



**CONSOLIDATED QUARTERLY REPORT
AS AT 31 MARCH 2008**

TRANSLATION FROM THE ITALIAN ORIGINAL
WHICH REMAINS THE DEFINITIVE VERSION



Share Capital: Euro 31,260,482 fully paid-in
Bank Association no: 3205.2
Tax and Company Registration Number: 02505630109
VAT number: 02992620274
Bank register no.: 5508

REGISTERED OFFICE AND HEADQUARTERS

Via Terraglio, 63 – 30174 Mestre – Venice
Internet Address: www.bancaifis.it

BRANCHES

Ancona, Via Astagno, 3 – 60122
Bari, Via C. Rosalba, 47/z – 70124
Bologna, Viale A. Costa, 62 – 40026, Imola
Brescia, Via Malta 7c – Torre Kennedy, 25124
Cagliari, Viale Bonaria, 62 – 09125 (Ca)
Florence, Via Europa, 163 – 50126
Genoa, Via C.R. Ceccardi 3 int 3/A
Milan, Via Volta, 16 – 20093, Cologno Monzese
Naples, Via G. Porzio, 4 – Centro Dir. Isola E7 – 80143
Palermo, Via Monti Iblei 55 – 90146
Pordenone, Via De Paoli, 28/D – 33170
Rome, Viale B. Croce, 93 – 00144
Turin, Piazza C.L.N. 255– 10121
Venice, Via Gatta 11 – 30174, Mestre
Vicenza, Via Biron, 102/5/d, Monteviale

REPRESENTATIVE OFFICES

Romania, Boulevard Burebista, 3 – Bucharest
Hungary, Bajza U., 50 – Budapest

BOARD OF DIRECTORS

President Sebastien Egon Fürstenberg

Vice President Alessandro Csillaghy

C.E.O. Giovanni Bossi ⁽¹⁾

Directors 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

INDEPENDENT AUDIT FIRM KPMG S.p.A.

Member of Factors Chain International



(1) The C.E.O. has powers for the ordinary administration of the company.

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
(in thousands of Euro)

ASSETS	PERIOD		VARIATION	
	31/03/2008	31/12/2007	ABSOLUTE	%
Cash and cash equivalents	16	13	3	23.1%
Financial assets held for trading	461	62	399	643.5%
Financial assets available for sale	1,216	1,216	---	---
Due from banks	135,072	312,091	(177,019)	(56.7)%
Due from clients	896,297	923,061	(26,764)	(2.9)%
Tangible assets	33,288	32,741	547	1.7%
Intangible assets of which:	1,977	1,927	50	2.6%
- goodwill	957	941	16	1.7%
Tax assets	994	993	1	0.1%
a) current	2	2	---	---
b) deferred	992	991	1	0.1%
Other assets	4,008	3,300	708	21.5%
TOTAL ASSETS	1,073,329	1,275,404	(202,075)	(15.8)%

LIABILITIES	PERIOD		VARIATION	
	31/03/2008	31/12/2007	ABSOLUTE	%
Due to banks	827,485	1,010,365	(182,880)	(18.1)%
Due to clients	40,752	57,776	(17,024)	(29.5)%
Outstanding shares	36,572	36,134	438	1.2%
Tax liabilities	2,781	2,418	363	15.0%
a) current	534	171	363	212.3%
b) deferred	2,247	2,247	---	---
Other liabilities	27,413	33,616	(6,203)	(18.5)%
Retirement/severance allowance	1,067	1,100	(33)	(3.0)%
Valuation reserve	107	107	---	---
Capital instruments	611	611	---	---
Reserves	58,999	39,281	19,718	50.2%
Share premiums	45,166	44,887	279	0.6%
Capital	31,257	31,154	103	0.3%
Treasury shares	(4,128)	(1,579)	(2,549)	161.4%
Net profit	5,247	19,534	(14,287)	(73.1)%
TOTAL LIABILITIES	1,073,329	1,275,404	(202,075)	(15.8)%

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in thousands of Euro)

	PERIOD		VARIATION	
	31/03/2008	31/03/2007	ABSOLUTE	%
Receivable interest and similar income	17,339	11,382	5,957	52.3%
Payable interest and similar expenses	(11,174)	(7,572)	(3,602)	47.6%
Interest margin	6,165	3,810	2,355	61.8%
Receivable commission	9,604	7,154	2,450	34.2%
Payable commission	(881)	(518)	(363)	70.1%
Net commission	8,723	6,636	2,087	31.4%
Net trading result	38	21	17	79.2%
Earning margin	14,926	10,467	4,459	42.6%
Net value adjustment write-downs on:	(1,263)	(209)	(1,054)	504.3%
a) credit	(1,263)	(209)	(1,054)	504.3%
Net operating revenue	13,663	10,258	3,405	33.2%
Administrative expenses:	(5,922)	(4,478)	(1,444)	32.2%
a) personnel expenses	(3,994)	(3,025)	(969)	32.0%
b) other administrative expenses	(1,928)	(1,453)	(475)	32.7%
Value adjustments on tangible assets	(302)	(258)	(44)	17.0%
Value adjustments on intangible assets	(97)	(86)	(11)	12.8%
Other operating income (expenses)	(70)	102	(172)	(168.6)%
Operating costs	(6,391)	(4,720)	(1,671)	35.4%
Gross profit from current operations	7,272	5,538	1,734	31.3%
Tax on profit from current operations	(2,025)	(2,033)	8	(0.4)%
Parent company net profit	5,247	3,505	1,742	49.7%

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT: QUARTERLY EVOLUTION

(in thousands of Euro)

	ACCOUNTING YEAR 2008		ACCOUNTING YEAR 2007		
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Receivable interest and similar income	17,339	17,640	14,563	12,148	11,382
Payable interest and similar expenses	(11,174)	(10,565)	(9,495)	(7,955)	(7,572)
Interest margin	6,165	7,075	5,068	4,193	3,810
Receivable commission	9,604	9,547	9,117	7,687	7,154
Payable commission	(881)	(737)	(688)	(539)	(518)
Net commission	8,723	8,810	8,429	7,148	6,636
Dividends and similar	---	---	1	45	---
Net trading result	38	51	(5)	(49)	21
Profit (loss) from reassignment/buybacks of:	---	(100)	1,515	1,070	---
a) credit	---	---	1,515	1,070	---
b) available for sale financial assets	---	(100)	---	---	---
Earning margin	14,926	15,836	15,008	12,407	10,467
Net value adjustment write-downs on:	(1,263)	(717)	(1,290)	(254)	(209)
a) credit	(1,263)	(717)	(1,290)	(254)	(209)
Net operating revenue	13,663	15,119	13,718	12,153	10,258
Administrative expenses:	(5,922)	(6,214)	(4,614)	(5,258)	(4,478)
a) personnel expenses	(3,994)	(4,103)	(3,023)	(3,380)	(3,025)
b) other administrative expenses	(1,928)	(2,111)	(1,591)	(1,878)	(1,453)
Value adjustments on tangible assets	(302)	(312)	(277)	(272)	(258)
Value adjustments on intangible assets	(97)	(133)	(102)	(98)	(86)
Other operating income (expenses)	(70)	193	(953)	194	102
Operating costs	(6,391)	(6,466)	(5,946)	(5,434)	(4,720)
Gross profit from current operations	7,272	8,653	7,772	6,719	5,538
Tax on profit from current operations	(2,025)	(3,010)	(2,127)	(1,978)	(2,033)
Parent company net profit	5,247	5,643	5,645	4,741	3,505

NOTES TO THE FINANCIAL STATEMENTS

Criteria for the preparation of financial statements

Banca IFIS Group's Quarterly report as at 31 March 2008 has been prepared in compliance with the provisions as per article 154-ter of Legislative Decree no. 58 of 24 February 1998 and subsequent modifications.

Banca IFIS Group has prepared this Quarterly report according to the IAS/IFRS accounting standards.

The consolidated financial statements as at 31 March 2008 are

compared with those of 31 December 2007; in addition, a comparison is made between the profit and loss account results as at 31 March 2008 and those as at 31 March 2007.

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

The Quarterly report is not audited by the independent auditing company.

Consolidation area

The structure of the group as at 31 March 2008 is unchanged compared to 31 December 2007 and is composed of the parent company Banca IFIS S.p.A. and the 100% controlled companies: Immobiliare Marocco S.p.A., and IFIS Finance Sp. Z.o.o., both consolidated using the line-by-line method.

The accounts on which the consolidation is based are those prepared by the companies of the group as at 31 March 2008.

**BOARD OF DIRECTORS' OBSERVATIONS
AND SIGNIFICANT EVENTS IN THE PERIOD**

Trends in the first Quarter and positioning of the Banca IFIS Group

In the first Quarter 2008, the macro-economic scenario did not show any signs of improvement when compared to the second Half 2007.

The turbulence originally recorded in August 2007 continued to have effect even in 2008, overwhelming multinational credit institutions and creating uncertain forecasts for the medium-term future of liquidity markets.

The last few months of 2007 also saw the first signs of the prospect of a global deceleration in economic growth, making it possible to hypothesise the start of a recession of unknown duration and consequential effects on the market.

The Banca IFIS Group (from hereon in referred to as Banca IFIS) has continued, in this difficult context, to provide the financial support and services to enterprises that characterize its business model.

These market conditions have made the granting of credit to enterprises ever-more selective and more onerous, in terms of spread, for the borrowers who resort to financing from banks. Such a phenomenon, far from ending, will presumably keep on characterizing the credit market, especially for SMEs, throughout the entire 2008 year and beyond.

In this scenario, Banca IFIS, aware of its position and the active role that it is able to exercise to its clients' benefit, did not consider it necessary to modify its strategy as a result of such turbulence. Lending financial support to SMEs remains Banca IFIS's core business. However, taking market conditions, new assessments of credit risk and liquidity conditions into consideration, Banca IFIS believed it best to orient its actions on growth in prof-

itability in a context of controlled risk, rather than being guided by the volume of receivables purchased. Specifically, Banca IFIS has changed operations with certain larger clients that render more modest returns, progressively terminating such relationships over 2007. Comparative analysis of the Quarter confirms this variation: an increase in the volume of receivables purchased of only 1% (from 720 million Euro in the first Quarter 2007 to 727 million Euro in the first Quarter 2008) is 'counteracted' by a growth in profitability in terms of earning margins of 42.6% (from 10,467 thousand Euro in the first Quarter 2007 to 14,926 thousand Euro for the corresponding period of 2008) and an increase in profit for the period of 49.7% (from 3,505 thousand Euro to 5,247 thousand Euro). Hence, the difference in profitability variables when compared with volume is due to substituting large size, low profitability business with business deriving from new, smaller clients rendering higher profitability levels.

In addition, the new market conditions also allow more room for operators attentive to asset-based lending and historically specialised in factoring activities that maximise efficiency in the face of higher credit spread, such as that expected in the future in Italian and European economies.

The Strategic Plan

In this context, since 2007, Banca IFIS has taken actions to increase its ability in customer relations, its territorial presence and its sales network by employing young and motivated new resources.

Banca IFIS did not have to wait long for the market's response to such actions, as the figures of the Quarterly report and the bank's growth rates clearly show. Based on the market and thanks to its

ability to listen to clients' demands, Banca IFIS has drawn up the first steps for a structural change of approach that, far from wanting to abandon the business model that has allowed the bank to reach the levels it has today, can direct the actions of the bank over the next three years.

The essence of the Industrial plan 2008-2010 involves integrating, to the advantage of client enterprises and entrepreneurs, new relationship-based activities to the historic transactional-based activities of product and Bank-factor. Such a change is to be made without abandoning the activity of supporting working capital but rather integrating it with other activities that are better geared to maintaining relationships with the client long-term. This change is very important and does not, at present, require the creation of new products but only the distribution of products already created by third parties through specific ad hoc agreements to the favour of enterprises and entrepreneurs.

The four main supporting pillars to the strategies of the industrial plan 2008 – 2010 can be summarised as follows:

- Internal growth
- Internationalisation
- Distribution of new products
- Diversification in funding and deposits

As far as concerns internal growth, the guidelines defined by the strategic plan are represented by the attainment of potential clients through strengthening the sales network and through the diffusion of better knowledge of the factoring product; by opening new branches - light structures with break-even within one year of start-up – which will reach 14 at the beginning of 2008 and are expected to reach 28 at the end of 2010; and through the selection and in-house training of junior sales staff throughout Italy.

With this aim, during the first Quarter 2008, a territorial office in Vicenza was opened, together with a branch in Genoa in early April; 14 new employees were taken on, of which 8 in the new branches and 6 at Headquarters, bringing the overall number of employees in the Group to 225. 14 of these employees work in countries other than Italy (Poland – care of the controlled company IFIS Finance S.p.A., Paris, Bucharest and Budapest).

The **strategy of internationalisation** involves the management and financing of working capital in European enterprises through Banca IFIS's own sales network and through excellent knowledge of the global credit market. The internationalisation strategy will continue developing along two main channels: the first one, direct, consists of possible acquisitions of small and medium sized operators in central European countries and the opening of offices in Central-European countries. The second channel, indirect, revolves around expanding existing commercial relationships and the actual membership of Banca IFIS S.p.A. in Factors Chain International - an Italian interlocutor by excellence.

The third pillar to the strategic plan involves **the distribution of new products to the clientele**. To such an end, in the month of March 2008, an agreement for the distribution of leasing was signed with Centro Leasing Banca S.p.A.. This new approach should significantly increase client retention, an essential factor for a product expert, hence allowing Banca IFIS to maintain relationships with the client in the long term, thanks to the multiplicity of the products offered.

Lastly, the fourth pillar is **the diversification of funding and deposits** through: the reinforcement of bilateral relationships with Italian and European banks, thanks to

their positive opinion of Banca IFIS's business model; direct access to the Euro system and the preparation of an EMTN program in expectancy of an improvement in liquidity conditions; the negotiation of further short or medium term syndicated loans in line with market conditions (given the modest importance of the higher costs of such form of financing in a context where client margins are more important than the containment of funding costs); and the start-up of retail funding programmes, also online.

Profit and Loss account

Operating revenue

The **earning margin** passed from 10,467 thousand Euro in the first Quarter 2007 to 14,926 thousand Euro in the first Quarter 2008, once again showing impressive growth (+42.6%).

The individual components making up the earning margin showed differing growth due to the ever increasing or decreasing 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.

Nevertheless, in detail, the **interest margin** reached 6,165 thousand Euro in the first Quarter 2008, increased by 61.8% compared to 3,810 thousand Euro in the same period in the previous year. This increase is the result of changes in market rates as well as actions taken to optimise profitability from commitments.

Net commission, equalled 8,723 thousand Euro, compared to 6,636 thousand Euro in the first Quarter 2007 (+31.4%).

This increase is due not only to Banca IFIS's ability to create added

value during factoring activities through credit management and connected services, but is also thanks to the strengthening of the sales network which has led to increased volumes of business. Expenses incurred from this, fall mainly under personnel expenses. The interest margin and net commission as a percentage of the earning margin were respectively 41.3% and 58.4%.

Net adjustments write-downs on receivables from loans in the first Quarter 2008 amounted to 1,263 thousand Euro, compared to 209 thousand Euro for the first Quarter 2007. The figures as at 31 March 2008 refer to 1,103 thousand Euro of collective value adjustments on performing receivables, whilst the remaining amount refers to write-downs and write-backs on bad debts on loans. Banca IFIS has continued to be rigorous in its assessment of asset quality, booking write-downs to the profit and loss account in a timely manner as soon as presuppositions to do so arise.

Operating revenue

Operating revenue for the first Quarter 2008 amounted to 13,663 thousand Euro, an increase of 33.2% when compared to 10,258 thousand Euro in the first Quarter 2007.

Gross profit from current operations

Operating costs increased by 35.4% in line with the bank's strategies for 2008 which aim to strengthen the structure, with particular emphasis on human resources. Operating costs passed from 4,720 thousand Euro for the first Quarter 2007 to 6,391 thousand Euro for the first Quarter 2008.

The ratio between operating costs and the earning margin (cost /income ratio) as at 31 March 2008 equalled 42.8% compared to

45.1% as at 31 March 2007 and 42% as at 31 December 2007.

In detail, **personnel expenses** passed from 3,025 thousand Euro in the first Quarter 2007 to 3,994 thousand Euro in the first Quarter 2008, an increase of +32%. This increase is physiological and corresponds to expectations, taking into consideration the systematic increases in the number of personnel.

During the first Quarter 2008, 14 new employees were taken on.

Other administrative expenses for the first Quarter 2008 amounted to 1,928 thousand Euro, against 1,453 thousand Euro for the corresponding period of 2007 (+32.7%). This increase is physiological and in line with expectations and is related to costs connected to the further development of the business: professional consultancy and assistance, maintenance and IT assistance, and lastly, support for improved selection and control of credit.

Net value adjustments on intangible assets, which stood at 97 thousand Euro as at 31 March 2008, an increase of +12.8% compared to the first Quarter 2007, is mainly due to improvements in IT support, while **net value adjustments on tangible assets** equaling 302 thousand Euro as at 31 March 2008, increased by 17% from 258 thousand Euro in the first Quarter 2007.

Other operating expenses amounted to 70 thousand Euro for the first Quarter 2008, compared to 102 thousand Euro in the first Quarter 2007. This item includes, amongst other things, 300 thousand Euro resulting from settling a dispute with a trustee in bankruptcy of an ex-assignor, as per an agreement drawn up between the parties in early April. This settlement is described in more detail under the section 'significant events after closing the period'.

Gross profit from current operations for the first Quarter 2008 equalled 7,272 thousand Euro, compared to 5,538 thousand Euro from the first Quarter 2007, a rise of 31.3%.

Net profit

Income taxes on current operations for the period are estimated at 2,025 thousand Euro, a decrease of 0.4% from the 2,033 thousand Euro of the first Quarter 2007.

Net profit for the first Quarter 2008 amounted to 5,247 thousand Euro, an increase of 49.7% from the corresponding period of 2007. In the absence of third party profit, the result refers entirely to the group.

The main capital aggregates

The group is almost exclusively involved in financing the working capital of Italian and European enterprises through factoring. Specifically, as far as concerns financing activities such as derivatives and subprime mortgages, the trends of which have negatively affected the recent results of some credit institutions, it is important to state that Banca IFIS has no direct or indirect exposure to subprime mortgages; nor is it exposed to investments in financial products having such mortgages as an underlying activity or referring to them; neither is it in any way exposed to the granting of guarantees connected to such products.

Furthermore, Banca IFIS S.p.A. does not carry out any investment activities or trading of securities on behalf of third parties and that carried out on its own behalf is limited to hedging instruments against market risk. This is as the group's financial risk profile originated as a banking portfolio.

Due from clients

Total net due from clients as at 31

March 2008 reached 896 million Euro, a slight decrease from 923 million Euro at 31 December 2007 (-2.9%) but it is necessary to take into account the typical year-end business peaks. Indeed, this item has increased by 16.1% if compared to the 722 million Euro of 31 March 2007.

Total net loans, excluding net bad debts for 8 million Euro, totalled 888 million Euro for the period, compared to 916 million Euro as at 31 December 2007 and 765 million Euro as at 31 March 2007.

Doubtful loans to clients

Total bad debts on loans due from clients, at net balance sheet values, stood at 7,847 thousand Euro, a growth of 6.3% if compared to 31 December 2007. The percentage of net bad debts on loans over total loan commitments to clients equalled 0.9%, against 0.8% as at 31 March 2007. The adjustments equalled 74.4% of gross bad debts on loans, compared to 75.3% as at 31 December 2007.

Total difficult loans at net book values for the period stood at 3,923 thousand Euro, an increase compared to 2,143 thousand Euro as at 31 December 2007 (+83.1%) due to transferring a position that is proving difficult to handle despite the debtor being of a high credit rating.

The percentage of net difficult loans out of total loans to clients passed from 0.2% as at 31 December 2007 to 0.4% as at 31 March 2008.

Total non-performing loans due from clients amounted to 11,770 thousand Euro as at 31 March 2008, a growth of 23.5% compared to the 9,528 thousand Euro of 31 December 2007. The percentage of net non-performing loans on total loan commitments equalled 1.3%, an increase when compared to the 1% of 31 December 2007. The percentage of net non-performing loans on shareholders' equity passed from 7.1% as at 31 December 2007 to

8.6% as at 31 March 2008.

Due from banks

Total due from banks equalled 135 million Euro as at 31 March 2008, a decrease compared to the 312 million Euro of 31 December 2007, whilst an increase when compared to the 67 million Euro of 31 March 2007.

The utilisation of available financial resources care of other institutes does not represent a core activity for the bank. 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 as at 31 March 2008 amounted to 904,809 thousand Euro, a decrease of 18.1% compared to 1,104,275 thousand Euro as at 31 December 2007; This decrease is not due to the reduced necessity for financial resources to satisfy clients' needs that typically occur at year-end but, rather, is due to the already mentioned reduction in receivable inter-banking deposits that characterised the treasury position at the end of the 2007 financial year.

Due to banks equalling 827,485 thousand Euro, a decrease of 18.1% compared to 1,010,365 thousand Euro as at 31 December 2007 are composed of interbank deposits for 695,050 thousand Euro, (-19.7% compared to December 2007), and by the net funding deriving from the reassignment of commercial receivables portfolios for 132,435 thousand Euro, (-

8.4% compared to December 2007).

In the first few days of January, Banca IFIS utilised a syndicated loan ("*Mandated Arranger*" *Intesa Sanpaolo S.p.A., Natixis e Raiffeisen Zentralbank*) underwritten in December 2007 on the international money market, for a counter value of 171 million Euro with 18 month maturity and a spread of 55 basis points over the reference Euribor at Banca IFIS's discretion (always the one month Euribor over the first Quarter 2008). Such syndicated loan confirms international credit institutes' positive opinion of Banca IFIS's operational model, even in the face of strong turbulence on liquidity markets.

Deposits from clients, equal to 40,752 thousand Euro fell 29.5% from 57,776 thousand Euro at 31 December 2007. Deposits from clients are 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 convertible bond 2004-2009", issued in July 2004 for a nominal amount of Euro 50 million Euro, totalled 36,572 thousand Euro as at 31 March 2008 (+1.2% compared to 31 December 2007). 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 debt, even though these instruments are intended for later resale.

The tension on the money market that characterised the second Half of 2007, with repercussions on the first Quarter 2008 and which will presumably continue to have an effect on the funding operations of operators in this sector in the near future, has not had an effect on Banca IFIS's operations. As can be seen, the difficulty in obtaining resources on the interbanking market has been particularly evident for those financial institutes that create their liquidity through wholesale banking as ap-

posed to retail banking to families and enterprises.

The bank's position in terms of Asset Liability Management has allowed Banca IFIS to face market trends with serenity. Specifically, the bank's usual counterparties have appreciated the strong correlation between the bank's commitments and the underlying commercial operations and the short horizon of the same. The financial position of the bank has always been in excess of requirements and is expected to remain so.

Tangible and intangible assets

Intangible fixed assets totalled 1,977 thousand Euro, an increase of 2.6% compared to 31 December 2007, essentially due to reinforcing IT supports.

Tangible fixed assets increased from 32,741 thousand Euro to 33,288 thousand Euro (+1.7%).

The property entered among the consolidated tangible assets relates to the important historical building, 'Villa Marocco', for which a renovation and expansion project was created and approved by the Monuments Office for the region and for which work was substantially completed in December 2007; the property which housed the management up to December 2005, and was then leased in part to the controlling company in 2006; the representative office in Bucharest; an office building in Padua and a building of residual value.

'Villa Marocco' is not depreciated as its estimated residual value at the end of its useful life is expected to be higher than its book value.

Equity

In the absence of assets attributable to third parties, net equity as at 31 March 2008 was 137,259 thousand Euro, against 133,995 thousand Euro as at 31 December 2007. In the first Quarter 2008, equity increased as a result of 5,247 thousand Euro of profit for the period, of the exercising of war-

rants for 436 thousand Euro, of the sale of treasury shares for 2,931 thousand Euro and of the exercising of stock options for 53 thousand Euro and decreased due to buy-backs for 5,587 thousand Euro. Lastly, it increased thanks to the booking of some items, for a total amount of 184 thousand Euro, to reserves, as per IAS principles.

Other Information

Fitch rating

On 21 December 2007, Fitch Ratings International confirmed Banca IFIS's rating of BBB-. In detail, Fitch confirmed its Long Term Rating of BBB-, its Short Term Rating of F3, and its Individual Rating of C. In addition, Fitch confirmed its Support Rating of 5 with a Stable Outlook.

Operations on treasury shares

The Ordinary Shareholders' Meeting of 17 April 2008 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 10 million Euro. The Shareholders' Meeting also established the duration of the authorisation as 18 months from the date of the resolution.

At 31 December 2007, Banca IFIS held 161,913 treasury shares for a counter value of 1,579 thousand Euro (average price of transaction in portfolio, 9.75 Euro) and a nominal value of 161,913 Euro.

During the first Quarter 2008, Banca IFIS purchased, at the weighted average price of 8.73 Euro, no. 640,173 treasury shares at a counter value of 5,587 thousand Euro and a nominal value of 640,173 Euro and sold at the weighted average price of 8.77

Euro, no. 334,080 treasury shares at a counter value of 2,931 thousand Euro and a nominal value of 334,080 Euro, realising a loss of 107 thousand Euro which, as per the International Accounting Standards, is booked to equity reserves. The remainder in portfolio at the end of the first Quarter 2008 stood at 468,006 treasury shares for a counter value of 4,128 thousand Euro (average price of transaction in portfolio 8.82 Euro per share) and a nominal value of 468,006 Euro.

Transactions on own bonds

At 31 December 2007, the bank held 1,141,322 own bonds entered for a counter value of 14,336 thousand Euro and a nominal value of 14,266,525 Euro. During the first Quarter 2008, Banca IFIS did not carry out any purchase or sales of its own bonds.

Exercise of Banca IFIS warrants 2005-2008

Over the course of the first Quarter 2008, no. 72,604 Banca IFIS warrants 2005-2008 were exercised, increasing equity by 436 thousand Euro. Overall, 2,132,125 warrants equal to 41.9% of the total number of warrants issued have been exercised.

Exercise of stock options

As at 31 March 2008, the following stock option plans remain standing: -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.

- Plan 4 (deliberated 30 April 2007) which amounts to a total of 204,500 shares of a nominal value of 1 Euro, subscribable at a price of 10.10 Euro and exercisable be-

tween 1 September and 31 December 2010 of which 64,500 shares for directors and 140,000 shares for Banca IFIS employees in general.

- Plan 5 (deliberated 30 April 2007) which amounts to a total of 240,000 shares of a nominal value of 1 Euro, subscribable at a price of 10.10 Euro and exercisable between 1 January and 30 April 2011 of which 59,200 shares for directors and 180,800 shares for Banca IFIS employees in general.

To the date of this Quarterly report, 33,810 options relating to the A3/D3 plan have been exercised.

Significant events during the period

Product leasing distribution

On 24 January 2008, the Board of Directors approved Banca IFIS's entry into the leasing distribution sector, aimed at enterprises, with particular attention to SMEs that have always characterised the target market of Banca IFIS. On 3 March 2008, a commercial agreement for leasing distribution was signed with Centro Leasing Banca S.P.A., a specialist in this sector. Such activity will take place through Banca IFIS's direct sales network.

New branch opened

On 25 March 2008, having received clearance from the regulatory, supervisory bodies, a branch in Genoa was opened.

Significant events after 31 March 2008

Settlement of Dispute

On 7 April 2008, Banca IFIS drew up an agreement with the bankruptcy trustee of a client that, on 21 March 2003, opened a revocatory bankruptcy court case requesting that the bank be condemned to pay the amount of 16.2 million Euro.

In performance of the above agreement, the counterparty has permanently renounced the aforesaid application, with consequent closure of the case, in exchange for the payment by Banca IFIS of 300 thousand Euro (equal to 1.8% of the original amount requested) as settlement for all amounts originating or consequent to the factoring and current account relationship originally existing between the parties.

The financial effect of such a settlement has been shown in the present Quarterly report.

Opening of a Paris branch

The Board of Directors' Meeting of 17 April 2008 has approved the opening of branch in Paris, as part of the move to increase the bank's territorial presence in Europe, an integral part of the Strategic Plan.

On 8 March 2008, the relative application was submitted to the Bank of Italy in order to individuate the opportune steps to be taken.

At present, activities are currently being carried out by the bank's employees in Paris, offering services without a specific establishment. The opening of a proper branch will allow better monitoring and management of work flows originated in France in the face of Italian enterprises, and those originated in Italy and other areas where the bank is present, in the face of French enterprises.

Capital increase of controlled company, IFIS Finance

The Board of Directors' Meeting of 17 April 2008 also approved the strengthening of the Polish share-

holding, IFIS Finance, headquartered in Warsaw. Considering the good results recorded, the strong demand for factoring in Poland and the success of Banca IFIS Group's intervention, the Board of Directors has resolved to increase corporate equity to 20 million Euro. This amount will be used to sustain growth in loan commitments to small/medium sized industrial clients in Poland, according to the model already developed by the bank in Italy and as part of the plan to export the bank's operations to other European markets.

No other significant events occurred after the closure of the period and up to the date in which the present report was approved.

Forecasts for the future

Economic trends for the remaining months of 2008 appear negative. The strength of the Euro in comparison to the American dollar, together with the level of interest rates, maintained high by the European Central Bank due to the importance of controlling inflation rather than encouraging growth in production, project particularly modest growth rates in the Euro zone. Italy shows the worst rates of the Euro zone.

The attitude of the banking system as regards granting credit to SMEs appears moderate and decreasing, being conditioned by both compliance with Basel 2 requirements and the new, increased sensitivity to credit risk.

An increase in profit margins for intermediaries is expected, accompanied by increased risk in general bank commitments with enterprises;

such greater risk, in turn, can be contained by operations such as factoring, where risk is transferred to good credit rated debtors.

As a result of recent trends in the credit market and liquidity, the Banca IFIS Group has selected its clientele concentrating on counterparties that are smaller with greater profitability, where the risk is controlled and, particularly, transferred to the assigned debtor counterparty, who usually has better credit worthiness than the assigning client.

Strategic orientation and organisation of the group remains pointed in this direction; dimensional growth in the remaining Quarters of 2008 will be confirmed through the SME sector, needier of support and not adequately catered to by general banks. This orientation - which Banca IFIS will continue to follow - being understood, should market prospects for credit and liquidity improve, the bank may consider the opportunity of selecting larger counterparties as long as suitable financial conditions apply.

In general, forecasts for the Banca IFIS Group are positive and allow optimism as far as concerns trends for the remaining Quarters of the year and for the year 2008 as a whole.

Mestre, Venice - 14 May 2008

For the Board of Directors

The President

Sebastien Egon Fürstenberg

The C.E.O.

Giovanni Bossi

BREAKDOWN OF CLIENTS BY GEOGRAPHIC AREA

LOANS

TURNOVER

North Italy	40.2%	41.3%
Central Italy	32.7%	28.5%
South Italy	22.2%	18.2%
Overseas	4.9%	12.0%
Total	100%	100%

BREAKDOWN OF CLIENTS BY PRODUCT CATEGORY

LOANS

TURNOVER

051	Agriculture, forestry and fish products	1.0%	1.1%
052	Energy products	0.8%	0.0%
053	Minerals and ferrous and non-ferrous metals	0.3%	0.3%
054	Minerals and mineral based products	0.3%	0.3%
055	Chemical products	1.0%	0.4%
056	Products in metal excluding machines and equipment	9.0%	12.3%
057	Agricultural and industrial machines	2.2%	2.3%
058	Machines for offices, data processing and precision machinery	0.5%	0.3%
059	Electrical material and supplies	2.3%	1.8%
060	Transportation vehicles	5.0%	9.8%
061	Food and beverage products	1.6%	1.6%
062	Textile, leather, shoe and clothing products	4.6%	3.7%
063	Paper, printing and publishing	0.4%	0.8%
064	Rubber and plastic products	1.6%	1.8%
065	Other industrial products	1.1%	1.5%
066	Construction and public works	9.7%	7.8%
067	Wholesale and retail trade. recoveries and repair	13.6%	15.2%
068	Hotel and public establishment services	0.9%	0.9%
069	Internal transportation services	1.6%	2.1%
070	Maritime and air transportation services	0.8%	0.3%
071	Transportation related services	2.2%	0.7%
072	Telecommunications services	0.7%	0.1%
073	Other services for sale	21.5%	22.7%
000	Non classifiable	17.3%	12.2%
	<i>of which non-resident subjects</i>	<i>4.9%</i>	<i>12.0%</i>
	<i>of which financial institutions</i>	<i>1.9%</i>	<i>0.0%</i>
	<i>of which others ⁽¹⁾</i>	<i>10.5%</i>	<i>0.2%</i>
	Total	100%	100%

(1) The item in question includes Banca IFIS's commitments in companies operating in healthcare and auxiliary services sectors

**DECLARATION AS PER ARTICLE
82-ter OF CONSOB REGULATION
11971 OF 14 MAY 1999**

Declaration from the ‘Manager responsible for preparing corporate financial documents’

The undersigned, Carlo Sirombo, ‘**Manager responsible for preparing corporate financial documents’ for Banca IFIS S.p.A.** declares, as per paragraph 2, article 154 bis of the Consolidation Act on financial intermediation, that the financial information contained in the present consolidated Quarterly Report as at 31 March 2008 corresponds to the documentable figures and results contained in Banca IFIS’s accounting and bookkeeping documents, books and registers.

**Manager responsible for preparing
corporate financial documents**

Carlo Sirombo

Mestre, 14 May 2008
