Banca IFIS

CONSOLIDATED QUARTERLY REPORT
AS AT 30 SEPTEMBER 2005

Fully paid-up capital: 21,450,000 Euros
Bank License No.: 3205
Tax Identification No.: 02505630109
VAT No.: 02992620274

REGISTERED OFFICE AND HEADQUARTERS
Via Terraglio, 65 – 30174 Mestre, Venice, Italy
Internet Address: *www.bancaifis.it*

BRANCHES
Piazza del Plebiscito, 55 – 60121 Ancona
Via C. Rosalba, 47/z – 70124 Bari
Viale Bonaria, 62 – 09125 Cagliari (Ca)
Via Lungarno Cellini, 25 – 50125 Florence
Via A. Costa, 62 – 40026 Imola (Bo)
Via Volta, 16 – 20093 Cologno Monzese (Mi)
Via G. Porzio, 4 – Centro Dir. Isola E7 – 80143 Naples
Via De Paoli, 28/D – 33170 Pordenone
Viale America, 93 – 00144 Rome
Via G. L. Lagrange, 35 – 10123 Turin
Via Terraglio, 65 – 30174 Venice – Mestre

REPRESENTATIVE OFFICES
Boulevard Burebista, 3 – Bucharest (Romania)
Bajza U., 50 – Budapest (Hungary)

BOARD OF DIRECTORS

President	Sebastien Egon Fürstenberg
Vice President	Alessandro Csillaghy
CEO	Giovanni Bossi (1)
Board Members	Leopoldo Conti Roberto Cravero Andrea Martin

MANAGING DIRECTOR	Alberto Staccione

BOARD OF AUDITORS

President	Mauro Rovida
Active Auditors	Erasmo Santesso Dario Stevanato
Substitute Auditors	Luca Giacometti Francesca Rapetti

Auditing Firm	KPMG S.p.A

Member of Factors Chain International

(1) The CEO has powers for the ordinary administration of the company.

CONTENTS

CONSOLIDATED QUARTERLY REPORT
AS AT 30 SEPTEMBER 2005

APPLICATION OF IAS/IFRS AND THE NEW FINANCIAL STATEMENT STRUCTURE

Following the implementation of the European Union Regulation 1606/2002 issued by the European Parliament and the European Council in July 2002, companies with securities eligible for trading on a market regulated by Member States of the European Union must prepare their financial statements, starting in 2005, in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standard Board (IASB) and homologated by the EU.

Based on article 82 of Consob (Italian Securities and Exchange Commission) regulation no. 11971/1999 et seqq., the Banca IFIS group has prepared this quarterly report based on the IAS/IFRS international accounting principles.

The application of these new principles has resulted in important modifications in representing transactions and in the assessment of assets and liabilities and the structure of financial statements. The standards which govern the first application of the IAS/IFRS principles require the preparation of at least one fiscal year for comparison using the same principles.

For the preparation of this quarterly report, Banca IFIS has used new balance sheets proposed by the Bank of Italy in a document distributed for consultation for the banking system in July 2005. Thus, the following are temporary balance sheets and subject to modifications.

BALANCE SHEETS

CONSOLIDATED BALANCE SHEET
(in thousand Euros)

ASSETS	AMOUNTS AS AT 30/09/2005	30/06/2005	CHANGE ABSOLUTE	%	AMOUNT 31/12/2004
Cash and liquid assets	7	10	(3)	(30.0)%	8
Financial assets booked at fair value	1,295	1,288	7	0.5%	1,274
Financial assets available for sale	785	786	(1)	(0.1)%	777
Due from banks	45,098	31,035	14,063	45.3%	13,858
Due from customers	557,435	525,533	31,902	6.1%	466,907
Tangible fixed assets	20,192	19,766	426	2.2%	18,175
Intangible fixed assets	753	725	28	3.9%	627
Tax assets	7,207	6,833	374	5.5%	8,716
a) current	3,189	3,190	(1)	0.0%	4,774
b) deferred	4,018	3,643	375	10.3%	3,942
Other asset items	2,923	2,497	426	17.1%	2,053
TOTAL ASSETS	635,695	588,473	47,222	8.0%	512,395

LIABILITIES	AMOUNTS AS AT 30/09/2005	30/06/2005	CHANGE ABSOLUTE	%	AMOUNT 31/12/2004
Payables due to banks	466,089	439,590	26,499	6.0%	296,045
Payables due to customers	51,638	34,080	17,558	51.5%	103,419
Outstanding securities	35,952	37,351	(1,399)	(3.7)%	41,363
Tax liabilities	5,012	2,610	2,402	92.0%	4,766
a) current	4,323	1,878	2,445	130.2%	4,083
b) deferred	689	732	(43)	(5.9)%	683
Other liability items	13,043	15,745	(2,702)	(17.2)%	11,640
Severance pay/retirement allowance (TFR) for employees	1,186	1,106	80	7.2%	924
Reserves	16,683	16,494	189	1. 1.1%	10,603
Issue- premiums	13,450	13,450	---	---	13,450
Capital	21,450	21,450	---	---	21,450
Net profit	11,192	6,597	4,595	69.7%	8,735
TOTAL LIABILITIES	635,695	588,473	47,222	8.0%	512, 395

PROFIT & LOSS STATEMENT

(in thousands of Euros)

	YEAR 2005		YEAR 2004		CHANGE 3rd q.05 / 3rd q.04	
	3rd q. 05	30/09/05*	3rd q. 04	30/09/04**	Absolute	%
Interest and similar income receivable	7,020	20,499	5,814	15,995	1,206	20.7%
Interest and similar charges payable	(3,146)	(8,319)	(2,086)	(5,851)	(1,060)	50.8%
Net interest income	3,874	12,180	3,728	10,144	146	3.9%
Receivable commission	6,285	16,645	3,719	10,510	2,566	69.0%
Payable commission	(457)	(1,827)	(258)	(786)	(199)	77.1%
Net commission	5,828	14,818	3,461	9,724	2,367	68.4%
Dividends and other similar income	---	2,902	---	6	---	---
Net result of trading assets	(26)	(1,907)	77	95	(103)	(133.8)%
Net result of hedging assets	---	---	660	660	(660)	(100.0)%
Profit (loss) from transfer or buyback of:	(44)	(352)	---	---	(44)	n.s.
a) receivables	---	---	---	---	---	---
d) financial liabilities	(44)	(352)	---	---	(44)	n.s.
Total revenues	9,632	27,641	7,926	20,629	1,706	21.5%
Net write-downs for deterioration of:	(54)	(3,112)	(1,232)	(3,380)	1,178	(95.6)%
a) receivables	(54)	(3,112)	(1,232)	(3,380)	1,178	(95.6)%
Net result of financial assets	9,578	24,529	6,694	17,249	2,884	43.1%
Administration expenses:	(3,034)	(9,599)	(2,445)	(7,291)	(589)	24.1%
a) personnel expenses	(1,660)	(5,333)	(1,354)	(4,146)	(306)	22.6%
b) other administration expenses	(1,374)	(4,266)	(1,091)	(3,145)	(283)	25.9%
Net write-downs on tangible fixed assets	(132)	(407)	(133)	(384)	1	(0.8)%
Net write-downs on intangible fixed assets	(80)	(214)	(66)	(167)	(14)	21.2%
Other operating income (charges)	238	465	26	306	212	815.4%
Operating profit	(3,008)	(9,755)	(2,618)	(7,536)	(390)	14.9%
Gross Profit	6,570	14,774	4,076	9,713	2,494	61.2%
Income tax	(1,975)	(3,582)	(1,761)	(4,221)	(214)	12.2%
Net Income	4,595	11,192	2,315	5,492	2,280	98.5%

(*) Period 01/01/2005-30/09/2005
(**) Period 01/01/2004-30/09/2004

EXPLANATORY NOTES

Preparation criteria

Banca IFIS group's quarterly report as at 30 September 2005 has been prepared in compliance with the provisions issued by Consob Regulation no. 11971 of 14 May 1999 et seqq.
Based on the contents of article 82 of this Consob Regulation, Banca IFIS has prepared this quarterly report according to the IAS/IFRS accounting principles required for annual and consolidated accounts for the current year.

Article 82 also requires that the contents of the quarterly report can alternatively be aligned with the provisions of Appendix 3D of the Issuing Regulation or with what is required by IAS 34 in relation to interim financial statements.
Banca IFIS has prepared this quarterly report in compliance with Appendix 3D.

In order to guarantee continuity of information, the balance sheets as at 30 September 2005, attached to this report, are calculated based on the aforesaid accounting principles.
For information related to the first application of the IAS/IFRS, see the appendix of the six monthly report as at 30 June 2005.

The quarterly report was prepared according to the principle of separation of periods, based on which the interim period is considered as a distinct accounting period. In this way, the interim profit and loss account reflects the profit and loss components for the period based on the accrual method of accounting.

The economic result for the period is entered net of income taxes, which reflect the presumed expense for the period based on current and deferred taxes. Current taxes are calculated taking into account current tax rates and any applicable exemptions or tax breaks.
The accounting situations used as a basis for the consolidation process are those prepared by group companies in reference to 30 September 2005.

The quarterly report was not submitted to the independent auditors for auditing.

The consolidation area

The structure of the group as at 30 September 2005 was unchanged compared to 30 June 2005, and is composed of the parent company Banca IFIS S.p.A. and the 100% subsidiary investment Immobiliare Marocco S.p.A., consolidated with the line-by-line method.

Comparison

As required by Consob Regulation no. 11971 of 14 May 1999 et seqq., the consolidated balance sheets at 30 September 2005 are compared with balance sheet items of 30 June 2005 and 31 December 2004; In addition, a comparison is made between the profit and loss figures at 30 September 2005 and 30 September 2004 and between the relevant quarter and the same quarter of the previous year.

Description of the main modifications introduced by IAS/IFRS

The main innovations introduced by the new principles are described hereafter, with in-depth information on those which affect the representation of the results of the Banca IFIS group.

The IAS/IFRS accounting principles include important modifications in the criteria used to book assets and liabilities, due to priority being given to economic substance over legal form. The international principles make it possible to enter or cancel a balance sheet entry only in the presence of a real transfer of the risks and rewards connected with the sold or purchased asset, unlike the national principles where legal transfer of ownership is a sufficient condition for entry in the balance sheet of the purchaser.
Other innovative aspects regard the initial entry of financial instruments.
The initial entry value of a financial asset or liability must be done based on its fair value, increased or decreased by the costs or income directly connected with the transaction which are then capitalized and added to the profit and loss account for the duration of the transaction based on the effective yield rate (so-called "amortisation cost") If the price paid in a transaction is not in line with the market value, at initial entry, the difference between the two values must be booked to the profit and loss account.

In terms of classification, the IAS/IFRS principles require that financial assets/liabilities no longer be entered based on their nature, but on the purpose for which the company holds them.
The classification of financial instruments must take place at the time of their first posting in the balance sheet and can only be modified later in limited circumstances.

IAS principle 39 identifies the four main categories of financial instruments:
-financial assets and liabilities valued at fair value booked in the profit and loss account (basically the assets and liabilities managed for the purposes of trading and the assets, regardless of why held, that the company decides to value at fair value),
-available-for-sale assets,
-held-to-maturity investments and
-non-tradable receivables and liabilities.

The classification of financial instruments is also important for defining the valuation criteria to apply, since the first two categories must be valued at fair value, while the second two are valued at depreciated or amortised cost.
For financial instruments not classified as assets and liabilities valued at fair value and booked to the profit and loss account, the IAS/IFRS principles require systematic audits to ensure that there are no entries that lead to the belief that the book value of the asset is not fully recoverable. These audits must be effected analytically for each single asset or collectively for groups of homogeneous assets in terms of risk. Unlike the national principles, value adjustments must take into account the time needed to collect the amounts deemed recoverable.
In reference to complex financial instruments, composed of a primary contract and an embedded derivative contract, the IAS/IFRS principles require that the latter be booked separately from the host contract, when the overall contract is not valued at fair value or if the economic characteristics and the implicit risks of the derivative contract are not closely related to those of the primary contract.
Another important innovation in terms of financial statement classification is related to equity investments. Unlike national regulations which make it possible to classify any investment in capital securities in the equity investments item, international principles allow this classification only for investments in subsidiaries, associated companies or those subject to joint control. All other shares must be classified either as assets valued at fair value or among available-for-sale assets.

Modifications of the accounting criteria also include some types of intangible fixed assets. For example, international principles forbid the capitalization of internally generated costs for research, advertising, training, trademark and rights.
In terms of tangible and intangible fixed assets, the changes regard the possibility of selecting the fair value valuation criteria as an alternative to acquisition cost (with booking of the value difference to a net equity reserve, with the exception of asset investments which require booking fair value differences to the profit and loss account) and the replacement of the periodic amortisation of intangible assets with an undetermined useful life (for example goodwill) with the so-called impairment test, i.e. verification that the asset has not undergone a loss in value. For tangible fixed assets entered at cost, the IAS/IFRS principles require depreciation based on there useful life and, if the components of an asset have different useful lives, they must be depreciated separately.

In relation to the indemnity paid to employees after the conclusion of their employment, (retirement allowance/ severance indemnity), this must be entered in the balance sheet for an amount calculated using actuarial techniques.

The criteria for booking so-called "stock based payments" (typically remuneration to employees or board members of the company by assigning stock options of the company) are also innovative. Unlike the accounting criteria used in the past, which do not require entering the charges in the profit and loss account but only the increase in capital at the time the option is exercised, the international principles require valuing the assigned options at fair value and entry of the corresponding amount in the profit and loss account in personnel expenses.

Accounting principles

Financial assets valued at fair value

Financial assets valued at fair value, with a profit and loss contra-entry, must meet one of the following conditions:
a) be held for trading;
b) be designated as such at the time of initial entry.
The fair value is the amount at which a financial asset can be exchanged in an arm's length transaction between knowledgeable and willing parties.

Available-for-sale financial assets

These are financial assets which are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or

loss. These assets are held for an undetermined period of time.
Available-for-sale financial assets can include money market securities, other debt instruments and stocks.
Financial investments available for sale are initially entered at fair value, which corresponds to the cost of the transaction including expenses and net of commissions.
For interest bearing instruments, interest is entered at amortised cost, using the effective interest method. These investments are valued at fair value at the closing of the reference period. The profit and loss resulting from the fair value variations are booked to net equity until the financial asset is derecognised, at which time the accumulated profit and loss is booked to the profit and loss account.
If there is objective proof that the asset has undergone a permanent reduction in value, the accumulated loss which was booked directly to net equity is transferred to the profit and loss account. The amount of the total loss transferred from net equity and booked to the profit and loss account is equal to the difference between the book value (acquisition cost net of any losses for the reduction in value previously booked to the profit and loss account) and the fair value.
If the fair value of a debt instrument increases in a subsequent period and the increase can be objectively related to an event that occurs in the period after the one in which the loss due to reduction in value was entered in the profit and loss account, the loss is recovered with an entry of a corresponding amount in the profit and loss account.
Losses booked reducing the value of stocks are not later recovered with effect on the profit and loss account, even if the reasons for such write-downs no longer exist.

Loans and receivables

Loans are composed of non-derivative financial assets due from clients and banks and which are not traded in an asset market. Loans are entered at the date they are paid to the counterpart.
After the initial entry at their fair value, including transaction costs which are directly attributable to the acquisition or payment of the financial assets (even if not yet settled), loans are valued at amortised cost using the effective interest method. They are calculated considering the specific solvency situation of the counterparts with payment problems and any problematic conditions of the individual commodity sectors or countries of residence of the counterparts, also taking into consideration any existing guarantees, market rates of other financial instruments used as a reference and any negative economic trends regarding similar loan categories.
Where no written down loans are identified, valuations are carried out at portfolio level
Profit (or loss) on loans are entered in the profit and loss account when the financial asset in question is eliminated or when it undergoes a reduction in value. Interest income on loans are classified in “Interest and similar income” and entered based on the accrual method of accounting.
A receivable is considered deteriorated, when it is deemed that it will probably not be possible to recover the entire amount, based on the original contractual conditions, or an equivalent value.
The criteria for calculating the write-downs to make the receivables is based on actualising the expected cash flows for capital and interest net of collection charges and any received advances; in order to calculate the current value of cash flows, the fundamental elements are represented by identification of the estimated collections, related due dates and the actualisation rate to apply.
All problematic receivables are periodically reviewed and analysed. Each subsequent change in the amount or due dates of expected cash flows, which produces a negative variation compared to the initial estimates, results in a write-down of the receivables in the profit and loss account.
If the quality of a deteriorated receivable improves and there is reasonable certainty of a timely recovery of the capital and interest, in keeping with the original contractual terms of the receivable, a write-back is entered in the profit and loss account, with a maximum ceiling of the amortised cost which would have occurred in the absence of the previous write-downs.
The entire elimination of a receivable is effected when it is considered unrecoverable or liquidated in its entirety. Cancellations are booked directly to write-downs and are entered as a reduction of the principle amount of the receivable. Partial or complete recoveries of previously written down amounts are entered as a reduction of the net write-downs on receivables.

Factoring

In accordance with the law 52/91, credit from loans to clients assigning their receivables are entered and kept on the balance sheet only for the amounts paid to the assignor as an advance of the payment for the assigned recourse portfolio.
Non-recourse acquired receivables are entered at their nominal value, after ascertaining the inexistence of any contractual clauses that cancel actual substantial transfer of all the risks and rewards.

Elimination of financial assets

Assigned or securitised financial assets are eliminated when all the related risks and rewards of ownership have been transferred. If the risks and rewards are maintained, these financial assets continue to be entered, even if the ownership has actually been transferred to a third party.
Where an assigned financial asset is maintained, a financial liability is entered equal to the amount collected at assignment.
If some but not all the risks and rewards have been transferred, the financial assets are only eliminated if no type of control has been kept over them. If, instead, control has been maintained, the financial assets are booked proportionally to their continuing involvement.

In reference to the revolving reassignment of performing receivables due from assigned debtors, already entered according to the previously adopted accounting principles, it is important to note that, according to the IAS/IFRS accounting principles and based on the fact that the reassignment does not entail the transfer of all the risks and rewards, the reassignment is entered as a mere financing operation.

Equity investments in subsidiaries

Subsidiaries are considered companies in which:

1) through the subsidiary, more than half the voting rights of a company are held, either directly or indirectly, unless, in exceptional cases, it can be clearly demonstrated that this possession does not constitute control;
2) half, or a smaller share, of the votes which can be exercised in the shareholders' meeting are held, as well as:
   a. control of more than half of the voting rights based on an agreement with the other investors;
   b. the power to determine the financial and operating policies of the entity based on a statutory clause or a contract;
   c. the power to nominate or to remove the majority of the board members or members of an equivalent company body, and the management of the company is assigned to such board or body;
   d. the power to exercise the majority of the voting rights in meetings of the board of directors or equivalent company body, and the management of the company is assigned to such board or body;

The existence and effect of potential voting rights which can actually be exercised or converted are taken into consideration when evaluating if a company has the power to govern the political and managerial policies of another company.

The book value of the holdings in subsidiaries consolidated with the line-by-line method, held by the parent company or other group companies, is eliminated against the assumption of the subsidiary's assets and liabilities, as a counter-entry of the corresponding fraction of net equity belonging to the group.
Balance sheet asset and liability transactions, off balance sheet transactions, revenues and charges as well as the profits and losses between the companies included in the consolidation area are eliminated.
For companies included for the first time in the consolidation area, the fair value of the cost incurred for obtaining the control of the subsidiary is measured on the acquisition date.
The acquisition cost is calculated as the sum of:
-the fair values, on the acquisition date, of the assigned assets, assumed liabilities and net equity instruments issued by the buyer, in exchange for control of the acquired company;
-any cost directly attributable to the acquisition.
The acquisition cost is allocated to the various assets, liabilities and identifiable potential liabilities which have been acquired, modifying their value to adjust it to their fair value.

Tangible fixed assets

This item includes tangible assets which are for functional use and those held for investment purposes as well as leased assets.

Property, plants and machinery

This item includes:
• land
• buildings
• furniture and accessories
• electronic office machines
• various machines and equipment
• vehicles.

These are assets of a physical nature held for use in production or in supplying goods and services or for administrative purposes and which are estimated to be used for more than one period.
This item also includes assets used as a lessee for leasing contracts.
Leasing contracts are those which substantially transfer all the risks and rewards deriving from ownership of an asset to the lessee. The ownership of the asset is not necessarily transferred to the leaseholder at the end of the contract.
Instrumental buildings include all possessed buildings (by owner or lessee by means of a leasing contract) for company use and which are expected to be used for more than one fiscal year.
Tangible assets are initially entered at cost, including all directly attributable costs.
Subsequently incurred expenses are added to the book value of the asset or entered as separate assets if it is probable that they will entail future economic gain exceeding those initially estimated and the cost can be reliably measured; otherwise they are entered in the profit and loss account.
Land and buildings are treated separately for accounting purposes, even when they are acquired jointly. Land is not depreciated since it is normally characterized by an infinite useful life. Buildings, instead, have a finite useful life, and therefore are depreciated.
Subsequent to their initial entry, tangible assets are entered at cost net of any accumulated depreciation and lasting losses in value.
Assets with a finite useful life are systematically depreciated at constant rates during their useful life.
Tangible assets with an infinite useful life, the remaining value of which is equal or greater than the book value of the asset, are not depreciated.
The useful life of tangible assets are reviewed at the close of each period and, if the expectations are not in line with the previous estimates, the depreciation rate for the current period and subsequent ones is adjusted.
If there is objective proof that a single asset may have undergone a reduction in value, a comparison is made between the book value of the asset with its recoverable value, equal to the greater between fair value, minus the sales costs and the related value of use, intended as the current value of the future cash flows that are predicted to originate from the asset. Any value adjustments are entered in the profit and loss account.
If the value of a previously written down asset is recovered, the new book value cannot exceed the net book value that would have been calculated if no loss had been entered for a reduction in the value of the asset in the previous years.
A tangible asset is eliminated from the balance sheet when it is disposed of or when no future economic gains are forecast from its use or its disposal.

Asset investments

These include all possessed buildings (as owner or lessee by means of a leasing contract) for the purposes of obtaining rent and/or an appreciation of the invested capital.
The criteria of initial entry, valuation and elimination for investment assets are the same as those used for instrumental buildings.

Intangible fixed assets

Intangible assets are non-monetary assets, identifiable even if without a physical nature, from which it is probable to obtain future economic gains.

Intangible assets are mainly related to software; they are entered in the balance sheet at cost, represented by acquisition price and any direct cost incurred to prepare the asset for use, net of accumulated amortisation and losses in value.
Intangible assets with a finite useful life are systematically amortised at constant rates based on their estimated useful life.
If there is objective proof that a single asset may have undergone a reduction in value, a comparison is made between the book value of the asset with its recoverable value, equal to the greater between fair value, minus the sales costs and the related value of use, intended as the current value of the future cash flows that are predicted to originate from the asset. Any value adjustments are entered in the profit and loss account.
Intangible assets with an infinite useful life are not amortised. The book value is compared with the recoverable value on an annual basis. If the book value is greater than the recoverable value, a loss equal to the difference between the two values is entered in the profit and loss account.
If the value of an intangible asset is recovered, excluding goodwill, which has been previously written down, the increased net book value cannot exceed the net book value that would have been calculated if no loss had been entered for a

reduction in the value of the asset in the previous years.
An intangible asset is eliminated from the balance sheet when it is disposed of or when no future economic gains are forecast from its use or its disposal.

Lasting losses in value

If the probability occurs that an asset undergoes a lasting loss in value, its recoverability is verified by subjecting the asset to an impairment test, comparing the book value with its recovery value, defined as the greater between the fair value of the asset, minus the sales costs, and its use value. Any negative difference is considered as a lasting loss in value and is entered in the profit and loss account.
An impairment test is carried out when specific elements such as obsolescence, or change in the economic context and market, lead to predicting a lasting loss in value.
Regardless of the occurrence of the aforesaid indicators, for intangible assets with an infinite useful life, an impairment test is conducted at least on an annual basis.
The use value of an asset is composed of the current value of future cash flows from the asset, calculated gross of taxes, by applying an actualisation rate which reflects the current market evaluation of the temporary value of the money and the specific risks of the asset.
The negative difference between the recoverable value of an asset and its book value constitutes a loss in value which must be entered in the profit and loss account.
If it is not possible to estimate the recoverable value of each single asset, a circumstance which may occur when the asset is not able to generate autonomous cash flows, the generating unit of cash flows that the asset refers to is identified.

Current and deferred taxes

Income taxes, calculated in compliance with national tax laws, are entered as a cost and are accrued in the same period as the profits they originate from.
For all the deductible temporary differences, a deferred tax asset is entered, if it is deemed probable that a taxable income that this asset can be used against will be realised. A deferred tax liability must be entered for all the taxable timing differences.
Deferred tax assets and liabilities are calculated by using the tax rates which are forecast to be used during the period in which the tax asset will be realized or the tax liability will be paid, based on the laws in effect at the time they are entered.
Deferred tax assets and liabilities are offset when due to the same tax authority and the right to offset them is recognized by law.
Current and deferred taxes are booked to the profit and loss account with the exception of those related to profits or losses on available-for-sale financial assets, which are booked directly to net equity.
Current or deferred taxes are debited or credited directly to net equity if they refer to entries which are directly credited or debited to net equity.

Debts, current securities and subordinate liabilities

Debts, issued securities and subordinate liabilities are initially entered at their fair value, which corresponds to the received payment, net of transaction costs directly attributable to the financial liability. After the initial entry at fair value, these instruments are later valued at amortised cost, using the effective interest method.
Composite debt instruments, connected to share instruments, foreign currency, credit or index instruments, are considered structured instruments. The embedded derivative is separate from the host contract and represents a derivative in itself if the separation criteria are met. The embedded derivative is entered at its fair value and is later valued. Any fair value variations are entered in the profit and loss account.
The value corresponding to the difference between the total collected amount and the fair value of the embedded derivative is attributed to the host contract and later the amortised cost is measured.
Instruments convertible into newly issued own shares are considered as structured instruments and entail the recognition, at the date of issue, of a financial liability and a component of net equity.
The resulting remaining value is attributed to the net equity, after having subtracted the value separately calculated for a financial liability without conversion clause with the same cash flows from the total value of the financial instrument.
The financial liability is entered net of the directly attributable transaction costs and later measured at the amortised cost using the effective interest method.
Own bonds, acquired for the purposes of investing available liquid assets, are treated, in compliance with the IAS/IFRS, as settlement of the debt, even if these instruments are in-

tended for resale. Profits or losses resulting from entry of the repurchase as settlement are entered in the profit and loss account if the bond repurchase price is greater or less than its book value.
Subsequent sale of own bonds on the market is treated as the issue of a new debt.

Retirement allowance/ severance pay (TFR)

Italian law requires that each employee receive an indemnity when their employment contract with a company is concluded. This indemnity is called TFR and is equal to the total of the amounts of TFR set aside for each year of service.

This indemnity must be entered in the balance sheet for an amount calculated using actuarial techniques. This is due to the fact that this indemnity is considered a post-employment plan, like a defined benefit plan, since at the time the employee concludes employee/employer relationships, he will receive an amount calculated on length of service, the remuneration he has earned and the inflation index.
The value of a defined benefit obligation is equal to the current value of forecasted future payments, required to settle the obligation resulting from the work activity carried out by the employee over the years.

Stock options

As remuneration of employee performance, employees are given shares representing the parent company capital which consist of assigning rights to subscribe paid increases in capital (called stock options).
Based on the difficulty of reliably valuing the fair value of an employee's performance as a counter-entry of the instruments representing the parent company capital, reference is made to the fair value of the instruments, measured on the date of their assignment.
The fair value of payments settled with the issue of shares is broken down into constant rates in the period they mature and entered in the profit and loss account against entry of an equity reserve.

Recognition of income

Interest income and expense

Interest income and expense is entered in the profit and loss account for all the instruments valued according to the amortised cost method, using the effective interest method.

Interest also includes:

- recovery of the effect of actualising future financial cash flows;
- recovery of the effect of timing differences in relation to the actuarial valuation of the provisions for retirement allowance/severance pay.

Commissions

Commissions are entered based on the accrual method of accounting. Management and guarantee commissions related to receivables acquired for factoring activities are entered based on the duration of the receivable.

BOARD OF DIRECTORS' REMARKS ON OPERATIONS AND MOST SIGNIFICANT FACTS OF THE PERIOD

Profit & Loss Account

Formation of the net result

Banca IFIS continues to pursue the development strategy of increasing its operating volumes and market share within the sector, whilst reinforcing its relationship with existing clients by focusing on products with the highest added value.
The net operating results of the group highlight the excellent levels of growth achieved, increasing from 6,694 thousand Euros in the third quarter of 2004 to 9,578 thousand Euros in the third quarter of 2005 (+43.1%).

The growth in total revenues is significant, increasing from 7,926 thousand Euros in the third quarter of 2004 to 9,632 thousand Euros in the third quarter of 2005 (+21.5%).
The increase compared to the same period of the previous year is due to the increase in loans and negotiated volumes and the ability of the Bank to provide a high quality service to customers.
In detail, **interest income**, which reached 3,874 thousand Euros in the third quarter of 2005, increased 3.9% compared to the 3,728 thousand Euros of the same period in the previous year.
Net commissions, for 5,828 thousand Euros (+68,4% compared to 3,461 thousand Euros in the third part of 2004), registered an excellent performance, and demonstrate the capability of the factoring activity to generate added value through management and service for credit; the charges connected to this activity are diluted, above all, among personnel expenses.

Net value write-downs for deterioration of receivables totalled 54 thousand Euros (-95.6% compared to the 1,232 thousand Euros in the third quarter of 2004); this amount is the result of an allocation during the quarter totalling 1,456 thousand Euros, offset by the write-back on receivables totalling 1,402 thousand Euros on previously written down positions.

Formation of profit of current operations gross of taxes

The profit on current operations, gross of taxes, of the third quarter of 2005 reached 6,570 thousand Euros registering an increase of 61.2% over the third quarter of 2004.

The operating costs increased in line with the forecasts, due to the expansion in business and the increase in quality personnel.
In this regard, the selection of human resources dedicated to management, control and collection of credit continues to have a primary role.
The operating costs totalled 3,008 thousand Euros in the third quarter of 2005 against 2,618 thousand Euros in the third quarter of 2004 (+14.9%).
The growth in revenue, however, exceeded that of the operating cost, resulting in an improvement in the ratio between operating costs and net interest and other income (cost/income ratio) which dropped to 35.3% compared to the 37.5% of 30 June 2005.
In detail, the increase in **personnel expenses** (which totalled 1,660 thousand Euros, +22.6%) is physiological and corresponds to the forecasts, also considering the increase in number of employees.

The increase in **other administrative expenses** (which reached 1,374 thousand Euros +25.9%) is mainly due to the higher charges connected to the higher volume of business, consultation and professional assistance, rent for branch offices, maintenance and assistance of IT systems, and supporting tools for better selection and control of credit.

Net value adjustments on intangible assets increased (+21.2% compared to the third quarter of 2004) mainly due to the enhancement of IT support, while **net value adjustments on tangible assets** remained substantially unchanged (-0.8% compared to the third quarter of 2004).

Other operating income for 238 thousand Euros (compared to 26 thousand Euros of the third quarter of 2004) mainly include the recovery of expenses from third parties.

Formation of net profit

Income tax on current operations for the period are estimated at 1,975 thousand Euros.

Net profit totals 4,595 thousand Euros. In the absence of profit from third parties, the result refers entirely to the group.

Main net equity aggregates

The parent company is almost exclusively involved in the factoring industry and books its loans in receivables assigned by customers. In addition to the typical deposits made with the banking system or wholesale in terms of its clients-companies, securitisation continued to play a more significant role, along with interbanking deposits on the *e-MID* platform and on direct bilateral contractual bases.

Receivables due from customers

Total receivables due from customers at 30 September 2005 reached 557 million Euros, up from the 525 million of 30 June 2005 (+6.1%) and the 467 million Euros at 31 December 2004 (+19.4%).
Total net loans, not including net bad debts of 6 million Euros, totalled 551 million Euros, against the 519 million Euros at 30 June 2005 and 460 million Euros at 31 December 2004.

Doubtful receivables

Total bad loans due from customers was 6,226 thousand Euros at net book values, a slight increase of 0.5% compared to 30 June 2005 (-5.6% compared to 31 December 2004). The percentage of net bad loans out of total receivables due from customers decreased from 1.4% at 31 December 2004, to 1.2% at 30 June 2005 and 1.1% at 30 September 2005. Value write-downs totalled 77.5% of gross bad debts, a slight decrease compared to the 78.1% of 30 June 2005.
The total of difficult loans at net book values was 2,879 thousand Euros, a decrease of 10% compared to 30 June 2005. The percentage of net difficult loans out of total receivables due from customers dropped from 0.6% at 30 June 2005 to 0.5% at 30 September 2005.
Net doubtful receivables due from customers totalled 9,157 thousand Euros at 30 September 2005, with a reduction of 3.1% compared to 30 June 2005. The percentage of net doubtful receivables out of the total of receivables due from customers dropped by 2.3% at 31 December 2004, to 1.8% at 30 June 2005 and then to 1.6% at 30 September 2005.

Deposits

Banca IFIS obtains the necessary financial resources for its business primarily from own means as well as the interbanking market, net cash flow from the revolving reassignment of performing receivables owed by assigned debtors (effected starting in October 2003),the issue of a convertible bond in July 2004 and lastly from its customers. Total deposits at 30 September 2005 equalled 553,679 thousand Euros, an increase of 8.3% compared to 30 June 2005. Payables owed to banks were composed of interbank deposits for 348,055 thousand Euros, an increase of 5.9% compared to June 2005, and net funding from the reassignment transaction of the accounts receivable portfolio, for 118,034 thousand Euros, an increase of 6.5% compared to 30 June 2005.
Deposits from customers for 51,638 thousand Euros (+51.5% compared to 30 June 2005) were remunerated at indexed conditions or revisable at short term, advantageous for the customers compared with other investments and also the bank compared to the average deposit cost.
The "Banca IFIS 2004-2009" convertible bond, issued in July 2004 for a nominal amount of 50 million Euros, totalled 35,952 thousand Euros at 30 September 2005 (-3.7% compared to 30 June 2005). The debt instrument is entered as a liability net of the buy back of own bonds which are treated, in compliance with the IAS, as settlement of the debt, even though these instruments are intended for later resale.
No savings management activity was started, as it is not part of the group's industrial plan.

Intangible and tangible fixed assets

Intangible fixed assets totalled 753 thousand Euros, an increase of 3.9% compared to 30 June 2005 mainly due to enhancing IT supports.
Tangible fixed assets registered a slight increase, rising from 19,766 to 20,192 thousand Euros (+2.2%) due to renovation costs of the important historic building ("Villa Marocco") which will partly be used as the new headquarters of Banca IFIS by the end of 2005 and for which a renovation and expansion plan has been designed and approved by the Eastern Veneto Arts and Monuments Office.
Decreases for the period include the transfer of a building in Genoa owned by Banca IFIS with a historic cost of 206 thousand Euros. The sale resulted in a capital loss of 21 thousand Euros.
Also booked to tangible fixed assets is the building where Banca IFIS has its registered office, renovated in 1999 and occupied in 2001, the representation office in Bucharest, a rented building in Padua and other property units of a residual value.

Equity

In the absence of assets attributable to third parties, the net equity of the group at 30th September was at 62,775 thousand Euros, against 57,991 thousand Euros at 30 June 2005, and 54,238 thousand Euros as at 31 December 2004.

In the third quarter equity increased as a result of profit created over the period and as a result of entering a reserve of some items in keeping with IAS/IFRS principles.

Business

Banca IFIS profitably continued its business, aimed primarily at financial and management assistance to Italian and international small and medium enterprises through factoring.
In combination with advanced credit risk evaluation and monitoring instruments, factoring represents an excellent answer to the financial service needs of SMEs, primarily in light of the new rules for calculating capital absorption for Banks which will come into effect starting in 2007 (Basle 2).
Focus continued to be placed on the selection of credit and geographical and industrial diversification aimed at spreading credit risk.
International development, considered a medium-long term strategic goal of Banca IFIS, also continued.

Other information

STAR trading

Banca IFIS's ordinary shares and convertible bonds have been traded in the high-standard mid-cap segment (STAR) since 29th November 2004. The transfer to the STAR segment occurred after a year of having been listed on the Equity Share Market (MTA) of the Italian Stock Exchange. Previously, as from 1990, the shares were traded on the Restricted Market (IMR) of the Italian Stock Exchange.

Fitch rating

On 15 December 2004, Fitch Ratings Limited assigned Banca IFIS a Long Term Rating BB+, Short Term Rating B, Individual Rating C/D and Support Rating 5 with a stable Outlook. The Rating Company had already stated its rating for the Convertible Bond as BB+ on 15 June 2004.

Impact of Basle 2

Banca IFIS has started an evaluation of the impact of the new rules for measuring Capital and Capital ratios (Basle 2) which will come into effect 1 January 2007.
Based on its business, Banca IFIS should benefit from a non-marginal reduction for equity requirements against credit risk; this is due both to the relative lower risk in providing loans for factoring activities, which was recognized by the Basle Committee, and also to the average duration of the transactions, normally less than a year and concentrated around 3-6 months.
The equity absorption connected to the operating risk should not greatly worsen the situation in terms of total equity absorption. The first quality evaluations following the new Agreement on capital thus lead to an overall improved result.

Transactions on own shares

The ordinary shareholders' meeting on 10 October 2005 renewed the authorization to acquire and sell own shares according to articles 2357 et seqq. of the Italian Civil Code as well as article 132 of the Italian Legislative Decree 58/98. The established price range within which the shares may be acquired is a minimum of 3 Euros and a maximum of 30 Euros for a total amount not exceeding 8,000,000 Euros. The Shareholders' Meeting also established a deadline for the duration of the authorization, equal to 18 months from the date the deliberation was made.
At 30 September 2005 Banca IFIS did not hold own shares, not did it hold them at 30 June 2005, even if it carried out trading activity on these shares during the quarter.
During the third quarter of 2005 Banca IFIS acquired, at the average price of 10.45 Euros, 601,686 own shares at a counter value of 6,285 thousand Euros and a nominal value of 601,686 Euros and sold at an average price of 10.74 Euros 601,686 of its own shares for a counter value of 6,460 thousand Euros and a nominal value of 601,686 Euros, realizing net revenues of 175 thousand Euros.

Transactions on own bonds

In order to invest available liquid assets, Banca IFIS partly reacquired the convertible bonds that it issued. At 30 September 2005 the Bank held 1,069,422 own bonds entered for a total value of 13,636 thousand Euros and a nominal value of 13,368 thousand Euros. During the third quarter Banca IFIS acquired 20,198 own bonds for a value of 290 thousand Euros. The balance at the beginning of the period totalled 649,224 bonds for a counter value of 8,198 thousand Euros.

Forecast evolution of operations

The forecasts of economic trends for 2005 do not show tangible signs of improvement compared to previous years.

The attitude of the banking system to financing SMEs will continue to be presumably modest, on one hand generating stress on the financial situation of companies, but on the other, allowing a wide opening for factoring operators who wish to improve their market share in the small and medium enterprise sector.
The prospects for Banca IFIS continue to be positive and permit an optimistic outlook for the overall operating trend, despite the remaining uncertainties related to the macroeconomic situation for industrial SMEs, Banca IFIS's typical customer.

Significant events after the period

No significant events further to those reported herein occurred in the period.

Significant events after 30 September 2005

Nomination of two new members of the Board of Directors

The ordinary Shareholders' Meeting of last 10 October voted to add two new board members, the entrepreneurs Marina Salamon and Riccardo Preve, after having re-defined the number of board members as being eight. The new board members will remain until the term of the Board of Directors expires, i.e. when the financial statement for 31 December 2006 is approved.

Increase in capital

The extraordinary Shareholders' Meeting of 10 October 2005 passed resolutions to:

a. increase scrip capital, by using the share premium reserve, for a maximum amount of 2,545,000 Euros by issuing a maximum of 2,545,000 shares with a nominal value of 1 Euro, of which 2,145,000 shares assigned to shareholders in the amount of 1 new share for every 10 held, and 400,000 shares to be assigned to holders of the Banca IFIS 2004-2009 convertible bond, subordinate to having exercised the conversion option. The conversion ratio of the bonds convertible into Banca IFIS shares was thus recalculated 1.1 shares for each bond held.
b. an increase in paid capital of a maximum of 10,180,000 new shares with a nominal value of 1 Euro and share premium of 5 Euros per share, for a total value of 61,080,000 for shareholders and convertible bond holders, by the issue of:
   - 5,090,000 shares *cum warrant* and
   - 5,090,000 shares backing the warrant which can circulate autonomously for a period from 1 August 2007 to 31 July 2008.

   The option ratio is one new share for every 5 shares or convertible bonds held before the increase in scrip capital.

Those eligible to take advantage of this offer can exercise their relative subscription rights for the offered shares from 7 November 2005 to 25 November 2005, at authorized brokers.
The option rights can be traded on the Stock Exchange from 7 November 2005 to 18 November 2005.
Option rights not exercised by 25 November 2005 will be offered on the Stock Exchange by the company, in accordance with article 2441, third paragraph, of the Italian Civil Code.
The resolution of the extraordinary Shareholders' Meeting of Banca IFIS on 10 October 2005 in accordance with the law, also gave separate powers to the Chairman and CEO, with the option of sub delegation, to place the non-optioned shares, through private placement or other procedures deemed opportune, at the best conditions for the Company, after the offering on the Stock Exchange.
The majority shareholder La Scogliera S.p.A., CEO Giovanni Bossi, acting as shareholder, and the shareholders Alchimia S.p.A. and Preve Costruzioni S.p.A., have declared their intention to take part entirely in the capital increase, within the indicated terms, for a total portion of 74% of share capital. A guarantee of the entire subscription of the increase by Banca Akros S.p.A. is foreseeable.

No other significant events occurred after the closing date for the period up to approval of this report.

Venice-Mestre, 3 November 2005

For the Board of Directors

President
Sebastien Egon Fürstenberg

CEO
Giovanni Bossi

ECONOMIC – FINANCIAL INDEXES AND OTHER FIGURES

	30/09/2005	30/06/2005	CHANGE
Profitability indexes			
ROE (1) (2)	28.9%	25.7%	3.2%
ROA (2)	5.1%	5.1%	---
Cost/income ratio	35.3%	37.5%	(2.2)%
Risk ratios			
Net non-performing loans/Loans to customers	1.1%	1.2%	(0.1)%
Net doubtful debts/Loans to customers	1.6%	1.8%	(0.2)%
Employee Figures(3) (4)			
Total revenues/Number of employees(2)	329,1	327,4	1,7
Total assets/Number of employees	5,675,8	5,349,8	326,0
Personnel cost/Number of employees (2)	63,5	66,8	(3,3)

(1) The assets used for the ratios are those of the end of the fiscal year (excluding fiscal year profit)
(2) Calculated using the projection on an annual basis of the profit and loss statement items.
(3) Number of employees at end of fiscal year.
(4) Ratios in thousands of Euros.

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	INVESTMENTS	TURNOVER
Northern Italy	34.7%	43.2%
Central Italy	32.9%	27.4%
Southern Italy	24.8%	13.5%
Foreign	7.6%	15.9%
Total	100%	100%

	BREAKDOWN OF CUSTOMER BY PRODUCT CATEGORY	LOANS	TURNOVER
051	Agriculture. forestry and fish products	0.2%	0.2%
052	Energy products	0.2%	0.0%
053	Minerals and ferrous and non-ferrous metals	1.0%	0.9%
054	Minerals and mineral based products	1.0%	1.4%
055	Chemical products	0.4%	0.5%
056	Products in metal excluding machines and equipment	6.3%	7.4%
057	Agricultural and industrial machines	2.7%	3.0%
058	Machines for offices, data processing and precision machinery	0.1%	0.3%
059	Electrical material and supplies	3.8%	6.4%
060	Transportation vehicles	3.9%	2.8%
061	Food and beverage products	0.8%	0.8%
062	Textile. leather. shoe and clothing products	4.4%	3.3%
063	Paper. printing and publishing	0.3%	0.4%
064	Rubber and plastic products	1.3%	2.8%
065	Other industrial products	0.6%	0.4%
066	Construction and public works	6.3%	6.7%
067	Wholesale and retail trade. recoveries and repair	10.0%	8.7%
068	Hotel and public establishment services	0.5%	0.5%
069	Internal transportation services	0.9%	1.0%
070	Maritime and air transportation services	0.7%	0.7%
071	Transportation related services	0.6%	1.3%
072	Telecommunications services	0.8%	0.5%
073	Other services for sale	17.0%	34.1%
000	Non classifiable	36.2%	15.9%
	of which non-resident subjects	*7.6%*	*15.9%*
	of which financial institutions	*0.2%*	*0.0%*
	of which others (1)	*28.4%*	*0.0%*
	Total	100%	100%

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

APPENDICES

Reconciliation between balance sheets in accordance with Italian Legislative Decree 87/92 and IAS/IFRS balance sheets

Starting this year, the Banca IFIS group is required to prepare its financial statement based on the IAS/IFRS international accounting principles.
The use of the IAS principles in the intermediate statements of 2005 took place gradually, in line with the Issuing Regulation for the transition phase (articles 81 bis and 82 bis). In particular, the six monthly report at 30 June 2005 was prepared based on previously adopted accounting principles, with the reconciliation of net profit and net equity with the corresponding values calculated based on the IAS/IFRS international accounting principles.

Therefore, this appendix presents the reconciliations between the statements contained in the quarterly report (in particular the balance sheets of 30 September 2004 and 2005, 30 June 2005 and 31 December 2004, and the profit and loss accounts of 30 September 2004 and 2005 and the third quarter of 2004 and 2005) prepared according to the IAS/IFRS international accounting principles, and the corresponding tables prepared based on the provisions of Italian Legislative Decree no. 87 of 27 January 1992, with a description of the main differences.
In terms of the reconciliations between net equity according to the Italian accounting principles (Legislative Decree 87/92), and net equity according to the IAS/IFRS principles at 1 January 2004 and 31 December 2004, see the appendix of the six monthly report of 30 June 2005. The reconciliations related to net equity and the economic result of 30 June 2005 are included in the six monthly report.

RECONCILIATION OF THE BALANCE SHEET AT 30 SEPTEMBER 2004

(*in thousands of Euros*)

ASSETS

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Cash on hand and liquid assets	8	---	---	8
Financial assets booked at fair value	---	517	751	1,268
Financial assets available for sale	721	---	130	851
Receivables due from banks	10,648	---	---	10,648
Receivables due from customers	400,228	(53,305)	(2,916)	344,007
Equity investments	---	---	---	---
Tangible fixed assets	16,769	---	---	16,769
Intangible fixed assets	662	---	(96)	566
Tax assets	5,599	---	1,313	6,912
a) current	2,469	---	---	2,469
b) deferred	3,130	---	1,313	4,443
Other assets	6,300	(2,842)	(1,282)	2,176
TOTAL ASSETS	440,935	(55,630)	(2,100)	383,205

LIABILITIES

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Payables due to banks	285,137	(53,943)	---	231,194
Payables due to customers	38,737	---	---	38,737
Securities in circulation	50,000	(1,238)	(12)	48,750
Tax liabilities	4,506	---	332	4,838
a) current	4,154	---	---	4,154
b) deferred	352	---	332	684
Other liabilities	9,089	(449)	470	9,110
Severance pay/retirement allowance (TFR)	830	---	48	878
Reserves	12,206	---	(1,618)	10,588
Issue premiums	13,450	---	---	13,450
Capital	21,450	---	---	21,450
Own shares	---	---	(1,282)	(1,282)
Fiscal year profits (losses)	5,530	---	(38)	5,492
TOTAL LIABILITIES	440,935	(55,630)	(2,100)	383,205

RECONCILIATION OF THE BALANCE SHEET AT 31 DECEMBER 2004

(*in thousands of Euros*)

ASSETS

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Cash on hand and liquid assets	8	---	---	8
Financial assets booked at fair value	---	523	751	1,274
Financial assets available for sale	8,919	(8,198)	56	777
Receivables due from banks	13,858	---	---	13,858
Receivables due from customers	523,428	(53,737)	(2,784)	466,907
Equity investments	---	---	---	---
Tangible fixed assets	18,175	---	---	18,175
Intangible fixed assets	713	---	(86)	627
Tax assets	7,289	---	1,427	8,716
a) current	4,774	---	---	4,774
b) deferred	2,515	---	1,427	3,942
Other assets	4,961	(2,908)	---	2,053
TOTAL ASSETS	577,351	(64,320)	(636)	512,395

LIABILITIES

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Payables due to banks	350,405	(54,360)	---	296,045
Payables due to customers	103,419	---	---	103,419
Securities in circulation	50,000	(8,953)	316	41,363
Tax liabilities	4,453	---	313	4,766
a) current	4,083	---	---	4,083
b) deferred	370	---	313	683
Other liabilities	12,079	(1,007)	568	11,640
Severance pay/retirement allowance (TFR)	876	---	48	924
Reserves	12,207	---	(1,604)	10,603
Issue premiums	13,450	---	---	13,450
Capital	21,450	---	---	21,450
Fiscal year profits (losses)	9,012	---	(277)	8,735
TOTAL LIABILITIES	577,351	(64,320)	(636)	512,395

RECONCILIATION OF THE BALANCE SHEET AT 30 JUNE 2005

(*in thousands of Euros*)

ASSETS

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Cash on hand and liquid assets	10	---	---	10
Financial assets booked at fair value	---	537	751	1,288
Financial assets available for sale	14,073	(13,343)	56	786
Receivables due from banks	31,035	---	---	31,035
Receivables due from customers	594,380	(66,490)	(2,357)	525,533
Equity investments	2	(2)	---	---
Tangible fixed assets	19,766	---	---	19,766
Intangible fixed assets	793	---	(68)	725
Tax assets	5,240	---	1,593	6,833
a) current	3,190	---	---	3,190
b) deferred	2,050	---	1,593	3,643
Other assets	5,925	(3,428)	---	2,497
TOTAL ASSETS	671,224	(82,726)	(25)	588,473

LIABILITIES

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Payables due to banks	506,998	(67,408)	---	439,590
Payables due to customers	34,080	---	---	34,080
Securities in circulation	50,000	(13,226)	577	37,351
Tax liabilities	2,296	---	314	2,610
a) current	1,878	---	---	1,878
b) deferred	418	---	314	732
Other liabilities	16,686	(2,092)	1,151	15,745
Severance pay/retirement allowance (TFR)	1,010	---	96	1,106
Reserves	18,216	---	(1,722)	16,494
Issue premiums	13,450	---	---	13,450
Capital	21,450	---	---	21,450
Fiscal year profits (losses)	7,038	---	(441)	6,597
TOTAL LIABILITIES	671,224	(82,726)	(25)	588,473

RECONCILIATION OF THE BALANCE SHEET AT 30 SEPTEMBER 2005

(*in thousands of Euros*)

ASSETS

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Cash on hand and liquid assets	7	---	---	7
Financial assets booked at fair value	---	544	751	1,295
Financial assets available for sale	14,363	(13,634)	56	785
Receivables due from banks	45,098	---	---	45,098
Receivables due from customers	628,957	(69,330)	(2,192)	557,435
Equity investments	2	(2)	---	---
Tangible fixed assets	20,192	---	---	20,192
Intangible fixed assets	812	---	(59)	753
Tax assets	5,704	---	1,503	7,207
a) current	3,189	---	---	3,189
b) deferred	2,515	---	1,503	4,018
Other assets	6,116	(3,193)	---	2,923
TOTAL ASSETS	721,251	(85,615)	59	635,695

LIABILITIES

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Payables due to banks	536,611	(70,522)	---	466,089
Payables due to customers	51,638	---	---	51,638
Securities in circulation	50,000	(14,637)	589	35,952
Tax liabilities	4,693	---	319	5,012
a) current	4,323	---	---	4,323
b) deferred	370	---	319	689
Other liabilities	12,448	(456)	1,051	13,043
Severance pay/retirement allowance (TFR)	1,080	---	106	1,186
Reserves	18,216	---	(1,533)	16,683
Issue premiums	13,450	---	---	13,450
Capital	21,450	---	---	21,450
Fiscal year profits (losses)	11,665	---	(473)	11,192
TOTAL LIABILITIES	721,251	(85,615)	59	635,695

RECONCILIATION OF THE PROFIT AND LOSS ACCOUNT AT 30 SEPTEMBER 2004

(in thousands of Euros)

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Interest and similar income	20,381	(4,599)	213	15,995
Interest and similar charges	(7,077)	1,214	12	(5,851)
Interest margin	13,304	(3,385)	225	10,144
Receivable commissions	10,530	---	(20)	10,510
Payable commissions	(838)	52	---	(786)
Net commissions	9,692	52	(20)	9,724
Dividends and other income	6	---	---	6
Net result of trading assets	95	---	---	95
Net result of hedging assets	660	---	---	660
Profit (loss) from transfer or buyback of:	(3,312)	3,312	---	---
a) receivables	(3,312)	3,312	---	---
Net interest and other income	20,445	(21)	205	20,629
Net write-downs for deterioration of:	(3,380)	---	---	(3,380)
a) receivables	(3,380)	---	---	(3,380)
Net result of financial assets	17,065	(21)	205	17,249
Administrative expenses:	(7,045)	21	(267)	(7,291)
a) expenses for personnel	(3,879)	---	(267)	(4,146)
b) other administrative expenses	(3,166)	21	--	(3,145)
Net write-downs on tangible fixed assets	(384)	---	---	(384)
Net write-downs on intangible fixed assets	(186)	---	19	(167)
Other operating income (charges)	306	---	---	306
Operating costs	(7,309)	21	(248)	(7,536)
Income on current operations gross of taxes	9,756	---	(43)	9,713
Taxes on income on current operations	(4,226)	---	5	(4,221)
Net profit of the parent company	5,530	---	(38)	5,492

RECONCILIATION OF THE PROFIT AND LOSS ACCOUNT AT 30 SEPTEMBER 2005

(in thousands of Euros)

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Interest and similar income	25,721	(5,814)	592	20,499
Interest and similar charges	(10,324)	1,926	79	(8,319)
Interest margin	15,397	(3,888)	671	12,180
Receivable commissions	17,128	---	(483)	16,645
Payable commissions	(2,014)	187	---	(1,827)
Net commissions	15,114	187	(483)	14,818
Dividends and other income	2,902	---	---	2,902
Net result of trading assets	(1,729)	---	(178)	(1,907)
Profit (loss) from transfer or buyback of:	(3,625)	3,625	(352)	(352)
a) receivables	(3,625)	3,625	---	---
d) financial liabilities	---	---	(352)	(352)
Net interest and other income	28,059	(76)	(342)	27,641
Net write-downs for deterioration of:	(3,112)	---	---	(3,112)
a) receivables	(3,112)	---	---	(3,112)
Net result of financial assets	24,947	(76)	(342)	24,529
Administrative expenses:	(9,265)	76	(410)	(9,599)
a) expenses for personnel	(4,923)	---	(410)	(5,333)
b) other administrative expenses	(4,342)	76	---	(4,266)
Net write-downs on tangible fixed assets	(407)	---	---	(407)
Net write-downs on intangible fixed assets	(241)	---	27	(214)
Other operating income (charges)	465	---	---	465
Operating costs	(9,448)	76	(383)	(9,755)
Income on current operations gross of taxes	15,499	---	(725)	14,774
Taxes on income on current operations	(3,834)	---	252	(3,582)
Net profit of the parent company	11,665	---	(473)	11,192

RECONCILIATION OF THE PROFIT AND LOSS ACCOUNT FOR THE 3RD QUARTER OF 2004

(in thousands of Euros)

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Interest and similar income	7,058	(1,430)	186	5,814
Interest and similar charges	(2,508)	291	131	(2,086)
Interest margin	4,550	(1,139)	317	3,728
Receivable commissions	3,668	---	51	3,719
Payable commissions	(310)	52	---	(258)
Net commissions	3,358	52	51	3,461
Dividends and other income	---	---	---	---
Net result of trading assets	77	---	---	77
Net result of hedging assets	660	---	---	660
Profit (loss) from transfer or buyback of:	(1,066)	1,066	---	---
a) receivables	(1,066)	1,066	---	---
Net interest and other income	7,579	(21)	368	7,926
Net write-downs for deterioration of:	(1,232)	---	---	(1,232)
a) receivables	(1,232)	---	---	(1,232)
Net result of financial assets	6,347	(21)	368	6,694
Administrative expenses:	(2,377)	21	(89)	(2,445)
a) expenses for personnel	(1,265)	---	(89)	(1,354)
b) other administrative expenses	(1,112)	21	---	(1,091)
Net write-downs on tangible fixed assets	(133)	---	---	(133)
Net write-downs on intangible fixed assets	(69)	---	3	(66)
Other operating income (charges)	26	---	---	26
Operating costs	(2,553)	21	(86)	(2,618)
Income on current operations gross of taxes	3,794	---	282	4,076
Taxes on income on current operations	(1,653)	---	(108)	(1,761)
Net profit of the parent company	2,141	---	174	2,315

RECONCILIATION OF THE PROFIT AND LOSS ACCOUNT FOR THE 3RD QUARTER OF 2005

(in thousands of Euros)

	Italian Legislative Decree 87/92	Reclassified	IAS/IFRS Effects	IAS/IFRS
Interest and similar income	8,924	(2,069)	165	7,020
Interest and similar charges	(3,825)	647	32	(3,146)
Interest margin	5,099	(1,422)	197	3,874
Receivable commissions	6,185	---	100	6,285
Payable commissions	(520)	63	---	(457)
Net commissions	5,665	63	100	5,828
Dividends and other income	---	---	---	---
Net result of trading assets	149	---	(175)	(26)
Profit (loss) from transfer or buyback of:	(1,333)	1,333	(44)	(44)
a) receivables	(1,333)	1,333	---	---
d) financial liabilities	---	---	(44)	(44)
Net interest and other income	9,580	(26)	78	9,632
Net write-downs for deterioration of:	(54)	---	---	(54)
a) receivables	(54)	---	---	(54)
Net result of financial assets	9,526	(26)	78	9,578
Administrative expenses:	(2,933)	26	(127)	(3,034)
a) expenses for personnel	(1,533)	---	(127)	(1,660)
b) other administrative expenses	(1,400)	26	---	(1,374)
Net write-downs on tangible fixed assets	(132)	---	---	(132)
Net write-downs on intangible fixed assets	(89)	---	9	(80)
Other operating income (charges)	238	---	---	238
Operating costs	(2,916)	26	(118)	(3,008)
Income on current operations gross of taxes	6,610	---	(40)	6,570
Taxes on income on current operations	(1,983)	---	8	(1,975)
Net profit of the parent company	4,627	---	(32)	4,595