

“The Extraordinary Meeting of Banca IFIS S.p.A.’s Shareholders:

- *having regard to the Project for the Merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A.;*
- *having viewed the Director’s report on the Merger pursuant to art. 2051-quinquies of the Italian Civil Code and art. 70, paragraphs 1 and 2 of the Consob Regulations;*
- *having taken note of the balance sheets as of 30 June 2011 of the two companies involved in the merger;*
- *having taken note of the opinion of fairness of the share swap ratio drawn up in accordance with art. 2501-quinquies of the Italian Civil Code by KPMG S.p.A., appointed by the Court of Venice on 1 September 2011;*
- *having regard to the authorization issued by Bank of Italy, pursuant to art. 57 of Italian Legislative Decree 385 of 1 September 1993;*

hereby resolves:

- 1) *To approve the Project for the Merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A., as illustrated and filed with the Companies Register of Venice and Florence on 3 October 2011, and enclosed herein;*
- 2) *To approve the merger by incorporation of Toscana Finanza S.p.A. into Banca IFIS S.p.A., on the basis of their respective reference balance sheets as of 30 June 2011;*
- 3) *To determine the share swap ratio as follows: 7 ordinary shares of Banca IFIS for every 23 ordinary shares of Toscana Finanza, which will then be written off. The above is without prejudice to the right of the Merged company's shareholders to exercise their right to withdraw. The shares that make up the share capital of Toscana Finanza S.p.A. and which shall become property of Banca IFIS S.p.A., will be written off with no exchange following the merger;*
- 4) *To arrange for the merger to become effective from a legal, accounting and fiscal standpoint as of the date of the last registrations required by art. 2504 of the Italian Civil Code or at the subsequent date to be specified in the Merger deed;*
- 5) *To grant the Chairman of the Board of Directors or, in case of the latter's absence or impediment, the Chief Executive Officer, in a separate fashion, all the widest powers so that they can enforce the resolutions referred to above pursuant to the law, to accept or add to said resolutions any changes or additions as deemed necessary or even only appropriate or that may be requested by the pertinent authorities during the registration phase, also establishing all methods of the transaction, in compliance with the merger plan, intervening in the stipulation of the merger deed and of any other pertinent or consequent deed, proceeding to writing off the shares of Toscana Finanza S.p.A. with the right to set the date on which the merger is to come into effect from a legal, accounting and fiscal standpoint, including a date subsequent to the date of the last registration, arranging to do all that is required in order to fully implement the resolution, with all powers, none excluded; all with the promise of full approval and validation of their doings”.*

Mestre, 3 October 2011.

For the Board of Directors
The Chief Executive Officer
Giovanni Bossi