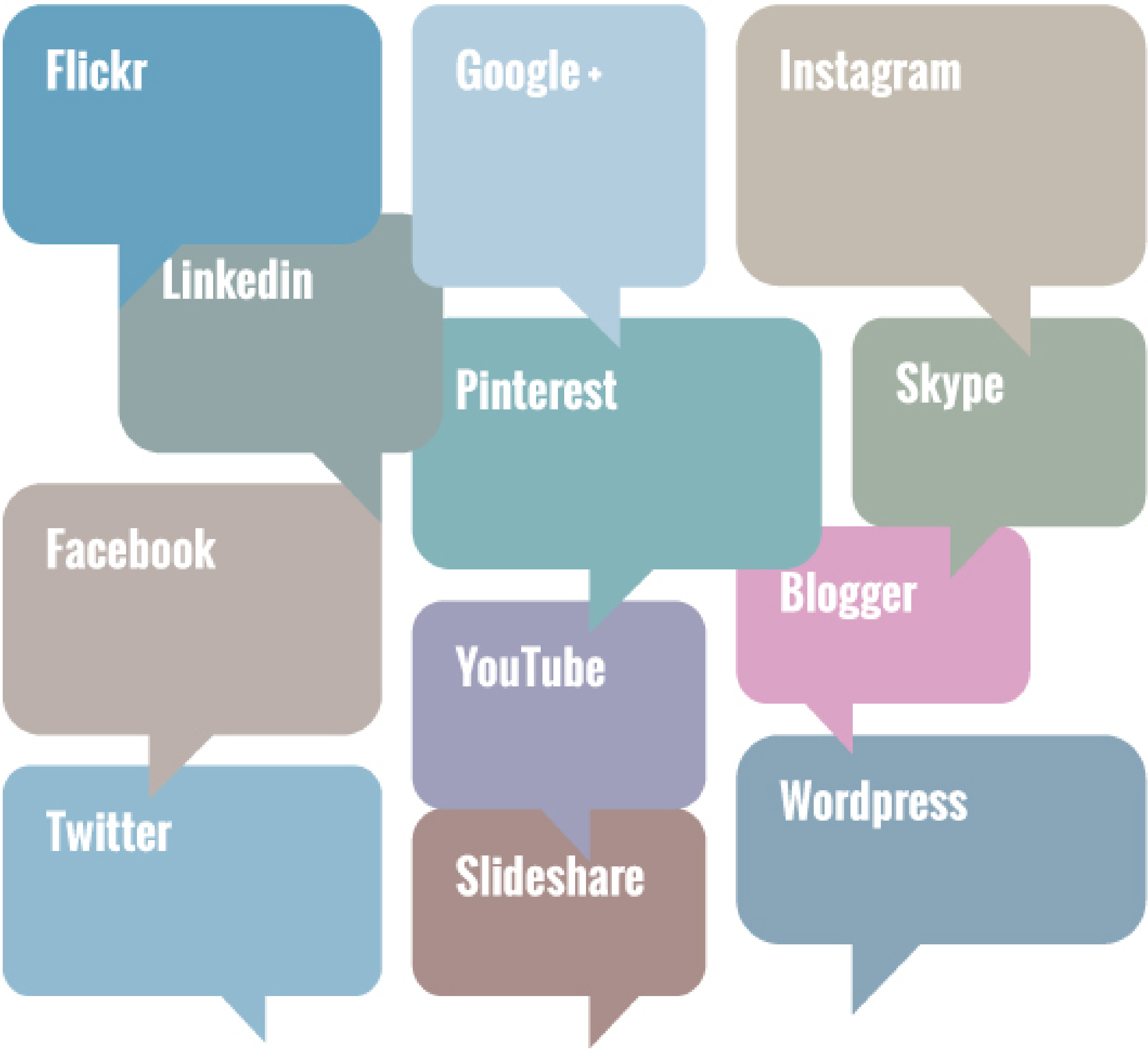
GruppoBancaIFIS

CONSOLIDATED INTERIM REPORT AT 30 SEPTEMBER 2013

3Q13



all figures are expressed using standard Italian format

Contents

Corporate Bodies

Board of Directors

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy
C.E.O.	Giovanni Bossi (1)
Directors	Giuseppe Benini
	Francesca Maderna
	Andrea Martin
	Riccardo Preve
	Marina Salamon
	Daniele Santosuosso

1) The CEO has powers for the ordinary management of the Company.

General Manager	Alberto Staccione

Board of Statutory Auditors

Chairman	Giacomo Bugna
Standing Auditors	Giovanna Ciriotto
	Mauro Rovida
Alternate Auditors	Luca Giacometti
	Sonia Ferrero

Independent Auditors	KPMG S.p.A.
Corporate Accounting Reporting Officer	Carlo Sirombo

Share Capital: 53.811.095 Euro fully paid in
Bank Licence (ABI) No. 3205.2:
Tax Code and Venice Companies
Register Number: 02505630109
VAT No.: 02992620274
Enrolment in the Register of Banks No.: 5508
Registered and administrative office:
Via Terraglio 63, Mestre, 30174, Venice, Italy
International website: www.bancaifis.it

Member of Factors
Chain International

Group key data

Highlights

KEY DATA ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of Euro)*	AMOUNTS AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Available for sale financial assets	2.531.765	1.974.591	557.174	28,2%
Held to maturity financial assets	4.459.285	3.120.428	1.338.857	42,9%
Due from customers	2.237.595	2.292.314	(54.719)	(2,4)%
Total assets	9.848.886	8.124.130	1.724.756	21,2%
Due to banks	527.961	557.323	(29.362)	(5,3)%
Due to customers	8.837.029	7.119.008	1.718.021	24,1%
Consolidated Equity	357.864	309.017	48.847	15,8%

KEY DATA ON THE CONSOLIDATED INCOME STATEMENT *(in thousands of euro)*	AMOUNTS AT		CHANGE	
	30.09.2013	30.09.2012 (1)	ABSOLUTE	%
Net banking income	**194.139**	**167.643**	**26.496**	**15,8%**
Net value adjustments on receivables and other financial	(34.564)	(27.589)	(6.975)	25,3%
Net profit from financial activities	**159.575**	**140.054**	**19.521**	**13,9%**
Operating costs	(54.952)	(51.145)	(3.807)	7,4%
Pre-tax profit from continuing operations	104.623	88.909	15.714	17,7%
Group net profit for the period	**67.110**	**57.931**	**9.179**	**15,8%**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

KEY DATA ON THE CONSOLIDATED INCOME STATEMENT *(in thousands of euro)*	3rd QUARTER		CHANGE	
	2013	2012 (1)	ABSOLUTE	%
Net banking income	**62.397**	**60.315**	**2.082**	**3,5%**
Net value adjustments on receivables and other financial	(8.252)	(12.728)	4.476	(35,2)%
Net profit from financial activities	**54.145**	**47.587**	**6.558**	**13,8%**
Operating costs	(17.900)	(16.614)	(1.286)	7,7%
Pre-tax profit from continuing operations	36.245	30.973	5.272	17,0%
Group net profit for the period	**23.070**	**20.179**	**2.891**	**14,3%**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

Results by business sectors

STATEMENT OF FINANCIAL POSITION DATA (in thousands of euro)	TRADE RECEIVABLES	DRL[1]	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Amounts at 30.09.2013	-	-	-	2.531.765	2.531.765
Amounts at *31.12.2012*	-	-	-	1.974.591	1.974.591
% Change	-	-	-	28,2%	28,2%
Held to maturity financial assets					
Amounts at 30.09.2013	-	-	-	4.459.285	4.459.285
Amounts at *31.12.2012*	-	-	-	3.120.428	3.120.428
% Change	-	-	-	42,9%	42,9%
Due from banks					
Amounts at 30.09.2013	-	-	-	391.187	391.187
Amounts at *31.12.2012*	-	-	-	545.527	545.527
% Change	-	-	-	(28,3)%	(28,3)%
Due from customers					
Amounts at 30.09.2013	1.779.307	114.698	92.851	250.739	2.237.595
Amounts at *31.12.2012*	1.775.864	104.044	83.174	329.232	2.292.314
% Change	0,2%	10,2%	11,6%	(23,8)%	(2,4)%
Due to banks					
Amounts at 30.09.2013	-	-	-	527.961	527.961
Amounts at *31.12.2012*	-	-	-	557.323	557.323
% Change	-	-	-	(5,3)%	(5,3)%
Due to customers					
Amounts at 30.09.2013	-	-	-	8.837.029	8.837.029
Amounts at *31.12.2012*	-	-	-	7.119.008	7.119.008
% Change	-	-	-	24,1%	24,1%

(1) The NPL sector was renamed as "Distressed Retail Loans" (hereinafter "DRL") as commented on in the "Contribution of business sectors" paragraph

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Amounts at 30.09.2013	90.694	19.392	7.585	76.468	194.139
Amounts at *30.09.2012*	79.085	13.193	2.104	73.261	167.643
% Change	14,7%	47,0%	260,5%	4,4%	15,8%
Net profit from financial activities					
Amounts at 30.09.2013	54.169	21.000	7.997	76.409	159.575
Amounts at *30.09.2012*	54.443	13.041	1.954	70.616	140.054
% Change	(0,5)%	61,0%	309,3%	8,2%	13,9%

SECTOR KPI *(in thousands of Euro)*	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Amounts at 30.09.2013	3.904.399	n.a.	n.a.	n.a.
Amounts at *30.09.2012*	*3.597.722*	*n.a.*	*n.a.*	*n.a.*
% Change	*8,5%*	-	-	-
Nominal amount of receivables managed				
Amounts at 30.09.2013	2.345.306	3.731.977	146.396	n.a.
Amounts at *31.12.2012*	*2.352.274*	*3.471.413*	*146.231*	*n.a.*
% Change	*(0,3)%*	*7,5%*	*0,1%*	-
Net non-performing loans/Due from customers				
Amounts at 30.09.2013	*2,9%*	*48,4%*	*0,5%*	n.a.
Amounts at *31.12.2012*	*4,3%*	*34,6%*	*3,1%*	*n.a.*
% Change	*(1,4)%*	*13,8%*	*(2,6)%*	-
RWA (2)				
Amounts at 30.09.2013	*1.506.999*	*114.699*	*41.253*	*243.054*
Amounts at *31.12.2012*	*1.448.097*	*104.044*	*41.495*	*236.532*
% Change	*4,1%*	*10,2%*	*(0,6)%*	*2,8%*

(1) Gross flow of the receivables sold by the customers in a specific period of time
(2) Risk Weighted Assets; the amount refers only to the individual statement of financial position figures reported in the sectors.

Quarterly evolution

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: *(in thousands of Euro)*	YEAR 2013			YEAR 2012			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
ASSETS							
Available for sale financial assets	2.531.765	2.868.958	2.763.805	1.974.591	1.584.536	1.360.854	2.269.595
Held to maturity financial assets	4.459.285	4.856.179	4.710.582	3.120.428	2.983.123	2.958.581	1.676.527
Due from banks	391.187	481.609	479.119	545.527	536.094	342.314	368.435
Due from customers	2.237.595	2.252.886	2.188.816	2.292.314	2.124.567	2.186.397	1.868.370
Property, plant and equipment and investment property	40.337	39.889	39.829	39.972	39.293	39.284	39.400
Intangible assets	6.323	5.921	5.671	5.683	5.662	5.790	5.986
Other assets	182.394	170.846	157.556	145.615	125.907	103.604	167.836
Total assets	**9.848.886**	**10.676.288**	**10.345.378**	**8.124.130**	**7.399.182**	**6.996.824**	**6.396.149**

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: *(in thousands of Euro)*	YEAR 2013			YEAR 2012 (1)			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
LIABILITIES AND EQUITY							
Due to banks	527.961	601.058	600.956	557.323	555.295	582.778	626.526
Due to customers	8.837.029	9.604.606	9.291.659	7.119.008	6.439.392	6.071.698	5.403.489
Post-employment benefits	1.497	1.523	1.561	1.565	1.505	1.508	1.371
Tax liabilities	23.330	18.339	25.408	19.703	17.548	14.282	15.258
Other liabilities	101.205	119.511	93.481	117.514	101.401	68.825	87.522
Equity:	357.864	331.251	332.313	309.017	284.041	257.733	261.983
- Share capital, share premiums and reserves	*290.754*	287.211	309.859	*230.789*	226.110	219.981	242.273
- Profit for the period	67.110	44.040	22.454	*78.228*	*57.931*	*37.752*	19.710
Total liabilities and equity	**9.848.886**	**10.676.288**	**10.345.378**	**8.124.130**	**7.399.182**	**6.996.824**	**6.396.149**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: *(in thousands of Euro)*	YEAR 2013			YEAR 2012 (1)			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
Net interest income	**40.330**	**44.127**	**43.646**	**45.158**	**33.940**	**33.670**	**33.178**
Total net commission income	**21.773**	**20.712**	**23.167**	**25.949**	**26.454**	**21.264**	**19.316**
Dividends and similar income	1	83	-	-	9	-	-
Net result from trading	282	(42)	49	13	(88)	(37)	(63)
Profit from sale of available for sale financial assets	11	-	-	6.154	-	-	-
Net banking income	**62.397**	**64.880**	**66.862**	**77.274**	**60.315**	**54.897**	**52.431**
Net value adjustments/revaluations due to impairment of receivables	(8.252)	(12.596)	(13.716)	(26.162)	(12.728)	(9.046)	(5.815)
Receivables	(8.240)	(12.549)	(13.716)	(25.918)	(12.728)	(6.401)	(5.815)
Available for sale financial assets	(12)	(47)	-	(244)	-	(2.645)	-
Net profit from financial activities	**54.145**	**52.284**	**53.146**	**51.112**	**47.587**	**45.851**	**46.616**
Personnel expenses	(9.179)	(9.254)	(8.803)	(7.950)	(7.740)	(11.372)	(9.048)(2)
Other administrative expenses	(8.946)	(9.935)	(9.118)	(9.287)	(7.221)	(8.091)	(6.328)
Net allocations to provisions for risks and charges	(13)	-	-	(549)	(1.000)	-	-
Net value adjustments to property, plant and equipment and investment property and intangible assets	(575)	(814)	(683)	(743)	(884)	(832)	(770)
Other operating income (expenses)	813	669	886	1.515	231	1.281	629(2)
Operating costs	**(17.900)**	**(19.334)**	**(17.718)**	**(17.014)**	**(16.614)**	**(19.014)**	**(15.517)**
Pre-tax profit from continuing operations	**36.245**	**32.950**	**35.428**	**34.098**	**30.973**	**26.837**	**31.099**
Income tax expense for the period	(13.175)	(11.364)	(12.974)	(13.801)	(10.794)	(8.795)	(11.389)
Profit for the period	**23.070**	**21.586**	**22.454**	**20.297**	**20.179**	**18.042**	**19.710**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.
(2) Data reclassified after initial publication.

Group historical data

(in thousands of Euro)	30.09.2013	30.09.2012	30.09.2011	30.09.2010	30.09.2009
Available for sale financial assets	2.531.765	1.584.536	1.509.296	876.439	3.143
Held to maturity financial assets	4.459.285	2.983.123	-	-	289.636
Due from customers	2.237.595	2.124.567	1.858.527	1.457.544	1.060.267
Due to banks	527.961	555.295	719.550	1.104.786	753.057
Due to customers	8.837.029	6.439.392	2.928.877	1.373.956	710.442
Equity	357.834	284.041	207.393	208.438	152.249
Net banking income	194.139	167.643	83.826	67.941	53.616
Net profit from financial activities	159.575	140.054	64.883	54.027	45.495
Group net profit	67.110	57.931(1)	20.996	15.720	14.559
Cost/Income ratio	28,3%	30,5%(1)	38,8%	43,2%	46,1%
Cost of credit quality	3,3%	2,2%	1,9%	2,1%	n.d.
Net non-performing loans/Due from customers	4,8%	3,8%	2,7%	2,3%	1,7%
- *of which Trade Receivables*	*2,9%*	*3,8%*	*2,3%*	*2,3%*	*1,7%*
Net non-performing loans/Equity	30,2%	28,3%	24,0%	15,8%	12,0%
- *of which Trade Receivables*	*14,6%*	*23,7%*	*19,3%*	*15,8%*	*12,0%*
Solvency	14,1%	11,9%	11,2%	10,6%	10,4%
Core Tier 1	14,3%	12,1%	11,5%	10,8%	10,4%

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

Financial statements

Consolidated Statement of Financial Position

	Assets *(in thousands of Euro)*	30.09.2013	31.12.2012
10.	Cash and cash equivalents	27	28
40.	Available for sale financial assets	2.531.765	1.974.591
50.	Held to maturity financial assets	4.459.285	3.120.428
60.	Due from banks	391.187	545.527
70.	Due from customers	2.237.595	2.292.314
120.	Property, plant and equipment and investment property	40.337	39.972
130.	Intangible assets	6.323	5.683
	of which:		
	- goodwill	*826*	*850*
140.	Tax assets	26.143	25.587
	a) current	952	*951*
	b) deferred	25.191	*24.636*
160.	Other assets	156.224	120.000
	Total assets	**9.848.886**	**8.124.130**

	Liabilities and equity *(in thousands of Euro)*	30.09.2013	31.12.2012 (1)
10.	Due to banks	527.961	557.323
20.	Due to customers	8.837.029	7.119.008
40.	Financial liabilities held for trading	130	389
60.	Hedging derivatives	-	3
80.	Tax liabilities	23.330	19.703
	a) current	5.032	*6.395*
	b) deferred	18.298	*13.308*
100.	Other liabilities	100.538	115.573
110.	Severance indemnities	1.497	1.565
120.	Provisions for risks and charges	537	1.549
	b) other reserves	537	*1.549*
140.	Valuation reserves	9.951	911
170.	Reserves	163.056	104.371
180.	Share premiums	73.654	73.188
190.	Share capital	53.811	53.811
200.	Treasury shares (-)	(9.718)	(1.340)
220.	Profit (loss) for the period (+/-)	67.110	78.076
	Total liabilities and equity	**9.848.886**	**8.124.130**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

Consolidated Income Statement

	Items *(in thousands of Euro)*	30.09.2013	30.09.2012 (1)
10.	Interest and similar income	236.787	179.237
20.	Interest and similar expenses	(108.684)	(78.449)
30.	**Net interest income**	**128.103**	**100.788**
40.	Commission income	70.210	71.051
50.	Commission expense	(4.558)	(4.017)
60.	**Net commission income**	**65.652**	**67.034**
70.	Dividends and similar income	84	9
80.	Net loss from trading	289	(188)
100.	Profit (loss) from sale or buyback of:	11	-
	b) available for sale financial assets	11	-
120.	**Net banking income**	**194.139**	**167.643**
130.	Net impairment losses/reversal on:	(34.564)	(27.589)
	a) receivables	(34.505)	(24.944)
	b) available for sale financial assets	(59)	(2.645)
140.	**Net profit from financial activities**	**159.575**	**140.054**
180.	Administrative expenses:	(55.235)	(49.800)
	a) personnel expenses	(27.236)	(28.160)
	b) other administrative expenses	(27.999)	(21.640)
190.	Net allocations to provisions for risks and charges	(13)	(1.000)
200.	Net impairment losses/reversal on plant, property and equipment	(848)	(992)
210.	Net impairment losses/reversal on intangible assets	(1.224)	(1.494)
220.	Other operating income (expenses)	2.368	2.141
230.	**Operating costs**	**(54.952)**	**(51.145)**
280.	**Pre-tax profit for the period from continuing operations**	**104.623**	**88.909**
290.	Income taxes for the period relating to current operations	(37.513)	(30.978)
340.	**Profit (loss) for the period attributable to the parent company**	**67.110**	**57.931**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

Consolidated Statement of Comprehensive Income

	Items (in thousands of Euro)	30.09.2013	30.09.2012 (1)
10.	**Profit (loss) for the period**	67.110	57.931
	Other comprehensive income, net of taxes		
20.	Available for sale financial assets :	10.242	38.614
30.	Property, plant and equipment and investment property	-	-
40.	Intangible assets	-	-
50.	Hedges of foreign investments:	-	-
60.	Hedges of cash flows:	-	-
70.	Exchange rate differences:	(1.080)	2.233
80.	Non-current assets under disposal:	-	-
90.	Actuarial gains (losses) on defined benefit plans	30	(139)
100.	Share of reserves from valuation of investments at equity	-	-
110.	**Total other comprehensive income, net of taxes**	9.192	40.708
120.	**Total comprehensive income (item 10+110)**	**76.302**	**98.639**
130.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
140.	**Total consolidated comprehensive income attributable to the parent company**	**76.302**	**98.639**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

As required by the amendments to IAS 1, considering that to date no changes have been made to the model as set out in Bank of Italy Circular no. 262 of 2005, 1st Update of 2009, it is noted that the items recognised in the statement of comprehensive income at 30 September 2013, which will not be transferred to profit or loss in the future, total 30 thousand Euro, while those which may be reclassified to profit or loss over time total 9.162 thousand Euro.

Notes

Basis of preparation

The Banca IFIS Group's interim report at 30 September 2013 has been prepared in compliance with both the provisions as per Article 154-ter of Legislative Decree no. 58 of 24 February 1998 as amended and with IAS/IFRS.

The consolidated financial statements at 30 September 2013 are compared, in terms of statement of financial position figures, with those at 31 December 2012 and, in terms of income statement results, with those at 30 September 2012.

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 forecast for the current year.

It should be noted that starting from 1 January 2013, the Group adopted the following new accounting standards and the amendments subsequently made to other accounting standards:

- IFRS 13 Fair Value Measurement
- Presentation of items of other comprehensive income (Amendments to IAS 1)
- IAS 19 (2011) Employee Benefits

The nature and effect of the changes related to said new accounting standards are described below.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurement and for the relevant disclosures when such measurement is required or permitted under IFRS. Specifically, the standard defines fair value as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In conformity with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement method prospectively without providing comparative information for the new disclosures. Nonetheless, the change has not had any significant effect on the measurement of the Group’s assets and liabilities.

IAS 1 Presentation of items of other comprehensive income (Amendments)

In reference to the amendments made to IAS 1, the Group has not modified the statement of comprehensive income, since at the moment the Bank of Italy has not made any change to the financial statements set out in Circular 262/2005, 1st update of 18 November 2009; nonetheless, pursuant to the standard, the required disclosure has been provided below the statement in order to present separately the items that might be subsequently reclassified to profit or loss and those that will not be reclassified to profit or loss. The same disclosure is provided for the comparative information which has consequently been reclassified.

IAS 19 (2011) Employee Benefits

The main change introduced by IAS 19 (2011) is the establishment, for defined-benefit plans, of a single method for recognising actuarial gains/losses to be included immediately in the calculation of the net obligations to employees through equity, showing it in other comprehensive income.

The method applied by the Group up to 31 December 2012, one of the various accounting treatments permitted under the prevision version of IAS 19, required all actuarial gains and losses to be immediately recognised in profit or loss. The application of the amendments to IAS 19 has no quantitative impact on equity, since it consists in a reclassification of actuarial gains/losses to a component of equity, rather than in their recognition through profit or loss.

Since the changes introduced by the new IAS 19 apply retrospectively, as required both by IAS 8 in general for all amendments to accounting standards and by the transitional provisions of IAS 19, the Group restated the comparative data for the previous year. For comparative purposes, the gains and losses recognised at 30 September 2012 in profit or loss under "180 a) Personnel expenses", amounting to 120 thousand Euro, have been restated, net of the relevant tax (included in profit or loss under item "290 Income taxes for the year relating to current operations"), under the component of equity "140 Valuation reserves" at 87 thousand Euro. Also items 10 "Profit (loss) for the period" and 90 "Actuarial gains (losses) on defined-benefit plans" in the Statement of comprehensive income at 30 September 2012 were restated by the same net amount.

Interim reports are not audited by the Independent Auditors.

Consolidation scope

At 30 September 2013, the group was 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. In late June 2013, the procedure to liquidate the wholly-owned subsidiary TF Sec S.r.l. came to an end; on 5 September 2013 said company was cancelled from the companies register.

The accounts on which the consolidation is based are those prepared by Group companies at 30 September 2013.

Group equity and income situation

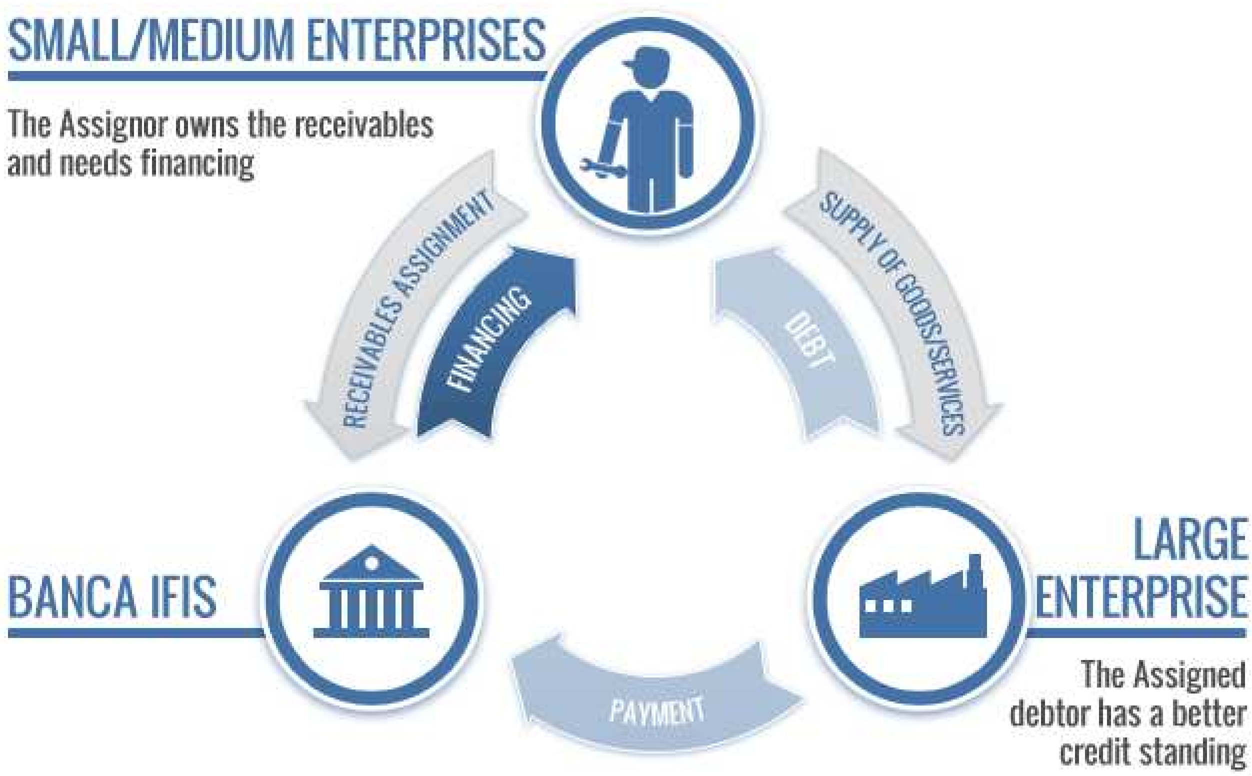
Reference markets

Trade Receivables

Banca IFIS supports the short-term financial and credit management needs of small- and medium-sized enterprises. This activity falls under trade receivable financing, which in the first six months of 2013 decreased by 8% in Italy compared with the same period in the previous year, coming in at 283 billion Euro in loans (as at June 2013).

Also the factoring market is slowing down: at September 2013, factoring advances amounted to 38 billion Euro, down 9,3% compared with the prior-year period (source: Assifact).

According to the latest FCI estimates, the Italian factoring market ranks fourth worldwide in terms of volume, ahead of Germany and Spain and behind China, the UK and France, with a 9% market share (14% in Europe). In Italy, international factoring accounts for 21% as a percentage of total turnover.



New commercial trademark Credi Impresa Futuro

To encourage the growth of loans to Italian SMEs, a new project was developed, accompanied by a new trademark: Credi Impresa Futuro. The multi-channel service and real time continuous support will be the strenghts of this service, launched at the end of this summer. The internet will be the preferred contact method, allowing to easily assess the possibility of extending a loan to those requiring one; the advanced use of CRM and social media are the ingredients of a formula which once again bears witness to the pioneering spirit of the Bank.

Pharmaceutical sector

DSOs greatly vary across regions, but the average payment time for the industry is approximately 250 days. The industry continues to suffer from late payments from the Public Administration: According to Farmaindustra, a trade body, the Public Administration owes 4 billion Euro to Italian pharmaceutical companies, of which 1,7 billion Euro relating to contracts entered into since the beginning of 2013.

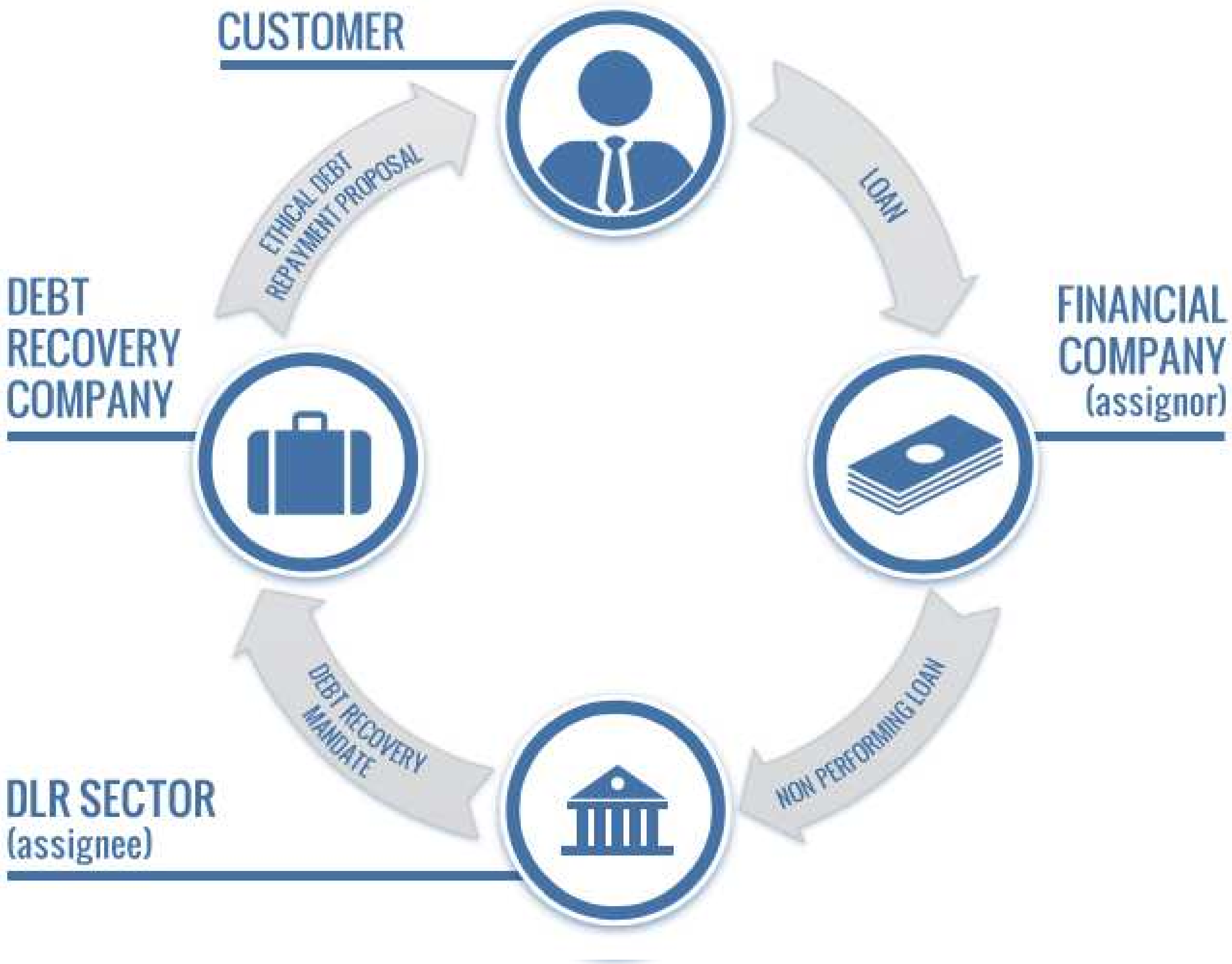
In details, the Bank, which operates in this industry, has observed the following facts:

1) there are still specific local problems caused by a serious lack of efficiency, but overall payment time is improving.

2) decree 35 and the first tranche of payments at the end of the semester had a significant impact.

Distressed retail loans

The distressed loans market is characterised by the presence of players who approach the business in different ways and focus their attention on portfolios that are often non homogenous, especially as for the type of receivable that is bought, the type of subject, and the methods of collection.



We may recognise 4 categories of non-performing loans that are purchased, deriving from:

- property-backed mortgages
- other receivables backed by third-party surety bonds
- asset/salary-backed consumer credit/retailer loans due from individuals
- unsecured consumer credit.

We may identify the following categories of debtors:

- individuals with or without steady income
- limited companies or partnerships/sole proprietorships

We may distinguish two broad areas for collection, judicial and non-judicial.

In addition, market players adopt different approaches also in taking on risk:

- some seek to acquire portfolios and manage them until the payment's collection
- some focus only on management in exchange for fees.

The market for distressed loans originating largely from the unsecured consumer credit sector was characterised in 2012 and in the first half of 2013 by several and often significant disposals of loan portfolios by Italian financial companies belonging to major foreign banking groups, as well as by the return of foreign investment funds as buyers. The inflow of abundant liquidity on the financial markets due to the interest of foreign investors in the Italian market caused demand to increase, leading to higher competition and pricing pressure.

Also during the first six months of 2013, the economic situation swelled the pool of non-performing loans, and therefore of receivables potentially up for sale, exceeding 136 billion Euro in the banking industry alone.

New commercial trademark CrediFamiglia

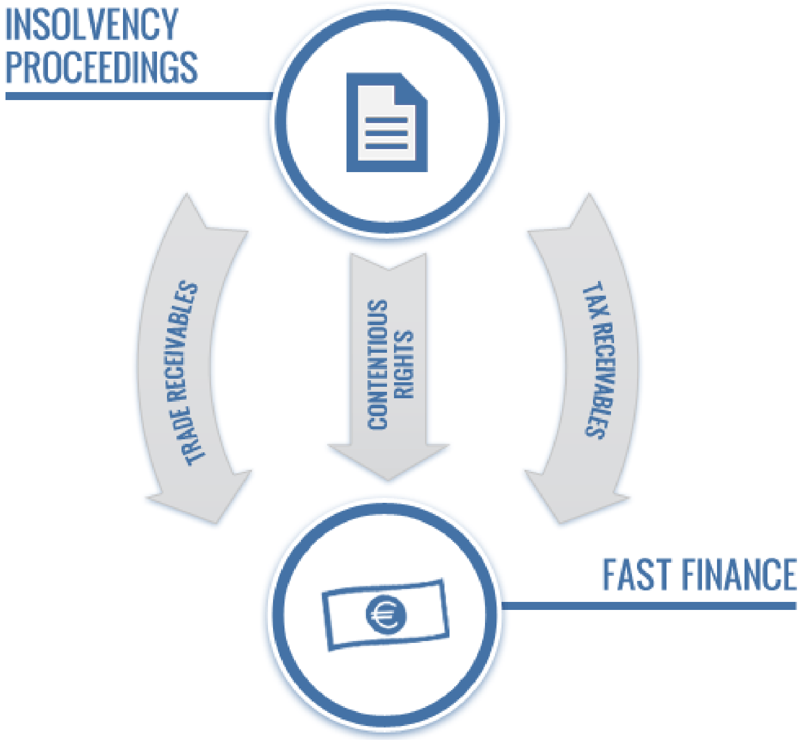
CREDI FAMIGLIA di BancaIFIS

A new logo, CrediFamiglia, was launched at the end of the first half of the year. It represents an ethical and sustainable entity based on the values of dialogue, transparency and knowledge; it is a true community, which also operates through the internet, with a network of professionals who, thanks to their extensive experience in credit, can assist, provide advice and listen to those who have a debt that they wish to honour and resolve.

Tax receivables

The market for tax receivables usually arising from insolvency proceedings has historically been valued at 40 to 50 million Euro, with peaks related to the disposal of large portfolios of receivables due from insolvency proceedings of important industrial groups and/or Extraordinary Administration proceedings.

During 2012 and also in 2013, in order to facilitate the end of Extraordinary Administration proceedings declared in previous years but for which business activity has already terminated, some portfolios of tax receivables were put on sale, causing the market to swell to around 70-80 million Euro. With these higher volumes, Fast Finance maintained its market share at over 50%.



Impact of regulatory changes

The new regulations that came into force in the first nine months of 2013 that impacted Banca IFIS the most are set out below.

- Starting from 1 January 2013, the Group adopted the following new accounting standards and the amendments subsequently made to other accounting standards.
    - IFRS 13 Fair Value Measurement
    - Presentation of items of other comprehensive income (Amendments to IAS 1)
    - IAS 19 (2011) Employee Benefits

    The nature and effect of the changes related to said new accounting standards are described in Basis of preparation in the Notes.
- The new regulations on payments, which aim to reduce the time it takes for companies to collect their payments and so reduce their need for credit, is actually a further opportunity for the Bank to grow. Since the total financial needs of the system cannot be reduced, except in the long term, following a radical structural change concerning mainly the Public Administration, the actual impact of the new regulations is to transfer the need for credit from one company to another. In particular, as regards the most important sector for the Bank, demand for credit is expected to shift gradually and partially from suppliers (largely SMEs) to purchasing companies (usually of greater size and value). As a matter of fact, purchasing companies are increasingly encouraging their suppliers to sell their receivables, in order to keep current payment terms unchanged, thus taking direct responsibility for the debt and costs beyond the new deadline envisaged by the law. While, on the one hand, this phenomenon may result in a moderate downward trend in the Bank’s margins (given the higher creditworthiness of the purchasing company), on the other, it causes the risk level of the receivables portfolio to fall (especially concerning the risks of claims against the supplier) and gives rise to new significant indirect opportunities to develop business relations with suppliers, under a specific arrangement and with the cooperation of the purchasing company.

Operating performance

Comment by the CEO

We achieved outstanding results. On this basis, we will continue to build up our operations by listening and constantly seeking to provide answers to those who turn to us. We have rolled up our sleeves to offer our customers – be they account holders, businesses or households – a refreshing and new way of “banking”, something we have been doing for thirty years now. Our intention is to design together with the customer a service tailored to him by listening to the needs of each individual or company. In doing so, Banca IFIS can rely on a business model whose central focus is caring for those who give us their trust, the intangible asset par excellence that allows us to generate long-term value, rather than short-lived gains. Our way of “banking” seeks to provide tangible support to Italy's real economy at a crucial time in its history, in which assuming risks responsibly means having the courage to do our best, to answer promptly and transparently to our customers. We are not interested in short-term results; we know that a good idea and hard work will generate economic as well as social value.

Significant events occurred in the period

Banca IFIS transparently and timely discloses information to the market, constantly publishing information on significant events through press releases. Please refer to the “Investor Relations\Press Releases” section on the website www.bancaifis.it for complete details.

http://www.bancaifis.it/bancaifis/index.php/en/main/Investor-Relations/Press-releases

Here below is a summary of the most important events:

Contomax launched

On 7 January 2013, Banca IFIS officially launched contomax, its crowd current account born from the dialogue with the Web. The account can be opened by visiting www.contomax.it.

The main services available are: advanced Bancomat (cash card that can also be used for on-line purchases on the Maestro circuit); payment of utility bills and Telepass motorway tolls, the transfer of funds from one account to another and, in addition, mobile phone top-ups.

The account also guarantees high returns thanks to a series of interest rate solutions according to the sums deposited.

This account has no opening or management fees and the stamp duty is paid by the Bank.

Appointment of members of the Board of Directors

Banca IFIS’s General Shareholders’ Meeting of 30 April 2013 set the total number of components of the Board of Directors at 9 and appointed Sebastien Egon Furstenberg, Alessandro Csillaghy, Giovanni Bossi, Andrea Martin, Francesca Maderna, Marina Salamon, Riccardo Preve, Giuseppe Benini and Daniele Santosuosso as Board members for 2013-2015, setting the remuneration payable to each of them for the performance of their duties. This Meeting also appointed Giacomo Bugna (Chairman), Mauro Rovida (Standing Auditor), Giovanna Ciriotto (Standing Auditor), Luca Giacometti (Alternate Auditor) and Sonia Ferrero (Alternate Auditor), as members of the Board of Statutory Auditors, setting the remuneration payable to each of them for the performance of their duties.

Furthermore, the Meeting: acknowledged the report on implementation of the remuneration policies for 2012 and resolved in favour of Section I of the Remuneration Report, prepared pursuant to Article 123-ter of the Consolidated Law on Finance, also for the purposes of adjusting Banca IFIS banking Group’s remuneration policy for 2013; authorised the renewal of the Directors and Officers’ liability insurance policy; approved the amendment to the Shareholders’ Meeting Regulation pursuant to Legislative Decree no. 27 dated 27 January 2010, implementing Directive 2007/36/EC in Italy on the exercise of rights by listed companies’ shareholders and subsequent amendments (Legislative Decree no. 91 dated 18 June 2012).

After the Meeting~~,~~ Banca IFIS's Board of Directors appointed the corporate officers from amongst the directors elected for the 2013-2015 three-year period, confirming Sebastien Egon Furstenberg as Chairman, Alessandro Csillaghy as Deputy Chairman, and Giovanni Bossi as CEO; it also appointed the Control and Risks Committee, the Appointment and Remuneration Committee, the Supervisory Body, the Lead Independent Director and the Executive Director responsible for the Internal Audit and Risk Management System.

New IT System

The new IT system supporting the operations of the trade receivables sector was launched in May 2013. This is a strategically important change, due to the consequences it will have on the processes, operating methods and growth prospects of the factoring business, all of which are now supported by an advanced ERP software developed by one of the top specialist vendors. It is tailored to the Bank's specific characteristics and suited to meet the sophisticated needs of a mature market.

New branch opening in Verona

Banca IFIS opened a new branch in Verona to be closer to its customers.

Group financial and income results

Statement of financial positions items

MAIN STATEMENT OF FINANCIAL POSITION ITEMS *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ASSOLUTA	30.09.2013
Available for sale financial assets	2.531.765	1.974.591	557.174	28,2%
Held to maturity financial assets	4.459.285	3.120.428	1.338.857	42,9%
Due from banks	391.187	545.527	(154.340)	(28,3)%
Due from customers	2.237.595	2.292.314	(54.719)	(2,4)%
Property, plant and equipment and investment property and intangible assets	46.660	45.655	1.005	2,2%
Other assets	182.394	145.615	36.779	25,3%
Total assets	**9.848.886**	**8.124.130**	**1.724.756**	**21,2%**
Due to banks	527.961	557.323	(29.362)	(5,3)%
Due to customers	8.837.029	7.119.008	1.718.021	24,1%
Financial liabilities held for trading	130	389	(259)	(66,6)%
Other liabilities	125.932	138.393	(12.461)	(9,0)%
Equity	357.834	309.017	48.817	15,8%
Total liabilities and equity	**9.848.886**	**8.124.130**	**1.724.756**	**21,2%**

Available for sale (AFS) financial assets

Available for sale financial assets include debt and equity securities and, at 30 September 2013, stood at 2.531,8 million Euro, +28,2% compared to 1.974,6 million Euro at the end of last year. The securities portfolio is held for the purposes described in the following section "Securities portfolio".

Held to maturity (HTM) financial assets

The portfolio of held to maturity financial assets stood at 4.459,3 million Euro at 30 September 2013, +42,9% compared to the end of the previous year, and consists of Italian government bonds with residual maturity at the time of purchase of over one year, in light of the ability and willingness to hold them until maturity.

At the reporting date, this HTM portfolio shows unrecognised net capital gains amounting to 21,3 million Euro before taxes. Such capital gains were not recognised according to the amortised cost method applicable to this portfolio. The securities portfolio is held for the purposes described in the following section "Securities portfolio".

Receivables due from banks

At 30 September 2013 receivables due from banks totalled 391,2 million Euro, compared to 545,5 million Euro at 31 December 2012 (-28,3%).

Some securities not quoted in an active market and eligible with the Euroystem were classified under this item for an amount of 26 million Euro (- 55,2% compared to 31 December 2012). The securities portfolio is held for the purposes described in the following section "Securities portfolio".

The item includes 2 million Euro in short-term repurchase agreements with banks (4,7 million Euro at 31 December 2012) as well as 363,2 million Euro in treasury loans with other lenders (-24,8% compared to 31 December 2012) largely related to maintaining levels of liquidity exceeding period-end maturities.

Securities portfolio

In order to provide a comprehensive view of the Group's securities portfolio, the debt securities portfolio, represented by several asset items in the statement of financial position, and the equity portfolio are commented on below.

Debt securities portfolio

At the end of the period, securities trading reached a significant volume, that is 7.003 million Euro (an increase of 36,3% compared to 31 December 2012). Purchases of 2013 to the tune of 3.582,2 million Euro focused on Italian government bonds, at fixed rate for very short-term bonds and at floating rate for medium-term ones.

Currently the portfolio's average return is high, considering the period in which most bonds were purchased.

This significant resource allowed Banca IFIS to access funding at reasonable costs through repurchase agreements on the MTS platform or refinancing operations on the Euroystem.

These securities have been classified as shown in the following table on the basis of their characteristics and in compliance with the provisions of IAS 39.

DEBIT SECURITIES PORTFOLIO *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
DEBT SECURITIES INCLUDED UNDER:				
Available for sale financial assets	2.518.198	1.961.556	556.642	28,4%
Held to maturity financial assets	4.459.285	3.120.428	1.338.857	42,9%
Receivables due from banks - bonds	26.037	58.159	(32.122)	(55,2)%
Total securities held	**7.003.520**	**5.140.143**	**1.863.377**	**36,3%**

Here below is the breakdown by issuer and by maturity of the debt securities held.

Issuer	up to 3 months	over 3months up to 6 months	over 6 months up to 1 year	over 1 year up to 2 years	over 2 years up to 5 years	over 5 years up to 10 years	Total
Government	29.896	982.165	2.110.048	646.618	3.039.585	143.845	6.952.157
% of total	*0,4%*	14,0%	*30,1%*	*9,2%*	*43,4%*	*2,1%*	*99,2%*
Banks	.002	9.986	8.006	25.901	5.468	-	51.363
% of total	*0,0%*	0,2%	*0,1%*	*0,4%*	*0,1%*	*0,0%*	*0,8%*
Total	**31.898**	**992.151**	**2.118.054**	**672.519**	**3.045.053**	**143.845**	**7.003.520**
% of total	***0,4%***	**14,2%**	***30,2%***	***9,6%***	***43,5%***	***2,1%***	**100,0%**

Equity portfolio

Available for sale financial assets include equity securities relating to non-controlling interests in unlisted companies, amounting to 13.567 thousand Euro (+4,1% compared to 31 December 2012), which are considered strategic for Banca IFIS. The increase compared to the end of 2012 refers to the subscription to further shares in a lender the Bank already had an interest in, as well as to the change in the fair value of securities held in the portfolio.

Receivables due from customers

At the end of September, total receivables due from customers reached 2.237,6 million Euro, slightly down by 2,4% or 54,7 million Euro compared to 2.292,3 million Euro at the end of 2012. Since this summer, the Bank registered significant cash flows, especially from receivables due from the Public Administration and repurchase agreements with Cassa di Compensazione e Garanzia, which reached maturity and are included in this item. On the up were: trade receivables in the amount of 3,4 million Euro (+0,2%) DRL (distressed retail loans) in the amount of 10,7 million Euro (+10,2%) and tax receivables in the amount of 9,7 million Euro (+11,6%). Another increase was seen in margin lending related to repurchase agreements in government bonds on the MTS platform, rising by +27,2% or 51,2 million Euro. Repurchase agreements with Cassa di Compensazione e Garanzia outstanding at 31 December 2012, on the other hand, went down, amounting to 138,7 million Euro, having reached full maturity.

DUE FROM CUSTOMERS *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Trade receivables	1.779.307	1.775.864	3.443	0,2%
- *of which impaired assets*	*261.488*	*333.565*	*(72.077)*	*(21,6)%*
Distressed retail loans	114.698	104.044	10.654	10,2%
- *of which impaired assets*	*114.698*	*104.044*	*10.654*	*10,2%*
Tax receivables	92.851	83.174	9.677	11,6%
- *of which impaired assets*	*467*	*2.566*	*(2.099)*	*(81,8)%*
Governance and Services	250.739	329.232	(78.493)	(23,8)%
- *of which Cassa di Compensazione e Garanzia*	*239.452*	*188.262*	*51.190*	*27,2%*
- *of which Repurchase agreements*	-	*138.735*	*(138.735)*	*(100,0)%*
Total due from customers	**2.237.595**	**2.292.314**	**(54.719)**	**(2,4)%**
- of which impaired	***376.653***	***440.175***	***(63.522)***	***(14,4)%***

Receivables due from customers are composed as follows: 28,1% from the Public Administration (compared to 30,2% at 31 December 2012) and 71,9% from the private sector (compared to 69,8% at 31 December 2012). As already mentioned, this trend reflects the significant cash flows from receivables included in this sector.

With regard to activities in support of SMEs, the duration of loans was confirmed as short-term, in line with the strategy to support working capital that represents the Bank's core business.

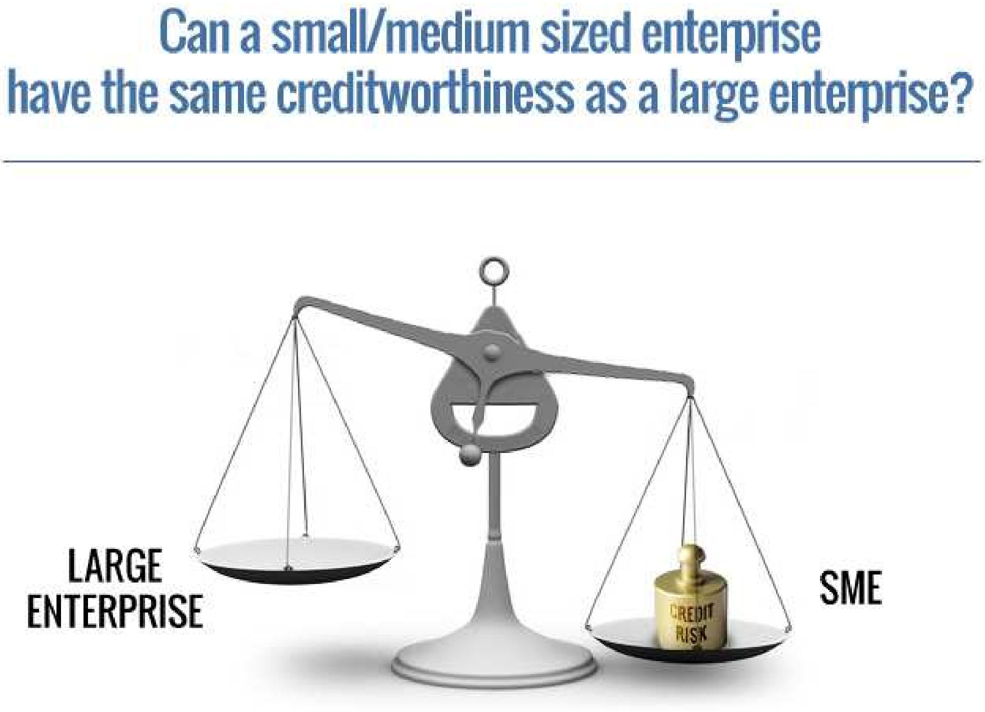
The geographical breakdown is as follows: 97,9% from customers resident in Italy (98,3% at 31 December 2012), and 2,1% from customers resident abroad (1,7% at 31 December 2012).

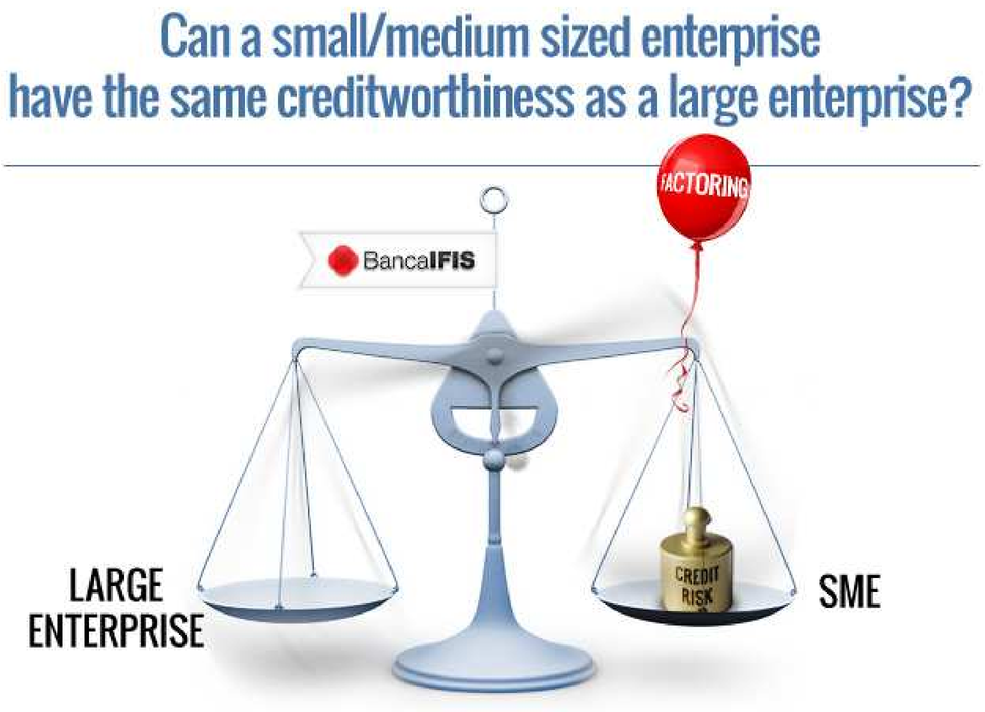
Finally, it should be noted that the item includes 3 position, amounting to 112.345 thousand Euro, which fall within the category of major risks. Out of the total amount, 51.598 thousand Euro refer to receivables due from Italian tax authorities generated by the tax receivables sector.

Receivables due from customers, excluding 108,1 million Euro in net non-performing loans, totalled 2.129,5 million Euro, down 2,2% from the end of 2012.

Credit quality

By adopting a business model suitable for transferring risk from customers to better-structured debtors, the Bank manages to mitigate its exposure to customer default. Nevertheless, the protracted negative economic situation has caused even receivables due from more creditworthy debtor counterparties to deteriorate.





Total net impaired assets for the year totalled 376,7 million Euro, compared to 440,2 million Euro at the end of 2012 (-14,4%). The decrease was largely due to lower substandard loans (-31,8%) and non-performing loans (6,2%).

Impaired assets include receivables in the DRL sector, rising from 104 million Euro to 114,7 million Euro (+10,2%). This sector's business is closely associated with recovering impaired assets: therefore, distressed retail loans are recognised as non-performing or substandard loans. In particular, those loans maintain the same classification as that assigned by the invoice seller, provided the latter is subject to the same law as Banca IFIS: otherwise, if the Bank has not ascertained the debtor's state of insolvency, those loans are classified as substandard.

CREDIT QUALITY *(in thousands of Euro)*	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES	CONSOLIDATED TOTAL
Non-performing loans					
Amount at 30.09.2013	52.127	55.506	467	-	*108.100*
Amount at *31.12.2012*	*76.711*	*35.974*	*2.566*	-	*115.251*
% Change	*(32,0)%*	*54,3%*	*(81,8)%*	-	*(6,2)%*
Substandard loans					
Amount at 30.09.2013	79.976	59.192	-	-	*139.168*
Amount at *31.12.2012*	*136.124*	*68.070*	-	-	*204.194*
% Change	*(41,2)%*	*(13,0)%*	-	-	*(31,8)%*
Restructured loans					
Amount at 30.09.2013	*8.334*	-	-	-	*8.334*
Amount at *31.12.2012*	*7.910*	-	-	-	*7.910*
% Change	*5,4%*	-	-	-	*5,4%*
Past due loans					
Amount at 30.09.2013	*121.051*	-	-		*121.051*
Amount at *31.12.2012*	*112.820*	-	-	-	*112.820*
% Change	*7,3%*	-	-	-	*7,3%*
Total net impaired assets					
Amount at 30.09.2013	***261.488***	***114.698***	***467***	**-**	***376.653***
Amount at *31.12.2012*	***333.565***	***104.044***	***2.566***	**-**	***440.175***
% Change	***(21,6)%***	***10,2%***	***(81,8)%***	**-**	***(14,4)%***
Net performing loans due from customers					
Amount at 30.09.2013	1.517.819	-	92.384	250.739	*1.860.942*
Amount at *31.12.2012*	*1.442.299*	-	*80.608*	*329.232*	*1.852.139*
% Change	*5,2%*	-	*14,6%*	*(23,8)%*	*0,5%*
Total due from customers (cash)					
Amount at 30.09.2013	***1.779.307***	***114.698***	***92.851***	***250.739***	***2.237.595***
Amount at *31.12.2012*	***1.775.864***	***104.044***	***83.174***	***329.232***	***2.292.314***
% Change	***0,2%***	***10,2%***	***11,6%***	***(23,8)%***	***(2,4)%***

Total **non-performing loans** due from customers, net of impairment, were 108,1 million Euro at 30 September 2013, compared to 115,3 million Euro at the end of 2012. The change is essentially due to the combined effect of the decrease in the Trade Receivables sector (- 32%) on the one hand, and the increase in the DRL sector (+54,3%) on the other.

At the end of the period, **substandard loans** totalled 139,2 million Euro, compared to 204,2 million Euro in 2012 (31,8%), of which 59,2 million Euro relating to the DRL sector (68,1 million Euro at the end of 2012). The decrease is substantially due to transfers to lower risk categories (past-due or performing) or collections, as well as the adjustments made during the period.

Past due loans totalled 121,1 million Euro, compared with 112,8 million Euro at the end of 2012 (+7,3%). It should be noted that net past due loans include 37,5 million Euro in receivables due from the Public Administration purchased outright within the factoring activity. Given the quality of credit and debtors, we believe these positions are not subject to impairment. Furthermore, those positions, based on current regulations and contract law, bear interest on arrears that, in line with the market best practices, was conservatively recognised in the financial statements subsequent to the definition of judicial and non-judicial collection actions brought by the Bank.

The ratio of net non-performing loans to loans fell from 5% to 4,8%, while that of substandard loans to loans from 8,9% to 6,2%. The ratio of total net impaired assets to loans dropped from 19,2% to 16,8%.

IMPAIRED ASSETS *(in thousands of Euro)*	NON PERFORMING (1)	SUBSTANDARD	RESTRUCTURED	PAST DUE	TOTAL
BALANCE AT 30.09.2013					
Gross amount	269.038	158.185	9.363	121.688	**558.274**
Incidence on gross total receivables	*11,1%*	*6,5%*	*0,4%*	*5,0%*	***23,0%***
Adjustments	160.938	19.017	1.029	637	**181.621**
Incidence on gross value	*59,8%*	*12,0%*	*11,0%*	*0,5%*	***32,5%***
Net amount	108.100	139.168	8.334	121.051	**376.653**
Incidence on net total receivables	*4,8%*	*6,2%*	*0,4%*	*5,4%*	***16,8%***
BALANCE AT 31.12.2012					
Gross amount	238.071	229.814	9.048	113.249	**590.182**
Incidence on gross total receivables	*9,7%*	*9,4%*	*0,4%*	*4,6%*	***24,1%***
Adjustments	122.820	25.620	1.138	429	**150.007**
Incidence on gross value	*51,6%*	*11,1%*	*12,6%*	*0,4%*	***25,4%***
Net amount	115.251	204.194	7.910	112.820	**440.175**
Incidence on net total receivables	*5,0%*	*8,9%*	*0,3%*	*4,9%*	***19,2%***

(1) **Non-performing loans** are recognised in the financial statements up to the point in which all credit collection procedures have been entirely completed.

As far as the trade receivables sector is concerned, the ratio of net non-performing loans to loans fell from 4,3% to 2,9%, while that of substandard loans to loans from 7,7% to 4,5.

IMPAIRED TRADE RECEIVABLES *(in thousands of Euro)*	NON PERFORMING (1)	SUBSTANDARD	RESTRUCTURED	PAST DUE	TOTAL
BALANCE AT 30.09.2013					
Gross amount	213.065	98.993	9.363	121.688	**443.109**
Incidence on gross total receivables	*10,8%*	*5,0%*	*0,5%*	*6,2%*	*22,5%*
Adjustments	160.938	19.017	1.029	637	**181.621**
Incidence on gross value	*75,5%*	*19,2%*	*11,0%*	*0,5%*	*41,0%*
Net amount	52.127	79.976	8.334	121.051	**261.488**
Incidence on net total receivables	*2,9%*	*4,5%*	*0,5%*	*6,8%*	*14,7%*
BALANCE AT 31.12.2012					
Gross amount	199.531	161.744	9.048	113.249	**483.572**
Incidence on gross total receivables	*10,3%*	*8,4%*	*0,5%*	*5,9%*	*25,0%*
Adjustments	122.820	25.620	1.138	429	**150.007**
Incidence on gross value	*61,6%*	*15,8%*	*12,6%*	*0,4%*	*31,0%*
Net amount	76.711	136.124	7.910	112.820	**333.565**
Incidence on net total receivables	*4,3%*	*7,7%*	*0,4%*	*6,4%*	*18,8%*

(1) Non-performing loans are recognised in the financial statements up to the point in which all credit collection procedures have been entirely completed.

Intangible assets and property, plant and equipment and investment property

Intangible assets totalled 6.323 thousand Euro compared to 5.683 thousand Euro at 31 December 2012 (+11,3%). The item refers to software (5.428 thousand Euro) and goodwill (826 thousand Euro) arising from the consolidation of the investment in IFIS Finance Sp. Zo.o.

Property, plant and equipment and investment property increased by 0,9% to 40.337 thousand Euro. At the end of the period, properties classified under property, plant and equipment and investment property mainly include: the important historical building Villa Marocco, located in Mestre (Venice) and housing Banca IFIS's registered office, and the property in Mestre (Venice), partly sub-leased to the Parent Company La Scogliera S.p.A.

The carrying amount of the above properties has been confirmed by experts specialising in the appraisal of luxury property. 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.

The head office of the DRL business area in Florence, which was acquired under a finance lease, was recognised at 4.179 thousand Euro.

This item includes also some properties of negligible value.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Deferred tax assets, amounting to 25,2 million Euro at 30 September 2013, refer for 23,6 million Euro to impairment losses on receivables which can be deducted in the following years.

Deferred tax liabilities, amounting to 18,3 million Euro at 30 September 2013, refer for 7,3 million Euro to the measurement of tax receivables of the former subsidiary Fast Finance S.p.A., which was carried out at the time of the business combination, and for 7,5 million Euro to taxes on the valuation reserve for AFS securities held in the portfolio.

Funding

Funding, net of the retail component, shall be analysed in a comprehensive manner based on market trends: it consists of wholesale funding through repurchase agreements (classified under payables due to customers, as they are concluded on the MTS platform and therefore without a direct banking counterparty), refinancing transactions on the Euroystem, and short-term treasury transactions with other lenders.

FUNDING *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Payables due to customers:	**8.837.029**	**7.119.008**	**1.718.021**	**24,1%**
Repurchase agreements	*4.834.004*	*4.039.330*	*794.674*	*19,7%*
Rendimax	*3.910.998*	*3.046.172*	*864.826*	*28,4%*
Contomax	*34.560*	*-*	*34.560*	*n.a.*
Other payables	*57.467*	*33.506*	*23.961*	*71,5%*
Payables due to banks:	**527.961**	**557.323**	**(29.362)**	**(5,3)%**
Eurosystem	*500.000*	*500.000*	*-*	*0,0%*
Other payables	*27.961*	*57.323*	*(29.362)*	*(51,2)%*
Total funding	**9.364.990**	**7.676.331**	**1.688.659**	**22,0%**

Total funding, which amounted to 9.365 million Euro at 30 September 2013, up 22% compared to 31 December 2012, is represented for 94,4% by **Payables due to customers** and for 5,6% by **Payables due to banks**.

Payables due to customers at 30 September 2013 totalled 8.837 million Euro, (+24,1% compared to 31 December 2012). Three factors determined this increase: the outstanding growth in retail funding from the online rendimax savings account, which reached 3.911 million Euro (+28,4% compared to the end of 2012); the launch of contomax, the low-cost online current account with high returns, contributing 34,6 million Euro; and the higher use of repurchase agreements with underlying government bonds and the Cassa di Compensazione e Garanzia (the Italian central counterparty) as counterparty, amounting to 4.834 million Euro at the end of the period (against 4.039,3 million Euro at the end of 2012).

Payables due to banks, which totalled 528 million Euro (-5,3% compared to December 2012), consist mainly of 500 million Euro in funds arising from refinancing transactions on the Eurosystem, in line with the end of 2012. These transactions were carried out using part of the debt securities held, as well as the securities obtained from the self-securitisation of trade receivables called "Ifis Collection Service". The remainder of payables due to banks consists of 28,0 million Euro in interbank deposits (-51,2% compared to the end of 2012).

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Legal disputes	330	1.355	(1.025)	(75,6)%
Tax litigation	207	194	13	6,7%
Total	**537**	**1.549**	**(1.012)**	**(65,3)%**

Legal disputes

Supported by the legal opinion of its lawyers, the Bank made a provision of 330 thousand Euro at 31 December 2012 for the settlement, which is considered to be likely, of a lawsuit brought by an account debtor which sued the Bank and asked for revenues amounting to 859 thousand Euro to be returned, since they were related to non-existing receivables.

At 31 December 2012, there was also a 1.025 thousand Euro provision that the Bank had previously made, supported by the legal opinion of its lawyers, for the settlement of a dispute with a former customer's receiver. The latter sued the Bank, demanding that the factoring contract be declared null and void, that sales could not be objected, and pursuant to Article 67, Para. 1 and 2 of the Bankruptcy Law and Article 2901 of the Italian Civil Code, that sales occurred during the year and in the six-month period before bankruptcy be revoked, for an amount of 4.923 thousand Euro. The lawsuit ended in the first quarter of 2013 in a settlement and with the write-off of the provision made.

Overall, the Bank recognises contingent liabilities totalling 7,8 million Euro in claims, represented by four preference and fraudulent conveyance actions as part of bankruptcy proceedings and three lawsuits naming the Bank as defendant; supported by the legal opinion of its lawyers, the Bank made no provisions for these positions, as the risk of defeat is low.

Other (tax disputes)

On 25 July 2008, the Italian Revenue Agency – Regional Department of Veneto started a check relating to the tax year 2005. This check ended on 5 December 2008 with the issuance of a report of verification, which revealed two findings, both connected to the correct determination of the ceiling for the deduction of receivables pursuant to Article 106, Para. 3, of Presidential Decree 917/86, for a total of 1.447 thousand Euro. Moreover, considering that the ceiling mechanism sets limits for deducting impairment losses on receivables and that the surplus (arising from the difference between the ceiling and net impairments) is deductible on a straight-line basis over the next eighteen years, the application of the criterion indicated in the aforementioned report of verification would imply a tax benefit for the Bank in the years following 2005.

The aforementioned report of verification included also a notification regarding an alleged case of tax avoidance as set out in Article 37-bis of Presidential Decree 600/73 regarding the write-down in 2003 of the equity investment in Immobiliare Marocco S.p.A. (which merged into the Issuer with deed dated 19 October 2009). This investment was deducted in fifths in the following years based on the losses recognised by this company pursuant to Articles 61 and 66 of Presidential Decree 917/86 (in force up to 31 December 2003). On 2 February 2009 the Agency sent a verification notice to the Bank, requesting clarification on the write-down. The Bank promptly replied to it.

Again in reference to the notification of the alleged tax avoidance, on 3 December 2009 the Bank received a verification notice relating to the year 2004, in which the Revenue Agency revised the income for the year 2004 subject to the corporate tax (IRES), applying the anti-avoidance provision no. 26 as set out in Article 37-bis of Presidential Decree 600/73 for a total of 837 thousand Euro, with a higher tax liability relating to the tax year concerned of approximately 276 thousand Euro plus interest and penalties.

On 21 June 2010, the Bank received a verification notice referring to the following year, in which the Revenue Agency revised the income for the year 2005 subject to the corporate tax (IRES), applying the anti-avoidance provision as set out in Article 37-bis of Presidential Decree 600/73, for a total amount of 837 thousand Euro, with a higher tax liability relating to the tax year in question of approximately 276 thousand Euro plus interest and penalties. The same verification notice relating to the year 2005 treated as taxable the amount relating to the redetermination of the ceiling for deducting losses on receivables concerning the above-mentioned findings, for a total of 1.447 thousand Euro, with higher taxes of around 478 thousand due in relation to the year 2005, interests and penalties excluded.

Subsequently, by the end of 2010 the Bank received a notice cancelling under the appeal process the verification notices issued for 2005.

On 22 February 2011, the appeal regarding the verification notice for the tax year 2004 was discussed before the first level Provincial Tax Commission of Venice. On 29 June 2011, the Provincial Tax Commission of Venice rejected the appeal. On 7 November 2011, the Bank was served a notice of payment for the amounts enrolled on the tax register following the ruling of the court of first instance, pursuant to the laws on tax verification and collection, totalling 423 thousand Euro. Banca IFIS paid those amounts on 29 December 2011. Subsequently, the company filed an appeal with the Regional Tax Commission against this ruling. On 25 September 2012 the appeal was heard before the second-degree Regional Tax Commission of Venice. On 18 October 2012 the Commission’s ruling was issued: it accepted the appeal by Banca IFIS SpA and La Scogliera SpA and, fully reversing the first-instance ruling, it proceeded to cancel the verification notices for 2004 which had been challenged and ordered the Revenue Agency to reimburse the costs for the two-level proceedings to the appellant.

As a consequence of the second-instance ruling, the Revenue Agency returned the sums paid by the Bank following the negative outcome of the first appeal. These had been previously recognised as a 423 thousand Euro receivable in the Bank’s accounts.

On 22 August 2012 the Bank received a verification notice for 2005 that is closely related to the notices received during 2010 and subsequently cancelled under appeal process by the end of the same year. The verification notice, besides containing the same points and therefore the sums requested (in terms of taxes and penalties) included in the previous notice that was then cancelled, considers as tax avoidance some security trading and lending transactions and challenges the deduction of sums such as non-deductible capital losses and manufactured dividends for a total of 6.293 thousand Euro. The higher tax overall due in relation to this latter finding totals 2.076 thousand Euro, plus interest and penalties.

Therefore the overall amount subjected to taxation in the verification notice totals 8.576 thousand Euro, with higher taxes for the year under review of 2.830 thousand Euro. The verification notice, which has now passed the ordinary deadline for its issue which was 31 December 2010, was sent on the basis of the Tax Office assumption that the doubling of the statute of limitations provided for by the law can be applied to this case, i.e. it represents a criminal offence.

In relation to this verification notice, the Bank applied for composition proceedings with the aim of finding out whether the Office was willing to reconsider its stance, but the application was rejected; the Revenue Agency preferred to continue with the dispute by appealing to the Court of Cassation regarding the verification notice for 2004, effectively forcing the Bank to file a counter-appeal with the Court on 29 January 2013, within the legal time limits; the analysis of the Revenue Agency's appeal exposes the weakness of their case, already apparent in the previous hearings. Therefore, the tax consultants assisting the Bank in the proceedings believe the chance of defeat is unlikely, and the Bank did not make any provisions for the tax dispute risk concerned.

The appeal against the verification notice for 2005 was filed on 11 February 2013.

Before examining in detail the individual findings and the assessment errors made by the Revenue Agency, the appeal focuses on the reasons why the judges should completely annul the notice. Serious material errors were made, to the point that they completely invalidate the act: the criminal charge, which seeks to have the statute of limitations doubled and that the Public Prosecutor completely rejected by ordering a non-suit; a series of verification notices served and then cancelled under the appeal process; and several legal errors contained in the last act issued.

Besides this, the defence case, which had already been set out in the application for composition proceedings, has been expanded and explained in detail. The fragility of the challenge to the write-down on the equity investment in Immobiliare Marocco was highlighted once again, and made even more apparent by the victory in the court of second instance regarding 2004 and which, at this point, would cover all the subsequent years.

Then, the appeal sets out the reasons why the challenges to the calculations of the ceiling for the deduction of receivables are wrong, both as far as the method adopted and interpretation provided by the tax officials in the report of verification are concerned, and even more so in light of the subsequent amendments and supplements to the laws regulating the principles for determining the income of long-time and first-time adopters of IAS.

As for the claims related to securities trading, the appeal highlighted that the transactions concerned produced positive results for the Bank, net of taxes, and they were not completely risk-free or entered into guaranteeing right from the start the conditions to neutralise any profit or loss from the transaction. The cross call and put options only had the effect of limiting the risk of losses and the potential excess returns, and in any case did not rule them out completely, as was hastily claimed in the verification notice. Above all, the challenged transactions simply applied the regime in force at the time, without eluding the law or its underlying principles; in fact, the system established with the 2004 reform envisages a double regime for stock transfers. Therefore, there is nothing strange in short-term equity trading on equity investments which do not qualify for participation exemption, with dividends received partially exempt from tax and deductible capital losses.

In any case, the Bank asked to recalculate the challenged amounts, which did not take into account the positive components which, as taxable income, are included in the determination of income. In April 2013, the Bank was notified of the Revenue Agency's response to the appeal. At 30 June 2013, the date for the first instance hearing had yet to be settled.

In light of the above, the tax consultants hired to resolve the dispute have stated that they reasonably believe it possible to validly defend the Bank's case, and that therefore the chance of defeat is unlikely.

However, it is necessary to consider the letter dated 8/8/2012 in which the Bank of Italy clarified that intermediaries, should they have to pay the tax authorities a certain amount following the enrolment in the tax register of higher taxes and the relevant interest and penalties, must assess whether or not it represents a contingent asset as defined by IAS 37. On the basis of this accounting standard, the asset should not be recognised whenever the profit on the same is not all but certain, and the amounts paid to the tax authorities must therefore be recognised at cost and not as tax receivables.

At 31 December 2012, 159 thousand Euro were allocated to the provision for tax dispute risks for higher taxes and 35 thousand Euro for interest, for a total of 194 thousand Euro against the likely provisional enrolment on the tax register(1) following the appeal, pursuant to Bank of Italy's Circular dated 8 August 2012. The Bank will not make any provision for the risk of defeat in the ongoing tax dispute. At 30 September 2013, the Bank recognised an adjustment to said provision based on the amounts actually enrolled on the tax register and notified to the Bank on 9 October 2013. Compared to the provision previously made, there was a difference of 13 thousand Euro, mainly due to the reimbursement of collection costs. The Bank promptly paid the amount requested in light of the obligations pursuant to the law, although it expects a positive outcome.

(1) The provisional amounts enrolled on the tax register are those made on the basis of a verification notice that is not final, since it has been challenged. An appeal filed against a verification notice does not suspend its execution; pending the rulings of the court of first instance and of the court of second instance, part of the verified income tax, plus interest and part of the penalties, can be collected. In particular, as regards the income tax and value added tax, after the verification notice has been served, the Office can enrol on the tax register 1/3 of the verified taxes and interests. In relation to the charges relating to the anti-avoidance provision as set out in art. 37 bis of Presidential Decree 600/73, the amounts due before the first instance ruling cannot be enrolled on the tax register (para. 6, art. 37 bis, Presidential Decree 600/73). Subsequent to the rulings of the tax commissions, further fractions of the amounts due become payable, based on the grounds of the decision and the level of the judicial body.

Capital adequacy and solvency ratios

Consolidated equity was 357.864 thousand Euro at 30 September 2013, compared to 309.017 thousand Euro at 31 December 2012. The breakdown of the item and the change compared to the previous year are detailed in the tables below:

EQUITY: COMPOSITION *(in thousands of Euro)*	AMOUNT AT		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	30.09.2013
Share capital	53.811	53.811	-	*0,0%*
Share premiums	73.654	73.188	466	*0,6%*
Valuation reserves:	9.951	759	9.192	*1211,1%*
- AFS securities	*15.544*	*5.302*	*10.242*	*193,2%*
- post-employment benefits	*(122)*	*(152)*	*30*	*(19,7)%*
- exchange differences	*(5.471)*	*(4.391)*	*(1.080)*	*24,6%*
Reserves	163.056	104.371	58.685	*56,2%*
Treasury shares	(9.718)	(1.340)	(8.378)	*625,2%*
Profit for the period	67.110	78.228	(11.118)	*(14,2)%*
Equity	**357.864**	**309.017**	**48.847**	**15,8%**

EQUITY: CHANGES	*(in thousands of Euro)*
Equity at 31.12.2012	**309.017**
Increases:	**78.397**
Profit for the period	67.110
Sale of treasury instruments	1.015
Change in valuation reserve:	10.272
- AFS securities	*10.242*
- post-employment benefits	*30*
Decreases:	**(29.550)**
Dividends distributed	(19.538)
Purchase of treasury instruments	(8.927)
Change in valuation reserve:	(1.080)
- exchange differences	*(1.080)*
Other	(5)
Equity at 30.09.2013	**357.864**

The change in the valuation reserve for AFS securities mainly refers to the effects of the fair value measurement of government bonds held in the portfolio.

The change in the currency translation reserve refers mainly to exchange differences deriving from the consolidation of the subsidiary IFIS Finance Sp. Z o.o.

CAPITAL ADEQUACY RATIOS (in thousands of Euro)	PERIOD		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Regulatory capital				
Tier 1 capital (1)	326.846	282.144	44.702	15,8%
Tier 2 capital	(5.253)	(4.216)	(1.037)	24,6%
Deductibles	-	-	-	0,0%
Total capital	**321.593**	**277.928**	**43.665**	**15,7%**
Prudential regulatory requirement				
Credit risk	156.881	149.343	7.538	5,0%
Market risk	2.274	1.784	490	27,5%
Operating risk	23.608	23.608	-	0,0%
Total prudential requirements	**182.763**	**174.735**	**8.028**	**4,6%**
Risk Weighted Assets	**2.284.537**	**2.184.189**	**100.348**	**4,6%**
Solvency ratios				
Tier 1 capital/total weighted assets	14,31%	12,92%	-	1,39%
Total capital/Total weighted assets	14,08%	12,72%	-	1,36%
Capital surplus in excess of minimum requirements	**138.830**	**103.193**	**35.637**	**34,5%**

(1) Tier 1 capital includes the profit generated over the quarter net of estimated dividends

Pursuant to Bank of Italy's Regulation dated 18 May 2010, the Banca IFIS Group calculated its regulatory capital at 30 September 2013 by adopting the so-called "symmetric filter", which allows to neutralize both gains and losses on securities issued by the Central Administrations of EU Member States. The net amount of the item was 15,1 million Euro, included under available for sale financial assets, as if those securities were measured at cost.

RECONCILIATION STATEMENT BETWEEN NET EQUITY / REGULATORY CAPITAL (thousands of euro)	30.09.2013
Net Equity	**357.864**
Adjustments:	**(36.271)**
- gains from data scrubbing of AFS debt securities due central government	(15.189)
- 50% net capital gains on capital securities with intermediaries	(218)
- dividend estimation	(14.541)
- goodwill	(826)
- sterilizzazione plusvalenze AFS su titoli di debito verso Amministrazioni Centrali???	(15.189)
Regulatory capital	**321.593**

Income statements items

Formation of net banking income

Net banking income grew from 167.643 thousand Euro to 194.139 thousand Euro, an increase of 15,8%.

At 30 September 2013, the breakdown of net banking income was as follows: Trade Receivables sector 46,7% (47,2% at 30 September 2012), DRL sector 10% (7,9% at 30 September 2012), Tax Receivables sector 3,9% (1,3% at 30 September 2012), Governance and Services sector 39,4% (43,7% at 30 September 2012).

NET BANKING INCOME (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2013 30.09.2013	01.01.2012 30.09.2012	ABSOLUTE	%
Net interest income	128.103	100.788	27.315	27,1%
Net commission income	65.652	67.034	(1.382)	(2,1)%
Dividends and similar income	84	9	75	833,3%
Net result from trading	289	(188)	477	(253,7)%
Profit (loss) from sale or buyback of financial assets	11	-	11	n.a.
Net banking income	**194.139**	**167.643**	**26.496**	**15,8%**

Net interest income rose from 100.788 thousand Euro at 30 September 2012 to 128.103 thousand Euro at 30 September 2013 (+27,1%).

All sectors made a positive contribution to this result.

As for the Trade Receivables sector, the increase from 9.708 thousand Euro in the first nine months of 2012 to 21.789 thousand Euro this year was due to the higher number of financed companies (+6% compared to the prior-year period). Furthermore, at 30 September 2013 the Bank recognised 4.270 thousand Euro in interest on arrears, compared to 1.284 thousand Euro in the prior-year period. It should be noted that at 30 September 2013 interest on arrears accrued on amounts due from the Public Administration related to already collected receivables (approximately 42,2 million Euro) and non-collected receivables (approximately 32,8 million Euro). Such amounts are not included in profit or loss for the period as there is not enough information available to ascertain their recoverability. The contribution of interest on arrears is usually recognised in profit or loss subsequent to the definition of judicial and non-judicial collection actions brought by the Bank.

The DRL and Tax Receivables sectors contributed 26.977 thousand Euro to net interest income, compared to 15.297 thousand Euro at 30 September 2012.

The returns on the securities portfolio rose to 95.239 thousand Euro (compared to 60.049 thousand Euro at 30 September 2012) on the back of higher volumes. This result is reported in the Governance and Services sector, which includes also the cost of retail funding exceeding core loans and held in order to guarantee an adequate level of liquidity under economic stress scenarios.

Interest expense relating to the rendimax savings accounts amounted to 97.431 thousand Euro overall (+53,5% compared to 30 September 2012).

Net commission income decreased by 2,1% compared to the prior-year period. This change was the result of lower commission income on the one hand (which fell from 71.051 at 30 September

2012 to 70.210 thousand Euro), and higher commission expense on the other (rising from 4.017 thousand Euro at 30 September 2012 to 4.558 thousand Euro).

The decrease in commission income is due to the improvement on the financial markets and in the perception of Italy's country risk, which, together with the shorter time it takes for the Public Administration to pay creditors, caused the commissions applied by the Bank to customers in the Pharma business area to fall.

Formation of net profit from financial activities

Net profit from financial activities of the Group totalled 159.575 thousand Euro compared to 140.054 thousand Euro at 30 September 2012, up 13,9%. Based on the data concerning the trends in margins and impairment losses on loans and receivables, we can state that against the backdrop of a market so far characterized by recessionary pressures and volatility in business results, there are tentative signs of improvement and of a timid recovery, allowing companies to honour their debts.

FORMATION OF PROFIT FOR THE PERIOD *(in thousands of Euro)*	PERIOD		CHANGE	
	01.01.2013 30.09.2013	01.01.2012 30.09.2012	ABSOLUTE	%
Net banking income	**194.139**	**167.643**	**26.496**	**15,8%**
Net impairment losses on:	(34.564)	(27.589)	(6.975)	25,3%
receivables	(34.505)	(24.944)	(9.561)	38,3%
available for sale financial assets	(59)	(2.645)	2.586	(97,8)%
Net profit from financial activities	**159.575**	**140.054**	**19.521**	**13,9%**

Net impairment losses on receivables totalled 34.505 thousand Euro, compared to 24.944 thousand Euro at 30 September 2012 (+38,3%). They reflected the protracted adverse economic conditions, although today there are tentative signs of recovery. The ratio of credit risk cost to the Group's overall average loan balance over the last twelve months increased to 333 bp (221 bp at 30 September 2012), due to a stringent provisioning policy imposed by the challenging economic conditions in the first months of 2013; the ratio of non-performing loans to total loans in the trade receivables sector fell to 2,9%, down 1,4% from 4,3% at 31 December 2012.

Net impairment losses on available for sale financial assets, amounting to 59 thousand Euro, refer to the fair value adjustment of a non-controlling interest.

Formation of net profit for the period

The table below shows the formation of the Group’s profit for the period starting from the previously mentioned profit from financial activities, compared with the prior-year period.

FORMATION OF PROFIT FOR THE PERIOD *(in thousands of Euro)*	PERIOD		CHANGE	
	01.01.2013 30.09.2013	01.01.2012 30.09.2012(1)	ABSOLUTE	%
Net profit from financial activities	**159.575**	**140.054**	19.521	13,9%
Operating costs	(54.952)	(51.145)	(3.807)	7,4%
Pre-tax profit from continuing operations	**104.623**	**88.909**	**15.714**	**17,7%**
Income tax expense for the period	(37.513)	(30.978)	(6.535)	21,1%
Net profit for the period	**67.110**	**57.931**	**9.179**	**15,8%**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

In the first nine months of 2013, **operating costs** rose 7,4%, from 51.145 thousand Euro in September 2012 to 54.952 thousand Euro, consistently with the goal to strengthen some areas and services supporting the business and the scenario in which the Group operates.

The cost/income ratio further improved, falling from 30,5% at 30 September 2012 (27,9% at 31 December 2012) to 28,3% in the reporting period.

OPERATING COSTS *(in thousands of Euro)*	PERIOD		CHANGE	
	01.01.2013 30.09.2013	01.01.2012 30.09.2012 (1)	ABSOLUTE	%
Personnel expenses	27.236	28.160	(924)	(3,3)%
Other administrative expenses	27.999	21.640	6.359	29,4%
Allocation to provisions for risks and charges	13	1.000	(987)	(98,7)%
Net impairment losses on tangible and intangible assets	2.072	2.486	(414)	(16,7)%
Other operating charges (income)	(2.368)	(2.141)	(227)	10,6%
Total operating costs	**54.952**	**51.145**	**3.807**	**7,4%**

(1) The amounts were restated following the adoption of IAS 19 (2011) concerning the criteria for recognising actuarial gains and losses related to post-employment benefits. For further details, see Basis of preparation in the Notes.

Personnel expenses, amounting to 27.236 thousand Euro, decreased by 3,3% compared to 30 September 2012. This was the result, on the one hand, of the higher number of the Group's employees, amounting to 536 at the end of the period (compared to 460 at 30 September 2012, +16,5%), and on the other, of the recognition in the financial statements at 30 September 2012 of the refunding costs related to the restructuring following the business combinations.

Other administrative expenses at 30 September 2013 reached 27.999 thousand Euro, compared to 21.640 thousand Euro in the third quarter of 2012 (+29,4%).

This increase was substantially due to the following factors: first, the costs for stamp duties related to retail funding, which rise in direct correlation to the number of operating customers and, as a result of a commercial policy decision, are not charged back to customers; then, the rise in fees paid to debt collection companies for the collection of receivables in the DRL and Tax Receivables sector, which are proportioned to the amounts recovered. Said fees are recognised under "outsourced services" and rose from 3.061 to 3.873 thousand Euro.

Please note that part of the expenses included in this item (in particular legal expenses and indirect taxes) is charged back to customers and the relevant revenue is recognised under other operating income. Net of this component, other administrative expenses totalled 25.362 thousand Euro at 30 September 2013, compared to 18.986 thousand Euro at 30 September 2012 (+33,6%).

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	PERIOD		CHANGE	
	01.01.2013 30.09.2013	01.01.2012 30.09.2012	ABSOLUTE	%
Expenses for professional services	**10.393**	**7.771**	**2.622**	**33,7%**
Legal and consulting services	5.155	3.528	1.627	46,1%
Auditing	303	328	(25)	(7,6)%
Outsourced services	4.935	3.915	1.020	26,1%
Direct and indirect taxes	**6.108**	**3.284**	**2.824**	**86,0%**
Expenses for purchasing goods and other services	**11.498**	**10.585**	**913**	**8,6%**
Property expenses	2.522	2.334	188	8,1%
Car fleet management and maintenance	1.565	1.425	140	9,8%
Customer information	1.416	1.438	(22)	(1,5)%
Postage of documents	1.056	552	504	12,4%
Software assistance and leasing	1.416	1.438	(22)	91,3%
Telephone and data transmission expenses	842	936	(94)	(10,0)%
Advertising and inserts	690	718	(28)	(3,9)%
Business trips and transfers	516	438	78	17,8%
Other sundry expenses	1.733	1.714	19	1,1%
Total administrative expenses	**27.999**	**21.640**	**6.359**	**29,4%**
Expense recoveries	(2.637)	(2.654)	17	(0,6)%
Total other administrative expenses net	**25.362**	**18.986**	**6.376**	**33,6%**

At 30 September 2013, other sundry expenses included 222 thousand Euro in operating expense related to the special purpose vehicles set up for the purposes of the ongoing securitisations. 220 thousand Euro referred to membership fees and 278 thousand Euro to document archiving costs.

Net impairment losses on intangible assets largely refer to IT devices, and at 30 September 2013 stood at 1.224 thousand Euro, down 18,1% compared to the prior-year period.

Net impairment losses on property, plant and equipment and investment property totalled 848 thousand Euro, compared to 992 thousand Euro at 30 September 2012 (-14,5%).

Other net operating income totalled 2.368 thousand Euro at 30 September 2013, compared to 2.141 thousand Euro in the prior-year period (+10,6%) and refers mainly to revenue from the recovery of expenses charged to third parties. The relevant cost item is included in other administrative expenses, namely under legal expenses and indirect taxes.

Pre-tax profit for the period stood at 104.623 thousand Euro, an increase of 17,7% compared to 30 September 2012.

Income tax expense amounted to 37.513 thousand Euro, compared to 30.978 thousand Euro at 30 September 2012 (+21,1%).

Profit for the period totalled 67.110 thousand Euro, compared to 57.931 thousand Euro in the first nine months of 2012 (+15,8%). This result bolsters the Bank, allowing it to face the next six months calmly and steadily. In the absence of profit attributable to non-controlling interests, these results refer entirely to the Group.

Contribution of business sectors to Group results

The organisational structure

The model for segment reporting is in line with the organisational structure used by the Head Office to analyse Group results and is broken down into the following sectors: Trade Receivables, Distressed Retail Loans, Tax Receivables, Governance and Services.

The Governance and Services sector manages the Group's financial resources and allocates funding costs to operating sectors and subsidiaries based on the Group's internal transfer rate system. The internal transfer rate system was updated effective 1 July to account for the changes in the current situation and outlook of financial markets and to report more accurately the contribution of the Group's sectors to the achievement of overall results.

Here below are the results achieved in the first nine months of 2013 by the various business sectors, which will be analysed in the sections dedicated to the individual sectors.

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of euro)*	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Amounts at 30.09.2013	-	-	-	2.531.765	2.531.765
Amounts at *31.12.2012*	-	-	-	1.974.591	1.974.591
% Change	-	-	-	28,2%	28,2%
Held to maturity financial assets					
Amounts at 30.09.2013	-	-	-	4.459.285	4.459.285
Amounts at *31.12.2012*	-	-	-	3.120.428	3.120.428
% Change	-	-	-	42,9%	42,9%
Due from banks					
Amounts at 30.09.2013	-	-	-	391.187	391.187
Amounts at *31.12.2012*	-	-	-	545.527	545.527
% Change	-	-	-	(28,3)%	(28,3)%
Due from customers					
Amounts at 30.09.2013	1.779.307	114.698	92.851	250.739	2.237.595
Amounts at *31.12.2012*	1.775.864	104.044	83.174	329.232	2.292.314
% Change	0,2%	10,2%	11,6%	(23,8)%	(2,4)%
Due to banks					
Amounts at 30.09.2013	-	-	-	527.961	527.961
Amounts at *31.12.2012*	-	-	-	557.323	557.323
% Change	-	-	-	(5,3)%	(5,3)%
Due to customers					
Amounts at 30.09.2013	-	-	-	8.837.029	8.837.029
Amounts at *31.12.2012*	-	-	-	7.119.008	7.119.008
% Change	-	-	-	24,1%	24,1%

INCOME STATEMENT DATA *(in thousands of Euro)*	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Amounts at 30.09.2013	90.694	19.392	7.585	76.468	194.139
Amounts at *30.09.2012*	*79.085*	*13.193*	*2.104*	*73.261*	*167.643*
% Change	*14,7%*	*47,0%*	*260,5%*	*4,4%*	*15,8%*
Net profit from financial activities					
Amounts at 30.09.2013	54.169	21.000	7.997	76.409	159.575
Amounts at *30.09.2012*	*54.443*	*13.041*	*1.954*	*70.616*	*140.054*
% Change	*(0,5)%*	*61,0%*	*309,3%*	*8,2%*	*13,9%*

SECTOR KPI *(in thousands of Euro)*	TRADE RECEIVABLES	DRL	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Amounts at 30.09.2013	3.904.399	n.a.	n.a.	n.a.
Amounts at *30.09.2012*	*3.597.722*	*n.a.*	*n.a.*	*n.a.*
% Change	*8,5%*	-	-	-
Nominal amount of receivables managed				
Amounts at 30.09.2013	2.345.306	3.731.977	146.396	n.a.
Amounts at *31.12.2012*	*2.352.274*	*3.471.413*	*146.231*	*n.a.*
% Change	*(0,3)%*	*7,5%*	*0,1%*	-
Net non-performing loans/Due from customers				
Amounts at 30.09.2013	*2,9%*	*48,4%*	*0,5%*	n.a.
Amounts at *31.12.2012*	*4,3%*	*34,6%*	*3,1%*	*n.a.*
% Change	*(1,4)%*	*13,8%*	*(2,6)%*	-
RWA (2)				
Amounts at 30.09.2013	*1.506.999*	*114.699*	*41.253*	*243.054*
Amounts at *31.12.2012*	*1.448.097*	*104.044*	*41.495*	*236.532*
% Change	*4,1%*	*10,2%*	*(0,6)%*	*2,8%*

(1) Gross flow of the receivables sold by the customers in a specific period of time
(2) Risk Weighted Assets; the amount refers only to the individual statement of financial position figures reported in the sectors.

Trade receivables

This item includes the following business areas:

- Italian Trade Receivables, dedicated to supporting the trade receivables of SMEs operating in the domestic market;
- Foreign Trade Receivables, for companies growing abroad or based abroad and working with Italian customers;
- Pharma, supporting the trade receivables of local health services' suppliers.

The 14,7% rise in net banking income in the Trade Receivables sector (90,7 million Euro compared to 79,1 million Euro at 30 September 2012) was due to the higher number of financed companies (+6% compared to the prior-year period) and the increase in interest on arrears collected by the Pharma business area (4,3 million Euro compared to 1,3 million Euro in the prior-year period).

It should be noted that at 30 September 2013 the Bank recognised interest on arrears related to already collected receivables (totalling approximately 42,2 million Euro) as well as non-collected receivables (approximately 32,8 million Euro) due from the Public Administration. Such amounts are not included in profit or loss for the period as there is not enough information available to ascertain their recoverability. The contribution of interest on arrears is usually recognised in profit or loss subsequent to the definition of judicial and non-judicial collection actions brought by the Bank.

Net impairment losses on receivables reflected the protracted adverse economic conditions in the first months of 2013, although today there are tentative signs of recovery.

The ratio of non-performing loans to loans in the trade receivables sector fell to 2,9%, down 1,4% from 4,3% at 31 December 2012.

INCOME STATEMENT DATA *(in thousands of Euro)*	30.09.2013	30.09.2012	CHANGE	
			ABSOLUTE	%
Net interest income	21.789	9.708	12.081	124,4%
Total net commission income	68.905	69.377	(472)	(0,7)%
Net banking income	**90.694**	**79.085**	**11.609**	**14,7%**
Net impairment losses on: loans and receivables	(36.525)	(24.642)	(11.883)	48,2%
Net profit from financial activities	**54.169**	**54.443**	**(274)**	**(0,5)%**

INCOME STATEMENT DATA *(in thousands of Euro)*	3rd QUARTER 2013	3rd QUARTER 2012	CHANGE	
			ABSOLUTE	%
Net interest income	10.301	4.235	6.066	143,2%
Total net commission income	23.014	27.074	(4.060)	(15,0)%
Net banking income	**33.315**	**31.309**	**2.006**	**6,4%**
Net impairment losses on: loans and receivables	(8.981)	(12.560)	3.579	(28,5)%
Net profit from financial activities	**24.334**	**18.749**	**5.585**	**29,8%**

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of Euro)*	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Non-performing loans	52.127	76.711	(24.584)	(32,0)%
Substandard loans	79.976	136.124	(56.148)	(41,2)%
Restructured loans	8.334	7.910	424	5,4%
Past due loans	121.051	112.820	8.231	7,3%
Total impaired assets to customers	**261.488**	**333.565**	**(72.077)**	**(21,6)%**
Net performing loans	1.517.819	1.442.299	75.520	5,2%
Total due from customers (cash)	**1.779.307**	**1.775.864**	**3.443**	**0,2%**

The decrease in impaired assets is substantially due to significantly lower substandard loans, partly transferred to lower risk categories (past-due or performing) and partly collected, as well as the adjustments made during the period.

IMPAIRED TRADE RECEIVABLES *(in thousands of Euro)*	NON PERFORMING (1)	SUBSTANDARD	RESTRUCTURED	PAST DUE	TOTAL
BALANCE AT 30.09.2013					
Gross amount	213.065	98.993	9.363	121.688	443.109
Incidence on gross total receivables	*10,8%*	*5,0%*	*0,5%*	*6,2%*	*22,5%*
Adjustments	160.938	19.017	1.029	637	181.621
Incidence on gross value	*75,5%*	*19,2%*	*11,0%*	*0,5%*	*41,0%*
Net amount	52.127	79.976	8.334	121.051	261.488
Incidence on net total receivables	*2,9%*	*4,5%*	*0,5%*	*6,8%*	*14,7%*
BALANCE AT 31.12.2012					
Gross amount	199.531	161.744	9.048	113.249	483.572
Incidence on gross total receivables	*10,3%*	*8,4%*	*0,5%*	*5,9%*	*25,0%*
Adjustments	122.820	25.620	1.138	429	150.007
Incidence on gross value	*61,6%*	*15,8%*	*12,6%*	*0,4%*	*31,0%*
Net amount	76.711	136.124	7.910	112.820	333.565
Incidence on net total receivables	*4,3%*	*7,7%*	*0,4%*	*6,4%*	*18,8%*

(1) **Non-performing loans** are recognised in the financial statements up to the point in which all credit collection procedures have been entirely completed.

KPI	30.09.2013	30.09.2012	VARIAZIONE	
			ASSOLUTA	%
Turnover	3.904.399	3.597.722	306.677	8,5%
Net banking income/ Turnover	2,2%	2,2%	-	0,0%

KPI	30.09.2013	31.12.2012	VARIAZIONE	
			ASSOLUTA	%
Net non-performing loans/Due from customers	2,9%	4,3%	-	(1,4)%
Impaired assets/Due from customers	14,7%	18,8%	-	(4,1)%
Total RWA per sector	1.506.999	1.448.097	58.902	4,1%

The following table shows the nominal value of receivables purchased (operating data not recognised in the statements) for factoring transactions outstanding at the end of the period (Total Receivables), broken down into receivables with or without recourse and receivables purchased outright. Please note that the breakdown of purchased receivables in the following table is based on the contract form used by the Bank.

MONTE CREDITI (in migliaia di euro)	AMOUNT ATL		CHANGE	
	30.09.2013	31.12.2012	ABSOLUTE	%
Receivables without recourse	92.125	127.580	(35.455)	(27,8)%
of which due from the Public Administration	7.994	*10.250*	*(2.256)*	*(22,0)%*
Receivables with recourse	1.662.324	1.551.389	110.935	7,2%
of which due from the Public Administration	465.749	*453.774*	*11.975*	*2,6%*
Outright purchases	590.857	673.305	(82.448)	(12,2)%
of which due from the Public Administration	536.006	*615.564*	*(79.558)*	*(12,9)%*
Total receivables	**2.345.306**	**2.352.274**	**(6.968)**	**(0,3)%**
of which due from the Public Administration	***1.009.749***	***1.079.588***	***(69.839)***	**(6,5)%**

The decrease in total receivables purchased outright due from the Public Administration refers to the significant cash flows received during the reporting period, a result of the debt collection actions taken by the Pharma business area.

The breakdown of customers by geographic area in Italy, with a separate indication for those abroad, is as follows:

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	COMMITMENTS	TURNOVER
Northern Italy	47,9%	53,1%
Central Italy	25,6%	26,4%
Southern Italy	24,0%	14,4%
Abroad	2,5%	6,1%
Total	**100,0%**	**100,0%**

Distressed Retail Loans

This is the Banca IFIS Group's sector dedicated to non-recourse factoring and managing distressed loans. It serves households under the new CrediFamiglia brand.

The sector, formerly known as NPL, was renamed during 2013 as "Distressed Retails Loans" (hereinafter "DRL") so as to avoid confusion with impaired assets, defined as "non-performing loans (NPLs)" in English.

The business is closely associated with recovering impaired loans. Loans in the DRL segment are included among non-performing and substandard loans: in particular, those loans are initially attributed the same classification as that assigned by the invoice seller, provided the latter is subject to the same law as Banca IFIS: otherwise, if the Bank has not ascertained the debtor's state of insolvency, those loans are classified as substandard.

After initial recognition, at an amount equal to the price paid, receivables are measured at amortised cost, calculated using the effective interest rate method; the effective interest rate is calculated as the rate at which the present value of the expected cash flows (Internal Rate of Return, hereafter IRR), for principal and interest, is equal to the price paid.

Specifically, receivables in the DRL sector are measured and recognised through the following steps:

1. the effective interest rate is calculated at the time the receivable is purchased on the basis of the price paid, the transaction costs, if any, and the estimated cash flows and collection time calculated using either a proprietary statistical model (point 3), analytical estimates made by managers, or, in the case of bills of exchange or agreements finalised with the creditor, the relevant repayment plans;
2. the effective interest rate as set out in the previous point is unchanged over time;
3. the cash flows and collection time are estimated using a statistical model, on the basis of historical time series on revenues from similar portfolios over a statistically significant period of time;
4. repayment plans referring to bills of exchange or agreements finalised with the creditor are adjusted by a historical proportion of unpaid accounts;

5. at the end of each reporting period, interest income accrued on the basis of the original effective interest rate is recognised under Interest Income. Said interest is calculated as follows: Amortised Cost at the beginning of the period x IRR/365* days in the period;
6. in addition, at the end of each reporting period the expected cash flows for each position are re-estimated;
7. should events occur (higher or lower revenues realised or expected compared to forecasts and/or a change in collection times) which cause a change in the amortised cost (calculated by discounting the new cash flows at the original effective rate compared to the amortised cost in the period), this change is also recognised under Interest Income, except in the situation set out in the following point;
8. should the receivables be classified as non-performing, all the changes as set out in the previous point are recognised under Impairment losses/reversals on receivables;
9. should loans be classified as substandard, or should they be objectively impaired, the changes as set out in point 7) are recognised under item 130 Net impairment losses/reversals on receivables; if an impairment loss had already been recognised, reversals can be recognised up to the amount of said impairment loss, recognising the surplus under Interest income;
10. It is important to bear in mind that the recognition of the various economic elements under Interest Income and Impairment losses/reversals is purely for accounting purposes, since it is connected to the classification of receivables; on the other hand, from the viewpoint of business, the economic effects shall be considered on the whole and divided into two macro-categories: interest generated by the measurement at amortised cost (point 5) and the economic components due to the changes in cash flows (points 6-7-8-9).

TREND IN DRL RECEIVABLES	(in thousands of Euro)
Receivables portfolio at 31 December 2012	**104.044**
Purchases	7.681
Interest income due to amortised cost (point 5)	17.615
Other components of net interest income due to change in cash flows (points 6-7)	4.553
Impairment losses/reversals due to change in cash flows (points 8-9)	1.608
Collections	(20.803)
Receivables portfolio at 30 September 2013	**114.698**

INCOME STATEMENT DATA *(in thousands of Euro)*	30.09.2013	30.09.2012	CHANGE	
			ABSOLUTE	%
Interest income due to amortised cost	17.615	13.884	3.731	26,9%
Other components of net interest income due to changes in cash flows	4.553	2.053	2.500	121,8%
Collection costs	(2.776)	(2.744)	(32)	1,2%
Net commission income	-	-	-	-
Net banking income	**19.392**	**13.193**	**6.199**	**47,0%**
Net impairment losses/reversals on loans and receivables	1.608	(152)	1.760	(1157,9)%
Net profit from financial activities	**21.000**	**13.041**	**7.959**	**61,0%**

INCOME STATEMENT DATA *(in thousands of Euro)*	3rd QUARTER 2013	3rd QUARTER 2012	CHANGE	
			ABSOLUTE	%
Net interest income	4.541	3.141	1.400	44,6%
Total net commission income	-	-	-	-
Net banking income	**4.541**	**3.141**	**1.400**	**44,6%**
Net impairment losses on loans and receivables	714	(65)	779	(1198,5)%
Net profit from financial activities	**5.255**	**3.076**	**2.179**	**70,8%**

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of Euro)*	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Non-performing loans	55.506	35.974	19.532	54,3%
Substandard loans	59.192	68.070	(8.878)	(13,0)%
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total impaired assets to customers	**114.698**	**104.044**	**10.654**	**10,2%**
Net performing loans	-	-	-	-
Total due from customers (cash)	**114.698**	**104.044**	**10.654**	**10,2%**

KPI	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	3.731.977	3.471.413	260.564	7,5%
Total RWA per sector	114.699	104.044	10.655	10,2%

During the first nine months of 2013, the counterparties settled their debts mainly through two methods: in cash (postal orders, bank transfers, etc.) or by signing bills of exchange; in particular, 20,8 million Euro were collected, in line with expectations; as for the bills of exchange, they increased to 59 million Euro, compared to 24 million Euro in the prior-year period.

The performance of the sector has thus improved markedly, also thanks to the new debt collection approach, which entails a massive increase in the collection of bills of exchange.

The purchases made in the period led to the acquisition of financial receivables portfolios with a nominal value of 293 million Euro at a price of 7,7 million Euro (i.e. 2,7% of the nominal value).

With these purchases, the portfolio managed by the DRL sector covers 572.583 cases, for a par value of 3.732 million Euro.

For the sake of completeness, it should be noted that the costs relating to debt collection operations undertaken by external agencies, recognised under “other administrative expenses”, amounted to 3,9 million Euro at the end of the third quarter of 2013, against 3 million Euro in the prior-year period.

Tax receivables

It is Banca IFIS Group's sector specialised in purchasing tax receivables arising from insolvency proceedings; it operates under the Fast Finance brand and offers to buy both accrued and accruing tax receivables on which repayment has already been requested or which shall be requested in the future, and that arose during insolvency proceedings or in prior years. As a complement to its core business, this sector acquires also trade receivables from insolvency proceedings.

Since the Public Administration is the counterparty, tax receivables are classified as performing; trade receivables, on the other hand, may be classified as impaired assets if required.

INCOME STATEMENT DATA *(in thousands of Euro)*	30.09.2013	30.09.2012	CHANGE	
			ABSOLUTE	%
Net interest income	7.585	2.104	5.481	260,5%
Total net commission income	-	-	-	-
Net banking income	**7.585**	**2.104**	**5.481**	**260,5%**
Net impairment losses on: loans and receivables	412	(150)	562	(374,7)%
Net profit from financial activities	**7.997**	**1.954**	**6.043**	**309,3%**

INCOME STATEMENT DATA *(in thousands of Euro)*	3rd QUARTER 2013	3rd QUARTER 2012	CHANGE	
			ABSOLUTE	%
Net interest income	2.067	964	1.103	114,4%
Total net commission income	-	-	-	-
Net banking income	**2.067**	**964**	**1.103**	**114,4%**
Net impairment losses on: loans and receivables	27	(103)	130	(126,2)%
Net profit from financial activities	**2.094**	**861**	**1.233**	**143,2%**

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of Euro)*	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Non-performing loans	467	2.566	(2.099)	(81,8)%
Substandard loans	-	-	-	-
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total impaired assets to customers	**467**	**2.566**	**(2.099)**	**(81,8)%**
Net performing loans	92.384	80.608	11.776	14,6%
Total due from customers (cash)	**92.851**	**83.174**	**9.677**	**11,6%**

KPI	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	146.396	146.231	165	0,1%
Total RWA per sector	41.253	41.495	(242)	(0,6)%

Net interest income is generated by the interest accrued according to the amortised cost method and collection costs allocated to the sector; the contribution to profit or loss of positions acquired following the acquisition of the former Toscana Finanza Group by Banca Ifis begins to be significant. They yield returns which are considerably higher than those on the receivables held in the portfolio at the acquisition date. Furthermore, the adjustment to the estimated cash flows, higher than expected, and debt collection time, shorter than expected, resulted in an approximately 3,5 million Euro increase in interest for the period.

Net reversals of impairment losses on receivables for the period were due mainly to the reduction of estimated debt collection time.

During the period, 19,1 million Euro were collected, in line with estimates; 238 receivables were acquired for an amount of 27,7 million Euro, at an average price of about 62,3% of the par value of the tax receivables net of enrolments (i.e. 17,9 million Euro).

With these purchases, the portfolio managed by the sector covers 4.506 cases, for a par value of 146,4 million Euro.

Governance and services

Within the scope of its management and coordination activities, the Governance and Services sector exercises strategic, managerial, and technical-operational control over operating segments and subsidiaries.

Furthermore, it provides the operating segments and subsidiaries with the financial resources and services necessary to perform their respective business activities. The Internal Audit, Compliance, Risk Management, Communications, Strategic Planning and Management Control, Administration and General Affairs, Human Resources, Organisation and ICT departments, as well as the structures responsible for raising, allocating (to operating segments and subsidiaries), and managing financial resources, are centralised in the Parent Company. Specifically, this sector includes both the contribution of the securities portfolio to net interest income for the period, amounting to 95,2 million Euro, and the cost of retail funding exceeding core loans and held in order to guarantee an adequate level of liquidity under economic stress scenarios.

INCOME STATEMENT DATA *(in thousands of Euro)*	30.09.2013	30.09.2012	CHANGE	
			ABSOLUTE	%
Net interest income	79.337	75.782	3.555	4,7%
Total net commission income	(3.253)	(2.342)	(911)	38,9%
Dividends and similar income	384	(179)	563	(314,5)%
Net banking income	**76.468**	**73.261**	**3.207**	**4,4%**
Net impairment losses on: financial assets	(59)	(2.645)	2.586	(97,8)%
Net profit from financial activities	**76.409**	**70.616**	**5.793**	**8,2%**

INCOME STATEMENT DATA *(in thousands of Euro)*	3rd QUARTER 2013	3rd QUARTER 2012	CHANGE	
			ABSOLUTE	%
Net interest income	23.421	25.600	(2.179)	-8,5%
Total net commission income	(1.240)	(620)	(620)	100,0%
Dividends and similar income	294	(79)	373	(472,2)%
Net banking income	**22.475**	**24.901**	**(2.426)**	**(9,7)%**
Net impairment losses on: AFS financial assets	(12)	-	(12)	n.a.
Net profit from financial activities	**22.463**	**24.901**	**(2.438)**	**(9,8)%**

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of Euro)*	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Available for sale financial assets	2.531.765	1.974.591	557.174	28,2%
Held to maturity financial assets	4.459.285	3.120.428	1.338.857	42,9%
Due from banks	391.187	545.527	(154.340)	(28,3)%
Due from customers	250.739	329.232	(78.493)	(23,8)%
Due to banks	527.961	557.323	(29.362)	(5,3)%
Due to customers	8.837.029	7.119.008	1.718.021	24,1%

STATEMENT OF FINANCIAL POSITION DATA *(in thousands of Euro)*	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Non-performing loans	-	-	-	-
Substandard loans	-	-	-	-
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total impaired assets to customers	**-**	**-**	**-**	**-**
Net performing loans	250.739	329.232	(78.493)	(23,8)%
Total due from customers (cash)	**250.739**	**329.232**	**(78.493)**	**(23,8)%**

KPI	30.09.2013	31.12.2012	CHANGE	
			ABSOLUTE	%
Total RWA per sector	243.054	236.532	6.522	2,8%

Significant subsequent events

Banca IFIS transparently and timely discloses information to the market, constantly publishing information on significant events through press releases. Please refer to the "Investor Relations\Press Releases" section on the website www.bancaifis.it for complete details.

http://www.bancaifis.it/bancaifis/index.php/en/main/Investor-Relations/Press-releases

Here below is a summary of the most important events:

Placement of Banca IFIS S.p.A. shares

In October, the parent La Scogliera S.p.A. completed the placement of 6.000.000 ordinary shares in Banca IFIS S.p.A., that is 11% of the share capital, at a price of 54,6 million Euro, through an accelerated book building reserved to institutional investors. 60% of the shares on offer were taken up by international institutional investors and 40% by Italian institutions.

The purpose of the transaction was increasing Banca IFIS stock's float and liquidity. As a result of the transaction, La Scogliera owns approximately 57% of Banca IFIS.

There were no other significant events after the end of the period and up to the approval of this interim report.

Outlook

The Group's prospects for the end of 2013 and the year 2014 are positive.

On the economic front, the recession that has characterised the last eight (nine) quarters seems to be somewhat easing, allowing for cautious optimism for 2014 and 2015, even though there are still significant factors of instability. An indication of recovery, albeit modest, could inject the confidence into the system needed to stimulate the economy.

In this scenario, the Bank can count on sustainable margins thanks to the flexibility of its business model.

Operations in support of businesses could be positively influenced by the opportunities to acquire new customers and new loans, which will continue be a focus for the Banca IFIS Group both in the last few months of 2013 and in 2014. A key factor in this initiative is the still scarce availability of credit to businesses, in the light of the caution of non-specialist banks in supporting companies with traditional credit instruments. The performance will in any case depend on the trend in credit quality, a key variable for the banking market in challenging economic times. Should the tentative signs of improvement in credit quality observed in the first nine months of 2013 be confirmed, it would noticeably bolster the Group's operations as far as lending to SMEs is concerned. This could both prompt the bank to step up its efforts and positively impact returns on loans net of credit costs.

As for loans in this sector, new opportunities are on the horizon as a result the ongoing flow of payments from the Public Administration, particularly in the regions which had thus far suspended any further interventions. Furthermore, the Bank will continue to carry out specific actions aimed at helping companies deal with the new regulations on payments in the food industry, which became effective at the end of the previous year. The Bank will intervene to support the financial position of the companies that are now required to pay suppliers within 30 to 60 days, as opposed to longer payment terms in the past. Finally, the limited credit made available by lenders to business customers opens up new development opportunities for the Bank in new promising market segments and channels. Three new branches will open in Italy, and a new recruitment campaign will be launched with the aim of strengthening the bank’s relations with business customers.

As far as non-performing loans are concerned, the Bank will continue to pay attention to the several portfolios of receivables due from households that originators are expected to place on the market.

The focus on debt sustainability and the possibility of extending payments terms will most probably be the key to increasing the collections and profitability of this business area, which operates in a social segment that has been badly hit by the crisis. In the near future, the Bank will pioneer further innovative methods to allow an increasing number of households to start balancing their financial position gradually, also by taking advantage of new instruments and more and more accurate information on debtors.

As for the Tax Receivables sector, which is strongly dependent on the time it takes for the Italian Treasury to make payments, the Bank is actively acquiring often sizeable positions, given the good medium-term profitability of these investments.

As for funding, the reduction in interest rates paid to customers due to market changes caused a further significant fall in the average cost of funding, and will continue to do so in the next quarters, as a result of term deposits with high interest rates coming to maturity. Funding has reached an outstanding level in absolute terms and it would be inopportune to further increase it in order to prevent unnecessary economic imbalances that are considered insignificant in today's economic scenario.

The current trends in market rates have made it less profitable for Banca IFIS to continue purchasing government bonds, although the low refinancing rates still prompt the Bank to make selected purchases. Furthermore, the portfolio has reached a decent size: the Bank expects to hold these bonds to maturity, thus robust returns are guaranteed for a significant period.

Therefore, the Group can reasonably expect a positive profit trend in the near future.

Other information

Bank of Italy inspection

The Bank of Italy carried out an inspection at the Bank’s Head Office from 1 August to 14 December 2012, pursuant to art. 54 of Legislative Decree no. 385 of 1.9.1993.

The inspection was a follow-up on the checks performed by the Supervisory Board in the period 27/09/2010 – 27/12/2010.

On 13 March 2013, the Bank's senior management received the inspection report. Based on the outcome of the inspection, Banca IFIS drew up and submitted to the Bank of Italy, with a communication dated 10 May 2013, an action plan which will be largely completed by the end of this year and which includes activities, some of which had already been included by the Bank in its own development plans, aimed at relentlessly updating processes as well as enhancing the organisational structure and operating systems.

On 1 August 2013, the Supervisory Authority notified the Bank that it had received the above action plan and invited the Bank to implement it in the agreed timeframe, keeping the Supervisory Authority up to date on the actual implementation of the actions.

Adoption of Opt-Out Option Pursuant To Consob Regulation 18079 of 20 January 2012

On 21 January 2013, Banca IFIS's Board of Directors’ Meeting resolved, as per article 3 of Consob Regulation no. 18079 of 20 January 2012, to adopt the opt-out option pursuant to article 70, paragraph 8 and article 71, paragraph 1-bis, of Consob’s Regulation on Issuers, thus exercising the right to depart from the obligations to publish information documents required in connection with significant operations like mergers, demergers, capital increases by contribution in kind, acquisitions and sales.

Parent Company management and coordination

Pursuant to articles 2497 to 2497 sexies of the Italian Civil Code, it should be noted that the Parent Company La Scogliera S.p.A. does not carry out any management and coordination activities with respect to Banca IFIS, notwithstanding article 2497 sexies of the Italian Civil Code, since the management and coordination of investee financial companies and banks is expressly excluded from La Scogliera’s corporate purpose.

National consolidated tax regime

Banca IFIS, together with the parent company, La Scogliera S.p.A., opted for the application of group taxation (tax consolidation) in accordance with articles 117 ff of Presidential Decree no. 917/86.

Transactions between these companies were regulated by means of a private written agreement between the parties, signed in the month of May 2013. This agreement lapses after three years. Banca IFIS has an address for service of notices of documents and proceedings relating to the tax periods for which this option is exercised at the office of La Scogliera S.p.A., the consolidating company.

Under this tax regime, Banca IFIS’s taxable income is transferred to La Scogliera S.p.A. which is responsible for calculating the overall group income. Following this decision, at 30 June 2013 Banca IFIS recognised payables due to the Parent Company amounting to 9.957 thousand Euro. This amount takes into account the offseting of the Parent Company’s tax losses in accordance with the procedure applicable under both this regime and the specific agreements the companies entered into.

Transactions on treasury shares

The Shareholders' Meeting of 30 April 2013 renewed the authorisation to buy and sell treasury shares, pursuant to article 2357 ff of the Italian Civil Code, as well article 132 of Leg. Decree 58/98, establishing a price interval within which the shares can be bought, in this case between a minimum of 2 Euro and a maximum of 20 Euro, for a total amount of 20 million Euro.

The Meeting also established that the authorisation lapses after 18 months from the date the resolution was passed.

At 31 December 2012, Banca IFIS held 259.905 treasury shares worth 1.340 thousand Euro and with a par value of 260 thousand Euro.

During the period, Banca IFIS made the following transactions on treasury shares:

- it bought, at an average price of 7,05 Euro, 1.265.177 treasury shares worth 8.927 thousand Euro and with a par value of 1.265 thousand Euro;
- it sold, at an average price of 8,9 Euro, 114.000 treasury shares worth 1.015 thousand Euro and a par value of 114 thousand Euro, realising a profit of 466 thousand Euro which, in compliance with international accounting standards, were recorded under the capital reserves;

The overall balance at 30 September 2013 totalled 1.411.082 treasury shares for a value of 9.718 thousand Euro and a nominal value of 1.441 thousand Euro.

Venice - Mestre, 13 November 2013

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

Declaration as per Article 154-bis of Legislative Decree no. 58 of 24 February 1998

GruppoBancaIFIS

Statement by 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 Interim Report as at 30 September 2013 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, 13 November 2013