Excellent first quarter results:
profitability and equity for enterprise growth

Profit stands at 19.7 million (+252.8%)

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The first quarter 1st January 2012 – 31st March 2012	• Net banking income increased by 116.3% • Net result of financial operations increased by 146.4% • Impact of costs on net banking income (cost/income ratio) went from 41.7% to 29.6% • Continued significant growth in retail funding • Net equity equal to 262 million Euro • Solvency 10.8% • Core Tier 1: 11.1%
Report on operations	

Mestre, 10th May 2012 - The Board of Directors of Banca IFIS met today under the chairmanship of Sebastien von Furstenberg to approve the interim report as of 31st March 2012.

“The first quarter of 2012 marks an important step in the development of the Banking Group, with the numbers showing the potential of the entire Bank. Speed, team spirit, and strategic choices aimed at sustaining growth all guide the Bank’s strengthening process, which will be evident quarter after quarter on a market that leaves nothing to chance but neither to rigidly pre-defined plans” comments the C.E.O., Giovanni Bossi.

The quarter was characterized by the following elements:

- on the funding side, the steady success of the Rendimax savings account, which places the Group in the best liquidity conditions to operate in favour of the real economy.

- in terms of loans, in the sector of small and medium-size companies as in the Public Administration sector, the commitment to provide support to those who create value through honest work;

- in the sector of non-performing loans, the wider-reaching and all-inclusive presence with the acquisition of portfolios of significant size with excellent profitability prospects;

- the strengthening of the Italian government bonds portfolio, mostly short-term, which allows the Bank, to make profits suited to increasing Equity without having to resort to capital increases and without dipping into the financial resources needed to support enterprises. Today, the dual aim of this portfolio is represented by the guarantee of the non-time Rendimax funding and by the opportunity to lend additional liquidity.

In detail, **net banking income** increased by 116.3% to Euro 52.4 million (Euro 24.2 million in the previous year). This strong growth was achieved thanks to: the greater contribution of the trade receivables sector (+28.6%, Euro 22.3 million); the profitability resulting from the treasury activity (net interests on the bonds portfolio, equal to Euro 26.9 million in the quarter compared to Euro 3.0 million in the first quarter of the previous year); and to the consolidation of the new segment pertaining to non-performing loans and tax receivables, which contributes for Euro 5.8 million in the period.

In the first quarter of 2012, the **net value adjustments** for impairment of loans were equal to Euro 5.8 million, slightly higher compared to the same period of last year, reflecting the persistent instability in the general economic scenario.

The **net result of financial operations** was equal to Euro 46.6 million, up by 146.4% (Euro 18.9 million in the previous year).

Operating costs increased by 53.5%, standing at Euro 15.5 million. This increase is specifically due to the acquisition of the new companies Toscana Finanza and Fast Finance, with the consequent expansion of the Group's operational perimeter and to the new corporate structures. The cost/income ratio improved considerably, from 41.7% in the first quarter of 2011 to 29.6% in the period in question.

The pre-tax profit also shows a very positive change, up to Euro 31.1 million (+253.2%) compared to the 8.8 million in the same quarter of last year.

The **net profit for the first three months** of the year increased to Euro 19.7 million (+252.8%), a result that places the Bank in the condition to face the quarters to come with determination and peace of mind.

Below are the trends in the main **Balance Sheet items**.

The Bank's assets basically consist of receivables due from customers and securities held in portfolio.

At the end of the quarter, the total **receivables due from customers** reached the level of Euro 1,868.4 million, with an 8.5% increase compared to Euro 1,722.5 million at the end of 2011. The increase was made up of: Euro 25.3 million of trade receivables (+1.6%); Euro 5 million of non-performing loans (+5.8%); and Euro 2 million of tax receivables (+2.8%). Moreover, the added profit coming from the purchase of Italian Government bonds on the MTS platform (+113.5 million Euro) also had a significant impact.

The distribution of receivables due from customers shows a portion of 30.8% due from the

Public Administration (compared to 27.8% as of 31st December 2011) and 69.2% due from the private sector (compared to 72.2% as of 31st December 2011).

Total **net impaired assets** amount to Euro 333.6 million compared to Euro 277.7 million at the end of 2011 (+20.1%). The reasons for this increase are twofold: the application of the regulation that, starting from 1st January 2012, sets a limit of 90 days (instead of 180 days) for defining overdue receivables, and the increased assets of the Toscana Finanza division which are mainly classified under sub-standard loans, who by nature has the main aim of collecting impaired receivables, its core business.

At the end of the quarter, the **non-performing loans** were practically unchanged, Euro 75.0 million (74.0 at the end of 2011), of which Euro 67.6 million refer to the trade receivables sector (66.2 at the end of December 2011).

At the end of March 2012, the **sub-standard loans** amounted to Euro 166.7 million, compared to Euro 158.1 million at the end of the 2011 period, of which Euro 84.3 million refer to the NPL sector (78.9 at the end of December 2011). The classification of NPL among sub-standard loans is carried out in those cases where the Bank has not verified the debtor's insolvency status. Net of the contribution of this sector, the increase was equal to 4%.

Overdue loans amounted to Euro 88.4 million compared to Euro 41.7 million at the end of 2011. This increase is due to the application of the regulation stated above. In detail, this item includes Euro 35.9 million of receivables due from the Public Administration purchased outright as part of the factoring business; in light of the quality of the receivables and of the debtors, it is considered unnecessary to carry out value adjustments on these accounts.

The ratio of total net deteriorated assets to loan commitments improved from 16.1% to 17.9%.

At the end of the quarter, the **receivables due from banks** were equal to 368.4 million, compared to Euro 315.9 million as of 31st December 2011 (+16.6%).

This item includes certain *securities not listed* on an active market and which are eligible with the Eurosystem, for a total of Euro 85.5 million (-22.8% compared to 31st December 2011). In addition, this item also includes Euro 282.9 million for *treasury loans* at other credit institutions (+37.9% compared to 31st December 2011) linked to maintaining excess liquidity on end-of-period maturities.

Between the closing of 2011 and the end of the first quarter of 2012, Banca IFIS made significant changes in terms of both the size and composition of the **portfolio of bonds** owned by the bank.

In view of the successful funding obtained, of highly fluctuating market conditions and of the Bank's ability and determination to strengthen its equity solidity indicators in order to create further opportunities for lending in the real economy, the opportunity was seized to invest in low risk and high profitability securities.

At the end of the quarter, the debt securities portfolio settled at Euro 4,017.6 million (+125.5%) compared to 31st December 2011. During the period, Italian government bonds were purchased exclusively, at fixed interest rates if the maturity was short term or at variable rates in case of medium-term maturity dates.

Such securities were classified, depending on their maturity date or their inherent characteristics, under either available for sale financial assets (Euro 2,255.3 million), financial assets held to maturity (Euro 1,676.5 million) or Due from banks (85.5 million Euro).

The trend in **funding**, net of the Rendimax savings account, must be analysed as a whole on the basis of the market performance, and consists of wholesale funding by means of repurchase agreements (classified under payables due to customers since they are carried out on the MTS platform and therefore without a direct non-banking counterparty), refinancing transactions on the Eurosystem, as well as of short-term transactions undertaken by treasury management towards other banks. As of 31st March 2012, the funding totalled Euro 6,030.0 million, with a 64.8% increase compared to 31st December 2011. Of this total, 89.6% is represented by Payables due to customers and 10.4% by Payables due to banks.

The considerable increase in the amount of **Payables due to customers**, +226.1% posted as of 31st March 2012 (Euro 5,403.5 million), consists of two elements: the success of retail funding through the Rendimax online savings accounts, which continues to grow quarter after quarter and which, as from 1 December, after the launch of the new Rendimax Like product, has caused the growth in the savings account to speed up, reaching, at the end of the quarter, the value of Euro 2,005.7 million (+28.9% compared to the end of 2011); and, moreover, the greater use of **repurchase agreements** with underlying government bonds and with the Cassa di Compensazione e Garanzia as the counterparty, which at the end of the quarter settled at Euro 3,230.0 million (compared to Euro 49.1 million at the end of 2011). The prevalent use of the MTS platform instead of Eurosystem auctions is connected to the fact that the former has proved a more cost-effective refinancing instrument over the period.

The **Payables due to banks**, which amount to Euro 626.5 million (-68.7% compared to December of 2011), mainly consist of funding from refinancing transactions on the Eurosystem for Euro 500.4 million, a significant decrease compared to Euro 1,861.7 million at the end of 2011. Such transactions are carried out by using part of the debt securities held and the securities generated from the self-securitization of trade receivables. The remainder of the payables due to banks is represented by interbank deposits for Euro 126.1 million (-10% compared to the end of 2011).

As of 31st March 2012, the Group's **net Shareholders' Equity** stood at Euro 262.0 million, compared to Euro 196.3 million as of 31st December 2011, with solvency equal to 10.8% and a Core Tier 1 of 11.1%. The increase of Shareholders' Equity is due to different fair value of different assets available for sale.

Outlook

The prospects for the remaining months of 2012 are positive.

Operations in favour of enterprises may be positively affected by both the opportunities to acquire new customers and new loans in an economic scenario which is still proving difficult due to the adverse conditions, and by a lesser availability of credit on the market, in view of the general banks being less inclined to support companies with traditional credit lending tools.

Nevertheless, it is reasonable to predict a positive profitability trend for the Bank which should increase significantly, when compared to last year, especially, but not exclusively, due to the effect of the additional profit resulting from the investment in bonds, and a concomitant increase in solvency as a result of the capitalization of such profits. With regards to the sectors of the Bank's traditional and new operations, we expect the following: a positive trend in margins in the sector of lending to enterprises, with a risk element represented by the economic situation and its impact on the quality of receivables; a growth in operations and profitability in the sector of non-performing loans; a recovery in returns and the opening of the Bank to products and services yet to be explored in favour of Fast Finance's operations, for whom the incorporation process in the Parent company is underway and expected to be complete by the summertime; the additional growth in the funding through Rendimax, which will likely continue to generate cash flows in excess of the Bank's core loans; lastly, more transactions on the government bonds portfolio in order to seize the Bank's additional strengthening opportunities.

Declaration by the Corporate Financial Reporting Officer

The Corporate Financial Reporting Officer, Carlo Sirombo, hereby declares that, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, the financial information contained in this press release corresponds to the company's accounting documents, books and registers.

Banca IFIS S.p.A.	
Head of Communications	**Head of Press Office and Public Relations**
Mara Di Giorgio	**Valeria Costa**
Cell: +39 335 7737417	Cell: +39 366 5627949
mara.digiorgio@bancaifis.it	valeria.costa@bancaifis.it
www.bancaifis.it	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	ASSETS (in thousands of Euro)	PERIOD			CHANGE	
		31.03.2012	31.12.2011		ABSOLUTE	%
10	Cash and cash equivalents	28,519	67		28,452	42465.7%
20	Financial assets held for trading	180	188		(8)	(4.3)%
40	Available for sale financial assets	2,269,595	1,685,163		584,432	34.7%
50	Held to maturity financial assets	1,676,527	-		1,676,527	n.a.
60	Due from banks	368,435	315,897		52,538	16.6%
70	Due from customers	1,868,370	1,722,481		145,889	8.5%
120	Property, plant and equipment and investment property	39,400	39,224		176	0.4%
130	Intangible assets	5,986	6,096		(110)	(1.8)%
140	Tax assets:	17,295	33,448		(16,153)	(48.3)%
160	Other assets	121,842	111,607		10,235	9.2%
	Total assets	6,396,149	3,914,171		2,481,978	63.4%

	LIABILTIES AND EQUITY (in thousands of Euro)	PERIOD			CHANGE	
		31.03.2012	31.12.2011		ABSOLUTE	%
10	Due to banks	626,526	2,001,734		(1,375,208)	(68.7)%
20	Due to customers	5,403,489	1,657,224		3,746,265	226.1%
40	Financial liabilities held for trading	386	600		(214)	(35.7)%
60	Hedging derivatives	34	34		-	0.0%
80	Tax liabilities:	15,258	10,842		4,416	40.7%
100	Other liabilities	86,804	45,599		41,205	90.4%
110	Post-employment benefits	1,371	1,449		(78)	(5.4)%
120	Provisions for risks and charges	298	-		298	n.a.
140	Valuation reserves	(337)	(43,737)		43,400	(99.2)%
170	Reserves	117,805	91,270		26,535	29.1%
180	Share premiums	72,782	72,371		411	0.6%
190	Share capital	53,811	53,811		-	0.0%
200	Treasury shares (-)	(1,788)	(3,968)		2,180	(54.9)%
220	Profit (loss) for the period (+/-)	19,710	26,535		(6,825)	(25.7)%
	Total liabilities and equity	6,396,149	3,914,171		2,482,276	63.4%

CONSOLIDATED INCOME STATEMENT

	ITEMS (in thousands of Euro)	PERIOD			CHANGE	
		31.03.2012	31.03.2011		ABSOLUTE	%
10	Interest and similar income	56,127	17,274		38,853	224.9%
20	Interest and similar expenses	(22,949)	(11,497)		(11,452)	99.6%
30	Net interest income	33,178	5,777		27,401	474.3%
40	Commission income	20,418	19,260		1,158	6.0%
50	Commission expense	(1,102)	(907)		(195)	21.5%
60	Net commission income	19,316	18,353		963	5.2%
80	Net loss from trading	(63)	107		(170)	(158.9)%
120	Net banking income	52,431	24,237		28,194	116.3%
130	Net impairment losses/reversal on:	(5,815)	(5,320)		(495)	9.3%
	a) receivables	(5,815)	(5,320)		(495)	9.3%
140	Net profit from financial activities	46,616	18,917		27,699	146.4%
180	Administrative expenses:	(14,457)	(10,028)		(4,429)	44.2%
	a) personnel expenses	(8,129)	(6,187)		(1,942)	31.4%
	b) other administrative expenses	(6,328)	(3,841)		(2,487)	64.7%
200	Net impairment losses/reversal on plant, property and equipment	(310)	(294)		(16)	5.4%
210	Net impairment losses/reversal on intangible assets	(460)	(338)		(122)	36.1%
220	Other operating income (expenses)	(290)	549		(839)	(152.8)%
230	Operating costs	(15,517)	(10,111)		(5,406)	53.5%
280	Pre-tax profit for the period from continuing operations	31,099	8,806		22,293	253.2%
290	Income taxes relating to current operations	(11,389)	(3,220)		(8,169)	253.7%
340	Profit for the period attributable to the parent company	19,710	5,586		14,124	252.8%

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2012	YEAR 2011			
	31.03	31.12	30.09	30.06	31.03
Net interest income	33,178	17,462	12,697	6,309	5,777
Total net commission income	19,316	20,210	20,174	20,051	18,353
Dividends and similar income	-	79	-	82	-
Net result from trading	(63)	(124)	(89)	(139)	107
Profit from sale of available for sale financial assets	-	-	-	504	-
Net banking income	52,431	37,627	32,782	26,807	24,237
Net value adjustments/revaluations due to impairment of receivables	(5,815)	(13,200)	(7,484)	(6,139)	(5,320)
Net profit from financial activities	46,616	24,427	25,298	20,668	18,917
Personnel expenses	(8,129)	(7,740)	(6,835)	(6,473)	(6,187)
Other administrative expenses	(6,328)	(7,294)	(5,563)	(4,829)	(3,841)
Net allocations to provisions for risks and charges	-	86	(103)	-	-
Net impairment losses on property, plant and equipment and intangible assets	(770)	(847)	(790)	(679)	(632)
Other operating income (expenses)	(290)	849	768	2,086	549
Operating costs	(15,517)	(14,946)	(12,523)	(9,895)	(10,111)
Pre-tax profit from continuing operations	31,099	9,481	12,775	10,773	8,806
Income tax expense for the period	(11,389)	(4,201)	(4,570)	(3,309)	(3,220)
Profit for the year	19,710	5,280	8,205	7,464	5,586
Non-controlling interests	-	259	(259)	-	-
Parent Company profit for the year	19,710	5,539	7,946	7,464	5,586