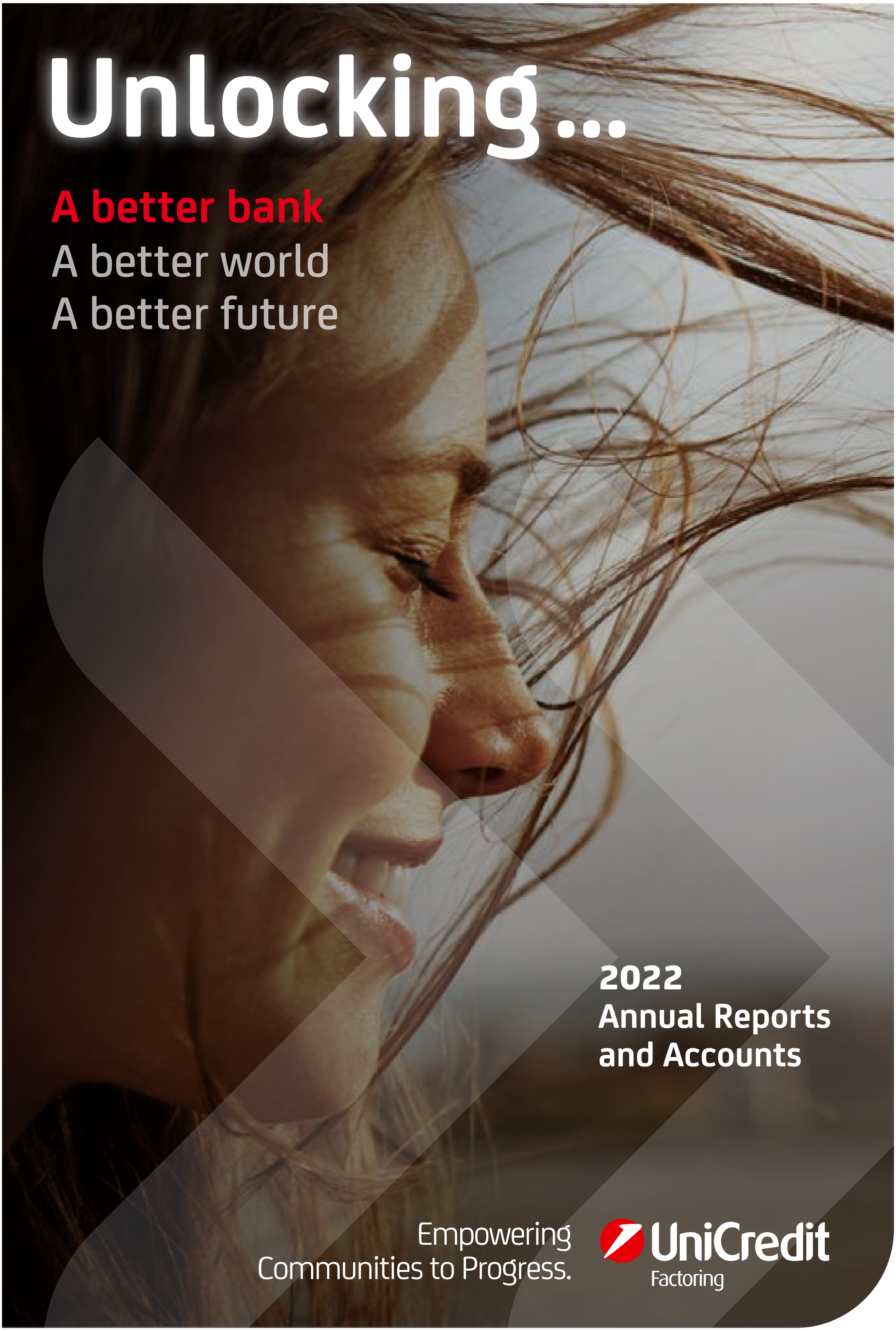


Unlocking...

A better bank
A better world
A better future

2022
Annual Reports and Accounts

Empowering
Communities to Progress.

UniCredit
Factoring

Report and Financial Statements 2022

Corporate Officers and General Management

	Board of Directors (1)
Ezio Bassi	Chairman
Nadia Maria Mastore	Vice Chairman
Simone Del Guerra	Chief Executive Officer
Pietro Campagna	Directors
Erminio Chiappelli	
Valeria De Mori	
Francesca Meriggi	
Massimiliano Cifalinò	Secretary
	Board of Statutory Auditors (1)
Andrea Grosso	Chairman
Cecilia Andreoli	Standing Auditors
Elisa Menicucci	
Alberto Caprari	Alternate Auditors
Michele Paolillo	
	General Management
Simone Del Guerra	Chief Executive Officer
Alfredo Bresciani	Head of Sales & Marketing
Giuseppe Collo	Head of Business Services & Process Excellence
Alessia Grosso	Head of Risk Management
Marco Fabio Provana	Head of Finance
Gianfranco Cascino	Head of People & Culture
Massimiliano Cifalinò	Head of Legal
KPMG S.p.A.	**Independent Auditor**

(1) The Ordinary Shareholders' Meeting of UniCredit Factoring SpA on 04.07.2022. appointed the new members of the Board of Directors and the Board of Statutory Auditors of the Company.

UNICREDIT FACTORING S.p.A.
Sole-shareholder company owned by the UniCredit Group
registered in the Official List of Banking Groups under no. 2008.1
Share capital: 414,348,000 euros paid in full
Legal Reserve: 47,251,608 euros
Registered offices at Via Livio Cambi, 5, Milan
Tel. +39 02 366 71181 - Fax +39 02 366 71143
Economic Administrative Register (REA) no. 840973
Listed on the Milan Register of Companies
Tax code and VAT registration no. 01462680156
Listed at no. 42 on the Register of Financial Intermediaries pursuant to Article 106 TUB
email: info.ucfactoring.it@unicreditgroup.eu
www.unicreditfactoring.it
Certified email: comunicazioni.ucf@pec.unicredit.eu

Contents

Results summary

Last year, after seven consecutive quarters of growth, the Italian economy experienced a slight cyclical downturn, although the trend continued, albeit at a slower pace than in previous quarters. ISTAT's preliminary estimate reflects, on the supply side, a contraction in the agricultural and industrial sectors and a slight growth in the services sector. In 2022, GDP, adjusted for calendar effects and seasonally adjusted, increased by 3.9% compared to 2021. In the fourth quarter of 2022, the change acquired for 2023 is equal to +0.4%.

Bank lending to the private sector confirmed robust growth during the second half of 2022, with the year-on-year growth rate hovering around 6% in November, in line with the growth observed in June. Firms have increased their demand for loans to meet increases in production costs and/or to diversify their sources of finance with the growth rate standing at 3.5% year-on-year at the end of 2022. The factoring sector is growing in excess of domestic product, with a cumulative turnover of approximately 286 billion (+14.5% year on year) and outstanding of 69.4 billion (+5.9% on the previous year end).

Against this backdrop and against a consistently high level of competition in the short-term lending segment and constant pressure on margins, the Company confirmed its market leadership in shares both of turnover (21.9%) and in that of total receivables (estimated 20.7%). Turnover flow amounted to 62.8 billion, an increase of 12.4%, while period-end receivables amounted to 12.4 billion, a slight decrease compared to the previous year (-1.8%).

The year-end workforce amounted to 272 full-time equivalents, a decrease (-9 FTE) since the end of the previous year. This net change is the combined effect of 17 entries and 26 exits.

The scenario described resulted, in economic terms, in an almost stable level of revenues compared to 2021. Net operating income amounted to 152.4 million, a decrease of -1% compared to the previous year. Operating costs, down compared to 2021, further improve the cost/income ratio which stands at 31% for the current year. The net adjustments for bad debts and the positive balance of the provision for risks and charges bring the gross profit to 94.5 million while the net profit, after tax of 30.1 million, is equal to 64.4 million, compared to 70 million in the previous year (-8.1%).

The main profitability indicators, like the cost/income ratio mentioned above, reflect a significant P&L performance considering the background scenario, with ROAC growing significantly and standing at 13.6% compared to 10.9% in the previous year. As regards the risk indexes of assets, a slight increase in the incidence of non-performing loans on the total was recorded due to the entry of new positions in past-due loans. In detail, non-performing loans went from 0.13% to 0.05%, unlikely to pay went from 0.30% to 0.16% while past-due loans went from 0.54% to 0.84%. Hedging is confirmed to be particularly high and increasing both for non-performing loans (96.3%) also considering the partial write-offs, and for probable defaults (74.7%).

Shareholders’ equity stood at 837 million. After deducting 70% of the profit to be distributed as dividends, representing Tier 1 capital of 792 million, up by 2.5% in December 2021. Taking into account that total risk weighted assets recorded a slight increase of (+3.1%), the company's CET 1 ratio remained stable from 19.37% to 19.27%.

Main Company data

OPERATING DATA

	Financial year		Change	
	2022	2021	absolute	%
Turnover	62,796	55,868	+6,928	+12.4%
Outstanding	14,385	15,266	-881	-5.8%

INCOME STATEMENT

(€ million)

	Financial year		Change	
	2022	2021	absolute	%
Operating income	152	154	-1	-1.0%
of which: - net interest	*119*	*110*	+9	+8.4%
- net fees and commissions	*31*	*41*	-9	-23.0%
Operating costs	-47	-52	+5	-9.0%
Operating profit (loss)	105	102	+3	+3.1%
Net operating profit (loss)	97	103	-6	-5.7%
Net profit	**64**	**70**	**-6**	**-8.1%**

BALANCE SHEET AMOUNTS

(€ million)

	Amounts as at		Change	
	12.31.2022	12.31.2021	absolute	%
Total assets	12,578	12,899	-321	-2.5%
Loans	12,416	12,643	-227	-1.8%
Equity	837	822	+15	+1.8%

OPERATING STRUCTURE

	Data as at		Change	
	12.31.2022	12.31.2021	absolute	%
Number of employees (Full Time Equivalent)	272	281	-9	-3.3%
Number of trading points	13	13	-	-

PROFITABILITY INDICES

	Financial year		Change	
	2022	2021	absolute	%
ROE	8.3%	9.3%		-1.0
Cost/income	31.0%	33.8%		-2.7

RISK INDICES

	Data as at		Change	
	12.31.2022	12.31.2021	absolute	%
Net bad loans / Receivables	0.05%	0.13%		-0.08
Net non-performing loans / Loans	1.05%	0.98%		+0.07

PRODUCTIVITY INDICES

(€ million)

	Financial year		Change	
	2022	2021	absolute	%
Turnover per employee	227.0	190.1	36.9	+19.4%
Operating income per employee	0.55	0.52	0.03	+5.2%

CAPITAL RATIOS

(€ million)

	Data as at		Change	
	12.31.2022	12.31.2021	absolute	%
Tier 1 capital	792	772	+20	2.5%
Total RWA	4,110	3,988	+123	3.1%
CET 1	19.27%	19.37%	-0.10%	

Note: Values expressed in millions of Euros unless otherwise specified

External scenario

Macroeconomic picture

In 2022, global economic activity grew by around 3%, but the pace of growth slowed significantly towards the end of the year due to a series of overlapping crises. Russia's war against Ukraine has been a source of further volatility in the prices of various commodities, especially crude oil, natural gas and agricultural products. In turn, the rise in food and energy prices contributed to a surge in inflation in all advanced economies, forcing central banks to intervene with a sharp tightening of monetary policy.

Economic activity in the euro area slowed sharply in the second half of 2022 amid high inflation, weakening global demand and continued uncertainty about the war in Ukraine and the risk of energy supply disruptions. GDP stabilized in the final quarter of 2022, following the modest growth of 0.3% recorded in the third quarter of the year. Rising energy prices and the depreciation of the euro contributed to rising inflationary pressures in the euro area, with consumer price inflation reaching 10.6% yoy in October, an all-time high for the euro area.

With inflation well above the 2% target, the European Central Bank (ECB) was forced to adopt a more restrictive monetary policy, raising the key rate by 250 basis points between July and December.

Energy and food inflation continue to explain most of the region's high inflation rates, but price pressures have become increasingly widespread in the second half of 2022, mainly due to the indirect effects of higher energy costs. Core inflation remained elevated, with inflation excluding energy and unprocessed food peaking at 5.2% in December, although there were some signs of stabilization towards the end of the year.

Banking

Bank lending to the private sector in the euro area confirmed robust growth during the second half of 2022, with the year-on-year growth rate hovering around 6% in November, in line with the growth observed in June. The driving force behind the credit dynamic was loans to non-financial corporations, which showed an accelerated pace of expansion, with an annualized growth rate of more than 8% in the final months of 2022, compared with 7% yoy at the end of the first half. Firms have increased their demand for loans to cover increases in production costs and/or to diversify their sources of finance.

In Italy, the pace of recovery was more moderate than in the other main European countries.. By the end of 2022, business loan growth will be around 3.5% year-on-year, up from just over 2% last June and 1.6% at the end of 2021.

In the second half of 2022, financing conditions for households and firms tightened as a result of the change in the tone of monetary policy from July 2022. Compared to the end of 2021, bank lending rates in the reference countries of the UniCredit Group are on an upward trend, in the order of 2 percentage points for both non-financial corporations and households. Bank lending rates to businesses returned to the levels observed in 2015. Against the background of a more gradual rise in bank deposit rates for companies and households in the Group's reference countries, a widening of the bank spread (i.e. the difference between the average lending rate and the average deposit rate) was observed in the last few months of 2022, in line with the restrictive tone of the ECB's monetary policy.

The evolution of market expectations regarding central banks' monetary policy decisions and the volatility of energy prices, also exacerbated by the outbreak of the conflict between Russia and Ukraine, were the two factors that most influenced the performance of financial markets in 2022. This was compounded in the second half of the year by investor concerns about the potential impact on the euro area's economic outlook and the possibility of a technical recession towards the end of the year.

The factoring market

The turnover trend on the Italian factoring market as at December 31, 2022 shows an increase of +14.5% compared to the same period of 2021. In 2022, companies' financing needs increased, particularly as a function of the need to support working capital: The tendency for companies to accumulate substantial liquid funds, due to the extensive use of support measures introduced by governments following the Covid-19 pandemic, appears to have been reversed.

In addition, rising inflationary dynamics and pressure on commodity prices contributed strongly to the development of the factoring market during the year, albeit with varying degrees of impact on the sector's main economic activities. In particular, the ratio of turnover to GDP, which has been growing steadily in Italy for more than a decade and will only decline in 2020, shows a ratio of around 15%. This, as mentioned, was in the context of a market interest rate trend that suddenly went from negative to positive with a significant increase in a short period of time.

The Italian factoring market is confirmed as highly competitive and concentrated in 2022: based on the data distributed by Assifact in November 2022, the top three competitors have a market share of almost 60% of turnover.

Company activities

UniCredit Factoring is an Italian company of the UniCredit Group, specializing in the recourse and non-recourse acquisition of trade receivables assigned by customers who can not only optimize their financial structure but can also benefit from a series of related services such as the collection, management and insurance of receivables.

The Company is active on the Italian market and also cross-border. For both types of operation, it uses Group banks and has forged a strong collaboration between its own commercial network and that of the Group.

Organizational structure

In 2022, the organizational structure of the company was changed with the main objective of making commercial relations with customers more effective and optimizing and making more efficient the work of the organizational structures most involved in the processes of assessment and disbursement of credit and in operations. In particular:

- the service model offered by the commercial functions (Large / Mid / Small Corporate) was developed, to maximize commercial focus and development on priority customers, also in the light of the new customer segmentation adopted by the parent company;
- cross-selling opportunities were exploited, as well as the offer of innovative supply chain finance solutions in closer synergy with the bank and the centralized management of account management activities for mid and small corporate customers, with expected benefits in terms of execution times, effort required and available commercial time;
- the proposal evaluation processes was optimized through more effective specialization by type and customer segment, and by the complexity of the approval process;
- activities of an operational nature and business development support were centralized, promoting the efficiency of structures and processes.

Other important initiatives include the optimization of the overall configuration of the organizational structure, in line with the strategy and simplification initiatives adopted by the parent company.

With regard to the main ICT initiatives supporting the organizational structure, it is noted that:

- in order to strengthen the coherence of the core platforms and to achieve the effectiveness of the processes and the efficiency of the organization, as part of the multi-year programme called Digital Factoring, we highlight the completion of the replacement activities of the front-end to customers, with the opening of the same to more than 1,500 customers in the second half of 2022. For the coming years, the completion of the programme plan is expected, with interventions aimed at completing the digital transformation of the company, using the suite of products that constitute the evolution of the platform currently used by the company, to replace both the back-end platform and the electronic credit line;
- from a commercial point of view, integration projects with some Supply Chain Finance platforms were completed with positive effects on volumes in terms of new transactions;
- the projects to digitize and optimize the customer due diligence process were completed, while reducing the associated operational risks.

Workforce

UniCredit Factoring's workforce stood at 272 Full Time Equivalents (FTEs) at December 31, 2022, a decrease of 9 FTEs compared to the end of the previous year.

Specifically, against 15 new entries from the Group and 2 entries from the external market, 26 members of staff left. A rigorous search continued for staff with the professional skills and potential to replace, in part, the departures envisaged by the UniCredit Unlocked Plan continued, so as to guarantee sustainability and operational continuity as well as full achievement of corporate objectives.

Breakdown by age, category and gender

With reference to the distribution by age, there was an increase in the incidence of the age group over 50 years, of the group up to 30 years – thanks to an investment of young people with high potential – as a consequence of the turnover that occurred in 2022. Finally, the average age is 48.7 years, a slight increase over the previous year

BREAKDOWN BY AGE GROUP

	12.31.2022		12.31.2021		Change	
	FTE	Comp. %	FTE	Comp. %	absolute	%
Up to 30 years	5	1.7%	2	0.7%	+2	+122.8%
From 31 to 40 years	33	12.1%	44	15.6%	-11	-24.7%
From 41 to 50 years	110	40.6%	117	41.7%	-7	-5.9%
Over 50 years	124	45.6%	118	42.0%	+6	+5.0%
Total	**272%**	**100.0**	**281**	**100.0%**	**-9**	**-3.3%**

As regards the contractual classification of the entire Company, there was a slight increase in the number of 4th and 3rd level Executives, a decrease in the 2nd and 1st level Executives and Professionals while the number of Managers remained unchanged.

Note: Values expressed in millions of Euros unless otherwise specified

BREAKDOWN BY CATEGORY

	12.31.2022		12.31.2021		Change	
	FTE	Comp. %	FTE	Comp. %	absolute	%
Executives	13	4.8%	13	4.7%	-0	-0.4%
Management - 3rd and 4th grade	89	32.7%	86	30.5%	+3	+3.5%
Management - 1st and 2nd grade	80	29.4%	86	30.4%	-6	-6.6%
Professional areas	90	33.1%	97	34.4%	-7	-6.9%
Total	**272%**	**100.0**	**281**	**100.0%**	**-9**	**-3.3%**

With regard to the composition by activity of the personnel of the entire Company, there was a reduction in both the staff dedicated to Business (-6.7% compared to 2021) and those working on core activity (-1.5% compared to 2021).

BREAKDOWN BY ACTIVITY

	12.31.2022		12.31.2021		Change	
	FTE	Comp. %	FTE	Comp. %	absolute	%
Business	93	34.4%	100	35.6%	-7	-6.6%
Core Activity	179	65.6%	181	64.4%	-2	-1.4%
Total	**272%**	**100.0**	**281**	**100.0%**	**-9**	**-3.3%**

Finally, the breakdown of the workforce between women and men is shown below, which shows a decrease in the number of women and men in line with the decrease in the total number of FTEs in the company.

BREAKDOWN MEN/WOMEN

	12.31.2022		12.31.2021		Change	
	FTE	Comp. %	FTE	Comp. %	absolute	%
Women	103	37.9%	107	38.0%	-4	-3.5%
Men	169	62.1%	175	62.0%	-6	-3.2%
Total	**272%**	**100.0**	**281**	**100.0%**	**-9**	**-3.3%**

Performance management

To continue to improve how performance and quality are rewarded, we recommend a rigorous approach to employee evaluation that looks not only at the achievement of objectives but also at the way in which they are achieved, in terms of sustainable behavior and adherence to the Culture and Group Values (Integrity, Responsibility and Focus on People).

This approach is geared towards ensuring accurate manager evaluation and a focus on feedback, which is essential to support performance, guide behavior and promote people's development.

Employee development

In 2022, too, a great deal of attention was paid to staff training, with the aim of:

- ensuring the development of all colleagues, through the provision of increasingly targeted training, optimizing synergies with the Group and in particular with the Client Solutions perimeter;
- meeting the training needs identified with Managers, highlighted in UniCredit Performance Management and reported directly by Colleagues;
- increasing and strengthening the skills of employees to contribute to the development, cultural change and digital transformation of the Company.

With an increasing focus on roles, professional development programs, the type of people involved and the quality of content, to deliver training that can meet emerging needs, we have made various opportunities available to our staff. These cover requirements for specific targets, as well as English lessons and specialist training courses (in collaboration with high-profile partners like AssiFact) and development initiatives aimed at sharing issues related to corporate strategy, culture, as well as more specialized content.

Note: Values expressed in millions of Euros unless otherwise specified

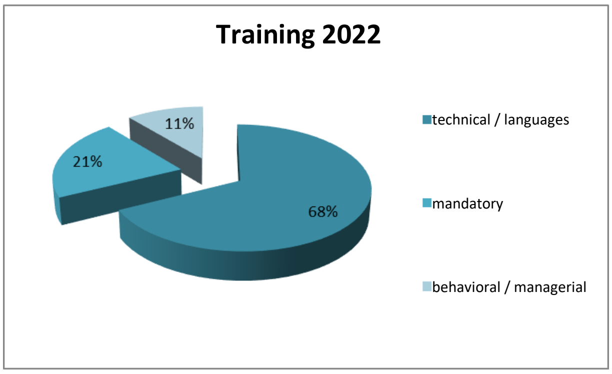
2022 continued to see UniCredit Factoring's major involvement in the 'Client Solutions Learning Architecture' training program: a package of training curricula in English for all colleagues to enhance their Core Banking Skills, Effective Communication, Managerial Skills and ESG.

In order to better support the Company's digital transformation process, upskilling courses have been created in collaboration with the Group's UniCredit University Digital, with training courses provided by external partners on key digital skills (e.g. Agile approach, Artificial Intelligence, Big Data, Digital Marketing, IoT).

In addition, three training modules to support the Digital Transformation were delivered in five sessions to increase knowledge and use of the new SMART FACTOR digital platform. It is worth noting the synergy and close collaboration with the Stream Leaders of the project to define a sustainable and effective format for the transfer and accessibility of the know-how associated with the new operation.

Below is a percentage distribution of the hours of training by type, divided between:

- Behavioral/Managerial (11%)
- Compulsory (21%)
- Technical/Languages (68%).



Diversity and inclusion

In line with the Group's commitment to promoting Diversity, Equity and Inclusion, essential for creating value for our employees, customers, communities and shareholders, the process aimed at fostering a work environment with equal opportunities for people of all ages, genders and cultural backgrounds. Activities and awareness-raising meetings were carried out with the aim of promoting an inclusive culture.

In terms of gender balance, thanks to the contribution of company management in identifying and developing potential female colleagues, seven women were appointed to positions of responsibility in 2022 (47% of total appointments).

Supporting the work-life balance

A working environment that facilitates a good balance between professional and private life has a positive impact on well-being, motivation and productivity.

This is why, by supporting the Group's initiatives, we are seeking to adopt effective, flexible solutions that will improve the work-life balance, by allowing employees flexitime where requested, as well as implementing the changes in working hours required by the national collective labor agreement and allowing part-time work and reinstatement of full-time. Specifically, during 2022, seven part-time contracts that had expired were renewed and the requests for new part-time contracts were accepted.

As per the new Agile Working Agreement, in line with the Group, Flexible Working has also been strengthened in UniCredit Factoring since September 1, 2022, with the possibility of working remotely two days a week in agreement with one’s manager.

Marketing

During 2022, ad hoc Supply Chain Finance operations were developed with high-profile customers to support supply chains by facilitating their access to credit. In particular, a number of tailor-made transactions were structured with first-class companies, also by working with Fintech companies of global importance.

2022 also saw the launch of Smart Factor, an evolution of UniCredit Factoring's digital platform for customers to monitor their factoring position and carry out transactions digitally and automatically. Other initiatives to accompany the launch include a Customer Advisory Board and a Media Communication Campaign.

The Customer Advisory Board was an event focused on a small target group of customers who were engaged in a round table format on the topic of digital transformation of factoring services.

The Campaign, mainly implemented through advertising banners on digital channels, was primarily aimed at the SME segment; it was also promoted on traditional media such as "Il Sole24Ore" and Radio24 (with an advert). In terms of social media, the presence was mainly ensured on LinkedIn, where communication on the new UniCredit Smart Factor brand involved an engaging video, the impact of which was amplified by the publication of advocacy posts on the UniCredit SpA LinkedIn channel. The objective of the advertising campaign was the repositioning of UniCredit Factoring, in particular as a trusted and cutting-edge financial partner in the digital arena.

In 2022, a complete redesign of some materials to support the sale and dissemination of services was also carried out.

During the year, a more streamlined customer listening survey was conducted compared to the traditional Customer Satisfaction survey conducted in the past. Instant Feedback was the methodology used: six areas deemed of interest to UniCredit Factoring were selected, customers were asked a few short questions to understand the degree of interest and importance of the topic for customers. During the telephone interview, a series of questions were asked designed to measure customer satisfaction with UniCredit Factoring, the NPS (Net Promoter Score) index, which showed a significant improvement compared to the previous survey, with a growing appreciation on the part of customers

Turnover and total receivables

Based on the December 2022 data provided by the Assifact trade association, both the cumulative turnover of the sector and total receivables increased by 14.5% and 5.9% respectively compared to the same period of 2021.

The market is proving to be highly competitive and concentrated. Based on data reported in November, the top three competitors have a market share of almost 60% of turnover.

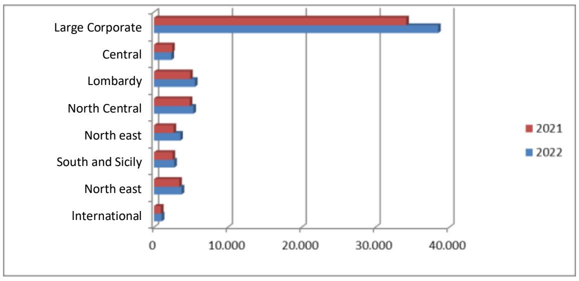
The Company acquired a total turnover of 62.8 billion during the year, an increase of 12.4% compared to 2021, maintaining second place in the industry ranking with a market share of 21.9%.

In terms of outstanding, however, the Company ranks first in the sector with a market share of 20.7%.

As can be seen from the following table, the component of non-recourse transactions in 2022 decreased in terms of turnover settling at 80.4% of the total, while it increased in terms of outstanding (90.3% of the total). Conversely, with-recourse transactions increased in terms of turnover, representing 19.6% of the total, and decreased in terms of outstanding, representing 9.7% of the total. In absolute terms, the change in turnover saw an increase of 3,880 million in non-recourse assignments and 3,048 million in with recourse assignments.

	12.31.2022		12.31.2021		Change	
	amount	Comp. %	amount	Comp. %	absolute	%
Turnover	**62,796**	**100.0%**	**55,868**	**100.0%**	**+6,928**	**+12.4%**
of which without recourse	50,503	80.4%	46,623	83.5%	+3,880	+8.3%
of which with recourse	12,293	19.6%	9,245	16.5%	+3,048	+33.0%
Outstanding	**14,385**	**100.0%**	**15,266**	**100.0%**	**-881**	**-5.8%**
of which without recourse	12,987	90.3%	13,052	85.5%	-66	-0.5%
of which with recourse	1,398	9.7%	2,213	14.5%	-815	-36.8%

The share of turnover on Domestic transactions increased slightly (0.2% in terms of share). The export component, on the other hand, decreased to 3,233 million euros, corresponding to 5.1% in terms of share.



Lastly, almost all areas saw a increase compared to the previous year, with the Large Corporate Area alone accounting for 61.3% of total turnover.

In terms of total receivables, there was a decrease of 775 million in the overdue portion (18% of the total receivables), mainly due to a decrease in absolute value in the private sector. The composition also shows a decrease in the public component which went from 29.9% in December 2021 to 26.5% in the same period of 2022.

This positive result was achieved by Debtors Management, thanks to actions that have yielded significant results on the market in terms of average collection times, through:

- expanding the management and monitoring of due and past-due loans,
- continuing the recognition and analysis of longer past-due loans by fine-tuning recovery actions,
- extending the controls on the operational management of assigned receivables,
- carrying out training and aligning operations with the introduction of the EBA's “New Definition of Default” regulation and the related standardization of on-balance sheet exposures.

All of these actions, as implemented by the Debtor Management Structure, have also reduced the risk levels on the Outstanding portfolio also thanks to:

- a consolidated and more effective synergy and collaboration developed with the other corporate Structures and Control Functions,
- resilience and responsiveness in relation to the changed working/legislative/macroeconomic and geopolitical context,
- the use of control and guidance tools/Reports (Factoring Risk Review, Dashboard, Past Due exclusion reasons, New Definition of Default Report, Revenue Agency Report, ASL Report).

Below is a breakdown of Outstanding by sector and area of debtor activity.

Note: Values expressed in millions of Euros unless otherwise specified

TOTAL OUTSTANDING BY BUSINESS SECTOR OF BORROWER

(€ million)

	12.31.2022		12.31.2021		Change	
		Comp. %	amount	Comp. %	absolute	%
GENERAL GOVERNMENT	3,797	26.4%	4,468	29.3%	-671	-15.0%
FINANCIAL COMPANIES	1,956	13.6%	2,000	13.1%	-44	-2.2%
NON-FINANCIAL COMPANIES	7,147	49.7%	7,460	48.9%	-313	-4.2%
HOUSEHOLDS	10	0.1%	19	0.1%	-9	-49.1%
NON-PROFITS FOR HOUSEHOLDS	56	0.4%	81	0.5%	-25	-31.1%
REST OF THE WORLD	1,412	9.8%	1,238	8.1%	+174	+14.1%
OTHER	-	0.0%	0	0.0%	-0	-100.0%
Total loans	**14,377**	**100%**	**15,266**	**100.0%**	**-888**	**-5.8%**

The composition by area of debtor activity relates only to 'non-financial companies' and 'manufacturing groups'.

TOTAL OUTSTANDING BY BUSINESS BRANCH OF BORROWER

(€ million)

	12.31.2022		12.31.2021		Change	
	amount	Comp. %	amount	Comp. %	absolute	%
AGRI. PROD, FORESTRY, FISHING	40	0.56%	25	0.34%	+15	+58.1%
ENERGY	744	10.39%	1,413	18.89%	-669	-47.4%
MINERALS, IRON METALS AND OTHERS	277	3.87%	334	4.46%	-57	-17.0%
MINERALS AND NON-METAL, MINERAL-BASED PRODUCTS	98	1.37%	104	1.39%	-6	-5.7%
CHEMICALS	103	1.44%	89	1.19%	+14	+15.3%
METAL PRODUCTS EXC. MACHINERY	513	7.16%	470	6.28%	+43	+9.1%
ELECTRICAL MACHINERY AND SUPPLIES	92	1.28%	80	1.06%	+12	+15.1%
TRANSPORT MEANS	1,345	18.79%	1,259	16.84%	+86	+6.8%
FOODSTUFFS, BEVERAGES, TOBACCO	377	5.27%	333	4.45%	+44	+13.3%
TEXTILES, LEATHER, FOOTWEAR, CLOTHING	76	1.06%	77	1.04%	-1	-1.7%
PAPER, PRINTING PRODUCTS, PUBLISHING SECTOR	179	2.50%	116	1.55%	+64	+54.9%
RUBBER, PLASTIC	61	0.85%	49	0.66%	+12	+24.2%
OTHER INDUSTRIAL PRODUCTS	59	0.82%	58	0.77%	+1	+1.4%
BUILDING AND PUBLIC WORKS	142	1.98%	197	2.64%	-55	-27.9%
COMMERCIAL SERVICES, RECOVERIES, REPAIRS	1,857	25.95%	1,737	23.23%	+120	+6.9%
HOTEL AND PUBLIC AGENCY SERVICES	10	0.13%	8	0.10%	+2	+26.5%
INTERNAL TRANSPORT SERVICES	274	3.83%	61	0.82%	+213	+347.2%
TRANSPORT-RELATED SERVICES	348	4.86%	277	3.70%	+71	+25.6%
COMMUNICATIONS	112	1.56%	319	4.27%	-207	-64.9%
OTHER SALES-BASED SERVICES	440	6.15%	460	6.16%	-20	-4.4%
TOTAL NON-FINANCIAL CORPORATIONS AND PRODUCER HOUSEHOLDS	**7,157**	**100.00%**	**7,479**	**100.00%**	-322	-4.3%

Note: Values expressed in millions of Euros unless otherwise specified

Receivables

Receivables at book value amounted to 12,416 million euros, down 1.8% since the end of the previous year. The component of loans to customers reached 98.3% of the total while that of loans to financial institutions decreased to 1.4%. Loans to credit institutions remain almost constant with a share of 0.4%.

LOANS (€ million)

	12.31.2022		06.30.2022		12.31.2021		Change vs. 2/31/2021	
	amount	comp. %	amount	comp. %	amount	comp. %	absolute	%
receivables from credit institutions	47	0.4%	30	0.3%	21	0.2%	+26	+127.0%
receivables from financial institutions	168	1.4%	253	2.1%	255	2.0%	-87	-34.1%
loans and receivables with customers	12,202	98.3%	11,524	97.6%	12,368	97.8%	-166	-1.3%
Total loans	**12,416**	**100.0%**	**11,808**	**100.0%**	**12,643**	**100.0%**	**-227**	**-1.8%**
of which:			13,052	85.5%	-66	-0.5%		
with-recourse advances	*602*	*4.8%*	*1,103*	*9.3%*	*1,049*	*8.3%*	*-447*	*-42.6%*
with-recourse advances (ex-formal non-recourse)	*1,057*	*8.5%*	*1,126*	*9.5%*	*1,079*	*8.5%*	*-22*	*-2.0%*
advances on contracts	*99*	*0.8%*	*98*	*0.8%*	*114*	*0.9%*	*-14*	*-12.7%*
non-recourse receivables	*9,549*	*76.9%*	*8,381*	*71.0%*	*9,283*	*73.4%*	*+267*	*+2.9%*
deferred receivables + debtor financing	*899*	*7.2%*	*908*	*7.7%*	*913*	*7.2%*	*-14*	*-1.5%*
Non-Performing loans	*130*	*1.0%*	*121*	*1.0%*	*123*	*1.0%*	*+7*	*+5.6%*
other loans and receivables	*80*	*1.5%*	*72*	*1.5%*	*84*	*1.5%*	*-4*	*-4.3%*

Advance with recourse decreased markedly both in absolute terms (-447 million) and in terms of share (-42.6 points) compared to last year. The non-recourse component of receivables instead increased both in terms of share and in absolute terms, reaching respectively 76.9% of the total (+2.9%) and 9,549 million (+267 million). The other components of receivables are essentially stable compared to the previous year: the portion of deferred credits and loans to assigned debtors remained unchanged at 7.2%, as did the component of formal non-recourse advances at 8.5%; impaired loans at 1% and other loans at 1.5%. The portion of advances on contracts decreased slightly, standing at 0.8% against 0.9% in the previous year. Approximately 82.1% of the without recourse operations take place by means of outright purchase.

From an asset quality point of view, impaired loans at book value increased by around 7 million compared to the end of 2021 – from 123.3 million in December 2021 to 130.2 million in December 2022 – exclusively due to the increase in past due positions (from 68.6 million in December 2021 to 104.9 million in December 2022) which more than offset the significant decrease in non-performing positions (from 16.8 million in December 2021 to 6 million of December 2022) and of those likely to default (from 37.9 million in December 2021 to 19.3 million in December 2022). As a proportion of total loans on the balance sheet, non-performing loans thus increased to 1.05% from 0.98% at the end of 2021.

The coverage ratio of value adjustments, including write-offs, decreased (from 68.8% to 62.9%) exclusively due to the mix effect deriving from the increase in the consistency of past due positions on total credits. In particular, the coverage ratios of both non-performing loans and unlikely to pay recorded a marked increase, reaching 96.3% and 74.7% respectively against 92.6% and 59.9% in December 2021, while the coverage ratio of past due positions remained constant, going from 5.02% in 2021 to 5.35% in 2022.

Note: Values expressed in millions of Euros unless otherwise specified

NON-PERFORMING LOANS

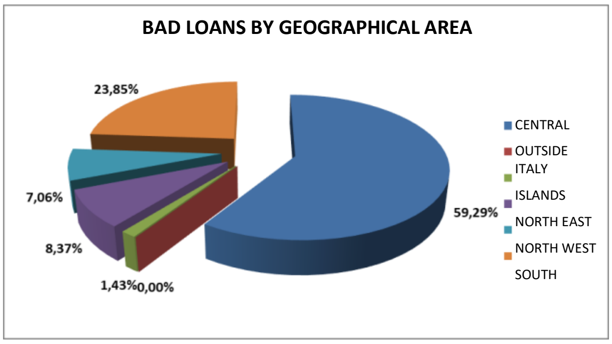
(€ million)

	Bad loans		Unlikely to pay	Past-Due Loans	Total non-performing	
	book value	incl. write-offs			book value	incl. write-offs
As at 12.31.2022						
Nominal value	79.0	164.5	76.4	110.8	**266.2**	**351.7**
as a percentage of total loans	*0.63%*		*0.61%*	0.88%	***2.12%***	
Write-downs	72.9	158.4	57.1	5.9	**136.0**	**221.5**
as a percentage of face value	*92.37%*	*96.34%*	*74.74%*	*5.35%*	***51.08%***	***62.97%***
Book value	6.0	6.0	19.3	104.9	**130.2**	**130.2**
as a percentage of total loans	*0.05%*		*0.16%*	*0.84%*	***1.05%***	
As at 12.31.2021						
Nominal value	121.5	228.5	94.6	72.2	**288.4**	**395.4**
as a percentage of total loans	*0.95%*		*0.74%*	*0.56%*	***2.25%***	
Write-downs	104.8	211.7	56.7	3.6	**165**	**272.1**
as a percentage of face value	*86.21%*	*92.66%*	*59.94%*	*5.02%*	***57.25%***	***68.82%***
Book value	16.8	16.8	37.9	68.6	**123.3**	**123.3**
as a percentage of total loans	*0.13%*		*0.30%*	*0.54%*	***0.98%***	

Bad loans at book value fell from 0.13% to 0.05% in relation to the total receivables. The coverage ratio, considering the write-downs and partial transitions to loss, rose from 93% at the end of 2020 to 96% in December 2022.

In 2022, 6 new positions were transferred to bad loan status, totalling 1.092 million euros, with provisions of around 1.074 million euros being made.

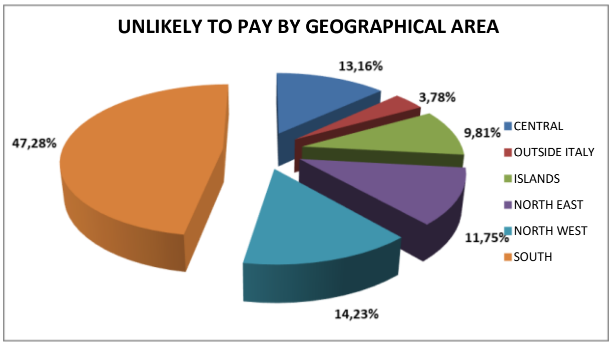
The breakdown of bad loans, inclusive of provisions, by geographical area shows a prevalence of positions with parties in Central and Southern Italy Areas:



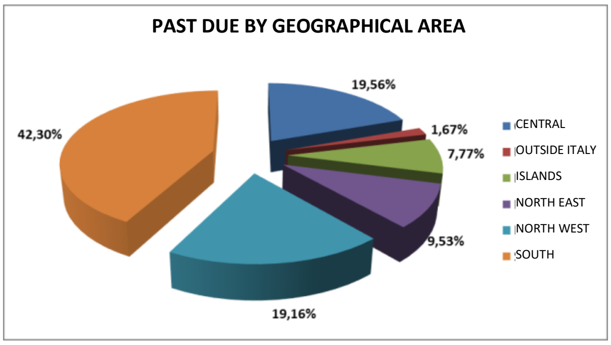
Unlikely-to-pay positions fell between the end of 2021 and the end of 2022, having gone from 37.9, million to 19.3 million in absolute terms and from 0.30% to 0.16% in relation to total net receivables.

Note: Values expressed in millions of Euros unless otherwise specified

In 2022, 21 new positions were transferred to unlikely to pay status, totalling 7.5 million. The breakdown of gross unlikely-to-pay loans by geographical area shows a clear prevalence in the South area.



Impaired past-due loans showed an increase between the end of 2021 and the end of 2022, from 72.2 million to 110.8 million in absolute terms, standing at 0.85% of the total net receivables, compared to 0.54% at the end of the previous year. Past due loans by geographic area show a clear prevalence in the South area.



Risk management and control methods

The Risk Management Department is responsible for controlling the processes used to measure, monitor, govern and control risks by ensuring the optimal composition of the portfolio and limiting the related costs.

In line with the parent company's organizational model, the Company has designed its organizational structure by separating the processes for the acquisition and management of assigning customers from those for debtor management, and by entrusting the Risk Management Department with the responsibility for decision-making – this department is also responsible for systematic monitoring and for risk management.

Powers to grant finance, which are the responsibility of the Board of Directors, are partly delegated to the Credit Committee and the CEO, below whom there is a system of delegated roles for individual teams in the Risk Management Department.

The system of powers and delegated powers is periodically reviewed and is adjusted to reflect changes in the market and the company's structural requirements.

With regard to market risk, considering that the Company does not operate in financial instruments trading, the characteristics of its products and its modus operandi means that risk is kept at limited levels.

The Company’s assets, which are mainly short-term entries, minimize its exposure to changes in interest rates, as in general the Company operates by:

- periodically updating the variable rates with the funding maturities;
- applying fixed rates based on the cost of funding (receivables acquired definitively).

The interest rate risk relating to longer-term non-recourse purchase transactions is normally hedged by funding transactions with the same duration and in some cases, in the past, by taking out derivative instruments to hedge the interest rate risk.

Similarly, the liquidity aspect is mitigated by matching the maturities of funding flows and funding.

The foreign currency receivables in the Company’s assets are financed with liabilities in the same currency. This minimizes the exchange risk.

For more detailed information about risks and hedging policies, see the Notes (Part D – Section 3).

Income Statement and Shareholders' Equity

Income statement

The Income Statement set out below follows the reclassification scheme adopted by the Group. In this scheme, other income and charges are included in the intermediation margin and the integration charges, which are included in personnel costs, are highlighted in a specific item under operating profit.
Net operating income amounted to 152.4 million, a decrease of 1% compared to 2021. Contributing to this result was the net interest margin, at 119 million (+8.4%), net commission at 31.3 million (-23%).

CONDENSED INCOME STATEMENT (€ million)

	Financial year		Change	
	2022	**2021**	**absolute**	**%**
Net interest	119.0	109.8	9.2	+8.4%
Net fees and commissions	31.3	40.7	-9.4	-23.0%
Net result from trading and hedging	-0.8	-0.4	-0.3	+72.9%
Net other expenses/income	2.8	3.8	-1.0	-25.3%
OPERATING INCOME	**152.4**	**153.9**	**-1.5**	**-1.0%**
Personnel costs	-27.2	-27.8	0.6	-2.2%
Other administrative expenses	-18.8	-22.5	3.7	-16.4%
Impairment/write-backs on intangible and tangible assets	-1.3	-1.7	0.3	-21.0%
Operating costs	**-47.3**	**-52.0**	**4.7**	**-9.0%**
OPERATING PROFIT (LOSS)	**105.1**	**101.9**	**3.2**	**+3.1%**
Net write-downs on loans	-8.4	0.7	-9.0	n.s.
NET OPERATING PROFIT (LOSS)	**96.7**	**102.6**	**-5.9**	**-5.7%**
Net provisions for risks and charges	2.0	0.6	1.5	+262.3%
Integration costs	-4.2	-1.5	-2.7	+180.5%
PROFIT BEFORE TAXES	**94.5**	**101.6**	**-7.1**	**-7.0%**
Income tax for the year	-30.1	-31.6	1.5	-4.6%
NET PROFIT	**64.4**	**70.0**	**-5.7**	**-8.1%**

Other income decreased by around 1 million to 2.8 million.

On the cost side, personnel costs decreased by 2.2% with an average workforce lower than in the same period of 2021. Other administrative expenses recorded a decrease of 16.4% compared to 2021 mainly due to the reduction in IT costs and legal expenses for credit recovery. Overall, operating costs amounted to 47.3 million, a decrease of 6.3%. The operating result increased by 3.2 million in absolute value (+3.1%), and the ratio between costs and revenues stood at 31%.

Net adjustments to loans amounted to 8.4 million, up by 9 million in absolute value compared to 2021.

Profit before taxes, taking into account the release of the provision for risks and charges in the amount of 2 million, therefore amounted to 94.5 million, compared to 101.6 million in the previous year, a decrease of 7%.

Net profit for the year amounted to 64.4 million, down by 5.7 million compared to 2021.

Note: Values expressed in millions of Euros unless otherwise specified

Equity and capital ratios

Equity, taking into account the profit for the period and the dividends distributed, thus brings it to 837 million, compared to 822 million at the end of 2021. Own Funds, after deducting 70% of the net profit to be distributed, stood at 792 million, compared to 772 million in December 2021.

Total risk-weighted assets show an increase of 3.1% compared to December 2021 due to a different portfolio mix which sees, among other things, a decrease in exposures to the Public Administration.

The CET 1 ratio, which also coincides with the Total Capital ratio, is substantially stable (19.27%) against a minimum permitted of 6.0%.

EQUITY AND CAPITAL RATIOS (€ million)

	data as at		Change vs. 2/31/2021	
	31/12/2022	12/31/2021	absolute	%
Equity	837	822	+6,928	+12.4%
Period profit to distribute (-)	45	49		
Negative/positive features	0	0		
Common Equity Tier 1 Capital	792	772		
Total own funds	792	772		
Total RWA	4,110	3,988		
CET 1*	19.27%	19.37%		
Total Capital ratio	19.27%	15,266	-881	-5.8%

* the difference with table '4.2.2.2 Quantitative disclosure, Part D Other disclosures' is due to a different calculation of operational risk assets compared to capital requirements

Note: Values expressed in millions of Euros unless otherwise specified

Other information

Application for registration on the new Single Register of Financial Intermediaries

Since 05.09.2016, the Company has been registered on the new Single Register of Financial Intermediaries, in accordance with the reformed Article 106 TUB.

Auditing

Audit controls in the Company are managed by the Internal Audit function which carries out an independent and objective assurance and consultancy activity, in order to evaluate, add value and contribute to the improvement of the Company's Internal Control System. Starting from 2022, the activities of the Internal Audit function are partially outsourced to UniCredit S.p.A. on the basis of the reformulation of the intercompany outsourcing contract which took effect from February 7, 2022.

The new organizational model provides for the presence at UniCredit Factoring of a Chief Audit Executive – in charge of the internal audit function, appointed by the Board of Directors of UniCredit Factoring – who, by means of a partial outsourcing contract, relies on staff with adequate professional skills to carry out the audit activities coming from the Parent Company.

Corporate responsibility: Italian Legislative Decree no. 231/2001

In 2022 the Supervisory Body continued its work on supervising adequacy and compliance with the Organizational and Management Model, which was set up in accordance with Decree 231/01 regarding the corporate responsibility of companies, legal entities and associations including those without legal status. The supervisory body performed its activities with the collaboration of Internal Audit.

Environment and health and safety at work

In line with the Parent Company also for the year 2022, in compliance with the rules issued locally and with the support of specialized consultants, we have kept the specific protocols constantly updated containing all the prevention and protection measures necessary for the containment of the infection from Covid-19, continuing to respond promptly to the emergency still linked to the pandemic.

Measures aimed at the health and safety of our employees have also included:

- support for all colleagues from competent doctors through a dedicated channel,
- availability of personal protective equipment for employees to guarantee maximum protection and prevention for colleagues,
- suitable measures to avoid crowding and gatherings in our buildings.

In addition to the adoption of appropriate behaviors and personal protective equipment, remote working continued to be encouraged in a flexible manner, where possible, until the end of the emergency and even beyond for the most vulnerable categories (frail and pregnant).

Note: Values expressed in millions of Euros unless otherwise specified

The risk assessment activity and preparation of any necessary prevention and protection measures continued on a regular basis as envisaged by the Risk Assessment Document.

In order to manage any critical issues in a timely manner and to maintain the highest level of health and safety, colleagues are provided with various reporting channels (e.g. email, ticket remedy reporting system) to report any hazards / malfunctions in the workplace. The reports are then managed in real time by the competent function.

In addition, face-to-face training activities on occupational health and safety and fire emergency management and first aid are resumed on a regular basis.

The programme of medical examinations by the company doctor was also continued, both for ordinary and extraordinary mandatory and upon-request health surveillance.

Related-party transactions

With regard to relations with the parent company and other companies in the UniCredit Group, see the Notes (Part D – Other information – Section 6 – Related-party transactions).

Treasury shares and parent-company shares in the portfolio

The Company does not hold, nor has it held during the year, any own treasury shares or shares of the parent company.

Research and development

No investments were made in research and development during the year.

Financial Instruments

As of December 31, 2022 the company does have hedging derivatives to cover interest rate risk. More information about the policy of managing financial risks and the composition of the derivatives portfolio can be found in the Notes.

In addition, from this report onwards, there are equities and shareholdings recognized in Financial assets measured at fair value through other comprehensive income and in the item Financial assets measured at fair value with impact on the income statement, which the Company obtained as a result of a transaction to restructure the debt of a lending counterparty in composition with creditors proceedings.

Management and coordination by the Parent Company

As required by Articles 2497 et seq of the Italian civil code, please note that the Company is subject to direction and coordination by UniCredit S.p.A.; Part D – Other information – Section 6 of the Notes contains details of relations with the entity exercising management and coordination and with the other companies it manages. The annexes to the Notes contain a schedule of the key data for the parent company.

The Company has joined the Group tax consolidation scheme.

Registered offices

Via Livio Cambi, 5, Milan.

Secondary offices

The Company does not have any secondary offices.

Note: Values expressed in millions of Euros unless otherwise specified

Events after year-end and outlook

Subsequent Events

No significant events have occurred after the reporting date that would have an impact on the financial statements.

Outlook

Italian GDP is expected to slow in 2023 (+0.4%). Household final consumption expenditure is expected to develop in line with economic activity, with a slowdown (+0.4%) due to the high level of inflation. In the coming year, under the favourable assumption that a phase of deceleration in the prices of energy goods begins, the favourable trend in investments, supported by public investments linked to the implementation of the NRRP, is expected to represent the driving force of the Italian economy (+2.0%).

The improvement in employment, which will grow faster than GDP with an increase of 0.5%, will be accompanied by that of the unemployment rate, which will remain almost stable compared to that of 2022 (8.1% in 2022; 8.2% in 2023). The prolonged period of price increases, supported by the exceptional rise in the prices of energy goods, is expected to be reflected in the trend of the deflator of resident households' expenditure (+5.4%). The forecast scenario is characterized by particularly favourable assumptions regarding the path of price reductions in the coming months and the full implementation of the public investment plan planned for next year.

As far as the factoring sector in particular is concerned, the expectations of operators in the sector are positive, forecasting a growth rate of around 9% for turnover and 7.5% for lending in 2023.

In this macro scenario, the Company confirms that it will still pursue the strategic objectives of portfolio quality, market leadership and return on capital, in collaboration with the Parent Company's network and benefiting from projects launched, including the Digital Factoring project.

Milan, February 15, 2023

The Chief Executive Officer	For the Board of Directors
Simone Del Guerra	The Chairman: Ezio Bassi

Note: Values expressed in millions of Euros unless otherwise specified

The financial statements and the directors' Report on Operations, which we now submit for your approval, have been audited by KPMG S.p.A in accordance with the meeting resolution passed on April 14, 2021.

We also propose the distribution of profits for the year, of 64,371,666 euros, as follows:

legal reserve (5%)	3,218,583 euros
other reserves	16,104,783 euros
to shareholders at the rate of 0.561 euros per share	45,048,300 euros.

Milan, February 15, 2023

The Chief Executive Officer

Simone Del Guerra

For the Board of Directors

The Chairman: Ezio Bassi

Financial Statements

Balance Sheet

	Assets	31/12/2022	12/31/2021
10.	Cash and cash balances	32,155,672	46,626,467
20.	Financial assets measured at fair value through profit or loss	2,676,332	3,839,566
	c) other financial assets mandatorily at FV	2,676,332	3,839,566
30.	Financial assets measured at fair value through other comprehensive income	11,558,795	11,784,139
40.	Financial assets measured at amortized cost	12,416,043,181	12,643,318,712
	a) loans and receivables with banks	46,758,604	20,595,460
	b) receivables from financial companies	167,731,306	254,688,019
	c) loans and receivables with customers	12,201,553,271	12,368,035,233
50.	Hedging derivatives	4,816,307	0
60.	Changes in fair value of portfolio hedged items (+/-)	(8,129,880)	4,146,480
80.	Property, plant and equipment	4,377,981	4,255,197
90.	Intangible assets	116,955	352,803
100.	Tax assets	36,472,666	38,583,296
	a) current	-	0
	b) deferred	36,472,666	38,583,296
120	Other assets	78,021,798	145,852,513
Total assets		**12,578,109,807**	**12,898,759,173**

	Liabilities and equity	31/12/2022	12/31/2021
10.	Financial liabilities measured at amortized cost	11,413,134,151	11,656,473,167
	a) payables	11,413,134,151	11,656,473,167
40.	Hedging derivatives	2,063,706	10,315,518
60.	Tax liabilities	16,582,966	19,562,372
	a) current	16,582,966	19,562,372
80.	Other liabilities	269,858,450	351,237,948
90.	Provisions for employee severance pay	1,685,438	2,244,278
100.	Provisions for risks and charges:	37,677,091	37,248,639
	a) commitments and guarantees given	385,140	1,073,695
	b) post-retirement benefit obligations	4,018,188	2,094,000
	c) other provisions for risks and charges	33,273,763	34,080,944
110.	Capital	414,348,000	414,348,000
140.	Share premium	951,314	951,314
150.	Reserves	358,414,280	337,444,161
160.	Valuation reserves	(977,255)	(1,099,781)
170.	Profit (loss) for the year (+/-)	64,371,666	70,033,557
	Total liabilities and equity	**12,578,109,807**	**12,898,759,173**

[Euro]

Note: Values expressed in millions of Euros unless otherwise specified

Income Statement

	ITEMS	2022	2021
10.	Interest and similar income	156,106,885	115,441,570
	of which interest income calculated using the effective interest method	144,525,059	95,198,449
20.	Interest expense and similar charges	(37,077,505)	(5,599,447)
30.	**NET INTEREST MARGIN**	**119,029,380**	**109,842,123**
40.	Fees and commissions income	69,520,012	64,920,287
50.	Fees and commissions expenses	(38,190,346)	(24,214,405)
60.	**NET FEES AND COMMISSIONS**	**31,329,666**	**40,705,882**
70.	Dividends and similar income	104,694	-
80.	Net profit (loss) from trading	294,193	(302,248)
110.	Gains and losses on financial assets/liabilities at fair value through profit or loss	(1,163,234)	*(139,984)*
	b) other financial assets mandatorily at FV	(1,163,234)	*(139,984)*
120.	**OPERATING INCOME**	**149,594,699**	**150,105,773**
130.	Net adjustments/writebacks for credit risk of:	(8,367,951)	673,912
	a) financial assets measured at amortized cost	*(8,367,951)*	*673,912*
150.	**NET RESULT OF FINANCIAL MANAGEMENT**	**141,226,748**	**150,779,685**
160.	Administrative costs:	(50,249,506)	(51,829,563)
	a) personnel costs	*(31,415,414)*	*(29,297,897)*
	b) other administrative expenses	*(18,834,092)*	*(22,531,666)*
170.	Net provisions for risks and charges	2,018,405	556,821
	a) commitments and guarantees given	688,555	342,355
	b) other net provisions	1,329,850	214,466
180.	Net value adjustments/write-backs on property, plant and equipment	(1,072,097)	(1,419,563)
190.	Net value adjustments/write-backs on intangible assets	(235,848)	(235,848)
200.	Other income and operating expenses	2,833,164	3,794,403
210.	**OPERATING COSTS**	**(46,705,882)**	**(49,133,750)**
260.	**PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES**	**94,520,866**	**101,645,935**
270.	Income tax expense on continuing operations	(30,149,200)	(31,612,378)
280.	**PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER TAXES**	**64,371,666**	**70,033,557**
300.	**NET PROFIT (LOSS)**	**64,371,666**	**70,033,557**

[Euro]

Note: Values expressed in millions of Euros unless otherwise specified

Statement of comprehensive income

	ITEMS	2022	2021
10.	Net profit (loss)	64,371,666	70,033,557
	Other comprehensive income after tax not reclassified to profit or loss	-	-
20.	Equity instruments at fair value through other comprehensive income	(150,707)	*118,792*
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedging of equity instruments at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	273,233	*(40,800)*
80.	Non-current assets held for sale	-	-
90.	Portion of valuation reserve for equity investments valued using the equity method	-	-
	Other comprehensive income after tax that may be reclassified to profit or loss		
100.	Hedges of foreign investments	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (not designated)		
140.	Financial assets (other than securities) measured at fair value with impact on comprehensive income	-	-
150.	Non current assets and disposal groups classified as held for sale	-	-
160.	Share of valuation reserves of equity investments accounted for using equity method	-	-
170.	Total other income components after tax	122,526	***77,992***
180.	**Total comprehensive income (Item 10+170)**	**64,494,192**	**70,111,549**

[Euro]

Note: Values expressed in millions of Euros unless otherwise specified

Statement of changes in Equity as at December 31, 2022

	BALANCE AS AT 12.31.2021	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2022	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS AND OTHER ALLOCATIONS	CHANGES DURING THE YEAR: CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: ACQUISITION OF TREASURY SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGES IN EQUITY INSTRUMENTS	SHAREHOLDERS' EQUITY TRANSACTIONS: OTHER CHANGES	COMPREHENSIVE INCOME 12.31.2022	SHAREHOLDERS' EQUITY AT 12.31.2022
Capital	414,348,000	-	414,348,000	-	-	-	-	-	-	-	-	-	**414,348,000**
Share premium	951,314	-	951,314	-	-	-	-	-	-	-	-	-	**951,314**
Reserves:	-		-										
a) income	337,444,161	-	337,444,161	20,970,257	-	-	-	-	-	-	*(138)*		**358,414,280**
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reserves	*(1,099,781)*	-	*(1,099,781)*	-	-	-	-	-	-	-	-	*122,526*	**(977,255)**
Equity instruments	-	-	-		-	-	-	-	-	-	-	-	
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Income (loss) for the period	70,033,557	-	70,033,557	*(20,970,257)*	*(49,063,300)*	-	-	-	-	-	-	64,371,666	**64,371,666**
Equity	821,677,251	-	821,677,251	-	(49,063,300)	-	-	-	-	-	138	64,494,192	**837,108,005**

[Euro]

Statement of changes in Equity as at December 31, 2021

	BALANCE AS AT 12.31.2020	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2021	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS AND OTHER ALLOCATIONS	CHANGES DURING THE YEAR: CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: ACQUISITION OF TREASURY SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGES IN EQUITY INSTRUMENTS	SHAREHOLDERS' EQUITY TRANSACTIONS: OTHER CHANGES	COMPREHENSIVE INCOME 12.31.2021	SHAREHOLDERS' EQUITY 12.31.2021
Capital	414,348,000	-	414,348,000	-	-	-	-	-	-	-	-	-	**414,348,000**
Share premium	951,314	-	951,314	-	-	-	-	-	-	-	-	-	**951,314**
Reserves:	-		-										
a) income	319,760,614	-	319,760,614	17,239,622	-	-	-	-	-	-			**337,000,236**
b) others	-	-	-	-	-	-	-	-	-	-	443,925	-	**443,925.00**
Valuation reserves	*(1,177,773)*	-	*(1,177,773)*		-		-	-	-	-	-	*77,992*	**(1,099,781)**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Income (loss) for the period	57,630,522	-	57,630,522	*(17,239,622)*	*(40,390,900)*	-	-	-	-	-	-	70,033,557	**70,033,557**
Equity	791,512,677	-	791,512,677	-	*(40,390,900)*	-	-	-	-	-	443,925	70,111,549	**821,677,251**

[Euro]

Note: Values expressed in millions of Euros unless otherwise specified

Cash Flow Statement - Direct Method

	12.31.2022	12.31.2021
A. OPERATING ACTIVITIES		
1. OPERATIONS	**118,471,993**	**163,687,900**
- interest income collected	178,321,655	158,585,973
- interest expense paid	(37,077,505)	(5,599,447)
- net fees and commissions	31,524,892	41,691,528
- personnel costs	(27,190,452)	(28,009,459)
- other costs	(19,997,326)	(22,973,898)
- other revenues	20,929,299	46,560,872
- taxes and duties	(28,038,570)	(26,567,669)
- costs/income related to group assets classified as held for sale and net tax effects		
2. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ASSETS	**277,889,678**	**(929,601,328)**
- other financial assets mandatorily at FV	1,163,234	(3,839,566)
- financial assets measured at fair value through other comprehensive income	225,344	3,248,447
- financial assets measured at amortized cost	201,210,332	(876,238,554)
- other assets	75,290,768	(52,771,655)
3. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	**(361,719,788)**	**752,720,673**
- financial liabilities measured at amortized cost	(243,339,016)	906,277,420
- Debt securities in issue	-	-
- other liabilities	(118,380,772)	(153,556,747)
NET CASH GENERATED/ABSORBED BY OPERATING ACTIVITIES	**34,641,883**	**(13,192,755)**
B. INVESTMENT ACTIVITIES		
1. CASH GENERATED BY:		
- sales of property, plant and equipment		
- sales of intangible assets	-	-
- sales of business units	-	-
2. CASH ABSORBED BY:		
- purchases of property, plant and equipment	(49,378)	(15,149)
- purchase of intangible assets	-	-
- purchases of business units	-	-
NET CASH GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	**(49,378)**	**(15,149)**
C. FUNDING ACTIVITIES		
- issue/purchase of own shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other allocations	(49,063,300)	(40,390,900)
NET CASH GENERATED/ABSORBED BY FINANCING ACTIVITIES	**(49,063,300)**	**(40,390,900)**
NET CASH GENERATED/ABSORBED DURING THE YEAR	**(14,470,795)**	**(53,598,804)**

[Euro]

Note: Values expressed in millions of Euros unless otherwise specified

Reconciliation

	12.31.2022	12.31.2021
Cash and cash equivalents at the beginning of the period	46,626,467	100,225,271
Total net cash generated/absorbed during period	(14,470,795)	(53,598,804)
Cash and cash balances: effects of changes in exchange rates	-	-
Cash and cash equivalents at the end of period	32,155,672	46,626,467

Note: Values expressed in millions of Euros unless otherwise specified

Note: Values expressed in millions of Euros unless otherwise specified

Part A – Accounting Policies

Note: Values expressed in millions of Euros unless otherwise specified

A.1 - General information

Section 1 - Declaration of compliance with international accounting standards

These financial statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, endorsed by the European Commission up to December 31, 2022, as required by European Union Regulation no. 1606/2002, transposed in Italy by Legislative Decree 38 of February 28, 2005.

The financial statements were prepared according to the models in the Bank of Italy's measure of October 29, 2021, 'Financial statements of IFRS intermediaries other than banking intermediaries', which fully replaced the guidelines annexed to the instructions in its measure of November 30, 2018.

Section 2 - Preparation Criteria

The financial statements of UniCredit Factoring S.p.A. at December 31, 2022 were prepared, as indicated above, in conformity with the International Accounting Standards (IAS/IFRS) endorsed by the European Union.

The financial statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, and the Notes, accompanied by the Directors' Report on Operations. The financial situation is presented in euros, apart from the Notes which are prepared in thousands of euros, and corresponds to the company accounts, which fully reflect the operations carried out during the period.

The accounts are drafted on a going concern basis and correspond to the principles of accrual, relevance and materiality, and the prevalence of economic substance over legal form. The information in the Cash Flow Statement is given in accordance with the cash principle.

Costs and revenues, assets and liabilities are not offset against each other, except where required by an accounting standard and/or its interpretation, in order to make the financial statements clearer and more communicative.

The financial statements and Notes show the corresponding comparisons with the previous year.

The financial statements to December 31, 2022 have been drafted clearly and provide a true and fair representation of the Company's assets, financial position, economic result for the year, shareholders' equity and cash flow.

In these financial statements there are no derogations from the IAS/IFRS accounting standards.

Risk and uncertainty relating to the use of estimates

The IFRS require that Management provides valuations, estimates and projections with a bearing on the application of the accounting standards and the carrying amounts of assets, liabilities, expenses and revenues. Estimates and related projections based on experience and other factors judged to be reasonably included were used to estimate the carrying value of assets and liabilities not readily obtainable from other sources.

The Company has considered the effects of these uncertainties on the value of financial assets recognized on the Company's balance sheet and for all estimation processes.

The estimates and assumptions are regularly reviewed. Any changes resulting from these reviews are recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.

The risk of uncertainty in estimation essentially relates to the assessment of:

- the quantification of losses due to impairment in the value of receivables;
- severance pay and other employee benefits;
- the provisions for risks and charges;
- financial instruments;
- deferred tax assets.

Section 3 - Subsequent Events

No significant events have occurred after the reporting date that would make it necessary to change any of the information given in the Accounts as at December 31, 2022.

Section 4 - Other aspects

These accounts are audited by the company KPMG S.p.A. pursuant to Legislative Decree no. 39 of January 27, 2010 and in implementation of the Shareholders' Meeting resolution of April 14, 2021.

The draft financial statements of the Company were approved and authorized for publication by the Board of Directors on February 15, 2023.

In 2022, the following accounting standards or amendments to existing accounting standards came into force:

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Assets and Liabilities; and 2018-2020 annual improvements (all issued in May 2020).

Below are the IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not adopted in advance by the Company at December 31, 2022:

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9, 2021);

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021);

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021);

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on February 12, 2021).

Finally, as at December 31, 2022, the IASB has issued the following accounting standards, interpretations or amendments of existing standards, whose application is subject to completion of the endorsement process by the competent bodies of the European Union:

Amendments to IAS 1 Presentation of Financial Statements;

Classification of Liabilities as Current or Non-current Date (issued on January 23, 2020);

Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on July 15, 2020);

Non-current Liabilities with Covenants (issued on October 31, 2022);

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022).

Amendment to IFRS 16

With reference to leasing contracts, it is specified that the practical expedient provided for in Regulation (EU) no. 1434/2020 was not applied, as there were no changes in the duration of the existing contracts.

A.2 - Main Items of the Financial Statements

Below are the criteria adopted for the valuation of the main items.

1) Cash and cash balances

Legal tender currencies are classified in this category, including foreign banknotes and divisional coins as well as “demand” credits (current accounts and sight deposits) from banks.

Balances in bank current accounts and sight deposits, as well as the liquidity available in company accounts, were valued at nominal value

2) Financial assets measured at fair value through profit or loss

a) Financial assets held for trading

A financial asset is classified as held for trading if:

- it is acquired principally for the purpose of selling it in the near term;
- it is part of a portfolio of financial instruments that are managed together and for which there is a strategy of short-term profit-taking;
- it is a derivative contract not designated under hedge accounting, including derivatives with positive fair value embedded in financial liabilities other than those measured at fair value with recognition of income effects through profit or loss.

Like other financial instruments, on initial recognition, at settlement date, a held-for-trading financial asset is measured at its fair value, usually equal to the amount paid, excluding transaction costs and income, which are recognized in profit and loss even when directly attributable to the financial assets. Trading book derivatives are recognized at trade date.

After initial recognition these financial assets are measured at their fair value through profit or loss.

A gain or loss arising from sale or redemption or a change in the fair value of a HfT financial asset is recognized in profit or loss in item 80. Net trading result‘, including gains and losses on derivatives relating to financial assets and/or liabilities designated at fair value and other financial assets designated at fair value. If the fair value of a financial instrument falls below zero, which may happen with derivative contracts, it is recognized in item ’20. Financial liabilities held for trading‘.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (usually called the 'underlying’);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative is separated from financial liabilities other than those measured at fair value through profit or loss and from non-financial instruments, and is recognized as a derivative, if:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) instrument is not measured entirely at fair value through profit or loss.

When an embedded derivative is separated, the host contract is recognized according to its accounting classification.

b) Financial assets designated at fair value

A non-derivative financial asset can be designated at fair value if said designation avoids accounting mismatches that arise from measuring assets and associated liabilities according to different measurement criteria.

FIaFV are accounted for in a similar manner to 'HfT financial assets', however gains and losses, whether realized or unrealized, are recognized in item 110. Gains and losses on other financial assets/liabilities at fair value through profit or loss: (a) financial assets and liabilities designated at fair value'; this item also includes changes in the fair value of 'financial liabilities designated at fair value' attributable to deteriorations in their creditworthiness, if the designation of liabilities at fair value creates or increases the accounting asymmetry in the income statement under IFRS 9.

c) Other financial assets mandatorily at FV

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortized cost or at fair value through other comprehensive income. Specifically, the following assets have been classified in this portfolio:

- debt instruments, securities and loans for which the business model is neither held to collect nor held to collect and sell but which are not part of the trading book;
- debt instruments, securities and loans with cash flows that are not solely payment of principal and interest;
- units in investment funds;
- equity instruments not held for trading, for which the Group does not apply the option granted by the standard of valuing these instruments at fair value through other comprehensive income.

FIaFV are accounted for in a similar manner to 'HfT financial assets', however gains and losses, whether realized or unrealized, are recognized in item 110. Gains and losses on other financial assets/liabilities at fair value through profit or loss: b) other financial assets mandatorily at FV.

3) Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- its business model is held to collect and sell;
- the relative cash flows represent only the payment of principal and interest.

Equity instruments not held for trading, for which the Group does not apply the option granted by the standard of valuing these instruments at fair value through other comprehensive income are also classified in this category.

On initial recognition, at settlement date, a financial asset is measured at fair value, which is usually equal to the consideration paid, plus transaction costs and revenues directly attributable to the instrument.

After initial recognition, the interests accrued on interest-bearing instruments are recorded in the income statement according to the amortized cost criterion in the item ‘10. Interest and similar income’ where positive or in item ‘20. Interest expense and similar charges’ where negative.

The gains and losses arising from changes in fair value are recognized in the Statement of comprehensive income and shown under item 160. ‘Valuation reserves’ in equity.

These instruments are tested for impairment as illustrated in the specific section 16 – Other information – Impairment.

These impairment losses are recognized in the income statement under item ‘130. Net adjustments/writebacks for credit risk relating to: b) Financial assets measured at fair value through other comprehensive income’, with a contra-entry in other comprehensive income and also recognized under item ‘160. ‘Valuation reserves’ in equity.

In the event of disposal, the profits and losses are recorded through P&L under item ‘100. Gains/(losses) on disposal or repurchase of: b) Financial assets measured at fair value through other comprehensive income.

The amounts deriving from the adjustment made to the book values of financial assets, considered gross of the related total value adjustments, so as to reflect the changes made to the contractual cash flows that do not give rise to derecognition, are recorded in the income statement under item ‘140. Gains/losses from contractual modifications without cancellations’; this item does not include the impact of contractual amendments on the amount of expected losses, which is recognized under item ‘130. Net adjustments/writebacks for credit risk relating to: b) Financial assets measured at fair value through other comprehensive income.

This item may also include on-balance sheet exposures that are impaired upon initial recognition. These exposures are classified as ‘Purchased Originated Credit Impaired’ (POCI).

The amortized cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset.

This expected credit loss is subject to periodic review thus determining the recognition of impairment or write-backs.

With regard to equity instruments, the gains and losses arising from changes in fair value are recognized in the Statement of comprehensive income and shown under item 160. ‘Valuation reserves’ in equity.

In the event of disposal, the accumulated profits and losses are recorded in item 150. Reserves.

In accordance with the provisions of IFRS9, no impairment losses on equity instruments are recognized in the income statement. Only dividends are reported in the income statement under item ‘50. Dividends and similar income’.

4) Financial assets measured at amortized cost

The receivables are non-derivative financial assets with customers, finance companies and banks, with fixed or determinable payments that are not quoted in an active market.

The first recognition takes place on the date of sale following the signing of the contract (in the case of a without recourse assignment) and coincides with the date of payment, for with-recourse receivables.

The receivable will be recognized on the basis of its fair value, equal to the amount lent (with recourse), or the value of the receivable acquired (without recourse).

Note: Values expressed in millions of Euros unless otherwise specified

After the initial recognition at fair value, including the costs of the transaction which are directly attributable to the acquisition of the financial asset, the receivables are measured at amortized cost, if necessary adjusted to take into account any reductions and/or write-downs resulting from the valuation process.

Put simply, factoring operations consist of exposures to assignors that represent loans paid against non-recourse assignments, and exposures to assigned debtors representing the value of receivables acquired in without-recourse assignments.

For the purposes of IFRS 9, these operations entail, for the assigning and factoring companies, an assessment of whether or not the derecognition conditions required by this international accounting standard have been met.

In accordance with the general principle of prevalence of economic substance over legal form, a company can de-recognize a financial asset only if, as a result of a sale, it has transferred the risks and benefits connected to the sold asset.

IFRS 9 provides that a company can only derecognize a financial asset if:

- it has transferred the financial asset, and with that, all the risks and contractual rights to cash flows deriving from that asset essentially expire;
- the benefits of owning the asset no longer exist.

To assess the effective transfer of risks and benefits there is a need to compare the exposure of the assigning company to the changes in the current value or cash flows generated by the transferred financial asset before and after the sale.

The assigning company essentially maintains all the risks and benefits when the exposure to the 'variability' of the present value of the net future cash flows of the asset does not change significantly, following its transfer. Conversely, there is a transfer when the exposure to this variability is no longer significant.

The most common ways in which a financial instrument is transferred can have very different accounting effects:

- in the case of a without-recourse assignment (without any guarantee restriction), the sold assets can be derecognized from the assignor's financial statements;
- in the case of a with-recourse assignment it should be considered that in most cases, the risk of the sold asset remains with the vendor, and therefore the assignment does not meet the requirements for derecognition of the sold asset.

The Company has included among its receivables those acquired on a without recourse basis after checking that there are no contractual clauses that would invalidate the transfer of all risks and benefits. With regard to the with-recourse portfolio, the receivables are recognized and maintained on the financial statements limited only to the amounts paid to the assignor by way of advance.

More specifically:

- a) receivables assigned on a with-recourse and 'legal' without-recourse basis (with no derecognition by the assignor) are recognized, limited to the amounts paid to the assignor by way of advance including interest and fees, and first recognition takes place on the basis of the amount anticipated to the assignor for the assignment of receivables,
- b) receivables definitively acquired on a without recourse basis with the substantial transfer of the risks and benefits, and maturity receivables paid on maturity are recognized as to the amount of the transferred invoices (with derecognition by the assignor), and first recognition takes place at the purchase consideration (equivalent to fair value),
- c) loans paid for future receivables not subject to assignments, and instalment loans is recognized as to the value equal to the amount of the finance, inclusive of interest and fees.

Note: Values expressed in millions of Euros unless otherwise specified

On each reporting date, if there is objective evidence of a loss in value of receivables, the amount of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate. In particular: the criteria for determining the impairment losses on receivables are based on the discounting of the expected cash flows of capital and interest, net of any recovery costs and advances received; in determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discount rate used.

A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all or part of the amounts due for the principal and/or interest, according to the contractual terms, or equivalent value. Derecognition of a loan or receivable in its entirety is made when the loan or receivable is deemed to be irrecoverable or is written off.

According to the Bank of Italy regulations, impaired exposures are classified into the following categories:

- **Bad loans:** this refers to receivables that are formally recognized as non-performing, consisting of exposures to insolvent borrowers (even if the insolvency has not been recognized in a court of law) and to borrowers in a similar situation. These are measured on a specific basis.
- **Unlikely to pay positions**: refers to on-balance and off-balance sheet exposures that do not meet the criteria for classification as bad loans, and for which it is considered unlikely that the debtor will be able to fully repay the capital and/or interest on its finance without actions such as the enforcement of guarantees. This assessment takes place independently of any unpaid or past-due amounts or instalments.

  Classification under unlikely to pay is not necessarily linked to the presence of specific anomalies (non-repayment) but rather to the presence of indications of situation of risk of default by the borrower (for example, a crisis in the industry sector that the borrower operates in).

  Unlikely to pay are assessed analytically, except for those that are automatically classified as unlikely to be recoverable as a result of propagation from other legal entities in the Group.

- **- Past-due and/or unauthorized exposures:** These are on-balance sheet exposures other than those classified among bad loans or unlikely-to-pay positions, which on the reporting date have been past-due or unauthorized for more than 90 days on a major obligation, as prescribed by EBA Guidance 2016/07 of 09/28/2016 'Guidance on the application of the definition of default pursuant to Article 178 of Regulation (EU) no. 575/2013' implemented in Bank of Italy Circular 288 'Supervisory Provisions for Financial Intermediaries', applied by UniCredit Group as of January 1, 2021. Following the entry into force of the aforementioned Guidelines, the Company equipped itself with a UniCredit Group-wide calculation engine for the identification of positions to be classified as impaired past due and/or in arrears (Past Due) under the new criteria introduced. In addition, the Company has updated its regulations and internal processes in order to comply with the new guidelines. Past-due and/or unauthorized impaired exposures are calculated with respect to the individual counterparty (assignor and/or debtor).

  Past-due and/or unauthorized impaired exposures are valued at a flat rate on a historical/stochastic basis by applying where available the risk rating referred to Loss Given Default (LGD) under Regulation (EU) no. 575/2013 (CRR) on prudential requirements for credit institutions and investment firms.

The valuation of performing loans relates to portfolios of assets for which there are no objective loss factors. With the introduction of IFRS 9, the valuation requires the use of a model based on the expected losses on the loans, instead of the one based on losses already incurred, required by IAS 39. The new model requires the company to consider the expected losses, and any changes in those expected losses, on each reporting date in order to reflect changes in the credit risk arising since the initial recognition of the asset. There is thus no longer any need for an event that casts doubt on the recoverability of the loan before recognizing a loss on it.

5) Property, plant and equipment

‘Assets used in the business’ are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

The item includes: plant and machinery, furniture and fittings.

Property, plant and equipment are initially recognized at cost, including the costs necessary for commissioning the asset for its intended use (including all the costs directly connected to the asset becoming operational, and to the non-recoverable taxes and duties on its purchase). This value is then increased by the costs incurred from which it is expected that future benefits will be enjoyed. The costs of ordinary maintenance carried out on the asset are recognized on the income statement when they arise. Conversely, the cost of extraordinary maintenance from which future economic benefits are expected are capitalized as an increase in the value of the assets they refer to.

After initial recognition, an item of property, plant and equipment is measured at cost, less any accumulated depreciation and any cumulative impairment losses. The depreciable value, which is equal to cost less the residual value (in other words the amount normally expected from disposal, less the expected costs of disposal if the asset is already in the conditions or of an age expected at the end of its useful life), is distributed systematically throughout the asset’s useful life, using the straight line method as the depreciation principle.

The practice normally adopted is to consider the residual value of depreciated assets as equal to zero.

The useful life, which is periodically reviewed in order to identify any estimates that may differ significantly from the previous ones, is defined as:

- the period of time for which it is expected that an asset can be used by the company;
- the quantity of products or similar items that the company expects to obtain from using the asset.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any value adjustment is recognized in the Income Statement item ‘Impairment/write-backs on property, plant and equipment’.

If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognized on the prior-year impairment.

A tangible asset is derecognized from the Balance Sheet at the time of disposal, full amortization, or if no future economic benefits are expected from its use. Any difference between the disposal value and the book value is taken to profit and loss under the item ‘Gains (losses) on disposals of investments’.

Property, plant and equipment also includes assets used by the Company as lessee under operating leases (hire), in application of IFRS 16, based on the right of use model.

6) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance which is expected to be used during more than one period and from which future economic benefits are probable.

The asset is identifiable if:

- it is separable, in other words it can be separated or de-assembled and sold, transferred, given under license, leased or exchanged;

- it derives from contractual or other legal rights regardless of whether those rights can be transferred or separated from other rights and obligations.

The asset can be controlled by the company as a result of past events on the assumption that through its use, the company will receive economic benefits. The company has control of an asset if it has the power to use the future economic benefits deriving from that asset and it can also limit access to those benefits by third parties.

An intangible asset is recognized as such if, and only if:

- it is probable that the company will receive future economic benefits from that asset;
- the cost of the asset can be reliably measured.

The item mainly includes software.

Intangible assets are initially recognized at cost. Any costs after initial recognition are only capitalized if they can generate future economic benefits and only if those costs can be reliably determined and allocated to the asset.

The cost of an intangible asset includes:

- the purchase price, including any non-recoverable taxes and duties on purchases, after deducting trade discounts and allowances;
- any direct cost of preparing the asset for use.

After initial recognition, an intangible asset with a defined useful life is measured at cost, less any accumulated amortization and any impairment losses.

The amortization is calculated systematically throughout the best estimate of the useful life of the asset, using the straight line method.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any value adjustment is recognized in the profit and loss item ‘Cost of asset disposals’.

If the value of a previously impaired intangible asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognized on the prior-year impairment.

An intangible asset is derecognized from the balance sheet at the time of disposal, or if no future economic benefits are expected from its use. Any difference between the disposal value and the book value is taken to profit and loss under the item ‘Gains on disposals of investments’.

7) Liabilities and Securities in Issue

These items are initially recognized at their fair value, which generally corresponds to the price received, net of the transaction costs directly attributable to the financial liability. After initial recognition, these instruments are measured at amortized cost using the effective interest method.

Payables from factoring operations represent the reserve payable to the assignors, resulting from the difference between the value of the receivables acquired on a without-recourse basis, and the advance paid out.

Financial liabilities are derecognized when they have expired or are extinguished.

Financial liabilities with an original term of less than 12 months are recognized at the nominal amount, as the application of amortized cost does not entail any significant changes.

Pursuant to IFRS 16, in force as of January 1, 2019, the item also includes lease payables, which the Company must pay as a lessee.

8) Hedging operations

Hedging operations are intended to neutralize the losses recognizable on a certain element or group of elements attributable to a certain risk, by means of the profits recognizable on a certain element or group of elements in the event that risk actually arises. The hedging instruments used by the Company are designated as hedging of the fair value of a recognized asset.

Hedging derivatives, like all derivatives, are initially recognized and then measured at fair value and are classified in the balance sheet assets under item ‘50 Hedging derivatives’, and under liabilities item ‘40 Hedging derivatives’.

In the case of macro hedges, the adjustment of the financial assets’ value is classified in balance sheet item 60 ‘Changes in fair value of portfolio hedged items’ and financial liabilities under item 50 ‘Changes in value of portfolio hedged financial liabilities’. A positive change must not be offset against a negative one.

Under IFRS 9, a derivative financial instrument is designated as a hedge for all hedging relationships when the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy for undertaking the hedge and the methods that will be used to assess its prospective and retrospective effectiveness. It is therefore necessary to assess, both at the inception of the transaction and throughout its life, whether the hedging relationship is highly effective in offsetting changes in the fair value or expected cash flows of the hedged item. Generally, a hedge is highly effective if it is expected to be highly effective at the inception of the hedge and in subsequent periods and its retrospective results (the ratio of changes in the value of the hedged item to changes in the value of the hedging derivative) are within a specified range (80%-125%). Hedging is assessed on the basis of a continuity criterion; it must therefore prospectively remain highly effective for all the reference periods for which it was designated. The effectiveness assessment is carried out at each balance sheet or interim reporting date. If the effectiveness of the hedge is not confirmed, the hedging relationship is discontinued and the hedging derivative is reclassified as a trading instrument.

In the case of generic hedge/asset (liability) portfolio transactions, IFRS 9 requires that not only a single financial asset or liability, but also a monetary amount included in a multiplicity of financial assets and liabilities or portions thereof (from a partial term hedge perspective) be designated as fair value hedges of interest rate risk, so that a set of derivative contracts can be used to reduce the exposure of the hedged items (defined as the amount of) to changes in market interest rates.

9) Employee severance pay provision

The severance pay provision for Italy-based employee benefits is to be construed as a ‘post-retirement defined benefit’. It is therefore recognized on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. These benefits are determined by an independent actuary, using the Unit Credit Projection Method. This method distributes the cost of the benefit evenly over the employee’s working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Following the pension reforms in Legislative Decree no. 252 of December 5, 2005, severance pay instalments accrued to 12.31.2006 (or to the date between 01.01.2007 and 06.30.2007 on which the employee opted to devolve their severance pay to a supplementary pension fund) stay with the employer and are considered a post-employment defined benefit plan, therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e. forecast future pay rises are not considered.

Severance pay instalments accrued since 01.01.2007 (date of Law 252's coming into effect) (or since the date between 01.01.2007 and 06.30.2007) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are considered a defined-contribution plan.

Costs relating to severance pay accruing in the year are recognized on the income statement and include the interest cost on the obligation already existing on the date of the reform. The amounts accrued in the year and paid to the supplementary pension plans or the INPS Treasury Fund are recognized under 'Employee Severance Pay Provision'.

The introduction of IAS19R from January 1, 2013, relating to the treatment of 'post-employment benefits including severance pay' resulted in the elimination of the 'corridor method' optional accounting treatment, with the Defined Benefit Obligations being presented on the balance sheet based on the relative actuarial valuation and recognition of related actuarial gains and losses in a contra entry of valuation reserve.

10) Provisions for risks and charges

Provisions for risks and charges are recognized on the account if, and only if:

- there is a current obligation (legal or implied) as a result of a past event;
- it is probable that an outflow of resources designed to produce economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the outstanding obligation at the reporting date, and reflects risks and uncertainties that inevitably characterize a multitude of facts and circumstances.

Provisions are reviewed periodically and adjusted to reflect the current best estimate. If, after review, it becomes clear that it is possible or unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are used only for expenses for which they were originally recognized.

No provision is made for potential liabilities which are unlikely to arise, although a description of the nature of the liabilities is given in any case.

11) Current and deferred taxation

Current taxes for the year and for prior years, where unpaid, are recognized as liabilities; any surplus paid in terms of an advance on the amount due, is recognized as an asset.

The current tax liabilities/assets for the current year and for prior years are determined at the value expected to be paid/recovered from the tax authorities, applying the current tax rates and regulations.

A deferred tax liability is recorded for all temporary taxable differences.

For all deductible temporary differences, an advance tax asset is recorded if it is likely that future taxable income will be earned against which the advance temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are constantly monitored and are quantified at the tax rates expected to be applicable in the year in which the tax assets will be realized or the tax liability will be discharged, taking into account the current tax regulations. The deferred tax assets and deferred tax liabilities are not discounted nor offset, unless an accounting standing explicitly requires offsetting.

12) Share-based payments

Equity-settled payments made to employees in consideration of services rendered, using equity instruments of the Parent Company comprise:

- the right to subscribe to paid capital increases (stock options in the strict sense);
- rights to receive shares on achieving quantity and quality targets (performance shares);
- restricted shares.

Considering the difficulty of reliably measuring the fair value of the services rendered against equity-settled payments, reference is made to the fair value of the instruments themselves, measured at the date of the allocation.

The fair value of share-based payments is recognized as a cost on the income statement under ‘Personnel costs’, as a contra entry to ‘Other liabilities’, according to the accruals principle in proportion to the period in which the service was rendered.

13) Revenues

Revenues are the pre-tax flows of financial benefits deriving from ordinary business operations.

- Revenues from contractual obligations with customers are only recognized if all the following criteria have been met:
- the parties to the contract have approved it, and have committed to fulfilling their respective obligations;
- the company can identify the rights of each of the parties, regarding the goods or services to be transferred;
- the company can identify the terms of payment, regarding the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the company’s future cash flows will change after the contract);
- it is probable that the company will receive the price to which it is entitled, in exchange for the goods or services transferred to the customer. In assessing the likelihood of receiving the amount, the company only has to take into account the customer’s capacity and intention to pay the price when due.

The price for the contract, which has to be likely to be received, is allocated to the individual contractual obligations. The revenues are recognized according to the time when the obligations are fulfilled, on a single occasion or alternatively throughout the period required for the fulfilment of each obligation. Commission income and other operating income are recognized in the income statement based on the degree of fulfillment of the "performance obligation" contained in the contract in accordance with the provisions of IFRS 15 "Revenue from contracts with customers".

Specifically:

- if the obligation to perform is fulfilled at a given moment (“point in time”), the related revenue is recognized in the income statement at the time the service is rendered;
- if the obligation to perform is fulfilled over time, the related revenue is recognized in the income statement so as to reflect the degree of fulfillment of the obligation.

If the timing of the collection of the contractual consideration is not aligned with the methods of fulfillment of the "performance obligation" mentioned above, the Company proceeds with the recognition of an accrued income (contract asset) or a deferred income (contract liability) for the portion part of the revenue that must be integrated in the year or deferred to subsequent years.

The amount of revenue recognized against commission income and other operating income is measured on the basis of the contractually established amounts. If the contractually established amount turns out to be subject, in whole or in part, to variability, the revenue is recognized in the account based on the assessment of the most probable amount that the Company expects to receive. This amount is determined in the light of all the facts and circumstances considered relevant for the purposes of the assessment, which depend on the type of service provided, and, in particularly, in the light of the fact that it is considered highly probable that there will not be a significant downward adjustment of the amount of revenues.

It should be noted, however, that as a rule, the contracts for the provision of services concluded by the Company do not provide for this type of variability. Finally, if a contract includes several obligations to perform concerning distinct goods and/or services and whose fulfillment profile is not the same, the amount received as revenue is divided among the various performance obligations in proportion to the relative "stand-alone" selling prices.

The amount of revenue attributed to the various performance obligations is therefore recognized in the income statement on the basis of the related fulfilment. This case, which is not significant, can occur in the case of customer loyalty programs which provide for the disbursement of products or services free of charge, or at a price significantly lower than the actual "retail" price, upon reaching certain commission levels, or in the case of new customer acquisition programs which provide for the disbursement of a bonus (in the form product or service) at the time of entry of the new customer.

Late payment interest is recognized in item ‘10. Interest income and similar revenues’ at the time of receipt, apart from legal interest accruing on tax credits, which is recognized on an accruals basis.

Dividends are recognized in the income statement in the year in which their distribution is approved

14) Foreign currency transactions

A foreign currency transaction is recognized at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the period.

Exchange differences arising from the settlement of transactions at rates different from those of the transaction date, and unrealized exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognized in profit and loss item 80 ‘Net profit from financial activities’.

A.3 - Information on transfers between portfolios of financial assets

The Company has not made any transfers between portfolios of financial assets

A.4 - Information on fair value

Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

The fair value is the amount that may be received from the sale of an asset or paid to transfer a liability, in an ordinary transaction between main market counterparties on the measurement date (exit price).

A.4.1 - Fair value levels 2 and 3: valuation techniques and inputs used

The only assets or liabilities measured at fair value on a recurring basis held by the Company are:

- hedging derivatives (Interest Rate Swaps);
- listed shares and participatory financial instruments issued by a counterparty and assigned to the company as part of a debt restructuring in a composition plan.

Regarding hedging derivatives, which are not traded on an active market, mark to model valuation techniques are used, which are based on inputs for which there is an active market.

In particular, the discounted cash flow valuation technique is used. This involves estimating the future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market’s parameters for the discounting: discount rate or discount margin reflects the credit and / or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a ‘present value’. The fair value of the contract is given by the sum of the present values of future cash flows.

Listed equities are measured at mark to market, i.e. at the last available quoted price on the market on the reference date.

With regard to unlisted participative financial instruments (PFIs), the valuation is not based on data from active markets, but uses the latest available book value of the counterparty's equity, suitably discounted to reflect a proper assessment of the risks inherent in the instrument.

For items not measured at fair value on a recurring basis, the discounted cash flow technique is also used to estimate the fair value of shares in issue. For sight or short- term payables and receivables, which are essentially equal to the total of the corresponding items, the book value is considered to be an adequate approximation of their fair value. For medium/long-term payables and receivables, the book value is calculated by using a risk-adjusted present value model.

A.4.2 Valuation processes and sensitivity

The Company does not hold assets or liabilities measured at fair value on a recurring or non-recurring basis (level 3) that require reporting.

A.4.3 - Fair value hierarchy

The IFRS 13 principle establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all significant valuation inputs used.

A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself over a period of three months.

Specifically, three levels are envisaged:

- level 1: fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- level 2: fair value for instruments classified within this level is determined according to the valuation models which use observable inputs on active markets;
- level 3: fair value for instruments classified within this level is determined according to valuation models which prevalently use significant inputs not observable on active markets.

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

Level 1 (quoted prices in active markets): quoted prices (unadjusted) in active markets are available for identical assets or liabilities that the entity has the ability to access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis.

Level 2 (observable inputs): Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3 (unobservable inputs): Inputs other than the ones included in level 1 and level 2, not directly observable on the market for the evaluation of asset and liability, or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

When Fair Value is measured directly taking into consideration an observable price and quoted on an active market, the hierarchy attribution process will assign Level 1. When fair value has to be measured either via Comparable approach or via Mark-to-Model approach, the hierarchy attribution process will assign Level 2 or Level 3, depending on the observability of all the significant input parameters.

Quantitative information

A.4.5 Fair value hierarchy

TAV A.4.5.1
Financial assets and liabilities measured at fair value on a recurring basis: fair value levels breakdown

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	31/12/2022				12/31/2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
1.Financial assets measured at fair value through profit or loss	2,676	-	-	2,676	3,840	-	-	3,840
a. Financial assets designated at fair value	-	-	-	-	-	-	-	-
b. Financial assets measured at fair value	-	-	-	-	-	-	-	-
c. other financial assets mandatorily at FV	2,676	-	-	2,676	3,840	-	-	3,840
2. Financial assets measured at fair value through other comprehensive income	-	-	11,559	11,559	-	-	11,784	11,784
3. Hedging derivatives	-	4,816	-	4,816	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-	-	-
Total assets	**2,676**	**4,816**	**11,559**	**19,051**	**3,840**	**-**	**11,784**	**15,624**
1.Financial liabilities held for trading	-	-	-	-	-	-	-	-
2. Financial liabilities at fair value	-	-	-	-	-	-	-	-
3. Hedging derivatives	-	2,064	-	2,064	-	10,316	-	10,316
Total liabilities	**-**	**2,064**	**-**	**2,064**	**-**	**10,316**	**-**	**10,316**

TAV A.4.5.2
Change for the year in financial assets measured at fair value on a recurring basis (Level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) Financial assets designated at fair value	of which: c) other assets				
1 Opening balance	**-**	**-**	**-**	**-**	**11,784**	**-**	**-**	**-**
2 Increases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognized in:	-	-	-	-	-	-	-	-
2.2.1 Income Statement	-	-	-	-	-	-	-	-
of which: Capital gain	-	-	-	-	-	-	-	-
2.2.2 Equity	-	-	-	-	-	-	-	-
2.3. Transfers from other portfolios	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3 Decreases	**-**	**-**	**-**	**-**	**225**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.2. Losses recognized in:	-	-	-	-	-	-	-	-
3.2.1 Income Statement	-	-	-	-	-	-	-	-
of which: Capital loss	-	-	-	-	-	-	-	-
3.2.2 Shareholders' Equity	-	-	-	-	225	-	-	-
3.4. Transfers from other portfolios	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4 Closing balance	**-**	**-**	**-**	**-**	**11,559**	**-**	**-**	**-**

Note: Values expressed in millions of Euros unless otherwise specified

TAV A.4.5.3
Annual changes in financial liabilities at fair value (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	hedging derivatives
1 Opening balance	**-**	**-**	**10,316**
2 Increases	**-**	**-**	**-**
2.1. Issues	-	-	-
2.2. Losses recognized in:	-	-	-
2.2.1 Income Statement	-	-	-
of which: Capital loss	-	-	-
2.2.2 Equity	-	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
3 Decreases	**-**	**-**	**8,252**
3.1. Redemptions	-	-	-
3.2. Buybacks	-	-	-
3.3. Profits recognized in:	-	-	-
3.3.1 Income Statement	-	-	-
of which: Capital gain	-	-	-
3.3.2 Shareholders' Equity	-	-	-
3.4. Transfers from other portfolios	-	-	-
3.5. Other decreases	-	-	8,252
4 Closing balance	**-**	**-**	**2,064**

TAV A.4.5.4
Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value levels breakdown

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT *FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS*	12.31.2022				12.31.2021			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Assets measured at amortized cost	12,416,043	-	-	12,416,043	12,643,319	-	-	12,643,319
2. Shareholdings in subsidiaries, jointly controlled entities and associates								
3. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
4. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**12,416,043**	**-**	**-**	**12,416,043**	**12,643,319**	**-**	**-**	**12,643,319**
1. Financial liabilities measured at amortized cost	11,413,134	-	-	11,413,134	11,656,473	-	-	11,656,473
2. Liabilities referable to disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**11,413,134**	**-**	**-**	**11,413,134**	**11,656,473**	**-**	**-**	**11,656,473**

The fair value of short-term or sight receivables and payables is assumed to be equal to the book value.

Key:
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Note: Values expressed in millions of Euros unless otherwise specified

A.5 - Disclosures on ‘day one profit/loss’

The Company does not carry out any transactions that require the recognition of ‘day one profit/loss’.

Note: Values expressed in millions of Euros unless otherwise specified

Assets

Liabilities

Note: Values expressed in millions of Euros unless otherwise specified

Assets

Section 1 – Cash and cash balances – Item 10

Composition of item 10 'Cash and cash liabilities'

ITEMS/VALUES	12.31.2022	12.31.2021
1.1 Cash and cash balances	32,156	46,626
a) Cash	-	
b) Current accounts and on demand deposits with central banks	-	
c) Current accounts and on demand deposits with banks	32,155	46,626
Total	**32,156**	**46,626**

Section 2 – Financial assets at fair value through profit or loss – Item 20

2.6 - Other financial assets mandatorily at FV: product composition

Items/Values	12.31.2022			12.31.2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities in issue	-	-	-	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units in investment funds						
4. Loans*	**2,676**	-	-	**3,840**	-	-
4.1 Reverse repos	-	-	-	-		-
4.2 Other	2,676	-	-	3,840		-
Total	**2,676**	-	-	3,840	-	-

* shares resulting from the recognition of an unsecured creditor from the composition with creditors procedure of one of our client companies

Note: Values expressed in millions of Euros unless otherwise specified

2.7 - Other financial assets mandatorily at FV: composition by debtor/issuer

Items/Values	12.31.2022	12.31.2021
1. Equities	**2,676**	**3,840**
of which banks	-	-
of which other financial companies	-	-
of which non-financial companies	2,676	**3,840**
2. Debt securities in issue	**-**	**-**
3. Units in investment funds		
4. Loans	-	-
Total	**2,676**	**3,840**

Section 3 – Financial assets at fair value through other comprehensive income – Item 30

3.1 - Financial assets measured at fair value through other comprehensive income: product composition

Items/Values	12.31.2022			12.31.2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities in issue	**-**	**-**	**-**	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	11,559	-	-	11,784
3. Loans	-	**-**	**-**	-	**-**	**-**
Total	**-**	**-**	**11,559**	-	-	11,784

In 2022, as a result of the merger of UniCredit Services ScpA into UniCredit Spa, 20 shares that the Company held in its portfolio were sold for €173. Participating financial instruments that were assigned to the Company as an unsecured creditor by the composition procedure of one of our customers remain in the portfolio.

Note: Values expressed in millions of Euros unless otherwise specified

3.2 - Financial assets measured at fair value through other comprehensive income: composition by debtor/issuer

Items/Values	12.31.2022	12.31.2021
1. Debt securities in issue	**-**	**-**
2. Equity securities	**11,559**	**11,784**
a) general government entities	-	-
b) banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial companies	11,559	11,784
3. Loans	-	-
a) general government entities	-	-
b) banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial companies	-	-
e) Households	-	-
Total	**11,559**	**11,784**

3.3 - Financial assets measured at fair value through other comprehensive income: gross value and total write-downs

Items/Values	Gross amount				Total value adjustments			Total partial write-offs (disclosure purposes)
	First Stage	of which: Low credit-risk instruments	Second Stage	Third Stage	First Stage	Second Stage	Third Stage	
Debt securities	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total (12.31.2022)	11,559	-	-	-	-	-	-	-
Total (12.31.2021)	11,784	-	-	-	-	-	-	-
of which: purchased or originated impaired financial assets	-	-	-	-	-	-	-	-

Note: Values expressed in millions of Euros unless otherwise specified

Section 4 – Financial assets measured at amortized cost – Item 40

4.1 - Financial assets measured at amortized cost: composition of loans and receivables from banks

COMPOSITION	12.31.2022						12.31.2021					
	Carrying values			Fair value			Carrying values			Fair value		
	First and second stage	Third Stage	of which purchased or originated	L1	L2	L3	First and second stage	Third Stage	of which purchased or originated	L1	L2	L3
1. Deposits and current accounts	-	-	-	-	-	-	-	-	-	-	-	-
2. Loans	**40,066**	-	-	-	-	**40,066**	**7,472**	-	-	-	-	**7,472**
2.1 Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	***40,066***	-	-	-	-	***40,066***	***7,472***	-	-	-	-	***7,472***
- with recourse	4	-	-	-	-	4	3	-	-	-	-	3
- without recourse	40,062	-	-	-	-	40,062	7,468	-	-	-	-	7,468
2.4 other loans	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-	-	-	-	-	-	-
- Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets *	**6,693**	-	-	-	-	**6,693**	**13,124**	-	-	-	-	**13,124**
Total book value	**46,759**	-	-	-	-	**46,759**	**20,595**	-	-	-	-	**20,595**

The fair value of short-term or sight receivables is assumed to be equal to the book value.

*The other loans consist of invoices issued for amounts receivable from debtors who have been granted extended terms of payment, finance to debtors on operations with payment on maturity, and assignments of receivables not covered by Law 52/91 on Factoring, in particular, the acquisition of revenue agency receivables.
L1 = Level 1
L2 = Level 2
L3 = Level 3

4.2 - Financial assets measured at amortized cost: trade composition of loans and receivables with financial companies

COMPOSITION	12.31.2022						12.31.2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Of which: purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Of which: purchased or originated	L1	L2	L3
1. Loans	**161,695**	-	-	-	-	**161,695**	**249,637**	-	-	-	-	**249,637**
1.1 Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	161,695	-	-	-	-	161,695	249,637	-	-	-	-	249,637
- with recourse	128,220	-	-	-	-	128,220	211,832	-	-	-	-	211,832
- without recourse	33,474	-	-	-	-	33,474	37,806	-	-	-	-	37,806
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities in issue	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets *	**6,036**	-	-	-	-	**6,036**	**5,051**	-	-	-	-	**5,051**
Total book value	**167,731**	-	-	-	-	**167,731**	**254,688**	-	-	-	-	**254,688**

Note: Values expressed in millions of Euros unless otherwise specified

4.3 - Financial assets measured at amortized cost: composition of loans and receivables from customers

COMPOSITION	12.31.2022						12.31.2021				
	Book value			Fair value			Book value			Fair v	
	First and second stage	Third stage	Of which: purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Of which: purchased or originated impaired	L1	L2
1. Loans	**12,071,292**	**130,231**	**-**	**-**	**-**	**12,193,394**	**12,244,725**	**123,284**	**-**	**-**	**-**
1.1 Finance leases	-	-	-	-	-	-	-	-	-	-	-
of which: without the option of final purchase	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	10,132,393	119,493	-	-	-	10,243,756	9,916,788	109,707	-	-	-
- with recourse	2,129,728	21,028	-	-	-	2,150,756	2,515,498	36,515	-	-	-
- without recourse	8,002,665	98,465	-	-	-	8,093,001	7,401,290	73,192	-	-	-
1.3 Consumer credit (including revolving cards)	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-
1.5 Pledge loans	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans *	1,938,899	10,738	-	-	-	1,949,638	2,327,937	13,577	-	-	-
of which: from the enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities in issue	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	29	**-**	**-**	**-**	**-**	**29**	**26**	**-**	**-**	**-**	**-**
Total book value	**12,071,321**	**130,231**	**-**	**-**	**-**	**12,193,423**	**12,244,751**	**123,284**	**-**	**-**	**-**

4.4 - Financial assets valued at amortized cost composition for debtors/issuers of loans to customers

TYPE OF TRANSACTIONS/VALUES	12.31.2022			12.31.2021		
	Book value			Book value		
	First and second stage	Third stage	Of which: purchased or originated impaired	First and second stage	Third stage	Of which: purchased or originated impaired
1. Debt securities in issue	-	-	-	-	-	-
2. Loans to	12,071,292	130,231	-	12,244,725	123,284	-
a) General government entities	2,976,400	33,983		3,984,052	38,033	
d) Non-financial companies	7,618,710	95,843		6,728,764	83,139	
e) Households	1,476,182	405		1,531,909	2,112	
3. Other assets	29			26		
Total	**12,071,321**	**130,231**		**12,244,751**	**123,284**	

CA = carrying amount of exposures
VG = guarantees' fair value

* Guaranteed factoring loans include advances on with-recourse operations and without-recourse receivables backed by guarantees and/or eligible insurance policies. The value of guarantees for with-recourse operations is equal to the Total Receivables up to the amount of the advance.

Note: Values expressed in millions of Euros unless otherwise specified

4.5 - Financial assets measured at amortized cost: gross value and total write-downs

Items/Values	Gross amount					Total Write-off value adjustments				total partial write-offs (disclosure purposes)
	First Stage	of which: Low credit risk instruments	Second Stage	Third Stage	purchased or originated impaired	First Stage	Second Stage	Third Stage	purchased or originated impaired	
Debt securities										
Loans	11,644,045		651,131	266,218	-	3,923	5,442	135,987	-	85,498
Total (12.31.2022)	**11,644,045**	**-**	**651,131**	**266,218**	**-**	**3,923**	**5,442**	**135,987**	**-**	**85,498**
Total (12.31.2021)	11,671,133		857,288	288,398	-	6,219	2,168	165,114	-	106,952

4.6 Financial assets measured at amortized cost: secured assets

COMPOSITION	12.31.2022					
GUARANTEED	LOANS AND RECEIVABLES WITH BANKS		RECEIVABLES FROM FINANCIAL COMPANIES		LOANS AND RECEIVABLES WITH CUSTOMERS	
	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	**520**	**520**	**127,792**	**127,792**	**6,998,579**	**6,998,579**
- Assets held under finance lease	-	-	-	-	-	-
- Receivables for factoring *	4	4	119,399	119,399	2,129,728	2,129,728
- Mortgages	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-
- Personal guarantees	516	516	8,393	8,393	4,868,851	4,868,851
- Credit derivatives	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	**-**	**-**	**-**	**-**	**21,028**	**21,028**
- Assets held under finance lease	-	-	-	-	-	-
- Receivables for factoring *	-	-	-	-	21,028	21,028
- Mortgages	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-
Total	**520**	**520**	**127,792**	**127,792**	**7,019,607**	**7,019,607**

COMPOSITION	12.31.2021					
GUARANTEED	LOANS AND RECEIVABLES WITH BANKS		RECEIVABLES FROM FINANCIAL COMPANIES		LOANS AND RECEIVABLES WITH CUSTOMERS	
	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	**266**	**266**	**204,923**	**204,923**	**4,354,977**	**4,354,977**
- Assets held under finance lease	-	-	-	-	-	-
- Receivables for factoring *	3	3	202,205	202,205	2,515,498	2,515,498
- Mortgages	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-
- Personal guarantees	263	263	2,718	2,718	1,839,479	1,839,479
- Credit derivatives	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	**-**	**-**	**-**	**-**	**36,515**	**36,515**
- Assets held under finance lease	-	-	-	-	-	-
- Receivables for factoring *	-	-	-	-	36,515	36,515
- Mortgages	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-
Total	**266**	**266**	**204,923**	**204,923**	**4,391,492**	**4,391,492**

CA = Carrying amount of exposures
VG = guarantees’ fair value

Note: Values expressed in millions of Euros unless otherwise specified

Section 5 – Hedging derivatives – Item 50

5.1 - Hedging derivatives: composition by type of hedge and by level

Notional value/Levels of fair value	12.31.2022				12.31.2021			
	Fair value			VN	Fair value			VN
	L1	L2	L3		L1	L2	L3	
A Financial derivatives	-	4,816	-	68,190	-	-	-	-
1 Fair value	-	4,816		68,190	-	-		-
2 Cash flows	-	-	-	-	-	-	-	-
3 Foreign investments	-	-	-	-	-	-	-	-
Total A	**-**	**4,816**	**-**	**68,190**	**-**	**-**	**-**	**-**
B Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**4,816**	**-**	**68,190**	**-**	**-**	**-**	**-**

5.2 - Hedging derivatives: composition by hedged portfolios and by type of hedging

Transactions/Type of hedge	Fair Value							Cash flows		Net investment in foreign subsidiaries
	Specific						Generic	Specific	Generic	
	Debt securities and interest rates	Equity securities and share indexes	currencies and gold	credit	goods	others				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-		-	-	-	-	-
2. Financial assets valued at amortized cost		-	-	-			-	-	-	-
3. Portfolio	-	-	-	-		-	4,816	-	-	-
4. Other transactions	-	-	-	-		-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**		**-**	**4,816**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-		-	-	-	-	-
2. Portfolio	-	-	-	-		-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**
1. Expected transactions	-	-	-	-		-	-	-	-	-
2. Financial assets and liabilities portfolio	-	-	-	-		-	-	-	-	-

Note: Values expressed in millions of Euros unless otherwise specified

Section 6 – Changes in fair value of portfolio hedged items – Item 60

6.1 - Changes in fair value of hedged assets: composition by hedged portfolio

CHANGES IN VALUE OF HEDGED ASSETS	12.31.2022	12.31.2021
1. Positive adjustments	**-**	**4,146**
1.1 of specific portfolios:	-	4,146
a) financial assets measured at amortized cost	-	*4,146*
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative adjustments	**(8,130)**	**-**
2.1 of specific portfolios:	(8,130)	-
a) financial assets measured at amortized cost	(8,130)	-
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**(8,130)**	**4,146**

Section 8 – Property, plant and equipment – Item 80

8.1 - Property, plant and equipment held for own use: composition of assets measured at cost

Assets/Values	12.31.2022	12.31.2021
1. Owned	**4**	**8**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	4	8
d) electrical plant	-	-
e) other	-	-
2 Rights of use acquired under leases	4,374	4,247
a) land	-	-
b) buildings	4,265	4,057
c) office furniture and fittings	-	-
d) electrical plant	-	-
e) other	109	190
Total	**4,378**	**4,255**
of which: obtained through the enforcement of the guarantees received		

8.2 - Property, plant and equipment held for investment: composition of assets measured at cost

The Company does not hold this type of property, plant and equipment.

Note: Values expressed in millions of Euros unless otherwise specified

8.3 - Property, plant and equipment held for own use: composition of revalued assets

The Company does not hold this type of property, plant and equipment.

8.4 - Property, plant and equipment held for investment: composition of assets designated at fair value

The Company does not hold this type of property, plant and equipment.

8.5 Inventories of property, plant and equipment governed by IAS 2: composition

The Company does not hold this type of property, plant and equipment

8.6 - Property, plant and equipment: change for the year

	Land	Buildings	Furniture	Electrical plant	Others	Total
A. Gross opening balance	-	**4,057**	**8**	-	**190**	**4,255**
A.1 Total net reduction in value	-	-	-	-	-	-
Settlement of opening balances (gross values)		-			-	-
A.2 Net opening balance	-	**4,057**	**8**	-	190	**4,255**
B. Increases	-	6,305	-	-	34	**6,339**
B.1 Purchases	-	16	-	-	34	50
B.2 Capitalized expenses for improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other increases	-	6,289		-	0	6,289
C. Decreases	-	**(6,098)**	**(4)**	-	**(114)**	**(6,216)**
C.1 Sales	-	0	-	-	-	0
C.2 Depreciation	-	(954)	(4)		(114)	(1,072)
C.3 Impairment write-downs recognized through:	-	-	-		-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-		-	-
C.4 Reduction of fair value:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) property, plant end equipment held for investment	-	-	-	-	-	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	(5,144)	-	-	-	(5,144)
D. Closing net balance	-	4,264	**4**	-	**110**	**4,378**
D.1 Net total value decrease	-	-	-	-	-	-
D.2 Closing gross balance	-	4,264	**4**	-	**110**	**4,378**
E. Measurement at cost	-	4,264	**4**	-	**110**	**4,378**

The depreciation rate used for furniture and fittings is 12%. The other changes are due to a renegotiation of the lease agreement for the Via Livio Cambi 5 Milan office.

Note: Values expressed in millions of Euros unless otherwise specified

8.7 - Property, plant and equipment held for investment: change for the year

The Company does not hold this type of property, plant and equipment.

8.8 Inventories of property, plant and equipment governed by IAS 2: change for the year

The company has no commitment to purchase property, plant and equipment.

8.9 - Commitments to purchase property, plant and equipment

The company has no commitment to purchase property, plant and equipment

Section 9 – Intangible assets – Item 90

9.1 - Intangible assets: Composition

ITEMS/VALUATION	12.31.2022		12.31.2021	
	Assets measured at cost	Assets designated at fair value	Assets measured at cost	Assets designated at fair value
1. Goodwill	**-**	**-**	-	-
of which software				
2. Other intangible assets	-	-	-	-
2.1 owned	117	-	353	-
- generated internally	-	-	-	-
- other	117	-	353	-
2.2 purchased under finance lease				
Total 2	*117*	-	353	-
3. Assets under finance lease	-	-	-	-
3.1 unopted assets	-	-	-	-
3.2 property withdrawn following resolution	-	-	-	-
3.3 other property	-	-	-	-
Total 3	-	-	-	-
Total	**117**	**-**	353	-

Note: Values expressed in millions of Euros unless otherwise specified

9.2 - “Intangible assets”: change for the year

	Total
A. Opening balance	**353**
B. Increases	**-**
B.1 Purchases	-
B.2 Writebacks	-
B.3 Fair value increases:	-
a) equity	-
b) income statement	-
B.4 Other increases	-
C. Decreases	**(236)**
C.1 Sales	-
C.2 Amortization	(236)
C.3 Write-downs:	-
a) equity	-
b) income statement	-
C.4 Fair value decreases:	-
a) equity	-
b) income statement	-
C.5 Other changes	-
D. Closing balance	**117**

Section 10 - Tax assets and liabilities (asset item 100 and liability item 60)

10.1 - Tax assets: current and deferred: composition

TAX ASSETS	12.31.2022	12.31.2021
a) current*	-	-
b) deferred	36,473	38,583
Total	**36,473**	**38,583**

10.2 - Tax liabilities: current and deferred: composition

TAX LIABILITIES	12.31.2022	12.31.2021
a) current *	16,583	19,562
IRAP payments on account	*(6,005)*	*(3,773)*
IRES payments on account	*(3,307)*	*(1,792)*
Others	*(20)*	*(1)*
Provisions for IRES	*22,330*	*21,272*
Provisions for IRAP	*5,267*	*5,370*
Positive tax effect FTA IFRS 9 and 15	*(1,682)*	*(1,514)*
b) deferred	-	-
Total	**16,583**	**19,562**

* UniCredit Factoring S.p.A. is part of the UniCredit Group tax consolidation scheme. In accordance with IAS 12, fiscal assets/liabilities of the same type are offset.

Note: Values expressed in millions of Euros unless otherwise specified

10.3 - Changes in deferred tax assets (offsetting the income statement)

ITEMS	changes in	
	2022	2021
1. Opening balance	**38,375**	**43,435**
2. Increases	**3,600**	**2,129**
2.1 Deferred tax assets recognized during the year	3,600	2,129
a) for prior years	3,313	-
b) due to changes in accounting policies	-	-
c) writebacks	-	-
d) other	*287*	*2,129*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		
3. Decreases	**(5,606)**	**(7,189)**
3.1 Deferred tax assets cancelled in the year	(5,606)	(7,189)
a) reversals	(5,606)	(7,189)
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	0	-
d) other		
3.2 Decrease in tax rates	-	-
3.3 Other decreases	0	0
a) transformation into tax credits pursuant to Law no. 214/2011	-	0
b) others		
4. Closing balance	**36,369**	**38,375**

10.3.1 - Changes in deferred tax assets as per Law 214/2011 (offsetting the income statement)

ITEMS	changes in	
	2022	2021
1. Opening balance	**27,651**	**32,678**
2. Increases		
3. Decreases	**(2,379)**	**(5,027)**
3.1 Reversals	(2,379)	(5,027)
3.2 Transformations into tax credits	-	-
a) arising from losses for the period	-	-
(a) arising from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**25,272**	**27,651**

10.4 - Deferred tax liabilities: annual changes (balancing the income statement)

The company has no deferred taxes.

Note: Values expressed in millions of Euros unless otherwise specified

10.5 - Changes in deferred tax assets (offsetting entry to shareholders' equity)

ITEMS	changes in 2022	changes in 2021
1. Opening balance	**208**	**193**
2. Increases	**-**	**15**
2.1 Deferred tax assets recognized during the year	-	-
a) for prior years		
b) due to changes in accounting policies	-	-
c) other		
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		15
3. Decreases	***(104)***	**-**
3.1 Deferred tax assets cancelled in the year	-	-
a) reversals	-	-
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other		
3.2 Decrease in tax rates	-	-
3.3 Other decreases	(104)	
4. Closing balance	**104**	**208**

10.6 - Changes in deferred tax liabilities (offsetting entry to shareholders' equity)

The company has no deferred taxes.

Section 12 – Other assets – Item 120

12.1 - Other assets: composition

ITEMS	12.31.2022	12.31.2021
Effects credited to customers awaiting bank collection *	13,177	60,890
Receivables from tax authorities	342	345
Guarantee deposits	114	114
Transitory items	18	5
Leasehold improvements	-	39
Credit amount IRES**	443	443
Items deemed not attributable to other items***	49,291	67,196
Other****	14,637	16,821
Total	**78,022**	**145,853**

* These are assets resulting from the subject-to-collection crediting of bills to customers, awaiting settlement by the bank.

** Benefit against requests for reimbursement submitted pursuant to Article 2, 1st paragraph of Decree no. 201 of December 6, 2011, relating to the recovery on corporation tax (IRES) of the regional production tax (IRAP) paid in relation to the cost of labor.

*** This item relates to the accrual of statutory interest on acquired tax receivables

**** This item includes amounts invoiced in advance by other Group companies.

Note: Values expressed in millions of Euros unless otherwise specified

Liabilities

Section 1 – Financial liabilities measured at amortized cost – Item 10

1.1 - Financial liabilities measured at amortized cost: composition by groups of payables

ITEMS	12.31.2022			12.31.2021		
	WITH BANKS	WITH FINANCIAL COMPANIES	WITH CUSTOMERS	WITH BANKS	WITH FINANCIAL COMPANIES	WITH CUSTOMERS
1. Loans	10,929,860	-	-	11,313,121	-	-
1.1 Reverse repos	-	-	-	-	-	-
1.2 Other loans	10,929,860	-	-	11,313,121	-	-
2. Lease payables	3,805	-	313	3,450	-	534
3. Other liabilities	18,685	120,870	339,601		75,253	264,114
Total	**10,952,350**	**120,870**	**339,914**	**11,316,571**	**75,253**	**264,648**
Fair Value - level 1	-	-	-	-	-	-
Fair Value - level 2	-	-	-	-	-	-
Fair Value - level 3	**10,952,350**	**120,870**	**339,914**	**11,316,571**	**75,253**	**264,648**
Total Fair Value	**10,952,350**	**120,870**	**339,914**	**11,316,571**	**75,253**	**264,648**

The fair value of short-term or sight payables is assumed to be equal to the book value.

Deposits from banks mainly consist of funding through the Parent Company. This item also includes the loans received from the participation in pool operations with UniCredit S.p.A.

Trade payables and amounts payable to finance companies ('Other liabilities') mainly represent the difference between the Total Receivables and the share of payments already advanced to assignors in relation to without-recourse operations and the debt exposure to customers.

1.5 - Lease payables

maturity ranges	12.31.2022	12.31.2021
Up to 1 year	181	1,966
From over 1 year to 2 years	902	861
From over 2 years to 3 years	82	438
From over 3 years to 4 years	1,996	350
From over 4 years to 5 years	297	190
Over 5 years	757	328
Total payments to be made for the Lease	**4,215**	**4,133**
Non accrued financial gains (-) (Discount effect)	(97)	(149)
LEASE LIABILITIES	**4,118**	**3,984**

Note: Values expressed in millions of Euros unless otherwise specified

Section 4 – Hedging derivatives – Item 40

4.1 - Hedging derivatives: composition by type of hedge and by hierarchical level

Notional value/Levels of fair value	12.31.2022				12.31.2021			
	Fair value			VN	Fair value			VN
	L1	L2	L3		L1	L2	L3	
A Financial derivatives	-	2,064	-	61,399	-	10,316	-	177,453
1 Fair value	-	2,064		61,399	-	10,316		177,453
2 Cash flows	-	-	-	-	-	-	-	-
3 Foreign investments	-	-	-	-	-	-	-	-
Total A	**-**	**2,064**	**-**	**61,399**	**-**	**10,316**	**-**	**177,453**
B Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**2,064**	**-**	**61,399**	**-**	**10,316**	**-**	**177,453**

4.2 - Hedging derivatives: composition by hedged portfolios and by type of hedging

Transactions/Type of hedge	Fair Value							Cash flows		Net investment in foreign subsidiaries
	Specific						Generic	Specific	Generic	
	Debt securities and interest rates	Equity securities and share indexes	currencies and gold	credit	goods	others				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets valued at amortized cost	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	2,064	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**2,064**			
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Financial assets and liabilities portfolio	-	-	-	-	-	-	-	-	-	-

Section 6 – Tax liabilities – Item 60

For this item, see Section 10 – Tax assets and liabilities.

Note: Values expressed in millions of Euros unless otherwise specified

Section 8 – Other liabilities – Item 80

8.1 - Other liabilities: composition

ITEMS	12.31.2022	12.31.2021
Liabilities for Equity Settled Share Based Payments	473	329
Payables due to employees	11,382	13,730
Payables due to other staff	2,292	1,837
Payables due to Directors and Statutory Auditors	290	361
Available amounts to be paid to others*	226,003	292,588
Items in progress		-
Trade payables	5,289	4,931
Other current liabilities	21,400	29,032
Other tax entries	565	690
Outstanding transitory items	2,164	7,740
Total	**269,858**	**351,238**

* This item includes collections from debtors, mainly in the final days of the year, to reallocate the related credit positions.

Section 9 – Severance pay – Item 90

9.1 - Provisions for employee severance pay: change for the year

ITEMS	changes in	
	2022	2021
A. Opening balance	2,244	2,460
B. Increases	154	135
B1. Allocation in the year	16	11
B2. Other increases	138	124
C. Decreases	(713)	(351)
C1. Severance payments	(140)	(220)
C2. Other decreases	(573)	(131)
D. Final balance	**1,685**	**2,244**

Note: Values expressed in millions of Euros unless otherwise specified

9.2 - Other Information

The provision for severance pay is included in the plans and defined benefits and is thus determined using the actuarial methodology described in the Accounting Policies section. Actuarial assumptions and the reconciliation of the present value of provisions to the liability entered in the balance sheet are provided below.

PRINCIPAL ACTUARIAL ASSUMPTIONS	2022	2021
Discount rate	3.80%	0.75%
Expected inflation rate	2.15%	1.60%

Amounts in € thousands

RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	2022	2021
Present value of defined benefit obligations – SEVERANCE PAY	1,685	2,244
Unrecognized actuarial gains (losses)	-	-
Net liability	1,685	2,244

The provision for employee severance pay is to be construed as a 'post-retirement defined benefit'. It is therefore recognized on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. These benefits are determined by an independent actuary, using the Unit Credit Projection Method.

Following the reforms to supplementary pensions in legislative decree no. 252 of December 5, 2005, post-employment benefits accruing up to 12.31.2006 remain with the company, while the severance pay accruing from January 1, 2007 can be allocated either to supplementary pension schemes or transferred to the INPS pension fund, at the employee's discretion (by 06.30.2007).

The result is that:

- the severance pay provision accrued up to 12.31.2006 (or until the date of the option – falling between 01.01.2007 and 06.30.2007 – adopted by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund) continues to be a 'defined-benefit' plan and therefore subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises,
- the amounts accrued from 01.01.2007 (or from the date of the option – falling between 01.01.2007 and 06.30.2007 – by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund), were considered as a 'defined-contribution' plan (as the Company's liability ceases at the time it pays the employee severance pay provision accrued to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund or the INPS Treasury fund,
- the costs of severance pay accruing during the year are entered on the income statement in item 110 a) 'Personnel costs', and include interest accrued in the year (interest cost) on the obligation already existing as at the date of the Reform and the accrued instalments for the year paid into the supplementary pension scheme or to the Treasury Fund of INPS,
- actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the obligation at the end of the period, are recognized in equity as part of the valuation reserves,
- a change of -25 basis points in the discount rate would result in an increase in liabilities of 41,970 euro (+2.49%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of 40,853 euros (-2.42%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of 26,304 euros (-1.56%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of 25,860 euros (+1.53%).

Note: Values expressed in millions of Euros unless otherwise specified

Section 10 – Provisions for risks and charges – Item 100

10.1 - Provisions for risks and charges: composition

Items / Values	12.31.2022	12.31.2021
1. Provisions for credit risk relating to commitments and financial guarantees given	385	1,074
2. Provisions relating to other commitments and guarantees issued		
3. Provisions for company pension	4,818	2,094
4. Other provisions for risks and charges	**32,474**	**34,081**
4.1 legal and tax disputes	30,689	32,019
4.2 personnel expenses	1,785	2,062
4.3 other		
Total	**37,677**	**37,249**

The Company is currently involved in lawsuits and revocation proceedings for a total risk of approximately 91.3 million euros, which is covered by provisions of 26.5 million euros. This amount represents the best estimate of the costs that the Company, having consulted its lawyers, expects to incur in the event of litigation, where the loss in court is estimated to be probable. The Provision for personnel costs relates to the variable discretionary pay component.

10.2 - Provisions for risks and charges: change for the year

	Provisions relating to Other commitments and guarantees issued	Company pension funds	Other provisions for risks and charges	Total
A. Opening balance	**1,074**	**2,094**	**34,081**	**37,249**
B. Increases	**-**	**5,384**	**5,222**	**10,606**
B.1 Allocation in the year		5,384	5,222	10,606
B.2 Changes due to passage of time				-
B.3 Changes due to changes in discount rate				-
B.4 Other increases			-	-
C. Decreases	**(689)**	**(2,660)**	**(6,829)**	**(10,178)**
C.1 Amounts used in the year		(2,660)	(6,506)	(9,166)
C.2 Changes due to changes in discount rate			(323)	(323)
C.3 Other changes	(689)			(689)
D. Closing balance	**385**	**4,818**	**32,474**	**37,677**

10.3 - Provisions for credit risk relating to commitments and financial guarantees given

	Provisions for credit risk relating to commitments and financial guarantees given			
	First Stage	**Second Stage**	**Third Stage**	**Total**
1. Other commitments to disburse funds	385	-		385
2. Financial guarantees issued				-
Total	385	-	-	385

Note: Values expressed in millions of Euros unless otherwise specified

10.5 - Pensions and post-retirement defined-benefit obligations

ITEMS	12.31.2022	12.31.2021
Provisions for company pension - Executive leaving incentive	4,818	2,094
Total	**4,818**	**2,094**

10.6 - Provisions for risks and charges: other provisions - other

ITEMS	12.31.2022	12.31.2021
legal and tax disputes	30,689	32,019
personnel expenses	1,785	2,062
others		
Total	**32,474**	**34,081**

Section 11 – Shareholders' equity – Items 110, 120, 130, 140, 150, 160 and 170

11.1 - Capital: composition

TYPE	12.31.2022	12.31.2021
1. Capital	**414,348**	**414,348**
1.1 Ordinary shares	414,348	414,348
1.2 Other shares	-	-

There are 80,300,000 ordinary shares.

11.4 - Share premium: composition

TYPE	12.31.2022	12.31.2021
1. Share premium reserve	**951**	**951**
1.1 Share Premiums from the capital increase of 1997	*951*	*951*

11.5 - Other Information

ITEMS	LEGAL RESERVE	RETAINED EARNINGS	STATUTORY RESERVE	OTHER INSURANCE PROVISION	TOTAL
A. Opening balance	**43,750**	**118**	**185**	**292,291**	**336,344**
B. Increases	**3,502**	**-**	**-**	**17,591**	**21,093**
B1. Profit attribution	3,502		-	17,468	20,970
B2. Other increases	-	-	-	123	123
C. Decreases	**-**	**-**	**-**	**0**	**0**
C1. Uses	-	-	-	-	-
- to cover losses	-	-	-	-	-
- distribution	-	-	-	-	-
- capitalization	-	-	-	-	-
C2. Other decreases	-	-	-	0	0
D. Closing balance	**47,252**	**118**	**185**	**309,882**	**357,437**

'Other Reserves' are mainly forms of undistributed profits.

Note: Values expressed in millions of Euros unless otherwise specified

Analysis of composition of shareholders’ equity with reference to availability and possibility of distribution (Article 2427, para. 7 bis)

NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	OVERVIEW OF USES OF THE THREE PREVIOUS YEARS	
				FOR LOSS COVERAGE	FOR OTHER REASONS
Capital	**414,348**		**-**		
Capital reserve:	**951**		**-**		
- Share premium	*951*	B	-		
Profit reserve	**357,437**		**310,632**		
- Statutory reserve	*185*	A, B, C	185		
- Legal reserve	*47,252*	B	-		
- FTA reserve	*(447)*		-		
- Other reserves	*310,329*	A, B, C	310,329		
- Previous year profits	*118*	A, B, C	118		
Profit for the year	***64,372***		**-**		
Total	**837,108**	**-**	**310,632**		

Key:
A: for Capital increase
B: to cover losses
C: for dividend distributions

Other information

1. Commitments and financial guarantees given (other than those designated at fair value)

ITEMS	NOMINAL VALUE OF COMMITMENTS AND GUARANTEES GIVEN				TOTAL 12/31/2022	TOTAL 12/31/2021
	FIRST STAGE	SECOND STAGE	THIRD STAGE	ACQUIRED AND/OR ORIGINATED AND IMPAIRED		
1. Other commitments to disburse funds	**2,898,060**	**281,586**	**29,617**	**-**	**3,209,263**	**3,163,510**
a) General government entities	163,048	12,772	20,860	-	196,680	70,645
b) Banks	27,076	140		-	27,216	24,344
c) other financial companies	1,386,393	96		-	1,386,489	1,365,745
d) Non-financial companies	1,316,755	267,906	8,339	-	1,593,000	1,686,792
e) Households	4,788	672	418	-	5,878	15,984
2. Financial guarantees issued	**-**	**-**	**-**		**-**	**-**
a) General government entities	-	-	-		-	-
b) Banks	-	-	-		-	-
c) other financial companies	-	-	-		-	-
d) Non-financial companies	-	-	-			
e) Households	-	-	-			

Note: Values expressed in millions of Euros unless otherwise specified

Part C – Information on the Income Statement

Section 1 – Interest – Items 10 and 20

1.1 - Interest and similar income: composition

ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2022	2021
1. Financial assets measured at fair value through P&L					
1.1 Financial assets held for trading	-	-	-	-	-
1.2. Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily at FV	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
3. Financial assets valued at amortized cost	**-**	**156,107**	**-**	**156,107**	**115,442**
3.1 Loans and receivables with banks	-	17,684	-	17,684	26,941
3.2 Loans and receivables with financial institutions	-	18,893	-	18,893	8,411
3.3 Loans and receivables with customers	-	119,530	-	119,530	80,090
4. Hedging derivatives	-	-	-	-	-
5. Other assets	-	-	-	-	-
6. Financial liabilities	-	-	-	-	-
Total	-	**156,107**	**-**	**156,107**	**115,442**
of which: interest income on impaired financial assets	-	-	-	958	1,627

Interest income other than that recognized in the item Write-backs, accruing in 2022 against exposure classified in non-performing loans amounted to 1 million as at December 31.

The increase in interest income partly reflects the generalized increase in interest rates following the change in the monetary policy of the European Central Bank, which, in order to contain the strong inflationary recovery after many stable years, intervened by raising the refinancing rate by 250 bps during the second half of 2022, and partly the increase in the average commercial spread as a result of targeted repricing policies.

1.3 - Interest expense and similar charges: composition

ITEMS/TYPE	LOANS	SECURITIES	OTHER	2022	2021
1. Financial liabilities measured at amortized cost					
1.1 Liabilities to banks	(35,926)	-	-	(35,926)	(3,237)
1.2. Deposits from financial institutions	-	-	-	-	-
1.3. Deposits from customers	0	-	-	-	-
1.4. debt securities in issue	-	0	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	-	-	(45)	(45)	-
5. Hedging derivatives	-	-	(1,107)	(1,107)	(2,362)
6. Financial assets	-	-	-	-	-
Total	**(35,926)**	**0**	**(1,152)**	**(37,078)**	**(5,599)**
of which: interest expense on leases	-	-	(45)	*(45)*	(42)

Interest expenses increased significantly compared to last year and correlated with interest income mainly due to the increase in market rates.

Note: Values expressed in millions of Euros unless otherwise specified

Section 2 – Fees and Commissions – Items 40 and 50

2.1 - Fees and commissions income: composition

BREAKDOWN	2022	2021
1. Financial leasing operations	-	-
2. Factoring transactions	67,976	63,330
3. Consumer loans	-	-
4. Guarantees given	-	-
5. Services of:	-	-
- fund management for third parties	-	-
- foreign exchange intermediation	-	-
- product distribution	-	-
- other	-	-
6. Collection and payment services	-	-
7. Servicing securitization transactions	-	-
8. Other fees and commissions: recovery client expenses credit preparation, account fees etc.	1,544	1,590
Total	**69,520**	**64,920**

Fee and commission income on factoring transactions mainly refers to the management of assigned receivables.

2.2 - Fee and commission payables: composition

BREAKDOWN	2022	2021
1. Guarantees received	(25,361)	(14,509)
2. Distribution of third-party services	-	-
3. Collection and payment services	(760)	(704)
4. Other fees and commissions	(12,069)	(9,001)
4.1 Commissions	(2,360)	(2,592)
4.2 Cost of credit reinsurance	(9,709)	(6,409)
Total	**(38,190)**	**(24,214)**

The increase in fee and commission payables is mainly due to the conclusion of a new insurance contract to replace the credit risk, which resulted in an increased use of the guarantee provided by the Parent Company to limit the concentration risk.

Note: Values expressed in millions of Euros unless otherwise specified

Section 3 – Dividends and similar income – Item 70

3.1 - Dividends and similar income: composition

Items/Proceeds	2022		2021	
	Dividends	Similar proceeds	Dividends	Similar proceeds
A Financial assets held for trading	-	-	-	-
B Other financial assets mandatorily measured at fair value	105	-	-	-
C Financial assets measured at fair value through other comprehensive income	-	-	-	-
D Shareholdings	-	-	-	-
Total	**105**	**-**	**-**	**-**

Section 4 – Net trading result – Item 80

4.1 - Net profit (loss) from trading: composition

Transaction/Income item	2022				
	Gains (A)	Trading Profits (B)	Losses (C)	Trading losses (D)	Net Profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	-	-	-	-	-
1.1 Debt securities in issue	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Units in investments funds	-	-	-	-	
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities in issue	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	-	294	-	-	294
4. Financial derivative instruments		-	-	-	-
4.1 Financial derivatives	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-	-
Total	**-**	**294**	**0**	**294**	**294**

Note: Values expressed in millions of Euros unless otherwise specified

Section 7 – Gains and losses on other financial assets/liabilities at fair value through profit or loss – item 110

7.2 - Net change in value of other financial assets/liabilities at fair value through profit or loss: composition of other financial assets mandatorily at FV

Transaction/Income item	2022				
	Gains (A)	Trading Profits (B)	Losses (C)	Trading losses (D)	Net Profit (loss) [(A+B) - (C+D)]
1. Financial assets	-	-	-	1,163	(1,163)
1.1 Debt securities in issue	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Units in investments funds	-	-	-	-	-
1.4 Loans	-	-	-	1,163	(1,163)
2. Financial assets and liabilities: exchange differences	-	0	-	-	-
Total	**-**	**0**	**0**	**1,163**	**(1,163)**

Note: Values expressed in millions of Euros unless otherwise specified

Section 8 – Net impairment adjustments – Item 130

8.1 - Net value adjustments/write-backs for credit risk related to financial assets measured at amortized cost: composition

ITEMS/IMPAIRMENT	Write-downs						Writebacks						2022	2021
	First stage	second stage	2022		2021		First stage	second stage	Third Stage		purchased or originated impaired			
			2022	2021	Write Off	Other			Write Off	Other	Write Off	Other		
1. Loans and receivables with banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Receivables from financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans and receivables with customers	**(1,739)**	**(624)**	**(2,266)**	**(18,135)**	**-**	**-**	**1,385**	**-**	**-**	**13,011**	**-**	**-**	**(8,368)**	**674**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring*	(1,739)	(624)	(2,266)	(18,135)			1,385	-	-	13,011	-		(8,368)	674
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-	0	-
- pledge loans	-	-	-	-	-	-	-	-	-	-	-	-	0	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	**(1,739)**	**(624)**	**(2,266)**	**(18,135)**	**-**	**-**	**1,385**	**-**	**-**	**13,011**	**-**	**-**	**(8,368)**	**674**

The stage three value adjustments are mainly attributable to positions on recourse assignors.

Note: Values expressed in millions of Euros unless otherwise specified

8.2 - Net value adjustments/write-backs for credit risk relating to financial assets measured at fair value through other comprehensive income: composition

There are no value adjustments/write-backs in this case.

Section 10 – Administrative costs – Item 160

10.1 - Personnel costs: composition

ITEM/SECTOR	2022	2021
1. Employees	**(26,758)**	**(24,663)**
a) salaries and wages	*(14,731)*	*(15,970)*
b) social security costs	*(4,964)*	*(5,202)*
c) staff severance pay	*(99)*	*(118)*
d) pensions	-	-
e) allocation to staff severance pay	*(52)*	*(31)*
f) provisions for retirements and similar provisions	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds	*(1,330)*	*(919)*
- defined contribution	*(1,330)*	*(919)*
- defined benefit	-	-
h) other employee benefits	*(5,582)*	*(2,423)*
2. Other working staff	**-**	**-**
3. Directors and Statutory Auditors	**(384)**	**(371)**
4. Employees on sabbatical	**-**	**-**
5. Recovery of expenses for employees seconded to other companies	**842**	**803**
6. recovery of expenses for employees seconded to the companies *	**(5,115)**	**(5,067)**
Total	**(31,415)**	**(29,298)**

* The item 'Reimbursement of costs for employees seconded to the Company' mainly relates to the cost of seconded personnel.

Personnel costs increased in 2022 mainly due to the component relating to the extraordinary cost deriving from the extension of the redundancy incentive plan, however offset in part by the average reduction in the number of employees from 308.6 in 2021 to 288.4 in 2022.

Note: Values expressed in millions of Euros unless otherwise specified

10.2 Average number of employees by category

Employees	2022	2021
Executives	5.3	6.7
Middle managers	147.7	155.5
Remaining employees	84.1	88.4
Total employees	**237.1**	**250.6**
Other personnel	51.3	58.0
Total	**288.4**	**308.6**

Secondments are included in the other staff.

10.3 - Other administrative expenses: Composition

CATEGORIES OF COSTS	2022	2021
1) Indirect taxes and duties	**(502)**	**(457)**
1a. Paid:	(502)	(457)
1b. Not paid:	-	-
2) Guarantee fee for DTA conversion	**(212)**	(252)
3) Miscellaneous costs and expenses	**(18,120)**	**(21,823)**
a) advertising marketing and communication	**(185)**	**(314)**
b) expenses related to credit risk	**(2,554)**	**(3,321)**
c) indirect expenses related to personnel	**(255)**	**(332)**
d) Information & Communication Technology expenses	**(5,701)**	**(6,664)**
Hardware costs: equipment and maintenance	(176)	(6)
Software expenses: equipment and maintenance	-	-
ICT communication systems	(218)	(298)
ICT services: external personnel/outsourced services	(5,254)	(6,201)
Financial information providers	(53)	(159)
e) consulting and professionals services	**(325)**	**(1,244)**
Consulting	(129)	(624)
Legal expenses	(196)	(620)
f) real estate expenses	**(1,028)**	**(1,722)**
Premises rentals	(40)	(225)
Users	(115)	(530)
Other real estate expenses	(873)	(967)
g) operating costs	**(8,072)**	**(8,226)**
Surveillance and security services	(78)	(85)
Money counting services and transport	-	-
Insurance Companies	(145)	(155)
Postage and transport of documents	(167)	(273)
Printing and stationery	(39)	(47)
Administrative and logistic services	(7,551)	(7,572)
Association dues and fees	(90)	(91)
Other administrative expenses - Other	(2)	(3)
Total (1+2)	**(18,834)**	**(22,532)**

The decrease in administrative expenses compared to the previous year is mainly due to the lower cost of expenses relating to credit risk and those of the ICT Services.

Note: Values expressed in millions of Euros unless otherwise specified

Section 11 – Net provisions for risks and charges – Item 170

11.1 - Net provisions for credit risk relating to commitments to disburse funds and financial guarantees given: composition

PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES GIVEN	2022	2021
- Provisions for commitments on committed lines	0	0
- Write-backs on provisions for risks and charges commitments	689	342
Total	**689**	**342**

11.2 - Net provisions relating to Other commitments and guarantees issued: composition

There are no provisions relating to other commitments and guarantees issued.

11.3 - Net allocations to Other provisions for risks and charges: composition

NET OTHER PROVISIONS FOR RISKS AND CHARGES	2022	2021
- Provisions for clawbacks	0	0
- Provisions for lawsuits	(2,792)	(1,275)
- Other provisions	0	(2,812)
- Write-backs on provision for risks and charges	4,122	4,301
Total	**1,330**	**214**

Refer to table 10 in the liabilities on the balance sheet (Composition of item 100 ‘Provision for risks and charges’) and to the financial report.

Note: Values expressed in millions of Euros unless otherwise specified

Section 12 – Net value adjustments/write-backs on property, plant and equipment – Item 180

12.1 - Net value adjustments/write-backs on property, plant and equipment: composition

Asset/income item	2022				2021			
	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
A. Property plant and equipment	(1,072)	-	-	(1,072)	(1,420)	-	-	(1,420)
A.1 for operations	(1,072)	-	-	(1,072)	(1,420)	-	-	(1,420)
- owned	(4)	-	-	(4)	(4)	-	-	(4)
- rights of use acquired under leases	(1,068)	-	-	- 1,068	(1,416)	-	-	-
A.2 Held for investment purposes	0	-	-	0	0	-	-	0
- owned		-	-	0		-	-	
- rights of use acquired under leases	-	-	-	-	-	-	-	-
A.3 Inventories	-	-	-	-	-	-	-	-
Total	**(1,072)**	**-**	**-**	**(1,072)**	**(1,420)**	**-**	**-**	**(1,420)**

Section 13 – Net value adjustments/write-backs on intangible assets – Item 190

13.1 - Net value adjustments/write-backs on intangible assets: composition

ITEM/WRITE-DOWNS AND WRITE-BACKS	2022				2021			
	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
1. Intangible assets other than goodwill	*(236)*	-	-	(236)	(236)	-	-	(236)
of which software								
1.1 owned	*(236)*	-	-	(236)	(236)	-	-	(236)
1.2 rights of use acquired under leases	-	-	-	-	-	-	-	-
2. Assets related to finance leases	-	-	-	-	-	-	-	-
3. Assets held under operating leases	-	-	-	-	-	-	-	-
Total	**(236)**	**-**	**-**	**(236)**	**(236)**	**-**	**-**	**(236)**

Note: Values expressed in millions of Euros unless otherwise specified

Section 14 – Other operating income and expenses – Item 200

14.1 - Other operating expenses/income: composition

ITEM/OTHER OPERATING INCOME AND CHARGES	2022	2021
- customer legal costs	479	373
- mixed use company car	53	58
- rental income	1	4
-insurance indemnity	133	565
- misc. income	4,175	3,508
Total other operating income	**4,841**	**4,508**
- Other operating expenses	(2,007)	(714)
Total other operating expenses	**(2,008)**	**(714)**
Total other revenues and operating costs	**2,833**	**3,794**

Section 19 – Income tax for the year on continuing operations – Item 270

19.1 - Income tax expense on continuing operations: composition

ITEM/WRITE-DOWNS AND WRITE-BACKS	2022	2021
1. Current tax	(27,671)	(26,642)
2. Adjustment to current tax of prior years	(472)	90
3. Reduction of current tax for the year	-	-
3.bis Reduction of current tax for the year for tax credits according to Law no. 214/2011	(2,379)	
4. Change in deferred tax assets	373	(5,060)
5. Change in deferred tax liabilities	-	-
Taxes pertaining to the year	**(30,149)**	**(31,612)**

19.2 Reconciliation between theoretical tax charges and effective expense

ITEM/WRITE-DOWNS AND WRITE-BACKS	2022	2021
Profit (Loss) before tax from continuing operations	94,521	101,646
Theoretical applicable tax rate	27.5%	27.5%
Theoretical tax	(25,993)	(27,953)
Tax effects derived from:		
+ Non-taxable income - permanent differences	2,092	9,183
- Non-deductible costs for tax purposes - permanent differences	(566)	(2,502)
- IRAP	(5,280)	(5,370)
+ Recognition of deferred tax assets	(219)	(5,060)
+/- Other differences	(183)	90
Income tax posted to the income statement	**(30,149)**	(31,612)
Income tax expense on continuing operations	(30,149)	(31,612)
Difference	-	-

The effective tax rate in 2022 was 31.9% compared to 31.1% in the previous year.

Note: Values expressed in millions of Euros unless otherwise specified

Section 21 – Income statement – Other information

21.1 Breakdown of interest income and commission income

ITEM/COUNTERPARTY	INTEREST INCOME			FEES AND COMMISSIONS INCOME			2022	2021
	BANK	FINANCIAL COMPANIES	CUSTOMERS	BANK	FINANCIAL COMPANIES	CUSTOMERS		
1. Finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- fixed assets	-	-	-	-	-	-	-	-
- movable property	-	-	-	-	-	-	-	-
- capital goods	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**17,684**	**18,893**	**119,530**	**262**	**8,719**	**60,539**	**225,627**	**180,362**
- on current receivables	17,475	1,195	40,142	129	2,792	35,319	*97,052*	85,667
- on future receivables	-	-	2,078	-	63	2,531	*4,672*	*3,949*
- on receivables acquired on a permanent basis	195	15,888	58,703	133	4,943	14,434	*94,296*	*71,366*
- receivables purchased below original value	-	-	-	-	-	-	-	-
- for other financing	14	1,810	18,607	-	921	8,255	*29,607*	*19,380*
3. Consumer loans	**-**	**-**	**-**	**-**		**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- special-purpose loans	-	-	-	-	-	-	-	-
- loans against wages	-	-	-	-	-	-	-	-
4. Pledge loans	-	-	-	-	-	-	-	-
5. Guarantees and commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- trade	-	-	-		-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	**17,684**	**18,893**	**119,530**	**262**	**8,719**	**60,539**	**225,627**	**180,362**

Note: Values expressed in millions of Euros unless otherwise specified

Part D – Other Information

Note: Values expressed in millions of Euros unless otherwise specified

Section 1 - Specific references to activities carried out

B. Factoring and assignment of receivables

B.1 Gross value and book value

B.1.1 Factoring operations

ITEMS/VALUES	12.31.2022 GROSS AMOUNT	12.31.2022 WRITE-DOWNS	12.31.2022 NET VALUE	12.31.2021 GROSS AMOUNT	12.31.2021 WRITE-DOWNS	12.31.2021 NET VALUE
1. Performing exposures	**10,343,355**	**9,200**	**10,334,155**	**10,182,081**	**8,181**	**10,173,900**
- exposure to assignors (with recourse)	2,265,342	7,389	2,257,953	2,734,703	7,367	2,727,336
- assignments of future receivables	*108,517*	*387*	108,130	123,993	*630*	*123,363*
- other	*2,156,825*	*7,002*	2,149,823	2,610,710	*6,737*	*2,603,973*
- exposures to assigned debtors (non-recourse)	8,078,013	*1,811*	8,076,202	7,447,378	814	7,446,564
2. Non-performing assets	**217,527**	**98,035**	**119,492**	**233,070**	**123,363**	**109,707**
2.1 Bad loans	77,045	71,090	5,955	**113,109**	**96,604**	**16,505**
- exposure to assignors (with recourse)	71,613	66,445	5,168	103,250	88,334	14,916
- assignments of future receivables	5,689	5,094	595	8,128	7,128	1,000
- other	*65,924*	*61,351*	4,573	*95,122*	*81,206*	*13,916*
- exposures to assigned debtors (non-recourse)	5,432	4,645	787	9,859	8,270	1,589
- purchases below nominal value	-	-	-	-	-	-
- other	*5,432*	*4,645*	787	*9,859*	*8,270*	*1,589*
2.2 Unlikely to pay	**30,601**	**21,066**	**9,535**	**48,505**	**23,175**	**25,330**
- exposure to assignors (with recourse)	22,125	15,074	7,051	37,617	16,277	21,340
- assignments of future receivables	591	452	139	537	433	104
- other	*21,534*	*14,622*	6,912	*37,080*	*15,844*	*21,236*
- exposures to assigned debtors (non-recourse)	8,476	5,992	2,484	10,888	6,898	3,990
- purchases below nominal value	-	-	-	-	-	-
- other	*8,476*	*5,992*	2,484	*10,888*	*6,898*	*3,990*
2.3 Non-performing past due exposures	**109,881**	**5,879**	**104,002**	**71,456**	**3,584**	**67,872**
- exposure to assignors (with recourse)	9,677	869	8,808	285	26	259
- assignments of future receivables	-	-	-	-	-	-
- other	9,677	*869*	8,808	*285*	*26*	*259*
- exposures to assigned debtors (non-recourse)	100,204	5,010	95,194	71,171	3,558	67,613
- purchases below nominal value	-	-	-	-	-	-
- other	*100,204*	*5,010*	95,194	*71,171*	*3,558*	*67,613*
Total	**10,560,882**	**107,235**	**10,453,647**	**10,415,151**	**131,544**	**10,283,607**

Note: Values expressed in millions of Euros unless otherwise specified

Other assignments

ITEMS/VALUES	12.31.2022 GROSS AMOUNT	12.31.2022 WRITE-DOWNS	12.31.2022 NET VALUE	12.31.2021 GROSS AMOUNT	12.31.2021 WRITE-DOWNS	12.31.2021 NET VALUE
1. Performing exposures	**1,504,211**	**92**	**1,504,119**	**1,903,857**	**115**	**1,903,742**
- exposure to assignors (with recourse)	5,346	25	5,321	39,859	54	39,805
- assignments of future receivables	-	-	-	-	-	-
- other	*5,346*	*25*	*5,321*	*39,859*	*54*	*39,805*
- exposures to assigned debtors	1,498,865	*67*	1,498,798	1,863,998	*61*	*1,863,937*
2. Non-performing assets	**1,753**	**1,705**	**47**	**3,836**	***3,677***	***160***
2.1 Bad loans	1,740	1,703	37	3,830	*3,675*	155
- exposure to assignors (with recourse)	1,740	1,703	37	3,830	*3,675*	155
- assignments of future receivables	-	-	-	-	-	-
- other	*1,740*	*1,703*	37	*3,830*	*3,675*	*155*
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.2 Unlikely to pay	-	1	- 1	-	*1*	- 1
- exposure to assignors (with recourse)	-	1	- 1	-	*1*	- 1
- assignments of future receivables	-	-	-	-	-	-
- other	-	*1*	- *1*	-	*1*	- *1*
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.3 Restructured exposures	-	-	-	-	-	-
- exposure to assignors (with recourse)	-	-	-	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- other	-	-	-	-	-	-
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.3 Non-performing past due exposures	13	1	11	6	1	6
- exposure to assignors (with recourse)	13	1	11	6	1	6
- assignments of future receivables	13	1	11	*6*	*1*	*6*
- other	-	-	-	-	-	-
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
Total	**1,505,964**	**1,797**	**1,504,166**	**1,907,693**	**3,792**	**1,903,902**

B.1.2 Acquisitions non-performing loans other than factoring.

The Company does not carry out this type of operation.

B.2 Distribution according to residual life

Past-due receivables, if not impaired, are classified in the ‘on demand’ category, while if impaired they are classified according to the estimated expiry date, for the balance sheet valuations.

Note: Values expressed in millions of Euros unless otherwise specified

B.2.1 With-recourse factoring operations: advances and ‘Total Receivables’

MATURITY RANGES	ADVANCES		TOTAL RECEIVABLES	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
- on demand	519,494	925,051	1,174,664	1,794,017
- up to 3 months	567,481	1,227,724	2,076,959	2,381,013
- from 3 to 6 months	710,166	293,424	570,282	569,058
- from 6 months to 1 year	408,441	186,236	298,235	361,180
- over 1 year	73,398	131,416	91,574	254,864
- indeterminate duration				
Total	**2,278,980**	**2,763,851**	**4,211,714**	**5,360,132**

Other assignments

MATURITY RANGES	ADVANCES		TOTAL RECEIVABLES	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
- on demand	5,357	39,959	7,368	44,131
Total	**5,357**	**39,959**	**7,368**	**108,944**

Other assignments are made up of tax receivables that are by nature repayable on demand.

B.2.2 Without-recourse factoring operations: exposures

MATURITY RANGES	EXPOSURES	
	12.31.2022	12.31.2021
- on demand	689,445	607,609
- up to 3 months	5,373,869	4,796,051
- from 3 to 6 months	688,074	632,297
- from 6 months to 1 year	271,147	339,485
- over 1 year	1,152,132	1,144,314
- indeterminate duration		
Total	**8,174,667**	**7,519,756**

Other assignments

MATURITY RANGES	EXPOSURES	
	12.31.2022	12.31.2021
- on demand	1,498,798	1,863,937
Total	**1,498,798**	**1,863,937**

Other assignments are made up of tax receivables that are by nature repayable on demand

B.2.3 - Acquisitions non-performing loans other than factoring

The Company does not carry out this type of operation.

Note: Values expressed in millions of Euros unless otherwise specified

B.3 Other information

B.3.1 Turnover of receivables in factoring operations

ITEM	12.31.2022	12.31.2021
1. Non-recourse transactions	42,549,362	38,648,014
- of which purchases below nominal value		
2. With recourse transactions *	20,246,575	16,056,825
TOTAL	**62,795,938**	**54,704,839**

* This figure includes 6,811,579,000 euros/thousand for 2021 and 7,943,562,000 euros/thousand for 2022, for non-recourse contracts that did not pass the IFRS 9 recognition test.

The turnover from other assignments was 818,695,000 thousand euros.

Note: Values expressed in millions of Euros unless otherwise specified

B.3.2 Collection services

There are no receivables for which collection-only services are provided.

B.3.3 - Nominal value of contracts for the acquisition of future receivables

ITEM	12.31.2022	12.31.2021
Flow of contracts for purchase of future receivables for the year	22,980,688	23,898,924
Amount of existing contracts at the closing date of year	16,324,584	18,114,252

Margin between the limit granted to customers, and receivables acquired on a with recourse basis

ITEM	12.31.2022	12.31.2021
Margin	1,759,480	1,073,740

The value in the table represents the difference between the loan granted to the assignor and the Total Receivables relating only to with-recourse operations.

Note: Values expressed in millions of Euros unless otherwise specified

D. Guarantees given and commitments

D.1 Value of real or personal guarantees issued, and of commitments

TRANSACTIONS	12.31.2022	12.31.2021
1) Financial guarantees given on first demand	-	-
a) Banks	-	-
b) Financial Companies	-	-
c) Customers	-	-
2) Other financial guarantees given	-	-
a) Banks		
b) Financial Companies		
c) Customers	-	-
3) Commercial guarantees given to	-	-
a) Banks *	-	-
b) Financial Companies	-	-
c) Customers	-	-
4) Other irrevocable commitments to disburse funds	1,997,177	2,158,137
a) Banks	-	-
i) certain to be called on	-	-
ii) not certain to be called on	-	-
b) Financial Companies	1,384,589	1,318,452
i) certain to be called on	1,383,856	1,317,648
ii) not certain to be called on	733	804
c) Customers	612,588	839,685
i) certain to be called on	249,278	201,461
ii) not certain to be called on	363,310	638,224
5) Underlying obligations for credit derivatives: sales of protection	-	-
6) Assets used to guarantee others' obligations	-	-
7) Other irrevocable commitments		
a) to issue guarantees		
b) others	-	-
Total	**1,997,177**	**2,158,137**

The irrevocable commitments to loan funds for uncertain use consists of the non-advanced part of the without recourse contracts that do not pass the IFRS 9 derecognition test, and the unused part of the committed lines. In this last case, they are only used after a receivables assignment is presented.

D.2 - Loans recognized after enforcement

Not Present.

Note: Values expressed in millions of Euros unless otherwise specified

Section 3 - Information on risks and relative hedging policies

3.1 - Credit risk

QUALITATIVE INFORMATION

1. General information

Factoring offers multiple services to meet businesses' needs for cash flow management, to guarantee assigned trade receivables and finance then if necessary.

The credit risk borne by the factor only shares some of the characteristics typical of the credit risk associated with banking.

While in banking, the similar technique of providing advances on invoices consists of the granting of cash credit mainly on the basis of the customer's credit rating, factoring operations are also based on the characteristics of the receivables to be acquired, the profile of individual debtors, and their mode of operation.

When the risk is accepted, the factoring company will evaluate two parties: the assigning supplier and the assigned debtor, whose credit profiles will both be analysed; The acceptance of risk on these parties may take various configurations, depending on the type of product requested by the customer/assignor.

When the factor advances the receivables to the assignor, it is exposed by the amount equal to the agreed advance, which cannot exceed the Total Receivables assigned.

In a with recourse (pro soluto) contract, the factoring company guarantees the assignor against the default by the assigned debtor, except in cases explicitly governed by the contract. The factor agrees to pay the amount of the assigned receivables after a specified number of days after the receivables become due, except in the case of definitive acquisition, where the payment (discount) takes place at the same time as the assignment.

Depending on the chosen modus operandi, the factoring company will have greater protection if the credit acquisition process is accompanied by:

- notification to the debtor that the receivables have been assigned;
- recognition by the debtor that the receivables have been assigned;
- certification by the public administration of the assigned receivables;
- the acquisition of trade receivables, compared to other types of receivable;
- the acquisition of receivables that are due and payable or about to fall due, compared to the financing of future receivables;
- the presence of a restricted current account, for operations where notifications are not given on a continuous basis.

A with-recourse contract with the provision of finance and/or guarantee services, exposes the factor to credit risk, against the assigned debtors.

With a with-recourse contract, the risk is diversified: the factor becomes the owner of the claim against the assigned debtor, who is the principal source of repayment and guarantees any advance paid to the assignor. If the debtor does not pay, the factor can claim the payment from the assignor (right of recourse).

When the factor only provides a management service, it is not exposed to any risk.

In general, when a factor provides a finance and/or guarantee service, the possibility of recording a loss is determined primarily by the downgrading of the credit rating of the parties and the resulting risk of non-payment by the assigned debtor (in the case of without recourse or with recourse assignments) or the risk of non-repayment of the amount advanced by the assignor, in the case of the with recourse operation.

When the factor provides its services as part of a pre-existing commercial relationship between the assignor and the debtor, the credit risk is characterized by the following main factors, linked to the debtor:

- the risk of dilution if the debtor refuses to pay because of events related to how the underlying supply contract was fulfilled (for example, set-offs, allowances, or disputes about product quality or promotional discounts);
- the risk of payment being made later than the real or contractual expiry date (the due date was negotiated when the trade receivables were acquired) applies in certain sectors hit by the economic crisis, or to some agencies of the Italian public administration. The risk of late payment also includes the risk of administrative time-barring, which happens when funds allocated in the State Budget are not spent by the public administrations within a certain period of time;
- the risk of set-off, which is particularly high in operations with the Public Administration, or in reverse factoring transactions where the debtor can make set-offs between its own payables and receivables.

2. Credit Risk Management Policies

a) General information

Credit risk management is based on consolidated processes and structures led by competent, expert staff.

The origination process starts with the Sales & Marketing Division, which is tasked with developing and managing relations with assignors either by carrying out regular visits, or distance checks. One of their tasks is to identify any signs of potential downgrading of the assignor’s credit rating and to prevent potential losses.

The assignors and debtors are assessed using Group methods which involve analyzing financial statements, the central risk register, and using the business and other information available to the UniCredit Group. UniCredit Factoring does not have its own rating models, however, for customers it shares with the UniCredit Group, the counterparty’s rating is calculated by the parent company and is input into the assignor’s and debtor’s online files. This is a fundamental part of the assessment process.

When the assignor and debtor risks are accepted, their credit risk is assessed by the Credit Underwriting structure, which has separate technical teams for granting finance to assignors and debtors.

The Debtor Management structure manages relations on an ongoing basis, checking the receivables assigned as well as any reports or actions, to ensure that payments are made promptly (checks on due dates and payment reminders).

The Risk Management Division also incorporates:

- Credit Monitoring, which maintains the quality of the finance portfolio by carrying out regular monitoring so that systematic intervention can take place if there is any deterioration in the risk profile of an assignor or a debtor. This activity is done before the default arises, when there is still a possibility that the assignor or debtor will be able to meet their commitments, and when the position is transferred to the appropriate risk status to ensure better management;
- Special Credit, which is responsible for ensuring the management and monitoring of accounts such as Unlikely to Pay, Bad Loan and accounts covered by restructuring plans. It identifies and implements the most effective solutions to maximize the recovery of the debt, and proposes the necessary provisions to cover forecast losses;
- the Credit, Financial & Non-Financial Risks Office, with the task of:

- analyze, assess, measure and monitor the typical risks of the company's activities (credit, operational, reputational and market-related) in order to determine their economic and financial impact;
- support the implementation of Group policies;
- provide systematic reports to Top Management and the Board of Directors;
- establish and monitor the 'Risk Appetite', together with the Parent Company and its guidelines, to ensure the company can pursue its strategic objectives and business plan, taking into account the interests of its customers and shareholders; compatibly with its Risk-Taking Capacity, it also sets the Tier 1 capital requirements and other requirements;
- support Management in measuring and managing the cost of risk;
- carry out second level checks.

b) the risk management, measurement and control systems and departments responsible for them

Measurement and reporting involves the issue of periodic, systematic reports and specific estimates to support various types of decision.

The most important of these reports are the following:

- the 'Credit Dashboard' which is presented to the Board of Directors and contains an analysis of: i) the Total Receivables and the underlying invested assets, with a particular focus on the types of assignments, notifications, acknowledgements etc., which define the level of risk and the related dynamics; ii) the quality of credit and provisions to cover the risk of loss; iii) concentration risk;
- 'Strategies monitoring' and the 'Risk Appetite Framework': presented to the Risk Committee. They assess the trend in credit risk accepted by the Company and define any corrective actions to be taken if the risk appetite thresholds are approached or overrun, and/or the guidelines contained in the credit and business strategies, whose targets and prudential limits are approved in advance by the Board of Directors;
- the reporting of operational losses and the monitoring of operational risk indicators;
- the monitoring of interest rate and liquidity risk presented to the Risk Committee.

c) Methods of measurement of expected losses

PD, LGD and EAD and calibration of internal models.

At present, the company shares the entire IT architecture with UniCredit S.p.A. in order to guarantee standardized calculations within the UniCredit Group and to exploit the related synergies.

In this regard:

- no internal model (standardized approach) is used for exposure at default (EAD);
- with regard to the Probability of Default (PD), the Company uses the same models and parameters as UniCredit S.p.A. for shared customers; for non-shared customers, the Company uses Cluster PDs (medium), differentiated on the basis of the type of counterparty (Large Corporate, Multinational, Banks, Corporate, Small Business, Other);
- with regard to LGD, the Company uses the same parameters as UniCredit S.p.a for both central and local Public Administration counterparties, while it has adopted a managerial model for remaining counterparties, in order to make the risk parameter more consistent with the business model, which focuses on two main categories of counterparties: Assignor and Debtor.

This model has been recalibrated in order to incorporate the new EBA regulations and its stability is verified on a periodic basis.

ECLs are restated as necessary for financial reporting purposes to reflect changes in the credit risk associated with the financial instrument since initial recognition.

The new provisions are designed to facilitate more timely recognition of loan losses, which consists of determining provisions based on the estimated ECL over a 12-month time horizon, applicable to all credit exposures (so-called Stage 1). In addition, all credit exposures for which a significant deterioration has been identified require the recognition of estimated ECLs over a reference time horizon over the entire duration (hereinafter 'lifetime ECLs' or Stage 2 credit) associated with the exposures.

While credit exposures classified as Level 3 ('Stage 3' credit) are similar to those under IAS 39 for incurred losses that are recognized analytically, the Stage 1 and 2 classification of credit exposures effectively replaces credit exposures measured using a 'collective' approach as was the case under the previous standard.

The Group guidelines establish full alignment between the definitions of default, impaired and non-performing with the aim of achieving a uniform approach to the classification of exposures, both for supervisory reporting purposes and for financial statement disclosures. And consequently:

Stages 1 and 2 include only financial assets classified as performing.

Stage 3 includes only financial assets classified as non-performing.

A 12-month ECL is created for financial instruments allocated to Stage 1.

A lifetime ECL is calculated for financial instruments allocated to Stage 2.

For financial instruments allocated to Stage 3, a lifetime ECL is calculated and interest income is calculated on the net book value of the asset.

Classification to Stage 2 is carried out when the same triggers used by UniCredit S.p.a. are activated, the main ones of which are:

- past due for more than 30 days
- downgrading of the internal rating assigned to the counterparty, beyond the thresholds established by the Company
- increases in the Probability of Default beyond the thresholds established by the Company
- forbearance events.

d) the risk mitigation techniques used for the purposes of IFRS 7, para. 35Kb).

The management of guarantees is an integral part of the credit process. The primary purpose of guarantee contracts is to maximize the Net Discounted Value of the recoverable amounts, by reducing the potential loss (LGD) if the account is transferred to debt recovery. Although the guarantees are an essential element of the terms and conditions of the finance agreement (especially for longer-term operations), they are only collected as a form of support for the finance, and cannot under any circumstances replace the customer's objective capacity to fulfil its obligations.

The risk mitigation techniques take into account the aspects specific to factoring, which distribute the risk between the customer/assignor and the assigned debtor in different ways depending on the service.

UniCredit Factoring's exposures mainly relate to business counterparties, and can be guaranteed by 'personal' guarantees (usually: bank guarantees from private individuals or businesses), or less frequently 'secured' guarantees (usually: pledges on cash sums or receivables) issued by individuals or companies (owners, family members or the parent company).

Personal guarantees are usually given by the owners of the businesses using the finance, or by their family members.

The guarantees acquired by the Company also include:

- guarantees given by the parent company to cover exposures to assignors or debtors for amounts exceeding 25% of the company's regulatory capital, in order to respect the legal limits on 'large risks' (see following paragraph). The Company will periodically review the guaranteed positions and ensures that the guarantees are adjusted, to reflect changes in the risk (increase or reduction);
- credit insurance policies to mitigate the credit risk resulting from a default by a private debtor assigned on a non-recourse basis; as of 2021, this instrument has been enhanced by entering into a contract that, in addition to expanding the scope of insured debtors, provides for the insurance company's Risk Weight to replace that of the assigned debtor up to the ceiling granted to it. The company was therefore able to benefit from a Risk Weight of 20% for a significant share of the without recourse portfolio. The same policy was renewed for 12 months in November 2022;
- guarantees given by banks.

Concentration and large exposure risk

Concentration risk is the risk of having a high level of exposure towards individual parties, groups of related parties, parties in the same economic sector or that exercise the same activity or belong to the same geographical area. This risk has to be limited and monitored in relation to the capital, total assets or overall risk level, in order to avoid undermining the solidity of the company or its capacity to continue its core business.

This issue is regulated in Part 4 of Regulation EU 575 /13 (CRR). In this area, the rules on large exposures relate to the total exposures (on-and off- balance sheet) towards an individual customer or group of related customers, which exceeds 10% of the entity's own funds, and with a limit of 25% of the eligible capital, the calculation of which takes into account the exemptions provided for by the regulation.

The regulation covers the measurement, management and monitoring of concentration risks at sector level, and also in terms of individual names or economic groups.

Initially, the parent company at consolidated level, and the UniCredit Group companies individually, carry out a self-assessment of the minimum financial resources the Company/Group requires in order to cover the risks it is taking on. This assessment is based on a series of factors such as: the situation and forecasts for the national and international economy, both at the macroeconomic level and for each sector of activity; the concentration of exposures. The ratio between the available financial resources and the internal capital defines the 'risk-taking capacity', which is a key element of the risk appetite framework and the definition of credit strategies.

In addition to credit strategies, to avoid excessive concentrations with a high level of risk, Group-level limits are set from time to time, either at sector level or on an individual basis.

In the case of individual concentration risk, the quantitative limits on credit exposures are calculated using the economic capital approach. They reflect, to a large extent, the risk level or rating of the counterparty or economic group in question. Compliance with these limits is monitored by the parent company's departments in collaboration with the companies' CRO (Chief Risk Office).

To guarantee the timely control of concentration risk at Group level, specific guidelines apply to the management of large credit facilities. A 'large-credit facility' is any direct or indirect commitment of credit.

For the direct risks only (finance to assignors on a with recourse basis and debtors on a without recourse basis), the total commitments of the applicant (the individual counterparty or economic group) towards all the Group companies exceeds the thresholds set by the parent company and approved by the relevant corporate bodies; for UniCredit Factoring: this threshold is set at 75 million euros for all risks in the Italy Region of the UniCredit Group, or at individual level, at 10% of the regulatory capital.

2.3 Methods of measuring expected losses

Impacts resulting from the Covid-19 pandemic.

In light of the Covid-19 pandemic, the credit sector – including the factoring sector – was affected by numerous legislative acts aimed at supporting companies to bear the economic impact of measures to control infections, both by suspending credit lines granted to assignors and through public guarantees on new lending.

Regarding the ‘Guarantee Italy’ scheme, which provides a SACE (Italian export credit agency) guarantee on particular factoring products, the company has currently decided not to use this guarantee.

With regard to the classification process from Stage 1 to Stage 2, the classification triggers have been expanded in agreement with the Parent Company to make the staging process even more sensitive to deterioration in the creditworthiness of the customer portfolio. In addition, in relation to the ECL calculation process, the changes, in alignment with the Parent Company, mainly concerned the adjustment of the forward-looking scenarios.

A total, for 2022, 37 requests were granted for a total amount of 246 million euros: 16% of these were further extensions of up to 30 days, 14% between 31 days and 60 days, and 70% over 60 days. A total, since the beginning of the pandemic in March 2020, 415 requests were granted for a total amount of 734.9 million euros: 21% of these were further extensions of up to 30 days, 21% between 31 days and 60 days, and 58% over 60 days.

As at December 31, 2022, 13 positions with a residual amount of 21.1 million euros were still outstanding and were mostly regularly repaid.

3. Impaired receivables

The Company has specific regulations that define both the performance statuses and risk statuses for assignors and debtors (performing, watch list, in repayment, debt recovery, past due, unlikely to pay, bad loan, with any indication of forborne exposures), and also the options available for changing the statuses and for making provisions and transitions to loss. These rules also govern the options available for approving repayment plans proposed by the assignors and assigned debtors, and for the acquisition of new guarantees.

QUANTITATIVE INFORMATION

1 - Breakdown of credit exposures by portfolio and credit quality (book value)

PORTFOLIOS/RISK STAGES	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets valued at amortized cost	6,028	19,311	104,893	635,716	11,650,095	12,416,043
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	11,559	11,559
3. Financial assets designated at fair value						-
4. Other financial assets mandatorily at FV					2,676	2,676
5. Financial instruments classified as held for sale						-
Total as at 12/31/2022	**6,028**	**19,311**	**104,893**	**635,716**	**11,664,330**	**12,430,278**
Total as at 12/31/2021	**16,764**	**37,900**	**68,620**	**978,107**	**11,557,552**	**12,658,943**

2 - Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

PORTFOLIOS/RISK STAGES	Non-Performing				Performing		
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs	Gross exposure	Total value adjustments	Net exposure
1. Financial assets valued at amortized cost	266,218	135,987	130,231	85,498	12,295,177	9,365	12,285,812
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	11,559	-	11,559
3. Financial assets designated at fair value	-	-	-	-	-	-	-
4. Other financial assets mandatorily at FV	-	-	-	-	2,676	-	2,676
5. Financial instruments classified as held for sale	-	-	-	-	-	-	-
Total as at 12/31/2022	**266,218**	**135,987**	**130,231**	**85,498**	**12,309,412**	**9,365**	**12,300,047**
Total as at 12/31/2021	296,198	163,915	132,283	125,878	11,811,972	19,825	11,792,147

3 - Breakdown of financial assets by category of impairment (book values)

PORTFOLIOS/RISK STAGES	First stage			Second stage			Third stage			Purchased or originated impaired		
	From 1 day to 30 days	From 30 to 90 days	More than 90 days	From 1 day to 30 days	From 30 to 90 days	More than 90 days	From 1 day to 30 days	From 30 to 90 days	More than 90 days	From 1 day to 30 days	From 30 to 90 days	More than 90 days
1. Financial assets valued at amortized cost	277,135	87,312	65,817	57,897	72,399	75,156	-	-	130,231	-	-	
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total as at 12/31/2022	**277,135**	**87,312**	**65,817**	**57,897**	**72,399**	**75,156**	**-**	**-**	**130,231**	**-**	**-**	**-**
Total as at 12/31/2021	246,776	60,346	43,271	311,871	165,175	151,290	-	-	121,546	-	-	

Note: Values expressed in millions of Euros unless otherwise specified

4 - Financial assets, commitments to lend funds and financial guarantees given: trend in total value adjustments and total provisions (book values)

CAUSATIONS/RISK STAGES	Total value adjustments													Total provisions for commitments to disburse funds and financial guarantees issued	
	First stage assets				Second stage assets				Third stage assets				of which: impaired financial assets acquired or arising		
	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	of which: individual impairments	of which: collective impairments	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	of which: individual impairments	of which: collective impairments	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	of which: individual impairments	of which: collective impairments		first stage	second stage
Opening balance	6,228	-	-	6,228	2,168	-	-	2,168	165,114	-	165,114	-	-	1,053	16
Increases from financial assets acquired or originated															
Cancellations other than write-offs															
Net adjustments/writebacks for credit risk (+/-)	(2,305)			(2,305)	3,274			3,274	7,390		7,390			(669)	(16)
Contract changes without cancellation															
Changes in estimation methodology															
Write-off									(35,338)		(35,338)				
other changes					-			-	(1,180)		(1,180)				
Closing balances	3,923	-	-	3,923	5,442	-	-	5,442	135,986	-	135,986	-	-	384	0
Withdrawals from write-offs on financial assets															
Write-offs recognized directly in the income statement															

Note: Values expressed in millions of Euros unless otherwise specified

5 - Financial assets, commitments to lend funds and financial guarantees given: transfers between the various credit risk stages (gross and nominal amounts)

Portfolios/risk stages	Gross values / nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets valued at amortized cost	181,968	79,303	87,786	40,433		
2. Financial assets measured at fair value through other comprehensive income						
3. Commitments to lend funds and financial guarantees given						
Total as at 12/31/2022	181,968	79,303	87,786	40,433	-	-
Total as at 12/31/21	766,887	805,273	26,549	15,706	94,460	34,410

6 - Loans to customers, banks and financial companies

6.1 - On-and off-balance sheet exposures to customers, banks and finance companies: gross and net values

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE		TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	PARTIAL AND TOTAL WRITE-OFFS
	NON-PERFORMING ASSETS	PERFORMING ASSETS			
A. ON-BALANCE-SHEET EXPOSURES:					
A.1 On demand					
a) Non-Performing					
b) Performing					
A.2 Other					
a) Bad loans	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
d) Performing past-due exposures	-	3,573	-	3,573	-
-of which: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	211,444	527	210,917	-
-of which: forborne exposures	-	-	-	-	-
Total A	-	**215,017**	**527**	**214,490**	-
B. OFF-BALANCE SHEET EXPOSURES	-	-	-	-	-
a) Non-Performing	-	-	-	-	-
b) Performing	-	1,383,855	174	1,383,682	-
Total B	-	**1,383,855**	**174**	1,383,682	-
Total (A+B)	-	**1,598,873**	**701**	**1,598,172**	-

The off-balance sheet exposures include commitments to lend funds according to formal without-recourse lines, and the margins on the irrevocable lines of credit.

6.2 - Credit exposures to banks and finance companies: gross change in impaired exposures

There are no exposures of this type.

6.2 bis - Credit exposures to banks and finance companies: gross changes by credit quality in forborne exposures

There are no exposures of this type.

Note: Values expressed in millions of Euros unless otherwise specified

6.3 Impaired on-balance sheet exposures to banks and finance companies: change in overall impairments

There are no exposures of this type.

6.4 - On-and off-balance sheet exposures to customers: gross and net values

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE		TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	PARTIAL AND COMPLEX WRITE-OFFS VI
	NON-PERFORMING ASSETS	PERFORMING ASSETS			
A. ON-BALANCE-SHEET EXPOSURES:					
a) Bad loans	**78,957**	**-**	72,929	6,028	85,370
-of which: forborne exposures	573	-	556	18	-
b) Unlikely to pay	76,442	-	57,131	19,311	436
-of which: forborne exposures	17,274	-	13,808	3,466	-
c) Non-performing past due exposures	110,819	-	5,927	104,893	-
-of which: forborne exposures	-	-	-	-	-
d) Performing past-due exposures	-	633,631	1,488	632,143	-
-of which: forborne exposures	-	28	-	28	-
e) Other performing exposures	-	11,446,529	7,349	11,439,179	-
-of which: forborne exposures	-	-	-	-	-
Total A	**266,218**	**12,080,160**	**144,824**	**12,201,553**	**85,806**
B. OFF-BALANCE SHEET EXPOSURES	-	-	-	-	-
a) Non-Performing	1,188	-	-	1,188	-
b) Performing	-	1,824,219	211	1,824,008	-
Total B	**1,188**	**1,824,219**	**211**	1,825,196	-
Total (A+B)	**267,406**	**13,904,379**	**145,035**	**14,026,750**	**85,806**

Note: Values expressed in millions of Euros unless otherwise specified

6.5 - Credit exposures to customers: gross change in impaired exposures

Breakdown - Category	Bad loans	Unlikely to pay	Non-Performing past due
A. Opening gross exposure	**121,546**	**94,607**	**72,244**
- of which: exposures sold and not derecognized			
B. Increases	**1,391**	**8,074**	**81,660**
B.1 transfers from Performing loans	-	7,565	80,221
B.2 entries from impaired financial assets acquired or originated			
B.3 transfers from other Non-Performing exposure	1,199	1	-
B.4 contractual amendments without cancellation			
B.5 other increases	192	507	1,439
C. Decreases	**(43,980)**	**(26,239)**	**(43,085)**
C.1 transfers to Performing loans	0	(15,679)	(24,754)
C.2 write-off	(30,667)	(4,671)	0
C.3 receipts	(7,798)	(3,080)	(6,820)
C.4 gains on disposal			
C.5 losses on disposals			
C.6 transfers to other Non-Performing exposures	0	(1,199)	(1)
C.7 contractual amendments without cancellation			
C.8 other reductions	(5,516)	(1,611)	(11,510)
D. Final Gross Exposure	**78,957**	**76,442**	**110,819**
- of which: exposures sold and not derecognized			

6.5 bis - Credit exposures to customers: gross changes by credit quality in forborne exposures

Breakdown - Quality	Forborne exposures: non-performing	Forborne exposures: PERFORMING
A. Opening gross exposure	**27,950**	**80**
- of which: exposures sold and not derecognized		
B. Increases	**357**	**0**
B.1 transfers from Performing not forborne		
B.2 transfers from Performing forborne	41	x
B.3 transfers from Non performing forborne exposures	x	
B.4 other increases	316	
C. Decreases	**(10,460)**	**(53)**
C.1 transfers to Performing not forborne	x	
C.2 transfers to Performing forborne		x
C.3 Transfers to Non performing forborne exposures	x	
C.4 write-off	(206)	
C.5 recoveries	(2,872)	
C.6 sales proceeds		
C.7 losses on disposal		
C.8 other reductions	(7,382)	(53)
D. Final Gross Exposure	**17,847**	**28**
- of which: exposures sold and not derecognized		

Note: Values expressed in millions of Euros unless otherwise specified

6.6 - Impaired on-balance-sheet exposures to customers: change in overall impairments

Breakdown - Category	Bad loans		Unlikely to pay		Non-Performing past due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Initial overall adjustments	**104,783**	**5,293**	**56,708**	**15,920**	**3,624**	**0**
- of which: exposures sold and not derecognized						
B. Increases	**6,999**	**591**	**10,009**	**2,247**	**4,468**	**-**
B.1 value adjustments from impaired financial assets acquired or originated		x		x		x
B.2 other value adjustments	5,924	591	10,009	2,044	4,468	0
B.3 losses on disposal						
B.4 transfers from other Non-Performing exposure	1,075	0	0	0	0	0
B.5 contractual amendments without cancellation		x		x		x
B.6 other increases		0		203		
C. Decreases	**(38,853)**	**(5,328)**	**(9,585)**	**(4,359)**	**(2,165)**	**0**
C.1. write-backs from valuation	(7,665)	(486)	(3,181)	(2,137)	(2,165)	
C.2 write-backs from recoveries						
C.3 Gains on disposal						
C.4 write-off	(30,667)	0	(4,671)	(206)	0	
C.5 transfers to other categories of impaired exposures	0	0	(1,075)	0	0	
C.6 contractual amendments without cancellation						x
C.7 other decreases	(521)	(4,842)	(659)	(2,016)	0	
D. Final overall adjustments	**72,929**	**556**	**57,131**	**13,808**	**5,927**	**0**
- of which: exposures sold and not derecognized						

7 - Classification of financial assets, commitments to disburse funds and financial guarantees issued on the basis of external and internal ratings

7.1 - Distribution of financial assets, commitments to disburse funds and financial guarantees issued by category of external rating (gross values)

Exposures	Rating classes						Without rating	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. financial assets measured at amortized cost	2,635	2,178,362	828,530	1,739,360	382,037	47,240	7,383,231	**12,561,395**
- First stage	*2,635*	*2,016,116*	*734,782*	*1,539,055*	*331,472*	*46,608*	*6,973,378*	**11,644,046**
- Second stage	-	*162,243*	*91,934*	*195,839*	*50,565*	*542*	*150,008*	**651,131**
- Third stage		*3*	*1,814*	*4,466*	-	*90*	*259,845*	**266,218**
B. Financial assets measured at fair value through other comprehensive income								
- First stage								
- Second stage								
- Third stage								
Total (A + B)	**2,635**	**2,178,362**	**828,530**	**1,739,360**	**382,037**	**47,240**	**7,383,231**	**12,561,395**
of which: impaired financial assets acquired or arising								
C. Commitments to lend funds and financial guarantees given	2,634	226,288	236,554	245,008	99,836	10,433	*2,388,510*	**3,209,263**
- First stage	*2,634*	*165,491*	*194,690*	*217,836*	*60,436*	*8,797*	*2,248,175*	**2,898,059**
- Second stage		*60,797*	*41,864*	*27,172*	*39,400*	*1,636*	*110,718*	**281,587**
- Third stage					-		*29,617*	**29,617**
Total (C)	**2,634**	**226,288**	**236,554**	**245,008**	**99,836**	**10,433**	**2,388,510**	**3,209,263**
Total (A + B + C)	**5,269**	**2,404,650**	**1,065,084**	**1,984,368**	**481,873**	**57,673**	**9,771,741**	**15,770,658**

The rating companies used are: Standard & Poor's, Moody's, Fitch and Cerved.

If there are ratings from two ECAI for the same position, the one corresponding to the higher weighting factor is used; where there are 3 or more ratings, the two ratings with the lower weighting factors are used, and if they are different, the worse of the two is utilized.

The classification of rating classes for the 4 rating agencies used, is as follows:

Note: Values expressed in millions of Euros unless otherwise specified

Rating class	Standard & Poor's	Moottv's	FItch	Cerved
1	from AAA to AA-	from Aaa to Aa3	from AAA to AA-	
2	from A+ to A-	from A1 to A3	from A+ to A-	from A1.1 to A3.1
3	from BBS+ to BBB-	from Baa1 to Baa3	from BBB+ to BBS-	B1.1
4	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-	from B1.2 to B2.2
5	from B+ to B-	from B1 to B3	from B+ to B-	C1.1
6	CCC+ and lower	Caa1 and lower	CCC+ and lower	from C1.2 to C2.1

7.2 - Distribution of financial assets, commitments to disburse funds and financial guarantees issued by category of internal rating (gross values)

This table has not been completed as the Company uses a standard method for calculating credit risk.

9 - Concentration of credit

9.1 - Breakdown of on-balance sheet and off-balance sheet credit exposures by counterparty's sector of activity

	TOTAL
GOVERNMENTS AND OTHER PUBLIC BODIES	3,214,579
CREDIT INSTITUTIONS	73,975
NON-FINANCIAL COMPANIES	9,434,731
FINANCIAL COMPANIES	1,554,748
OTHER	1,492,625
total	**15,770,658**

9.2 - Distribution of loans to customers by geographical area of counterparty

	TOTAL
NORTH WEST	5,744,415
NORTH EAST	1,307,162
CENTRAL	6,128,853
SOUTH	784,489
ISLANDS	238,126
OUTSIDE ITALY	1,567,613
TOTAL	**15,770,658**

9.3 - Large exposures

a) Nominal amount:	16,259,479
b) Amount post CRM and extensions pursuant to Article 400 CRR:	3,203,597
c) Number:	32

Note: Values expressed in millions of Euros unless otherwise specified

10 - Credit Risk Measurement and Management models and methods

Write-downs are made specifically, based on the loss forecasts made from time to time; For other positions in default, for which analytical write-downs cannot be made, a statistical approach is used (specific write-downs on a flat-rate basis) and finally, for non-defaulted positions, the write-downs are calculated on the basis of loss valuation models used by the parent company in compliance with IFRS 9, adapted to the specific nature of factoring.

3.2 Market risks

3.2.1 Interest rate risk

QUALITATIVE INFORMATION

1. General information

In line with the Group guidelines, the Company has adopted specific policies to cover interest rate risk for the banking book. It defines the principles, responsibilities and methodologies used to manage this risk.

The three main measurements used to monitor interest rate risk and to set limits, are the following:

- ‘Net Interest Income Sensitivity’, which measures the change in the interest rate over the next 12 months in the absence of new operations, as interest rates vary by +100 basis points (‘RAF Parallel Up’) and -30 basis points (‘RAF Parallel Down’, which includes stress on major currencies);
- ‘Basis Point Value Sensitivity’, which measures the change in the current value of interest rate positions resulting from an instant shock of 1bp of interest rates. It considers the current value of all future cash flows generated from assets, liabilities and existing derivatives.
- ‘Economic Value Sensitivity’ which monitors how changes in interest rates (primarily changes of +200 bp and -200 bp) affect the value of assets, liabilities and off-balance sheet instruments by affecting the economic value of future cash flows.

For the purposes of managing liquidity and interest rate risk, the various technical forms of investment relate to the following two main types of operation:

- discounted or definitive acquisitions of receivables: these are fixed-rate operations with a defined duration, even if uncertain, as the expiry date includes an estimated delay for the collection of the invoices, after their natural due date;
- standard operations (with recourse and without recourse): these are revolving exposures, usually revocable under certain conditions, and they are usually regulated at variable rates determined monthly, based on the average values for the month, and are settled monthly or quarterly.

In principle:

- the first case is financed with fixed-term deposits;
- the second is financed with time deposits whose duration is consistent with the reference rate contractually applied to customers.

This minimizes the interest rate risk, which in itself is limited, considering that these operations are almost all short-term, and also the liquidity risk.

QUANTITATIVE INFORMATION

1 - Breakdown by maturity (repricing date) of financial assets and liabilities

Euro

Item/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 5 years	Between 5 years and 10 years	more than 10 years	Indeterminate duration
1. Assets	1,042,960	8,786,661	435,960	255,915	1,020,396	324,057	91,432	-
1.1 Debt securities in issue	14,235	-	-	-	-	-	-	-
1.2 Loans	1,028,725	8,786,661	435,960	255,915	1,020,396	324,057	91,432	-
1.3 Other assets		-	-	-	-	-	-	
2. Liabilities	781,917	7,622,885	1,040,530	436,715	785,028	325,156	157,103	-
2.1 Payables	781,917	7,622,885	1,040,530	436,715	785,028	325,156	157,103	-
2.2 Debt securities		-	-	-	-	-	-	-
2.3 Other liabilities		-	-	-	-	-	-	
3. Financial derivatives								
options								
3.1 Long positions		-	-	-	-	-	-	-
3.2 Short Positions		-	-	-	-	-	-	-
other derivatives								
3.3 Long positions		129,588	-	-	-	-	-	-
3.4 Short Positions			-	44,385	74,683	10,520	-	-

Other currencies

Item/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 5 years	Between 5 years and 10 years	more than 10 years	Indeterminate duration
1. Assets	142,650	102,468	6,294	119	1,991	29,489	-	-
1.1 Debt securities in issue		-	-	-	-	-	-	-
1.2 Loans	142,650	102,468	6,294	119	1,991	29,489	-	-
1.3 Other assets		-	-	-	-	-	-	
2. Liabilities	7,894	203,025	52,881	-	-	-	-	-
2.1 Payables	7,894	203,025	52,881				-	-
2.2 Debt securities				-	-	-	-	-
2.3 Other liabilities		-	-	-	-	-	-	
3. Financial derivatives								
options								
3.1 Long positions		-	-	-	-	-	-	-
3.2 Short Positions		-	-	-	-	-	-	-
other derivatives								
3.3 Long positions		-					-	-
3.4 Short Positions		-	-	-	-		-	-

Bad loans are classified according to the expected date of collection.

2 - Interest rate risk measurement and management models and methods

Sensitivity analysis

At December 31, 2022, the sensitivity of interest income to an immediate and parallel shift of +100bps was approximately – 3.3 million while for a shift of -30 bps it was 0.75 million.

The sensitivity of the economic value (according to the EBA) of shareholders’ equity at December 31, 2022 to an immediate and parallel shift of +200bps in interest rates was approximately -8.3 million, while a shift of -200 bps was equal to around 5.1 million.

Note: Values expressed in millions of Euros unless otherwise specified

3.2.2 - Price risk

QUALITATIVE INFORMATION

1. General information

Since 2020, the Company has held listed equity securities and PFIs of a former credit counterparty, following the completion of the debt restructuring of the counterparty as set out in the composition plan. The price risk is therefore linked to the fluctuation of market values on stock markets and, in the case of PFIs, by the value of the assets included in the earmarked assets in which the company holds equities.

3.2.3 - Exchange rate risk

QUALITATIVE INFORMATION

1. General information

The exchange risk expresses the risk of incurring losses due to fluctuations in currency rates.

The Company's policy on exchange risk provides that accounts assigned in foreign currencies must be advanced and financed in the same currency. Where advances are paid in euros, any differences or conversion costs are governed by specific contracts with the customer, which require that any exchange risk is to be borne by the customer.

The asset coverage required for exchange risk is determined by applying a coefficient of 8% to the net open position in exchange foreign currencies, reduced by 25% for companies in a banking group. On December 31, 2022, the company's open exchange positions did not lead to any absorption of capital.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

	CURRENCIES							
ITEMS	USD	GBP STERLING	CANADIAN DOLLARS	CZECH REPUBLIC KORUNA	SWEDISH KRONS	NORWEGIAN KRONON	YEN	OTHER CURRENCIES
1. Financial assets	235,500	13,288	11,749	6,767	935	805	299	1,619
1.1 Debt securities in issue	-	-	-	-	-	-	-	-
1.2 Equities	-	-	-	-	-	-	-	-
1.3 Loans and receivables	235,474	13,288	11,749	6,767	935	375	280	1,331
1.4 Other financial assets	26	-	-	-	-	430	19	288
2. Other assets	-	-	-	-	-	-	-	-
3. Financial liabilities	234,787	12,953	11,776	6,688	897	799	271	1,362
3.1 Payables	8,882	186	-	-	-	430	-	-
3.2 Debt securities			-	-	-	-	-	-
3.3 Other financial liabilities	225,905	12,767	11,776	6,688	897	369	271	1,362
4. Other liabilities	-	-	-	-	-	-	-	-
5. Derivatives	-	-	-	-	-	-	-	-
5.1 Long positions	-	-	-	-	-	-	-	-
5.2 Short Positions	-	-	-	-	-	-	-	-
Total assets	**235,500**	**13,288**	**11,749**	**6,767**	**935**	**805**	**299**	**1,619**
Total liabilities	**234,787**	**12,953**	**11,776**	**6,688**	**897**	**799**	**271**	**1,362**
Difference (+/-)	**713**	**335**	**(27)**	**79**	**38**	**6**	**28**	**257**

Note: Values expressed in millions of Euros unless otherwise specified

3.3 - Operational risks

QUALITATIVE INFORMATION

1. General aspects, management processes and procedures for measuring the operational risk

In accordance with external and internal regulations, operational risk consists of the possibility of incurring losses due to errors, infringements, interruptions or damages resulting from internal processes, people, systems, or external events.

Operational events may the caused by inadequate or violated internal procedures, personnel, information or telecoms systems, systemic events or other external events: internal or external fraud, inadequate working practices or inadequate workplace security, customer complaints, product distribution, fines or penalties due to failure to comply with regulatory provisions, damage to company property, interruption to information or communication systems, execution of processes.

In order to measure and manage operational risk, the Company:

- carries out process mapping (including the maps required by Law 262/2005);
- implements IT procedures with automated controls, where possible, and red flag management systems;
- trains staff on how to identify operational risks;
- uses the Group tools and methods for Disaster Recovery, Business Continuity and Insurance Policies;
- records all operational loss events on the Group software program;
- calculates the capital requirement needed to cover operational risk using the 'Base' method, or by applying a regulatory coefficient of 15% of the average operating income over the past three years.

QUANTITATIVE INFORMATION

The capital absorption quantified using the Base method, corresponding to 15% of the average operating income over the past three years was 23.8 million at the end of 2022, in line with the previous year.

Systemic threats associated with the coronavirus epidemic.

As for the coronavirus epidemic, UniCredit is continuing to monitor the situation carefully and taking precautions in line with the recommendations of the World Health Organization and local authorities in order to protect its employees and customers. The continuation of the pandemic, which made its impact felt in recent years, may also have effects during the year 2023 that, as of February 15, cannot yet be estimated.

3.4 - Liquidity risk

QUALITATIVE INFORMATION

1. General aspects, management processes and measurement methods for liquidity risk

The Company adopts the Liquidity Risk regulations implemented by the Parent Company with regard to governance aspects and the responsibilities of the individual functions.

It should be noted that UniCredit Factoring carries out its funding solely through the Parent Company, from which it is also monitored in terms of liquidity risk, particularly on the Maturity Match Gap and Maturity Ladder metrics. In fact, the Company falls within the perimeter of the Regional Liquidity Centre Italy, which manages liquidity risk at a centralized level and accesses capital markets also on behalf of the banks/product companies within its perimeter.

Funding is carried out through the following methods, as part of an endowment and is periodically reviewed depending on the approved budgets and development plans, also taking into account the type of finance to be provided:

- **Term deposits (one month or beyond):** are the main form of funding and financing;
- **Very short-term deposits (overnight or up to 2 weeks):** these are the tools used to meet the daily liquidity requirements and to finance short-term fluctuations in lending;
- **Current account:** the current account with the bank is the channel through which all the company's operations are channelled (finance, receipts, deposits opened or closed, etc.). The unused credit margin is a readily available liquidity reserve which can also be used to cover unexpected liquidity requirements.

The Company's liquidity position does not have its own significant value, but should be seen within the consolidation area of the Group's Italy Region.

QUANTITATIVE INFORMATION

1. Breakdown by contractual residual maturity of financial assets and liabilities

EURO

Item/Residual maturity	On demand	Between 1 day and 7 days	between 7 and 15 days	between 15 days and 1 month	between 1 month and 3 months	between 3 months and 6 months	between 6 months and 1 year	between 1 year and 3 years	between 3 years and 5 years	more than 5 years	indefinite duration
On-balance sheet assets	1,746,619	353,843	430,312	3,758,362	2,318,815	1,112,477	686,133	820,678	339,127	421,720	-
A.1 Government securities	-	-	-	-	-	-	-				
A.2 Other debt securities	14,235					-	-				
A.3 Loans	1,732,384	353,843	430,312	3,758,362	2,318,815	1,112,477	686,133	820,678	339,127	421,720	
A.4 Other assets											
On-balance-sheet liabilities	474,156	1,718,842	1,541,148	2,788,751	1,770,673	1,129,463	445,854	600,533	192,190	482,262	-
B.1 Liabilities with					-	-	-				
- banks	393,895	1,714,538	1,530,000	2,608,400	1,696,000	1,040,000	436,715	594,830	190,190	482,258	
- financial institutions	60,435			60,435							
- customers	19,826	4,304	11,148	119,916	74,673	89,463	9,139	5,703	2,000	4	
B.2 Debt securities	-				-		-	-			
B.3 Other liabilities											
Off-balance sheet transactions			-	-	-	-	-				
C.2 Cash settled financial derivatives											
- Positive differentials	-	-	-	-	2,752						-
- Negative differentials	-		-			-		1,032	(2,188)	(1,596)	
C.4 Irrevocable commitments to disburse funds											
- Long positions					(1,997,177)						
- Short positions					1,997,177						
C.5 Financial guarantees issued	1,496,146	-	-	306,000	1,479,181	3,207,000	5,942,680	1,303,168	338,018	135,979	
C.5 Financial guarantees received											

Note: Values expressed in millions of Euros unless otherwise specified

OTHER CURRENCIES

Item/Residual maturity	On demand	Between 1 day and 7 days	between 7 and 15 days	between 15 days and 1 month	between 1 month and 3 months	between 3 months and 6 months	between 6 months and 1 year	between 1 year and 3 years	between 3 years and 5 years	more than 5 years	indefinite duration
On-balance sheet assets	21,482	49,660	19,178	30,317	49,051	54,528	2,493	4,636	30,326	-	-
A.1 Government securities	-	-	-	-	-	-	-				
A.2 Other debt securities						-	-				
A.3 Loans	21,482	49,660	19,178	30,317	49,051	54,528	2,493	4,636	30,326	-	
A.4 Other assets											
On-balance-sheet liabilities	6,085	87,794	12,626	37,217	71,958	53,530	52	-	-	-	-
B.1 Liabilities with					-	-	-				
- banks	4,157	87,794	12,626	36,953	71,113	52,881	-	-	-		
- financial institutions											
- customers	1,928	-	-	264	845	649	52	-	-		
B.2 Debt securities											
B.3 Other liabilities											
Off-balance sheet transactions			-	-	-	-	-				
C.2 Cash settled financial derivatives											
- Positive differentials											
- Negative differentials											
C.4 Irrevocable commitments to disburse funds											
- Long positions											
- Short positions											
C.5 Financial guarantees issued											

3.5 - Derivative instruments and hedging policies

TRADING DERIVATIVES

3.5.1 Credit derivatives associated with the fair value option: annual change

There is no data to report in this section

HEDGING

Qualitative information

General aspects of hedging strategy

As a premise, it should be recalled that UniCredit Factoring S.p.A. uses derivative instruments exclusively for the purpose of hedging interest rate risk. All derivatives currently in place were contracted with the Group company UniCredit Bank AG.

Fixed rate factoring contracts (outright and discounted purchase)

The risk arises from the stability of the cash flows of the fixed rate contract in relation to the variability of the funding sources of UniCredit Factoring S.p.A., which are almost exclusively linked to the Euribor rate.

The hedging strategy envisaged the opening of interest rate swap derivatives only for some medium/long-term transactions, whereby UniCredit Factoring S.p.A. would transfer the fixed component to HVB and receive the variable component in line with the existing loans. The Company has not entered into any such derivative contracts since 2018.

As at December 31, 2022 fixed-rate contracts were almost fully hedged in line with the defined strategy.

Note: Values expressed in millions of Euros unless otherwise specified

Quantitative information

3.5.2 Hedging derivatives: end-of-period notional values

UNDERLYING ASSETS/TYPES OF DERIVATIVES	AMOUNTS AT 12.31.2022				AMOUNTS AT 12.31.2021			
	OVER THE COUNTER				OVER THE COUNTER			
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANIZED MARKETS	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANIZED MARKETS
		WITH OFFSET AGREEMENTS	WITHOUT OFFSET AGREEMENTS			WITH OFFSET AGREEMENTS	WITHOUT OFFSET AGREEMENTS	
1. Debt securities and interest rates			**129,589**				**177,453**	
a) Options								
b) Swaps			129,589				177,453	
c) Forward								
d) Futures								
e) Other								
2. Equity securities and share indexes								
a) Options								
b) Swaps								
c) Forward								
d) Futures								
e) Other								
3. Currencies and gold								
a) Options								
b) Swaps								
c) Forward								
d) Futures								
e) Other								
4. Goods								
5. Others								
Total			**129,589**				**177,453**	

3.5.3 Residual life of hedging derivatives: notional values

UNDERLYING/RESIDING LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivatives on debt securities and interest rates	44,385	74,683	10,520	129,588
A.2 Financial derivatives on equity securities and share indexes				
A.3 Financial derivatives on currencies and gold				
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2022	**44,385**	**74,683**	**10,520**	**129,588**
Total 12.31.2021	**47,864**	**103,519**	**26,070**	**177,453**

3.5.4 Hedging derivatives: positive and negative gross fair value, change in the value used to detect the ineffectiveness of the hedge

There is no data to report in this section

3.5.5 Hedging instruments other than derivatives: breakdown by accounting portfolio and type of hedge as well as change in the value used to detect the ineffectiveness of the hedge

There is no data to report in this section

Note: Values expressed in millions of Euros unless otherwise specified

3.5.6 Hedging Instruments: Fair value hedges

	Specific hedges							
	Book value	"Net positions: book value of assets or liabilities (before offsetting) IFRS 9, 6.6.1"	Cumulative value of changes in the fair value of the hedged instrument	Hedging reserves	Termination of hedging: cumulative value of residual changes in fair value	Termination of hedging: cumulative residual value of hedging reserves (IFRS 7, paragraph 24C, letter b, iv)	Change in value used to calculate hedge effectiveness (IFRS 7, paragraph 24 B, letter a), iv)	"Generic hedges: Book value"
FAIR VALUE HEDGES								
ASSETS	**-**							**(2,753)**
Financial assets measured at fair value with impact on other income components - hedging of:								
Debt securities and interest rates								
Equity securities and share indexes								
Exchange rates and gold								
Credit								
Commodity								
Other values								
Financial assets valued at amortized cost - hedging of								
Debt securities and interest rates	-							(2,753)
Equity securities and share indexes								
Exchange rates and gold								
Credit								
Commodity								
Other values								
LIABILITIES								
Financial liabilities measured at amortized cost - hedging of								
Debt securities and interest rates								
Equity securities and share indexes								
Exchange rates and gold								
Credit								
Commodity								
Other values								

CASH FLOW HEDGES								
Assets Debt securities and interest rates	- -							-
Equity securities and share indexes								
Exchange rates and gold								
Credit								
Commodity								
Other values								
Liabilities								-
Debt securities and interest rates								
Equity securities and share indexes								
Exchange rates and gold								
Credit								
Commodity								
Other values								
HEDGING OF FOREIGN INVESTMENTS								
Portfolio - Assets								
Portfolio - Liabilities								

3.5.7 Hedging Instruments: Hedging of financial flows and foreign investments

There is no data to report in this section

3.5.8 Effects of equity hedging transactions: reconciliation of equity components

There is no data to report in this section

Note: Values expressed in millions of Euros unless otherwise specified

Section 4 - Information on Equity

4.1 - The Company's shareholders' equity

4.1.1 - QUALITATIVE INFORMATION

The company's shareholders' equity is the total funds allocated to the furtherance of the company object and to the control of the risks of the business. Adequate equity is thus a prerequisite for the growth of the Company, and ensures that it will remain solid and stable over time.

UniCredit Factoring, in line with Group policies, pays great attention to the management of capital, with a view to maximizing the returns to shareholders and to supporting the growth of lending.

The measurement of monitored capital is defined by Regulation EU 575/2013 of June 26, 2013 (CRR) and by the Bank of Italy in Circular 288 of April 3, 2015 as updated, on the 'Regulatory Provisions for Financial Intermediaries'. This provides that intermediaries not gathering savings from the public must maintain a capital requirement to cover credit and counterparty risk that is equal to 6% of the risk-weighted exposure.

From an organizational viewpoint, the monitoring of equity coefficients is done each month by the Planning, Finance & Administration Division, according to the final figures and on a forward-looking basis.

The management of capital is done in coordination with the counterparties of the parent company, leveraging on the one hand the dividends policy and the issue of subordinate loans and on the other, the issue of guarantees and commercial indications.

Note: Values expressed in millions of Euros unless otherwise specified

4.1.2 - QUANTITATIVE INFORMATION

4.1.2.1 - The Company's equity: composition

VALUE/ITEM	12.31.2022	12.31.2021
1. Capital	414,348	414,348
2. Share premium	951	951
3. Reserves	358,414	337,445
- from profits	358,414	337,445
a) legal	*47,252*	*43,750*
b) statutory	*185*	*185*
c) treasury shares	-	-
d) other *	*310,977*	*293,510*
- other	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	(977)	(1,100)
- Equity securities designated at fair value with impact on overall profitability	(977)	(1,100)
- Hedging of equity instruments at fair value through other comprehensive income	-	-
- Financial assets (other than securities) measured at fair value with impact on comprehensive income	-	-
- Property plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	-	-
- Hedging tools (non-designated items)		
- Exchange differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (change in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains (losses) on defined benefit plans	-	0
- Portion of valuation reserves for equity investments valued using the equity method	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	64,372	70,033
Total	**837,108**	**821,677**

4.1.2.2 - Reserves from valuation of financial assets designated at fair value through other comprehensive income: composition

ASSETS/VALUES	12.31.2022		12.31.2021	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities in issue				0
2. Equity securities				0
3. Loans		(977)		(1,100)
Total	0	(977)	0	(1,100)

Note: Values expressed in millions of Euros unless otherwise specified

4.1.2.3 - Reserves from valuation of financial assets designated at fair value through other comprehensive income: change for the year

	Debt securities	Equity securities	Loans
Opening balance			(1,100)
2. Increases	**-**	**-**	**123**
2.1 Increases in fair value		x	
2.2 Value adjustments for credit risk		x	
2.3 Reversal to profit and loss of negative reserves from disposals			
2.4 Transfers to other components of equity (equity securities)			
2.5 Other changes			123
3. Decreases	**-**	**-**	**-**
3.1 Decreases in fair value			
3.2 Write-backs for credit risk			
3.3 Transfer to the income statement from positive reserves from disposals		x	
3.4 Transfers to other components of equity (equity securities)			
3.5 Other changes			0
4. Closing balance	**-**	**0**	**(977)**

4.2 - Own funds and risk capital ratios

For quantitative information refer to consolidated Pillar III.

4.2.1 Own Funds

4.2.1.1 - QUALITATIVE INFORMATION

Own funds are the first line of defence against risks connected to the activities of financial intermediaries and are the main benchmark for prudential institutions and assessments by the regulators. The regulations establish the methods to be used in calculating own funds, the criteria and limits on its components.

The own funds as at December 31, 2022 were determined in accordance with Regulation EU 575/2013 of June 26, 2013 (CRR) and by the Bank of Italy in Circular 288 of April 3, 2015 as updated, on the ‘Regulatory Provisions for Financial Intermediaries’.

Common Equity Tier 1 capital (CET 1) is the own funds of the Company and no deductions or prudential filters are applied. CET 1 includes all the profit for the year net of dividends to be distributed, in line with the distribution of profits as proposed by the Board of Directors to the shareholders’ meeting.

Tier 2 capital is the hybrid capitalization instruments calculated net of the amortization shares in accordance with Regulation EU no. 575/2013 of June 26, 2013 (CRR).

Note: Values expressed in millions of Euros unless otherwise specified

4.2.1.2 - QUANTITATIVE INFORMATION

	12.31.2022	12.31.2021
A. Tier 1 capital before the application of prudential filters	**791,943**	**772,614**
B. Prudential filters of Tier 1 capital:		
B.1 Positive IAS/IFRS prudential filters (+)		
B.2 Negative IAS/IFRS prudential filters (-)		
C. Tier 1 capital gross of elements to be deducted (A + B) 791,943 772614	*791,943*	772614
D. Items to be deducted from Tier 1 capital		
E. Total Tier 1 capital (TIER 1) (C – D)	**791,943**	**772,614**
F. Tier 2 capital before the application of prudential filters		
G. Prudential filters of Tier 2 capital:	-	-
G.1 Positive IAS/IFRS prudential filters (+)		
G.2 Negative IAS/IFRS prudential filters (-)		
H. Tier 2 capital gross of elements to be deducted (F + G)	**-**	**-**
I. Items to be deducted from Tier 2 capital		
L. Total Tier 2 capital (TIER 2) (H – I)	-	-
M. Elements to be deducted from the total Tier 1 and Tier 2 capital		
N. Regulatory capital (E + L – M)	***791,943***	**772,614**

Note: Values expressed in millions of Euros unless otherwise specified

4.2.2 - Capital adequacy

4.2.2.1 - QUALITATIVE INFORMATION

The level of capital adequacy is regularly monitored:

- based on the actual figures at the end of each month, by fully applying the rules on the preparation of interim reports to the supervisory body;
- on a forward-looking basis, generally every quarter, based on the trend and expected composition of the receivables and equity.

If intervention is considered necessary, the possible options are assessed with the Parent Company. These include an increase in capital, a special policy on the distribution of profits, the issue of equity instruments included in the supplementary capital, and the assignment of receivables.

4.2.2.2 - quantitative information

CATEGORY/VALUES	AMOUNTS NOT	WEIGHTED	WEIGHTED AMOUNTS/REQUIREMENTS	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
A. RISK ASSETS				
A.1 Credit and counterparty risk	**15,808,497**	**16,066,980**	**3,812,323**	**3,667,279**
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			228,739	220,037
B.2 Requirement for the provision of payment services				
B.3 Requirement for issuing electronic money				
B.4 Specific prudential requirements				
B.5 Total prudential requirements			**228,739**	**220,037**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk weighted assets			3,813,085	3,668,012
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			20.77%	21.06%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)			20.77%	21.06%

Note: Values expressed in millions of Euros unless otherwise specified

Section 5 - Breakdown of comprehensive income

	ITEMS	12.31.2022	12.31.2021
10.	**Net profit (loss)**	64,372	70,034
	Other comprehensive income not reclassified to profit or loss		
20.	**Equity securities designated at fair value with impact on overall profitability:** a) change in fair value b) transfers to other equity components	(151)	119
30.	**Financial liabilities designated at fair value through profit or loss (changes in creditworthiness):** a) change in fair value b) transfers to other equity components		
40.	**Hedging of equity securities designated at fair value with impact on other income components:** a) change in fair value (hedged instrument) b) change in fair value (hedging instrument)		
50.	**Property, plant and equipment**		
60.	**Intangible assets**		
70.	**Defined benefit plans**	273	(41)
80.	**Non current assets and disposal groups classified as held for sale**		
90.	**Share of valuation reserves of equity investments accounted for using equity method**		
100.	**Income taxes relating to other comprehensive income without reversal to the income statement**		
	Other comprehensive income that may be reclassified to profit or loss		
110.	**Hedging of foreign investments:** a) changes in fair value b) reclassification through profit or loss c) other changes		
120.	**Exchange differences:** a) changes in fair value b) reclassification through profit or loss c) other changes		
130.	**Cash flow hedges:** a) changes in fair value b) reclassification through profit or loss c) other changes of which: net position result		
140.	**Hedging instruments (non-designated items):** a) value changes b) reclassification through profit or loss c) other changes		
150.	**Financial assets (other than securities) measured at fair value with impact on comprehensive income:** a) changes in fair value b) reclassification through profit or loss - impairment write-downs - realized gains/losses c) other changes		
160.	**Non-current assets and asset groups held for sale:** a) changes in fair value b) reclassification through profit or loss c) other changes		
170.	**Portion of valuation reserve from investments valued at equity:** a) changes in fair value b) reclassification through profit or loss - impairment write-downs - realized gains/losses c) other changes		
180.	**Income taxes relating to other comprehensive income with reversal to the income statement**		
190.	**Total other income components**	122	78
200.	**Total comprehensive income (Item 10+190)**	**64,494**	**70,112**

Note: Values expressed in millions of Euros unless otherwise specified

Section 6 - Related-party transactions

The types of related party as defined in IAS 24 which are significant for UniCredit Factoring, include:

- parent company;
- companies controlled by the parent company;
- UniCredit Factoring's key management personnel and that of its parent company;
- close family members of key management personnel and companies controlled (or jointly controlled) by key management personnel or their close family members;
- pension funds for Group employees.

Key management personnel are persons having direct or indirect authority and responsibility for planning, directing, and controlling UniCredit Factoring's activities. This category includes not only the Chief Executive Officer and the other members of the Board of Directors but also the members of the Executive Committee.

6.1 - Information on remuneration of key management personnel

Below is the information about the remuneration paid to key management personnel of UniCredit Factoring, as required by IAS 24, in line with the Bank of Italy instructions.

Compensation of key management personnel	2022	2021
a) short-term employee benefits	705	520
b) post-retirement benefits	-	-
of which: under defined benefit plans	-	-
of which: under defined contribution plans	-	-
c) other long-term benefits	-	-
d) termination benefits	-	-
e) share-based payments	-	-
Total	**705**	**520**

6.2 - Loans and Guarantees to Directors and Statutory Auditors

The Company has not given loans or guarantees to Directors and Statutory Auditors.

6.3 - Information on transactions with related parties

To ensure constant compliance with the current provisions of laws and regulations on financial reporting with regard to related party transactions, UniCredit Factoring identifies all operations in this area.

In accordance with the instructions given by the Parent Company, the criteria for identifying transactions with related parties have been defined, in line with the Consob guidelines.

Individual transactions were carried out on the same terms as those applied to transactions entered into with independent third parties.

All intra-group transactions were based on assessments of mutual economic benefit, and the applicable terms and conditions were established in accordance with fair dealing criteria, with a view to the common goal of creating value for the entire Group.

The same principle was applied to intra-group services, as well as the principle of charging on a minimal basis for these services, solely with a view to recovering the respective production costs.

The following synergies have been activated and are producing positive results:

Note: Values expressed in millions of Euros unless otherwise specified

- the premises at Via Livio Cambi 5 in Milan, the company's head office, were leased from UniCredit, which also carries out ordinary and extraordinary maintenance for the property;
- the branches of UniCredit S.p.A. carry out business development on the company's behalf, based on the agreement signed in 2011 and subsequently extended in 2013, made between UniCredit Factoring S.p.A. and UniCredit S.p.A.;
- the Parent Company manages personnel administration, tax consultancy, activities relating to mailing, activities relating to legal and regulatory compliance and third-level controls, he soft collection of outstanding, overdue receivables, and back-office activities, technological outsourcing and operational services relating to acquisitions. The sharing of these activities has allowed the company to benefit from specific levels of professional expertise.

The following table shows the outstanding assets, liabilities, guarantees and commitments as at December 31, 2022, as well as the key financial data for the year, for each group of related parties. The main item is represented by the loans and current accounts in euros and other foreign currencies, for funding operations.

Transaction with related parties

	Amounts as at 12.31.2022			
	Parent company	Subsidiaries of the parent company	Key management personnel	other related parties
BALANCE SHEET AMOUNTS				
Financial assets valued at amortized cost with credit institutions	32,155	-	-	-
Financial assets valued at amortized cost with financial companies	526	-	-	-
Financial assets measured at amortized cost with Customers	-	-		-
Other assets	-	-	-	-
Total assets	**32,682**	**-**	**-**	**-**
Payables to credit agencies	10,934,770	2,740	-	-
Securities and financial liabilities	-	-	-	-
Other liabilities	25,849	2,103	-	-
Total liabilities	**10,960,618**	**4,843**	**-**	**-**
Guarantees given and commitments				
INCOME STATEMENT				
Interest and similar income	17,475		-	-
Interest expense and similar charges	(35,933)	(1,140)	-	-
Fees and commissions income	-	17.52	-	-
Fees and commissions expenses	(26,695)	(26)	-	-
Administrative costs: other personnel costs	(3,879)	29	(650)	-
Administrative costs: other administrative expenses	(10,640)	0	-	-
other operating income	-			
Total income statement	**(59,672)**	**(1,119)**	**(650)**	**-**

For the purposes of the current provisions, in 2022 it should be noted that there were no atypical and/or unusual operations with related parties or non-related parties, whose significance could give rise to any doubt as to the security of the company's assets.

Note: Values expressed in millions of Euros unless otherwise specified

Section 7 - LEASING (LESSEE)

Qualitative information

In carrying out its activities, the Company signs leasing contracts, for which it accounts the relative right of use, relating to the following main types of property, plant and equipment:

- buildings;
- cars.

These contracts are accounted for in accordance with the provisions of IFRS16, further detailed in Part A ‘Accounting Policies’, Part A.2, relating to the main financial statement items to refer to.

The rights of use deriving from these leasing contracts are mainly used for the provision of services or for administrative purposes and accounted for using the cost method.

As permitted by the accounting principle, the Company has decided not to record any rights of use or lease payables for:

- short-term lease, less than 12 months; and
- leasing of goods with a low unit value. In this regard, an asset is considered to have a modest unit value if its fair value when new is less than or equal to 5,000 euros. This category mainly includes office machines (e.g. PCs, monitors, tablets, etc.) as well as fixed and mobile phones.

Lease payments arising from this type of activity are recorded under item ‘160. Administrative costs’ on accruals basis.

Quantitative information

The book value of the rights of use acquired under the lease is shown in part B - Information on the balance sheet - Assets, Section 8 - Property, plant and equipment - Item 80 of the assets in the Notes to the financial statements.

During the year, these rights of use led to the recognition of depreciation and amortization of 1.1 million of which:

- 1.0 million relating to buildings;
- 0.1 million relating to cars.

With reference to leasing liabilities, the related book value is shown in part B - Information on the balance sheet - Liabilities - Section 1 - Financial liabilities measured at amortized cost - Liability item 10 of the Notes to the financial statements, to which reference should be made.

During the year, these lease payables resulted in the recognition of interest expense shown in Part C - Information on the Income Statement - Section 1 - Interest - Items 10 and 20 of the Income Statement in the Notes to the Financial Statements.

With reference to short-term leases and assets with a modest unit value, it should be noted that during the financial year lease payments of 0.2 million euros were recorded. It should be noted that this amount also includes VAT on lease payments not included in the calculation of the lease payable.

For the purposes of determining the duration of the lease, the Company considers the non-cancellable period, established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable certainty of renewal. In particular, with reference to contracts that provide for the lessee’s right to tacitly renew the lease at the end of an initial period, the duration of the lease is determined taking into account elements such as the duration of the first period, the existence of any business plans for the disposal of the leased assets as well as any other circumstance indicative of the existence of reasonable certainty of renewal.

Therefore, the amount of cash flows not reflected in the calculation of lease payables, to which the Company is potentially exposed, is essentially due to the possible renewal of lease contracts and the consequent extension of the lease term not included in the original calculation of lease liabilities taking into account the information available and expectations existing at the start of the lease.

Section 8 - Other disclosures

Part I) Share-based payments based on own equity instruments

Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments

As part of the medium/long-term incentive plans for employees of Group companies, the following plans are used:

- Equity-Settled Share Based Payments that involve payment in shares.

The category includes the allocation of the following instruments:

- **Group Executive Incentive System (Bonus Pool)** which offers eligible Group executives and key personnel, identified in accordance with the regulatory requirements, a bonus structure consisting of instant payments (following performance appraisals) and deferred payments made in cash or ordinary UniCredit shares, over a period of 1-7 years. This payment structure is aligned to shareholder interests, and is subject to checks on company malus clauses (where specific profitability, capital and liquidity thresholds are not met at both Group and country/division level), and to clawback conditions (where legally enforceable), according to the plan rules (both represent non-market vesting conditions);
- **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, according to the plan rules. The plan is structured on a three-year performance period, aligned to the UniCredit strategic plan and provides for the allocation of an award based on gateway conditions linked to profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019;
- **Long term incentive 2020-2023** which provides for the assignment of incentives in free ordinary shares, subject to the achievement of specific performance indicators linked to the Team 23 Strategic Plan. The plan is structured on a four-year performance period, aligned to the UniCredit strategic plan and envisages payment in 2024. The award is subject to deferral for four years following the performance period and to compliance during the performance period with minimum equity, capital and liquidity conditions, as well as a positive assessment of the Risk Appetite Framework. In line with Bank of Italy and EBA requirements and with the aim of further strengthening the governance architecture, the Plan sets rules for the management of non-compliance violations, as well as their relative impact on the remuneration components, through the application of malus and claw-back clauses.

In line with the Bank of Italy's circular 285 (update 25, dated October 23, 2018, on remuneration policies and practices), equity-settled share-based payments, represented by deferred payments in UniCredit ordinary shares, are used for the settlement of the golden parachute (severance pay) for key personnel.

1.2 - Measurement model

1.2.1 - Group Executive Incentive System (Bonus pool)

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period. The financial and economic effects will be distributed on the basis of the duration of the plans.

Group Executive Incentive System "Bonus Pool 2021" – Shares

The plan is divided into clusters, each of which may include three to six deferred share-based payment instalments according to the period defined by the plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2021					
	TRANCHE (2023)	TRANCHE (2024)	TRANCHE (2025)	TRANCHE (2026)	TRANCHE (2027)	TRANCHE (2028)
Bonus Opportunity Economic Value Grant Date	10-Feb-2021	10-Feb-2021	10-Feb-2021	10-Feb-2021	10-Feb-2021	10-Feb-2021
Date of resolution of the Board (definition of number of shares)	08-Mar-2022	08-Mar-2022	08-Mar-2022	08-Mar-2022	08-Mar-2022	08-Mar-2022
Beginning of vesting period	01-Jan-2021	01-Jan-2021	01-Jan-2021	01-Jan-2021	01-Jan-2021	01-Jan-
End of vesting period	31-Dec-2021	31-Dec-2022	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-
UniCredit share market price [€]	13.039	13.039	13.039	13.039	13.039	13.039
Economic value of vesting conditions [€]	-0.541	-1.082	-1.771	-2.744	-3.710	-4.668
Value of single performance shares at grant date [€]	**12.498**	**11.957**	**11.268**	**10.295**	**9.329**	**8.371**

Group Executive Incentive System 2021 (Bonus Pool)

The new Group Incentive System 2022 is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the risk appetite framework;
- link between bonuses and organization structure, defining the pool at country/division level with further review at Group level;
- the allocation of bonuses to beneficiaries identified as executives and other key personnel on the basis of criteria laid down in the European Banking Authority's (EBA) regulation, and to other specific roles, based on local regulatory requirements;
- a mixed shares/cash payment structure has been defined in accordance with the regulatory provisions of Directive 2013/36/EU (CRD IV) and will be distributed in a period of up to 7 years.

All impacts on the income statement and P&L deriving from the plan will be booked during the vesting period.

The plan is divided into clusters, each of which may include three to six deferred share-based payment instalments according to the period defined by the plan rules.

Note: Values expressed in millions of Euros unless otherwise specified

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2022					
	TRANCHE (2024)	TRANCHE (2025)	TRANCHE (2026)	TRANCHE (2027)	TRANCHE (2028)	TRANCHE (2029)
Bonus Opportunity Economic Value Grant Date	15-Feb-2022	15-Feb-2022	15-Feb-2022	15-Feb-2022	15-Feb-2022	15-Feb-2022
Date of resolution of the Board (definition of number of shares)	08-Apr-2022	08-Apr-2022	08-Apr-2022	08-Apr-2022	08-Apr-2022	08-Apr-2022
Beginning of vesting period	01-Jan-2022	01-Jan-2022	01-Jan-2022	01-Jan-2022	01-Jan-2022	01-Jan-2022
End of vesting period	31-Dec-2022	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-2026	31-Dec-2027
UniCredit share market price [€]	9.686	9.686	9.686	9.686	9.686	9.686
Economic value of vesting conditions [€]	-1.080	-1.760	-2.711	-3.648	-4.573	-5.485
Value of single performance shares at grant date [€]	**8.606**	**7.926**	**6.975**	**6.038**	**5.113**	**4.201**

Long Term Incentive Plan 2017-2019

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

The plan is divided into clusters, based on the type of beneficiary, each of which may include one to four deferred share-based payment instalments according to the period defined by the plan rules.

Long Term Incentive Plan 2020-2023

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

The plan is divided into clusters, based on the type of beneficiary, each of which may include one to five deferred share-based payment instalments according to the period defined by the plan rules.

Quantitative information

2. Other information

Effects on Profit and Loss

All Share-Based Payments granted after November 7, 2002 whose vesting period ends after January 1, 2005 are included within the scope of the IFRS2.

Note: Values expressed in millions of Euros unless otherwise specified

UniCredit S.p.A.

Reclassified Balance Sheet as at 12.31.2021

Assets	
Cash and cash balances	72,830
Financial assets held for trading	13,939
Loans and receivables with banks	26,711
Loans and receivables with customers	192,497
Other financial assets	129,555
Hedging instruments	5,720
Property, plant and equipment	3,806
Goodwill	-
Other intangible assets	7
Tax assets	11,142
Non current assets and disposal groups classified as held for sale	1,909
Other assets	3,837
Total assets	**461,953**
Liabilities and equity	
Liabilities to banks	86,258
Deposits from customers	224,961
Debt securities in issue	57,724
Financial liabilities held for trading	13,636
Financial liabilities designated at fair value	5,185
Hedging instruments	5,503
Tax liabilities	13
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,408
Equity:	59,265
- capital and reserves	*48,899*
- net profit	*10,366*
Total liabilities and equity	**461,953**

Note: Values expressed in millions of Euros unless otherwise specified

UniCredit S.p.A.

Reclassified Income Statement -Year 2021

Net interest	3,172
Dividends and other income from equity investments	848
Net fees and commissions	4,093
Net trading, hedging and fair value income	539
Net other expenses/income	16
OPERATING INCOME	**8,668**
Personnel costs	-2,688
Other administrative expenses	-1,982
Recovery of expenses	459
Amortization, depreciation and impairment losses on intangible and tangible assets	-317
Operating costs	**-4,528**
OPERATING PROFIT (LOSS)	**4,140**
Net write-downs on loans and provisions for guarantees and commitments	-978
NET OPERATING PROFIT (LOSS)	**3,162**
Net provisions for risks and charges	-676
of which: systemic expenses	-538
Integration costs	-358
Net income from investments	7,304
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**9,432**
Income tax for the year	934
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**10,366**
Profit (loss) after tax from discontinued operations	0
Goodwill impairment	0
NET PROFIT (LOSS)	**10,366**

Note: Values expressed in millions of Euros unless otherwise specified

Reconciliation of Income Statement and Reclassified Income Statement

	Items of the balance sheet
Net interest	Net interest margin
Dividends and other income from equity investments	item 50
Net fees and commissions	Net fees and commissions
Net result from trading and hedging	item 60
Net other expenses/income	item 160
OPERATING INCOME	**Sum**
Personnel costs	item 110 a) excluding integration charges
Other administrative expenses	item 110 b)
Impairment/write-backs on intangible and tangible assets	item 120
Operating costs	**Sum**
OPERATING PROFIT (LOSS)	**Sum**
Net write-downs on loans	item 100 a)
NET OPERATING PROFIT (LOSS)	**Sum**
Net provisions for risks and charges	item 150
Integration costs	of which item 110 a)
PROFIT BEFORE TAXES	**Sum**
Income tax for the year	item 190

Note: Values expressed in millions of Euros unless otherwise specified

Disclosure of independent auditors' fees

In accordance with Article 149-duodecies of the Consob Issuers' Regulation, the following table provides information on the fees paid to the independent auditors, KPMG S.p.A. and to companies in its network for the following services:

- Auditing services including:
  - auditing the businesses' annual accounts and providing a professional opinion;
  - auditing the interim accounts;
  - quarterly account audits.
- Certification services, including services in which the independent auditor assesses a specific element, determined by another party that is responsible for it, according to appropriate criteria, in order to express an opinion which can give the recipient a degree of assurance in relation to that specific element.
- Other services, including secondary tasks which must be adequately specified. These services include but are not limited to: Accounting, tax, legal and administrative due diligence, agreed procedures and advisory services to the Financial Reporting Officer, assistance with new projects.

The amounts shown in the table, pertaining to 2022, are the contractualized values including any indexing (they do not include out-of-pocket expenses, regulatory contributions if necessary, and VAT).

SERVICE TYPE	SERVICE PROVIDER	SERVICE RECIPIENT	COMPENSATION (EURO/1000)
Audit:			
-Financial Statements	Kpmg S.p.A.	UniCredit Factoring S.p.A.	71
-Limited review procedures on the half-yearly financial statements	Kpmg S.p.A.	UniCredit Factoring S.p.A.	13
Certification services	Kpmg S.p.A.	UniCredit Factoring S.p.A.	22
Tax consultancy services	Kpmg S.p.A.	UniCredit Factoring S.p.A.	-
Other services			-
Total			**107**

***** The certification services refer to the auditing of the Reporting Package for the purpose of the inclusion of the company's data in the UniCredit Group's interim report as at September 30, 2022, for the signing of tax returns, and to the translation of the audit report for inclusion in English translation of the financial statements.

UNICREDIT FACTORING S.P.A.
Single-member company subject to management and coordination by UniCredit S.p.A.
Share capital 414,348,000.00 euros paid in full
Milan Company Register no., Tax code and VAT no. 01462680156
Milan Economic Administrative Register (REA) no. 840973
Registered offices at Via Livio Cambi, 5, Milan

Report of the Board of Statutory Auditors on the Financial Statements as at December 31, 2022 pursuant to Article 2429, paragraph 2, of the Italian Civil Code

Ordinary Shareholders' Meeting of March 30, 2023

Dear Shareholder,

in accordance with and pursuant to Article 2429, paragraph 2, of the Italian Civil Code, we report on the supervisory activity carried out during the financial year ended December 31, 2022, recalling that the statutory audit was carried out by KPMG S.p.A., which replaced Deloitte & Touche S.p.A. due to the expiry of the mandate, by virtue of the mandate conferred by resolution of the Shareholders' Meeting of April 14, 2021 for the nine-year period 2022-2030 and that this Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of April 7, 2022 for the three-year period 2022-2024.

Summary and results of the supervisory activity performed

During the 2022 financial year:

- we supervised compliance with the law, statutory provisions and observance of the principles of correct administration;
- we attended all the meetings of the Board of Directors and obtained information from the Directors on the general management and its outlook, on the existing risks and on the main transactions carried out by UniCredit Factoring S.p.A. (the "Company"). We can therefore confirm that the transactions of major economic, financial and equity significance approved and implemented during the year comply with the law and the Articles of

Association and were not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;

- the Board of Directors met regularly and, after preliminary review by the Audit Committee, reviewed the reports of the control functions (Compliance, Risk Management and Internal Audit) on matters within its remit in order to assess the functioning of the internal control system;
- we held 14 meetings, 3 of which jointly with the Audit Committee, whose meetings we always attended;
- within the scope of our competence, we acquired knowledge and supervised the Company's organizational structure and its functioning, which proved to be appropriate for the Company's size and business model in the various stages of its development;
- we found that the Company subjected the Internal Control System on Financial Reporting to the analyses and checks required by the regulatory provisions pursuant to Law 262/2005 (so-called "Savings Law"). We have therefore taken note of the Reports on the status of the Internal Control System on Financial Reporting of UniCredit Factoring S.p.A., most recently for the reference period July 1, 2022 - December 31, 2022, in which the Financial Reporting Officer believes that, on the basis of the checks carried out, the administrative and accounting procedures were adequate and effectively applied;
- we have monitored, within the limits of our competence, the adequacy and functioning of the administrative and accounting systems, as well as the reliability of the latter in presenting the management events correctly, by obtaining information from the heads of the functions and from the Independent Auditors appointed for the legal audit of the accounts, and have no observations to report;
- during the period under review, we maintained a continuous and effective exchange of information with Internal Audit. In particular, we received and discussed the audit reports issued by the Internal Audit function and were regularly updated on the implementation of corrective actions. Based on the information acquired and the results of the Internal Audit activity carried out in 2022, included in the annual report of the Function (Integrated Audit Report 2022), the overall assessment of the Internal Control System (ICS) is confirmed by the Internal Audit Function as Mostly Adequate.

The Company's operating structure consisted of a workforce of 272 Full Time Equivalent

(FTEs) at the end of 2022, with a decrease of 9 FTEs compared to the previous year. This net change, which reflects the entry of 17 FTEs against 26 exits, although it is to be monitored in terms of workload especially in certain operating structures, nevertheless guarantees the adequacy of the organizational structure, in relation to the level of professionalism and the achievement of the efficiency targets set out in the multi-year plan.

In terms of key ICT initiatives to support the organizational structure, in order to strengthen the consistency of core platforms and achieve process effectiveness and organizational efficiency, the company has launched a multi-year project called Digital *Factoring*.

In this context, we would like to highlight the completion of the replacement of the front-end to customers, the completion of integration projects with some Supply Chain Finance platforms, with a positive impact on volumes in terms of new transactions, as well as the completion of digitization projects and the optimization of the customer due diligence process, while at the same time reducing the related operational risks. In 2023, albeit later than originally planned, the company will implement the second phase of the project, dedicated to the underwriting module (new electronic credit file linked to the Blaze credit engine), for which a suitable budget has been found. The realisation of this phase of the project will lead to improvements in the credit process while reducing operational risks. With regard to the findings reported by Internal Audit, the resolution of which is linked to the IT investment plan, the relevant corporate structures are working on how to deal with the outstanding corrective actions (some of which are already "overdue"); in this regard, the Board of Statutory Auditors will monitor the plan of corrective actions deemed appropriate and the associated risks.

The Notes to the Financial Statements confirm that:

- The Company has not granted loans or guarantees to Directors and Statutory Auditors;
- For the purposes of the current provisions, in 2022 there were no atypical and/or unusual operations with related parties or non-related parties, whose significance could give rise to any doubt as to the security of the company’s assets.

UniCredit Factoring S.p.A. is part of the UniCredit Group and is subject to the control and coordination of UniCredit S.p.A.. Relations with the companies of the Group to which it belongs and information on transactions with other related parties are clearly disclosed in the financial statements and, in particular, in the Notes to the Financial Statements and in the Directors' Report on Operations, in accordance with the laws and regulations in force. In this regard, we have no atypical or unusual transactions to report.

In the past year, no complaints were received pursuant to Article 2408 of the Italian Civil Code, nor exposed by third parties.

We were able to verify the statutory audit activity through meetings with representatives of the auditor KPMG S.p.A., which explained the audits carried out and their results. The audit did not reveal any censurable facts or aspects for which it was necessary to proceed with specific investigations.

We carried out the functions of Supervisory Body pursuant to Legislative Decree no. 231/2001. The Board of Directors reported on the activities carried out during the financial year ended December 31, 2022, without reporting any critical issues, highlighting an overall satisfactory situation and substantial compliance with the provisions of the Company's Organizational, Management and Control Model.

Financial Statements

We have examined the draft financial statements for the year ended December 31, 2022 prepared by the administrative body, which are made up of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, the Notes to the Financial Statements and accompanied by the Directors' Report on Operations, presented in accordance with Article 2429 of the Italian Civil Code and approved by the Board of Directors at its meeting on February 15, 2023. The draft financial statements show a profit for the year of 64,371,666 euros and a shareholders' equity of 837,108,005 euros. The Board of Directors proposes to allocate the net profit for the year with the allocation of 3,218,583 euros to the legal reserve, 16,104,783 euros to other reserves and 45,048,300 euros to the shareholder at a rate of 0.561 euros per share.

As our responsibility does not extend to the statutory audit of the financial statements, we have reviewed the general presentation of the financial statements and their general compliance with the law as regards their preparation and structure and have no particular observations to report.

In particular, we emphasize that:

- the financial statement formats adopted comply with IAS-IFRS and the provisions of the Italian Civil Code;
- the assessment criteria followed and results compliant with the law have been indicated in the Notes to the Financial Statements;
- the Notes to the Financial Statements confirm that the financial statements have been prepared in accordance with international accounting standards (IAS - IFRS), including SIC and IFRIC interpretations, as adopted by the European Union; the Notes to the Financial Statements and the Directors' Report on Operations contain the information required by law and are presented in a clear and complete manner; the Directors' Report on Operations provides adequate information on the main risks and uncertainties of an organizational and functional nature;
- the financial statements are based on facts and information that have come to our attention in the performance of our duties and in attending the meetings of the company's governing bodies.

In respect of the financial statements as at December 31, 2022, KPMG s.p.a. issued on March 15, 2023 the "External Auditors' Report" pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010 (the "Report"), in which it is confirmed that the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union. In the Report, the Independent Auditors also confirmed their independence with respect to the Company, in accordance with the rules and principles on ethics and independence applicable to the audit of the financial statements in the Italian legal system and also expressed an opinion on the consistency of the Directors' Report on Operations with the financial statements as at December 31, 2022 pursuant to Article 14, paragraph 2, letter e), of Legislative Decree no. 39/2010.

Conclusions

Also taking into account the report of the independent auditors KPMG S.p.A., which expressed an unqualified opinion on the financial statements, we have no observations to make to the Ordinary Shareholders' Meeting regarding the approval of the financial statements for the year ended December 31, 2022 as drawn up by the Board of Directors and the proposal for the allocation of the profit for the year drawn up by the Board of Directors.

Milan, March 15, 2023

For the Board of

Statutory

Auditors The

Chairman

Andrea Grosso

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Independent auditors’ report pursuant to articles 14 and 19-bis of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
UniCredit Factoring S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UniCredit Factoring S.p.A. (the “Company”), which comprise the balance sheet as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of UniCredit Factoring S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the “*Auditors’ responsibilities for the audit of the financial statements*” section of our report. We are independent of UniCredit Factoring S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Management and coordination

As required by law, the directors of the Company have included in the notes to the financial statements the essential data from the latest financial statements of the company that exercises management and coordination over it. The opinion on the financial statements of UniCredit Factoring S.p.A. does not extend to such data.

KPMG

UniCredit Factoring S.p.A.
Independent auditors' report
31 December 2022

Comparative information

The Company's 2021 financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 10 March 2022.

Responsibilities of the Company's directors and board of statutory auditors ("Collegio Sindacale") of UniCredit Factoring S.p.A. for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, within the terms established by Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The directors of UniCredit Factoring S.p.A. are responsible for the preparation of the Company’s management report at 31 December 2022 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the management report with the Company’s financial statements at 31 December 2022 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the management report is consistent with the financial statements of UniCredit Factoring S.p.A. at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 15 March 2023

KPMG S.p.A.

(signed on the original)

Paolo Valsecchi
Director of Audit

The Shareholders' Meeting, with the favourable vote expressed by the sole shareholder UniCredit S.p.A., resolved:

- to approve the financial statements as at 12.31.2022 as proposed

- to approve the allocation of the profit for 2022, equal to €64,371,666, in the following terms:

  - €3,218,583 to the Legal Reserve;

  - €16,104,783 to the Other Reserves;

€45,048,300 to shareholders at the rate of €0.561 per share

Assignment on a With Recourse basis

The product is aimed at companies that wish to liquidate their trade receivables, transferring them to a specialist operator, while maintaining the risk of debtor insolvency. In its recourse assignments, UniCredit Factoring acquires trade receivables due to the assignor from its debtors, taking care of their administration and collection. At the assignor's request, UniCredit Factoring can pay an advance on the amount due.

In with-recourse operations, the risk of insolvency of the debtor is borne by the assignor.

Assignment on a Without Recourse basis

The product is aimed at companies that wish to demobilize their trade receivables, transferring them to a specialized operator, which assumes the risk of debtors' insolvency.

In its non-recourse assignments, UniCredit Factoring acquires trade receivables due to the assignor from its debtors, taking care of the administration and collection. It bears the risk of the debtor's insolvency, under the conditions and limits stipulated in the contract. At the assignor's request, UniCredit Factoring can pay an advance on the amount due.

In this type of operation, however, the risk of insolvency of the debtor is transferred to UniCredit Factoring.

Maturity Assignment

The product is aimed at companies that wish to optimize their cash management by regularizing incoming flows.

In maturity assignments, UniCredit Factoring receives the trade receivables claimed by the assignor from its debtors, manages their administration, takes care of their collection and credits the assignor with the amount due on predetermined dates. At the assignor's request and if the receivable has been recognized, UniCredit Factoring may advance the consideration for the assigned receivables.

If required, UniCredit Factoring can also grant the debtor extended terms of payment without the cost being passed to the assignor.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Reverse Factoring

The product is aimed at large companies ('Buyers') with a substantial and fragmented supplier portfolio who wish to streamline and rationalize the management of their purchasing cycle.

Reverse factoring allows:

- the Buyer's suppliers to access special lines of credit under special conditions, also benefiting from the Buyer's credit rating;

- the Buyer to benefit from greater loyalty among its suppliers, thus improving the quality and punctuality of consignments from its trade partners. The Buyer can also rely on standardized, simplified administration procedures for the payment of suppliers, by using UniCredit Factoring as a single partner for every phase of the process.

If required, UniCredit Factoring can also grant the 'Buyer' extended terms of payment without the cost being passed to the assignor.

Confirming

The product is aimed at medium and large companies (‘Buyers’) who wish to consolidate relations with the production chain and support it financially.

Confirming allows:

- the ‘Buyer’ to benefit from a greater loyalty of its production chain and to simplify the management of payments to its suppliers thanks to the use of a highly digitalized platform;

- suppliers to access the electronic platform and request the discounting of receivables uploaded by the ‘Buyer’.

Assignment of receivables to public bodies

The product is aimed at companies that wish to liquidate their trade receivables from debtors belonging to the public administration sector.

UniCredit Factoring receives receivables from the assignor, manages them administratively and takes care of their collection.

At the assignor’s request, UniCredit Factoring can pay an advance on the amount due.

With this type of operation the risk of the debtor’s insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Assignment of import/export receivables

The product is aimed at companies that wish to obtain support with the management of their receivables from foreign counterparties.

With Export Factoring, UniCredit Factoring acquires the trade receivables of the Italian assignor, due from some of its foreign debtors, and takes care of the administration and collection.

With Import Factoring, UniCredit Factoring acquires the trade receivables of the foreign assignor, due from some of its Italian debtors, and takes care of the administration and collection. If required, the debtor may be granted extended terms of payment.

With both these types of operation, UniCredit Factoring provide its customers with its experience in the rating of foreign counterparties.

With both import and export operations, the risk of the debtor’s insolvency may remain with the assigning company (recourse) or be borne by UniCredit Factoring (non-recourse). At the assignor’s request, UniCredit Factoring can also pay an advance on the amount due.

These operations are global. The activity can be carried out either with the collaboration of factoring companies in the UniCredit Group, or through the corresponding companies in the Factors Chain International (FCI) network.

Outright purchase of receivables

The product is aimed at medium/large companies wishing to improve their net financial position, using a service that allows the deconsolidation of receivables from the financial statements in compliance with international accounting standards.

In this type of operation, the risk of insolvency of the debtor is transferred to UniCredit Factoring.

If required, UniCredit Factoring can also grant the debtor extended terms of payment without the cost being passed to the assignor.

Payment on maturity

The product is aimed at companies that want to regularize their cash flows and optimize management of their treasuries.

With transactions for payment on maturity, UniCredit Factoring receives the trade receivables claimed by the assignor from some of its debtors and, on the original due date of the receivable and on the debtor's recognition, makes the solvency payment to the assignor.

The special characteristic of this product is the transfer of the insolvency risk to UniCredit Factoring, thanks to the solvency payment. The risk of insolvency of debtors in the period prior to the solvency payment is transferred to UniCredit Factoring (non-recourse).

This product is particularly suited to companies that are subject to mandatory payment terms such as those in the agricultural or food industry, and which are subject to the rules of Article 62 of Decree Law 1/2012 (Law 27/2012).

Disposal of indirect tax credits

The product is aimed at companies that wish to release tax credits from indirect taxes claimed for reimbursement, whose payment times are generally longer than normal commercial practice.

UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Disposal of direct tax credits

The product is aimed at companies that wish to liquidate tax credits from direct taxes, such as IRES and Robin Hood tax, requested for reimbursement from the Revenue Agency, whose payment times are generally longer than normal commercial practice.

UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Assignment of credits from incentives paid under Ministerial Decree of July 6, 2012

The product is aimed at companies wishing to liquidate receivables represented by the incentives regulated by the Ministerial Decree of July 6, 2012, provided by Gestore dei Servizi Energetici (GSE) for the production of electricity from renewable sources other than photovoltaics.

UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

White certificates

The product is aimed at distributors of electricity and natural gas, with more than 50,000 end customers who wish to liquidate receivables represented by the so-called 'White Certificates', recognized by Gestore dei Servizi Energetici (GSE) against the achievement of energy efficiency objectives.

UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring can also pay an advance on the amount due or go ahead with acquiring them.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Condominiums energy redevelopment

The product is aimed at companies that carry out energy efficiency work for condominiums and who wish to benefit from the advance of tax credits related to Ecobonus, Sismabonus and Sismabonus 110%.

UniCredit Factoring receives the amount of the tax credit deriving from expenses incurred by condominiums for energy efficiency or earthquake-proofing work. At the request of the assignor, UniCredit Factoring can also assess whether to advance the consideration of the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

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