

**CONSOLIDATED  
INTERIM REPORT**

BANCA IFIS

***September 30<sup>th</sup>, 2015***



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## Corporate Bodies

### Board of Directors

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy
CEO	Giovanni Bossi <sup>(1)</sup>
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 Ciriotta
	Mauro Roviada
Alternate Auditors	Luca Giacometti
	Sonia Ferrero

### Independent Auditors

Reconta Ernst & Young S.p.A.

### Corporate Accounting Reporting Officer

Emanuel Nalli

## BANCA IFIS

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](http://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 and Pharmacies**, supporting the trade receivables of local health services' suppliers and pharmacists;
- **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 online savings account, completely free, offered to individuals, business customers and for insolvency proceedings;
- **contomax**, born in January 2013, the online crowd current account.

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



### Trade receivables segment

Faced with strong demand and armed with a decade of experience in this segment, Credi Impresa Futuro – a Banca IFIS company dedicated to financing Italian businesses through factoring – aims to foster the growth of trade finance loans to Italian SMEs. Multichannel service, real-time continuous support, a constantly expanding team of professionals that ensures an open and constant dialogue with clients, and the physical presence through our network of business developers — these are the strengths of Credi Impresa Futuro. The web – in all its forms – is the preferred method to contact customers, giving more and more opportunities for raising financing to businesses requiring it.

## BANCAIFIS INTERNATIONAL

Banca IFIS International is one of the most active players in international factoring and stands out from the competition due to its direct presence in foreign markets, such as Poland (with the subsidiary IFIS Finance), Romania, Hungary and, through an investee company, India. With its ability to act not only as a reference in providing financing to businesses, but also as a consultant to those customers who intend to enter new markets, Banca IFIS International effectively supports companies in seizing growth opportunities.

## BANCAIFIS PHARMA

Banca IFIS Pharma specialises in creating integrated management solutions for companies in the healthcare, pharmaceutical, diagnostic and service sectors wishing to factor receivables due from Italy's National Health Service. Since 1 July 2015, the Pharma Area includes the new "Pharmacies" business unit, which offers pharmacists a comprehensive and reliable package of solutions meeting all their financial needs. In addition, these two units now have a new dedicated website: <http://pharma.bancaifis.it/>

### *Solutions for Pharmacies*

On 17 June 2015, the Bank launched "Pharmacies", the new business unit integrated within the existing "Banca IFIS Pharma" area.

This unit aims to meet the medium-term financing needs of over 15.000 pharmacies throughout the country using a new instrument: medium-term financing to support trade payables. Designed for retail entrepreneurs, this instrument allows pharmacists to take out loans backed by their accounts receivable.

### **Distressed Retail Loans (DRL) Segment**

## BANCAIFIS AREANPL

## CREDI FAMIGLIA

di BANCA IFIS

This is the Group's Area dedicated to factoring distressed retail loans. Based in Florence and with a network of agents that spans the entire country, it stands out for its ability to assess, acquire and manage important portfolios and to establish a massive database containing detailed information about over nine hundred thousand debtors. The recent acquisitions of NPL portfolios finalised in the first half of 2015 contributed to this impressive figure. Purchases from consumer lenders and banks focus on unsecured distressed retail loans due from individuals. Today, the NPL area is one of Italy's leading debt buyers. A new operation, CrediFamiglia, was launched at the end of the first half of 2013. It focuses on addressing the financial problems of households and individuals, upholding the values of dialogue, transparency, knowledge, ethics and sustainability.

## Tax receivables segment



Fast Finance is the unit specialised in purchasing tax receivables, trade receivables and claims concerning insolvency proceedings. Based in Bologna, it is a leading provider of services for Insolvency Proceedings, with over 50% market share and a reputation for the quality and professionalism of its work.

## Retail funding



rendimax is Banca IFIS's online savings account for private investors, companies and insolvency proceedings.

Born in July 2008, rendimax still has the hallmarks that have characterised it from the outset: the attention to the customer, the simplicity of the product, and the transparency and excellent quality of the dedicated service. Customers can still choose from a wide range of diverse offerings: call deposits, fixed-term deposits with interest paid in advance ("First option") or in quarterly arrears ("Top option"), or rendimax like, a call deposit with cash amounts available 33 days after the request. Here are some other characteristics of rendimax: exclusively online account opening and management, security (also due to the guarantee of the Interbank Deposit Protection Fund), and zero costs. In addition to the total exemption from setting-up and management fees, the Bank pays the stamp duty, relieving the customer of this expense.



In January 2013, Banca IFIS launched contomax, its crowd current account born from the dialogue with the Web. The main services available are: advanced Bancomat (debit card that can also be used for on-line purchases through the Maestro service); payment of utility bills and Telepass motorway tolls, the transfer of funds from one account to another and, in addition, mobile phone top-ups.

The account also guarantees high returns thanks to a series of interest rate solutions for the amounts deposited. This account has no opening or management fees, and the Bank pays the stamp duty.

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	
	30.09.2015	31.12.2014	ABSOLUTE	%
Available for sale financial assets	3.677.850	243.325	3.434.525	1.411,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Loans to customers	3.176.172	2.814.330	361.842	12,9%
<b>Total assets</b>	<b>7.244.688</b>	<b>8.309.294</b>	<b>(1.064.606)</b>	<b>(12,8)%</b>
Due to banks	537.898	2.258.967	(1.721.069)	(76,2)%
Due to customers	5.900.458	5.483.474	416.984	7,6%
Consolidated equity	557.012	437.850	119.162	27,2%

KEY DATA ON THE CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
<b>Net banking income</b>	<b>327.109</b>	<b>210.766</b>	<b>116.343</b>	<b>55,2%</b>
Net value adjustments on receivables and other financial assets	(22.104)	(29.654)	7.550	(25,5)%
<b>Net profit from financial activities</b>	<b>305.005</b>	<b>181.112</b>	<b>123.893</b>	<b>68,4%</b>
Operating costs	(80.784)	(69.685)	(11.099)	15,9%
Pre-tax profit from continuing operations	224.221	111.427	112.794	101,2%
<b>Group net profit for the year</b>	<b>148.805</b>	<b>74.188</b>	<b>74.617</b>	<b>100,6%</b>

QUARTERLY KEY DATA ON THE CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	3rd QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
<b>Net banking income</b>	<b>62.419</b>	<b>67.776</b>	<b>(5.357)</b>	<b>(7,9)%</b>
Net value adjustments on receivables and other financial	(5.186)	(8.486)	3.300	(38,9)%
<b>Net profit from financial activities</b>	<b>57.233</b>	<b>59.290</b>	<b>(2.057)</b>	<b>(3,5)%</b>
Operating costs	(28.974)	(23.045)	(5.929)	25,7%
Pre-tax profit from continuing operations	28.259	36.245	(7.986)	(22,0)%
<b>Group net profit for the year</b>	<b>18.026</b>	<b>24.133</b>	<b>(6.107)</b>	<b>(25,3)%</b>

GROUP KPIs <sup>(1)</sup>	30.09.2015	30.09.2014	31.12.2014
Cost/Income ratio	24,7%	33,1%	37,3%
Cost of credit quality trade receivables	0,8%	2,3%	1,7%
Net bad loans trade receivables/Trade receivables loans to customers	1,3%	1,5%	1,3%
Net bad loans trade receivables/Equity	6,2%	7,9%	7,5%
Coverage ratio on gross bad loans trade receivables	86,7%	86,6%	86,4%
Net trade receivables impaired loans/Trade receivables loans to customers	5,1%	5,8%	4,6%
Net trade receivables impaired loans /Equity	24,2%	29,8%	25,7%
Total own funds Capital Ratio	16,0%	14,9%	14,2%
Common Equity Tier 1 Ratio	15,3%	14,6%	13,9%
Share capital: number of shares (in thousands)	53.811	53.811	53.811
Number of shares outstanding at period end <sup>(2)</sup> (in thousands)	53.068	52.924	52.924
Book per share	10,50	7,90	8,27
EPS	2,81	1,40	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 30.09.2015	-	-	-	3.677.850	3.677.850
Figures at 31.12.2014	-	-	-	243.325	243.325
Change %	-	-	-	1.411,5%	1.411,5%
Held to maturity financial assets	-	-	-	-	-
Figures at 30.09.2015	-	-	-	-	-
Figures at 31.12.2014	-	-	-	4.827.363	4.827.363
Change %	-	-	-	(100,0)%	(100,0)%
Due from banks	-	-	-	-	-
Figures at 30.09.2015	-	-	16.086	230.905	246.991
Figures at 31.12.2014	-	-	-	274.858	274.858
Change %	-	-	n.a.	(16,0)%	(10,1)%
Loans to customers					
Figures at 30.09.2015	2.658.728	261.889	113.892	141.663	3.176.172
Figures at 31.12.2014	2.455.052	135.429	119.473	104.376	2.814.330
Change %	8,3%	93,4%	(4,7)%	35,7%	12,9%
Due to banks					
Figures at 30.09.2015	-	-	-	537.898	537.898
Figures at 31.12.2014	-	-	-	2.258.967	2.258.967
Change %	-	-	-	(76,2)%	(76,2)%
Due to customers					
Figures at 30.09.2015	-	-	-	5.900.458	5.900.458
Figures at 31.12.2014	-	-	-	5.483.474	5.483.474
Change %	-	-	-	7,6%	7,6%

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 30.09.2015	118.943	29.841	11.507	166.818	327.109
Figures at 30.09.2014	116.039	20.033	8.132	66.562	210.766
Change %	2,5%	49,0%	41,5%	150,6%	55,2%
Net profit from financial activities					
Figures at 30.09.2015	104.186	30.869	11.381	158.569	305.005
Figures at 30.09.2014	86.021	20.277	8.252	66.562	181.112
Change %	21,1%	52,2%	37,9%	138,2%	68,4%

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Third quarter 2015	41.668	10.399	3.984	6.368	62.419
Third quarter 2014	37.421	7.069	3.765	19.521	67.776
Change %	11,3%	47,1%	5,8%	(67,4)%	(7,9)%
Net profit from financial activities					
Third quarter 2015	40.361	10.676	3.844	2.352	57.233
Third quarter 2014	29.850	5.959	3.960	19.521	59.290
Change %	35,2%	79,2%	(2,9)%	(88,0)%	(3,5)%

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover <sup>(1)</sup>				
Figures at 30.09.2015	7.254.606	n.a.	n.a.	n.a.
Figures at 30.09.2014	5.800.054	n.a.	n.a.	n.a.
Change %	25,1%	-	-	-
Nominal amount of receivables managed				
Figures at 30.09.2015	3.342.622	7.486.687	179.762	n.a.
Figures at 31.12.2014	3.101.058	5.630.151	167.834	n.a.
Change %	7,8%	33,0%	7,1%	-
Net bad loans/Loans to customers				
Figures at 30.09.2015	1,3%	53,2%	0,0%	n.a.
Figures at 31.12.2014	1,3%	51,8%	0,0%	n.a.
Change %	(0,0)%	1,4%	-	-
RWA <sup>(2)</sup>				
Figures at 30.09.2015	1.905.555	261.889	41.339	199.023
Figures at 31.12.2014	1.802.978	135.426	37.595	187.560
Change %	5,7%	93,4%	10,0%	6,1%

(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		
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
<b>ASSETS</b>							
Available for sale financial assets	3.677.850	3.803.216	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	246.991	114.843	115.697	274.858	294.844	351.349	432.855
Loans to customers	3.176.172	3.152.145	2.921.902	2.814.330	2.588.009	2.538.371	2.339.663
Property, plant and equipment	52.137	51.509	51.329	50.682	50.865	50.798	41.129
Intangible assets	7.031	6.779	6.772	6.556	6.724	6.776	6.482
Other assets	84.507	92.902	77.104	92.180	69.018	98.851	77.976
<b>Total assets</b>	<b>7.244.688</b>	<b>7.221.394</b>	<b>8.242.585</b>	<b>8.309.294</b>	<b>8.519.222</b>	<b>9.419.882</b>	<b>10.515.469</b>

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015				YEAR 2014		
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
<b>LIABILITIES AND EQUITY</b>							
Due to banks	537.898	457.384	200.953	2.258.967	632.553	1.979.493	618.132
Due to customers	5.900.458	6.037.552	7.241.379	5.483.474	7.317.589	6.910.171	9.341.959
Post-employment benefits	1.388	1.407	1.641	1.618	1.525	1.537	1.477
Tax liabilities	23.904	18.207	67.692	14.338	13.764	13.321	19.099
Other liabilities	224.028	182.578	159.042	113.047	135.495	117.433	129.409
Equity:	557.012	524.266	571.878	437.850	418.296	397.927	405.393
- Share capital, share premiums and reserves	408.207	393.487	545.649	341.974	344.108	347.872	380.717
- Profit for the period	148.805	130.779	26.229	95.876	74.188	50.055	24.676
<b>Total liabilities and equity</b>	<b>7.244.688</b>	<b>7.221.394</b>	<b>8.242.585</b>	<b>8.309.294</b>	<b>8.519.222</b>	<b>9.419.882</b>	<b>10.515.469</b>

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2015			YEAR 2014			
	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
<b>Net interest income</b>	<b>47.886</b>	<b>54.110</b>	<b>56.677</b>	<b>51.682</b>	<b>53.167</b>	<b>58.723</b>	<b>54.892</b>
<b>Net commission income</b>	<b>14.712</b>	<b>14.878</b>	<b>14.369</b>	<b>14.770</b>	<b>14.593</b>	<b>14.865</b>	<b>14.124</b>
Net result from trading	(179)	36	120	131	16	50	105
Profit (loss) from sale or buyback of:	-	124.500	-	3.581	-	-	231
Receivables	-	-	-	3.581	-	-	-
Available for sale financial assets	-	124.500	-	-	-	-	231
<b>Net banking income</b>	<b>62.419</b>	<b>193.524</b>	<b>71.166</b>	<b>70.164</b>	<b>67.776</b>	<b>73.638</b>	<b>69.352</b>
Net value adjustments/revaluations due to impairment of:	(5.186)	(10.861)	(6.057)	(1.645)	(8.486)	(12.786)	(8.382)
Receivables	(1.170)	(8.647)	(4.038)	(1.645)	(8.486)	(12.786)	(8.382)
Available for sale financial assets	(4.016)	(2.214)	(2.019)	-	-	-	-
<b>Net profit from financial activities</b>	<b>57.233</b>	<b>182.663</b>	<b>65.109</b>	<b>68.519</b>	<b>59.290</b>	<b>60.852</b>	<b>60.970</b>
Personnel expenses	(12.394)	(12.165)	(11.517)	(11.025)	(10.310)	(10.884)	(10.334)
Other administrative expenses	(15.956)	(11.411)	(16.042)	(24.009)	(11.977)	(11.902)	(11.431)
Net allocations to provisions for risks and charges	(160)	397	(479)	489	(463)	79	(1.718)
Net value adjustments to property, plant and equipment and intangible assets	(942)	(927)	(832)	(866)	(833)	(792)	(748)
Other operating income (expenses)	478	(2.141)	3.307	408	538	141	949
<b>Operating costs</b>	<b>(28.974)</b>	<b>(26.247)</b>	<b>(25.563)</b>	<b>(35.003)</b>	<b>(23.045)</b>	<b>(23.358)</b>	<b>(23.282)</b>
<b>Pre-tax profit from continuing operations</b>	<b>28.259</b>	<b>156.416</b>	<b>39.546</b>	<b>33.516</b>	<b>36.245</b>	<b>37.494</b>	<b>37.688</b>
Income tax expense for the period	(10.233)	(51.866)	(13.317)	(11.828)	(12.112)	(12.115)	(13.012)
<b>Profit for the period</b>	<b>18.026</b>	<b>104.550</b>	<b>26.229</b>	<b>21.688</b>	<b>24.133</b>	<b>25.379</b>	<b>24.676</b>

INCOME STATEMENT DATA BY SEGMENT: QUARTERLY EVOLUTION (in migliaia di euro)	YEAR 2015			YEAR 2014			
	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
<b>Net banking income</b>	<b>62.419</b>	<b>193.524</b>	<b>71.166</b>	<b>70.164</b>	<b>67.776</b>	<b>73.638</b>	<b>69.352</b>
<i>Trade receivables</i>	41.668	37.941	39.334	39.522	37.421	41.152	37.466
<i>Distressed retail loans</i>	10.399	12.012	7.430	10.005	7.069	6.362	6.602
<i>Tax receivables</i>	3.984	3.621	3.902	2.871	3.765	2.203	2.164
<i>Governance and services</i>	6.368	139.950	20.500	17.766	19.521	23.921	23.120
<b>Net profit from financial activities</b>	<b>57.233</b>	<b>182.663</b>	<b>65.109</b>	<b>68.519</b>	<b>59.290</b>	<b>60.852</b>	<b>60.970</b>
<i>Trade receivables</i>	40.361	30.016	33.809	36.534	29.850	27.823	28.347
<i>Distressed retail loans</i>	10.676	11.334	8.859	11.202	5.959	7.078	7.241
<i>Tax receivables</i>	3.844	3.577	3.960	3.017	3.960	2.030	2.262
<i>Governance and services</i>	2.352	137.736	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)	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011
Available for sale financial assets	3.677.850	414.768	2.531.765	1.584.536	1.509.296
Held to maturity financial assets	-	5.094.994	4.459.285	2.983.123	-
Loans to customers	3.176.172	2.588.009	2.223.142	2.108.844	1.858.527
Due to banks	537.898	632.553	527.961	555.295	719.550
Due to customers	5.900.458	7.317.589	8.837.029	6.439.392	2.928.877
Equity	557.012	418.296	357.864	284.041	207.393
Net banking income	327.109	210.766	194.139	167.643	83.826
Net profit from financial activities	305.005	181.112	159.575	140.054	64.883
Group net profit	148.805	74.188	67.110	57.931	20.996
Cost/Income ratio	24,7%	33,1%	28,3%	30,5%	38,8%
Cost of credit quality trade receivables	0,8%	2,3%	3,5%	2,3%	1,9%
Net bad loans trade receivables/ Trade receivables loans to customers	1,3%	1,5%	2,9%	3,8%	2,3%
Net bad loans trade receivables/Equity	6,2%	7,9%	14,6%	23,7%	19,3%
Coverage ratio on gross bad loans trade receivables	86,7%	86,6%	75,5%	62,0%	67,4%
Net trade receivables impaired loans/ Trade receivables loans to customers	5,1%	5,8%	14,7%	15,4%	11,7%
Net trade receivables impaired loans /Equity	24,2%	29,8%	73,1%	105,6%	100,0%
Total own funds Capital Ratio <sup>(1)</sup>	16,0%	14,9%	14,1%	11,9%	11,2%
Common Equity Tier 1 Ratio <sup>(1)</sup>	15,3%	14,6%	14,3%	12,1%	11,5%

(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 until 30 September 2013 were recognised according to previous regulations (Basel 2). The Solvency ratio and the Core Tier 1 have been recognised under Total Own Funds Ratio and Common Equity Tier 1 Ratio, respectively.

## Financial statements

## Consolidated Statement of Financial Position

	Assets (in thousands of Euro)	30.09.2015	31.12.2014
10.	Cash and cash equivalents	26	24
20.	Financial assets held for trading	338	-
40.	Available for sale financial assets	3.677.850	243.325
50.	Held to maturity financial assets	-	4.827.363
60.	Due from banks	246.991	274.858
70.	Due from customers	3.176.172	2.814.330
120.	Property, plant and equipment and investment property	52.137	50.682
130.	Intangible assets	7.031	6.556
	of which:		
	- goodwill	823	819
140.	Tax assets:	39.023	40.314
	a) current	1.037	1.972
	b) deferred	37.986	38.342
160.	Other assets	45.120	51.842
	<b>Total assets</b>	<b>7.244.688</b>	<b>8.309.294</b>

	Liabilities and equity (in thousands of Euro)	30.09.2015	31.12.2014
10.	Due to banks	537.898	2.258.967
20.	Due to customers	5.900.458	5.483.474
40.	Financial liabilities held for trading	-	-
80.	Tax liabilities:	23.904	14.338
	a) current	8.680	70
	b) deferred	15.224	14.268
100.	Other liabilities	221.798	111.059
110.	Post-employment benefits	1.388	1.618
120.	Provisions for risks and charges	2.230	1.988
	b) other reserves	2.230	1.988
140.	Valuation reserves	2.610	(109)
170.	Reserves	298.783	237.874
180.	Share premiums	58.834	57.113
190.	Share capital	53.811	53.811
200.	Treasury shares (-)	(5.831)	(6.715)
220.	Profit (loss) for the period (+/-)	148.805	95.876
	<b>Total liabilities and equity</b>	<b>7.244.688</b>	<b>8.309.294</b>

## Consolidated Income Statement

Items (in thousands of Euro)		30.09.2015	30.09.2014
10.	Interest receivable and similar income	188.185	243.606
20.	Interest due and similar expenses	(29.512)	(76.824)
<b>30.</b>	<b>Net interest income</b>	<b>158.673</b>	<b>166.782</b>
40.	Commission income	47.150	48.802
50.	Commission expense	(3.191)	(5.220)
<b>60.</b>	<b>Net commission income</b>	<b>43.959</b>	<b>43.582</b>
80.	Net profit (loss) from trading	(23)	171
100.	Profit (loss) from sale or buyback of:	124.500	231
	b) available for sale financial assets	124.500	231
<b>120.</b>	<b>Net banking income</b>	<b>327.109</b>	<b>210.766</b>
130.	Net impairment losses/reversal on	(22.104)	(29.654)
	a) receivables	(13.855)	(29.654)
	b) available for sale financial assets	(8.249)	-
<b>140.</b>	<b>Net profit from financial activities</b>	<b>305.005</b>	<b>181.112</b>
180.	Administrative expenses:	(79.485)	(66.838)
	a) personnel expenses	(36.076)	(31.528)
	b) other administrative expenses	(43.409)	(35.310)
190.	Net allocations to provisions for risks and charges	(242)	(2.102)
200.	Net impairment losses/reversal on plant, property and equipment	(1.186)	(1.020)
210.	Net impairment losses/reversal on intangible assets	(1.515)	(1.353)
220.	Other operating income (expenses)	1.644	1.628
<b>230.</b>	<b>Operating costs</b>	<b>(80.784)</b>	<b>(69.685)</b>
<b>280.</b>	<b>Pre-tax profit (loss) for the period from continuing operations</b>	<b>224.221</b>	<b>111.427</b>
290.	Income taxes for the period relating to current operations	(75.416)	(37.239)
<b>340.</b>	<b>Profit (loss) for the period attributable to the parent company</b>	<b>148.805</b>	<b>74.188</b>

## Consolidated Statement of Comprehensive Income

Items (in thousands of Euro)		30.09.2015	30.09.2014
10.	<b>Profit (loss) for the period</b>	<b>148.805</b>	<b>74.188</b>
	<b>Other comprehensive income, net of taxes, without reversal to income statement</b>	<b>95</b>	<b>(85)</b>
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	95	(85)
50.	Non-current assets under disposal:	-	-
60.	Share of reserves from valuation of investments at equity	-	-
	<b>Other comprehensive income, net of taxes, with reversal to income statement</b>	<b>2.624</b>	<b>(8.812)</b>
70.	Hedges of foreign investments	-	-
80.	Exchange differences	191	(166)
90.	Hedges of cash flows	-	-
100.	Available for sale financial assets	2.433	(8.646)
110.	Non-current assets under disposal	-	-
120.	Share of reserves from valuation of investments at equity	-	-
<b>130.</b>	<b>Total other comprehensive income, net of taxes</b>	<b>2.719</b>	<b>(8.897)</b>
<b>140.</b>	<b>Total comprehensive income (item 10+130)</b>	<b>151.524</b>	<b>65.291</b>
150.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
<b>160.</b>	<b>Total consolidated comprehensive income attributable to the parent company</b>	<b>151.524</b>	<b>65.291</b>



## Notes

### Basis of preparation

Pursuant to art. 154-ter of the Consolidated Law on Finance (Leg. Decree no. 58 of 24/2/1998, hereafter the “TUF”) and the Regulation on Issuers no. 11971/99 as subsequently amended, the Banca IFIS Group’s interim report at 30 September 2015 has been drawn up in accordance with the IAS/IFRS in force at that date as issued by the International Accounting Standard Board (IASB) and the related interpretations (IFRICs and SICs), approved by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002. This regulation was implemented in Italy with Legislative Decree no. 38 of 28 February 2005.

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 30 September 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 consolidation is based on the accounts prepared by Group companies at 30 September 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.
- Budget Law's impact: among the provisions of the 2015 Budget Law, the following impacted the determination of Banca IFIS's income tax expense. In particular:
  - Art.1, paragraphs 20-25: article 1, paragraphs 20-25 allows commercial and agricultural companies as well as craftspersons and professionals to deduct all costs for employees on open-ended contracts from the IRAP (Italian regional tax on productive activities) tax base; the provision is effective for fiscal years beginning after 31 December 2014.
  - Art. 1, paragraph 22 repeals paragraphs 1 and 4 of Art. 2 in Italian Legislative Decree no. 66/2014, which had lowered IRAP tax rates by approximately 10%. This amendment impacted the income tax expense for the year ended 31 December 2014, as it retroactively repeals the previous tax rate reduction.
  - Italian Legislative Decree no. 83/2015 changed once again the rules for deducting bad debt and impairment losses. Effective from the annual period ending 31 December 2015, banks will be able to fully deduct credit losses in the first year they are accrued, as opposed to the current option to deduct 1/5 of them each year. However, in the first annual period the provision is effective—2015 for the vast majority of banks—banks can immediately deduct 75% of bad debt and impairment losses. The remaining 25% can be deducted (with diversified tax rates) over the following ten years. This regulatory change does not impact the Group's tax rate, but does affect the current tax expense.

### Operating performance

#### Comment by the CEO

The results confirm that the strategy adopted by the Bank is sustainable and profitable, with all business areas increasing their margins. The acceleration in the performance of the *non-performing loans* sector, where the Bank is the leader, is particularly impressive. We will continue developing the potential of the various business units also in the fourth quarter, thanks to our capital and liquidity position as well as, and most importantly, the trust of clients and stakeholders.

## 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](http://www.bancaifis.it) for complete details.

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

Here below is a summary of the most important events:

### Sale and repurchase of government bond portfolio

Based on trends in market rates recorded in April 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 found it expedient to rearrange part of the Italian government bond portfolio. It kept its size unchanged, but slightly increased the average maturity: the most distant maturity is now 2020 (as opposed to 2018 before the transactions). The whole portfolio consists of floating-rate or inflation-indexed bonds.

The sale of the portfolio, completed in April, contributed 124 million Euro to gross profit for the period.

### The new business unit: “Pharmacies”

On 17 June 2015, the Bank launched “Pharmacies”, the new business unit integrated within the existing “Banca IFIS Pharma” area.

This unit aims to meet the medium-term financing needs of over 15.000 pharmacies throughout the country using a new instrument: **medium-term financing** to support trade payables. Designed for retail entrepreneurs, this instrument allows pharmacists to take out loans backed by their accounts receivable.

Thanks to its consolidated know-how and extensive knowledge of the market, bolstered by the addition of a **team of professionals** with years of experience in the industry, Banca IFIS combines two specialist skills in this business unit: business lending—using factoring to mitigate credit risks—and the presence in the pharmaceutical and health care sector of *Banca IFIS Pharma*, which specialises in management solutions for companies wishing to factor receivables due from Italy's National Health Service and Public Administration.

## Group financial and income results

## Statement of financial positions items

MAIN STATEMENT OF FINANCIAL POSITION ITEMS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
Available for sale financial assets	3.677.850	243.325	3.434.525	1.411,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Due from banks	246.991	274.858	(27.867)	(10,1)%
Loans to customers	3.176.172	2.814.330	361.842	12,9%
Property, plant and equipment and intangible assets	59.168	57.238	1.930	3,4%
Other assets	84.507	92.180	(7.673)	(8,3)%
<b>Total assets</b>	<b>7.244.688</b>	<b>8.309.294</b>	<b>(1.064.606)</b>	<b>(12,8)%</b>
Due to banks	537.898	2.258.967	(1.721.069)	(76,2)%
Due to customers	5.900.458	5.483.474	416.984	7,6%
Other liabilities	249.320	129.003	120.317	93,3%
Equity	557.012	437.850	119.162	27,2%
<b>Total liabilities and equity</b>	<b>7.244.688</b>	<b>8.309.294</b>	<b>(1.064.606)</b>	<b>(12,8)%</b>

**Available for sale (AFS) financial assets**

**Available for sale (AFS) financial assets** include debt and equity securities and stood at 3.677,9 million Euro at 30 September 2015, compared to 243,3 million Euro at the end of 2014. This was attributable to the reclassification of financial assets previously classified as HTM to this category, which was related to the rearrangement of the government bond portfolio completed in April 2015, as commented in the paragraph Significant events occurred in the period. The relevant valuation reserve, net of taxes, was positive to the tune of 8,4 million Euro at 30 September 2015 (positive to the tune of 6,0 million Euro at 31 December 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 due to the mentioned rearrangement of the government bond portfolio, which caused all HTM securities to be reclassified to AFS. See the comments in the paragraph Significant events occurred in the period.

**Receivables due from banks**

At 30 September 2015, **receivables due from banks** totalled 247,0 million Euro, compared to 274,9 million Euro at 31 December 2014 (-10,1%). This item includes some securities not listed on an active market with banking counterparties, totalling 5 million Euro (-54,5% compared to 31 December 2014), and treasury loans with other lenders, amounting to 225,9 million Euro (-14,4% compared to 31 December 2014), largely related to maintaining excess liquidity in the system.

There are also 16,1 million Euro in receivables referring to the Tax Receivables sector but classified under this item because of the nature of the counterparty that originated the receivable.

## 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

The amount of debt securities in the portfolio at 30 September 2015 was 3.677,4 million Euro, down 27,4% from 31 December 2014 (5.068,3 million Euro) because of the bonds redeemed at maturity. This significant resource allowed and continues allowing 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	
	30.09.2015	31.12.2014	ABSOLUTE	%
<b>DEBIT SECURITIES INCLUDED UNDER:</b>				
Available for sale financial assets	3.672.423	229.868	3.442.555	1.497,6%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Receivables due from banks - bonds	5.012	11.025	(6.013)	(54,5)%
<b>Total securities held</b>	<b>3.677.435</b>	<b>5.068.256</b>	<b>(1.390.821)</b>	<b>(27,4)%</b>

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

Issuer/Maturity	Within 30.09.2015	1st HALF 2016	2nd HALF 2016	2017	Between 1.01.2018 and 31.12.2020	Total
Government securities	716.039	40.982	717.490	-	2.197.912	3.672.423
% of total	19,5%	1,1%	19,5%	0,0%	59,8%	99,9%
Banks	-	-	5.012	-	-	5.012
% of total	0,0%	0,0%	0,1%	0,0%	0,0%	0,1%
<b>Total</b>	<b>716.039</b>	<b>40.982</b>	<b>722.502</b>	<b>-</b>	<b>2.197.912</b>	<b>3.677.435</b>
<b>% of total</b>	<b>19,5%</b>	<b>1,1%</b>	<b>19,6%</b>	<b>0,0%</b>	<b>59,8%</b>	<b>100,0%</b>

### Equity portfolio

Available for sale financial assets include equity securities relating to non-controlling interests in unlisted companies, amounting to 5,4 million Euro (-59,7% compared to 31 December 2014), which are considered strategic for Banca IFIS. This change was largely attributable to the 8,2 million Euro write-down of the equity interests in two investees after they were tested for impairment.

## Loans to customers

At 30 September 2015, total **loans to customers** reached 3.176,2 million Euro, up by 12,9% compared to 2.814,3 million Euro at the end of 2014. Specifically, trade receivables reached 2.658,7 million Euro, up 203,7 million Euro from the end of 2013 (+8,3%). Receivables due from Italy's Public Administration at 30 September 2015 accounted for 31,0% of total receivables in the segment, compared to 27,1% at 31 December 2014, while receivables due from the private sector accounted for 69,0% (compared to 72,9% at 31 December 2014). Distressed retail loans rose by 126,5 million Euro (+93,4%) to 261,9 million Euro, thanks to the several acquisitions of portfolios made during the period. Tax receivables were down 5,6 million Euro to 113,9 million Euro (-4,7%), as the Group received payments on two significant exposures. However, it should be noted that the receivables managed by the Tax Receivables sector totalled 130,0 million Euro (+8,8% compared to 31 December 2014), as they include also a 16,1 million Euro position classified under receivables due from banks because of the counterparty that originated the receivable. As for the Governance and Services segment, loans to customers were up 37,3 million Euro to 141,7 million Euro (+35,7%), largely due to margin lending with Cassa Compensazione e Garanzia (CC&G) related to repurchase agreements in government bonds on the MTS platform.

LOANS TO CUSTOMERS: BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
Trade receivables	2.658.728	2.455.052	203.676	8,3%
- of which impaired	134.803	112.628	22.175	19,7%
Distressed retail loans	261.889	135.429	126.460	93,4%
- of which impaired	261.874	135.426	126.448	93,4%
Tax receivables	113.892	119.473	(5.581)	(4,7)%
- of which impaired	-	34	(34)	(100,0)%
Governance and services	141.663	104.376	37.287	35,7%
- of which with Cassa di Compensazione e Garanzia	139.744	102.707	37.037	36,1%
- of which receivable repurchase agreements	<b>3.176.172</b>	<b>2.814.330</b>	<b>361.842</b>	<b>12,9%</b>
<b>Total loans to customers</b>	<b>396.677</b>	<b>248.088</b>	<b>148.589</b>	<b>59,9%</b>

The breakdown of loans to customers is essentially in line with the Trade Receivables segment, with 29,5% of receivables due from the Public Administration (compared to 27,9% at 31 December 2014) and 70,5% 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 Group's strategy to support working capital. On average, it takes 3 months to collect receivables due from private sectors entities and approximately 4 months for those due from the Public Administration.

Finally, it should be noted that the item includes 5 positions, for a total amount of 297,5 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, particular attention was paid to past due exposures, considerably improving their situation.

Total **net non-performing exposures**, also due to the recent acquisitions in the DRL segment, amounted to 396,7 million Euro at 30 September 2015, compared to 248,1 million Euro at the end of 2014 (+59,9%).

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 restated net non-performing exposures at 31 December 2014 according to the new definitions of the Bank of Italy.

Here below is the reclassification of outstanding 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	30.09.2015
Bad loans	103.138	Bad loans	103.138	173.801
Restructured loans	14.374	Unlikely to pay	109.152	165.200
Subjective substandard loans	94.778	Unlikely to pay		
Objective substandard loans	8.450	Past due exposures	35.798	57.676
Past due loans	27.348	Past due exposures		
<b>Total net non-performing exposures</b>	<b>248.088</b>	<b>Total net non-performing exposures</b>	<b>248.088</b>	<b>396.677</b>

FORBEARANCE (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	CONSOLIDATED TOTAL.
Bad loans				
Figures at 30.09.2015	74	16.403	-	16.477
Figures at 31.12.2014	-	6.189	-	6.189
Change %	n.a.	165,0%	-	166,2%
Unlikely to pay				-
Figures at 30.09.2015	16.776	18.027	-	34.803
Figures at 31.12.2014	14.354	6.197	-	20.551
Change %	16,9%	190,9%	-	69,3%
Past due exposures				-
Figures at 30.09.2015	5.633	-	-	5.633
Figures at 31.12.2014	-	-	-	-
Change %	n.a.	-	-	n.a.
Net performing loans to customers				-
Figures at 30.09.2015	3.410	5	-	3.415
Figures at 31.12.2014	1.968	-	-	1.968
Change %	73,3%	n.a.	-	73,5%



**Net non-performing exposures in the trade receivables segment**, which actually determine the Bank's overall credit quality, rose 19,7% from 112,6 million Euro at the end of 2014 to 134,8 million Euro. Net non-performing exposures accounted for 5,1% of all trade receivables, slightly up from 4,6% at 31 December 2014, and totalled 24,2% (25,7% in December 2014) as a proportion of the Group's equity.

CREDIT QUALITY (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	CONSOLIDATED TOTAL
Bad loans					
Figures at 30.09.2015	34.587	139.214	-	-	173.801
Figures at 31.12.2014	33.049	70.089	-	-	103.138
Change %	4,7%	98,6%	-	-	68,5%
Unlikely to pay					-
Figures at 30.09.2015	42.540	122.660	-	-	165.200
Figures at 31.12.2014	43.781	65.337	34	-	109.152
Change %	(2,8)%	87,7%	(100,0)%	-	51,3%
Past due exposures					-
Figures at 30.09.2015	57.676	-	-	-	57.676
Figures at 31.12.2014	35.798	-	-	-	35.798
Change %	61,1%	-	-	-	61,1%
<b>Total non-performing exposures</b>					
<b>Figures at 30.09.2015</b>	<b>134.803</b>	<b>261.874</b>	<b>-</b>	<b>-</b>	<b>396.677</b>
<b>Figures at 31.12.2014</b>	<b>112.628</b>	<b>135.426</b>	<b>34</b>	<b>-</b>	<b>248.088</b>
<b>Change %</b>	<b>19,7%</b>	<b>93,4%</b>	<b>(100,0)%</b>	<b>-</b>	<b>59,9%</b>
Net performing loans to customers					-
Figures at 30.09.2015	2.523.925	15	113.892	141.663	2.779.495
Figures at 31.12.2014	2.342.424	3	119.439	104.376	2.566.242
Change %	7,7%	-	(4,6)%	35,7%	8,3%
<b>Total loans to customers (cash)</b>					
<b>Figures at 30.09.2015</b>	<b>2.658.728</b>	<b>261.889</b>	<b>113.892</b>	<b>141.663</b>	<b>3.176.172</b>
<b>Figures at 31.12.2014</b>	<b>2.455.052</b>	<b>135.429</b>	<b>119.473</b>	<b>104.376</b>	<b>2.814.330</b>
<b>Change %</b>	<b>8,3%</b>	<b>93,4%</b>	<b>(4,7)%</b>	<b>35,7%</b>	<b>12,9%</b>

Here below is the breakdown of the Group's net non-performing exposures in the trade receivables segment alone:

At 30 September 2015, **net bad loans** amounted to 34,6 million Euro, compared to 33,0 million Euro in December 2014; the segment's net bad-loan ratio was 1,3%, unchanged from 31 December 2014.

The balance of **net unlikely to pay**, the category including loans previously recognised as subjective substandard or restructured loans, was 42,5 million Euro at 30 September 2015, compared to 43,8 million Euro at 31 December 2014 (-2,8%). The decline was largely attributable to the improved coverage ratio, rising from 24,5% at 31 December 2014 to 27,1% at 30 September 2015, thanks to the Bank's rigorous assessment policy.

**Net past due exposures**, which, according to the definition of the Bank of Italy, include also objective substandard loans in addition to exposures already classified as past due, amounted to 57,7 million Euro at 30 September 2015, compared to 35,8 million Euro in December 2014 (+61,1%). The increase was largely attributable to the addition of some individually significant positions to this category. Changes in past due exposures are a normal part of the Bank's business model. Net past due exposures refer for 1,9 million Euro (3,9 million Euro at the end of 2014) to receivables due from the Public Administration purchased outright as part of financing operations.

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS <sup>(1)</sup>	UNLIKELY TO PAY	PAST DUE	TOTAL
<b>BALANCE AT 30.09.2015</b>				
Gross amount	260.503	58.393	59.315	378.211
<i>Incidence on gross total receivables</i>	8,9%	2,0%	2,0%	13,0%
Adjustments	225.916	15.853	1.639	243.408
<i>Incidence on gross value</i>	86,7%	27,1%	2,8%	64,4%
Net amount	34.587	42.540	57.676	134.803
<i>Incidence on net total receivables</i>	<b>1,3%</b>	<b>1,6%</b>	<b>2,2%</b>	<b>5,1%</b>
<b>BALANCE AT 31.12.2014</b>				
Gross amount	243.729	57.982	37.301	339.012
<i>Incidence on gross total receivables</i>	9,1%	2,2%	1,4%	12,6%
Adjustments	210.680	14.201	1.503	226.384
<i>Incidence on gross value</i>	86,4%	24,5%	4,0%	66,8%
Net amount	33.049	43.781	35.798	112.628
<i>Incidence on net total receivables</i>	<b>1,3%</b>	<b>1,8%</b>	<b>1,5%</b>	<b>4,6%</b>

(1) As far as **bad loans** are concerned, Banca IFIS enters its gross bad loans, recognised in the financial statements net of the related specific value adjustment funds, up to the point in which all legal credit collection procedures have been entirely completed.

**Intangible assets and property, plant and equipment and investment property**

**Intangible assets** totalled 7,0 million Euro, compared to 6,6 million Euro at 31 December 2014 (+7,2%).

The item refers to software (6,2 million Euro) as well as goodwill (823 thousand Euro) arising from the consolidation of the investment in IFIS Finance Sp.Z o.o.

**Property, plant and equipment and investment property** totalled 52,1 million Euro, compared to 50,7 million Euro at the end of 2014 (+2,9%).

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 residual value at the end of its useful life, estimated on the basis of an independent appraisal, is expected to be higher than its carrying amount.

There are also two buildings in Florence: the first, worth 3,9 million Euro, was acquired under a finance lease and is the current head office of the NPL business area; the second, measured at 11,6 million Euro—including the restructuring costs incurred to date—will become the new head office of said area.

Properties 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 38,0 million Euro at 30 September 2015, refer for 36 million Euro to impairment losses on receivables that can be deducted in the following years.

Deferred tax liabilities, amounting to 15,2 million Euro at 30 September 2015, refer for 5,7 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 4,2 million Euro to taxes on the valuation reserve for AFS securities held in the portfolio.

**Other assets and liabilities**

Other assets amounted to 45,1 million Euro at 30 September 2015 (-13,0% from 31 December 2014). This line item referred for 9,6 million Euro to receivables due from Italian tax authorities for payments on account (stamp duty and withholding taxes), and for 7,1 million Euro to an escrow account held with the Italian Revenue Agency concerning a pending appeal in an outstanding tax dispute (as described in section 12 under liabilities, Provisions for risks and charges). The Bank voluntarily set up said account to allow the Fast Finance Business Area to collect tax receivables as usual; the Bank can simply request for it to be returned.

Other liabilities, totalling 221,8 million Euro at the end of the period, were up 110,7 million Euro, mainly related to payables due to the parent La Scogliera S.p.A. under the tax consolidation regime and 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 (mostly 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)	AMOUNTS AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
<b>Due to customers:</b>	<b>5.900.458</b>	<b>5.483.474</b>	<b>416.984</b>	<b>7,6%</b>
<i>Repurchase agreements</i>	2.840.537	2.082.854	757.683	36,4%
<i>Rendimax</i>	2.884.657	3.241.746	(357.089)	(11,0)%
<i>Contomax</i>	62.761	72.454	(9.693)	(13,4)%
<i>Other payables</i>	112.503	86.420	26.083	30,2%
<b>Due to banks:</b>	<b>537.898</b>	<b>2.258.967</b>	<b>(1.721.069)</b>	<b>(76,2)%</b>
<i>Eurosystem</i>	119.746	2.226.872	(2.107.126)	(94,6)%
<i>Repurchase agreements</i>	390.410	-	390.410	n.a.
<i>Other payables</i>	27.742	32.095	(4.353)	(13,6)%
<b>Total funding</b>	<b>6.438.356</b>	<b>7.742.441</b>	<b>(1.304.085)</b>	<b>(16,8)%</b>

Total **funding**, which amounted to 6.438,4 million Euro at 30 September 2015, down 16,8% compared to 31 December 2014, is represented for 91,6% by **Payables due to customers** (compared to 70,8% at 31 December 2014) and for 8,4% by **Payables due to banks** (compared to 29,2% at 31 December 2014).

**Payables due to customers** at 30 September 2015 totalled 5.900,5 million Euro (+7,6% 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 2.840,5 million Euro (compared to 2.082,9 million Euro at the end of 2014). **Retail funding** totalled 2.947,4 million Euro at 30 September 2015, including 2.884,7 from rendimax and 62,7 million Euro from contomax, compared to 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 537,9 million Euro (compared to 2.259,0 million Euro at 31 December 2014, -76,2%), mainly consisted of 390,4 million Euro in funding from repurchase agreement transactions with underlying government bonds and 119,7 million Euro from refinancing operations on the Eurosystem (-94,6% from 2.226,9 million Euro at 31 December 2014). This 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 consists of interbank deposits, including 5,0 million Euro on the E-Mid platform. 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.

## Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
Legal disputes	1.572	1.527	45	2,9%
Tax litigation	197	-	197	n.a.
FITD provisions (Deposit Protection Fund)	461	461	-	0,0%
<b>Total provisions for risks and charges</b>	<b>2.230</b>	<b>1.988</b>	<b>242</b>	<b>12,2%</b>

*Legal disputes*

The provision outstanding at 30 September 2015, amounting to 1,6 million Euro, includes 45 thousand Euro for a labour dispute, 1.501 thousand Euro for twelve disputes concerning the Trade Receivables segment and 26 thousand Euro for five disputes concerning the DRL segment.

Overall, the Bank recognises contingent liabilities amounting to 11,8 million Euro in claims, represented by 16 disputes: 12 refer to disputes concerning the Trade Receivables segment, for a total of 11,6 million Euro, and 2 to employees, for a total of 0,2 million Euro. The Bank, supported by the legal opinion of its lawyers, made no provisions for these positions, as the risk of defeat is considered possible.

*Tax dispute*

The 197 thousand Euro provision outstanding at 30 September 2015 consists in the amount set aside for the verification notices the Bank received and appealed: the tax advisers handling the dispute believe the risk of defeat is probable.

Here below are the contingent liabilities outstanding at 30 September 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).

With 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 regarding said verification notice was discussed before the first-level Provincial Tax Commission of Venice. On 29 June 2011, the Commission rejected the appeal. Subsequently, the company filed an appeal with the Regional Tax Commission against this ruling, which was discussed 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. This notification revised the income for the year 2005 subject to the corporate income tax (IRES), applying the anti-avoidance provision as set out in art. 37-bis of Presidential Decree 600/73 to the write-down of the equity investment in Immobiliare Marocco S.p.A. carried out in 2005, 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 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 due in relation to the year 2005. In addition, it 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. Therefore, the overall amount subjected to taxation in the verification notice for the year 2005 totals 8,6 million Euro, raising the tax liability by 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.

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. The hearing before the first-level Provincial Tax Commission was scheduled for 24 April 2015, and then adjourned to 18 March 2016.

The tax consultants hired to resolve the dispute for both fiscal years reasonably believe they can validly defend the Bank's case, considering the risk of defeat as possible. Thus, in

accordance with IAS 37, the Bank did not make any provisions for the tax proceedings concerned.

#### *Others*

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, based in Ascoli Piceno. The relevant potential obligation for Banca IFIS amounts to 0,5 million Euro. Therefore, Banca IFIS allocated said amount to the provisions for risks and charges.

In addition, during 2015 European lawmakers introduced significant changes to the framework for managing banking crises by passing the Directives 2014/49/EU (Deposit Guarantee Schemes Directive – DGS) of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive - BRRD) of 15 May 2014 as well as establishing the Single Resolution Mechanism (EU Regulation no. 806/2014 of 15 July 2014). The goal is bolstering the single market and systemic stability, as detailed below.

Deposit Guarantee Schemes - DGS: the goal is to harmonise the level of protection offered by the local DGSs (in Italy, the Interbank Deposit Protection Fund – FITD, *Fondo Interbancario di Tutela dei Depositi*) by eliminating any differences between EU Member States. The directive 2014/49/EU establishes that the DGS must guarantee depositors will be reimbursed, while leaving the definition of further measures to individual Member States. The DGS is funded with ex ante annual contributions from banks. This funding mechanism, which was not mandatory under the previous model, represents a considerable expense for Italian banks compared to the current system, based on ex post contributions. Banks will contribute to the scheme in proportion to their covered deposits as well as according to their risk profiles, determined with one of the methods defined by the EBA. The fund must reach its minimum target level by 3 July 2024. The target funding level the DGS must reach (in the span of 10 years) is 0,8% of covered deposits. Up to 30% of this target level can consist of payment commitments backed by adequate collateral.

Single Resolution Fund – SFR: the directive 2014/59/EU, which applies to all banks, governs crisis prevention and early intervention measures as well as resolution processes, harmonising the powers of the Supervisory Authorities involved. The directive's underlying principle is that the costs of failing banks should fall on shareholders first (to be diluted or wiped out) and creditors second (through write-downs and bail-ins). In addition to these mechanisms, there is a resolution fund financed with annual contributions from the very entities that may be resolved. The fund is governed by Regulation (EU) 806/2014 of 15 July 2014. The target level, set at 1% of the amount of covered deposits of all credit institutions authorised in participating Member States, must be reached in 8 years (between 2016 and 2023). Therefore, in accordance with the Directive, in 2015 Italian banks will pay into a national resolution fund. Then, starting from 2016, the various national funds will be pooled into the Single Resolution Fund pursuant to Regulation (EU) 806/2014.

As these directives are yet to be transposed into Italian law, and given the lack of details on the method for calculating contributions, at 30 September 2015 the Bank has not made any provision. This aspect will be reviewed during the fourth quarter of 2015, when the Directives are expected to be transposed.

### Equity and capital adequacy ratios

At 30 September 2015, consolidated Equity was 557,0 million Euro, compared to 437,8 million Euro at 31 December 2014 (+27,2%). 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)	AMOUNTS AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
Capital	53.811	53.811	-	0,0%
Share premiums	58.834	57.113	1.721	3,0%
Valuation reserve:	2.610	(109)	2.719	(2.494,5)%
- AFS securities	8.402	5.969	2.433	40,8%
- post-employment benefit	(167)	(262)	95	(36,3)%
- exchange differences	(5.625)	(5.816)	191	(3,3)%
Reserves	298.783	237.874	60.909	25,6%
Treasury shares	(5.831)	(6.715)	884	(13,2)%
Profit for the period	148.805	95.876	52.929	55,2%
<b>Equity</b>	<b>557.012</b>	<b>437.850</b>	<b>119.162</b>	<b>27,2%</b>

EQUITY: CHANGES	(in thousands of Euro)
<b>Equity at 31.12.2014</b>	<b>437.850</b>
<b>Increases:</b>	<b>154.181</b>
Profit for the period	148.805
Sale of treasury instruments	2.605
Change in valuation reserve:	2.719
- AFS securities	2.433
- post-employment benefit	95
- exchange differences	191
Other variations	52
<b>Decreases:</b>	<b>35.019</b>
Dividends distributed	35.019
<b>Equity at 30.09.2015</b>	<b>557.012</b>

The change in the valuation reserve for AFS securities recognised in the period was the result of the mentioned sale of part of the portfolio, which caused the Bank to reduce the reserve.

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	
	30.09.2015	31.12.2014
Common equity Tier 1 Capital (CET1) <sup>(1)</sup>	469.251	387.221
Tier 1 Capital (T1)	478.195	389.769
<b>Total own funds</b>	<b>490.121</b>	<b>396.190</b>
<b>Total RWA</b>	<b>3.059.029</b>	<b>2.787.920</b>
Common Equity Tier 1 Ratio	15,34%	13,89%
Tier 1 Capital Ratio	15,63%	13,98%
<b>Total own funds Capital Ratio</b>	<b>16,02%</b>	<b>14,21%</b>

(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 calculate the total own funds and capital absorption, this regulatory framework requires for the inclusion of 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 4,3 million Euro.

## Income statements items

### Formation of net banking income

**Net banking income** amounted to 327,1 million Euro, +55,2% compared to the prior-year period. The 210,8 million Euro increase was attributable to the surge in the DRL (+49,0%) and Tax Receivables (+41,5%) segments, as well as the gains related to the rearrangement of part of the AFS portfolio completed in April 2015 (gross 124,0 million Euro). This was partly offset by the ensuing decline in the margins on said assets.

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	158.673	166.782	(8.109)	(4,9)%
Net commission income	43.959	43.582	377	0,9%
Net result from trading	(23)	171	(194)	(113,5)%
Profit from sale or buyback of AFS financial assets	124.500	231	124.269	53.796,1%
<b>Net banking income</b>	<b>327.109</b>	<b>210.766</b>	<b>116.343</b>	<b>55,2%</b>

The net banking income of the trade receivables segment (118,9 million Euro compared to 116,0 million Euro in the first half of 2014, +2,5%) largely referred to the Credi Impresa Futuro and Pharma business areas.

Credi Impresa Futuro's results were substantially in line with the same period in 2014 (+1,8%). The Pharma business area's net banking income rose 3,4% year-on-year. This result continued to be affected by the decline in purchase commissions charged to the seller and classified as interest income: since late 2014, the Pharma business area has changed its market approach, buying packages of receivables at par value (or slightly below par). Therefore, the Bank makes profits on the interest accrued on late payments, conservatively recognising it below the rate of interest on arrears in the case of voluntary payments, as well as settlements entered into in the period. The Bank is currently improving the accounting for this component in accordance with the reference regulatory framework to better reflect the actual profitability of this business area.

The trade receivables segment reported a turnover of 7,3 billion Euro (+25,1% from September 2014), outstanding loans totalling 2,7 billion Euro (+8,3% from December 2014), and a 5% rise in the number of financed SMEs compared to the first half of the previous year.

Net banking income in the DRL segment, which deals with acquiring and managing unsecured non-performing exposures, grew significantly to 29,8 million Euro, compared with 20,0 million Euro in the prior-year period (+49,0%). The excellent performance was the result of the robust trend in bills of exchange and expressions of willingness—rising 25,9% overall (134,2 million Euro compared to 106,6 million Euro at 30 September 2014)—and the acceleration in the Legal Factory's judicial collection operations.

It should be noted that net banking income alone is not representative of the DRL segment's 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, which are recognised under net impairment losses/reversals on receivables.

The Tax Receivables segment generated 11,5 million Euro (8,1 million Euro in the prior-year period 2014, +41,5%), thanks largely to the considerable amounts collected during the period and the reduction in debt collection times compared to initial estimates.

The Governance and Services segment posted 166,8 million Euro, compared to 66,6 million Euro at 30 September 2014 (+150,6%). The gain on the securities sold as part of the mentioned

rearrangement of the government bond portfolio contributed to this result. This was partly offset by the ensuing decline in the margins on said assets. The segment improved its profitability thanks to lower retail funding costs – the result of a planned reduction in funding and interest rates. The trend is expected to climb slightly upward because of the new 3-, 4- and 5-year maturities recently launched on the market.

In the **third quarter**, net banking income stood at 62,4 million Euro, compared to 67,8 million Euro in the third quarter of 2014 (-7,9%). Trade receivables contributed 41,7 million Euro (vs. 37,4 million Euro, +11,3%), the DRL segment contributed 10,4 million Euro (vs. 7,1 million Euro, +47,1%), tax receivables contributed 4,0 million Euro (vs. 3,8 million Euro, +5,8%), and the Governance and Services segment contributed 6,4 million Euro compared to 19,5 million Euro in the prior-year period (-67,4%).

**Net interest income** went from 166,8 million Euro at 30 September 2014 to 158,7 million Euro at 30 September 2015 (-4,9%).

**Net commission income** totalled 44,0 million Euro and was essentially in line with the amount at 30 September 2014 (+0,9%).

Commission income, totalling 47,2 million Euro compared to 48,8 million Euro at 30 September 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 3,2 million Euro compared to 5,2 million Euro at 30 September 2014, came primarily from approved banks' brokering, the work of other credit brokers, and commissions paid to correspondent banks and factors. The amount at 30 September 2014 included the commissions paid on bonds guaranteed by the Italian Governments, which were settled in October 2014.

**Net profit from trading**, amounting to 23 thousand Euro at 30 September 2015 compared to 171 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)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
<b>Net banking income</b>	<b>327.109</b>	<b>210.766</b>	<b>116.343</b>	<b>55,2%</b>
Net impairment losses on:	(22.104)	(29.654)	7.550	(25,5)%
Receivables	(13.855)	(29.654)	15.799	(53,3)%
Available for sale financial assets	(8.249)	-	(8.249)	n.a.
<b>Net profit from financial activities</b>	<b>305.005</b>	<b>181.112</b>	<b>123.893</b>	<b>68,4%</b>

**Net impairment losses** totalled 22,1 million Euro overall. 13,9 million Euro referred to loans to customers (compared to 29,7 million Euro at 30 September 2014, -53,3%), and 8,2 million Euro to available for sale financial assets. As for **net impairment losses on receivables**, the

consistently downward trend is attributable to, on the one hand, the Bank's rigorous policy concerning the assessment of the counterparty's credit risk, and on the other, the continuous monitoring of how this risk profile evolves: this allows addressing potential collection problems early on, boosting credit quality indicators. The decrease in impairment losses resulted in a significant improvement in the ratio of credit risk cost concerning trade receivables to the relevant average loan balance over the last 12 months, down to 79 bps from 231 bps at 30 September 2014.

The bad-loan ratio in the trade receivables segment was unchanged from 1,3% at 31 December 2014.

The bad-loan coverage ratio of the trade receivables segment was 86,7%, up from 86,4% at 31 December 2014.

**Net impairment losses on available for sale financial assets**, totalling 8,2 million Euro at 30 September 2015 (0 in the prior-year period), referred to impairment losses recognised on two unlisted equity instruments after testing them for impairment.

The Group's **net profit from financial activities** was 305,0 million Euro (181,0 million Euro net of the mentioned rearrangement of the government bond portfolio), compared to 181,1 at 30 September 2014 (68,4%).

The net profit from financial activities in the Trade Receivables segment rose 21,1% to 104,2 million Euro compared to 86,0 million Euro in the prior-year period, largely because of the improved credit quality; the DRL segment stood at 30,9 million Euro, compared to 20,3 million at 30 September 2014 (+52,2%), due to the new collection methods introduced in the DRL segment by the CrediFamiglia brand; the Tax Receivables segment stood at 11,4 million Euro, compared to 8,3 million at 30 September 2014, up 37,9% for the reasons already explained in the "net banking income" section. Finally, net profit from financial activities in the Governance and Services segment, excluding the impact of the mentioned rearrangement of the government bond portfolio, fell 48,1% to 34,6 million Euro, compared to 66,6 million Euro in the prior-year period.

In the **third quarter**, net profit from financial activities totalled 57,2 million Euro (compared to 59,3 million Euro in the third quarter of 2014). Trade receivables contributed 40,4 million Euro (compared to 29,9 million Euro in the third quarter of 2014, +35,2%); the DRL segment contributed 10,7 million Euro (+79,2% compared to 6,0 million Euro in the prior-year period); tax receivables contributed 3,8 million Euro (-2,9% compared to 4,0 million Euro in the third quarter of 2014); and the Governance and Services segment totalled 2,4 million Euro, compared to 19,5 million Euro at 30 September 2014 (-88,0%).

### Formation of profit for the period

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

FORMATION OF PROFIT FOR THE PERIOD (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
<b>Net profit from financial activities</b>	<b>305.005</b>	<b>181.112</b>	<b>123.893</b>	<b>68,4%</b>
Operating costs	(80.784)	(69.685)	(11.099)	15,9%
<b>Pre-tax profit from continuing operations</b>	<b>224.221</b>	<b>111.427</b>	<b>112.794</b>	<b>101,2%</b>
Income tax expense	(75.416)	(37.239)	(38.177)	102,5%
<b>Profit for the period</b>	<b>148.805</b>	<b>74.188</b>	<b>74.617</b>	<b>100,6%</b>

At 30 September 2015, **operating costs** were up 15,9% overall, from 69,7 million Euro at 30 September 2014 to 80,8 million Euro.

The **cost/income ratio** stood at 24,7% at 30 September 2015 (39,8% excluding the gain on the rearrangement of the government bond portfolio from net banking income), compared to 33,1% at 30 September 2014.

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Personnel expenses	36.076	31.528	4.548	14,4%
Other administrative expenses	43.409	35.310	8.099	22,9%
Allocation to provisions for risks and charges	242	2.102	(1.860)	(88,5)%
Net impairment losses on tangible and intangible assets	2.701	2.373	328	13,8%
Other operating income (expenses)	(1.644)	(1.628)	(16)	1,0%
<b>Total operating costs</b>	<b>80.784</b>	<b>69.685</b>	<b>11.099</b>	<b>15,9%</b>

At 36,1 million Euro, **personnel expenses** rose 14,4% (31,5 in 2014) due to new hiring – 140 new staff added in the first nine months of 2015, up 57,3% compared to the same period in 2014 – consistently with the goal to strengthen some areas and services supporting the business and the scenario in which the Group operates. At 30 September 2015, the Group's employees numbered 707.

**Other administrative expenses** totalled 43,4 million Euro, up 22,9% from 30 September 2014, largely because of higher business volumes in the DRL segment. The collection costs related to funding as well as the cost of gathering information on clients (7,1 million Euro and 3,4 million Euro, respectively) are included in this item of the income statement. Also consulting fees rose due to the re-engineering of business processes and the internal control system (to comply with new prudential regulations for banks concerning the internal control and IT system as well as business continuity).

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
<b>Expenses for professional services</b>	<b>17.946</b>	<b>11.822</b>	<b>6.124</b>	<b>51,8%</b>
Legal and consulting services	9.618	6.759	2.859	42,3%
Auditing	153	223	(70)	(31,4)%
Outsourced services	8.175	4.840	3.335	68,9%
<b>Direct and indirect taxes</b>	<b>6.094</b>	<b>8.310</b>	<b>(2.216)</b>	<b>(26,7)%</b>
<b>Expenses for purchasing non-professional goods and services</b>	<b>19.369</b>	<b>15.178</b>	<b>4.191</b>	<b>27,6%</b>
Customer information	4.405	2.243	2.162	96,4%
Property expenses	3.234	2.608	626	24,0%
Postage of documents	2.628	1.463	1.165	79,6%
Software assistance and hire	2.146	2.195	(49)	(2,2)%
Car fleet management and maintenance	1.638	1.690	(52)	(3,1)%
Advertising and inserts	1.422	1.352	70	5,2%
Telephone and data transmission expenses	1.087	1.001	86	8,6%
Business trips and transfers	737	645	92	14,3%
Other sundry expenses	2.072	1.981	91	4,6%
<b>Total administrative expenses</b>	<b>43.409</b>	<b>35.310</b>	<b>8.099</b>	<b>22,9%</b>
Expense recovery	(1.486)	(2.107)	621	(29,5)%
<b>Total net other administrative expenses</b>	<b>41.923</b>	<b>33.203</b>	<b>8.720</b>	<b>26,3%</b>

At 30 September 2015, **net allocations to provisions for risks and charges** amounted to 242 thousand Euro (compared to 2,1 million Euro at 30 September 2014). The figure at 30 September 2015 mainly refers to 197 thousand Euro in provisions related to the ongoing tax dispute, 714 thousand Euro in provisions concerning disputes related to Trade Receivables, and 661 thousand Euro in reversals of provisions following the end of the relevant lawsuit, for which Banca IFIS did not have to settle any liability.

**Net impairment losses on intangible assets** largely refer to IT devices, and at 30 September 2015 stood at 1,5 million Euro, +12,0% compared to the prior-year period.

**Net impairment losses on property, plant and equipment and investment property** totalled 1,2 million Euro, compared to 1,0 million Euro at 30 September 2014 (+16,3%).

**Other net operating income** totalled 1,6 million Euro (+1% compared to 30 September 2014) 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 224,2 million Euro, compared to 111,4 million Euro at 30 September 2014.

Income tax expense amounted to 75,4 million Euro, compared to 37,2 million Euro at 30 September 2014. The Group's tax rate went up to 33,6% at 30 September 2015 from 33,4% at 30 September 2014, largely because of the new option to deduct all costs for employees hired on open-ended contracts from the IRAP tax base. This was partially offset by the inability to deduct impairment losses on AFS securities from the IRES tax base.

**Profit for the period** totalled 148,8 million Euro, compared to 74,2 million Euro at 30 September 2014 (up 100,6%).

The corresponding figure for the **third quarter** was 18,0 million Euro (24,1 million Euro in the prior-year period).

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 nine 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	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 30.09.2015	118.943	29.841	11.507	166.818	327.109
Figures at 30.09.2014	116.039	20.033	8.132	66.562	210.766
Change %	2,5%	49,0%	41,5%	150,6%	55,2%
Net profit from financial activities					
Figures at 30.09.2015	104.186	30.869	11.381	158.569	305.005
Figures at 30.09.2014	86.021	20.277	8.252	66.562	181.112
Change %	21,1%	52,2%	37,9%	138,2%	68,4%

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATE D TOTAL
Available for sale financial assets					
Figures at 30.09.2015	-	-	-	3.677.850	3.677.850
Figures at 31.12.2014	-	-	-	243.325	243.325
Change %	-	-	-	1.411,5%	1.411,5%
Held to maturity financial assets					
Figures at 30.09.2015	-	-	-	-	-
Figures at 31.12.2014	-	-	-	4.827.363	4.827.363
Change %	-	-	-	(100,0)%	(100,0)%
Due from banks					
Figures at 30.09.2015	-	-	16.086	230.905	246.991
Figures at 31.12.2014	-	-	-	274.858	274.858
Change %	-	-	-	(16,0)%	(10,1)%
Loans to customers					
Figures at 30.09.2015	2.658.728	261.889	113.892	141.663	3.176.172
Figures at 31.12.2014	2.455.052	135.429	119.473	104.376	2.814.330
Change %	8,3%	93,4%	(4,7)%	35,7%	12,9%
Due to banks					
Figures at 30.09.2015	-	-	-	537.898	537.898
Figures at 31.12.2014	-	-	-	2.258.967	2.258.967
Change %	-	-	-	(76,2)%	(76,2)%
Due to customers					
Figures at 30.09.2015	-	-	-	5.900.458	5.900.458
Figures at 31.12.2014	-	-	-	5.483.474	5.483.474
Change %	-	-	-	7,6%	7,6%



SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover <sup>(1)</sup>				
Figures at 30.09.2015	7.254.606	n.a.	n.a.	n.a.
Figures at 30.09.2014	5.800.054	n.a.	n.a.	n.a.
Change %	25,1%	-	-	-
Nominal amount of receivables managed				
Figures at 30.09.2015	3.342.622	7.486.687	179.762	n.a.
Figures at 31.12.2014	3.101.058	5.630.151	167.834	n.a.
Change %	7,8%	33,0%	7,1%	-
Net bad loans/Loans to customers				
Figures at 30.09.2015	1,3%	53,2%	0,0%	n.a.
Figures at 31.12.2014	1,3%	51,8%	0,0%	n.a.
Change %	(0,0)%	1,4%	-	-
RWA <sup>(2)</sup>				
Figures at 30.09.2015	1.905.555	261.889	41.339	199.023
Figures at 31.12.2014	1.802.978	135.426	37.595	187.560
Change %	5,7%	93,4%	10,0%	6,1%

(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.

## 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 net banking income of the trade receivables segment (118,9 million Euro compared to 116,0 million Euro in the first half of 2014, +2,5%) largely referred to the Credi Impresa Futuro and Pharma business areas.

Credi Impresa Futuro's performance was essentially in line with the prior-year period (+1,8%), generating 5,5 billion euro in turnover (+9,3%). The Pharma business area's net banking income rose 3,4% year-on-year. This result continued to be affected by the decline in purchase commissions charged to the seller and classified as interest income: since late 2014, the Pharma business area has changed its market approach, buying packages of receivables at par value (or slightly below par). Therefore, the Bank makes profits on the interest accrued on late payments, conservatively recognising it below the rate of interest on arrears, as well as settlements entered into in the period. The Bank is currently improving the accounting for this component in accordance with the reference regulatory framework to better reflect the actual profitability of this business area.

Currently, interest income includes a portion (amounting to 747,5 thousand Euro in the period) of interest on arrears accruing from the estimated collection date: the Bank, based on historical data and available information, estimates that at least 20% can be recovered.

At 30 September 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 43,3 million Euro) as well as non-collected receivables (approximately 44,6 million Euro) due from the Public Administration.

The Pharma business area saw a significant increase in the volumes of receivables it manages, reporting a turnover of 1,3 billion Euro – up 169,6% from the end of September 2014.

The trade receivables segment reported a turnover of 7,3 billion Euro (+25,1% from September 2014), outstanding loans totalling 2,7 billion Euro (+8,3% from December 2014), and a 5% rise in the number of financed SMEs compared to the first half of the previous year.

Net impairment losses in the trade receivables segment alone reached 14,8 million Euro, down -50,8%% from 30,0 million Euro at 30 September 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)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	74.061	68.375	5.686	8,3%
Net commission income	44.882	47.664	(2.782)	(5,8)%
<b>Net banking income</b>	<b>118.943</b>	<b>116.039</b>	<b>2.904</b>	<b>2,5%</b>
Net impairment losses on loans and receivables	(14.757)	(30.018)	15.261	(50,8)%
<b>Net profit from financial activities</b>	<b>104.186</b>	<b>86.021</b>	<b>18.165</b>	<b>21,1%</b>

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3 <sup>rd</sup> QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	26.386	21.479	4.907	22,8%
Net commission income	15.282	15.942	(660)	(4,1)%
<b>Net banking income</b>	<b>41.668</b>	<b>37.421</b>	<b>4.247</b>	<b>11,3%</b>
Net impairment losses on loans and receivables	(1.307)	(7.571)	6.264	(82,7)%
<b>Net profit from financial activities</b>	<b>40.361</b>	<b>29.850</b>	<b>10.511</b>	<b>35,2%</b>

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	34.587	33.049	1.538	4,7%
Unlikely to pay	42.540	43.781	(1.241)	(2,8)%
Past due exposures	57.676	35.798	21.878	61,1%
<b>Total net non-performing exposures</b>	<b>134.803</b>	<b>112.628</b>	<b>22.175</b>	<b>19,7%</b>
Net performing exposures	2.523.925	2.342.424	181.501	7,7%
<b>Total loans to customers (cash)</b>	<b>2.658.728</b>	<b>2.455.052</b>	<b>203.676</b>	<b>8,3%</b>

Loans to customers included in this segment are composed as follows: 31% are receivables due from the Public Administration (compared to 27,1% at 31 December 2014) and 69% due from the private sector (compared to 72,9% at 31 December 2014).

Net non-performing exposures rose 19,7% from 112,6 million Euro to 134,8 million Euro, mainly because of the rise in past due exposures. The segment's net bad-loan ratio was 1,3%, unchanged from 31 December 2014, while the ratio of net unlikely to pay to loans fell to 1,6%

from 1,8% at 31 December 2014. The segment's ratio of total net non-performing exposures to loans rose from 4,6% at the end of 2014 to 5,1% at 30 September 2015. Net non-performing exposures amounted to 24,2% as a percentage of equity, compared to 25,7% at 31 December 2014.

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS <sup>(1)</sup>	UNLIKELY TO PAY	PAST DUE	TOTAL
<b>BALANCE AT 30.09.2015</b>				
Gross amount	260.503	58.393	59.315	378.211
<i>Incidence on gross total receivables</i>	8,9%	2,0%	2,0%	13,0%
Adjustments	225.916	15.853	1.639	243.408
<i>Incidence on gross value</i>	86,7%	27,1%	2,8%	64,4%
Net amount	34.587	42.540	57.676	134.803
<i>Incidence on net total receivables</i>	<b>1,3%</b>	<b>1,6%</b>	<b>2,2%</b>	<b>5,1%</b>
<b>BALANCE AT 31.12.2014</b>				
Gross amount	243.729	57.982	37.301	339.012
<i>Incidence on gross total receivables</i>	9,1%	2,2%	1,4%	12,6%
Adjustments	210.680	14.201	1.503	226.384
<i>Incidence on gross value</i>	86,4%	24,5%	4,0%	66,8%
Net amount	33.049	43.781	35.798	112.628
<i>Incidence on net total receivables</i>	<b>1,3%</b>	<b>1,8%</b>	<b>1,5%</b>	<b>4,6%</b>

(1) As far as **bad loans** are concerned, Banca IFIS enters its gross bad loans, recognised in the financial statements net of the related specific value adjustment funds, up to the point in which all legal credit collection procedures have been entirely completed.

KPIs	30.09.2015	30.09.2014	CHANGE	
			ABSOLUTE	%
Turnover	7.254.606	5.800.054	1.454.552	25,1%
Net banking income/ Turnover	1,6%	2,0%	-	(0,4)%

KPIs y/y	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Net bad loans/Loans to customers	1,3%	1,3%	-	-
Coverage ratio on gross bad loans	86,7%	86,4%	-	0,3%
Non-performing exposures /Loans to customers	5,1%	4,6%	-	0,5%
RWA of the sector	1.905.555	1.802.978	102.577	5,7%

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)	AMOUNT AT		CHANGE	
	30.09.2015	31.12.2014	ABSOLUTE	%
Receivables with recourse	2.119.036	2.000.116	118.920	5,9%
<i>of which due from the Public Administration</i>	390.908	391.943	(1.035)	(0,3)%
Receivables without recourse	172.410	201.131	(28.721)	(14,3)%
<i>of which due from the Public Administration</i>	6.953	12.036	(5.083)	(42,2)%
Outright purchases	1.051.176	899.811	151.365	16,8%
<i>of which due from the Public Administration</i>	790.413	655.035	135.378	20,7%
<b>Total receivables</b>	<b>3.342.622</b>	<b>3.101.058</b>	<b>241.564</b>	<b>7,8%</b>
<i>of which due from the Public Administration</i>	<b>1.188.274</b>	<b>1.059.014</b>	<b>129.260</b>	<b>12,2%</b>

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	43,3%	43,4%
Central Italy	25,3%	29,3%
Southern Italy	26,6%	10,9%
Abroad	4,8%	16,4%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>

### 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.

DRL RECEIVABLES PERFORMANCE	(thousands of Euro)
<b>Receivables portfolio at 31.12.2014</b>	<b>135.429</b>
Purchases	117.370
Interest income from amortised cost	18.701
Other components of net interest income from change in cash flow	13.930
Losses/Reversals of impairment losses from change in cash flow	1.028
Collections	(24.569)
<b>Receivables portfolio at 30.09.2015</b>	<b>261.889</b>

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Interest income from amortised cost	18.701	20.157	(1.456)	(7,2)%
Other interest income from change in cash flow	13.930	2.849	11.081	388,9%
Funding costs	(2.398)	(2.973)	575	(19,3)%
<b>Net interest income</b>	<b>30.233</b>	<b>20.033</b>	<b>10.200</b>	<b>50,9%</b>
Net commission income	(392)	-	(392)	n.a.
<b>Net banking income</b>	<b>29.841</b>	<b>20.033</b>	<b>9.808</b>	<b>49,0%</b>
Net impairment losses/recoveries on loans and receivables	1.028	244	784	321,3%
<b>Net profit from financial activities</b>	<b>30.869</b>	<b>20.277</b>	<b>10.592</b>	<b>52,2%</b>

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3 <sup>rd</sup> QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Interest income from amortised cost	6.348	7.266	(918)	(12,6)%
Other interest income from change in cash flow	5.450	884	4.566	516,5%
Funding costs	(1.095)	(1.081)	(14)	1,3%
<b>Net interest income</b>	<b>10.703</b>	<b>7.069</b>	<b>3.634</b>	<b>51,4%</b>
Net commission income	(304)	-	(304)	n.a.
<b>Net banking income</b>	<b>10.399</b>	<b>7.069</b>	<b>3.330</b>	<b>47,1%</b>
Net impairment losses/recoveries on loans and receivables	277	(1.110)	1.387	(125,0)%
<b>Net profit from financial activities</b>	<b>10.676</b>	<b>5.959</b>	<b>4.717</b>	<b>79,2%</b>

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	139.214	70.089	69.125	98,6%
Unlikely to pay	122.660	65.337	57.323	87,7%
Past due exposures	-	-	-	-
<b>Total net non-performing exposures</b>	<b>261.874</b>	<b>135.426</b>	<b>126.448</b>	<b>93,4%</b>
Net performing exposures	15	3	12	400,0%
<b>Total loans to customers (cash)</b>	<b>261.889</b>	<b>135.429</b>	<b>126.460</b>	<b>93,4%</b>

KPIs	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	7.486.687	5.630.151	1.856.536	33,0%
RWA of the sector	261.889	135.426	126.463	93,4%

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

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

As for funding operations during the period, 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 134,2 million Euro in the period. In the first nine months of 2015, the Bank collected 24,6 million Euro, compared to 25,6 million Euro in the prior-year period.

The purchases made in the period led to the acquisition of financial receivables portfolios with par value of nearly 2,0 billion Euro at a price of 117,4 million Euro (i.e. 5,9% of the par value). They consist of 258.055 cases. These positions are mostly accounted for at cost, as the Bank still has to finish analysing the relevant documentation before it can recognise them at amortised cost.

Here below are the most significant acquisitions made during the period.

In the first quarter of 2015, 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 a par value of approximately 400 million Euro, consists mainly of personal and credit card loans (respectively 60% and 27% of par value).

During the second quarter, the Bank finalised three further purchases.

The most important one concerned Banca Monte dei Paschi di Siena: BMPS put up for sale a portfolio with a par value of 1,3 billion Euro, consisting of nearly 135.000 positions originated by the former Consum.it. These mainly comprise personal loans (67%), credit card loans (17%) and retail loans (16%), with an average ticket size of approximately 9.000 Euro. Banca IFIS carried out the transaction—so far the largest in Italy in 2015—in June in collaboration with an associate of Cerberus Capital Management, L.P., a leading international private investment firm. Specifically, Banca IFIS acquired 650 million Euro (par value) worth of loans—numbering over 67.000—and Cerberus the remaining 650 million Euro.

The second transaction concerned a domestic portfolio of consumer loans with a par value of nearly 200 million Euro. The seller is a leading international banking player. The portfolio consists of 27.000 positions, broken down into personal loans (66%), car loans (30%), and other retail loans (4%). The average ticket size per position is approximately 7.500 Euro.

Finally, by acquiring a portfolio from Banca Sella, Banca IFIS entered the market of unsecured non-performing exposures originated by banking institutions. The unsecured segment of this market includes products such as current account overdrafts and unsecured loans. The portfolio's par value is 33 million Euro. The nearly 2.800 positions acquired consist mainly of current account overdrafts (56%) and unsecured loans (39%), with an average ticket size of approximately 12.500 Euro.

In the third quarter, Banca IFIS acquired two other portfolios of unsecured distressed loans put up for sale by Santander Consumer Bank Spa and a leading international fund. Combined, they consist of 68.500 positions worth 630 million Euro. The portfolio acquired from Santander Consumer Bank S.p.A. consists of 18.500 positions worth 230 million Euro. They are mostly personal loans (73%) and retail loans (23%). The average ticket size ranges from 5.000 to 30.000 Euro. In the bidding for this portfolio, Banca IFIS faced competition from nearly 50 leading national and international players, including banks, investment funds, and asset management companies. The other portfolio it acquired consists of 50.000 positions worth approximately 400 million Euro and broken down as follows: 46% personal loans; 30% retail loans; 24% credit cards. The average ticket size ranges from 5.000 to 30.000 Euro. This transaction represents one of the first deals on Italy's secondary market for NPLs.

As a result of these acquisitions, the portfolio managed by the DRL segment includes 883.358 thousand positions, for a par value of nearly 7,5 billion 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.

It should be noted that this sector includes a significant 16,1 million Euro exposure classified under receivables due from banks because of the counterparty that originated the receivable.

TAX RECEIVABLES PERFORMANCE	(in thousands of Euro)
<b>Receivables portfolio at 31.12.2014</b>	<b>119.473</b>
Purchases	41.027
Interest income from amortised cost	8.760
Other components of net interest income from change in cash flow	3.878
Loss/reversals of impairment losses from change in cash flow	(126)
Collections	(43.034)
<b>Receivables portfolio at 30.09.2015</b>	<b>129.978</b>

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	11.480	8.132	3.348	41,2%
Net commission income	27	-	27	n.a.
<b>Net banking income</b>	<b>11.507</b>	<b>8.132</b>	<b>3.375</b>	<b>41,5%</b>
Net impairment losses/recoveries on loans and receivables	(126)	120	(246)	(205,0)%
<b>Net profit from financial activities</b>	<b>11.381</b>	<b>8.252</b>	<b>3.129</b>	<b>37,9%</b>

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3 <sup>rd</sup> QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	4.001	3.765	236	6,3%
Net commission income	(17)	-	(17)	n.a.
<b>Net banking income</b>	<b>3.984</b>	<b>3.765</b>	<b>219</b>	<b>5,8%</b>
Net impairment losses/recoveries on loans and receivables	(140)	195	(335)	(171,8)%
<b>Net profit from financial activities</b>	<b>3.844</b>	<b>3.960</b>	<b>(116)</b>	<b>(2,9)%</b>

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Bad loans	-	-	-	-
Unlikely to pay	-	34	(34)	(100,0)%
Past due exposures	-	-	-	-
<b>Total net non-performing loans to customers</b>	<b>-</b>	<b>34</b>	<b>(34)</b>	<b>(100,0)%</b>
Net performing loans to customers	113.892	119.439	(5.547)	(4,6)%
Net performing due from banks	16.086	-	16.086	n.a.
<b>Total receivables of the sector</b>	<b>129.978</b>	<b>119.473</b>	<b>10.505</b>	<b>8,8%</b>

KPIs	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	179.762	167.834	11.928	7,1%
RWA of the sector	41.339	37.595	3.744	10,0%

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 generated 11,5 million Euro (8,1 million Euro in the prior-year period, 41,5%), thanks largely to the considerable rise in the amounts collected—even faster than initially estimated—which positively contributed to profit or loss.

During the period, it collected 43,0 million Euro, exceeding estimates, and acquired 192 receivables at an average price of 39,5 million Euro, i.e. approximately 76,5% of the par value of the tax receivables net of enrolments (i.e. 1,5 million Euro) compared to 69,6% at 30 September 2014.

With these purchases, the segment's portfolio comprises 1.532 positions, for a par value of 179,8 million Euro and a value at amortised cost of 130,0 million Euro at 30 September 2015.

## 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, 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 the contribution of the securities portfolio to net interest income for the period, amounting to 55,6 million Euro, compared to 82,6 million Euro in the prior-year period. The fall was largely attributable to the mentioned sale of part of the AFS securities portfolio in April 2015 (as part of this restructuring, the Bank also lengthened the portfolio's maturity structure).

In addition, this segment includes 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)	FIRST NINE MONTHS		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	42.899	70.242	(27.343)	(38,9)%
Net commission income	(558)	(4.082)	3.524	(86,3)%
Dividend and net result from trading	124.477	402	124.075	30.864,4%
<b>Net banking income</b>	<b>166.818</b>	<b>66.562</b>	<b>100.256</b>	<b>150,6%</b>
Net impairment losses on available for sale financial assets	(8.249)	-	(8.249)	n.a.
<b>Net profit from financial activities</b>	<b>158.569</b>	<b>66.562</b>	<b>92.007</b>	<b>138,2%</b>

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3 <sup>rd</sup> QUARTER		CHANGE	
	2015	2014	ABSOLUTE	%
Net interest income	6.796	20.854	(14.058)	(67,4)%
Net commission income	(249)	(1.349)	1.100	(81,5)%
Dividend and net result from trading	(179)	16	(195)	(1.218,8)%
<b>Net banking income</b>	<b>6.368</b>	<b>19.521</b>	<b>(13.153)</b>	<b>(67,4)%</b>
Net impairment losses on available for sale financial assets	(4.016)	-	(4.016)	n.a.
<b>Net profit from financial activities</b>	<b>2.352</b>	<b>19.521</b>	<b>(17.169)</b>	<b>(88,0)%</b>



STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
Available for sale financial assets	3.677.850	243.325	3.434.525	1.411,5%
Held to maturity financial assets	-	4.827.363	(4.827.363)	(100,0)%
Due from banks	230.905	274.858	(43.953)	(16,0)%
Loans to customers	141.663	104.376	37.287	35,7%
Due to banks	537.898	2.258.967	(1.721.069)	(76,2)%
Due to customers	5.900.458	5.483.474	416.984	7,6%

KPI	30.09.2015	31.12.2014	CHANGE	
			ABSOLUTE	%
RWA of the sector	199.023	187.560	11.463	6,1%

Receivables in the Governance and Services sector were up 27,3 million Euro (+35,7%) 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>

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

## Outlook

The outlook for Europe's economy remains uncertain, with production projected to rise only moderately. Italy could stand out from the crowd by growing at a nearly 1% rate in 2015: if confirmed, this would represent a positive breakthrough after a protracted period weakness

The international scenario is dominated by the concerns over a slowdown in China, which could negatively affect other countries, and the challenges facing Emerging Markets in general: they must deal with especially weak oil and commodity prices as well as unfavourable exchange rate movements.

In the reference European countries, the cost of money is still at record lows due to the ECB's monetary policy and extremely limited price increases. The low or zero inflation rate is the result of the trend in commodity prices and, more generally, the relatively scant use of the factors of production. Monetary policy measures are expected to gradually bring back inflation to the central bank's target, but the chances of it returning to just below 2% appear remote.

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. The market is still characterised by the limited – albeit growing – supply of credit and the demand for appropriate solutions – especially for companies that are small in size and have less measurable or low credit standing. Over the last few quarters, the Bank has started to overhaul its distribution network, hiring new staff and renewing its organisation in order to better meet the needs of tomorrow. This is expected to result in further increases in the number of financed SMEs, lending volumes and overall profitability in the second half of 2016.

In this scenario, Banca IFIS looks forward to continued strong performance by all business areas for the end of 2015 and the year 2016.

The Bank can play an increasingly important role in the Distressed Retail Loans segment, providing solutions in demand at lenders and financial institutions across Italy. We will continue monitoring and bidding for the portfolios of receivables due from households that originators are expected to place on the market. Banca IFIS recently introduced organisational and operating solutions for managing NPLs that allow to expect increasing collection rates. Considering the abundant liquidity on the market, with portfolios often traded at significantly different prices based on their quality; the Bank's ability to turn the quality of the portfolios into a strength in dealings with debtors; and the opportunity to scale up operating volumes, benefiting the bank and the debtors involved in its initiatives, Banca IFIS will consider carrying out secondary market transactions. Specifically, Banca IFIS may sell already processed portfolios with the goal of freeing up resources, using them to further expand the business, or buy portfolios that other players already started processing.

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

The Governance and Services segment improved its profitability thanks to lower retail funding costs – the result of a planned reduction in funding and interest rates. The trend is expected to climb slightly upward because of the new 3-, 4- and 5-year maturities recently launched on the market.

In the fourth quarter, the Bank will also incur the costs related to the new deposit guarantee scheme and bank resolution mechanism, as well as the amendments introduced by European lawmakers, pending their transposition into Italian law.

As for government bonds in the portfolio, based on the evidence and the current monetary policy, the Bank believes it will continue refinancing said portfolio at interest rates around or below zero, at least for the next few quarters.

Against this backdrop, and considering the current dynamics in terms of potential margins from investments in government bonds, the Bank deems its position as appropriate. It may look at potential opportunities in the event market conditions turn favourable.

Finally, the Bank will continue considering further opportunities on the segments it operates in as well as new related markets or those potentially interesting in light of its growth strategies.

In light of the above, the Group can reasonably expect to remain profitable also in the last quarter of 2015 and throughout 2016.

## 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 Italian Leg. Decree no. 196 of 30 June 2003 (the "Personal Data Protection Code"), the group periodically updates its Security Policy Document, which sets 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. Following this decision, at 30 September 2015 Banca IFIS recognised net payables due to the parent company amounting to 45,3 million Euro.

### Transactions on treasury shares

The Ordinary Shareholders' Meeting of 13 April 2015 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 Italian 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 30 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 period Banca IFIS made the following transactions on treasury shares:

- 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 the IAS/IFRS international accounting standards, were recognised under capital reserves.
- it granted 8.592 treasury shares at an average price of 19,42 Euro, with a market value of 167 thousand Euro and a par value of 8.592 Euro, to the Top Management as variable pay for the company's 2014 financial performance, making profits of 112 thousand Euro which, in compliance with the IAS/IFRS international accounting standards, were recognised under capital reserves.

The remaining balance at the end of the period was 743.573 treasury shares with a market value of 5,8 million Euro and a par value of 743.573 Euro.

Venice - Mestre, 27 October 2015

For the Board of Directors

*The Chairman*  
Sebastien Egon Fürstenberg

*The C.E.O.*  
Giovanni Bossi

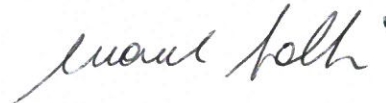
**Declaration as per art. 154-bis of Legislative Decree 58 of 24 February 1998**

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

The undersigned, Emanuel Nalli, Manager responsible for preparing the Company's financial reports 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 included into the present consolidated Interim Report at 30 September 2015 corresponds with the documentable figures and results contained in Banca IFIS's accounting records, books and registers.

Manager responsible for preparing the  
Company's financial reports

Emanuel Nalli



Mestre, 27 October 2015