BANCA IFIS GROUP INTERIM REPORT AT 31 MARCH 2010

TRANSLATION FROM THE ITALIAN ORIGINAL WHICH REMAINS THE DEFINITIVE VERSION

Share Capital: 34,300,160 Euro fully paid in
Bank Licence No.: 3205.2
Tax Identification and Company Register No.: 02505630109
VAT No.: 02992620274
Enrolment No. in the Board of Banks: 5508

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

BRANCHES IN ITALY
Ancona - Via Astagno 3
Avellino - Contrada Chiaire 13/A, int 3
Bari - Via Lucera 26
Bergamo - Via G. Camozzi 106
Bologna - Imola, Via U. Lambertini 6
Brescia - Via Malta 7c, Torre Kennedy
Cagliari - Viale Bonaria 62
Catania - Via Teseo, no.13 int.15
Cuneo - Corso IV Novembre 12
Florence - Largo Guido Novello 1 - Scala C
Genoa - Via C.R.Ceccardi 3 int 3/A
Milan - Assago, Milanofiori, Strada 1, Palazzo F1
Milan - Cologno Monzese, Via A. Volta 16
Naples - Via G. Porzio 4 , Centro Dir. Isola E7
Padua - Viale dell'Industria 60
Palermo - Via Monti Iblei 55
Pescara - Viale Pindaro 18/1A, Complesso Piazza Accademia
Pordenone - Via De Paoli 28/D
Rome - Via B. Croce 6
Turin - Piazza C.L.N. 255
Treviso - Silea, Via G.Galilei 1
Varese - Gallarate, Largo Buffoni c/o Torre di Ghiaccio int. 2/G
Venice - Mestre, Via Gatta 11
Vercelli - Santhia', Via Gramsci 48 int. B1
Vicenza - Monteviale, Via Biron 102/5/d

FOREIGN BRANCHES
France - Paris, Place de la Défence 7

REPRESENTATIVE OFFICES
Romania - Bucharest, Str. Avrig 12, sect. 2
Hungary - Budapest, Bajza U. 50

OFFICES OF OTHER COMPANIES OF THE GROUP
IFIS Finance Sp. Z o.o.
Poland - Warsaw, Pl. Trzech Krzyży 3

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	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

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

INDEPENDENT AUDITORS 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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BANCA IFIS GROUP INTERIM REPORT AT 31 MARCH 2010

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In thousands of Euro)

ASSETS	PERIOD 31/03/2010	31/12/2009	VARIATION € '000	%
Cash and cash equivalents	22	4,614	(4,592)	(99.5)%
Financial assets held for trading	320	325	(5)	(1.5)%
Available for sale financial assets	434,243	387,705	46,538	12.0%
Due from banks	216,792	182,859	33,933	18.6%
Due from customers	1,327,473	1,247,026	80,447	6.5%
Plant, property and equipment and investment property	34,445	34,506	(61)	(0.2)%
Intangible assets	3,996	3,916	80	2.0%
of which:				
- goodwill	*887*	*826*	*61*	*7.4%*
Tax assets	5,022	4,997	25	0.5%
a) current	66	69	(3)	(4.3)%
b) deferred	4,956	4,928	28	0.6%
Other assets	110,892	107,463	3,429	3.2%
TOTAL ASSETS	**2,133,205**	**1,973,411**	**159,794**	**8.1%**

LIABILITIES	PERIOD 31/03/2010	31/12/2009	VARIATION € '000	%
Due to banks	707,855	840,546	(132,691)	(15.8)%
Due to customers	1,187,415	909,615	277,800	30.5%
Outstanding shares	20,150	20,443	(293)	(1.4)%
Tax liabilities	5,325	3,938	1,387	35.2%
a) current	1,541	742	799	107.7%
b) deferred	3,784	3,196	588	18.4%
Other liabilities	49,349	41,975	7,374	17.6%
Post employment benefit	1,062	1,055	7	0.7%
Fair value reserve	(1,295)	(4,007)	2,712	(67.7)%
Equity instruments	---	---	---	0.0%
Reserves	90,252	72,978	17,274	23.7%
Share premiums	49,765	49,765	---	0.0%
Capital	34,300	34,300	---	0.0%
Treasury shares	(16,495)	(14,413)	(2,082)	14.4%
Net profit for the period	5,522	17,216	(11,694)	(67.9)%
TOTAL LIABILITIES and NET EQUITY	**2,133,205**	**1,973,411**	**159,794**	**8.1%**

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	PERIOD		VARIATION	
	31/03/2010	**31/03/2009**	**€ '000**	**%**
Interest and similar income	13,472	14,316	(844)	(5.9)%
Interest and similar expenses	(8,093)	(8,442)	349	(4.1)%
Net interest income	**5,379**	**5,874**	**(495)**	**(8.4)%**
Commission income	16,791	12,173	4,618	37.9%
Commission expense	(955)	(783)	(172)	22.0%
Net commission income	**15,836**	**11,390**	**4,446**	**39.0%**
Net trading result	(111)	86	(197)	n.s.
Profit (losses) from sale or buybacks of:	---	(19)	19	n.s.
b) available for sale financial assets	---	---	---	---
d) financial liabilities	---	(19)	19	n.s.
Net banking income	**21,104**	**17,331**	**3,773**	**21.8%**
Net impairment losses on:	(2,831)	(2,181)	(650)	29.8%
a) loans and receivables	(2,831)	(2,181)	(650)	29.8%
Net profit from financial activities	**18,273**	**15,150**	**3,123**	**20.6%**
Administrative expenses:	(9,643)	(8,078)	(1,565)	19.4%
a) personnel expenses	(6,277)	(5,156)	(1,121)	21.7%
b) other administrative expenses	(3,366)	(2,922)	(444)	15.2%
Net impairment losses on plant, property and equipment and investment property	(318)	(314)	(4)	1.3%
Net impairment losses on intangible assets	(259)	(211)	(48)	22.7%
Other operating income	412	150	262	174.7%
Operating costs	**(9,808)**	**(8,453)**	**(1,355)**	**16.0%**
Pre-tax profit from continuing operations	**8,465**	**6,697**	**1,768**	**26.4%**
Income tax expense	(2,943)	(1,847)	(1,096)	59.3%
Profit for the period attributable to owners of the Parent company	**5,522**	**4,850**	**672**	**13,9%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION
(In thousands of Euro)

	YEAR 2010	YEAR 2009			
	1st Q.	**4th Q.**	**3rd Q.**	**2nd Q.**	**1st Q.**
Interest and similar income	13,472	13,254	12,937	15,391	14,316
Interest and similar expenses	(8,093)	(7,084)	(9,042)	(9,159)	(8,442)
Net interest income	**5,379**	**6,170**	**3,895**	**6,232**	**5,874**
Commission income	16,791	16,232	14,084	13,581	12,173
Commission expense	(955)	(997)	(897)	(1,115)	(783)
Net commission income	**15,836**	**15,235**	**13,187**	**12,466**	**11,390**
Dividends and similar	---	---	5,016	12,309	---
Net trading result	(111)	(147)	(4,956)	(11,863)	86
Profit (losses) from sale or buybacks of:	---	5,936	---	(1)	(19)
a) loans and receivables	---	2,243	---	---	---
b) available for sale financial assets	---	3,693	---	(1)	(19)
Net banking income	**21,104**	**27,194**	**17,142**	**19,143**	**17,331**
Net impairment losses on:	(2,831)	(12,097)	(2,738)	(3,202)	(2,181)
a) loans and receivables	(2,831)	(12,097)	(2,738)	(3,202)	(2,181)
Net profit from financial activities	**18,273**	**15,097**	**14,404**	**15,941**	**15,150**
Administrative expenses:	(9,643)	(9,729)	(7,410)	(8,435)	(8,078)
a) personnel expenses	(6,277)	(6,124)	(4,675)	(5,341)	(5,156)
b) other administrative expenses	(3,366)	(3,605)	(2,735)	(3,094)	(2,922)
Net impairment losses on plant, property and equipment and investment property	(318)	(337)	(336)	(308)	(314)
Net impairment losses on intangible assets	(259)	(328)	(284)	(253)	(211)
Other operating income	412	471	478	307	150
Operating costs	**(9,808)**	**(9,923)**	**(7,552)**	**(8,689)**	**(8,453)**
Pre-tax profit from continuing operations	**8,465**	**5,174**	**6,852**	**7,252**	**6,697**
Income tax expense	(2,943)	(2,517)	(2,312)	(2,083)	(1,847)
Profit for the period attributable to owners of the Parent company	**5,522**	**2,657**	**4,540**	**5,169**	**4,850**

NOTES TO THE FINANCIAL STATEMENTS

Criteria for the preparation of financial statements

Banca IFIS Group's interim report at 31 March 2010 has been prepared in compliance with both the provisions as per article 154-ter of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and with IFRS.

The consolidated financial statements at 31 March 2010 are compared, in terms of statement of financial position figures, with those at 31 December 2009 and, in terms of income statement results, with those at 31 March 2009.

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

Interim reports are not audited by the independent auditing company.

Consolidation area

The structure of the group at 31 March 2010 is unchanged compared to 31 December 2009 and is composed of the parent company Banca IFIS S.p.A. and the wholly-owned subsidiary IFIS Finance Sp. Z o.o., consolidated using the line-by-line method.

The accounts on which the consolidation is based are those prepared by the companies of the group at 31 March 2010.

DIRECTORS' REPORT

The macro-economic scenario

Recovery in the world economy, which began slowly in the Spring of 2009 and was evident in an oscillating manner over the year, continued in the first few months of this year, even though the levels of recovery experienced by the different areas of the world proved discontinuous and irregular. Specifically, Gross Domestic Product has accelerated in the United States, in Japan and in the main emerging countries, whilst in the Euro area recovery has been more modest. In all the main advanced economies activity continued to be sustained by extensive monetary and fiscal policies, and the start-up of the exit strategy that will be adopted in the next few months by governments will be decisive in deciding the outcome of the economic recovery.

If the GDP recorded for 2009 was -5% in Italy, -4% in the Euro Area and -2.5% in USA, growth in GDP for 2010 should be around 3% in the United States, 2% in Japan and 1% in the Euro Area; reaching 10% in China, 8% in India and 5.5% in Brazil.

In this scenario, characterized by extreme contrasts, the most significant factor is the dishomogenity of the recovery, which hides the marked differences between the different areas of the world. These differences are becoming still more acute, contradicting the historically demonstrated belief that deeper recessions are followed by more vigorous recoveries. Indeed, the countries that have been less struck by the depression (particularly the main emerging economies) are showing the strongest sign of recovery, whilst advanced economies, where the downturn has been more severe, are showing weaker recovery; this is particularly true for the Euro Area, where monetary policy is determined by the ECB and the high level of public debt prevents relying on expansive fiscal policies.

Hence, based on these premises, it can be affirmed that recovery will proceed at different speeds, with advanced economies having to resolve more difficult structural problems in comparison to emerging economies. The crisis, having increased the level of public debt in advanced economies, has also 'increased the sovereign risk' and exposed some basic weakness points; in the G7 countries, the levels of public debt are nearing the maximum levels recorded in the last sixty years, with the risk of threatening the stability of the global financial system, as is occurring in Greece.

As regards the Italian economy, after the recovery experienced in the third quarter of 2009, GDP returned to lower levels in the fourth quarter 2009 and remained more or less stable in the first quarter of the year in progress; the forecasts of 0.6% growth in 2010 and 1.1% in 2011 can therefore be confirmed.

Despite the tension on the financial and stock markets due to the European and Greece public finance crisis, the actions and declarations of the Federal Reserve and the ECB don't allow us to foresee a sudden change of rout in monetary policies; in particular, in the Euro Area, the weaker economic recovery, together with the rate of inflation still being under control, lead us to believe that the ECB should maintain the refinancing rate at 1% at least up to the end of the year in progress.

Faced with this scenario, as from 2008, credit institutions active in the industrialized world, and more specifically in Europe and Italy, have considerably restricted access to credit, mainly penalizing the smaller and most fragile customers. In addition, they have also increased, in a similarly significant way, the financial conditions payable by the financed customers, so as to take the changed perception of credit risk into account.

For enterprises, particularly SMEs, it has become objectively more complicated to obtain the financing necessary to support their growth or even, in some cases, guarantee their mere survival.

The Banca IFIS Group has continued, despite this difficult context, to provide enterprises with the financial support and services that characterize its corporate model, improving its market penetration, both on domestic and international fronts.

In addition, the new market conditions 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 real economies.

Over the first quarter 2010, Banca IFIS recorded a turnover (volume of receivables purchased over the quarter) of 1,087 million Euro, a significant increase when compared to 689 million Euro in the first quarter 2009 (+57.9%).

The substantial increase in volumes has been achieved despite Banca IFIS's focus on supporting small and medium enterprises, which continues to concentrate its financing activities on these enterprises which offer higher levels of profitability even from lower volumes.

A brief study of trends in continuing operations over the first three months of 2010 has highlighted the following points:

- Volumes of receivables purchased have increased dramatically when compared to the first quarter of 2009.
- Strong growth in the number of customers in the corporate and SME segment (+6.6% compared to 31 December 2009), forming

the basis for growth in future volumes once negative economic trends in the world economy improve.

- Growth in income offset by the higher costs involved in retail funding when compared to the interbank funding traditionally used by the bank.
- Important steps towards financial independence (the ratio between loans to customers and retail funding from customers currently equals 1:1 compared to 1:4 at 31 December 2009).
- High level of impairment losses on loans and receivables due to existing negative, economic trends.
- Higher costs incurred due to reinforcing the territorial and organisational structure of the bank that competes as a key player in the economic recovery which will follow the current, recessive phase.

The combined effect of all the above, together with the attenuation in the negative economic trends that characterised the year 2009, has led to an increase in net profit of 13.9% when compared to 31 March 2009.

The Strategic Plan

The Banca IFIS Group continues to pursue its strategy to improve relationships with customers, expanding its sales network by taking on young and motivated resources.

The 2010-2012 business plan, approved by the Board of Directors' Meeting of 4 March 2010, bases its guidelines on the evolution that the bank's business model has undergone, from being a bank specialised in factoring to being a relationship-based bank serving SMEs' needs for financing and services through direct relationships with, and offering global services to, enterprises and entrepreneurs. After having built up a large and diffused distribution network for the support of SMEs and having continued in its transformation from transaction-based bank to relationship-based bank, an important chapter has opened as regards the approach to credit and to customers: not just to offer factoring but also to satisfy enterprises' needs for financing and services through proximity to the customer, quality relationships and innovation in the approach to SMEs' creditworthiness. In comparison with the 2009-2011 business plan, despite basic assumptions being reasonably prudent due to the current, global, economic scenario now showing the first signs of a weak recovery, the bank's development and expansion plan for the next few years can be summarised as follows:

1) Internal growth;
2) Internationalisation;
3) Distribution of new services;
4)Consolidation of the current funding structure.

As far as concerns **internal growth**, the number of customers is expected to double over the next three years with further employment of sales staff trained in-house by Banca IFIS. The opening of 5 new branches (30 branches in Italy by 2012) has been forecasted, as has the development of new agreements with national and local banks, all this whilst continuing to pay attention to small enterprises with high growth potential who are less attended to by traditional banks but more profitable, weaker but with the credit risk always being transferred to the assigned debtor with a better credit standing.

The group's interest in **internationalisation** has been confirmed: however, its direct, current, international presence (Poland, Hungary, Romania, France and, by means of a non-controlling interest, India) will be increased only after the economies of the countries involved have stabilised, particularly those of Central European countries. In the short-term, the strategy of reinforcing existing commercial relationships and playing an ever-more active role in Factors Chain International - an international interlocutor par excellence - continues.

As for the **distribution of new services to customers**, after the launch of the distribution of leasing, the strategy to form agreements with independent local operators continues. This approach should increase customer loyalty in a meaningful way, hence allowing Banca IFIS to maintain relationships with customers in the long term, thanks also to the multiplicity of services offered.

As far as concerns **consolidation of the funding structure**: Rendimax, the online savings account launched in 2008, is confirmed as central to the bank's funding activities. The simplicity of the product and the stability of returns offered will be progressively accompanied by the introduction of new services for customers.

Income statement

Net profit from financial activities

Net banking income stood at 21,104 thousand Euro in the first quarter 2010, a growth of 21.8% when compared to 17,331 thousand Euro in the first quarter 2009 and in line with the fourth quarter 2009, net of non-recurrent components equalling 5.9 million Euro. This result is even more positive if considering the fact that traditionally the factoring market records higher volumes in the last quarter of the year when compared to the first. The growth in profit achieved goes to prove the Group's ability to produce profit even in a difficult macroeconomic context.

The constant development of products with a significant service component, income from which being classified under commission income, (without expressly indicating interest income), can bring about accentuated fluctuations between net interest income and net commission income and therefore makes a comparison between periods of little sense.

Still, in detail, **net interest income** came to 5,379 thousand Euro in the first quarter 2010, a decrease of 8.4% against 5,874 thousand Euro for the corresponding period of 2009.
This fall was influenced, amongst other things, by the higher costs of retail funding as opposed to the funding sources traditionally utilised by the group. The launch of direct funding does, however, represent a fundamental step in the bank's growth and completely changed the composition of the bank's funding structure, bringing it closer to financial independence (the ratio between loans to customers and funding from retail customers now stands at 1:1 against 1:4 at 31 December 2009), ever-increasing its ability to sustain the dramatic growth in core business.
This growth in funding costs has been partly mitigated by increases in charges to customers due to the higher risks connected to loan commitments as well as the ever-increasing contribution of returns on the portfolio of securities eligible for refinancing with the Euro system. Indeed, as from the second quarter 2009, the bank has progressively purchased a securities portfolio containing short-term, highly creditworthy, variable rate banking bonds. Such portfolio, equalling an amount of 430 million Euro at 31 March 2010, generated interest income during this quarter in the amount of 2,332 thousand Euro.

Net commission income grew by 39% from 11,390 thousand Euro to 15,836 thousand Euro.
This increase is attributable both to the rise in the number of existing customers in the corporate and SME sector and to increased commission and fees being applied to customers as a result of the complexity involved in the management service and the higher risk of anomalies in credit portfolios.

Net impairment losses on loans and receivables in the first quarter 2010 equalled 2,831 thousand Euro, against 2,181 thousand Euro in the first quarter 2009 (+29.8%). This increase is due to deterioration on the commercial credit market for SMEs.

Net profit from financial activities in the first quarter 2010 increased by 20.6% compared to the corresponding period of the previous year, from 15,150 thousand Euro to 18,273 thousand Euro.

Pre-tax profit from continuing operations

Operating costs were also affected by the increase in business and expansion of the organization, primarily in terms of quality human resources who joined Banca IFIS. In this regard, particular attention was given to selecting resources dedicated to enhancing, on the one hand, sales staff and, on the other, Headquarters' staff. The total amount of this item in the first quarter 2010 reached 9,808 thousand Euro, an increase of 16%.
The ratio between operating costs and net banking income (cost /income ratio) at 31 March 2010 equalled 46.5%, compared to 48.8% at 31 March 2009 and 42.8% at 31 December 2009.

In detail, **personnel expenses** passed from 5,156 thousand Euro in the first quarter 2009 to 6,277 thousand Euro in the first quarter 2010 (+21.7%). This increase is physiological and corresponds to expectations, taking into consideration the systematic increase in the number of personnel. In the period running from closure of the first quarter in 2009 to closure of the first quarter 2010, the workforce increased by 41 new employees.

Other administrative expenses in the first quarter 2010 amounted to 3,366 thousand Euro, against 2,922 thousand Euro for the corresponding period of 2009 (+15.2%). This increase is related to costs connected to further developing business, in particular in terms of support for improved selection and control of credit, and in terms of general expenses connected to the management of branches and territorial offices.

Net impairment losses on intangible assets, which stood at 259 thousand Euro at 31 March 2010, an increase of +22.7% compared to the first quarter 2009, is entirely due to improvements in IT support, while **net impairment losses on plant, property and equipment and investment property** stood at 318 thousand Euro at 31 March 2010, from 314 thousand Euro in the first quarter 2009 (+1.3%).

Other operating income, mainly made up of income deriving from the recovery of third party expenses, amounted to 412 thousand Euro in the first quarter 2010, compared to 150 thousand Euro in the first quarter 2009.

Pre-tax profit from continuing operations in the first quarter 2010 equalled 8,465 thousand Euro, compared to 6,697 thousand Euro in the first quarter 2009, an increase of 26.4%.

Net profit

Income tax expenses on continuing operations in the first quarter 2010 are estimated at 2,943 thousand Euro (+59.3% compared to 1,847 thousand Euro in the first quarter 2009).

Net profit in the first quarter 2010 amounted to 5,522 thousand Euro, an increase of 13.9% from the corresponding period of 2009. In the absence of profit from minority interests, the result refers entirely to the group.

Main financial position figures

The group is almost exclusively involved in factoring. Specifically, as far as concern financing activities such as derivatives and subprime mortgages, the trends of which having 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 asset or referring to them; neither is it in anyway exposed to the granting of guarantees connected to such products. Furthermore, Banca IFIS S.p.A. has never carried out transactions on derivative financial instruments on behalf of third parties and that carried out on its own behalf is limited to hedging instruments against market risk. This is because the group's financial risk profile originated as a banking portfolio due to the fact that the group does not habitually carry out trading activities on financial instruments.

Funding for the group's activity, aside from its own, comes from interbank funding, Euro system funding, funding from customers and from certificates of deposit with banks.

Due from customers

Total net due from customers at 31 March 2010 reached 1,327 million Euro, an increase of 6.5% from 1,247 million Euro at 31 December 2009 and of 36.3% if compared to the 974 million Euro of 31 March 2009.

Total net loans, excluding net non-performing loans for 23 million Euro, totalled 1,304 million Euro for the period, compared to 1,227 million Euro at 31 December 2009 and 960 million Euro at 31 March 2009.

Impaired loans due from customers

Total non-performing loans due from customers, at net balance sheet values, stood at 23,415 thousand Euro, a growth of 15.9% if compared to 31 December 2009. The percentage of net non-performing loans over total loan commitments to customers equalled 1.8%, a slight increase from 1.6% at 31 December 2009. The percentage of net non-performing loans on shareholders' equity passed from 13% at 31 December 2009 to 14.4% at 31 March 2010.

Impairment losses equalled 65.8% of gross non-performing loans, compared to 67.9% at 31 December 2009.

Total substandard loans for the period, at net balance sheet values, stood at 30,527 thousand Euro, an increase compared to 21,482 thousand Euro at 31 December 2009 (+42.1%). These figures are net of the 'recourse objective substandard loans' recently introduced by the Bank of Italy's regulations.

The percentage of net substandard loans on total loans to customers passed from 1.7% at 31 December 2009 to 2.3% at 31 March 2010.

Total impaired loans due from customers amounted to 53,942 thousand Euro at 31 March 2010, a growth of 29.4% compared to 41,689 thousand Euro at 31 December 2009. The percentage of net impaired loans on total loan commitments equalled 4.1%, a slight increase when compared to the 3.3% of 31 December 2009.

Banca IFIS, thanks to having adopted a business model that is ideal for transferring risk from the customer to the more reliable debtor, is able to mitigate its exposure to customer default.

Nevertheless, the serious worsening in economic market variables has also led to widespread deterioration in the more creditworthy debtor counterparties, hence exposing the bank to a meaningful worsening of its assets, even if partially expected.

Available for sale financial assets

This item amounted to 434,243 thousand Euro at 31 March 2010, against 387,705 thousand Euro at the end of 2009 (+12%).

As from the second quarter of 2009, a portfolio of assets eligible for financing with the Euro system was put in place in the form of short-term, highly creditworthy, variable rate banking bonds. Such portfolio, which at 31 March 2010 amounted to 430 million Euro, aims to maintain a solid liquidity base that is consistent with strategies, in a funding context that is now dominated by on demand and term retail funding.

Due from banks

Total due from banks equalled 217 million Euro at 31 March 2010, an increase of 18.6% compared to 31 December 2009 and of 111% compared to 31 March 2009.

The rise is partly due to the classification under this item of 92,075 thousand Euro of securities not quoted on an active market and eligible with the Euro system. This securities portfolio is held for the same reason as the banking bond portfolio classified under available for sale financial assets.

Funding

Total funds at 31 March 2010 amounted to 1,915,420 thousand Euro, an increase of 8.2% compared to 31 December 2009.

Deposits from customers make up 62% of total funding compared to 51.4% at 31 December 2009.

Interbank deposits consequently decreased from 38.9% at 31 December 2009 to 21.5% at 31 March 2010.

In detail, due to banks equalled 707,855 thousand Euro (-15.8% compared to December 2009) and consisted of:

- 391,312 thousand Euro of interbank deposits (-41.5% compared to December 2009) of which 99,000 thousand Euro regulated on the E-mid platform;
- 316,543 thousand Euro of funding from repurchase agreements, (+84.3% compared to December 2009). For this purpose both securities obtained thanks to the securitisation transaction on performing receivables started in October 2008 and banking bonds included in the available for sale assets and due from banks categories were used.

Due to customers equalled 1,187,415 thousand Euro (+30.5% compared to December 2009) and refer mainly to funding obtained from the Rendimax platform, which has been extremely successful, recording over 21 thousand existing relationships.
Furthermore, deposit certificates with bank counterparts were issued for an amount of 20,150 thousand Euro (-1.4% compared to December 2009).

Plant, property and equipment and investment property and intangible assets

Intangible fixed assets totalled 3,996 thousand Euro, an increase of 2% compared to 31 December 2009, essentially due to reinforcing IT supports.

Plant, property and equipment and investment property decreased to 34,445 thousand Euro (-0.2% compared to 31 December 2009).
The property entered among the consolidated plant, property and equipment and investment property relates to the important historical building 'Villa Marocco' in Mestre-Venice, now Banca IFIS's Headquarters, and to the property in Mestre-Venice, acquired under a financial lease and sublet in part to the controlling company, La Scogliera S.p.A.. Further property entered for insignificant amounts include the representative office in Bucharest.
The final value of the property that has become the new Head Office, together with the value of the property sublet to the controlling company, have been confirmed by specific measurement experts.
'Villa Marocco' is not depreciated as its estimated residual value at the end of its useful life is expected to be higher than its carrying amount.

Equity

In the absence of minority interests, group net equity at 31 March 2010 was 162,049 thousand Euro, against 155,839 thousand Euro at 31 December 2009. In the first quarter 2010, equity increased as a result of 5,522 thousand Euro of profit for the period, 1,553 thousand Euro of exchange differences from consolidating the subsidiary IFIS Finance Sp. Z o.o., 1,159 thousand Euro of increase in the fair value reserve of available for sale financial securities and, lastly, 58 thousand Euro of other increases. It decreased due to buybacks for an amount of 2,082 thousand Euro.

Other Information

Fitch rating

On 15 April 2010, 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 at 'No floor' with a Stable Outlook.

Operations on treasury shares

The Ordinary Shareholders' Meeting of 29 April 2010 renewed the authorisation to purchase and sell treasury shares, in accordance with Article 2357 and thereafter of the Italian Civil Code, and Article 132 of Legislative Decree No. 58/98, establishing a price for which the shares may be purchased as between a minimum of 2 Euro and a maximum of 20 Euro, for a maximum amount of 20 million Euro. The Shareholders' Meeting also established the duration of the authorisation as 18 months from the date of the resolution.
At 31 December 2009, Banca IFIS held 1,961,478 treasury shares for a counter value of 14,413 thousand Euro (average booking price 7.35 Euro per share) and a nominal value of 1,961,478 Euro.
During the first quarter 2010, Banca IFIS purchased, at the average price of 6.77 Euro, 307,488 treasury shares at a counter value of 2,082 thousand Euro and a nominal value of 307,488 Euro.
The remainder in portfolio at 31 March 2010 stood at 2,268,966 treasury shares for a counter value of 16,495 thousand Euro (average booking price 7.27 Euro per share) and a nominal value of 2,268,966 Euro.

Stock option plans for Directors and employees of the bank

On 31 March 2010, the following stock option plans remained standing:

- 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 between 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.

Significant events during the period

Investment in a non-controlling interest

On 18 December 2009, following authorisation from the Board of Directors' Meeting of 27 August 2009, Banca IFIS participated in setting up the company India Factoring and Finance Solutions Private Limited registered in the Company Register of Mumbai - India. The incorporation was concluded in February 2010. Banca IFIS S.p.A. holds a stake of 10% of the Indian factor's share capital.

Proposal to increase capital

The Board of Directors' Meeting of 4 March 2010 resolved to propose to the Extraordinary Shareholders' Meeting, called for 29 April 2010, that the Board of Directors be delegated to execute an increase in Banca IFIS's share capital (as per art. 2443 of the Italian Civil Code), by offering existing shareholders a rights offering, divisible in tranches, up to a maximum amount of 50,000,000 Euro.
The rights offering will be guaranteed by an underwriting syndicate.
As part of the capital increase, the Board of Directors further resolved to propose a bonus issue to the Shareholders' Meeting, for a maximum amount of 3,430,016 Euro, by means of appropriating a part of the 'Share-premium reserve' resulting from the Annual accounts at 31 December 2009, where not otherwise allocated. This bonus issue will be carried out through the issue of a maximum no. of 3,430,016 ordinary shares, of a nominal amount of Euro 1 each and regular yield, to be assigned to shareholders in the amount of one free, newly-issued share for every 10 shares existing before the rights offering.

Voluntary takeover bid for Toscana Finanza

Banca IFIS's Board of Directors' Meeting of 4 March 2010, acting on the opportunity to proceed with the rights offering mentioned above, consequently decided to withdraw its pending application with the Bank of Italy for clearance to purchase control of Toscana Finanza. In the light of this, a new framework agreement has been signed with Toscana Finanza's main shareholders which foresees the launch of a new, voluntary, total takeover bid for Toscana Finanza, as per articles 102 and 106, paragraph 4, of the Consolidated Law on Finance, at a price of 1.50 Euro per share, which is a 20% increase compared to the price of the previous, voluntary, takeover bid. The purpose of the bid is for Banca IFIS to purchase Toscana Finanza S.p.A.'s entire share capital.
The new takeover bid will be launched after the above capital increase has been concluded, provided the necessary authorisation by the Bank of Italy has been received, as per articles 53 and 67 of Legislative Decree 385/93, and the subsequent declaration of no impediment to the publishing of the takeover bid, as per article 102, paragraph 4, of the Consolidated Law on Finance, has been given by Consob.

Significant events after 31 March 2010

Commercial agreement with Banca Popolare di Vicenza

On 19 April 2010, Banca IFIS and Banca Popolare di Vicenza signed an agreement for the distribution of factoring products and connected financial services by Banca IFIS, taking advantage of the more than 450 Banca Popolare di Vicenza's branches throughout Italy.
Thanks to the widespread distribution of Banca Popolare di Vicenza and to the factoring ability of Banca IFIS, SMEs throughout the territory can now count on another tool lending financial support which allows access to credit and supports companies' growth even in complex market contexts such as the current one.

Appointment of members of the Board of Directors

The Ordinary General Shareholders' Meeting of 29 April 2010, after having decided the total number of members at 9, nominated the following as members of the Board of Directors for the three years running 2010-2012: Sebastien Egon Fürstenberg, Alessandro Csillaghy, Giovanni Bossi, Roberto Cravero, Leopoldo Conti, Andrea Martin, Francesca Maderna, Marina Salamon and Riccardo Preve, setting the compensation payable to each of these members according to their role. This Meeting also nominated the following as members of the Board of Statutory Auditors for the same three year period: Mauro Rovida (as Chairman), Erasmo Santesso (as Standing auditor), Dario Stevanato (as Standing auditor), Luca Giacometti (as Alternative auditor) and Francesca Rapetti (as Alternative auditor), setting the compensation payable to each of these members according to their role. Furthermore, the Ordinary General Shareholders' Meeting also approved the Policy on the remuneration of Directors, employees and collaborators of the Banca IFIS banking group as well as renewing the insurance coverage against civil liability for corporate officers (D&O).
The Board of Directors' Meeting, which met immediately after the Shareholders' Meeting, assigned the roles to the Directors appointed for the three years running 2010-2012, confirming Sebastien Egon Fürstenberg as Chairman, Alessandro Csillaghy as Deputy Chairman, and Giovanni Bossi as C.E.O..

Capital increase resolution

The Extraordinary Shareholders' Meeting of 29 April 2010 resolved to grant the Board of Directors the power to execute an increase in Banca IFIS's share capital (as per art. 2443 of the Italian Civil Code), by offering existing shareholders a rights offering, divisible in tranches, up to a maximum amount of 50,000,000 Euro.
The rights offering will be guaranteed by an underwriting syndicate.
As part of the capital increase, the Board of Directors further resolved to propose a bonus issue to the Shareholders' Meeting, for a maximum amount of 3,430,016 Euro, by means of appropriating a part of the 'Share-premium reserve' resulting from the Annual accounts at 31 December 2009, where not otherwise allocated. This bonus issue will be carried out through the issue of a maximum no. of 3,430,016 ordinary shares, of a nominal amount of Euro 1 each and regular yield, to be assigned to shareholders in the amount of one free, newly-issued share for every 10 shares existing before the rights offering.

The execution of the rights offering, subordinate to authorisation from the applicable Authorities, is expected to take place by July 2010.
Banca IFIS's majority shareholder, La Scogliera S.p.A., holding 65.55% of Banca IFIS's share capital, is willing to subscribe this capital increase, at least the stake necessary to allow control of Banca IFIS to be maintained.

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

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OUTLOOK FOR CONTINUING OPERATIONS

After the significant downturn in gross domestic product and industrial output figures over 2009, 2010 started with uncertain prospects, even though decidedly better than the 'annus horribilis' that was 2009. The more credible observers estimate a 0.6% growth in Italian GDP for 2010, against an average GDP of 1.4% in the European Union and 3% in the USA. With reference to Italy and Europe, these forecasted figures would seem to indicate that it will not be possible to recoup the losses recorded in 2009 but they do indicate an important change in direction as far as concern growth prospects throughout the continent.

As regards credit demand and supply, central for the future of Italian enterprises, growth in production should lead to growth in demand for credit, whilst the evolution expected in terms of supply remains uncertain. Specifically, evolution in demand and supply could be affected by new orientation in terms of the governance of banks' shareholding structures, currently under discussion at an international level. The new Basel 3 Accord would seem to be oriented towards requiring more capital in the face of risks that the bank takes on during its day-to-day activities and this could lead institutions with lower levels of capital to curb activities involving the granting of credit in order to achieve capital levels that comply with the new requirements. At the same time it is evident that the centralised and managerial approach that has characterised the European banking system's lending of financial support to enterprises in recent years (also induced by the approach to credit risks stated in Basel 2), will have to leave room for a more territorial and relationship-based vision. Therefore, direct knowledge of the customer will once again take on a predominant role.

In this context, it is possible to add particularly moderate risk-free market rates: on interbank markets the whole Euribor curve touched its lowest ever levels in the first few months of 2010, well below the refinancing rate of the European Central Bank. The more credible observers believe that the growth in the Euribor, point of reference for most transactions with customers, will not suffer any sudden changes, recouping parity with the ECB's rates over 2010. The above considerations do not, however, lead to the belief that, in the face of such contained interest rates, it will be possible to achieve equilibrium between demand for, and the supply of, credit, as many credit institutions' aversion to risk, together with the attention paid to compliance with capital requirements, will lead banks to offer financial support to enterprises that is contained and presumably insufficient to satisfy needs, in particular those of smaller, weaker enterprises.
In general, in a context where interest rates on monetary markets are at their lowest ever levels, the increase in revenue for intermediaries, due to the application of higher spreads and commission, does not appear sufficient to offset, from one side, the reduction in profit obtainable from traditional, over the counter banking funds, and, from the other, the higher level of risk in general banking commitments with enterprises. This greater risk can, however, be contained by operations such as factoring, where the risk is transferred to creditworthy debtors.
Taking recent credit and liquidity market trends into consideration, the Banca IFIS Group has taken measures to select its customers by concentrating on smaller but more profitable counterparties, in a context of better-controlled risk that is transferred from the assigning customer to the assigned debtor who usually has a better credit standing.

The group's strategic and organisational orientation remains pointed in this direction; expansion of the business expected in 2010 will be confirmed for small and medium enterprises, needier of financial support and often not adequately catered to by general banks.

Evidence visible at the end of 2009, together with the notable request for credit in the first few months of 2010, would seem to favour Banca IFIS's model even if this demand should be studied carefully in order to understand how much is due to the unwillingness of other credit institutions to grant credit, so as to avoid an easy but delusional expansion in the bank's activities to the detriment of asset quality.
In this context, the prospect of commercial development in the bank appears positive. It can be assumed that there will be strong growth in services offered to SMEs, in response to the high level of demand, whilst credit quality will be controlled thanks to Banca IFIS's operational model.

As far as concerns funding, Banca IFIS underwent radical changes in terms of its funding structure over 2009, transforming itself from being a predominantly 'wholesale' bank to being a 'retail' bank. This transformation was fruit of the success of the online savings account realised through the Rendimax product which will be expanded and reinforced over 2010 with new facilities being added. The strategy to maintain high levels of liquidity through high-quality, variable rate banking bonds for refinancing with the Euro system remains firm.

The above factors would seem to indicate for 2010: foreseeable growth in volumes; sustained increase in profitability in a context expected to generate losses on loans and receivables that are less than 2009 but still higher than the average of previous years; increasing operating costs due to the expansion in operations, the reinforcement of organisational structures and investments for the improvement of risk mitigation; an improved cost/ income ratio regardless of the previously-mentioned expansion and reinforcement; and, lastly, decreasing financial expenses in comparison to past figures. The realisation of this scenario should lead the bank to expand its activity still further and to realise growing profitability levels.

Mestre-Venice, 29 April 2010

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

BREAKDOWN OF LOANS AND TURNOVER BY GEOGRAPHIC AREA AND INDUSTRIAL SECTOR

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	LOANS	TURNOVER
North Italy	47.1%	52.8%
Central Italy	32.6%	23.3%
South Italy	17.0%	13.0%
Abroad	3.3%	10.9%
Total	**100%**	**100%**

	BREAKDOWN OF CUSTOMERS BY PRODUCT CATEGORY (1)	LOANS	TURNOVER
051	Agriculture, forestry and fish products	0.9%	0.5%
052	Energy products	0.8%	2.6%
053	Minerals and ferrous and non-ferrous metals	0.9%	1.2%
054	Minerals and mineral based products	0.4%	0.2%
055	Chemical products	0.2%	7.8%
056	Products in metal excluding machines and equipment	6.1%	7.0%
057	Agricultural and industrial machines	2.1%	1.9%
058	Machines for offices, data processing and precision machinery	0.8%	0.5%
059	Electrical material and supplies	2.8%	5.2%
060	Transportation vehicles	3.5%	6.0%
061	Food and beverage products	1.2%	1.0%
062	Textile, leather, shoe and clothing products	3.8%	2.5%
063	Paper, printing and publishing	0.7%	0.9%
064	Rubber and plastic products	1.0%	1.3%
065	Other industrial products	1.2%	1.5%
066	Construction and public works	14.3%	11.9%
067	Wholesale and retail trade. recoveries and repair	12.2%	13.0%
068	Hotel and public establishment services	1.4%	1.7%
069	Internal transportation services	1.7%	2.6%
070	Maritime and air transportation services	0.1%	0.1%
071	Transportation related services	0.9%	1.2%
072	Telecommunications services	1.1%	0.1%
073	Other services for sale	21.1%	18.2%
000	Non classifiable	20.8%	11.1%
	of which non-resident subjects	3.3%	10.9%
	of which financial institutions	3.3%	0.0%
	of which others (2)	14.2%	0.2%
	Total	**100%**	**100%**

(1) List based on Bank of Italy's Circular 140 of 11/02/1991
(2) The item in question includes Banca IFIS's commitments in companies operating in healthcare and auxiliary services sectors

DECLARATION AS PER ARTICLE 81-*ter* OF CONSOB REGULATION no. 11971 OF 14 MARCH 1999

Statement by the Manager responsible for financial reporting

Carlo Sirombo, **Financial Reporting Officer for Banca IFIS S.p.A.** declares, as per paragraph 2, article 154 bis of the Consolidated Law on Finance, that the financial information contained in the present consolidated interim Report at 31 March 2010 corresponds to the documentable figures and results contained in Banca IFIS's accounting and bookkeeping documents, books and registers.

The Financial Reporting Officer

Carlo Sirombo

Mestre, 29 April 2010