

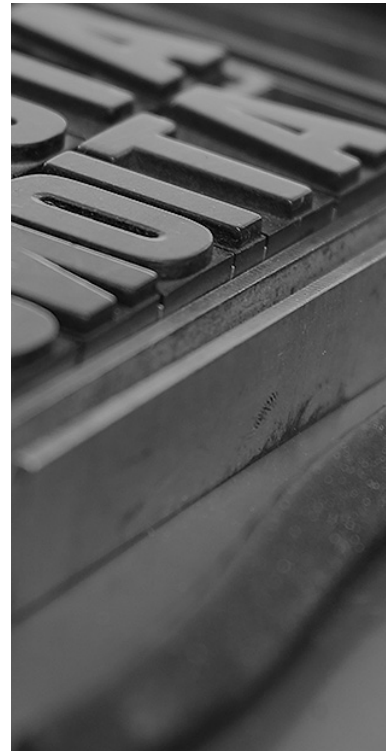
BANCA IFIS

CONSOLIDATED INTERIM REPORT AT 31 MARCH 2016



1Q 2016

Banca IFIS Group

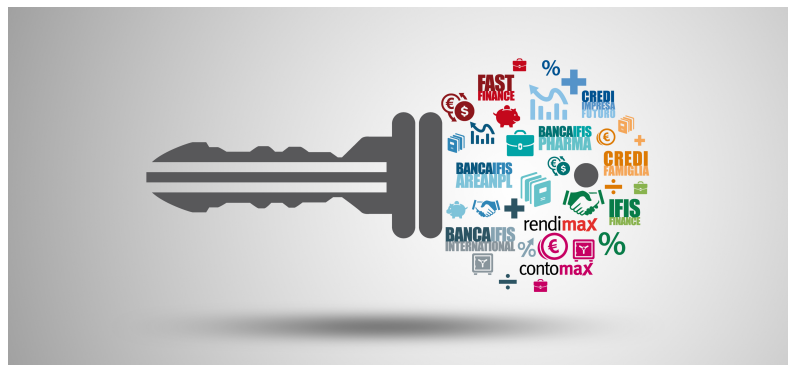


^ CONSOLIDATED
FINANCIAL
STATEMENT

DRL

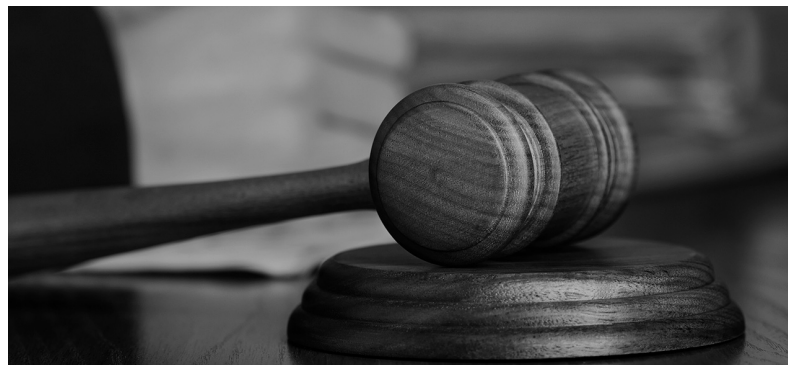


TRADE
RECEIVABLES



^ EVOLUTION
OF QUARTERS

FUNDING



^ TAX
RECEIVABLES

MANAGEMENT
AND BOD

Approving date
April 27, 2016

www.bancaifis.com



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Corporate Bodies

Board of Directors

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

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

General Manager

Alberto Staccione

Board of Statutory Auditors

Chairman	Giacomo Bugna
Standing Auditors	Giovanna Ciriotto
	Massimo Miani
Alternate Auditors	Guido Gasparini Berlingieri
	Valentina Martina

Independent Auditors

Reconta Ernst & Young S.p.A.

Corporate Accounting Reporting Officer

Mariacristina Taormina

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



Member of Factors
Chain International

Group Key Data

Highlights

KEY DATA ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2016	31.12.2015	ABSOLUTE	%
Available for sale financial assets	1.066.413	3.221.533	(2.155.120)	(66,9)%
Loans to customers	3.307.793	3.437.136	(129.343)	(3,8)%
Total assets	4.662.190	6.957.720	(2.295.530)	(33,0)%
Due to banks	182.568	662.985	(480.417)	(72,5)%
Due to customers	3.722.501	5.487.476	(1.764.975)	(32,2)%
Equity	550.243	573.467	(23.224)	(4,0)%

KEY DATA ON THE QUARTERLY CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net banking income ⁽¹⁾	79.380	72.599	6.781	9,3%
Net value adjustments on receivables and other financial assets ⁽¹⁾	(11.041)	(7.490)	(3.551)	47,4%
Net profit from financial activities	68.339	65.109	3.230	5,0%
Operating costs	(35.809)	(25.563)	(10.246)	40,1%
Pre-tax profit from continuing operations	32.530	39.546	(7.016)	(17,7)%
Net profit for the period attributable to the owners of the parent company	22.045	26.229	(4.184)	(16,0)%

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

GROUP KPIs ⁽¹⁾	31.03.2016	31.03.2015	31.12.2015
Cost/Income ratio	45,1%	35,2%	31,4%
Cost of credit quality - trade receivables	0,9%	1,5%	0,9%
Net bad loans/Loans to customers - trade receivables	1,1%	1,3%	1,1%
Net bad loans trade receivables/Equity	5,6%	5,8%	5,4%
Gross bad-loan coverage ratio - trade receivables	88,0%	86,6%	87,9%
Net non-performing exposures/loans to customers – trade receivables	6,6%	4,5%	4,5%
Net non-performing exposures trade receivables/Equity	32,9%	19,5%	22,4%
Total Own Funds Capital Ratio	14,7%	14,6%	14,9% ⁽³⁾
Common Equity Tier 1 Ratio	13,6%	13,9%	14,2% ⁽³⁾
Number of shares outstanding (in thousands)	53.811	53.811	53.811
Number of shares outstanding at period end ⁽²⁾ (in thousands)	53.081	53.059	53.072
Book per share	10,37	10,78	10,81
EPS	0,42	0,50	3,05

(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

(3) Total consolidated own funds (amounting to 486.809 million Euro) differ from the amount reported in the consolidated financial statements at 31 December 2015 (501.809 million Euro) due to the 15 million Euro dividend payout approved by the Shareholders' Meeting of the parent La Scogliera S.p.A. on 23 March 2016. The consolidated supervisory reports at 31 December 2015 as well as the relevant capital adequacy ratios have been restated at the end of March 2016 to account for said dividend distribution. The data concerning the consolidated Own Funds and capital adequacy ratios reflects said distribution.

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					
Amounts at 31.03.2016	-	-	-	1.066.413	1.066.413
Amounts at 31.12.2015	-	-	-	3.221.533	3.221.533
% Change	-	-	-	(66,9)%	(66,9)%
Due from banks					
Amounts at 31.03.2016	-	-	-	114.691	114.691
Amounts at 31.12.2015	-	-	-	95.352	95.352
% Change	-	-	-	20,3%	20,3%
Loans to customers					
Amounts at 31.03.2016	2.763.193	387.866	115.367	41.367	3.307.793
Amounts at 31.12.2015	2.848.124	354.352	130.663	103.997	3.437.136
% Change	(3,0)%	9,5%	(11,7)%	(60,2)%	(3,8)%
Due to banks					
Amounts at 31.03.2016	-	-	-	182.568	182.568
Amounts at 31.12.2015	-	-	-	662.985	662.985
% Change	-	-	-	(72,5)%	(72,5)%
Due to customers					
Amounts at 31.03.2016	-	-	-	3.722.501	3.722.501
Amounts at 31.12.2015	-	-	-	5.487.476	5.487.476
% Change	-	-	-	(32,2)%	(32,2)%

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs ⁽¹⁾	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Amounts at 31.03.2016	41.316	28.716	4.153	5.195	79.380
Amounts at 31.03.2015	39.334	8.863	3.902	20.500	72.599
% Change	5,0%	224,0%	6,4%	(74,7)%	9,3%
Net profit from financial activities					
Amounts at 31.03.2016	36.003	25.940	4.153	2.243	68.339
Amounts at 31.03.2015	33.809	8.859	3.960	18.481	65.109
% Change	6,5%	192,8%	4,9%	(87,9)%	5,0%

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover ⁽¹⁾				
Amounts at 31.03.2016	2.356.377	n.a.	n.a.	n.a.
Amounts at 31.03.2015	2.142.254	n.a.	n.a.	n.a.
% Change	10,0%	-	-	-
Nominal amount of receivables managed				
Amounts at 31.03.2016	3.445.608	8.608.531	166.553	n.a.
Amounts at 31.12.2015	3.576.982	8.161.005	190.553	n.a.
% Change	(3,7)%	5,5%	(12,6)%	-
Net bad loans/Loans to customers				
Amounts at 31.03.2016	1,1%	49,7%	0,0%	n.a.
Amounts at 31.12.2015	1,1%	45,0%	0,0%	n.a.
Change %	0,0%	4,7%	-	-
RWA ⁽²⁾				
Amounts at 31.03.2016	1.969.018	387.866	42.544	25.979
Amounts at 31.12.2015	1.970.886	354.352	41.614	25.256 ⁽³⁾
% Change	(0,1)%	9,5%	2,2%	2,9%

(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.

(3) Data restated after initial publication.

Quarterly Evolution

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: (in thousands of Euro)	YEAR 2016	YEAR 2015			
	31.03	31.12	30.09	30.06	31.03
ASSETS					
Available for sale financial assets	1.066.413	3.221.533	3.677.850	3.803.216	5.069.781
Due from banks	114.691	95.352	246.991	114.843	115.697
Loans to customers	3.307.793	3.437.136	3.176.172	3.152.145	2.921.902
Property, plant and equipment	53.792	52.163	52.137	51.509	51.329
Intangible assets	7.391	7.170	7.031	6.779	6.772
Other assets	112.110	144.366	84.507	92.902	77.104
Total assets	4.662.190	6.957.720	7.244.688	7.221.394	8.242.585

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: (in thousands of Euro)	YEAR 2016	YEAR 2015			
	31.03	31.12	30.09	30.06	31.03
LIABILITIES AND EQUITY					
Due to banks	182.568	662.985	537.898	457.384	200.953
Due to customers	3.722.501	5.487.476	5.900.458	6.037.552	7.241.379
Post-employment benefits	1.510	1.453	1.388	1.407	1.641
Tax liabilities	25.118	25.549	23.904	18.207	67.692
Other liabilities	180.250	206.790	224.028	182.578	159.042
Equity:	550.243	573.467	557.012	524.266	571.878
- share capital, share premiums and reserves	528.198	411.501	408.207	393.487	545.649
- net profit for the period	22.045	161.966	148.805	130.779	26.229
Total liabilities and equity	4.662.190	6.957.720	7.244.688	7.221.394	8.242.585

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2016	YEAR 2015			
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income ⁽¹⁾	60.483	45.896	48.111	56.509	58.110
Net commission income	13.648	14.824	14.712	14.878	14.369
Net result from trading	(246)	(55)	(179)	36	120
Profit (loss) from sale or buyback of:	5.495	16.127	-	124.500	-
Receivables	-	14.948	-	-	-
Available for sale financial assets	5.495	1.179	-	124.500	-
Net banking income ⁽¹⁾	79.380	76.792	62.644	195.923	72.599
Net value adjustments/revaluations due to impairment of:	(11.041)	(8.089)	(5.411)	(13.260)	(7.490)
Receivables ⁽¹⁾	(8.089)	(7.361)	(1.395)	(11.046)	(5.471)
Available for sale financial assets	(2.952)	(728)	(4.016)	(2.214)	(2.019)
Net profit from financial activities	68.339	68.703	57.233	182.663	65.109
Personnel expenses	(13.408)	(12.266)	(12.394)	(12.165)	(11.517)
Other administrative expenses	(18.421)	(35.419)	(15.956)	(11.411)	(16.042)
Net allocations to provisions for risks and charges	(3.790)	13	(160)	397	(479)
Net value adjustments to property, plant and equipment and intangible assets	(938)	(1.045)	(942)	(927)	(832)
Other operating income/expenses	748	1.382	478	(2.141)	3.307
Operating costs	(35.809)	(47.335)	(28.974)	(26.247)	(25.563)
Pre-tax profit for the period from continuing operations	32.530	21.368	28.259	156.416	39.546
Income taxes for the period	(10.485)	(8.207)	(10.233)	(51.866)	(13.317)
Net profit for the period	22.045	13.161	18.026	104.550	26.229

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

INCOME STATEMENT DATA BY SEGMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2016	YEAR 2015			
	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net banking income	79.380	76.792	62.644	195.923	72.599
Trade Receivables	41.316	39.728	41.668	37.941	39.334
Distressed Retail Loans ⁽¹⁾	28.716	22.402	10.624	14.411	8.863
Tax Receivables	4.153	8.828	3.984	3.621	3.902
Governance and Services	5.195	5.834	6.368	139.950	20.500
Net profit from financial activities	68.339	68.703	57.233	182.663	65.109
Trade Receivables	36.003	33.237	40.361	30.016	33.809
Distressed Retail Loans	25.940	21.818	10.676	11.334	8.859
Tax Receivables	4.153	8.542	3.844	3.577	3.960
Governance and Services	2.243	5.106	2.352	137.736	18.481

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

Group historical data

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

<i>(in thousands of Euro)</i>	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Available for sale financial assets	1.066.413	5.069.781	2.287.950	2.763.805	2.269.595
Held to maturity financial assets	-	-	5.329.414	4.710.582	1.676.527
Loans to customers	3.307.793	2.921.902	2.339.663	2.177.379	1.856.469
Due to banks	182.568	200.953	618.132	600.956	626.526
Due to customers	3.722.501	7.241.379	9.341.959	9.291.659	5.403.489
Equity	550.243	571.878	405.393	332.313	261.983
Net banking income ⁽¹⁾	79.380	72.599	69.996	66.862	52.431
Net profit from financial activities	68.339	65.109	60.970	53.146	46.616
Net profit for the period attributable to the owners of the parent company	22.045	26.229	24.676	22.454	19.710
Cost/Income ratio	45,1%	35,2%	33,3%	26,5%	29,6%
Cost of credit quality - trade receivables	0,9%	1,5%	2,5%	3,3%	2,0%
Net bad loans/Loans to customers – trade receivables	1,1%	1,3%	2,4%	3,5%	4,3%
Net bad loans trade receivables/Equity	5,6%	5,8%	11,3%	17,9%	25,8%
Gross bad-loan coverage ratio Trade receivables	88,0%	86,6%	80,6%	69,6%	60,0%
Net non-performing exposures/Loans to customers – trade receivables	6,6%	4,5%	8,3%	17,3%	15,4%
Net non-performing exposures trade receivables/Equity	32,9%	19,5%	39,0%	87,6%	92,3%
Total Own Funds Capital Ratio ⁽²⁾	14,7%	14,6%	15,0%	12,9%	10,9%
Common Equity Tier 1 Ratio ⁽²⁾	13,6%	13,9%	15,0%	13,1%	11,1%

(1) The data for 2015 and 2014 were restated as described in the Notes – Basis of preparation.

(2) 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 31 March 2013 were recognised according to previous regulations (Basel 2). The Solvency ratio and the Core Tier 1 have been recognised under Total Own Funds Ratio and Common Equity Tier 1 Ratio, respectively.

Financial statements

Consolidated Statement of Financial Position

Assets (in thousands of Euro)		31.03.2016	31.12.2015
10.	Cash and cash equivalents	30	34
20.	Financial assets held for trading	-	259
40.	Available for sale financial assets	1.066.413	3.221.533
60.	Due from banks	114.691	95.352
70.	Loans to customers	3.307.793	3.437.136
120.	Property, plant and equipment and investment property	53.792	52.163
130.	Intangible assets	7.391	7.170
	of which:		
	- <i>goodwill</i>	821	820
140.	Tax assets	61.791	61.737
	a) current	22.535	22.315
	b) deferred	39.256	39.422
160.	Other assets	50.289	82.336
	Total assets	4.662.190	6.957.720

Liabilities and equity (in thousands of Euro)		31.03.2016	31.12.2015
10.	Due to banks	182.568	662.985
20.	Due to customers	3.722.501	5.487.476
40.	Financial liabilities held for trading	903	21
80.	Tax liabilities	25.118	25.549
	a) current	6.283	4.153
	b) deferred	18.835	21.396
100.	Other liabilities	173.386	204.598
110.	Post-employment benefits	1.510	1.453
120.	Provisions for risks and charges	5.961	2.171
	b) other reserves	5.961	2.171
140.	Valuation reserves	692	5.739
170.	Reserves	420.350	298.856
180.	Share premiums	59.090	58.900
190.	Capital	53.811	53.811
200.	Treasury shares (-)	(5.745)	(5.805)
220.	Profit (loss) for the period	22.045	161.966
	Total liabilities and equity	4.662.190	6.957.720

Consolidated Income Statement

Items (in thousands of Euro)		31.03.2016	31.03.2015
10.	Interest receivable and similar income ⁽¹⁾	70.735	70.307
20.	Interest due and similar expenses	(10.252)	(12.197)
30.	Net interest income ⁽¹⁾	60.483	58.110
40.	Commission income	14.888	15.608
50.	Commission expense	(1.240)	(1.239)
60.	Net commission income	13.648	14.369
80.	Net result from trading	(246)	120
100.	Profit (loss) from sale or buyback of:	5.495	-
	b) available for sale financial assets	5.495	-
120.	Net banking income ⁽¹⁾	79.380	72.599
130.	Net impairment losses/reversals on	(11.041)	(7.490)
	a) receivables ⁽¹⁾	(8.089)	(5.471)
	b) available for sale financial assets	(2.952)	(2.019)
140.	Net profit from financial activities	68.339	65.109
180.	Administrative expenses:	(31.829)	(27.559)
	a) personnel expenses	(13.408)	(11.517)
	b) other administrative expenses	(18.421)	(16.042)
190.	Net allocations to provisions for risks and charges	(3.790)	(479)
200.	Net impairment losses/reversals on property, plant and equipment	(405)	(359)
210.	Net impairment losses/reversals on intangible assets	(533)	(473)
220.	Other operating expenses/income	748	3.307
230.	Operating costs	(35.809)	(25.563)
280.	Pre-tax profit (loss) for the period from continuing operations	32.530	39.546
290.	Income taxes for the period relating to current operations	(10.485)	(13.317)
340.	Profit (loss) for the period attributable to the owners of the parent company	22.045	26.229

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

Consolidated Statement of Comprehensive Income

Items (in thousands of Euro)		31.03.2016	31.03.2015
10.	Profit (loss) for the period	22.045	26.229
	Other comprehensive income, net of taxes, without reversal to income statement	(45)	(48)
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	(45)	(48)
50.	Non-current assets under disposal	-	-
60.	Share of reserves from valuation of investments at equity	-	-
	Other comprehensive income, net of taxes, with reversal to income statement	(5.002)	105.336
70.	Foreign investment hedges	-	-
80.	Exchange differences	59	1.424
90.	Cash flow hedges	-	-
100.	Available for sale financial assets	(5.061)	103.912
110.	Non-current assets under disposal	-	-
120.	Share of reserves from valuation of investments at equity	-	-
130.	Total other comprehensive income, net of taxes	(5.047)	105.288
140.	Total comprehensive income (item 10+130)	16.998	131.517
150.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
160.	Total consolidated comprehensive income attributable to the owners of the parent company	16.998	131.517

Notes

Basis of preparation

The Banca IFIS Group's Consolidated Interim Report at 31 March 2016 has been prepared in accordance with Borsa Italiana's Regulations for companies listed on the STAR segment (Article 2.2.3 paragraph 3), which require to publish the interim report within 45 days of the end of each quarter of the year, and considering Borsa Italiana's notice no. 7587 of 21 April 2016. Therefore, in accordance with said notice, as for the contents of the consolidated interim report, the Group made reference to the requirements of the existing paragraph 5, Article 154-ter, of Italian Legislative Decree no. 58 of 24 February 1998.

The Group prepared this Interim Report at 31 March 2016 in accordance with the IASs/IFRSs 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 calculated using the average rate forecast for the current year.

The criteria for classifying, recognising, measuring and derecognising assets and liabilities and the methods for recognising revenue and costs adopted in preparing this interim report are unchanged from those used to prepare the consolidated financial statements at 31 December 2015, to which reference should be made for further details.

Some items of profit or loss referring to the first quarter of 2015 have been restated to account for the following.

Concerning the changes in amortised cost other than impairment related to the bad loans of the DRL segment, starting with the financial statements for the year ended 31 December 2015, the Bank has been classifying them no longer under item 130 Net impairment losses/reversals on loans and receivables, but rather under item 10 Interest income, as described in Part A – Accounting Policies in the Notes to the 2015 Consolidated Financial Statements.

Consolidation scope

At 31 March 2016, the Group included the parent company, Banca IFIS S.p.A., and the wholly-owned subsidiary, IFIS Finance Sp. Z o. o., consolidated using the line-by-line method.

The accounts on which the consolidation is based are those prepared by Group companies at 31 March 2016.

Group equity and income situation

Group financial and income results

The main items of the financial statements are commented below

Statement of financial positions items

MAIN STATEMENT OF FINANCIAL POSITION ITEMS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2016	31.12.2015	ABSOLUTE	%
Available for sale financial assets	1.066.413	3.221.533	(2.155.120)	(66,9)%
Loans to customers	3.307.793	3.437.136	(129.343)	(3,8)%
Property, plant and equipment and intangible assets	61.183	59.333	1.850	3,1%
Tax assets	61.791	61.737	54	0,1%
Other assets	165.010	177.981	(12.971)	(7,3)%
Total assets	4.662.190	6.957.720	(2.295.530)	(33,0)%
Due to customers	3.722.501	5.487.476	(1.764.975)	(32,2)%
Due to banks	182.568	662.985	(480.417)	(72,5)%
Provisions for risks and charges	5.961	2.171	3.790	174,6%
Tax liabilities	25.118	25.549	(431)	(1,7)%
Other liabilities	175.799	206.072	(30.273)	(14,7)%
Equity	550.243	573.467	(23.224)	(4,0)%
Total liabilities and equity	4.662.190	6.957.720	(2.295.530)	(33,0)%

Available for sale (AFS) financial assets

Available for sale (AFS) financial assets include debt and equity securities and stood at 1.066,4 million Euro at 31 March 2016, compared to 3.221,5 million Euro at the end of 2015 (-66,9%). The valuation reserve, net of taxes, was positive to the tune of 6,6 million Euro at 31 March 2016 (11,7 million Euro at 31 December 2015).

At 31 March 2016, the **debt securities** portfolio amounted to 1.064,7 million Euro, down 66,9% from 31 December 2015 (3.216,8 million Euro), largely because of 2,1 billion Euro worth of sales completed in the first quarter of 2016, which resulted in a 5,5 million euro profit. This portfolio allowed Banca IFIS to access funding at reasonable costs through repurchase agreements on the MTS platform or refinancing operations on the Eurosystem.

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

Issuer	2 nd Q 2016	3 rd Q 2016	2 nd H 2017	1 st H 2020	Total
Government securities	25.484	715.751	270.111	53.318	1.064.664
% of total	2,4%	67,2%	25,4%	5,0%	100,0%

Available for sale financial assets include **equity securities** relating to non-controlling interests in unlisted companies that are considered strategic for Banca IFIS. They amounted to 1,7 million Euro (-62,8% compared to 31 December 2015). This change was largely attributable to the 3,0 million Euro write-down of the equity interest in an investee after this was tested for impairment.

Loans to customers

Total loans to customers amounted to 3.307,8 million Euro, down 3,8% from 3.437,1 million Euro at the end of 2015.

Specifically, DRL receivables increased as a result of both new acquisitions and the reclassification to amortised cost of a sizeable share of the portfolio previously recognised at cost. The loans in the trade receivables segment declined slightly (-3,0%) because of the seasonality of this business. Tax receivables fell as a result of the significant collections made during the quarter. Receivables in the Governance and Services sector decreased as a result of the reduction in margin lending related to repurchase agreements on the MTS platform with Cassa di Compensazione e Garanzia as counterparty.

Loans to customers are composed as follows: 30,4% are due from the Public Administration, and 69,6% from the private sector (both unchanged from 31 December 2015).

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 sector entities and nearly 4 months for those due from the Public Administration.

Finally, it should be noted that the item includes 3 positions, for a total amount of 181,9 million Euro, which fall within the category of major risks.

LOANS TO CUSTOMERS: BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2016	31.12.2015	ABSOLUTE	%
Trade receivables	2.763.193	2.848.124	(84.931)	(3,0)%
- of which non-performing	181.040	128.715	52.325	40,7%
Distressed retail loans	387.866	354.352	33.514	9,5%
- of which non-performing	387.864	354.331	33.533	9,5%
Tax Receivables	115.367	130.663	(15.296)	(11,7)%
- of which non-performing	-	-	-	-
Governance and Services	41.367	103.997	(62.630)	(60,2)%
- of which with Cassa di Compensazione e Garanzia	39.339	103.636	(64.297)	(62,0)%
Total loans to customers	3.307.793	3.437.136	(129.343)	(3,8)%
- of which non-performing	568.904	483.046	85.858	17,8%

Total net **non-performing exposures**, also due to the recent acquisitions in the DRL segment, amounted to 568,9 million Euro at 31 March 2016, compared to 483,0 million Euro at the end of 2015 (+17,8%).

Here below is the breakdown of forborne exposures by segment.

FORBEARANCE (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	CONSOLIDATED TOTAL
Bad loans				
Amounts at 31.03.2016	2.743	14.215	-	16.958
Amounts at 31.12.2015	371	15.064	-	15.435
% Change	639,4%	(5,6)%	-	9,9%
Unlikely to pay				-
Amounts at 31.03.2016	38.003	20.948	-	58.951
Amounts at 31.12.2015	14.414	19.309	-	33.723
% Change	163,7%	8,5%	-	74,8%
Past due exposures				-
Amounts at 31.03.2016	-	5	-	5
Amounts at 31.12.2015	5.300	-	-	5.300
% Change	(100,0)%	n.a.	-	(99,9)%
Net performing loans to customers				-
Amounts at 31.03.2016	2.926	-	-	2.926
Amounts at 31.12.2015	2.954	5	-	2.959
% Change	(0,9)%	(100,0)%	-	(1,1)%

Here below is the breakdown of net non-performing exposures in the trade receivables segment alone.

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS ⁽¹⁾	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL
SITUATION AT 31/03/2016				
Nominal amount of non-performing exposures	257.765	73.468	101.465	432.698
<i>As a percentage of total receivables at nominal amount</i>	8,5%	2,4%	3,4%	14,3%
Impairment losses	226.849	23.107	1.702	251.658
<i>As a percentage of the nominal amount</i>	88,0%	31,5%	1,7%	58,2%
Carrying amount	30.916	50.361	99.763	181.040
<i>As a percentage of net total receivables</i>	1,1%	1,8%	3,6%	6,6%
SITUATION AT 31/12/2015				
Nominal amount of non-performing exposures	255.404	58.257	59.788	373.449
<i>As a percentage of total receivables at nominal amount</i>	8,2%	1,9%	1,9%	12,0%
Impairment losses	224.454	18.706	1.574	244.734
<i>As a percentage of the nominal amount</i>	87,9%	32,1%	2,6%	65,5%
Carrying amount	30.950	39.551	58.214	128.715
<i>As a percentage of net total receivables</i>	1,1%	1,4%	2,0%	4,5%

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

Net bad loans amounted to 30,9 million Euro, essentially unchanged from 31 December 2015 (-0,1%); at 1,1%, also the segment's net bad-loan ratio was flat with 31 December 2015. Net bad loans amounted to 5,6% as a proportion of equity, compared to 5,4% at 31 December 2015. The coverage ratio stood at 88,0% (87,9% at 31 December 2015).

The balance of **net unlikely to pay** was 50,4 million Euro, +27,3% from 39,6 million Euro at 31 December 2015. The increase was mainly attributable to an individually significant position previously classified under net non-performing past due exposures. The coverage ratio stood at 31,5% (32,1% at 31 December 2015).

Net non-performing past due exposures totalled 99,8 million Euro, compared with 58,2 million Euro in December 2015 (+71,4%). The increase was attributable to past due receivables due from the Public Administration that the Bank purchased outright, which surged from 1,2 million Euro at the end of 2015 to 44,7 million Euro at 31 March 2016 (42,6 million Euro referred to the utility segment). The coverage ratio stood at 1,7% (2,6% at 31 December 2015).

Intangible assets and property, plant and equipment and investment property

Intangible assets totalled 7,4 million Euro, compared to 7,2 million Euro at 31 December 2015 (+3,1%).

The item refers to software (6,6 million Euro) as well as goodwill (821 thousand Euro) arising from the consolidation of the investment in IFIS Finance Sp.Z o.o.

Property, plant and equipment and investment property totalled 53,8 million Euro, compared to 52,2 million Euro at 31 December 2015 (+3,1%).

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.

Since these are luxury properties, they are not amortised, but are tested for impairment at least annually. To this end, they are appraised by experts specialising in luxury properties. In the first quarter of 2016, no elements emerged that required to test the assets for impairment.

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 13,2 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 31 March 2016 are not depreciated.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Deferred tax assets, amounting to 39,3 million Euro at 31 March 2016, refer for 38,0 million Euro to impairment losses on receivables that can be deducted in the following years.

Deferred tax liabilities, amounting to 18,8 million Euro at 31 March 2016, 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, for 3,3 million Euro to taxes on the valuation reserve for AFS securities held in the portfolio, and for 9,5 million Euro to interest on arrears accrued but not yet received.

Other assets and liabilities

Other assets amounted to 50,3 million Euro at 31 March 2016 (-38,9% from 31 December 2015). This line item includes 13,4 million Euro in receivables due from Italian tax authorities for payments on account (stamp duty and withholding taxes), and 7,1 million Euro referring to an

escrow account held with the Italian Revenue Agency concerning a pending appeal in an outstanding tax dispute. 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 173,4 million Euro at the end of the period, (-15,3% from the end of 2015), referred mainly 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. The decline from the previous year was partly attributable to the settlement of the payable due to one of the buyers of the sales of DRL receivables completed at the end of 2015. This payable totalled 20,7 million Euro, which is the amount of the receivables transferred.

Funding

Funding, net of the rendimax savings account and the contomax current account, shall be analysed in a comprehensive manner according to market trends; it consists of wholesale funding through repurchase agreements (largely 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	
	31.03.2016	31.12.2015	ABSOLUTE	%
Due to customers:	3.722.501	5.487.476	(1.764.975)	(32,2)%
<i>Repurchase agreements</i>	250.005	2.278.983	(2.028.978)	(89,0)%
<i>Rendimax</i>	3.290.917	3.048.357	242.560	8,0%
<i>Contomax</i>	64.767	64.912	(145)	(0,2)%
<i>Other payables</i>	116.812	95.224	21.588	22,7%
Due to banks:	182.568	662.985	(480.417)	(72,5)%
<i>Eurosystem</i>	119.656	119.792	(136)	(0,1)%
<i>Repurchase agreements</i>	-	384.225	(384.225)	(100,0)%
<i>Other payables</i>	62.912	158.968	(96.056)	(60,4)%
Total funding	3.905.069	6.150.461	(2.245.392)	(36,5)%

Total funding, which amounted to 3.905,1 million Euro at 31 March 2016, down 36,5% compared to 31 December 2015, is represented for 95,3% by **Payables due to customers** (compared to 89,2% at 31 December 2015) and for 4,7% by **Payables due to banks** (compared to 10,8% at 31 December 2015).

Payables due to customers at 31 March 2016 totalled 3.722,5 million Euro. The item included the repurchase agreements with underlying government bonds and Cassa di Compensazione e Garanzia as counterparty, amounting to 250,0 million Euro (compared to 2.279,0 million Euro at the end of 2015) as a result of the sale of securities carried out in the first quarter of 2016. Retail funding totalled 3.355,7 million Euro at 31 March 2016, including 3.290,9 from rendimax and 64,8 million Euro from contomax, compared to 3.313,3 million Euro at 31 December 2015 (+7,8%), also as a result of the newly introduced 3-, 4- and 5-year maturities for rendimax. The

Bank still bears proportional stamp duty costs on rendimax and contomax, which amount to 0,20%.

Payables due to banks, which totalled 182,6 million Euro (compared to 663,0 million Euro at December 2015, -72,5%), mainly referred to refinancing operations on the Eurosystem for 119,7 million Euro (virtually unchanged from 31 December 2015). 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. The Bank settled 384,2 million Euro in repurchase agreements with underlying government bonds that were outstanding at the end of 2015.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2016	31.12.2015	ABSOLUTE	%
Legal disputes	1.539	1.513	26	1,7%
Tax dispute	1.800	197	1.603	813,7%
Other reserves	2.622	461	2.161	468,8%
Total provisions for risks and charges	5.961	2.171	3.790	174,6%

Legal disputes

The provision outstanding at 31 March 2016, amounting to 1,5 million Euro, included 1.488 thousand Euro for twelve disputes concerning the Trade Receivables segment, and 51 thousand Euro for eight disputes concerning the DRL segment.

Overall, the Bank recognises contingent liabilities amounting to 7,0 million Euro in claims, represented by 15 disputes: 12 refer to disputes concerning the Trade Receivables segment, for a total of 7,0 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

At 31 March 2016, the provision for risks amounted to 1,8 million Euro, compared to 0,2 million Euro at 31 December 2015. The Bank set aside 1,6 million Euro in the first quarter of 2016 following discussions with the Italian Revenue Agency about the full and final settlement of the claims referring to the fiscal years 2004 and 2005.

For more information about these disputes, see the consolidated financial statements at 31 December 2015.

Other reserves

Following the transposition of the BRR Directive 2014/59/EU, the Bank of Italy set up the Italian Bank Resolution Fund, requiring all banks based in Italy to contribute to it. In accordance with IAS 37 and IFRIC 21, for the current year Banca IFIS set aside the amount of the ordinary contribution paid in the previous year, which totalled 2,2 million Euro.

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 (in addition to the measures announced on 9 January 2014 and 17 July 2014) to Banca Tercas, which is placed under special administration. The relevant potential obligation for Banca

IFIS amounts to 0,5 million Euro. Therefore, in 2014 Banca IFIS allocated said amount to the provisions for risks and charges.

Equity and capital adequacy ratios

At 31 March 2016, consolidated Equity was 550,2 million Euro, compared to 573,5 million Euro at 31 December 2015 (-4,0%). 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	
	31.03.2016	31.12.2015	ABSOLUTE	%
Capital	53.811	53.811	-	0,0%
Share premiums	59.090	58.900	190	0,3%
Valuation reserves:	692	5.739	(5.047)	(87,9)%
- AFS securities	6.616	11.677	(5.061)	(43,3)%
- post-employment benefits	(212)	(167)	(45)	26,9%
- exchange differences	(5.712)	(5.771)	59	(1,0)%
Reserves	420.350	298.856	121.494	40,7%
Treasury shares	(5.745)	(5.805)	60	(1,0)%
Profit for the period	22.045	161.966	(139.921)	(86,4)%
Equity	550.243	573.467	(23.224)	(4,0)%

EQUITY: CHANGES	(in thousands of Euro)
Equity at 31.12.2015	573.467
Increases:	22.354
Profit for the period	22.045
Sale of treasury instruments	250
Change in valuation reserve	59
- exchange differences	59
Decreases:	45.578
Dividends distributed	40.342
Change in valuation reserve	5.106
- AFS securities	5.061
- post-employment benefits	45
Other changes	130
Equity at 31.03.2016	550.243

The change in the valuation reserve for AFS securities recognised in the period was the result of the sale of part of the portfolio, which caused the Bank to reduce the reserve by 5,3 million Euro.

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

OWN FUNDS AND CAPITAL RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.03.2016	31.12.2015 ⁽²⁾
Common Equity Tier 1 Capital ⁽¹⁾ (CET1)	445.763	464.316
Tier 1 Capital (AT1)	460.232	473.956
Total own funds	479.524	486.809
Total RWA	3.269.370	3.264.088
Common Equity Tier 1 Ratio	13,63%	14,22%
Tier 1 Capital Ratio	14,08%	14,52%
Total Own Funds Capital Ratio	14,67%	14,91%

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

(2) Total consolidated own funds (amounting to 486.809 million Euro) differ from the amount reported in the consolidated financial statements at 31 December 2015 (501.809 million Euro) due to the 15 million Euro dividend payout approved by the Shareholders' Meeting of the parent La Scogliera S.p.A. on 23 March 2016. The consolidated supervisory reports at 31 December 2015 as well as the relevant capital adequacy ratios have been restated at the end of March 2016 to account for said dividend distribution. The data concerning the consolidated Own Funds and capital adequacy ratios reflects said distribution.

Consolidated own funds, risk-weighted assets and solvency ratios at 31 March 2016 were determined based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) dated 26 June 2013, which were transposed in the Bank of Italy's Circulars no. 285 and 286 of 17 December 2013.

Article 19 of the CRR requires to include the unconsolidated Holding of the banking group in prudential consolidation.

The measures concerning own funds provide for the gradual phase-in of a new regulatory framework, with a transitional period lasting until 2017 during which some elements that will be accounted for or deducted in full once the provisions become effective will have only a limited impact.

The Banca IFIS Group, in accordance with the transitional provisions set out in the Bank of Italy Circular no. 285 of 17 December 2013 as amended, calculated its own funds at 31 March 2016 by excluding the unrealised gains on receivables due from central government administrations classified under "Available for sale financial assets" as per IAS 39, resulting in a net 3,4 million Euro gain (5,9 million Euro at 31 December 2015).

Income statements items

Formation of net banking income

Net banking income amounted to 79,4 million Euro (+9,3% compared to 72,6 million Euro in the first quarter of 2015), thanks to the surge in the DRL segment (28,7 million Euro, +224,0%), which deals with acquiring and managing portfolios of non-performing exposures in the unsecured segment. Also the trade receivables (41,3 million Euro, +5,0%) and tax receivables (4,2 million Euro, +6,4%) segments were positive. Meanwhile, the governance and services segment posted a decline (5,2 million Euro, -74,7%) following the rebalancing of the government bond portfolio in April 2015, which impacted interest income.

NET BANKING INCOME (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net interest income ⁽¹⁾	60.483	58.110	2.373	4,1%
Net commission income	13.648	14.369	(721)	(5,0)%
Net result from trading	(246)	120	(366)	(305,0)%
Profit from sale or buyback of financial assets	5.495	-	5.495	n.a.
Net banking income ⁽¹⁾	79.380	72.599	6.781	9,3%

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

Net interest income went from 58,1 million Euro at 31 March 2015 to 60,5 million Euro at 31 March 2016 (+4,1%).

Net commission income totalled 13,6 million Euro, down from 31 March 2015 (-5,0%).

Commission income, totalling 14,9 million Euro (compared to 15,6 million Euro at 31 March 2015), came primarily from factoring commissions on the turnover generated from individual customers (with or without recourse, in a flat or monthly scheme) as well as from other fees usually charged to customers for services.

Commission expense, totalling 1,2 million Euro (in line with 31 March 2015), came primarily from approved banks' brokering, the work of other credit brokers, and commissions paid to correspondent banks and factors.

The **profit from the sale of financial assets** arose from the mentioned sale of part of the government bonds portfolio during the quarter, which resulted in a 5,5 million Euro pre-tax gain.

Formation of net profit from financial activities

The Group's **net profit from financial activities** totalled 68,3 million Euro, compared to 65,1 million Euro at 31 March 2015 (+5,0%), as detailed below.

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net banking income ⁽¹⁾	79.380	72.599	6.781	9,3%
Net impairment losses on:				
receivables ⁽¹⁾	(8.089)	(5.471)	(2.618)	47,9%
available for sale financial assets	(2.952)	(2.019)	(933)	46,2%
Net profit from financial activities	68.339	65.109	3.230	5,0%

(1) The data for 2015 was restated as described in the Notes – Basis of preparation.

Net impairment losses on receivables totalled 8,1 million Euro (+47,9% compared to 5,5 million Euro at 31 March 2015). 5,3 million Euro related to the trade receivables segment, and 2,8 million Euro to the DRL segment.

Net impairment losses on available for sale financial assets, totalling 3,0 million Euro at 31 March 2016 (2,0 in the first quarter of 2015), referred to the impairment loss recognised on the interest in an investee that was found to be impaired.

Formation of profit for the period

Profit for the period—which, in the absence of profit attributable to non-controlling interests, refers entirely to the Group—totalled 22,0 million Euro, compared to 26,2 million Euro in March 2015, down 16,0%. Here below is the breakdown.

FORMATION OF PROFIT FOR THE PERIOD (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net profit from financial activities	68.339	65.109	3.230	5,0%
Operating costs	(35.809)	(25.563)	(10.246)	40,1%
Pre-tax profit from continuing operations	32.530	39.546	(7.016)	(17,7)%
Income taxes for the period	(10.485)	(13.317)	2.832	(21,3)%
Profit for the period	22.045	26.229	(4.184)	(16,0)%

At 31 March 2016, operating costs totalled 35,8 million Euro, up 40,1% from 25,6 million Euro in the prior year. This was largely because of the provisions for risks and charges made during the period as well as other administrative expenses due to higher business volumes in the DRL sector—with special reference to the costs for starting debt collection procedures and collection costs.

The cost/income ratio stood at 45,1% at 31 March 2016, compared to 35,2% at 31 March 2015.

OPERATING COSTS (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Personnel expenses	13.408	11.517	1.891	16,4%
Other administrative expenses	18.421	16.042	2.379	14,8%
Allocations to provisions for risks and charges	3.790	479	3.311	691,2%
Impairment losses on property, plant and equipment and investment property and intangible assets	938	832	106	12,7%
Other operating expenses (income)	(748)	(3.307)	2.559	(77,4)%
Total operating costs	35.809	25.563	10.246	40,1%

At 13,4 million Euro, **personnel expenses** rose 16,4% (11,5 million Euro in March 2015) due to new hiring: 50 new staff added in the first quarter of 2016, +16,3% compared to 43 in the prior-year period. The increase is consistent with the goal to strengthen some areas and services supporting the business—especially in the DRL sector—and the scenario in which the Group operates. At 31 March 2016, the Group's employees numbered 755.

Other administrative expenses totalled 18,4 million Euro, up 14,8% from 16,0 million Euro at 31 March 2015, largely because of higher business volumes in the DRL segment. The relevant costs for collecting debts and gathering information on clients (4,6 and 2,1 million Euro, respectively, compared to 1,7 and 0,9 million Euro in the first quarter of 2016) are included in this item of the income statement. There was also an increase in the expenses related to the new organisation of business processes and the internal control system.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Expenses for professional services	7.439	6.701	738	11,0%
Legal and consulting services	2.576	4.541	(1.965)	(43,3)%
Auditing	101	124	(23)	(18,5)%
Outsourced services	4.762	2.036	2.726	133,9%
Direct and indirect taxes	3.130	3.390	(260)	(7,7)%
Expenses for purchasing goods and other services	7.852	5.951	1.901	31,9%
Customer information	2.704	1.211	1.493	123,3%
Postage of documents	1.413	776	637	82,1%
Property expenses	1.001	996	5	0,5%
Software assistance and hire	766	723	43	5,9%
Advertising and inserts	597	308	289	93,8%
Car fleet management and maintenance	577	561	16	2,9%
Telephone and data transmission expenses	335	370	(35)	(9,5)%
Business trips and transfers	334	249	85	34,1%
Other sundry expenses	125	757	(632)	(83,5)%
Total other administrative expenses	18.421	16.042	2.379	14,8%
Expense recoveries	(554)	(3.239)	2.685	(82,9)%
Total net other administrative expenses	17.867	12.803	5.064	39,6%

Net allocations to provisions for risks and charges amounted to 3,8 million Euro (compared to 479 thousand Euro in the prior-year period). The amount at 31 March 2016 was largely the result of 1,6 million Euro in provisions related to the tax dispute and 2,2 million Euro in provisions concerning the Italian bank resolution fund, as explained under the item Provisions for risks and charges.

Other net operating income totalled 748 thousand Euro (-77,4% compared to 31 March 2015) and referred 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 32,5 million Euro, compared to 39,5 million Euro at 31 March 2015.

Income tax expense amounted to 10,5 million Euro, compared to 13,3 million Euro at 31 March 2015. The Group's tax rate declined to 32,4% at 31 March 2016 from 33,7% at 31 March 2015. The tax rate applied at 31 March 2016 is calculated on an annual basis.

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 quarter of 2016 by the various business segments, which will be analysed in the sections dedicated to the individual sectors.

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Amounts at 31.03.2016	41.316	28.716	4.153	5.195	79.380
Amounts at 31.03.2015	39.334	8.863	3.902	20.500	72.599
% Change	5,0%	224,0%	6,4%	(74,7)%	9,3%
Net profit from financial activities					
Amounts at 31.03.2016	36.003	25.940	4.153	2.243	68.339
Amounts at 31.03.2015	33.809	8.859	3.960	18.481	65.109
% Change	6,5%	192,8%	4,9%	(87,9)%	5,0%

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					
Amounts at 31.03.2016	-	-	-	1.066.413	1.066.413
Amounts at 31.12.2015	-	-	-	3.221.533	3.221.533
% Change	-	-	-	(66,9)%	(66,9)%
Due from banks					
Amounts at 31.03.2016	-	-	-	114.691	114.691
Amounts at 31.12.2015	-	-	-	95.352	95.352
% Change	-	-	-	20,3%	20,3%
Loans to customers					
Amounts at 31.03.2016	2.763.193	387.866	115.367	41.367	3.307.793
Amounts at 31.12.2015	2.848.124	354.352	130.663	103.997	3.437.136
% Change	(3,0)%	9,5%	(11,7)%	(60,2)%	(3,8)%
Due to banks					
Amounts at 31.03.2016	-	-	-	182.568	182.568
Amounts at 31.12.2015	-	-	-	662.985	662.985
% Change	-	-	-	(72,5)%	(72,5)%
Due to customers					
Amounts at 31.03.2016	-	-	-	3.722.501	3.722.501
Amounts at 31.12.2015	-	-	-	5.487.476	5.487.476
% Change	-	-	-	(32,2)%	(32,2)%

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover ⁽¹⁾				
Amounts at 31.03.2016	2.356.377	n.a.	n.a.	n.a.
Amounts at 31.03.2015	2.142.254	n.a.	n.a.	n.a.
% Change	10,0%	-	-	-
Nominal amount of receivables managed				
Amounts at 31.03.2016	3.445.608	8.608.531	166.553	n.a.
Amounts at 31.12.2015	3.576.982	8.161.005	190.553	n.a.
% Change	(3,7)%	5,5%	(12,6)%	-
Net bad loans/Loans to customers				
Amounts at 31.03.2016	1,1%	49,7%	0,0%	n.a.
Amounts at 31.12.2015	1,1%	45,0%	0,0%	n.a.
Change %	0,0%	4,7%	-	-
RWA ⁽²⁾				
Amounts at 31.03.2016	1.969.018	387.866	42.544	25.979
Amounts at 31.12.2015	1.970.886	354.352	41.614	25.256 ⁽³⁾
% Change	(0,1)%	9,5%	2,2%	2,9%

(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.

(3) Data restated after initial publication.

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.p. Zo.o.'s operations in Poland;
- Pharma, supporting the trade receivables of local health services' suppliers.

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net interest income	26.972	24.753	2.219	9,0%
Net commission income	14.344	14.581	(237)	(1,6)%
Net banking income	41.316	39.334	1.982	5,0%
Net impairment losses on receivables	(5.313)	(5.525)	212	(3,8)%
Net profit from financial activities	36.003	33.809	2.194	6,5%

The net banking income of the trade receivables segment, amounting to 41,3 million Euro (+5,0% compared to 39,3 million Euro in the first quarter of 2015), mainly refers to the Credi Impresa Futuro and Pharma business areas. The segment generated 2,4 billion Euro in turnover (+10,0% from March 2015), with 4.586 corporate customers (up 6,4% compared to the prior-year period) and 2,8 billion Euro in outstanding loans (-3,0% from December 2015).

The growth in net banking income was supported by all sectors with a substantial contribution coming from the growth of the Pharma business area (+5,8%, from 7.9 to 8.4 million Euro) and from the profits generated by the new multi-utilities business, launched in late December 2015, of 2,3 million Euro.

As for the Pharma business area, at 31 March 2016, 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 41,2 million Euro) as well as non-collected receivables (about 50,3 million Euro) due from the Public Administration.

Net impairment losses on receivables amounted to 5,3 million Euro (-3,8% from 5,5 million Euro in the first quarter of 2015). The consistently downward trend is attributable to the monitoring of how the counterparty's risk profile evolves. All along, the Bank has maintained a rigorous and consistent policy for assessing borrowers' creditworthiness. 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, which was down to 87 bps from 145 bps at 31 March 2015 and 90 bps at 31 December 2015.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Bad loans	30.916	30.950	(34)	(0,1)%
Unlikely to pay	50.361	39.551	10.810	27,3%
Past due exposures	99.763	58.214	41.549	71,4%
Total net non-performing exposures to customers	181.040	128.715	52.325	40,7%
Net performing exposures	2.582.153	2.719.409	(137.256)	(5,0)%
Total loans to customers (cash)	2.763.193	2.848.124	(84.931)	(3,0)%

Loans to customers included in this segment are composed as follows: 32,2% are receivables due from the Public Administration (compared to 32,1% at 31 December 2015), and 67,8% are due from the private sector (compared to 67,9% at 31 December 2015).

Net non-performing exposures in the trade receivables segment rose 40,7% from 128,7 million Euro at the end of 2015 to 181,0 million Euro, largely because of rising past due exposures to the Public Administration. This was because of the portfolios of past due receivables acquired in late December 2015 by entering into an agreement with a leading market player, which allowed the Bank to enter the business of multi-utilities. These portfolios consist of receivables due from Italy's local administrations for which the Bank has already started debt collection proceedings by entering into settlement plans.

As for unlikely to pay, the increase was mainly attributable to an individually significant position previously classified under net non-performing past due exposures.

The segment's net bad-loan ratio was unchanged at 1,1% compared to 31 December 2015, while the ratio of net unlikely to pay to loans rose to 1,8% from 1,4% at 31 December 2015. The segment's ratio of total net non-performing exposures to loans increased from 4,5% at the end of 2015 to 6,6% at 31 March 2016. Net non-performing exposures amounted to 32,9% as a percentage of equity, compared to 22,4% in the prior year.

NON-PERFORMING TRADE RECEIVABLES (in thousands of Euro)	BAD LOANS ⁽¹⁾	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL
SITUATION AT 31/03/2016				
Nominal amount of non-performing exposures	257.765	73.468	101.465	432.698
<i>As a percentage of total receivables at nominal amount</i>	8,5%	2,4%	3,4%	14,3%
Impairment losses	226.849	23.107	1.702	251.658
<i>As a percentage of the nominal amount</i>	88,0%	31,5%	1,7%	58,2%
Carrying amount	30.916	50.361	99.763	181.040
<i>As a percentage of net total receivables</i>	1,1%	1,8%	3,6%	6,6%
SITUATION AT 31/12/2015				
Nominal amount of non-performing exposures	255.404	58.257	59.788	373.449
<i>As a percentage of total receivables at nominal amount</i>	8,2%	1,9%	1,9%	12,0%
Impairment losses	224.454	18.706	1.574	244.734
<i>As a percentage of the nominal amount</i>	87,9%	32,1%	2,6%	65,5%
Carrying amount	30.950	39.551	58.214	128.715
<i>As a percentage of net total receivables</i>	1,1%	1,4%	2,0%	4,5%

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

KPIs	31.03.2016	31.03.2015	CHANGE	
			ABSOLUTE	%
Turnover	2.356.377	2.142.254	214.123	10,0%
Net banking income/ Turnover	1,8%	1,8%	-	(0,0)%

KPIs y/y	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Net bad loans/Loans to customers	1,1%	1,1%	-	0,0%
Gross bad-loan coverage ratio	88,0%	87,9%	-	0,1%
Non-performing exposures/Loans to customers	6,6%	4,5%	-	2,1%
Total sector RWA	1.969.018	1.970.886	(1.868)	(0,1)%

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

TOTAL RECEIVABLES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2016	31.12.2015	ABSOLUTE	%
Receivables with recourse	2.102.111	2.128.825	(26.714)	(1,3)%
<i>of which due from the Public Administration</i>	371.500	361.000	10.500	2,9%
Receivables without recourse	240.932	277.159	(36.227)	(13,1)%
<i>of which due from the Public Administration</i>	11.893	4.468	7.425	166,2%
Outright purchases	1.102.565	1.170.998	(68.433)	(5,8)%
<i>of which due from the Public Administration</i>	854.343	888.844	(34.501)	(3,9)%
Total receivables	3.445.608	3.576.982	(131.374)	(3,7)%
<i>of which due from the Public Administration</i>	1.237.736	1.254.312	(16.576)	(1,3)%

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

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	LOANS	TURNOVER
Northern Italy	25,6%	31,7%
Central Italy	4,4%	6,1%
Southern Italy	43,3%	50,8%
Abroad	26,7%	11,4%
Total	100,0%	100,0%

Distressed Retail Loans

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

The business is closely associated with recovering non-performing exposures.

The segment manages the portfolio of acquired receivables through judicial and non-judicial debt collection operations.

As for the portfolio managed through non-judicial debt collection operations, to measure it the Bank uses a model based on a simulation of cash flows that projects the "breakdown" of the nominal amount of the receivable "over time" based on the historical recovery profile for similar clusters. As for the positions with funding characteristics (bills of exchange or settlement plans agreed with the debtor), the Bank uses a "deterministic" model based on the measurement of the future instalments of the settlement plan, net of the historical default rate.

Judicial debt collection operations consist in debt collection through legal proceedings to obtain a court order to garnish a fifth of the debtor's wage or pension income. The cash flows from individually managed receivables are not simulated by the model, but rather assessed by the manager on an individual basis and loaded into the system.

DRL RECEIVABLES PERFORMANCE	(in thousands of Euro)
Receivables portfolio at 31.12.2015	354.352
Purchases	40.367
Transfers	(19.871)
Interest income from amortised cost	5.175
Other components of net interest income from change in cash flow	25.397
Impairment losses/reversals on change in cash flow	(2.776)
Collections	(14.778)
Receivables portfolio at 31.03.2016	387.866

In the first quarter of 2016, the Bank finalised the sale of 19,9 million Euro worth of receivables (137 thousand positions for an outstanding book value of 476,7 million Euro) whose impact had been recognised in the previous year. This was because the binding offer contained all the elements required to determine whether all risks and rewards relating to the receivables sold had been substantially transferred (derecognition), even though the transfer had not yet been finalised at the reporting date.

INCOME STATEMENT DATA (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Interest income from amortised cost	5.175	6.036	(861)	(14,3)%
Other components of net interest income from changes in cash flow	25.397	3.421	21.976	642,4%
Funding costs ⁽¹⁾	(1.305)	(584)	(721)	123,5%
Net interest income	29.267	8.873	20.394	229,8%
Net commission income	(551)	(10)	(541)	5.410,0%
Net banking income	28.716	8.863	19.853	224,0%
Net impairment losses/reversals on loans and receivables	(2.776)	(4)	(2.772)	n.a.
Net profit from financial activities	25.940	8.859	17.081	192,8%

(1) Funding costs are allocated using the internal transfer rate system approved by the Board

The results for the first quarter of 2016 were positively influenced by the continuing debt collection activities through bills of exchange and expressions of willingness, as well as the reclassification to amortised cost of a sizeable share of the portfolio following the conclusion of the documentary verification process and the ensuing collections under the bills of exchange or settlement plans for these positions. This contributed nearly 6 million Euro to net banking income. In addition, in the first quarter of 2016 the Bank revised the cash flow estimates for positions under judicial management by including also the estimated interest on arrears deemed recoverable, which contributed about 1,6 million Euro to quarterly net income.

As for impairment losses, amounting to 2,8 million Euro, they referred to positions concerned by trigger events that caused them to be impaired in accordance with the Bank's measurement model.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Bad loans	192.775	159.336	33.439	21,0%
Unlikely to pay	195.084	194.995	89	0,0%
Past due exposures	5	-	5	n.a.
Total net non-performing exposures to customers	387.864	354.331	33.533	9,5%
Net performing exposures	2	21	(19)	(90,5)%
Total loans to customers (cash)	387.866	354.352	33.514	9,5%

KPIs	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	8.608.531	8.161.005	447.526	5,5%
Total sector RWA	387.866	354.352	33.514	9,5%

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

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

In the first quarter, funding rose considerably over the prior-year period—+134,0%, from 33,2 to 77,7 million Euro. This was entirely attributable to settlement plans (expressions of willingness). Collections made during the quarter amounted to 15,0 million, compared to 6,6 million in the prior-year period.

The purchases made in the period led to the acquisition of portfolios of financial receivables with a par value of 503,9 million Euro at a price of 40,4 million Euro (i.e. 8,0% of the par value), consisting of 59.809 positions.

At the end of the period, the portfolio managed by the DRL segment included 1.115.472 positions, for a par value of nearly 8,6 billion Euro.

Tax receivables

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

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

TAX RECEIVABLES PERFORMANCE		(in thousands of Euro)
Receivables portfolio at 31.12.2015		130.663
Purchases		19.473
Interest income from amortised cost		2.592
Other components of net interest income from change in cash flow		1.924
Impairment losses/reversals on change in cash flow		-
Collections		(39.285)
Receivables portfolio at 31.03.2016		115.367

INCOME STATEMENT DATA (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net interest income	4.153	3.858	295	7,6%
Net commission income	-	44	(44)	(100,0)%
Net banking income	4.153	3.902	251	6,4%
Net impairment losses on loans and receivables	-	58	(58)	(100,0)%
Net profit from financial activities	4.153	3.960	193	4,9%

Net banking income is generated by the interest accrued according to the amortised cost method and funding costs allocated to the segment.

The net banking income of the Tax Receivables segment amounted to 4,2 million Euro (+6,4%, 3,9 million Euro at 31 March 2015).

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Bad loans	-	-	-	-
Unlikely to pay	-	-	-	-
Past due exposures	-	-	-	-
Total net non-performing exposures to customers	-	-	-	-
Net performing exposures	115.367	130.663	(15.296)	(11,7)%
Total receivables of the sector	115.367	130.663	(15.296)	(11,7)%

During the period, the sector collected 39,3 million Euro (including from two positions with an amount higher than the portfolio's average) in line with the expected timetable, and acquired 19,5 million Euro worth of receivables at a price representing approximately 93,6% of the par value of the tax receivables net of enrolments (totalling 2,4 million Euro).

With these purchases, the segment's portfolio comprises 1.470 positions, for a par value of 166,6 million Euro and a value at amortised cost of 115,4 million Euro at 31 March 2016.

KPIs	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	166.553	190.553	(24.000)	(12,6)%
Total sector RWA	42.544	41.614	930	2,2%

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 with the financial resources and services necessary to perform their respective business activities. Among other things, the sector includes the resources necessary to perform the services of the Control, Administration-Accounting, Planning, Organisation, and ICT functions, as well as the structures responsible for raising, managing and allocating financial resources to operating segments.

INCOME STATEMENT DATA (in thousands of Euro)	1 st QUARTER		CHANGE	
	2016	2015	ABSOLUTE	%
Net interest income	91	20.626	(20.535)	(99,6)%
Net commission income	(145)	(246)	101	(41,1)%
Net result from trading	5.249	120	5.129	4.274,2%
Net banking income	5.195	20.500	(15.305)	(74,7)%
Net impairment losses on AFS financial assets	(2.952)	(2.019)	(933)	46,2%
Net profit from financial activities	2.243	18.481	(16.238)	(87,9)%

The sector's **net banking income** includes the contribution of the securities portfolio to net interest income for the period, amounting to 10,4 million Euro (compared to 25,5 million Euro in the prior-year period). Besides the maturing and disposal of some bonds, the fall was largely attributable to the rebalancing of the AFS securities portfolio in April 2015, as part of which the Bank also lengthened the portfolio's maturity structure. In the first quarter, the Bank sold additional securities at a 5,5 million Euro profit from sale.

As for retail funding cost (funding totalling 3,3 billion Euro, compared to 3,1 billion Euro at 31 March 2015), it amounted to 1,26%, compared to 1,48% in March 2015, and is expected to rise as a result of the newly introduced 3-, 4- and 5-year maturities for rendimax.

Net impairment losses on available for sale financial assets, totalling 3,0 million Euro at 31 March 2016 (2,0 in the first quarter of 2015), referred to impairment losses recognised on unlisted equity instruments that were found to be impaired.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Available for sale financial assets	1.066.413	3.221.533	(2.155.120)	(66,9)%
Due from banks	114.691	95.352	19.339	20,3%
Loans to customers	41.367	103.997	(62.630)	(60,2)%
Due to banks	182.568	662.985	(480.417)	(72,5)%
Due to customers	3.722.501	5.487.476	(1.764.975)	(32,2)%

At 41,4 million Euro, loans to customers in the Governance and Services sector were down from the previous year (-60,2%). They essentially reflect the balance of margin lending related to repurchase agreements on the MTS platform with Cassa di Compensazione e Garanzia as counterparty.

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Bad loans	-	-	-	-
Unlikely to pay	-	-	-	-
Past due exposures	-	-	-	-
Total net non-performing exposures to customers	-	-	-	-
Net performing exposures	41.367	103.997	(62.630)	(60,2)%
Total loans to customers (cash)	41.367	103.997	(62.630)	(60,2)%

KPIs	31.03.2016	31.12.2015	CHANGE	
			ABSOLUTE	%
Total sector RWA	25.979	25.256 ⁽¹⁾	723	2,9%

(1) Data restated after initial publication.

Venice - Mestre, 27 April 2016

For the Board of Directors

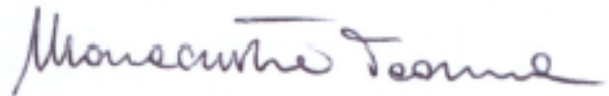
The Chairman
Sebastien Egon Fürstenberg

The C.E.O.
Giovanni Bossi

Declaration by the Manager in charge of preparing the Company's financial reports

The undersigned Mariacristina Taormina, Manager in charge of preparing the financial reports of Banca IFIS S.p.A., having also taken into account the provisions of Art. 154-bis, paragraphs 2 the Italian Legislative Decree no.58 dated 24 February 1998, confirms that the financial information included into the present consolidated Interim Report as at 31 March 2016 correspond to the related books and accounting records.

Venice, April 27th, 2016



Manager in charge of preparing the Company's
financial reports

Mariacristina Taormina