bancaIFIS

CONSOLIDATED FOURTH QUARTERLY REPORT AS AT 31 DECEMBER 2006

TRANSLATION FROM THE ITALIAN ORIGINAL WHICH REMAINS THE DEFINITIVE VERSION

Share Capital: 28,892,762 Euro fully paid in
Bank License No.: 3205
Tax Identification No.: 02505630109
VAT No.: 02992620274

REGISTERED OFFICE AND HEADQUARTERS
Via Terraglio, 63 – 30174 Mestre, Venice, Italy
Internet Address: *www.bancaifis.it*

BRANCHES
Via Astagno, 3 – 60121 Ancona
Via C. Rosalba, 47/z – 70124 Bari
Viale Bonaria, 62 – 09125 Cagliari (Ca)
Viale Europa,163 – 50126 Florence
Via A. Costa, 62 – 40026 Imola (Bo)
Via Volta, 16 – 20093 Cologno, Monzese (Mi)
Via G. Porzio, 4 – Centro Dir. Isola E7 – 80143 Naples
Via De Paoli, 28/D – 33170 Pordenone
Via B Croce, 6 – 00142 Rome
Via G. L. Lagrange, 35 – 10123 Turin
Via Terraglio, 65 – 30174 Venice – Mestre

REPRESENTATIVE OFFICES
Boulevard Burebista, 3 – Bucharest (Romania)
Bajza U., 50 – Budapest (Hungary)

BOARD OF DIRECTORS

President	Sebastien Egon Fürstenberg
Vice President	Alessandro Csillaghy
CEO	Giovanni Bossi (1)
Board Members	Leopoldo Conti Roberto Cravero Andrea Martin Riccardo Preve Marina Salamon

GENERAL MANAGER	Alberto Staccione

BOARD OF STATUTORY AUDITORS

President	Mauro Rovida
Standing Auditors	Erasmo Santesso Dario Stevanato
Alternate Auditors	Luca Giacometti Francesca Rapetti

AUDITING FIRM	KPMG S.p.A

Member of Factors Chain International

(1) The CEO has powers for the ordinary administration of the company

CONTENTS

CONSOLIDATED QUARTERLY REPORT
AS AT 31 DECEMBER 2006

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
(in thousands of Euro)

ASSETS	PERIOD 31/12/2006*	PERIOD 30/09/2006	VARIATION ABSOLUTE	VARIATION %	PERIOD 31/12/2005
Cash and cash equivalents	14	12	2	16.7%	9
Available-for-sale financial assets	6,288	8,670	(2,382)	(27.5)%	5,994
Due from banks	267,294	87,051	180,243	207.1%	128,845
Due from clients	782,977	717,864	65,113	9.1%	710,901
Tangible fixed assets	29,324	28,569	755	2.6%	23,562
Intangible fixed assets	1,707	1,595	112	7.0%	745
Tax assets	2,428	3,542	(1,114)	(31.4)%	3,537
a) current	22	---	22	n.a.	---
b) deferred	2,406	3,542	(1,136)	(32.1)%	3,537
Other assets	2,613	3,029	(416)	(13.7)%	3,113
TOTAL ASSETS	1,092,645	850,332	242,313	28.5%	876,706

LIABILITIES	PERIOD 31/12/2006*	PERIOD 30/09/2006	VARIATION ABSOLUTE	VARIATION %	PERIOD 31/12/2005
Due to banks	836,393	658,483	177,910	27.0%	627,045
Due to clients	82,560	18,063	64,497	357.1%	93,874
Outstanding securities	42,693	42,172	521	1.2%	35,510
Tax liabilities	2,452	2,160	292	13.5%	2,090
a) current	308	687	(379)	(55.2)%	662
b) deferred	2,144	1,473	671	45.6%	1,428
Other liabilities	18,796	22,432	(3,636)	(16.2)%	16,567
Employee retirement/severance allowance	1,433	1,343	90	6.7%	1,307
Valuation reserve	3,284	4,506	(1,222)	(27.1)%	2,575
Capital instruments	611	611	---	---	---
Reserves	28,377	28,347	30	0.1%	20,238
Share premium reserve	35,869	35,863	6	---	34,348
Capital	28,892	28,891	1	---	28,685
Treasury shares	(3,727)	(2,380)	(1,347)	56.6%	(481)
Net profit	15,012	9,841	5,171	52.5%	14,948
TOTAL LIABILITIES	1,092,645	850,332	242,313	28.5%	876,706

(*) Expected figures. The Board of Directors' Meeting to approve the balance sheet 2006 will be held on 16 March 2007.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in thousands of Euro)

	ACCOUNTING YEAR 2006		ACCOUNTING YEAR 2005		VARIATION 3rd Q 06 / 3rd Q 05	
	4th Q.06	31/12/06*	4th Q.05	31/12/05**	Absolute	%
Receivable interest and similar income	11,015	36,018	8,079	27,986	2,936	36.3%
Payable interest and similar expenses	(7,351)	(21,269)	(4,188)	(12,507)	(3,163)	75.5%
Interest margin	3,664	14,749	3,891	15,479	(227)	(5.8)%
Receivable commission	6,269	26,301	7,525	24,170	(1,256)	(16.7)%
Payable commission	(643)	(2,111)	(3,164)	(4,991)	2,521	(79.7)%
Net commission	5,626	24,190	4,361	19,179	1,265	29.0%
Dividends and similar income	---	7	4,010	6,912	(4,010)	(100.0)%
Net trading result	49	(35)	(1,531)	(3,438)	1,580	(103.2)%
Profit (loss) from reassignment or buyback of:	2,300	2,300	272	50	2,028	745.6%
a) credit	---	---	429	559	(429)	(100.0)%
b) available for sale assets	2,300	2,300	---	---	2,300	---
d) financial liabilities	---	---	(157)	(509)	157	(100.0)%
Earning margin	11,639	41,211	11,003	38,182	636	5.8%
Net adjustment write-downs on:	1,053	(1,788)	(1,456)	(3,976)	2,509	(172.3)%
a) loans	1,053	(1,788)	(1,456)	(3,976)	2,509	(172.3)%
Net operating revenue	12,692	39,423	9,547	34,206	3,145	32.9%
Administration expenses	(5,016)	(15,651)	(3,790)	(13,389)	(1,226)	32.3%
a) personnel costs	(3,136)	(9,478)	(2,329)	(8,416)	(807)	34.6%
b) other administrative costs	(1,880)	(6,173)	(1,461)	(4,973)	(419)	28.7%
Net adjustment of value of tangible assets	(314)	(799)	(185)	(592)	(129)	69.7%
Net adjustment of value of intangible assets	(115)	(361)	(67)	(281)	(48)	71.6%
Other operating income (costs)	587	1,001	236	571	351	148.7%
Operating costs	(4,858)	(15,810)	(3,806)	(13,691)	(1,052)	27.6%
Pre-tax profit from current operations	7,834	23,613	5,741	20,515	2,093	36.5%
Income tax on current operations for the period	(2,663)	(8,601)	(1,985)	(5,567)	(678)	34.2%
Parent company net profit	5,171	15,012	3,756	14,948	1,415	37.7%

(*) Period 01/01/2006-31/12/2006. Expected figures. The Board of Directors' Meeting to approve the balance sheet 2006 will be held on 16 March 2007

(**) Period 01/01/2005-31/12/2005

NOTES TO THE FINANCIAL STATEMENTS

Criteria for the preparation of the Financial Statements

Banca IFIS Group's Quarterly report as at 31 December 2006 has been prepared in compliance with the provisions issued by Consob Regulation No. 11971 of 14 May 1999 and subsequent modifications. Based on the contents of article 82 of this Consob Regulation, Banca IFIS has prepared this Quarterly report according to the IAS/IFRS accounting standards.

Article 82 also requires that the contents of the Quarterly report can alternatively be aligned with the provisions of Appendix 3D of the Issuing Regulation or with the requirements of IAS 34 in relation to interim financial statements.

Banca IFIS has prepared this Quarterly report in compliance with Appendix 3D.

As provided by Consob Regulation no 11971 of 14 May 1999 and subsequent modifications, the consolidated financial statements as at 31 December 2006 must be compared, as far as concerns the balance sheet, with the balance sheets of 30 September 2006 and 31 December 2005 and, as far as concerns the profit and loss account, with the profit and loss account of 31 December 2005, and, in addition, the current quarter and the corresponding quarter from the year before, all drawn up according to the same accounting principles.

The results for this quarter are reported net of income taxes, which reflect the presumed expense for the period based on current and deferred taxes.

Current taxes are calculated taking into account current tax rates and any applicable exemptions or tax allowances.

This Quarterly report was not audited by the independent auditing company

Consolidation scope

The structure of the group at 31 December 2006 is composed of the parent company, Banca IFIS S.p.A., the 100% held subsidiary, Immobiliare Marocco S.p.A., and IFIS Finance Sp.Z.o.o. – bought on 31 July 2006, all consolidated with the line-by-line method.

The accounting situations forming the basis of the consolidation process are those prepared by the Group companies and refer to the situation as at 31 December 2006.

BOARD OF DIRECTORS' REPORT AND SIGNIFICANT EVENTS IN THE PERIOD

The recovery of expansion plans.

Banca IFIS has continued the strategy of enlargening its market share. This is being achieved not only by increasing the number of new clients but by further developing relationships with existing clients through focusing on products with a higher service component and more added value, hence improving client loyalty.
The scenario in which the bank carried out these efforts in the fourth quarter 2006 has improved significantly. In particular, several new services to existing clients were introduced (although still based on lending working capital support to Small Medium Enterprises and international companies through factoring), and the development of new clients and penetration into partially new market sectors reached levels never before achieved in the history of Banca IFIS.
The results of actions taken commercially and organisationally as from the second quarter of 2006, significant and largely positive, have effect on the bank's entire structure, presently subjected to physiological and beneficial evolutive pressure. Results in terms of:

- strengthening the sales network;
- risk analysis and risk management of counterparts;
- the increase in the client base and contextual risk spreading;
- the presence of the bank in domestic and international markets;
- the increase in operational parameters, volumes of business managed and income and profitability

are presently being realised and will continue to play an important part in Banca IFIS's near future.

The strong recovery in development activities, confirmed by volumes of business in the first weeks of 2007, followed a half yearly period which was somewhat problematic. During the second and third quarter 2006, development had slowed down due to exogenous and endogenous factors. In the middle of 2006, certain operations with public debtors which had positively influenced the entire 2005 accounting year and the first quarter of 2006, were not realised.
In the meanwhile, as set out in the strategic plans, expansion and strengthening activities were initiated in certain organisational and control areas. This is also being achieved through the employment of new resources and the adoption of new and more efficient procedures, ideal for supporting the bank's domestic and international growth, over the next few accounting years.
Such activities were a necessary step after the bank's actions on its own equity at the end of 2005 (the capital increases, both paid and unpaid and the cum warrants) and in 2004 (the issue of a convertible bond) which were all a result of the short-medium term development strategy. The implementation of such activities understandably lead to a slow-down in development, in particular in the middle of 2006. Such a slow-down is now in the process of a complete recovery.

Profit and Loss account

Net operating revenue
Net operating revenue for the fourth quarter 2006 stood at 12,692 thousand Euro, an increase of 32.9% compared to 9,547 thousand Euro in the fourth quarter of 2005.

The earning margin went up from 11,003 thousand Euro in the fourth quarter 2005 to 11,639 thousand Euro for the same period in 2006, an increase of 5.8%. The individual components making up the earning margin showed differing growth due to the ever increasing client tendency towards products with a significant service component, income from which being classified under factoring commission only.
The effect of such movement on the profit and loss figures is such that it makes a comparison between the individual components of the margin insignificant.
However, in detail, **the interest margin** reached 3,664 thousand Euro in the fourth quarter 2006 compared to 3,891 thousand Euro for the corresponding period of the previous year (-5.8%).
The reduction in this margin, rather than being due to competitive pressure or rates, is due to: some operational difficulties in transferring increases in funding costs to clients; to the clients' preference for products, from which the bank obtains return only from commission (with charges payable by Banca IFIS connected to financing having an effect on the interest margin); and, finally, from the non payment by the Civil Service of Banca IFIS's receivable default interest as from the end of 2005 for a significant amount, mostly collected at the end of the quarter, the retention of which costing the bank substantial payable interest. At present, as is it not possible to forecast how much of this interest will be recovered, depending on legal action taken and so

forth, the profit and loss account as at 31 December 2006 does not consider this item.

Net commission equalled 5,626 thousand Euro, against 4,361 thousand Euro in the last quarter of 2005 (+29%). Payable commission for the fourth quarter 2005 included 2,660 thousand Euro incurred on transactions in securities. Deducting this amount, net commissions for the fourth quarter 2005 stood at 7,021 thousand Euro. It is important to note that it is in this item that the negative effect recorded for 2006 as a whole for business not concluded with the public Health Service is shown. Such business existed throughout 2005, and is in the progress of being positively replaced.

The interest margin and net commission have an effect on the earning margin for 31.5% and 48.3% respectively.

Profit from the transfer of available for sale assets refers to the sale of 1,016,815 listed shares held in portfolio. The capital gain not transited in the profit and loss account on the remaining portfolio of such shares equals a total of 3,390 thousand Euro at market price.

Net value adjustments / recoveries on loans for the fourth quarter of 2006 show net recoveries for 1,053 thousand Euro against net value adjustments of 1,456 thousand Euro in the last quarter of 2005. Such recoveries are due to the fact that the reasons for which it was necessary to write-down loans ceased to exist over this quarter, thanks to constant attention being paid to the granting of credit and the monitoring of the relevant trends of such operations. The choice of the bank remains that of entering write-downs the moment presuppositions to do so come into existence, without delay.

The reasons for recovering values previously written-down are, in some cases, due to effective collection on the receivables and, in other cases, is due to the entries being considered privileged or there being other comforting factors from a legal stand-point.

Gross operating profit

Gross profit for the fourth quarter 2006 stood at 7,834 thousand Euro, an increase of 36.5% compared to 5,741 thousand Euro for the corresponding period of 2005.

Operating costs grew by 27.6%, in line with defined strategies to strengthen the Banca IFIS structure and described at the beginning of this report; the item went up from 3,806 thousand Euro for the last quarter of 2005 to 4,858 thousand Euro for the same period in 2006.

The ratio between operating costs and the earning margin (cost/income ratio) at 31 December 2006 equalled 38.4% compared to 37% at 30 September 2006.

In detail, **personnel expenses** amounted to 2,329 thousand Euro in the fourth quarter of 2005 and to 3,136 thousand Euro in the fourth quarter 2006, an increase of +34.6%. This increase is physiological and corresponds with expectations, taking into consideration the increases in the number of personnel (34 new employees were taken on over the quarter).

Other administrative expenses for the fourth quarter 2006 amounted to 1,880 thousand Euro, against 1,461 thousand Euro for the corresponding period of 2005 (+28.7%). This increase is physiological and is related to costs connected to the further development of the business: professional consultancy and assistance, maintenance and IT assistance, support for the improved selection and control of credit and, lastly, general costs for site expansion.

Also included are some legal and consultancy expenses for acquisitions which were not concluded as they were considered not in the bank's interest.

The **net value adjustments on intangible assets** also increased (+71.6% compared to the fourth quarter of 2005) mainly due to improvements in IT support, while **net value adjustments on tangible assets** equalled 314 thousand Euro in the fourth quarter 2006, against 185 thousand Euro in the fourth quarter of 2005 (+69.7%).

Other operating income amounted to 587 thousand Euro (compared to 236 thousand Euro in the fourth quarter of 2005) and mainly includes the recovery of third party expenses.

Net profit

The **income taxes on current operations** for the period are estimated at 2,663 thousand Euro, an increase of 34.2% from the 1,985 thousand Euro of the fourth quarter of 2005.

Net profit for the fourth quarter of 2006 amounted to 5,171 thousand Euro, an increase of 37.7% from the corresponding period of 2005. In the absence of third party profit, the result refers entirely to the group.

The main capital aggregates

The parent company is almost exclusively involved in the factoring activity and books its loans/advances on assigned receivables under 'due from clients'. In addition to the typical deposits made with the banking system, or wholesale in terms of client companies, securitisation continued to play an ever more significant role, along with interbank deposits on the *e-MID* platform and on direct bilateral contractual bases.

Due from clients

Total due from clients at 31 December 2006 reached 783 million Euro, an increase of 9.1% from 718 million Euro at 30 September 2006 and 10.1% from 711 million Euro at 31 December 2005.
Total net loans, excluding net bad debts for 7 million Euro, totalled 776 million Euro for the period, compared to 712 million Euro at 30 September 2006 and 705 million Euro at 31 December 2005.

Doubtful loans to clients

Total bad debts on loans due from clients, at net balance sheet values, stood at 6,942 thousand Euro, an increase of 21.4% compared to 30 September 2006 (+17.2% from 31 December 2005). The percentage of net bad debts on loans over total loan commitments to clients remained relatively stable, standing at 0.9% from 0.8% at 30 September 2006 and 31 December 2005. The adjustments equalled 76.5% of gross bad debts on loans, against 80.9% as at 30 September 2006 and 77.9% as at 31 December 2005.

Total difficult loans at net book values for the period stood at 1,439 thousand Euro, compared to 1,444 thousand Euro as at 30 September 2006, a decrease of 0.3%. The percentage of net difficult loans out of total loans to clients remained at the 0.2% of 30 September 2006.
Total non performing loans due from clients amounted to 8,381 thousand Euro at 31 December 2006, a growth of 17% compared to the 7,163 thousand Euro of 30 September 2006 and an increase of 10% compared to the 7,619 thousand Euro of 31 December 2005. The percentage of net non performing loans on total loan commitments equalled 1.2%, more or less the same as 30 September 2006. The percentage of net non-performing loans on shareholders' equity stood at 7.7% as at 31 December 2006, the same as that of 31 December 2005, whilst that of 30 September 2006 stood at 6.8%.

Due from banks

Total due from banks reached a level of 268 million Euro at 31 December 2006, an increase of 207.1% from the 87 million of 30 September 2006 and a growth of 107.5% compared to the 129 million Euro of 31 December 2005.
The utilisation of available financial resources care of other institutes does not represent a core activity for the bank and is due to maintaining a high level of liquidity to cover year end expiries. The bank's aim is only to utilise available resources in order to increase financing operations in the favour of the clients as a result .

Funding

Banca IFIS obtains the resources necessary for the financing of its activities, in addition to own resources, from the inter-bank market, from the net cash flow from the revolving reassignment of performing assigned receivables owed by assigned debtors (initiated in October 2003), from the convertible bond (issued in July 2004) and lastly from its clients.
Total funds at 31 December 2006 amounted to 961,646 thousand Euro, an increase of 33.8%, compared to 30 September 2006.
Due to banks equalling 836,393 thousand Euro, an increase of 27% compared to 30 September 2006, are composed of interbank deposits for 717,293 thousand Euro, an increase of 32.6% compared to September 2006, and by the net funding deriving from the reassignment of commercial receivables portfolios for 119,100 thousand Euro, an increase of 1.2% compared to 30 September 2006.

Deposits from clients, equal to 82,560 thousand Euro (compared to 18,063 thousand Euro at 30 September 2006) were remunerated at indexed conditions or revisable in the short term, and advantageous for clients compared with alternative investments, and for the bank compared to the average deposit cost.
The "Banca IFIS 2004-2009" convertible bond, issued in July 2004 for a nominal amount of Euro 50 million, totalled 42,693 thousand Euro at 31 December 2006 (+1.2% compared to 30 September 2006). The debt instrument is recognised as a liability, net of the buyback of own bonds which are treated, in compliance with the IAS standards, as settlement of the debt, even though these instruments are intended for later resale.

No savings management activity was started, as it is not part of the group's industrial plan.

Tangible and intangible assets

Intangible fixed assets totalled 1,707 thousand Euro, an increase of 7% compared to 30 September 2006 essentially due to reinforcing the IT supports.
Tangible fixed assets increased from 28,569 thousand Euro to 29,324 thousand Euro (+2.6%), due to renovation costs of the

important historic building "Villa Marocco" for which a renovation and expansion plan has been designed and approved by the Eastern Veneto Arts and Monuments Office. In December 2005, a part of the building for which the above-mentioned restructuring work had been concluded, became the new Head Quarters of Banca IFIS. The final value of the building has been confirmed by experts in the valuation of historic buildings.
The property is not depreciated as its residual value, calculated on its expected useful life, is higher than its book value.
The building in which Banca IFIS had its Head Quarters until December 2005, restructured in 1999 and occupied in 2001, is also recorded under tangible assets, as are the representative office at Bucharest, a building in Padua and other buildings of a residual value.

Equity

In the absence of assets attributable to third parties, the net equity of the group at 31 December 2006 was 108,313 thousand Euro, against 105,679 thousand Euro at 30 September 2006 and against 100,313 thousand Euro at 31 December 2005. In the fourth quarter 2006, equity increased as a result of the profit for the period and was affected by the effects of providing reserves for some items according to the new International Accounting Standards.

Activity

Banca IFIS continued its business in a profitable manner; it is primarily engaged in financial and management assistance to Italian and international small and medium enterprises through factoring.
In combination with advanced credit risk assessment and monitoring instruments, factoring represents an optimal answer to the financial service needs of SMEs, primarily in light of the new rules for calculating capital consumption for Banks which will come into effect starting in 2007 (Basel 2).
Focus continued to be placed on the selection of credit and geographical and industrial diversification, aimed at spreading credit risk.
International development, considered a medium-long term strategic goal of Banca IFIS, also continued.

Other Information

Trading on the STAR

Banca IFIS's ordinary shares and convertible bonds have been traded in the high-standard mid-cap segment (STAR) since November 2005. Previously, from 1990, the shares were traded on the Restricted Market (IMR) of the Italian Stock Exchange.

Fitch rating

On 10 February 2006, Fitch Ratings International assigned Banca IFIS with a BBB –, improving its rating by one notch. This notch, the most important because it takes Banca IFIS’s rating from ‘speculative’ to ‘investment’, opens up new scenarios and opportunities. In detail, Fitch improved its Long Term Rating from BB+ to BBB-, its Short Term Rating from B to F3, and its Individual Rating from C/D to C. In addition Fitch confirmed its Support Rating of 5 with a Stable Outlook.
This rating was reconfirmed on the 12 January 2007.

The impact of Basel 2 and the Solvency Ratio

Banca IFIS has opted for the delayed application of the new rules for measuring Capital and Capital ratios (Basel 2) which will come into effect on 1 January 2008.
Banca IFIS believes the best approach in the first phase would be to follow a standardised method of calculating capital requirements to face credit risks. At a later date, subject to approval from supervisory authorities, Banca IFIS intends on using its own internal rating system to define such requisites.
In the first phase (starting from 2008), a neutral effect or a slight worsening in solvency ratios is expected, though still well above the regulatory minimum due to the combined effect of improvements in the bank’s activities (factoring mainly in the favour of SMEs) and in order to take in account requisites of operational risks.
Once this system for measuring credit risks based on internal ratings is put into action and considering the type of activity carried out, Banca IFIS should benefit from a non-marginal reduction for capital requirements against credit risk; this is due both to the relatively lower risk in providing loans for factoring activities, which was recognised by the Basel Committee, and also to the average duration of transactions - normally less than a year and more often than not, 3-6 months.
The capital consumption connected to the operating risk should not greatly worsen the situation in terms of total capital consumption.
At present, the bank has not come across any particular difficulties as far as concerns the solvency ratio, both immediate

and medium term, despite the rapid growth of the company. The ratio is much higher than the minimum required (16.7 as at 30 September 2006) with an increase in own equity designed to maintain the ratio at a favourable level.

Operations on treasury shares

The Shareholders' Meeting of 10 October 2005 renewed the authorisation to purchase and sell treasury shares, in accordance with Article 2357 and thereafter of the Civil Code, and Article 132 of Legislative Decree No. 58/98, establishing a price for which the shares may be acquired as between a minimum of Euro 3 and a maximum of Euro 30, for a maximum amount of Euro 8 million. The Shareholders' Meeting also established the duration of the authorisation as 18 months from the date of the resolution.
At 30 September 2006, Banca IFIS held 219,518 treasury shares for a counter value of 2,380 thousand Euro and a nominal value of 219,518 Euro.
During the fourth quarter of 2006, Banca IFIS purchased, at the weighted average price of 10.16 Euro, no. 132,604 treasury shares at a counter value of 1,347 thousand Euro and a nominal value of 132,604 Euro.
The remainder in portfolio at the end of the fourth quarter 2006 stood at 352,122 treasury shares for a counter value of 3,727 thousand Euro (average price of transaction in portfolio 10.58 Euro per share) and a nominal value of 352,122 Euro.

Transactions on own bonds

At 31 December 2006, the Bank held 602,522 own bonds entered for a counter value of 7,598 thousand Euro and a nominal value of 7,531,525 Euro. During the fourth quarter of 2006, Banca IFIS did not carry out any purchase or sales of its own bonds.

Outlook

The outlook for 2007 allows some optimism with regards to the markets on which Banca IFIS operates. The attitude of the banking system to financing SMEs appears uncertain, being influenced, on the one hand, by evaluations re compliance with Basel 2 and, on the other, by the overall improvement in credit assessment which can be seen on the market. This could lead to certain tension with regards to the margins of operators in this sector but will, presumably, also confirm wide opening for factoring operators who wish to improve their market share in the small and medium enterprise sector.
Banca IFIS's prospectives continue to be positive and permit an optimistic outlook for the overall operating trend, despite the remaining uncertainties related to the macroeconomic situation for industrial SMEs, Banca IFIS's typical client.

Significant events during the period

Exercise of stock options

Over the course of the last quarter 2006, the exercising of the first stock option plan - the A1/D1 plan, amounted to a total of 214,500 shares at a nominal value of 1 Euro, subscribable at 7.31 Euro. In total 207,300 shares were exercised while following some employees leaving the company, 7,200 options were debarred.
The following stock option plans remain standing:
- Plan A2/D2 (deliberated 5 May 2004), that amounts to a total of 214,500 shares at a nominal value of 1 Euro, subscribable at a price of 7.42 to be exercised between 1 January and 31 December 2007, of which 64,500 for directors and 150,000 for employees;
-Plan A3/D3, (deliberated 15 December 2004) that amounts to a value of 214,500 shares at a nominal value of 1 Euro, subscribable at a price of 7.05 Euro exercisable in the period between 1 January 2008 and 31 December 2008, of which 64,500 for directors and 150,000 for employees.

To the date of this Quarterly Report, no options relating to the A2/D2 plan have been exercised.

Inspection under TUB rules

Over the course of 2006, the Bank of Italy carried out a general inspection of Banca IFIS, effected under the Consolidation Act for banks and credit institutions. During the same period, Banca IFIS was duly notified of the conclusions to such an inspection.
Following the inspectorial results, Banca IFIS is moving, as already planned, towards a general reinforcement of its structure, with particular but not exclusive attention to organisational and control functions. This is also in order to plan in advance Banca IFIS's domestic and international expansion, forecasted in the qualitative and quantitative plans defined.

As advised by the Bank of Italy in the first few days of 2007, this inspection did not result in the application of any sanctions.

Significant events after 31 December 2006

No other significant events occurred between closing the fourth quarter and the approval date of this financial report.

Mestre, Venice, 14 February 2007

For the Board of Directors

The President
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

BREAKDOWN OF CLIENTS BY GEOGRAPHIC AREA	LOANS	TURNOVER
Northern Italy	37.8%	44.3%
Central Italy	36.2%	31.5%
Southern Italy	22.4%	11.2%
Overseas	3.6%	13.0%
Total	100%	100%

	BREAKDOWN OF CLIENTS BY PRODUCT CATEGORY	LOANS	TURNOVER
051	Agriculture, forestry and fish products	0.2%	0.2%
052	Energy products	0.4%	0.1%
053	Minerals and ferrous and non-ferrous metals	0.5%	0.4%
054	Minerals and mineral based products	0.4%	0.6%
055	Chemical products	0.2%	0.3%
056	Products in metal excluding machines and equipment	7.9%	9.2%
057	Agricultural and industrial machines	1.2%	2.1%
058	Machines for offices, data processing and precision machinery	0.2%	0.3%
059	Electrical material and supplies	4.3%	3.2%
060	Transportation vehicles	5.7%	11.0%
061	Food and beverage products	1.4%	1.1%
062	Textile, leather, shoe and clothing products	3.2%	3.3%
063	Paper, printing and publishing	0.2%	0.2%
064	Rubber and plastic products	1.1%	2.7%
065	Other industrial products	0.8%	0.6%
066	Construction and public works	11.5%	10.4%
067	Wholesale and retail trade. recoveries and repair	8.6%	10.8%
068	Hotel and public establishment services	0.6%	0.6%
069	Internal transportation services	1.3%	1.1%
070	Maritime and air transportation services	0.7%	0.4%
071	Transportation related services	2.8%	0.9%
072	Telecommunications services	0.2%	0.2%
073	Other services for sale	19.2%	27.0%
000	Non classifiable	27.4%	13.3%
	of which non-resident subjects	*3.6%*	*13.0%*
	of which financial institutions	*0.1%*	*0.0%*
	of which others (1)	*23.7%*	*0.3%*
	Total	100%	100%

(1) The item in question includes Banca IFIS's commitments with companies operating in the healthcare and ancillary services sectors.