BancaIFISGroup

1Q15

CONSOLIDATED INTERIM REPORT 31ST MARCH, 2015

BANCA IFIS GROUP

Contents

Corporate Bodies

Board of Directors

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

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

General Manager	Alberto Staccione

Board of Statutory Auditors

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

Independent Auditors	Reconta Ernst & Young S.p.A.
Corporate Accounting Reporting Officer	Carlo Sirombo

bancaIFIS

Fully paid-up share capital 53,811,095 Euro
Bank Licence (ABI) No. 3205.2
Tax Code and Venice Companies
Register Number: 02505630109
VAT No.: 02992620274
Enrolment in the Register of Banks No.: 5508
Registered and administrative office
Via Terraglio 63, Mestre, 30174, Venice, Italy
Website: www.bancaifis.it

Member of Factors
Chain International

Business

The Banca IFIS Group is the only independent banking group in Italy that specialises in the segment of trade receivables, distressed retail loans and tax receivables.
The brands and business areas through which the Group operates, financing the real economy, are:

Credi Impresa Futuro, dedicated to supporting the trade receivables of small- and medium-sized enterprises operating in the Italian market;

Banca IFIS International, for companies growing abroad or based abroad and working with Italian customers;

Banca IFIS Pharma, supporting the trade receivables of local health services' suppliers;

Credi Famiglia and **NPL area**, comprising all operations of the business area active in the distressed retail loans segment;

Fast Finance, focusing on the segment of tax receivables arising mainly from insolvency proceedings.

The Bank carries out its retail funding business through the following brands and products:

rendimax, the high-yield online savings account, completely free, offered to individuals, business customers and for insolvency proceedings;

contomax, born in January 2013, the low-cost online current account with high returns.

Listed on the Star segment of Borsa Italiana, the Banca IFIS Group has always been an innovative and steadily growing company.

Group Key Data

Highlights

KEY DATA ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Available for sale financial assets	5.069.781	243.325	4.826.456	1983,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Loans to customers	2.921.902	2.814.330	107.572	3,8%
Total assets	8.242.585	8.309.294	(66.709)	(0,8)%
Due to banks	200.953	2.258.967	(2.058.014)	(91,1)%
Due to customers	7.241.379	5.483.474	1.757.905	32,1%
Consolidated equity	571.878	437.850	134.028	30,6%

KEY DATA ON THE CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net banking income	**71.166**	**69.352**	**1.814**	**2,6%**
Net value adjustments on receivables and other financial assets	(6.057)	(8.382)	2.325	(27,7)%
Net profit from financial activities	**65.109**	**60.970**	**4.139**	**6,8%**
Operating costs	(25.563)	(23.282)	(2.281)	9,8%
Pre-tax profit from continuing operations	39.546	37.688	1.858	4,9%
Group net profit for the period	**26.229**	**24.676**	**1.553**	**6,3%**

GROUP KPIs (1)	31.03.2015	31.03.2014	31.12.2014
Cost/Income ratio	35,9%	33,6%	37,3%
Cost of credit quality	1,2%	2,0%	1,5%
Net bad loans trade receivables/Trade receivables loans to customers	1,3%	2,4%	1,3%
Net bad loans trade receivables/Equity	5,8%	11,3%	7,5%
Coverage ratio on gross bad loans trade receivables	86,6%	80,6%	86,4%
Net trade receivables non-performing/Trade receivables loans to customers	4,5%	8,3%	4,6%
Net trade receivables non-performing/Equity	19,5%	39,0%	25,7%
Total own funds Capital Ratio (1)	14,62%	15,0%	14,21%
Common Equity Tier 1 Ratio (1)	13,94%	15,0%	13,89%
Number of shares outstanding at period end(2) (in thousands)	53.059	52.901	52.924
Book per share	10,78	7,66	8,27
EPS	0,50	0,47	1,81

(1) For the definition of the KPIs in the table, please see the Consolidated annual report glossary
(2) Outstanding shares are net of treasury shares held in the portfolio

Results by business segments

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Figures at 31.03.2015	-	-	-	5.069.781	5.069.781
Figures at 31.12.2014	*-*	*-*	*-*	*243.325*	*243.325*
Change %	*-*	*-*	*-*	*1983,5%*	*1983,5%*
Held to maturity financial assets					
Figures at 31.03.2015	-	-	-	-	-
Figures at 31.12.2014	*-*	*-*	*-*	*4.827.363*	*4.827.363*
Change %	*-*	*-*	*-*	*(100,0)%*	*(100,0)%*
Due from banks					
Figures at 31.03.2015	-	-	-	115.697	115.697
Figures at 31.12.2014	*-*	*-*	*-*	*274.858*	*274.858*
Change %	*-*	*-*	*-*	*(57,9)%*	*(57,9)%*
Loans to customers					
Figures at 31.03.2015	2.491.346	148.956	123.844	157.756	2.921.902
Figures at 31.12.2014	*2.455.052*	*135.429*	*119.473*	*104.376*	*2.814.330*
Change %	*1,5%*	*10,0%*	*3,7%*	*51,1%*	*3,8%*
Due to banks					
Figures at 31.03.2015	-	-	-	200.953	200.953
Figures at 31.12.2014	*-*	*-*	*-*	*2.258.967*	*2.258.967*
Change %	*-*	*-*	*-*	*(91,1)%*	*(91,1)%*
Due to customers					
Figures at 31.03.2015	-	-	-	7.241.379	7.241.379
Figures at 31.12.2014	*-*	*-*	*-*	*5.483.474*	*5.483.474*
Change %	*-*	*-*	*-*	*32,1%*	*32,1%*

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 31.03.2015	39.334	7.430	3.902	20.500	**71.166**
Figures at 31.03.2014	*37.466*	*6.602*	*2.164*	*23.120*	***69.352***
Change %	*5,0%*	*12,5%*	*80,3%*	*(11,3)%*	***2,6%***
Net profit from financial activities					
Figures at 31.03.2015	33.809	8.859	3.960	18.481	**65.109**
Figures at 31.03.2014	*28.347*	*7.241*	*2.262*	*23.120*	***60.970***
Change %	*19,3%*	*22,3%*	*75,1%*	*(20,1)%*	***6,8%***

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Figures at 31.03.2015	2.142.254	n.a.	n.a.	n.a.
Figures at 31.03.2014	*1.655.420*	*n.a.*	*n.a.*	*n.a.*
Change %	*29,4%*	-	-	-
Nominal amount of receivables managed				
Figures at *31.03.2015*	3.117.864	5.778.594	176.916	n.a.
Figures at *31.12.2014*	*3.101.058*	*5.630.151*	*167.834*	*n.a.*
Change %	*0,5%*	*2,6%*	*5,4%*	-
Net bad loans/Loans to customers				
Figures at *31.03.2015*	*1,3%*	*53,0%*	*0,0%*	n.a.
Figures at *31.12.2014*	*1,3%*	*51,8%*	*0,0%*	*n.a.*
Change %	*(0,0)%*	*1,2%*	-	-
RWA (2)				
Figures at *31.03.2015*	*1.820.654*	*148.956*	*34.062*	*150.757*
Figures at *31.12.2014*	*1.802.978*	*135.426*	*37.595*	*187.560*
Change %	*1,0%*	*10,0%*	*(9,4)%*	*(19,6)%*

(1) Gross flow of the receivables sold by the customers in a specific period of time.
(2) Risk Weighted Assets; the amount refers exclusively to the financial items reported in the segments.

Quarterly Evolution

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015	YEAR 2014			
	31.03	31.12	30.09	30.06	31.03
ASSETS					
Available for sale financial assets	5.069.781	243.325	414.768	1.302.425	2.287.950
Held to maturity financial assets	-	4.827.363	5.094.994	5.071.312	5.329.414
Due from banks	115.697	274.858	294.844	351.349	432.855
Loans to customers	2.921.902	2.814.330	2.588.009	2.538.371	2.339.663
Property, plant and equipment	51.329	50.682	50.865	50.798	41.129
Intangible assets	6.772	6.556	6.724	6.776	6.482
Other assets	77.104	92.180	69.018	98.851	77.976
Total assets	**8.242.585**	**8.309.294**	**8.519.222**	**9.419.882**	**10.515.469**

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015	YEAR 2014			
	31.03	31.12	30.09	30.06	31.03
LIABILITIES AND EQUITY					
Due to banks	200.953	2.258.967	632.553	1.979.493	618.132
Due to customers	7.241.379	5.483.474	7.317.589	6.910.171	9.341.959
Post-employment benefits	1.641	1.618	1.525	1.537	1.477
Tax liabilities	67.692	14.338	13.764	13.321	19.099
Other liabilities	159.042	113.047	135.495	117.433	129.409
Equity:	571.878	437.850	418.296	397.927	405.393
- Share capital, share premiums and reserves	*545.649*	*341.974*	*344.108*	*347.872*	*380.717*
- Profit for the period	*26.229*	*95.876*	*74.188*	*50.055*	*24.676*
Total liabilities and equity	**8.242.585**	**8.309.294**	**8.519.222**	**9.419.882**	**10.515.469**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015	YEAR 2014			
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**56.677**	**51.682**	**53.167**	**58.723**	**54.892**
Net commission income	**14.369**	**14.770**	**14.593**	**14.865**	**14.124**
Net result from trading	120	131	16	50	105
Profit (loss) from sale or buyback of:	-	3.581	-	-	-
Receivables	-	3.581	-	-	-
Available for sale financial assets	-	-	-	-	231
Net banking income	**71.166**	**70.164**	**67.776**	**73.638**	**69.352**
Net value adjustments/revaluations due to impairment of:	(6.057)	(1.645)	(8.486)	(12.786)	(8.382)
Receivables	(4.038)	(1.645)	(8.486)	(12.786)	(8.382)
Available for sale financial assets	(2.019)				
Net profit from financial activities	**65.109**	**68.519**	**59.290**	**60.852**	**60.970**
Personnel expenses	(11.517)	(11.025)	(10.310)	(10.884)	(10.334)
Other administrative expenses	(16.042)	(24.009)	(11.977)	(11.902)	(11.431)
Net allocations to provisions for risks and charges	(479)	489	(463)	79	(1.718)
Net value adjustments to property, plant and equipment and intangible assets	(832)	(866)	(833)	(792)	(748)
Other operating income (expenses)	3.307	408	538	141	949
Operating costs	**(25.563)**	**(35.003)**	**(23.045)**	**(23.358)**	**(23.282)**
Pre-tax profit for the period from continuing operations	**39.546**	**33.516**	**36.245**	**37.494**	**37.688**
Income taxes for the period	(13.317)	(11.828)	(12.112)	(12.115)	(13.012)
Net profit	**26.229**	**21.688**	**24.133**	**25.379**	**24.676**

INCOME STATEMENT DATA BY SEGMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015	YEAR 2014			
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net banking income	**71.166**	**70.164**	**67.776**	**73.638**	**69.352**
Trade receivables	39.334	39.522	37.421	41.152	37.466
Distressed retail loans	7.430	10.005	7.069	6.362	6.602
Tax receivables	3.902	2.871	3.765	2.203	2.164
Governance and services	20.500	17.766	19.521	23.921	23.120
Net profit from financial activities	**65.109**	**68.519**	**59.290**	**60.852**	**60.970**
Trade receivables	33.809	36.534	29.850	27.823	28.347
Distressed retail loans	8.859	11.202	5.959	7.078	7.241
Tax receivables	3.960	3.017	3.960	2.030	2.262
Governance and services	18.481	17.766	19.521	23.921	23.120

Group historical data

The following table shows the main indicators and performances recorded by the Group during the last 5 years.

GROUP HISTORICAL DATA (in thousands of Euro)	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Available for sale financial assets	5.069.781	2.287.950	2.763.805	2.269.595	1.087.059
Held to maturity financial assets	-	5.329.414	4.710.582	1.676.527	-
Loans to customers	2.921.902	2.339.663	2.177.379	1.856.469	1.669.183
Due to banks	200.953	618.132	600.956	626.526	760.963
Due to customers	7.241.379	9.341.959	9.291.659	5.403.489	2.206.962
Equity	571.878	405.393	332.313	261.983	215.892
Net banking income	71.166	69.352	66.862	52.431	24.237
Net profit from financial activities	65.109	60.970	53.146	46.616	18.917
Group net profit	26.229	24.676	22.454	19.710	5.586
Cost/Income ratio	35,9%	33,6%	26,5%	29,6%	41,7%
Cost of credit quality	1,2%	2,0%	3,4%	2,1%	2,0%
Net bad loans trade receivables/ Trade receivables loans to customers	1,3%	2,4%	3,5%	4,3%	2,2%
Net bad loans trade receivables/Equity	5,8%	11,3%	17,9%	25,8%	17,1%
Coverage ratio on gross bad loans trade receivables	86,6%	80,6%	69,6%	60,0%	65,2%
Net trade receivables non-performing/ Trade receivables loans to customers	4,5%	8,3%	17,3%	15,4%	13,5%
Net trade receivables non-performing/Equity	19,5%	39,0%	87,6%	92,3%	104,2%
Total own funds Capital Ratio (1)	14,62%	15,0%	12,9%	10,9%	11,0%
Common Equity Tier 1 Ratio (1)	13,94%	15,0%	13,1%	11,1%	11,2%

(1) The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 (CRR) and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. Data for periods up to 31 March 2013 were recognised according to previous regulations (Basel 2). The Solvency ratio and the Core Tier 1 have been recognised under Total Own Funds Capital Ratio and Common Equity Tier 1 Ratio, respectively.

Financial statements

Consolidated Statement of Financial Position

	Assets (in thousands of Euro)	31.03.2015	31.12.2014
10.	Cash and cash equivalents	26	24
20.	Financial assets held for trading	55	-
40.	Available for sale financial assets	5.069.781	243.325
50.	Held to maturity financial assets	-	4.827.363
60.	Due from banks	115.697	274.858
70.	Due from customers	2.921.902	2.814.330
120.	Property, plant and equipment and investment property	51.329	50.682
130.	Intangible assets	6.772	6.556
	of which:		
	- goodwill	*849*	*819*
140.	Tax assets:	39.546	40.314
	a) current	1.037	1.972
	b) deferred	38.509	38.342
160.	Other assets	37.477	51.842
	Total assets	**8.242.585**	**8.309.294**

	Liabilities and equity (in thousands of Euro)	31.03.2015	31.12.2014
10.	Due to banks	200.953	2.258.967
20.	Due to customers	7.241.379	5.483.474
40.	Financial liabilities held for trading	-	-
80.	Tax liabilities:	67.692	14.338
	a) current	1.854	70
	b) deferred	65.838	14.268
100.	Other liabilities	156.575	111.059
110.	Post-employment benefits	1.641	1.618
120.	Provisions for risks and charges	2.467	1.988
	b) other reserves	2.467	1.988
140.	Valuation reserves	105.179	(109)
170.	Reserves	333.823	237.874
180.	Share premiums	58.722	57.113
190.	Share capital	53.811	53.811
200.	Treasury shares (-)	(5.886)	(6.715)
220.	Profit (loss) for the year (+/-)	26.229	95.876
	Total liabilities and equity	**8.242.585**	**8.309.294**

Consolidated Income Statement

Items (in thousands of Euro)		31.03.2015	31.03.2014
10.	Interest receivable and similar income	68.882	84.449
20.	Interest due and similar expenses	(12.205)	(29.557)
30.	**Net interest income**	**56.677**	**54.892**
40.	Commission income	15.608	15.998
50.	Commission expense	(1.239)	(1.874)
60.	**Net commission income**	**14.369**	**14.124**
80.	Net profit (loss) from trading	120	105
100.	Profit (loss) from sale or buyback of:	-	231
	b) available for sale financial assets	-	231
120.	**Net banking income**	**71.166**	**69.352**
130.	Net impairment losses/reversal on	(6.057)	(8.382)
	a) receivables	(4.038)	(8.382)
	b) available for sale financial assets	(2.019)	-
140.	**Net profit from financial activities**	**65.109**	**60.970**
180.	Administrative expenses:	(27.559)	(21.765)
	a) personnel expenses	(11.517)	(10.334)
	b) other administrative expenses	(16.042)	(11.431)
190.	Net allocations to provisions for risks and charges	(479)	(1.718)
200.	Net impairment losses/reversal on plant, property and equipment	(359)	(316)
210.	Net impairment losses/reversal on intangible assets	(473)	(432)
220.	Other operating income (expenses)	3.307	949
230.	**Operating costs**	**(25.563)**	**(23.282)**
280.	**Pre-tax profit (loss) for the period from continuing operations**	**39.546**	**37.688**
290.	Income taxes for the period relating to current operations	(13.317)	(13.012)
340.	**Profit (loss) for the period attributable to the parent company**	**26.229**	**24.676**

Consolidated Statement of Comprehensive Income

Items (in thousands of Euro)		31.03.2015	31.03.2014
10.	**Profit (loss) for the period**	**26.229**	**24.676**
	Other comprehensive income, net of taxes, without reversal to income statement	**(48)**	**-**
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	(48)	-
50.	Non-current assets under disposal:	-	-
60.	Share of reserves from valuation of investments at equity	-	-
	Other comprehensive income, net of taxes, with reversal to income statement	**105.336**	**(2.038)**
70.	Hedges of foreign investments	-	-
80.	Exchange differences	1.424	(121)
90.	Hedges of cash flows	-	-
100.	Available for sale financial assets	103.912	(1.917)
110.	Non-current assets under disposal	-	-
120.	Share of reserves from valuation of investments at equity	-	-
130.	**Total other comprehensive income, net of taxes**	**105.288**	**(2.038)**
140.	**Total comprehensive income (item 10+130)**	**131.517**	**22.638**
150.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
160.	**Total consolidated comprehensive income attributable to the parent company**	**131.517**	**22.638**

Notes

Basis of preparation

The Banca IFIS Group prepared the interim report at 31 March 2015 in compliance with both the provisions as per art. 154-ter of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and with IAS/IFRS.

The consolidated financial statements at 31 March 2015 are compared, in terms of statement of financial position figures, with those at 31 December 2014 and, in terms of income statement results, with those at 31 March 2014.

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

Consolidation scope

At 31 March 2015, the Group was composed of the parent company, Banca IFIS S.p.A., and the wholly-owned subsidiary, IFIS Finance Sp. Z o. o., consolidated using the line-by-line method.
The accounts on which the consolidation is based are those prepared by Group companies at 31 March 2015.

Group equity and income situation

Impact of regulatory changes

Here below are the regulatory changes introduced in 2015 impacting Banca IFIS:

- Following the European Commission's adoption of the ITSs (Implementing Technical Standards) on Non-Performing Exposures and Forbearance Measures, on 21 January 2015 the Bank of Italy published the 7th update to Circular no. 272 of 30 July 2008 – Data reporting model (*Matrice dei conti* in Italian), which includes the new definitions of non-performing exposures applicable as from 1 January 2015. This update introduces two changes. The first concerns the classification of Non-Performing Exposures: starting from 1 January 2015, they will be broken down into Bad Loans, Unlikely To Pay, and Non-Performing Past Due Exposures and/or Overdrafts. The second introduces a new reporting element based on forbearance measures extended to customers/debtors based on their financial difficulties.

Operating performance

Comment by the CEO

Given the abundant liquidity in the banking system, the Group's strength is to relentlessly provide financial support to the real economy – businesses and households – by harnessing its capital. The number of corporate customers increased further and now totals 4.300 across the country. Meanwhile, the other core segments continued growing. Banca IFIS further improved its credit quality and bad-loan ratio. The Group is focusing its attention and energy on the DRL (Distressed Retail Loans) segment, carrying out new acquisitions to establish a consistent, receptive and performing organisation throughout the entire national supply chain. The Bank is very happy also with the performance of its stock: in March, it vaulted past 1 billion Euro in market capitalisation. This drives Banca IFIS to move forward with courage and conviction on its path.

Significant events occurred in the period

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

http://www.bancaifis.com/Media-room/Press-releases

Here below is a summary of the most important events:

Acquisition of NPL revolving portfolio from Findomestic Banca

Banca IFIS and Findomestic Banca finalised the sale of a portfolio of unsecured distressed loans. The portfolio, which will be sold in stages during 2015 and includes nearly 65.000 loans with par value of approximately 400 million Euro, consists mainly of personal loans and credit cards (respectively 60% and 27% of total par value).

Group financial and income results

Statement of financial positions items

MAIN STATEMENT OF FINANCIAL POSITION ITEMS *(in thousands of Euro)*	AMOUNTS AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Available for sale financial assets	5.069.781	243.325	4.826.456	1983,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Due from banks	115.697	274.858	(159.161)	(57,9)%
Loans to customers	2.921.902	2.814.330	107.572	3,8%
Property, plant and equipment and intangible assets	58.101	57.238	863	1,5%
Other assets	77.104	92.180	(15.076)	(16,4)%
Total assets	**8.242.585**	**8.309.294**	**(66.709)**	**(0,8)%**
Due to banks	200.953	2.258.967	(2.058.014)	(91,1)%
Due to customers	7.241.379	5.483.474	1.757.905	32,1%
Other liabilities	228.375	129.003	99.372	77,0%
Equity	571.878	437.850	134.028	30,6%
Total liabilities and equity	**8.242.585**	**8.309.294**	**(66.709)**	**(0,8)%**

Available for sale (AFS) financial assets

Available for sale (AFS) financial assets include debt and Equity securities and stood at 5.069,8 million Euro at 31 March 2015, soaring from 243,3 million Euro at the end of 2014 because of the reclassification of the securities in this category, previously classified as HTM, consequence of the Bank's decision to proceed at a rearrangement operation of part of the bond portfolio. Due to the shift in interest rates and credit spreads, the Bank created, in the first place, the conditions for selling all or part of the securities; then, starting from mid-April, the Bank partially fulfilled the profit of the portfolio, creating a new one at the same time, with analogue value and a slightly longer maturity. At 31 March 2015, the relevant valuation reserve net of the tax effect totalled 109,9 million Euro (+103,9 million Euro compared to the end of 2014).

Held to maturity (HTM) financial assets

The portfolio of held to maturity financial assets, which totalled 4.827,4 million Euro at the end of 2014, amounted to zero at 31 March 2015. For more details, see the previous paragraph.

Receivables due from banks

At 31 March 2015, **receivables due from banks** totalled 115,7 million Euro, compared to 274,9 million Euro at 31 December 2014 (-57,9%). This item includes some securities not listed on an active market with banking counterparties, totalling 8,0 million Euro (-27,3% compared to 31 December 2014), and treasury loans with other lenders, amounting to 107,7 million Euro (-59,2% compared to 31 December 2014), largely related to maintaining excess liquidity in the system.

The decline was due to 138,8 million Euro in term deposits outstanding at the end of 2014 coming to maturity.

Securities portfolio

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

Debt securities portfolio

Debt securities held in the portfolio at 31 March 2015 amounted to 5.066,7 million Euro, largely unchanged from 31 December 2014 (5.068,3 million Euro). This significant resource allowed and continues to allow Banca IFIS to access funding at reasonable costs through repurchase agreements on the MTS platform or refinancing operations on the Eurosystem.

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

DEBIT SECURITIES PORTFOLIO *(in thousands of Euro)*	AMOUNTS AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
DEBIT SECURITIES INCLUDED UNDER:				
Available for sale financial assets	5.058.638	229.868	4.828.770	2100,7%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Receivables due from banks - bonds	8.019	11.025	(3.006)	(27,3)%
Total securities held	**5.066.657**	**5.068.256**	**(1.599)**	**(0,0)%**

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

Issuer/Maturity	Within 30.06.2015	Between 1.07.2015 and 30.09.2015	Between 1.10.2015 and 31.12.2015	Between 1.01.2016 and 31.12.2016	Between 1.01.2017 and 31.12.2018	Total
Government securities	1.200.551	153.326	719.155	772.066	2.213.027	5.058.125
% of total	*23,7%*	*3,0%*	*14,2%*	*15,2%*	*43,7%*	*99,8%*
Banks	3.010	-	-	5.009	513	8.532
% of total	*0,1%*	*0,0%*	*0,0%*	*0,1%*	*0,0%*	*0,2%*
Total	**1.203.561**	**153.326**	**719.155**	**777.075**	**2.213.540**	**5.066.657**
% of total	***23,8%***	***3,0%***	***14,2%***	***15,3%***	***43,7%***	***100%***

Equity portfolio

Available for sale financial assets include equity securities relating to non-controlling interests in unlisted companies, amounting to 11,1 million Euro (-17,2% compared to 31 December 2014), which are considered strategic for Banca IFIS. The change was mainly due to the adjustment to the interest held in a financial institution after the issuer remeasured the fair value of its shares.

Loans to customers

At 31 March 2015, **total loans to customers** reached 2.921,9 million Euro, up 3,8% or +107,6 million Euro compared to 2.814,3 million Euro at the end of 2014. Specifically, trade receivables increased by 36,3 million Euro to 2.491,3 million Euro compared to the end of 2014 (+1,5%). The growth in lending occurred despite significant collections concerning positions due from the Public Administration (270,2 million Euro in the first quarter of 2015). Receivables due from the PA at 31 March 2015 accounted for 27,4% of total receivables in the segment, compared to 27,1% at 31 December 2014, while receivables due from the private sector accounted for

72,6% (compared to 72,9% at 31 December 2014). Distressed retail loans rose by 13,5 million Euro (+10,0%) to 148,9 million Euro, and tax receivables by 4,4 million Euro (+3,7%) to 123,8 million Euro. As for the Governance and Services segment, receivables were up 53,4 million Euro to 157,8 million Euro (+51,1%), largely due to margin lending with Cassa Compensazione e Garanzia (CCG) related to repurchase agreements in government bonds on the MTS platform.

LOANS TO CUSTOMERS: BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Trade receivables	2.491.346	2.455.052	36.294	1,5%
- *of which non-performing*	*111.445*	*112.628*	*(1.183)*	*(1,1)%*
Distressed retail loans	148.956	135.429	13.527	10,0%
- *of which non-performing*	*148.943*	*135.426*	*13.517*	*10,0%*
Tax receivables	123.844	119.473	4.371	3,7%
- *of which non-performing*	-	*34*	*(34)*	*(100,0)%*
Governance and services	157.756	104.376	53.380	51,1%
- *of which with Cassa di Compensazione e Garanzia*	*156.992*	*102.707*	*54.285*	*52,9%*
Total loans to customers	**2.921.902**	**2.814.330**	**107.572**	**3,8%**
- of which non-performing	***260.388***	***248.088***	***12.300***	***5,0%***

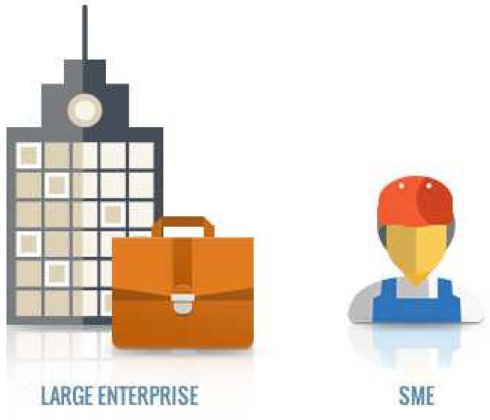
The breakdown of loans to customers is essentially in line with the Trade Receivables segment, with 27,6% of receivables due from the Public Administration (compared to 27,9% at 31 December 2014) and 72,4% due from the private segment (compared to 72,1% at 31 December 2014).

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

Geographically, the item is broken down as follows: 96,1% of loans are to customers resident in Italy (95,4% at 31 December 2014) and 3,9% to customers resident abroad (4,6% at 31 December 2014).

Finally, it should be noted that the item includes 4 positions, for a total amount of 186,1 million Euro, which fall within the category of major risks.

Credit quality
Can a small/medium sized enterprise have the same creditworthiness as a large enterprise?



By adopting a business model suitable for transferring risk from customers to better-structured debtors, the Bank manages to mitigate its exposure to customer default risk. Even though the prolonged economic downturn has caused also receivables due from higher-quality debtor to deteriorate, the improvement concerning the most significant non-performing exposures – i.e. those in the Trade Receivables segment – registered in 2014 continued into 2015, as shown in the table below. Specifically, said progress was due to the following factors: a) new bad loans continued to decrease; b) the Group is extremely effective at promptly recognising losses on positions found to be impaired (adjusting the item impairment/losses in profit or loss accordingly); finally, c) particular attention was paid to objective substandard loans (now recognised as past due exposures), considerably improving their situation.

Total net **non-performing exposures** amounted to 260,4 million Euro, compared to 248,1 million Euro at the end of 2014 (+5,0%). As described in the paragraph Impact of regulatory changes, starting from 1 January 2015, the Group has implemented the new definition of non-performing exposures recently adopted by the Bank of Italy, which requires to break down non-performing exposures into bad loans, unlikely to pay, and non-performing past due exposures and/or overdrafts.

To make the data more comparable, Banca IFIS reclassified non-performing exposures at 31 December 2014 according to the new definitions of the Bank of Italy.

Here below is the reclassification of non-performing exposures at 31 December 2014 to the new categories and the breakdown of forbearance measures by segment.

NON-PERFORMING EXPOSURES (in thousands of Euro)				
Old definitions	Period/ Values	New definitions	Period/ Values	Period/ Values
	31.12.2014		31.12.2014	31.03.2015
Bad loans	103.138	Bad loans	103.138	112.417
Restructured loans	14.374	Unlikely to pay	109.152	113.789
Subjective substandard loans	94.778	Unlikely to pay		
Objective substandard loans	8.450	Past due exposures	35.798	34.182
Past due loans	27.348	Past due exposures		
Total net non-performing exposures	**248.088**	**Total net non-performing exposures**	**248.088**	**260.388**

FORBEARANCE (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	CONSOLIDATED TOTAL.
Bad loans				
Figures at 31.03.2015	-	8.734	-	*8.734*
Figures at *31.12.2014*	-	*6.189*	-	*6.189*
Change %	-	*41,1%*	-	*41,1%*
Unlikely to pay				-
Figures at 31.03.2015	14.708	9.237	-	*23.945*
Figures at *31.12.2014*	*14.354*	*6.197*	-	*20.551*
Change %	*2,5%*	*49,1%*	-	*16,5%*
Past due exposures				-
Figures at 31.03.2015	-	-	-	-
Figures at *31.12.2014*	-	-	-	-
Change %	-	-	-	-
Net performing loans to customers				-
Figures at 31.03.2015	1.722	-	-	1.722
Figures at *31.12.2014*	*1.968*	-	-	*1.968*
Change %	*(12,5)%*	-	-	*(12,5)%*

The Trade Receivables segment's net non-performing exposures, which actually determine the Bank’s overall credit quality, dropped 1,1%, from 112,6 million Euro at the end of 2014 to 111,4 million Euro. Net non-performing exposures in the trade receivables segment accounted for 4,5% (4,6% in December 2014) of total loans in the segment and amounted to 19,5% (25,7% in December 2014) as a proportion of the Bank's equity.

CREDIT QUALITY (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	CONSOLIDATED TOTAL
Bad loans					
Figures at 31.03.2015	33.453	78.964	-	-	*112.417*
Figures at *31.12.2014*	*33.049*	*70.089*	-	-	*103.138*
Change %	*1,2%*	*12,7%*	-	-	*9,0%*
Unlikely to pay					
Figures at 31.03.2015	43.810	69.979	-	-	*113.789*
Figures at *31.12.2014*	*43.781*	*65.337*	*34*	-	*109.152*
Change %	*0,1%*	*7,1%*	-	-	*4,2%*
Past due exposures					
Figures at 31.03.2015	*34.182*	-	-	-	*34.182*
Figures at *31.12.2014*	*35.798*	-	-	-	*35.798*
Change %	*(4,5)%*	-	-	-	*(4,5)%*
Total non-performing exposures					
Figures at 31.03.2015	***111.445***	***148.943***	**-**	**-**	***260.388***
Figures at *31.12.2014*	***112.628***	***135.426***	***34***	**-**	***248.088***
Change %	***(1,1)%***	***10,0%***	***(100,0)%***	**-**	***5,0%***
Net performing loans to customers					
Figures at 31.03.2015	2.379.901	13	123.844	157.756	*2.661.514*
Figures at *31.12.2014*	*2.342.424*	*3*	*119.439*	*104.376*	*2.566.242*
Change %	*1,6%*	*333,3%*	*3,7%*	*51,1%*	*3,7%*
Total loans to customers (cash)					
Figures at 31.03.2015	***2.491.346***	***148.956***	***123.844***	***157.756***	***2.921.902***
Figures at *31.12.2014*	***2.455.052***	***135.429***	***119.473***	***104.376***	***2.814.330***
Change %	***1,5%***	***10,0%***	***3,7%***	***51,1%***	***3,8%***

Concerning Trade Receivables, **net bad loans to customers** at 31 March 2015, net of impairment losses, were 33,5 million Euro, against 33,0 million Euro at 31 December 2014. At 1,3%, the net bad-loan ratio in the Trade Receivables segment was unchanged from 31 December 2014.

The balance of **unlikely to pay**, the new category including loans previously recognised as subjective substandard or restructured loans, was 43,8 million Euro at 31 March 2015 net of impairment losses, largely unchanged from the reclassified figure at 31 December 2014 (+0,1%).

Past due exposures, which, according to the new definition of the Bank of Italy, include also objective substandard loans in addition to exposures already classified as past due, amounted to 34,2 million Euro at 31 March 2015, compared to 35,8 million Euro in December 2014 (-4,5%). Net past due exposures included 3,7 million Euro (3,9 million Euro at the end of 2014) in receivables due from the Public Administration purchased outright as part of financing operations.

The positive trend in non-performing exposures despite the adverse economic scenario is also due to the correct balance of the model for assuming credit risk and the careful management of loans to customers coupled with a thorough monitoring process.

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS (1)	UNLIKELY TO PAY	PAST DUE	TOTAL
BALANCE AT 31.03.2015				
Gross amount	248.738	60.255	35.644	**344.637**
Incidence on gross total receivables	*9,1%*	*2,2%*	*1,3%*	***12,6%***
Adjustments	215.285	16.445	1.462	**233.192**
Incidence on gross value	*86,6%*	*27,3%*	*4,1%*	***67,7%***
Net amount	33.453	43.810	34.182	**111.445**
Incidence on net total receivables	*1,3%*	*1,8%*	*1,4%*	***4,5%***
BALANCE AT 31.12.2014				
Gross amount	243.729	57.982	37.301	**339.012**
Incidence on gross total receivables	*9,1%*	*2,2%*	*1,4%*	***12,6%***
Adjustments	210.680	14.201	1.503	**226.384**
Incidence on gross value	*86,4%*	*24,5%*	*4,0%*	***66,8%***
Net amount	33.049	43.781	35.798	**112.628**
Incidence on net total receivables	*1,3%*	*1,8%*	*1,5%*	***4,6%***

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

Intangible assets and property, plant and equipment and investment property

Intangible assets totalled 6,7 million Euro, against 6,6 million Euro at 31 December 2014 (3,3%).
The item refers to software (5,9 million Euro) and goodwill (0,8 million Euro) arising from the consolidation of the investment in IFIS Finance Sp.Z o.o.
Property, plant and equipment and investment property totalled 51,3 million Euro, +1,3% from the end of 2014.
At the end of the period, the properties recognised under property, plant and equipment and investment property mainly included: the important historical building Villa Marocco, located in Mestre (Venice) and housing Banca IFIS's registered office, and the property in Mestre (Venice), where some of the Bank's services were relocated.
The carrying amount of the above assets has been confirmed by experts specialising in the appraisal of luxury properties. 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.
There are also two buildings in Florence: the first, worth 4 million Euro, was acquired under a finance lease and is the current head office of the NPL business area; the second, purchased in 2014, currently worth 11,2 million Euro and includes restructuring costs incurred up to now, which will become the new head office of said area.
Property, plant and equipment not yet brought into use at the reporting date are not depreciated.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.
Deferred tax assets, amounting to 38,5 million Euro at 31 March 2015, refer for 36 million Euro to impairment losses on receivables that can be deducted in the following years.
Deferred tax liabilities, amounting to 65,8 million Euro at 31 March 2015, refer mainly for 6,1 million Euro to the measurement of the tax receivables of the former subsidiary Fast Finance S.p.A., which was carried out at the time of the business combination, and for 54,3 million Euro to taxes on the valuation reserve for AFS securities held in the portfolio. The increase from 31 December 2014 was attributable to the mentioned reclassification of HTM debt securities to AFS assets, which caused the valuation reserve to rise.

Other assets and liabilities

Other assets amounted to 37,5 million Euro at 31 March 2015 (-27,7% from 31 December 2014). At the end of 2014, the item included a 10,6 million Euro (0,1 million Euro at 31 March 2015) receivable due from the parent company La Scogliera S.p.A. deriving from the tax consolidation regime, as payments on account were higher than the tax bill.
Other liabilities, totalling 156,6 million Euro at the end of the period, were up mainly due to amounts due to customers that have not yet been credited.

Funding

Funding, net of the rendimax savings account and the contomax current account, shall be analysed in a comprehensive manner based on market trends; it consists of wholesale funding through repurchase agreements (classified under payables due to customers, as they are carried out with counterparties formally other than banks), refinancing transactions on the Eurosystem, and short-term treasury transactions with other lenders.

FUNDING (in thousands of Euro)	AMOUNT AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Due to customers:	**7.241.379**	**5.483.474**	**1.757.905**	**32,1%**
Repurchase agreements	*4.097.672*	*2.082.854*	*2.014.818*	*96,7%*
Rendimax	*3.006.224*	*3.241.746*	*(235.522)*	*(7,3)%*
Contomax	*65.695*	*72.454*	*(6.759)*	*(9,3)%*
Other payables	*71.788*	*86.420*	*(14.632)*	*(16,9)%*
Due to banks:	**200.953**	**2.258.967**	**(2.058.014)**	**(91,1)%**
Eurosystem	*119.655*	*2.226.872*	*(2.107.217)*	*(94,6)%*
Other payables	*81.298*	*32.095*	*49.203*	*153,3%*
Total funding	**7.442.332**	**7.742.441**	**(300.109)**	**(3,9)%**

Total **funding**, which amounted to 7.442,3 million Euro at 31 March 2015, down 3,9% compared to 31 December 2014, is represented for 97,3% by **Payables due to customers** (compared to 70,8% at 31 December 2014) and for 2,7% by **Payables due to banks** (compared to 29,2% at 31 December 2014).

The significant decrease in Payables due to banks compared to the end of the previous year was due to the fact that the Bank carried out less refinancing operations on the Eurosystem, rather using the MTS platform and dealing with Cassa di Compensazione e Garanzia as counterparty. The Bank turns to the ECB or the MTS platform exclusively based on which is more convenient in light of interest rate trends.

Payables due to customers at 31 March 2015 totalled 7.241,4 million Euro (+32,1% compared to 31 December 2014). This increase was mainly due to the higher use of repurchase agreements with underlying government bonds and Cassa di Compensazione e Garanzia as counterparty, amounting to 4.097,7 million Euro (compared to 2,082,9 million Euro at the end of 2014). Retail funding totalled 3.071,9 million Euro at 31 March 2015, down from 3.314,2 million Euro at 31 December 2014, as interest rates slid gradually throughout the year. The Bank still bears proportional stamp duty costs on rendimax and contomax, which amount to 0,20%.

Payables due to banks, amounting to 201,0 million Euro (compared to 2.259,0 million Euro at 31 December 2014), mainly consisted of funding from refinancing operations on the Eurosystem totalling 119,7 million Euro, compared with 2.226,9 million Euro at 31 December 2014. Thus amount referred entirely to the TLTRO loan received in December 2014 at a fixed 0,15% rate and maturing on 26 September 2018. The remainder of payables due to banks consisted of 81,3 million Euro in interbank deposits, including 60,0 million Euro on the E-Mid platform.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNT AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Legal disputes	1.810	1.527	283	18,5%
Tax litigation	196	-	196	n.a.
FITD provisions (Deposit Protection Fund)	461	461	-	0,0%
Total provisions for risks and charges	**2.467**	**1.988**	**479**	**24,1%**

Legal disputes

The provision outstanding at 31 March 2015, amounting to 2,5 million Euro, includes 45 thousand Euro for a labour dispute, 1,7 thousand Euro for four disputes concerning the Trade Receivables segment – of which 293 thousand Euro were set aside in the first quarter of 2015 – and 23 thousand Euro for four disputes concerning the DRL segment.

Overall, the Bank recognises contingent liabilities totalling 10,0 million Euro in claims, represented by 16 disputes; supported by the legal opinion of its lawyers, the Bank made no provisions for these positions, as the risk of defeat is possible, as required by IAS 37.

Tax dispute

The 196 thousand Euro provision outstanding at 31 March 2015 consists in the amount set aside for the verifications notices the Bank received and appealed: the tax advisers handling the dispute believe the risk of defeat is low.

Here below are the contingent liabilities outstanding at 31 March 2015.

On 25 July 2008, the Italian Revenue Agency – Regional Department of Veneto started a check relating to the tax year 2005. This inspection ended on 5 December 2008: the relevant report of verification included two challenges concerning the correct calculation of limits for the deductibility of receivables (ceiling) as per art. 106 paragraph 3 of Presidential Decree 917/86, for a total of 1,4 million Euro. Moreover, considering that the ceiling mechanism sets limits for deducting impairment losses on receivables and that the surplus (arising from the difference between the ceiling and net impairments) is deductible on a straight-line basis over the next eighteen years, the application of the criterion indicated in the aforementioned report of verification would imply a tax benefit for the Bank in the years following 2005.

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

In reference to the notification of the alleged tax avoidance, on 3 December 2009 the Bank received a verification notice relating to the year 2004, in which the Revenue Agency revised the income for the year 2004 subject to the corporate tax (IRES), applying the anti-avoidance provision as set out in art. 37-bis of Presidential Decree 600/73 for a total of 837 thousand Euro, with a higher tax liability relating to the tax year concerned of approximately 276 thousand Euro plus interest and penalties.

On 22 February 2011, the appeal was discussed before the first-level Provincial Tax Commission of Venice, that rejected the appeal on 29 June 2011. Subsequently, the company filed an appeal with the Regional Tax Commission against this sentence, that was heard on 25 September 2012. On 18 October 2012, the Commission issued its ruling: it accepted the appeal by Banca IFIS S.p.A. and La Scogliera S.p.A. and, overturning the first-instance ruling, it cancelled the verification notices for 2004 that had been challenged, ordering the Revenue Agency to reimburse the costs for the two-level proceedings to the appellant.

On 22 August 2012, the Bank received a verification notice for 2005. It revised the income for the year 2005 subject to the corporate tax (IRES), applying the anti-avoidance provision as set out in art. 37-bis of Presidential Decree 600/73, regarding to the equity investment in Immobiliare Marocco S.p.A., for a total amount of 837 thousand Euro, with a higher tax liability relating to the tax year in question of approximately 276 thousand Euro plus interest and penalties. The same verification notice relating to the year 2005 treated as taxable the amount relating to the redetermination of the ceiling for deducting losses on receivables concerning the above-mentioned findings, for a total of 1,4 million Euro, with higher taxes of around 478 thousand plus interests and penalties.

Moreover, the verification notice considers as tax avoidance some security trading and lending transactions and challenges the deduction of sums such as non-deductible capital losses and manufactured dividends for a total of 6,3 million Euro. The higher tax overall due in relation to this latter finding totals 2,1 million Euro, plus interest and penalties.

The overall amount subjected to taxation for the year 2005 in the verification notice totals 8,6 million Euro, with higher taxes of 2,8 million Euro.

The verification notice, which has now passed the ordinary deadline for its issue, i.e. 31 December 2010, was sent on the basis of the Tax Office’s assumption that the doubling of the statute of limitations provided for by the law can be applied to this case, i.e. it represents a criminal offence.

In relation to this verification notice, the Bank applied for composition proceedings with the aim of finding out whether the Office was willing to reconsider its stance, but the application was rejected; the Revenue Agency preferred to continue with the dispute by appealing to the Court of Cassation regarding the verification notice for 2004, effectively forcing the Bank to file a counter-appeal with the Court on 29 January 2013, within the legal time limits; the analysis of the Revenue Agency’s appeal exposes the weakness of their case, already apparent in the previous hearings. Therefore, the tax advisers assisting the Bank in the proceedings believe the chance of defeat is possible. Therefore, the Bank did not make any provisions for the tax proceedings concerned as required by IAS 37.

On 11 February 2013, the Bank filed the appeal against the verification notice for 2005.

In April 2013, the Bank was notified of the Revenue Agency's response to the appeal. Please note that the hearing before the first-level Provincial Tax Commission was scheduled for 24 April 2015 and that the case was subsequently adjourned on 23 October 2015.

The tax advisers hired to resolve the dispute maintain they reasonably believe it possible to validly defend the Bank’s case, and that therefore defeat is possible. Once again, the Bank did not make any provisions for the tax proceedings concerned as required by IAS 37.

Provision for the share of the Interbank Deposit Protection Fund's intervention

Italy's Interbank Deposit Protection Fund (FITD, *Fondo Interbancario di Tutela dei Depositi*), of which Banca IFIS is a member, approved in a letter dated 16 September 2014 another rescue loan to Banca Tercas in A.S. (extraordinary administration proceedings). The relevant potential obligation for Banca IFIS amounts to 0,5 million Euro. Therefore, in 2014 Banca IFIS allocated said amount to the provisions for risks and charges.

Equity and capital adequacy ratios

At 31 March 2015, consolidated **Equity** was 571,9 million Euro, compared to 437,8 million Euro at 31 December 2014 (+30,6%). The breakdown of the item and the change compared to the previous year are detailed in the tables below.

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNT AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Capital	53.811	53.811	-	0,0%
Share premiums	58.722	57.113	1.609	2,8%
Valuation reserve:	105.179	(109)	105.288	n.s.
- AFS securities	*109.881*	*5.969*	*103.912*	*1740,9%*
- post-employment benefit	*(310)*	*(262)*	*(48)*	*18,3%*
- exchange differences	*(4.392)*	*(5.816)*	*1.424*	*(24,5)%*
Reserves	333.823	237.874	95.949	40,3%
Treasury shares	(5.886)	(6.715)	829	(12,3)%
Profit for the period	26.229	95.876	(69.647)	(72,6)%
Equity	**571.878**	**437.850**	**134.028**	**30,6%**

EQUITY: CHANGES (in thousands of Euro)	(migliaia di euro)
Equity at 31.12.2014	**437.850**
Increases:	**134.076**
Profit for the period	26.229
Sale of treasury instruments	2.438
Change in valuation reserve:	105.336
- AFS securities	*103.912*
- exchange differences	*1.424*
Other variations	73
Decreases:	**48**
Change in valuation reserve:	48
- post-employment benefit	*48*
Equity at 31.03.2015	**571.878**

The increase in the valuation reserve for AFS securities recognised during the period was attributable to the reclassification of governments bonds previously classified under HTM assets to this portfolio.

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

OWN FUNDS AND CAPITAL RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.03.2015	31.12.2014
Common equity Tier 1 Capital (CET1) (1)	387.195	387.221
Tier 1 Capital (AT)	395.313	389.769
Total own funds	**406.143**	**396.190**
Total RWA	**2.778.029**	**2.787.920**
Common Equity Tier 1 Ratio	13,94%	13,89%
Tier 1 Capital Ratio	14,23%	13,98%
Total own funds Capital Ratio	**14,62%**	**14,21%**

(1) Common Equity Tier 1 capital includes the profit for the period net of estimated dividends.

The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. In order to assess total own funds and capital absorption, this regulatory framework requires to include the Group Holding in the consolidation scope and regulates the recognition of non-controlling interests under consolidated equity.

Specifically, pursuant to the transitional provisions on own funds, the Group sterilised the valuation reserves referring to debt securities issued by the Central Administrations of EU Member States, consistently with a similar option allowed by the Bank of Italy in 2010 and outlined in Circular no. 263/2006. This had a net positive impact of 55,8 million Euro.

Income statements items

Formation of net banking income

Net banking income rose 2,6% to 71,2 million Euro (69,4 million Euro in the prior-year period) thanks to the positive contribution from all core segments.

The Trade Receivables segment made a significant contribution to consolidated net banking income, i.e. 55,3% of the total (54,0% at 31 March 2014), up 5,0% from the prior-year period.

The other segments made the following contributions: DRL (Distressed Retail Loans) segment 10,4% (9,5% at 31 March 2014), Tax Receivables 5,5% (3,1% at 31 March 2014), Governance and Services 28,8% (33,3% at 31 March 2014).

NET BANKING INCOME (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	56.677	54.892	1.785	3,3%
Net commission income	14.369	14.124	245	1,7%
Net result from trading	120	105	15	14,3%
Profit from sale or buyback of financial assets	-	231	(231)	(100,0)%
Net banking income	**71.166**	**69.352**	**1.814**	**2,6%**

The +5,0% rise in the net banking income of the Trade Receivables segment (39,3 million Euro compared to 37,5 million Euro in the first quarter of 2014) was mainly due to the performance of the Pharma business area, which more than tripled its turnover compared to the first quarter of 2014 (317,2 million Euro compared to 72,8 million Euro), and the higher turnover of the Credi Impresa Futuro business area, rising to 1,7 billion Euro from 1,5 billion Euro in the prior-year period (+15,3%). This result was partly mitigated by the acquisition of new customers larger than the reference target. This was achieved also amid an acceleration in payments from Italy's Public Administration, with the Bank collecting 270,2 million Euro (compared to 155,0 million Euro in the prior-year period, +74,3%).

As at 31 March 2014, the number of financed companies across the country was 4.300, up 8,8% from the first three months of 2014.

Interest income includes a portion (amounting to 106 thousand Euro in the period) of interest on arrears accruing from the estimated collection date on receivables from the Health Service: the Bank, based on historical data and available information, estimates that at least 20% can be recovered.

At 31 March 2015 the Bank accrued, but did not recognise, interest on arrears – calculated from the invoice's original maturity date – related to already collected receivables (totalling approximately 55,2 million Euro) as well as non-collected receivables (approximately 41,3 million Euro) due from the Public Administration.

Net banking income in the DRL segment, which deals with acquiring and managing non-performing loans, totalled 7,4 million Euro, compared with 6,6 million Euro in the first quarter of 2014 (+12,5%).

It should be noted that the trend in net banking income is not representative of the DRL segment's operating performance since, as far as bad loans in the DRL segment are concerned, it does not account for the economic impact of the changes in expected cash flows. These are recognised under impairment losses/reversals on receivables according to the Bank's current interpretation of IAS/IFRS. On the other hand, from the operating viewpoint, the DRL segment's operating performance shall be recognised accounting for this item, too.

The Tax Receivables segment posted 3,9 million Euro (2,2 million Euro in the first quarter of 2014, +80,3%), thanks largely to the remarkable growth in the portfolio, the amounts collected earlier than estimated, and the revision of collection estimates.

The Governance and Services segment was down 11,3% to 20,5 million Euro, compared to 23,1 million Euro at 31 March 2014, due to the lower margins in terms of interest income on the securities portfolio (25,5 million Euro compared to 29,1 million Euro in the prior-year period) and despite lower retail funding costs.

Net interest income went from 54,9 million Euro at 31 March 2014 to 56,7 million Euro at 31 March 2015 (+3,3%).

Net commission income totalled 14,4 million Euro and was essentially in line with the amount at 31 March 2014 (+1,7%).

Commission income, totalling 15,6 million Euro compared to 16,0 million Euro at 31 March 2014, came primarily from factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme) as well as from other fees usually charged to customers for services.

Commission expense, totalling 1,2 million Euro compared to 1,9 million Euro at 31 March 2014, came primarily from approved banks' brokering, the work of other credit brokers, and commissions paid to correspondent banks and factors. The amount at 31 March 2014 included the commissions paid on bonds guaranteed by the Italian Governments, which were settled in October 2014.

Net profit from trading, amounting to 120 thousand Euro at 31 March 2015 compared to 105 thousand Euro in the prior-year period, is the result of exchange differences arising as a physiological consequence from the mismatch between the customers' drawdowns and the Treasury Department's funding operations in foreign currency.

Formation of net profit from financial activities

The table below shows the formation of net profit from financial activities for the period starting from the previously mentioned net banking income, compared with the previous year.

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net banking income	**71.166**	**69.352**	**1.814**	**2,6%**
Net impairment losses on:	(6.057)	(8.382)	2.325	(27,7)%
Receivables	(4.038)	(8.382)	4.344	(51,8)%
Available for sale financial assets	(2.019)	-	(2.019)	n.a.
Net profit from financial activities	**65.109**	**60.970**	**4.139**	**6,8%**

At 31 March 2015, **net impairment losses** totalled 6,1 million Euro. Net impairment losses on receivables reached 4,0 million Euro, down 51,8% from 8,4 million Euro at 31 March 2014. This was the result of slowing new non-performing exposures, thanks to constantly improving lending standards and increasingly efficient credit management and monitoring processes.

Specifically, the Trade Receivables segment registered 5,5 million Euro in impairment losses (-39,4% from the first quarter of 2014), whereas the DRL segment posted 1,4 million Euro in net reversals of impairment losses (+123,6 compared to the first quarter of 2014).

The decrease in net impairment losses resulted in a significant improvement in the ratio of ***credit risk cost*** to the Group's overall average loan balance over the last 12 months, which fell to 119 bps (200 bps at 31 March 2014 and 145 bps at 31 December 2014). The bad-loan ratio in the trade receivables segment was unchanged from 1,3% at 31 December 2014.

The gross bad-loan coverage ratio of the trade receivables segment was 86,6%, up from 86,4% at 31 December 2014.

Net impairment losses on available for sale financial assets, totalling 2,0 million Euro at 31 March 2015, referred to the impairment losses recognised on equity securities pursuant to the Group's impairment policies after the issuer remeasured the fair value of its shares.

In light of the above trends, the Group's **net profit from financial activities** totalled 65,1 million Euro, compared to 61,0 million Euro at 31 March 2014, up 6,8%.

The net profit from financial activities in the Trade Receivables segment soared 19,3% to 33,8 million Euro from 28,3 million Euro at 31 March 2014, due to rising net banking income and falling impairment losses on loans and receivables; the DRL segment posted 8,9 million Euro, compared to 7,2 million Euro at 31 March 2014 (+22,3%). This strong performance was attributable to the changes in expected cash flows as a result of the increase in bills of exchange collected during the period and the lower number of defaults.
As for funding operations during the quarter, the Bank registered an increase in bills of exchange, which complement the new debt collection method consisting in settlement plans (expressions of willingness). Funding from the above-mentioned instruments totalled 33,2 million Euro in the first quarter. In the first three months of 2015, the Bank collected 6,6 million Euro, compared to 7,9 million Euro in the prior-year period, after it sold in late 2014 the portfolio of bills of exchange outstanding at 31 October 2014, with par value of 219 million Euro.

Net profit from financial activities in the Tax Receivables area rose 75,1% to 4,0 million Euro from 2,3 million Euro at 31 March 2014; the Governance and Services segment was down 20,1%, from 23,1 million Euro in the first quarter of 2014 to 18,5 million Euro.

Formation of profit for the year

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

FORMATION OF PROFIT FOR THE PERIOD (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net profit from financial activities	**65.109**	**60.970**	**4.139**	**6,8%**
Operating costs	(25.563)	(23.282)	(2.281)	9,8%
Pre-tax profit from continuing operations	**39.546**	**37.688**	**1.858**	**4,9%**
Income tax expense	(13.317)	(13.012)	(305)	2,3%
Profit for the period	**26.229**	**24.676**	**1.553**	**6,3%**

At 31 March 2015, **operating costs** were up 9,8%, from 23,3 million Euro in the first quarter of 2014 to 25,6 million Euro. The increase was mostly due to the DRL segment and consulting expenses for new development projects. Specifically, a sizeable portion of the costs incurred by the DRL segment refer to the expenses for collecting information on customers as well as commissions paid to debt collection agents and companies.

The **cost/income ratio** rose from 33,6% in the first quarter of 2014 to 35,9% during the period.

OPERATING COSTS (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Personnel expenses	11.517	10.334	1.183	11,4%
Other administrative expenses	16.042	11.431	4.611	40,3%
Allocation to provisions for risks and charges	479	1.718	(1.239)	(72,1)%
Net impairment losses on tangible and intangible assets	832	748	84	11,2%
Other operating income (expenses)	(3.307)	(949)	(2.358)	248,5%
Total operating costs	**25.563**	**23.282**	**2.281**	**9,8%**

Personnel expenses rose 11,4% from 10,3 million Euro at 31 March 2014 to 11,5 million Euro as a result of the several additions to the Bank's staff during the first quarter of 2015.

Other administrative expenses at 31 March 2015 reached 16,0 million Euro, compared to 11,4 million Euro in the prior-year period (+40,3%).
This increase was essentially attributable to the reasons already mentioned with reference to operating costs.
Please note that part of the expenses included in this item (in particular legal expenses and indirect taxes) is charged back to customers and the relevant revenue is recognised under other operating income. Net of this component, other administrative expenses totalled 12,8 million Euro, compared to 10,1 million Euro at 31 March 2014 (+26,2%).

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Expenses for professional services	**6.701**	**3.730**	**2.971**	**79,7%**
Legal and consulting services	4.541	1.859	2.682	144,3%
Auditing	124	123	1	0,8%
Outsourced services	2.036	1.748	288	16,5%
Direct and indirect taxes	**3.390**	**2.837**	**553**	**19,5%**
Expenses for purchasing non-professional goods and services	**5.951**	**4.864**	**1.087**	**22,3%**
Customer information	1.211	728	483	66,3%
Property expenses	996	847	149	17,6%
Postage of documents	776	363	413	113,8%
Software assistance and hire	723	655	68	10,4%
Car fleet management and maintenance	561	533	28	5,3%
Telephone and data transmission expenses	370	341	29	8,5%
Advertising and inserts	308	449	(141)	(31,4)%
Business trips and transfers	249	201	48	23,9%
Other sundry expenses	757	747	10	1,3%
Total administrative expenses	**16.042**	**11.431**	**4.611**	**40,3%**
Expense recovery	(3.239)	(1.282)	(1.957)	152,7%
Total net other administrative expenses	**12.803**	**10.149**	**2.654**	**26,2%**

The **allocations to provisions for risks and charges** amounted to 0,5 million Euro (compared to 1,7 million Euro in the first quarter of 2014; -72,1%), of which 0,3 million Euro referred to disputes concerning Trade Receivables and 0,2 million Euro to tax disputes.

Net impairment losses on intangible assets largely refer to IT devices, and at 31 March 2015 stood at 473 thousand Euro, +9,5% compared to the prior-year period.

Net impairment losses on property, plant and equipment and investment property totalled 359 thousand Euro, compared to 316 thousand Euro at 31 March 2014 (+13,6%).

Other net operating income totalled 3,3 million Euro (compared to 0,9 million Euro in the prior-year period) and refers mainly to revenue from the recovery of expenses charged to third parties. The relevant cost item is included in other administrative expenses, namely under legal expenses and indirect taxes.

Pre-tax profit for the period stood at 39,5 million Euro, up 4,9% from 37,7 million Euro in the first quarter of 2014.

Income tax expense amounted to 13,3 million Euro, rising 2,3% from 31 March 2014 (13 million Euro). The Group's tax rate was 33,7%.

Profit for the period totalled 26,2 million Euro, compared to 24,7 million Euro in the first quarter of 2014 (+6,3%).

In the absence of profit attributable to non-controlling interests, these results refer entirely to the Group.

Contribution of business segments to Group results

The organisational structure

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

The Governance and Services segment manages the Group's financial resources and allocates funding costs to operating segments and subsidiaries through the Group's internal transfer rate system.

Here below are the results achieved in the first three months of 2015 by the various business segments, which will be analysed in the sections dedicated to the individual segments.

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES[1]	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 31.03.2015	39.334	7.430	3.902	20.500	71.166
Figures at *31.03.2014*	*37.466*	*6.602*	*2.164*	*23.120*	*69.352*
Change %	*5,0%*	*12,5%*	*80,3%*	*(11,3)%*	*2,6%*
Net profit from financial activities					
Figures at 31.03.2015	33.809	8.859	3.960	18.481	65.109
Figures at *31.03.2014*	*28.347*	*7.241*	*2.262*	*23.120*	*60.970*
Change %	*19,3%*	*22,3%*	*75,1%*	*(20,1)%*	*6,8%*

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Figures at 31.03.2015	-	-	-	5.069.781	5.069.781
Figures at 31.12.2014	*-*	*-*	*-*	*243.325*	*243.325*
Change %	*-*	*-*	*-*	*1983,5%*	*1983,5%*
Held to maturity financial assets					
Figures at 31.03.2015	-	-	-	-	-
Figures at 31.12.2014	*-*	*-*	*-*	*4.827.363*	*4.827.363*
Change %	*-*	*-*	*-*	*(100,0)%*	*(100,0)%*
Due from banks					
Figures at 31.03.2015	-	-	-	115.697	115.697
Figures at 31.12.2014	*-*	*-*	*-*	*274.858*	*274.858*
Change %	*-*	*-*	*-*	*(57,9)%*	*(57,9)%*
Loans to customers					
Figures at 31.03.2015	2.491.346	148.956	123.844	157.756	2.921.902
Figures at 31.12.2014	*2.455.052*	*135.429*	*119.473*	*104.376*	*2.814.330*
Change %	*1,5%*	*10,0%*	*3,7%*	*51,1%*	*3,8%*
Due to banks					
Figures at 31.03.2015	-	-	-	200.953	200.953
Figures at 31.12.2014	*-*	*-*	*-*	*2.258.967*	*2.258.967*
Change %	*-*	*-*	*-*	*(91,1)%*	*(91,1)%*
Due to customers					
Figures at 31.03.2015	-	-	-	7.241.379	7.241.379
Figures at 31.12.2014	*-*	*-*	*-*	*5.483.474*	*5.483.474*
Change %	*-*	*-*	*-*	*32,1%*	*32,1%*

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Figures at 31.03.2015	2.142.254	n.a.	n.a.	n.a.
Figures at 31.03.2014	*1.655.420*	*n.a.*	*n.a.*	*n.a.*
Change %	*29,4%*	*-*	*-*	*-*
Nominal amount of receivables managed				
Figures at *31.03.2015*	3.117.864	5.778.594	176.916	n.a.
Figures at *31.12.2014*	*3.101.058*	*5.630.151*	*167.834*	*n.a.*
Change %	*0,5%*	*2,6%*	*5,4%*	*-*
Net bad loans/Loans to customers				
Figures at *31.03.2015*	*1,3%*	*53,0%*	*0,0%*	n.a.
Figures at *31.12.2014*	*1,3%*	*51,8%*	*0,0%*	*n.a.*
Change %	*(0,0)%*	*1,2%*	*-*	*-*
RWA (2)				
Figures at *31.03.2015*	*1.820.654*	*148.956*	*34.062*	*150.757*
Figures at *31.12.2014*	*1.802.978*	*135.426*	*37.595*	*187.560*
Change %	*1,0%*	*10,0%*	*(9,4)%*	*(19,6)%*

(1) Gross flow of the receivables sold by the customers in a specific period of time.
(2) Risk Weighted Assets

Trade receivables

This segment includes the following business areas:

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

The +5,0% rise in the net banking income of the Trade Receivables segment (39,3 million Euro compared to 37,5 million Euro in the first quarter of 2014) was mainly due to the performance of the Pharma business area, which more than tripled its turnover compared to the first quarter of 2014 (317,2 million Euro compared to 72,8 million Euro), and the higher turnover of the Credi Impresa Futuro business area, rising to 1,7 billion Euro from 1,5 billion Euro in the prior-year period (+15,3%). This result was partly mitigated by the acquisition of new customers larger than the reference target. This was achieved also amid an acceleration in payments from Italy's Public Administration, with the Bank collecting 270,2 million Euro (compared to 155,0 million Euro in the prior-year period, +74,3%). As at 31 March 2014, the number of financed companies across the country was 4.300, up 8,8% from the first three months of 2014.

Interest income includes a portion (amounting to 106 thousand Euro in the period) of interest on arrears accruing from the estimated collection date on receivables from the Health Service: the Bank, based on historical data and available information, estimates that at least 20% can be recovered.

At 31 March 2015 the Bank accrued, but did not recognise, interest on arrears – calculated from the invoice's original maturity date – related to already collected receivables (totalling approximately 55,2 million Euro) as well as non-collected receivables (approximately 41,3 million Euro) due from the Public Administration.

Net impairment losses in the trade receivables segment alone reached 5,5 million Euro, down 39,4% from 9,1 million Euro at 31 March 2014. This was the result of slowing new non-performing exposures, thanks to constantly improving lending standards and increasingly efficient credit management and monitoring processes.

INCOME STATEMENT DATA (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	24.753	21.823	2.930	13,4%
Net commission income	14.581	15.643	(1.062)	(6,8)%
Net banking income	**39.334**	**37.466**	1.868	5,0%
Net impairment losses on loans and receivables	(5.525)	(9.119)	3.594	(39,4)%
Net profit from financial activities	**33.809**	**28.347**	5.462	19,3%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	33.453	33.049	404	1,2%
Unlikely to pay	34.182	35.798	(1.616)	(4,5)%
Past due exposures	33.453	33.049	404	1,2%
Total net non-performing exposures	**111.445**	**112.628**	**(1.183)**	**(1,1)%**
Net performing exposures	2.379.901	2.342.424	37.477	1,6%
Total loans to customers (cash)	**2.491.346**	**2.455.052**	**36.294**	**1,5%**

Loans to customers included in this segment are composed as follows: 27,4% are receivables due from the Public Administration (compared to 27.1% at 31 December 2014) and 72,6% due from the private sector (compared to 72.9% at 31 December 2014).
Net non-performing exposures declined by 1,1% from 112,6 million Euro to 111,4 million Euro. As a proportion of total loans, net bad loans and net unlikely to pay amounted to 1,3% and 1,8%, respectively – both in line with 31 December 2014. The ratio of total net non-performing exposures to loans dropped from 4,6% at the end of 2014 to 4,5% at 31 March 2015. Net non-performing exposures amounted to 19,5% as a proportion of equity (25,7% at the end of 2014).

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS (1)	UNLIKELY TO PAY	PAST DUE	TOTAL
BALANCE AT 31.03.2015				
Gross amount	248.738	60.255	35.644	**344.637**
Incidence on gross total receivables	*9,1%*	*2,2%*	*1,3%*	***12,6%***
Adjustments	215.285	16.445	1.462	**233.192**
Incidence on gross value	*86,6%*	*27,3%*	*4,1%*	***67,7%***
Net amount	33.453	43.810	34.182	**111.445**
Incidence on net total receivables	*1,3%*	*1,8%*	*1,4%*	***4,5%***
BALANCE AT 31.12.2014				
Gross amount	243.729	57.982	37.301	**339.012**
Incidence on gross total receivables	*9,1%*	*2,2%*	*1,4%*	***12,6%***
Adjustments	210.680	14.201	1.503	**226.384**
Incidence on gross value	*86,4%*	*24,5%*	*4,0%*	***66,8%***
Net amount	33.049	43.781	35.798	**112.628**
Incidence on net total receivables	*1,3%*	*1,8%*	*1,5%*	***4,6%***

(1) **Bad loans** are recognised in the financial statements up to the point in which all credit collection procedures have been exhausted.

KPIs	31.03.2015	31.03.2014	CHANGE	
			ABSOLUTE	%
Turnover	2.142.254	1.655.420	486.834	29,4%
Net banking income/ Turnover	1,8%	2,3%	-	(0,5)%

KPIs y/y	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Net bad loans/Loans to customers	1,3%	1,3%	-	(0,0)%
Coverage ratio on gross bad loans	86,6%	86,4%	-	0,2%
Non-performing exposures /Loans to customers	4,5%	4,6%	-	(0,1)%
Total RWA per sector	1.820.654	1.802.978	17.676	1,0%

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

TOTAL RECEIVABLES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2015	31.12.2014	ABSOLUTE	%
Receivables with recourse	2.033.800	2.000.116	33.684	1,7%
of which due from the Public Administration	*402.053*	*391.943*	*10.110*	*2,6%*
Receivables without recourse	177.888	201.131	(23.243)	(11,6)%
of which due from the Public Administration	*10.866*	*12.036*	*(1.170)*	*(9,7)%*
Outright purchases	906.176	899.811	6.365	0,7%
of which due from the Public Administration	*665.782*	*655.035*	*10.747*	*1,6%*
Total receivables	**3.117.864**	**3.101.058**	**16.806**	**0,5%**
of which due from the Public Administration	***1.078.701***	***1.059.014***	***19.687***	***1,9%***

The breakdown of customers by geographic area in Italy, with a separate indication for those abroad, and the breakdown of customers by product sector are as follows:

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	LOAN COMMITMENTS	TURNOVER
Northern Italy	48,9%	56,5%
Central Italy	22,6%	27,7%
Southern Italy	25,1%	11,3%
Abroad	3,4%	4,5%
Total	**100,0%**	**100,0%**

Distressed Retail Loans

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

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

After initial recognition, at an amount equal to the price paid, receivables are measured at amortised cost, calculated using the effective interest rate method; the effective interest rate is calculated as the rate at which the present value of the expected cash flows (Internal Rate of Return, hereinafter referred to as IRR), for principal and interest, is equal to the price paid. The Bank measures the individual receivables making up the purchased portfolio based on the assumption that the purchase price is the portfolio's fair value; the consideration paid by the Bank for the entire portfolio accounts for the possibility that some receivables lack proper documentation, also in light of due diligence findings. Specifically, receivables in the DRL segment are recognised and measured through the following steps:

1. at the time of purchase, receivables are recognised by allocating the portfolio's purchase price among the individual receivables it consists of through the following steps:
    - recognition of the individual receivables at a value equal to the contract price, which is used for the purposes of reporting to the Central Credit Register;
    - after verifying the documentation, if provided in the contract, the Bank returns the loans lacking documentation or beyond the statute of limitations to the seller, and measures the fair value of receivables which actually exist and can be collected; finally, after

sending a notice of assignment to the debtor, the Bank can start taking action to collect the receivable;

2. once the collection process begins, receivables are measured at amortised cost using the effective interest rate method;
3. the effective interest rate is calculated on the basis of the price paid, the transaction costs, if any, and the estimated cash flows and collection time calculated using either a proprietary statistical model (point 5), analytical estimates made by managers, or, in the case of bills of exchange or agreements finalised with the creditor (the so-called settlement plans or expression of willingness), the relevant repayment plans;
4. the effective interest rate as set out in the previous point is unchanged over time;
5. the cash flows and collection time are estimated using a statistical model, on the basis of historical time series on revenues from similar portfolios over a statistically significant period of time;
6. repayment plans referring to bills of exchange or agreements finalised with the creditor are adjusted by a historical proportion of unpaid accounts;
7. at the end of each reporting period, interest income accrued on the basis of the original effective interest rate is recognised under Interest Income. Said interest is calculated as follows: Amortised Cost at the beginning of the period x IRR/365 x days in the period;
8. in addition, at the end of each reporting period, the expected cash flows for each position are re-estimated;
9. should events occur (higher or lower revenues realised or expected compared to forecasts and/or a change in collection times) which cause a change in the amortised cost (calculated by discounting the new cash flows at the original effective rate compared to the amortised cost in the period), this change is also recognised under Interest Income, except in the situation set out in the following point;
10. should the loans be classified as bad loans, all the changes as set out in the previous point are recognised under Impairment losses/reversals on receivables;
11. should loans be classified as substandard, or should they be objectively impaired, the changes as set out in point 9) are recognised under Impairment losses/reversals on receivables; if an impairment loss had already been recognised, reversals can be recognised up to the amount of said impairment loss, recognising the surplus under Interest Income.

It is important to bear in mind that the recognition of the various economic elements under Interest Income and Impairment losses/reversals is purely for accounting purposes, since it is connected to the classification of receivables; on the other hand, from the viewpoint of business, the economic effects shall be considered on the whole and divided into two macro-categories: interest generated by the measurement at amortised cost (point 7) and the economic components due to the changes in cash flows (points 8-9-10-11).

DRL RECEIVABLES PERFORMANCE	(thousands of Euro)
Receivables portfolio at 31.12.2014	**135.429**
Purchases	10.714
Interest income from amortised cost	6.036
Other components of net interest income from change in cash flow	1.989
Losses/Reversals of impairment losses from change in cash flow	1.429
Collections	(6.641)
Receivables portfolio at 31.03.2015	**148.956**

INCOME STATEMENT DATA (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Interest income from amortised cost	6.036	6.294	(258)	(4,1)%
Other interest income from change in cash flow	1.988	1.259	729	57,9%
Funding costs	(584)	(951)	367	(38,6)%
Net interest income	**7.440**	**6.602**	**838**	**12,7%**
Net commission income	(10)	-	(10)	n.a.
Net banking income	**7.430**	**6.602**	828	12,5%
Net impairment losses/recoveries on loans and receivables	1.429	639	790	123,6%
Net profit from financial activities	**8.859**	**7.241**	**1.618**	22,3%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	78.964	70.089	8.875	12,7%
Unlikely to pay	69.979	65.337	4.642	7,1%
Past due exposures	-	-	-	-
Total net non-performing exposures	**148.943**	**135.426**	**13.517**	**10,0%**
Net performing exposures	13	3	10	333,3%
Total loans to customers (cash)	**148.956**	**135.429**	**13.527**	**10,0%**

KPIs	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	5.778.594	5.630.151	148.443	2,6%
Total RWA per sector	148.956	135.426	13.530	10,0%

During the period, the counterparties settled their debt mainly according to the following methods:

- in cash (postal orders, bank transfers, etc.);
- by signing bills of exchange;
- settlement plans agreed with the debtors.

As for funding operations during the quarter, the Bank registered an increase in bills of exchange, which complement the new debt collection method consisting in settlement plans (expressions of willingness). Funding from the above-mentioned instruments totalled 33,2 million Euro in the first quarter. In the first three months of 2015, the Bank collected 6,6 million Euro, compared to 7,9 million Euro in the prior-year period, after it sold in late 2014 the portfolio of bills of exchange outstanding at 31 October 2014, with par value of 219 million Euro.
The purchases made in the period led to the acquisition of financial receivables portfolios with par value of nearly 180,0 million Euro at a price of 10,7 million Euro (i.e. 6% of the par value). They consist of 34.420 cases.
As a result of these acquisitions, the portfolio managed by the DRL segment covers 809.548 cases, for a par value of 5.778,6 million Euro.

On 26 March 2015, Banca IFIS acquired a portfolio of non-performing loans from Findomestic with par value of 400 million Euro (approximately 65.000 loans). The originator will complete the sale in stages during 2015. At 31 March 2015, The par value of the receivables sold amounted to 119,4 million Euro.

Tax receivables

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

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

TAX RECEIVABLES PERFORMANCE	(in thousands of Euro)
Receivables portfolio at 31.12.2014	**119.473**
Purchases	6.457
Interest income from amortised cost	2.913
Other components of net interest income from change in cash flow	1.339
Reversals of impairment losses from change in cash flow	58
Collections	(6.396)
Receivables portfolio at 31.03.2015	**123.844**

INCOME STATEMENT DATA (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	3.858	2.164	1.694	78,3%
Net commission income	44	-	44	n.a.
Net banking income	**3.902**	**2.164**	1.738	80,3%
Net impairment losses/recoveries on loans and receivables	58	98	(40)	(40,8)%
Net profit from financial activities	**3.960**	**2.262**	1.698	75,1%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	-	-	-	-
Unlikely to pay	-	34	(34)	(100,0)%
Past due exposures	-	-	-	-
Total net non-performing exposures	**-**	**34**	**(34)**	**(100,0)%**
Net performing exposures	123.844	119.439	4.405	3,7%
Total loans to customers (cash)	**123.844**	**119.473**	**4.371**	**3,7%**

KPIs	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	176.916	167.834	9.082	5,4%
Total RWA per sector	34.062	37.595	(3.533)	(9,4)%

Net banking income is generated by the interest accrued according to the amortised cost method and funding costs allocated to the segment; specifically, the positions acquired over the last few years are making a growing contribution to profit or loss.

The Tax Receivables segment posted 3,9 million Euro (2,2 million Euro in the prior-year period, +80,3%), thanks largely to the remarkable growth in the portfolio, the amounts collected earlier than estimated, and the revision of collection estimates.

During the period, 6,4 million Euro were collected, in line with estimates; 82 receivables were acquired at an average price of 6,5 million Euro, i.e. approximately 71,4% of the par value of the tax receivables net of enrolments (i.e. 9,0 million Euro).

With these purchases, the portfolio managed by the segment covers 5.150 cases, for a par value of 176,9 million Euro and a book value of 123,8 million Euro.

Governance and services

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

Furthermore, it provides the operating segments and subsidiaries with the financial resources and services necessary to perform their respective business activities. The Internal Audit, Compliance, Risk Management, Communications, Strategic Planning and Management Control, Administration and General Affairs, Human Resources, Organisation and ICT functions, as well as the structures responsible for raising, allocating (to operating segments and subsidiaries), and managing financial resources, are centralised in the Parent Company.

Specifically, this segment includes both the contribution of the securities portfolio to net interest income for the period, amounting to 25,5 million Euro – compared to 29,1 million Euro in the prior-year period – and the cost of retail funding exceeding core loans and held in order to guarantee an adequate level of liquidity under economic stress scenarios.

INCOME STATEMENT DATA (in thousands of Euro)	1st QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	20.626	24.304	(3.678)	(15,1)%
Net commission income	(246)	(1.520)	1.274	(83,8)%
Dividend and net result from trading	120	336	(216)	(64,3)%
Net banking income	**20.500**	**23.120**	**(2.620)**	**(11,3)%**
Net impairment losses on receivables and other financial assets	(2.019)	-	(2.019)	n.a.
Net profit from financial activities	**18.481**	**23.120**	**(4.639)**	**(20,1)%**

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Available for sale financial assets	5.069.781	243.325	4.826.456	1983,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Due from banks	115.697	274.858	(159.161)	(57,9)%
Loans to customers	157.756	104.376	53.380	51,1%
Due to banks	200.953	2.258.967	(2.058.014)	(91,1)%
Due to customers	7.241.379	5.483.474	1.757.905	32,1%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	-	-	-	-
Unlikely to pay	-	-	-	-
Past due exposures	-	-	-	-
Total net non-performing exposures	**-**	**-**	**-**	**-**
Net performing exposures	157.756	104.376	53.380	51,1%
Total loans to customers (cash)	**157.756**	**104.376**	**53.380**	**51,1%**

KPI	31.03.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Total RWA per sector	150.757	187.560	(36.803)	(19,6)%

Receivables in the Governance and Services sector were up 53,4 million Euro (+51,1%) as a result of the increase in margin lending related to repurchase agreements on the MTS platform with Cassa di Compensazione e Garanzia as counterparty.

Significant subsequent events

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

http://www.bancaifis.com/Media-room/Press-releases

Sale and buyback of Italian Government bonds portfolio

Based on recent trends in market rates on government bonds in the Bank's portfolio, as well as considerations on the costs to refinance the debt collateralised by said securities, the Bank has decided to proceed with a rearrangement operation of part of its Italian government bond portfolio which kept its size unchanged, but it partially modified the maturities at the longer end of the curve with the following effects: the average maturity increased slightly; the bonds with the longest maturity are due in 2020 (2018 before the restructuring); the entire portfolio consists of floating-rate or inflation-indexed bonds.

Here below is the breakdown by maturity of the debt securities at nominal value at 31 March 2015 and at 28 April 2015 (after the sale and buyback and net of bonds expired on 15 April 2015 for 50 million euro).

Government bonds/ maturity (in millions of Euro)	Within 30.06.2015	2nd half 2015	2016	2017	2018	2019	2020	Total
Before rearrangement	1.200,00	863,00	735,50	700,00	1.420,00	-	-	4.918,5
% of total	*24,4%*	*17,5%*	*15,0%*	*14,2%*	*28,9%*	*0,0%*	*0,0%*	*100,0%*
After rearrangement (1)	1.150,00	863,00	735,50	-	1.280,00	650,00	190,00	4.868,5
% of total	*23,6%*	*17,7%*	*15,1%*	*0,0%*	*26,3%*	*13,4%*	*3,9%*	*100%*

1) Amounts at 31 March 2015 are the same as 28 April 2015, net of bonds expired on 15 April 2015 for 50 million euro.

The sale of the portfolio, occurred in April till today, will contribute for 120 million Euro to pre-tax profit for the second quarter of 2015.

There were no other significant events after the reporting date and up to the approval of this Interim report.

Outlook

Faced with lingering uncertainty amid extremely low growth estimates, a cost of money at record lows, protracted significant imbalances between countries in the Euro area, and a constantly rising unemployment rate, Banca IFIS maintains a positive outlook for the rest of 2015 across all business areas.

At the moment it does not appear possible to leave the crisis behind without restarting the flow of credit to the real economy. Against this backdrop, Banca IFIS's ability to provide support to Small and Medium-sized businesses – also thanks to strengthening capital adequacy ratios and increasing liquidity – continues representing a competitive advantage, enabling it to acquire new customers and loans in a market characterised by the scarce supply of credit and the demand for appropriate solutions.

The Bank can play an important role in the Distressed Retail Loans segment, providing solutions in demand at lenders and financial institutions across Italy. Therefore, we will continue monitoring and bidding for the portfolios of receivables due from households that originators are expected to place on the market. Concerning NPLs, Banca IFIS's NPL Area recently introduced organisational and operating solutions allowing to expect gradually increasing collection rates even though the economic conditions don't allow to register the improvements as structural in the financial resources of debtor households.

As for tax receivables, the Bank is consolidating its leadership in this segment, given the good medium-term profitability of these investments.

As for retail funding, we expect a further fall in the average cost of funding.

Based on recent trends in market rates on government bonds in the Bank's portfolio, as well as considerations on the costs to refinance the debt collateralised by said securities, the Bank has decided to proceed with a rearrangement operation of part of its Italian government bond portfolio which kept its size unchanged, but it partially modified the maturities at the longer end of the curve with the following effects: the average maturity increased slightly; the bonds with the longest maturity are due in 2020; the entire portfolio mainly consists of floating-rate or inflation-indexed bonds. Based on the evidence and the current monetary policy, the Bank believes it will continue refinancing this portfolio at interest rates hovering around zero, at least for 2015.

Finally, the Bank will constantly look for new opportunities on the market.

In light of the above, the Group can reasonably expect to remain profitable also in 2015.

Other information

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

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

Privacy measures

In compliance with article 34, paragraph 1, letter g) of Leg. Decree no. 196 of 30 June 2003 (the Personal Data Protection Code), the group periodically updates its 'Security Policy Document' setting out the measures taken to guarantee the protection of processed personal data.

Parent Company management and coordination

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

National consolidated tax regime

Banca IFIS, together with the parent company, La Scogliera S.p.A., opted for the application of group taxation (tax consolidation) in accordance with arts. 117 et seq. of Presidential Decree 917/86.

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

Under this tax regime, Banca IFIS's taxable income is transferred to La Scogliera S.p.A. which is responsible for calculating the overall group income. As a result, at 31 March 2015 Banca IFIS recognised net receivables due from the parent company amounting to 109 thousand Euro. This amount takes into account the offsetting of the Parent Company's tax losses in accordance with the procedure applicable under both this regime and the specific agreements the companies entered into.

Transactions on treasury shares

The Ordinary Shareholders' Meeting of 17 April 2014 renewed the authorisation to purchase and sell treasury shares, pursuant to art. 2357 et seq. of the Italian Civil Code, as well as art. 132 of Legislative Decree 58/98, establishing a price interval within which the shares can be bought between a minimum of 4 Euro and a maximum of 25 Euro, for a total amount of 40 million Euro.

The Meeting also established that the authorisation lapses after 18 months from the date the resolution was passed.
At 31 December 2014, the bank held 887.165 treasury shares recognised at a market value of 6,7 million Euro and a par value of 887.165 Euro.
During the first quarter of 2015 it sold, at an average price of 18,05 Euro, 135.000 treasury shares with a market value of 2,4 million Euro and a par value of 135.000 Euro, making profits of 1,6 million Euro which, in compliance with international accounting standards, were recognised under capital reserves.
The remaining balance at the end of the period was 752,165 treasury shares with a market value of 5,9 million Euro and a par value of 752.165 Euro.

Venice - Mestre, 28 April 2015

For the Board of Directors

The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

Declaration as per art. 154-bis of Legislative Decree 58 of 24 February 1998

GruppoBancaIFIS

Statement by the 'Manager responsible for preparing corporate financial documents'

The undersigned, Carlo Sirombo, 'Manager responsible for preparing corporate financial documents' for Banca IFIS S.p.A. declares, as per paragraph 2, article 154 bis of the Consolidation Act on financial intermediation, that the financial information contained in the present consolidated Interim Report as at 31 March 2015 corresponds to the documentable figures and results contained in Banca IFIS's accounting and bookkeeping documents, books and registers.

Manager responsible for preparing corporate financial documents

Carlo Sirombo

Mestre, 28 April 2015