CONSOLIDATED INTERIM REPORT AT 30 SEPTEMBER 2010

TRANSLATION FROM THE ITALIAN ORIGINAL
WHICH REMAINS THE DEFINITIVE VERSION

Share Capital: 53,811,095 Euro fully paid in
Bank Association no.: 3205.2
Tax Identification and Company Register no.: 02505630109
VAT no.: 02992620274
Bank Licence no.: 5508

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

BRANCHES IN ITALY
Ancona - Via Astagno 3
Avellino - Contrada Chiaire 13/A, int 3
Bari - Via Lucera 6/8
Bergamo - Via G. Camozzi 106
Bologna - Imola, Via U. Lambertini 6
Brescia - Via Malta 7c, Torre Kennedy
Cagliari - Viale Bonaria 62
Catania - Via Teseo, no.13 int.15
Cuneo - Corso IV Novembre 12
Florence - Largo Guido Novello 1 - Scala C
Genoa - Via C.R.Ceccardi 3 int 3/A
Milan - Assago, Milanofiori, Strada 1, Palazzo F1
Milan - Cologno Monzese, Via A. Volta 16
Naples - Via G. Porzio 4, Centro Dir. Isola E7
Padua - Viale dell'Industria 60
Palermo - Viale Regione Sicilia Nord Ovest 7275
Pescara - Piazza Ettore Troilo 27, int 2N
Pordenone - Via De Paoli 28/D
Rome - Via B. Croce 6
Turin - Piazza C.L.N. 255
Treviso - Silea, Via G.Galilei 1
Varese - Gallarate, Largo Buffoni c/o Torre di Ghiaccio int. 2/G
Venice - Mestre, Via Gatta 11
Vercelli - Santhia', Via Gramsci 48 int. B1
Vicenza - Monteviale, Via Biron 102/5/d

FOREIGN BRANCHES
France - Paris, Place de la Défence 7

REPRESENTATIVE OFFICES
Romania - Bucharest, Boulevard Burebista 3
Hungary - Budapest, Bajza U. 50

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

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy
C.E.O.	Giovanni Bossi (1)
Directors	Leopoldo Conti Roberto Cravero Francesca Maderna Andrea Martin Riccardo Preve Marina Salamon

GENERAL MANAGER	Alberto Staccione

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS	KPMG S.p.A.

Member of Factors Chain International

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

CONTENTS

BANCA IFIS GROUP INTERIM REPORT
AT 30 SEPTEMBER 2010

GROUP HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of Euro)

ASSETS	PERIOD 30/09/2010	30/06/2010	31/12/2009	CHANGE 30/09-30/06	30/09-31/12
Cash and cash equivalents	33	25	4,614	32.0%	(99.3)%
Held for trading financial assets	347	245	325	41.6%	6.8%
Available for sale financial assets	876,439	699,194	387,705	25.3%	126.1%
Due from banks	217,240	271,147	182,859	(19.9)%	18.8%
Due from customers	1,457,544	1,460,297	1,247,026	(0.2)%	16.9%
Plant, property and equipment and investment property	34,446	34,655	34,506	(0.6)%	(0.2)%
Intangible assets	3,817	3,884	3,916	(1.7)%	(2.5)%
of which:					
- goodwill	*866*	*838*	*826*	*3.3%*	*4.8%*
Tax assets	5,601	6,399	4,997	(12.5)%	12.1%
a) current	68	67	69	1.5%	(1.4)%
b) deferred	5,533	6,332	4,928	(12.6)%	12.3%
Other assets	131,462	98,952	107,463	32.9%	22.3%
TOTAL ASSETS	**2,726,929**	**2,574,798**	**1,973,411**	**5.9%**	**38.2%**

LIABILITIES AND NET EQUITY	PERIOD 30/09/2010	30/06/2010	31/12/2009	CHANGE 30/09-30/06	30/09-31/12
Due to banks	1,104,786	1,145,836	840,546	(3.6)%	31.4%
Due to customers	1,373,956	1,244,595	909,615	10.4%	51.0%
Outstanding shares	---	---	20,443	---	(100.0)%
Tax liabilities	4,246	3,257	3,938	30.4%	7.8%
a) current	1,518	565	742	168.7%	104.6%
b) deferred	2,728	2,692	3,196	1.3%	(14.6)%
Other liabilities	34,439	30,385	41,975	13.3%	(18.0)%
Post-employment benefits	1,064	1,058	1,055	0.6%	0.9%
Fair value reserve	(5,393)	(8,095)	(4,007)	(33.4)%	34.6%
Reserves	78,036	78,418	72,978	(0.5)%	6.9%
Share premiums	78,842	49,776	49,765	58.4%	58.4%
Shareholders' capital	53,811	34,300	34,300	56.9%	56.9%
Treasury shares	(12,578)	(15,435)	(14,413)	(18.5)%	(12.7)%
Net profit for the period	15,720	10,703	17,216	46.9%	(8.7)%
TOTAL LIABILITIES AND NET EQUITY	**2,726,929**	**2,574,798**	**1,973,411**	**5.9%**	**38.2%**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)

	FIRST NINE MONTHS		CHANGE	
	2010	2009	AMOUNT	%
Interest and similar income	45,068	42,644	2,424	5.7%
Interest and similar expense	(26,389)	(26,643)	254	(1.0)%
Net interest income	**18,679**	**16,001**	**2,678**	**16.7%**
Commission income	52,182	39,838	12,344	31.0%
Commission expense	(2,816)	(2,795)	(21)	0.8%
Net commission income	**49,366**	**37,043**	**12,323**	**33.3%**
Dividends and similar income	17	17,325	(17,308)	(99.9)%
Net trading result	(121)	(16,733)	16,612	(99.3)%
Profit (losses) from sale or buybacks of:	---	(20)	20	(100.0)%
b) available for sale financial assets	---	---	---	---
d) financial liabilities	---	(20)	20	(100.0)%
Net banking income	**67,941**	**53,616**	**14,325**	**26.7%**
Net impairment losses on:	(13,914)	(8,121)	(5,793)	71.3%
a) loans and receivables	(13,914)	(8,121)	(5,793)	71.3%
Net profit from financial activities	**54,027**	**45,495**	**8,532**	**18.8%**
Administrative expenses:	(28,660)	(23,923)	(4,737)	19.8%
a) personnel expenses	(18,511)	(15,172)	(3,339)	22.0%
b) other administrative expenses	(10,149)	(8,751)	(1,398)	16.0%
Net depreciation and impairment losses on plant, property and equipment and investment property	(987)	(958)	(29)	3.0%
Net amortisation and impairment losses on intangible assets	(841)	(748)	(93)	12.4%
Other operating income	1,113	935	178	19.0%
Operating costs	**(29,375)**	**(24,694)**	**(4,681)**	**19.0%**
Pre-tax profit from continuing operations	**24,652**	**20,801**	**3,851**	**18.5%**
Income tax expense on continuing operations	(8,932)	(6,242)	(2,690)	43.1%
Profit for the period attributable to owners of the Parent company	**15,720**	**14,559**	**1,161**	**8.0%**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)

	THIRD QUARTER		CHANGE	
	2010	2009	AMOUNT	%
Interest and similar income	17,443	12,937	4,506	34.8%
Interest and similar expense	(9,495)	(9,042)	(453)	5.0%
Net interest income	**7,948**	**3,895**	**4,053**	**104.1%**
Commission income	17,719	14,084	3,635	25.8%
Commission expense	(922)	(897)	(25)	2.8%
Net commission income	**16,797**	**13,187**	**3,610**	**27.4%**
Dividends and similar income	---	5,016	(5,016)	(100.0)%
Net trading result	(11)	(4,956)	4,945	(99.8)%
Net banking income	**24,734**	**17,142**	**7,592**	**44.3%**
Net impairment losses on: a) loans and receivables	(7,179) (7,179)	(2,738) (2,738)	(4,441) (4,441)	162.2% 162.2%
Net profit from financial activities	**17,555**	**14,404**	**3,151**	**21.9%**
Administrative expenses: a) personnel expenses b) other administrative expenses	(9,228) (5,769) (3,459)	(7,410) (4,675) (2,735)	(1,818) (1,094) (724)	24.5% 23.4% 26.5%
Net depreciation and impairment losses on plant, property and equipment and investment property	(326)	(336)	10	(3.0)%
Net amortisation and impairment losses on intangible assets	(300)	(284)	(16)	5.6%
Other operating income	285	478	(193)	(40.4)%
Operating costs	**(9,569)**	**(7,552)**	**(2,017)**	**26.7%**
Pre-tax profit from continuing operations	**7,986**	**6,852**	**1,134**	**16.5%**
Income tax expense on continuing operations	(2,969)	(2,312)	(657)	28.4%
Profit for the period attributable to owners of the Parent company	**5,017**	**4,540**	**477**	**10.5%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION

(in thousands of Euro)

	YEAR 2010			YEAR 2009			
	3rd Q.	**2nd Q.**	**1st Q.**	**4th Q.**	**3rd Q.**	**2nd Q.**	**1st Q.**
Interest and similar income	17,443	14,153	13,472	13,254	12,937	15,391	14,316
Interest and similar expense	(9,495)	(8,801)	(8,093)	(7,084)	(9,042)	(9,159)	(8,442)
Net interest income	**7,948**	**5,352**	**5,379**	**6,170**	**3,895**	**6,232**	**5,874**
Commission income	17,719	17,672	16,791	16,232	14,084	13,581	12,173
Commission expense	(922)	(939)	(955)	(997)	(897)	(1,115)	(783)
Net commission income	**16,797**	**16,733**	**15,836**	**15,235**	**13,187**	**12,466**	**11,390**
Dividends and similar income	---	17	---	---	5,016	12,309	---
Net trading result	(11)	1	(111)	(147)	(4,956)	(11,863)	86
Profit (losses) from sale or buybacks of:		---	---	5,936	---	(1)	(19)
a) loans and receivables	---	---	---	2,243	---	---	---
b) available for sale financial assets	---	---	---	3,693	---	---	---
d) financial liabilities	---	---	---	---	---	(1)	(19)
Net banking income	**24,734**	**22,103**	**21,104**	**27,194**	**17,142**	**19,143**	**17,331**
Net impairment losses on:	(7,179)	(3,904)	(2,831)	(12,097)	(2,738)	(3,202)	(2,181)
a) loans and receivables	(7,179)	(3,904)	(2,831)	(12,097)	(2,738)	(3,202)	(2,181)
Net profit from financial activities	**17,555**	**18,199**	**18,273**	**15,097**	**14,404**	**15,941**	**15,150**
Administrative expenses:	(9,228)	(9,789)	(9,643)	(9,729)	(7,410)	(8,435)	(8,078)
a) personnel expenses	(5,769)	(6,465)	(6,277)	(6,124)	(4,675)	(5,341)	(5,156)
b) other administrative expenses	(3,459)	(3,324)	(3,366)	(3,605)	(2,735)	(3,094)	(2,922)
Net depreciation and impairment losses on plant, property and equipment and investment property	(326)	(343)	(318)	(337)	(336)	(308)	(314)
Net amortisation and impairment losses on intangible assets	(300)	(282)	(259)	(328)	(284)	(253)	(211)
Other operating income	285	416	412	471	478	307	150
Operating costs	**(9,569)**	**(9,998)**	**(9,808)**	**(9,923)**	**(7,552)**	**(8,689)**	**(8,453)**
Pre-tax profit from continuing operations	**7,986**	**8,201**	**8,465**	**5,174**	**6,852**	**7,252**	**6,697**
Income tax expense on continuing operations	(2,969)	(3,020)	(2,943)	(2,517)	(2,312)	(2,083)	(1,847)
Profit for the period attributable to owners of the Parent company	**5,017**	**5,181**	**5,522**	**2,657**	**4,540**	**5,169**	**4,850**

NOTES

Criteria for the preparation of financial statements

Banca IFIS Group's interim report at 30 September 2010 has been prepared both in compliance with the provisions as per article 154-ter of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and with the International Accounting Standards.

The consolidated financial statements at 30 September 2010 are compared, in terms of the statement of financial position figures, with those at 30 June 2010 and at 31 December 2009. In terms of income statement results, the first nine months of 2010 are compared with the first nine months of 2009 and the third quarter 2010 is compared with the corresponding quarter of 2009.

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

The quarterly report is not subject to auditing by the independent auditing company.

Consolidation area

The structure of the group at 30 September 2010 is unchanged compared to 30 June 2010 and is composed of the parent company Banca IFIS S.p.A. and the wholly-owned company IFIS Finance Sp. Z o.o., consolidated using the line-by-line method.

The accounts on which the consolidation is based are those prepared by the companies of the group at 30 September 2010.

DIRECTORS' REPORT

The macroeconomic scenario

In the first nine months of 2010, the international macroeconomic scenario was characterised by two elements: the first is that the international economic recovery, which began in 2009, showed some consistence, though the manner and intensity of this recovery differed between geographical areas; the second is that the recovery, still partly dependent on extensive anti-crisis policies, has encountered a powerful new threat in the turbulence triggered by the sovereign debt crisis in some Euro Area countries. Policy makers are called to search for a balance between interventions that appear to have conflicting objectives: sustain economic growth whilst depending on restrictive fiscal policies and structural reforms for the control of public debt at the same time.
Furthermore, it is believed that central banks cannot exempt themselves, in the near future, from implementing restrictive monetary policies to contrast the inflation caused by the economic recovery and by extremely contained interest rates. These interventions will trigger strong competition for the collection of financial resources available on markets, consequently leading to a rise in spreads and the cost of money.
In this scenario, credit institutions and banks in the industrialised world, and particularly in Europe and Italy, continue to maintain rigid criteria for access to credit, penalising the smaller and weaker customers. In addition, these institutions have also considered it opportune to increase the financial conditions applied to financed customers, so as to take the changed perception of credit risk into account.

For enterprises, above all small and medium enterprises, it has become objectively more complicated to obtain the financing necessary to support their growth or even, in some cases, guarantee their mere survival.

Banca IFIS Group's continuing operations in the third quarter

The Banca IFIS Group has continued, despite this difficult context, to provide enterprises with the financial support and services that characterize its corporate model, improving its market penetration, both on domestic and international fronts.
In addition, the new market conditions continue to allow more room for operators attentive to asset-based lending and historically oriented at mitigating the risk profiles connected to loans through the use of factoring.
Over the third quarter 2010, Banca IFIS recorded a turnover (volume of receivables purchased over the quarter) of 1,132 million Euro, a dramatic increase when compared to 801 million Euro in the third quarter 2009 (+41%), whilst for the first nine months of the year, turnover stood at 3,475 million Euro, an increase of 46.7% when compared to 2,367 million Euro for the corresponding period of 2009.
Banca IFIS, consistent with its role of supporting small and medium enterprises, continues to concentrate its financing activities on these enterprises which offer higher levels of profitability from lower volumes.
A brief study of trends in continuing operations over the first nine months of 2010 has highlighted the following points:

- Strong growth in volumes when compared to 30 September 2009 (+46.7%);
- Strong growth in the number of customers in the corporate and small and medium enterprises sectors (+18% compared to 30 September 2009) forming the basis for future growth in volumes despite negative economic trends;
- Maintenance of good profitability levels in a macroeconomic scenario that is still negative;
- Achievement of a high level of financial independence (the ratio between loans to customers and retail funding from customers currently equals 1:1 compared to 1:5 at 31 December 2009);
- A level of impairment losses on loans and receivables that is still high due to the negative, economic trend;
- Higher costs incurred due to reinforcing the territorial and organizational structure of the bank.

The combined effect of all the above led to a growth in pre-tax profit in the first nine months of the year of 18.5% compared to the results at 30 September 2009 and allows a positive outlook for continuing trends over the last few months of 2010.

The Strategic Plan

The Banca IFIS Group continues to pursue its strategy to increase its ability in customer relations, expanding its territorial presence and its sales network by employing young and motivated new resources.
The 2010-2012 business plan, approved by the Board of Directors' Meeting of 4 March 2010,

bases its guidelines on the evolution that the bank's business model has undergone, from being a bank specialised in factoring to being a relationship-based bank serving SMEs' needs for financing and services: not just to offer factoring but also to satisfy enterprises' needs for financing and services through proximity to the customer, quality relationships and innovation in the approach to SMEs' creditworthiness. In this respect, a high level of attention is paid to the quality of transactions and operations carried out, particularly in terms of the time taken to respond to customer needs. With this aim, the Fast Credit Service project which foresees the decentralization of some operational and credit phases to the 25 branches spread out over Italy was initiated. Furthermore, this Fast Credit Service will be supported by an innovative Customer Relationship Management (CRM) project involving the Bank to 360 degrees, supporting a substantial process of innovation in terms of relationships with customers.
As per the 2009-2011 business plan, despite basic assumptions being reasonably prudent due to the current, global, economic scenario, the bank's development and expansion plan for the next few years is confirmed and can be summarised as follows:
1) Internal growth;
2) Internationalisation;
3) Distribution of new services;
4) Consolidation of the current funding structure.

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

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

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

As regards **consolidation of the funding structure**, Rendimax, the on-line savings account launched in the second half of 2008, is confirmed as central to the bank's direct funding activities. The simplicity of the product and the stability of returns offered will be progressively accompanied by the introduction of new services for customers, such as the Rendimax payment card which is free of charge and directly linked to the Rendimax Savings Account, available since September 2010.

Income statement

Net profit from financial activities

Net banking income rose from 53,616 thousand Euro at 30 September 2009 to 67,941 thousand Euro at 30 September 2010 (+26.7%). This increase confirms the Bank's ability to produce profit even in a difficult macroeconomic context.
Comparing the third quarter 2010 to the third quarter of last year, net banking income increased by 44.3%.
The development of products characterised by a significant service component, income from which being classified under commission income only (that is without distinct settlement of interest income), brings about accentuated volatility between net interest income and net commission income and makes a comparison between periods of little significance.

Still, in detail, **net interest income** came to 18,679 thousand Euro at 30 September 2010, a growth of 16.7% against 16,001 thousand Euro for the first nine months of 2009. This increase was influenced, amongst other things, by the increase in market rates recorded over the third quarter which mitigated the costs of retail funding and increased returns on corporate customers, improving the Bank's profitability levels.
In addition the ever-increasing contribution of returns on the portfolio of securities also positively affected the result (+107.5%

compared to 30 September 2009.) Making up interest income and hence net banking income was default interest in the amount of 1.4 million Euro on a full definitive purchase transaction with the Public Administration as counterpart.
Quarter on quarter, the increase in net interest income reached 104.1%.

Net commission income grew by 33.3% from 37,043 thousand Euro to 49,366 thousand Euro. This increase is attributable both to the rise in the number of existing customers in the corporate and small, medium enterprises sectors and to increased commission and fees being applied to customers as a result of the complexity involved in the management service and the higher risk of anomalies in the receivables portfolio. The increase in the third quarter 2010 when compared to that of the third quarter 2009 equalled 27.4%.

Net impairment losses on loans and receivables in the first nine months 2010 equalled 13,914 thousand Euro, compared to 8,121 thousand Euro for the corresponding period of 2009. This increase is essentially due to the insolvency of a counterpart caused by his main debtor defaulting. Net of this impairment loss - which was the negative outcome of an exposure already in existence at the end of 2009 -, the trend is improving.
The increase quarter on quarter was 162.2%.

Net profit from financial activities at 30 September 2010 equalled 54,027 thousand Euro, a rise of 18.8% if compared to 45,495 thousand Euro at 30 September 2009.
The profit generated in the third quarter 2010 showed a growth of 21.9% compared to the corresponding period of last year.

Pre-tax profit from continuing operations

Operating costs were affected by the increase in business and expansion of the organization, primarily in terms of human resources who joined Banca IFIS. The total amount of this item at 30 September 2010 reached 29,375 thousand Euro, an increase of 19%. Quarter on quarter the increase stood at 26.7%. The ratio between operating costs and net banking income (cost /income ratio) at 30 September 2010 equalled 43.2%, compared to 46.1% at 30 September 2009 and 42.8% at the end of 2009.

In detail, **personnel expenses** passed from 15,172 thousand Euro at 30 September 2009 to 18,511 thousand Euro at 30 September 2010 (+22%). This increase is physiological and corresponds to expectations, taking into consideration the systematic increase in the number of personnel. From closure of the third quarter 2009 to closure of the third quarter 2010, 19 new employees were taken on (+6%).

Other administrative expenses at 30 September 2010 amounted to 10,149 thousand Euro, against 8,751 thousand Euro for the corresponding period of 2009 (+16%). This increase is due to costs connected to further developing business, in particular for the selection and training of human resources and the updating of IT systems. This item also includes recognitions related to the management of the Rendimax account, principally for costs for stamp duty on account statements, which increase in direct correlation to the number of existing customers and which, according to Banca IFIS's sales policy, are not debited to the customer.
It is important to note that part of the expenses included in this item (in particular legal expenses and indirect taxes) are debited to the customer and the relative income is recognised under other operating income. Net of this component, other administrative expenses equalled 9,606 thousand Euro at 30 September 2010, compared to 8,140 thousand Euro at 30 September 2009 (+18%).

Net amortisation and impairment losses on intangible assets, which stood at 841 thousand Euro at 30 September 2010, an increase of 12.4% compared to the first nine months of 2009, is mainly due to improvements in IT support, while **net depreciation and impairment losses on property, plant and equipment and investment property** stood at 987 thousand Euro at 30 September 2010, from 958 thousand Euro at 30 September 2009 (+3%).

Other operating income equal to 1,113 thousand Euro (+19% compared to 935 thousand Euro at 30 September 2009), is mainly made up of income deriving from the recovery of third party expenses. The relative cost item is included under other administrative expenses, particularly under legal expenses and indirect taxes.

Pre-tax profit from continuing operations for the first nine months of 2010 equalled 24,652 thousand Euro, compared to 20,801 thousand Euro for the corresponding period of 2009, a rise of 18.5%.
The increase in the third quarter

2010 against the third quarter 2009 was 16.5%.

Net profit

Income tax expense on continuing operations at 30 September 2010 is estimated at 8,932 thousand Euro, +43.1% compared to 6,242 thousand Euro at 30 September 2009 (+28.4% quarter on quarter).

Net profit at 30 September 2010 amounted to 15,720 thousand Euro, a growth of 8% from the corresponding period of 2009. The increase in the third quarter 2010 against the third quarter 2009 was 10.5%. In the absence of profit from minority interests, the result refers entirely to the group.

Main statement of financial position captions

The group identifies its core activity as lending managerial and financial support to small and medium enterprises, whilst mitigating the credit risk through the use of factoring contracts. More recently, the Bank has expanded its retail on-line funding activity and subsequently its asset management activity by means of a securities portfolio purchased with the aim of achieving stability and surety.
These recent activities are not areas of autonomous business but rather instruments through which the Bank obtains funds and deposits and directly manages the flow of funds on the market, so as to be in a position to better satisfy enterprise clients' requests for financial support.
As far as concern some categories of financing activities considered higher risk (derivatives and subprime mortgages) it is important to state that Banca IFIS has no direct or indirect exposure to subprime mortgages; nor is it exposed to investments in financial products having such mortgages as an underlying asset or referring to them; neither is it in anyway exposed to the granting of guarantees connected to such products. Furthermore, Banca IFIS has never carried out transactions on derivative financial instruments on behalf of third parties and that carried out on its own behalf is limited to hedging instruments against market risk. This is because the group's financial risk profile originated as a banking portfolio due to the fact that the group does not habitually carry out trading activities on financial instruments.
Funding for the group's activity, aside from its own, comes from interbank funding and funding directly from customers.

Available for sale financial assets

As previously mentioned, as from the third quarter 2009, and for progressively larger amounts, a portfolio of assets eligible for refinancing with the Eurosystem (guarantee portfolio) was put in place primarily in the form of short-term, highly creditworthy, variable rate banking bonds. Such portfolio aims to maintain a solid liquidity base that is consistent with strategies in a funding context that is now influenced by on demand and term retail funding. These securities, according to their characteristics and in conformity with that stated by IAS 39, have been recognised under the available for sale or due from banks categories. At 30 September 2010, the guarantee portfolio amounted to 560,463 thousand Euro.
In addition, as from the month of May 2010, the bank has invested surplus liquidity in setting up a portfolio of short-term, fixed rate Italian government bonds (investment portfolio). These securities have been used for short/very short-term repurchase agreement transactions or for transactions on the Collateralised Interbank Market (MIC).
At 30 September 2010, the 'investment portfolio' equalled 399,033 thousand Euro.
Total securities existing at 30 September 2010 equalled 959,496 thousand Euro (+21.2% compared to 30 June 2010, +101.2% against 31 December 2009), of which 862,799 thousand Euro is recognised under available for sale assets and 96,697 thousand Euro under due from banks.

Other available for sale financial assets include 12,890 thousand Euro of non-controlling interests and 750 thousand Euro of debt securities issued by a company in which Banca IFIS has a non-controlling interest.

At 30 September 2010, available for sale financial assets reached an amount of 876,439 thousand Euro, compared to 699,194 thousand Euro at 30 June 2010 (+25.3%) and compared to 387,705 thousand Euro at 31 December 2009 (+126.1%).

Due from banks

Total due from banks equalled 217,240 thousand Euro at 30 September 2010, compared to 271,147 thousand Euro at 30 June 2010 (-19.9%) and 182,859 thousand Euro at 31 December 2009 (+18.8%). Securities not quoted on an active market and eligible with the Eurosystem were classified under this item for an amount of 96,697 thousand Euro, substantially unchanged when compared to 30 June 2010 and an increase of 4.8% against 31 December 2009. This securities portfolio is held for the reasons stated in the paragraph on available for sale financial assets.

The utilisation of available financial resources care of other institutes does not represent a core activity for the bank and is due to maintaining a high level of liquidity to cover year-end expiries.

Due from customers

Total net due from customers at 30 September 2010 reached 1,458 million Euro, substantially stable when compared to 30 June 2010 and an increase of 16.9% from 1,247 million Euro at 31 December 2009.
Total net loans, excluding net non-performing loans for 33 million Euro, totalled 1,425 million Euro for the period, compared to 1,433 million Euro at 30 June 2010 and 1,227 million Euro at 31 December 2009.

Impaired loans due from customers

Total non-performing loans due from customers, at net balance sheet amounts, stood at 32,882 thousand Euro, a growth of 22.9% if compared to 30 June 2010. The percentage of net non-performing loans over total loans to customers equalled 2.3% compared to 1.8% at 30 June 2010. The percentage of net non-performing loans on shareholders' equity passed from 17.9% at 30 June 2010 to 15.8% at 30 September 2010.
Impairment losses equalled 63.7% of gross non-performing loans, compared to 63.8% at 30 June 2010.
Total substandard loans for the period, at net balance sheet amounts, stood at 73,104 thousand Euro, a decrease compared to 82,863 thousand Euro at 30 June 2010 (-11.8%). These amounts take into account the inclusion in this category of 'objective substandard recourse loans', equalling 45,878 thousand Euro at 30 September 2010, following new instructions introduced by the Bank of Italy, but which, thanks to Banca IFIS's particular activity, do not represent particularly problematic positions. Specifically, 'objective substandard recourse loans' refer to loans granted to assignors whose assigned debtors are very late in paying. The bank believes that these positions are not objectively problematic, as the assigned debtor's lateness in paying does not necessarily signify that the assignor too is in financial difficulty. Where the bank recognises the assignor's difficulty in facing commitments as well, the position is already automatically classified under substandard loans. The percentage of net substandard loans on total loans to customers fell from 5.7% at 30 June 2010 to 5% at 30 September 2010.
Total impaired loans due from customers amounted to 105,986 thousand Euro at 30 September 2010, a fall of 3.3% compared to 109,609 thousand Euro at 30 June 2010. The percentage of net impaired loans on total loans equalled 7.3%, compared to 7.5% at 30 June 2010.
The small rise in the absolute values of non-performing loans is largely in line with forecasts in a substantially negative market phase. The results achieved still confirm the group's ability to manage credit quality in the best way possible whilst taking into account market conditions, thanks to Banca IFIS's business model which transfers the SME counterparty risk to more reliable counterparties with better creditworthiness.

Intangible assets and Plant, property and equipment and investment property and

Intangible assets totalled 3,817 thousand Euro, a decrease of 1.7% compared to 30 June 2010, and 2.5% compared to 31 December 2009. This item refers to 2,951 thousand Euro of IT systems and 866 thousand Euro of goodwill resulting from the line-by-line consolidation of the wholly-owned Polish subsidiary IFIS Finance Sp. Z o.o..
Plant, property and equipment and investment property decreased to 34,446 thousand Euro (-0.6% compared to 30 June 2010 and -0.2% compared to 31 December 2009).
The property entered among the consolidated plant, property and equipment and investment property relates to the important historical building, 'Villa Marocco', in Mestre-Venice, Banca IFIS's Headquarters, and to the property in Mestre-Venice, sublet in part to the controlling company, La Scogliera S.p.A..
The closing amount of the property above has been confirmed by specific measurement experts. Villa Marocco is not depreciated as its estimated residual value at the end of its useful life is expected to be higher than its carrying amount.
Further property, of immaterial amount, amongst which the representative office in Bucharest, is also recognised under consolidated property, plant and equipment and investment property.

Other assets

Total other assets at the end of September 2010 stood at 131,462 thousand Euro, compared to 98,952 thousand Euro at 30 June 2010 (+32.9%) and 107,463 thousand Euro at the end of 2009 (+22.3%). This total includes 117,283 thousand Euro (+34.6% against 30 June 2010, +19.2% compared to 31 December 2009) of funds available care of the securitisation vehicle and deriving from collections on reassigned receivables not yet transferred to the Bank's accounts as per the technical characteristics of the securitisation transaction.

Funding

Total funds at 30 September 2010 amounted to 2,479 million Euro, an increase of 3.7% compared to 30 June 2010 and of 40.0% compared to the end of December 2009.
Thanks to the success of the Rendimax on-line savings account, deposits from customers made up 55.48% of total funding compared to 52.1% at 30 June 2010 and 51.4% at the end of 2009. Interbank deposits stood at 44.6% at 30 September 2010, unchanged when compared to 30 June 2010 and 48.6% compared to the end of 2009.
Comparing the retail funding obtained through the Rendimax on-line Savings Account with the loans granted by the Bank when lending support to enterprises, retail funding offers a core coverage ratio of 88.3%, equal to a ratio between loans to enterprises and retail funds and deposits of 1:1, which is considered an indication balanced management.
The Banca IFIS Group continues to carry out repurchase agreement transactions, initiated in October 2009, with the purpose of refinancing its treasury portfolio, selling some securities through repurchase agreements with the main Italian and European banks as counterparts.
In addition, repurchase agreement transactions with underlying government bonds were carried out on the MTS (Mercato Titoli di Stato) platform of the Italian Stock Exchange.

In detail, due to banks equalled 1,104,786 thousand Euro (-3.6% compared to 30 June 2010), and consisted of:

- 344,276 thousand Euro of interbank deposits (-33.8% compared to 30 June 2010) of which 138,000 thousand Euro regulated on the E-mid platform and 104,000 thousand Euro regulated on the MIC market;
- funding from repurchase agreement transactions for 760,510 thousand Euro (+21.5% when compared to 30 June 2010). To this aim, both securities obtained from the securitisation of trade receivables started in October 2008 and the debt securities included amongst available for sale financial assets and due from banks were used.

Due to customers equalled 1,373,956 thousand Euro (+10.4% compared to 30 June 2010), mainly due to funding obtained through the Rendimax platform.

Equity

In the absence of minority interests, group net equity at 30 September 2010 was 208,438 thousand Euro, against 149,667 thousand Euro at 30 June 2010 (+39.3%) and against 155,839 thousand Euro at the end of 2009 (+33.8%). In the third quarter 2010, equity increased as a result of: profit for the period in the amount of 5,017 thousand Euro, conclusion of the capital increase transaction for an amount of 49,851 thousand Euro, the sale of treasury shares for an amount of 5,000 thousand Euro, the increase in the fair value reserve of available for sale securities for an amount of 1,667 thousand Euro, and exchange differences from consolidating the subsidiary IFIS Finance Sp. Z o.o. for an amount of 1,035 thousand Euro. It decreased due to buybacks for an amount of 3,417 thousand Euro and other decreases of 382 thousand Euro.

Other Information

Fitch rating

On 15 April 2010, Fitch Ratings International confirmed Banca IFIS's rating of BBB–. In detail, Fitch confirmed its Long Term Rating of BBB-, its Short Term Rating of F3, and its Individual Rating of C. In addition, Fitch confirmed its Support Rating of 'No floor' with a Stable Outlook.

Operations on treasury shares

The Ordinary Shareholders' Meeting of 29 April 2010 renewed the authorisation to purchase and sell treasury shares, in accordance with Article 2357 and thereafter of the Civil Code, and Article 132 of Legislative Decree No. 58/98, establishing a price for which the shares may be acquired as between a minimum of 2 Euro and a maximum of 20 Euro, for a maximum amount of 20 million Euro. The Shareholders' Meeting also established the duration of the authorisation as 18 months from the date of the resolution.
At 30 June 2010, Banca IFIS held 2,138,322 treasury shares for a counter value of 15,435 thousand Euro (average carrying amount 7.22 Euro per share) and a nominal value of 2,138,322 Euro.
On 1 July 2010, following the bonus issue capital increase, Banca IFIS received 213,832 treasury shares measured at fair value in the amount of 1,101 thousand Euro. This value was proportionally withdrawn from the treasury shares in portfolio on 30 June 2010.
During the third quarter 2010, Banca IFIS purchased, at the average price of 5.17 Euro, 661,479 treasury shares at a

counter value of 3,417 thousand Euro and a nominal value of 661,479 Euro and sold at the average price of 5.20 Euro, 961,000 treasury shares at a counter value of 5,000 thousand Euro realising a loss of 1,274 thousand Euro.
The remainder in portfolio at 30 September 2010 stood at 2,052,633 treasury shares for a counter value of 12,578 thousand Euro (average carrying amount 7.22 Euro per share) and a nominal amount of 2,052,633 Euro.

Stock option plans for Board members and personnel

On 30 September 2010, the following stock option plans remained standing:
- Plan 4 (resolved 30 April 2007) which amounts to a total of 214,500 shares of a nominal amount of 1 Euro, subscribable at a price of 10.10 Euro and exercisable between 1 September and 31 December 2010, of which 64,500 shares for Directors and 150,000 shares for Banca IFIS employees in general.
- Plan 5 (resolved 30 April 2007) which amounts to a total of 250,000 shares of a nominal amount of 1 Euro, subscribable at a price of 10.10 Euro and exercisable between 1 January and 30 April 2011, of which 59,200 shares for Directors and 190,800 shares for Banca IFIS employees in general.

Following the conclusion of the capital increase through the rights offering and bonus issue in the month of July 2010 and consequent dilution of share value, the exercise price for the stock options assigned to employees and Directors was modified so as to avoid the option holders suffering losses, as per the resolution of the Extraordinary Shareholders' Meeting of 29 April 2010. The adjusted exercise price for both Plan 4 and Plan 5 stock options is 7.66 Euro.

Voluntary takeover bid for Toscana Finanza

The clearance process by the Bank of Italy for Banca IFIS to execute the takeover of Toscana Finanza, a company active in purchasing difficult credit, is currently underway. The contractual terms foresee the conclusion of this transaction by 31 March 2011, following a new framework agreement being signed with Toscana Finanza's main shareholders and the launch of a new, voluntary, total takeover bid at a price of 1.50 Euro per share. The Bid is conditioned by Banca IFIS reaching an investment stake of at least 66.67% of Toscana Finanza's share capital..

Significant events during the period

Conclusion of the capital increase transaction

On 16 July 2010, the offer period for the option of newly issued ordinary shares deriving from the rights offering share capital increase resolved by Banca IFIS's extraordinary Shareholders' Meeting on 29 April 2010 ended.
Overall a total of 16,080,919 new shares were issued, at a price of 3.1 Euro for each new share (of which 2.1 Euro of share premium), for a total counter value of 49,850,848.9 Euro.
Banca IFIS S.p.A.'s new share capital therefore totals 53,811,095, exclusively made up of ordinary shares of a nominal amount of 1 Euro each. The necessary declaration as per article 2444 of the Italian Civil Code was filed with Company Register Authorities as per the law on 5 August 2010, and notification of this declaration was made in accordance with article 98 of the Regulations on Issuers.
The purpose of the capital increase is to support the increase in loans and expansion in the Banca IFIS Group's activity which have continued to gradually increase both over 2009 and over the first few months of 2010, also in view of the stricter capital adequacy regulations currently being drawn up by Supervisory Authorities.

Reinforcement through a business agreement with Banca Popolare di Vicenza

Banca IFIS and Banca Popolare di Vicenza have reinforced their collaborative relationship through a cross holding.
Banca IFIS has subscribed a quota of Banca Popolare di Vicenza's ordinary shares for an amount of approximately nine million Euro, which corresponds to around 0.2% of the 'Berican' bank's share capital, whilst Banca Popolare di Vicenza has purchased Banca IFIS's shares on the market for a total amount of around five million Euro, equal to about 1.8% of Banca IFIS's share capital.
This reinforcement in the relationship between the two banks has taken place following the excellent results achieved nine months on from signing the commercial agreement for the distribution of Banca IFIS's factoring products and services in the 680 branches of the Banca Popolare di Vicenza Group.
For Banca IFIS, from a strategic point of view, this cooperation agreement between banks plays an avant-garde role in the local expansion of the bank which continues to invest in its territorial expansion and in small and medium enterprises.

For the Banca Popolare di Vicenza Group, this reinforcement in the partnership confirms its objective to continue development in the factoring sector, believed strategic, also achieving significant growth margins in the near future.

Significant events subsequent to 30 September 2010

Non-controlling interest in India Factoring and Finance Solutions Private Ltd.

On 12 October 2010, India Factoring and Finance Solutions Pvt. Ltd. received its licence to operate as a non-banking institution from the Reserve Bank of India.
The 'Share subscription Agreement' states that within a period of 30 days from the date that authorisation to operate is granted by the Indian Supervisory Authorities, the shareholders must subscribe the second tranche of share capital. The stake that Banca IFIS is due to subscribe is 5 million shares for a total amount of 50 million rupees and a counter value of approximately 800 thousand Euro. Banca IFIS's stake in India Factoring Private Limited's share capital after such subscription will remain unchanged at 10%.

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

OUTLOOK FOR CONTINUING OPERATIONS

Banca IFIS's prospects can be confirmed as positive. In the light of the increase in volumes recorded over the year and confirmed in the month of October, and taking into account the current market context and the up-to-date information that Top Management have in their possession today, the Bank expects a further increase in the rate of growth in net profit in the last quarter 2010, when compared to that recorded in the first nine months of the year.

Mestre-Venice, 29 October 2010

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

BREAKDOWN OF LOANS AND TURNOVER BY GEOGRAPHIC AREA AND BUSINESS SECTOR

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	LOANS	TURNOVER
North Italy	46.6%	51.8%
Central Italy	30.8%	24.4%
South Italy	17.8%	13.0%
Abroad	4.8%	10.8%
Total	**100%**	**100%**

	BREAKDOWN OF CUSTOMERS BY PRODUCT CATEGORY (1)	LOANS	TURNOVER
051	Agriculture, forestry and fish products	0.8%	0.5%
052	Energy products	0.4%	1.2%
053	Minerals and ferrous and non-ferrous metals	1.2%	1.3%
054	Minerals and mineral based products	1.4%	1.2%
055	Chemical products	0.1%	3.0%
056	Products in metal excluding machines and equipment	5.3%	6.5%
057	Agricultural and industrial machines	2.1%	2.1%
058	Machines for offices, data processing and precision machinery	0.8%	0.5%
059	Electrical material and supplies	2.5%	4.8%
060	Transportation vehicles	4.6%	7.1%
061	Food and beverage products	0.9%	1.6%
062	Textile, leather, shoe and clothing products	3.6%	2.2%
063	Paper, printing and publishing	0.5%	0.7%
064	Rubber and plastic products	1.0%	1.4%
065	Other industrial products	0.8%	1.2%
066	Construction and public works	13.3%	13.0%
067	Wholesale and retail trade. recoveries and repair	11.4%	14.0%
068	Hotel and public establishment services	0.7%	1.3%
069	Internal transportation services	1.7%	2.8%
070	Maritime and air transportation services	0.2%	0.1%
071	Transportation related services	0.8%	1.3%
072	Telecommunications services	0.7%	0.1%
073	Other services for sale	22.1%	20.2%
000	Non classifiable	23.1%	11.9%
	of which non-resident subjects	*4.7%*	*10.8%*
	of which financial institutions	*4.8%*	*0.9%*
	of which others (2)	*13.6%*	*0.2%*
	Total	**100%**	**100%**

(1) List based on Bank of Italy's Circular 140 of 11/02/1991
(2) The item in question includes Banca IFIS's commitments with Public Sector companies and non-profit-making organisations.

STATEMENT AS PER ARTICLE 81-ter OF CONSOB REGULATION 11971 OF 14 MAY 1999 AND ENSUING AMENDMENTS

Statement by the ‘Financial Reporting Officer’

The undersigned, Carlo Sirombo, ‘**Financial Reporting Officer’ for Banca IFIS S.p.A.,** declares, as per paragraph 2, article 154 bis of the Consolidated Law on Finance, that the financial information contained in the present consolidated interim report at 30 September 2010 corresponds to the documentable figures and results contained in Banca IFIS’s accounting and bookkeeping documents, books and registers.

Financial Reporting Officer

Carlo Sirombo

Mestre, 29 October 2010