UniCredit
Factoring

Annual Report and Financial Statements 2007

UNICREDIT FACTORING SPA

A Company belonging to the UniCredito Italiano Banking Group
Entered in the Roll of Bank Groups cod. 3135.1
Share capital Euro: 114.518.475,48 fully paid up
Legal reserve: Euro 2.747.423
Registered office in Milan - Via Calabria, 31*
Tel. +39 02 3773.1 - Fax +39 02 302.11501
R.E.A. n. 840973
Tax code and registration number in the Business Registry of Milan 01462680156
e-mail: info.ucfactoring.it@unicreditgroup.eu
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UniCredit Factoring

The Art Experience

2007 was a formative year for the bank's international activities in culture. It was a year that saw intense engagement in all the territories in which we operate.

We believe that culture, when viewed as a strategic resource, can bring tremendous value and foster new ideas. These new ideas are fundamental to innovation and sustainable social and economic growth.

In this year's annual report, we have decided to focus on images of the international events which comprised our work with important partners in art and culture rather than on individual pieces from our collection. Notable among these were events in partnership with the Education Department of the Castello di Rivoli Contemporary Art Museum.

These initiatives involving the broader public in art experiences illustrate the importance UniCredit Group attaches to entertain and promote an active dialogue with the communities in which our Group operates. The large gatherings pictured in this report were held in city squares and museums and involved thousands of people. What you see is a single spontaneously generated expression of thousands of hands united together in a joyful and creative concert.

Contact with international artists and leading facilitators of culture, through diverse languages, styles and techniques, shows how art stimulates the development of relational and cognitive skills and the potential of the individual. Art, above all, generates significant positive energy which can connect people, bridge differences and promote dialogue. It offers an extraordinary repertoire for learning, exploring, experimenting and interpreting the present to build the future.

Art brings people together.

Which is why we say: ART TALKS.

Annual Report and Financial Statements 2007

Statutory Boards and Corporate Officers

Board of Directors

Cesare Caletti	Chairman
Luigi Moncada	Deputy Chairman
Fausto Galmarini	Chief Executive Officer
Ferdinando Brandi Gianni Coriani Umberto Giacomelli Armando Artoni	Directors
Ilaria Bianchi	Secretary

Board of Statutory Auditors

Giorgio Cumin	Chairman
Roberto Bianco Federica Bonato	Standing Auditors
Antonio Colombo Enzo Contini	Alternate Auditors

Corporate Officers

Fausto Galmarini	Chief Executive Officer
Eugenio Calini *	Head of Business Development Department
Antonio Fiore *	Head of Credit and Risks Department
Franco Casullo	Head of Human Resources Department
Nicoletta Cortivo	Head of Planning, Finance and Administration Department
Armando Crippa	Head of Debtors Management Department
Antonio Moretti	Head of Global Factoring Services Department
Mario Ricciardi	Head of Global Factoring Development Department
Alberto Santambrogio	Head of Legal Department

* Deputy Managing Director


Seck
FLAMES

Summary

Agenda of the Ordinary Shareholders' Meeting

The ordinary shareholders' meeting is called for 2 April 2008, at 2.30 p.m., at the registered offices in Milan, in via Calabria 31, on first call, and, if necessary, on second call, on 3 April 2008, at the same place and time, to resolve on the following

Agenda

1. Financial Statements as at 31 December 2007. Board of Directors' Report and Board of Statutory Auditors' Report. Resulting and related resolutions.
2. Completion of the Board of Directors following the resignation of the Chairman and member of the BoD, Mr. Mario Aramini.

Milan, 12 March 2007

for the Chairman, the Deputy Chairman
Luigi Moncada


BABY

Directors' Report on the Financial Statements

Directors' Report on the Financial Statements

Dear Shareholders,

1.The Italian and International Economy

During 2007, the world economy disclosed a satisfactory growth rate, despite the tension registered on financial markets at global level, thanks to the sturdy conditions of the emerging economies which mitigated the slowdown which took place in the fourth quarter linked to the development of the crisis on the sub-prime mortgage loan market.
Price trends were sharply affected by the changes in energy goods prices; on the whole, risks of a weakening prevail for growth prospects mainly reflecting the possibility that the revaluation of the risk underway within financial markets may have greater repercussions than currently expected on financing conditions and on the climate of confidence, involving an negative impact on world growth. Further risks of a weakening derive from the possibility of additional rises in oil prices and those of other raw materials, and from fears of protectionist pressure.

In the United States, the growth rate came to 2.2%, the lowest in the last five years, following + 3.3% reported in 2006. The slowdown of the economy is essentially the result of the real estate property recession and the dampening in consumption; at year-end, residential construction fell by 24%, the sharpest drop in 26 years, deducting 1.2% from growth.
In order to contrast the increased risk of recession also associated with the possible effects of the financial upsets on household and business lending conditions, the FED cut the interest rates several times to 4.25% despite the rise in inflation during the latter part of 2007; the average rate of inflation for 2007 came to 2.9%, lower than the 3.2% reported in 2005.

In the EU countries, monetary growth came to 2.7%, down slightly compared to 2006 (+ 2.8%), disclosing a steady trend during the first half of the year, which slowed down in the second half.
In Italy, GDP rose by 1.9% against an increase in consumer prices of + 2.9%; the decline in Germany was especially noticeable (GDP + 0.3% in the fourth quarter from + 0.7% in the third; YoY + 1.7%) penalized by weak consumption and high inflation, along with France were GDP in the fourth quarter increased 0.3%, compared with + 0.8% in the previous quarter, while on an annual basis growth came to 2.1%. Performance was better for minor countries in the Euro zone, such as the Netherlands (+ 4.3%) and Austria (+ 3.3%).
The European Central Bank highlighted a situation of slight stagflation, where the economy featured relatively high inflation up sharply in the fourth quarter (due to the tension present on the international basic energy and foodstuffs markets) and evidently weak growth.
Attention towards the risks of a rise in inflation, within a context of permanently elevated growth in bank lending, was accompanied by the concern for the persistent uncertainty on the evolution of financial tensions and the related impact on the real economy. The management board of the European Central Bank maintained the minimum rate on the main re-financing transactions unchanged at 4%. During the second half of December, the numerous injections of liquidity made by the ECB contributed towards lowering the interbank rates which nevertheless remain higher than the prevailing values before the crisis started.

Industrial production in Italy closed in 2007 at + 0.4%, down considerably with respect to the + 2.2% in 2006. With regard to loan demand, the growth in bank loans to the private sector remained steady; the gradual decline of household lending continued, while loans to businesses continued to increase at elevated rates. Liquidity conditions remained expansive: monetary growth reached a new record (12.3%) encouraged by the sturdy demand for low risk assets and the further levelling of the structure due to interest rate maturities.

In the leading emerging countries, growth in manufacturing activities continued at steady rates both in China, boosted by exports, and in Brazil, Russia and India, where the greatest boost was provided by consumption and investments. Brazil and Russia also benefited from the improvement in trade terms. In China, the rise in international prices of foodstuffs and energy goods pushed consumer inflation to 6.9% in November, the highest value since 1996; accordingly, the authorities continued to make monetary conditions less accommodating.

On the financial markets, the first half of the year was characterized by elevated performances of the stock markets and by bond yields on the up.
During the second half of 2007, the sub-prime mortgage loan crisis which originated in the United States generated strong concerns on bonds with consequent repercussions also on stock markets.
The European financial markets reported an increase of + 0.35% on December 2006 (Morgan Stanley Capital Index Europe).
By contrast, the Italian stock market disclosed a drop in the indexes which had not been seen since 2002. The S&PMIB closed 2006 at 41,434 points and ended 2007 at 38,554 points (- 6.95%).
Performance on the European stock markets was as follows: Germany Dax 30 + 22.29%; Spain Ibex 35 + 7.32%; the Netherlands Aex + 4.12%; the UK FTSE 100 + 3.97%; France Cac 40 + 1.31%; Switzerland Smi – 3.43%.
A considerable weakening of the US dollar was witnessed on currency markets, exchanged at the lowest levels in the last thirty years.

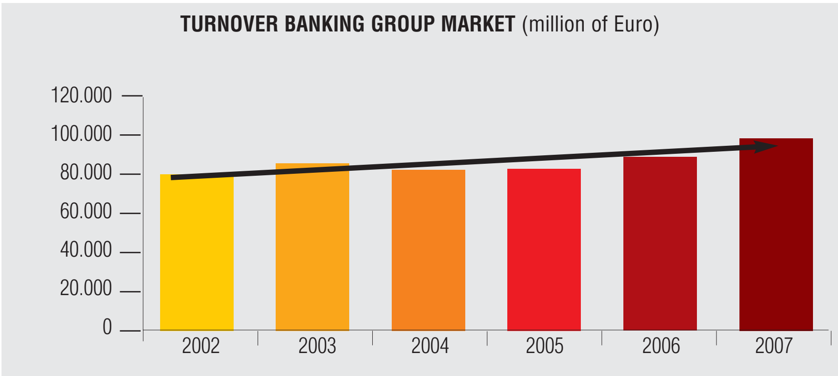
2.The factoring market and the position of UniCredit Factoring S.p.A.

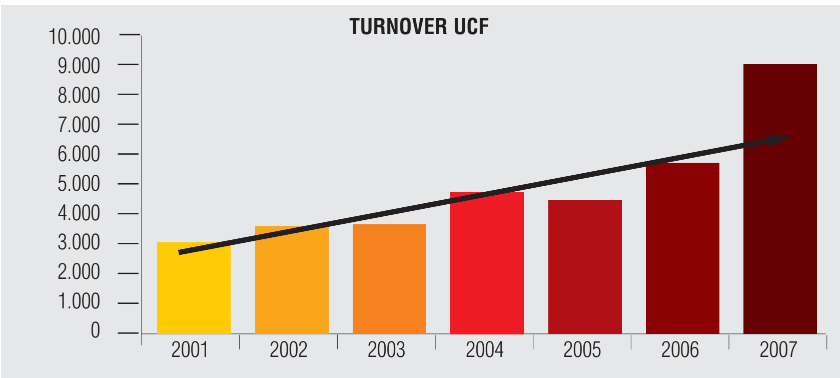
During 2007, the factoring market - according to data issued by Assifact concerning almost all the members - recorded an increase in turnover volumes of 6.2% compared to the previous year.

Banking group companies recorded a positive trend (+ 8.0%), thus increasing their market share that settled at 85.9%, compared to 84.4% in 2006.
In this context, your Company registered an increase of 31,0%, a value well over the market, with a turnover of Euro 9,308 million, thanks to a growing co-operation with the Group network and to higher operational efficiency.
Among banking group companies, the company remains in fourth position, with a market share of 9.4%, a value well over the 7.7% of the previous year.

3. Business results and profit

Profit for the year amounted to Euro 20,025,287, compared with Euro 13,489,283 last year. The rise in net profit came to 48%.

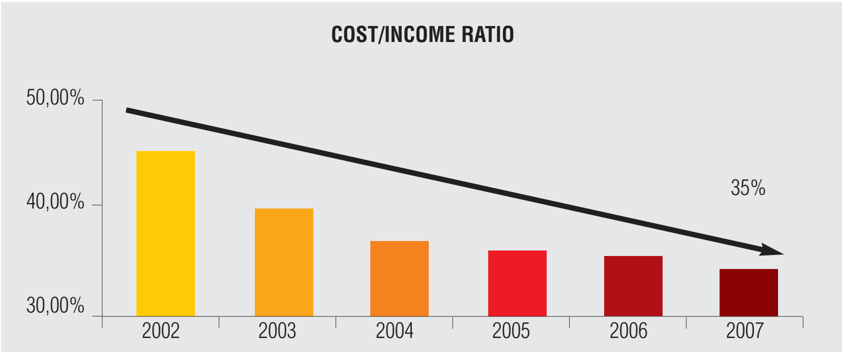




Said result derives from the following:

- Interest service margin
  Euro 18,390,625 + 16.4%
  (15,795,176 in the previous year)
- Factoring Commissions & service margin
  Euro 32,127,050 + 40.8%
  (22,817,279 in the previous year)
- Total Revenues
  Euro 50,476,596 + 29.0%
  (39,128,895 in the previous year)
- Operating costs
  Euro 17,649,033 + 23.3%
  (14,318,653 in the previous year)
- Gross operating margin
  Euro 32,827,563 + 32.3%
  (24,810,242 in the previous year)
- Provisions, write-back/write-down of loans
  Euro 675,261 – 135.8%
  (- 1,884,132 in the previous year)
- Extraordinary income/charges
  Euro 244,429 80.1%
  (135,709 in the previous year)
- Taxes
  Euro 13,721,965 + 43.3%
  (9,572,536 in the previous year)
- The earning margin disclosed a particularly strong increase on the previous year thanks to the considerable commercial boost, especially on “without recourse” products with greater added value which contributed towards a decisive increase in the commission-based margins. The demand for financial advances and/or true sales non-recourse receivables assignments was also dynamic, leading to a significant increase in the interest margin.
  The Company’s figures do not take into account the integration of the MCC/Capitalia factoring business activities since the acquisition was finalized on 18 December 2007 and became effective as from 31 December 2007 with accounting impact only in the Assets & Liability statement (turnover and profit & loss account were not affected).
- The rise in costs when compared with 2006 was mainly due to the provision envisaged for the staff who complied with the redundancy incentive plan, extraordinary costs for the integration of the factoring business activities and the salary increases envisaged by agreements. The cost/income ratio stood at 35% (32.4% net of extraordinary components), compared with 36.6% in the previous year.
- The tax liability for 2007 included IRES (company earnings’ tax) for Euro 11,339,627, IRAP (regional business tax) for Euro 2,147,933, prepaid taxes reversed for Euro 906,955, less deferred taxes for Euro 2,218,704.

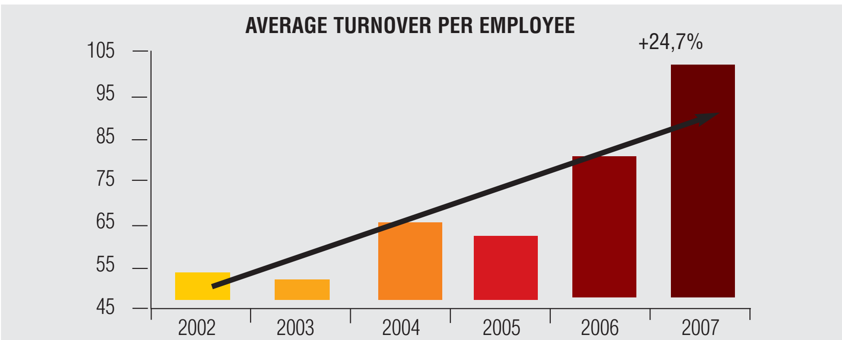
Directors' Report on the Financial Statements (IT FOLLOWS)

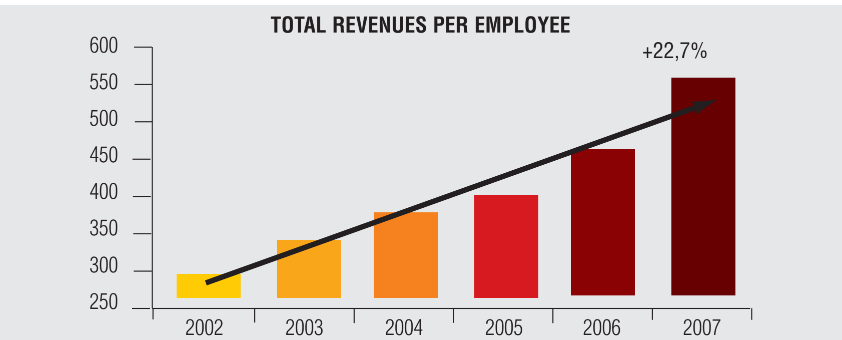


- The improvement in the overall results can also be noticed by the following indicators calculated on the average capital:
  - ROE (net profit/shareholders' equity) 34.2% (30% in 2006)
  - EVA (net profit)-(absorbed capital) x COE 15.2 million (8,418 in 2006)
- RARORAC (EVA/absorbed capital) 22.1% (12.2% in 2006)

4. Human resources

As at 31 December 2007, the workforce numbered 181 resources, of which 92 deriving from the acquisition of the MCC business activities.
The turnover per employee, calculated according to the average annual number of employees, rose from Euro 81.6 million in 2006 to Euro 101.7 million in 2007 (+24.7%), while the earning margin per employee increased from Euro 449.7 thousand to Euro 551.7 thousand (+22.7%).
We sincerely thank all our staff for the professional competence and devotion demonstrated, which contributed to towards achieving the best results ever in the history of the Company.





5. Strategic options

Throughout 2007, the company continued along its growth route commenced in the previous year, increasing the market share (only banking group companies) to 9.4% from the previous 7.7% (5.5% in 2005). The growth strategy was focused on products with a high service content and on developing relationships with the portfolio customers aimed at increasing assigned debtors. The enhancement of the commercial structure then made it possible to acquire new business partly thanks to the agreements entered into with the group banks (in particular Unicredit Banca d'Impresa). Business development focused on the Public Administration sector (healthcare, infrastructures) and on international trading operations, in the latter case exploiting the Group's widespread presence in Europe. During the first four months of 2007, activities were completed for migrating the IT system to the Group platform handled by UGIS, nearly 18 months in advance with respect to the scheduled date. On December 18th, 2007, the acquisition of the MCC Factoring business activities was finalized under the hand and seal of Notary Public Elia of Milan, within the wider context of the Unicredit/Capitalia INTEGRATION plan.
During 2008, the INTEGRATION of the two companies will permit further business growth with significant expectations in terms of market shares and economic returns thanks in part to the planned synergies.

6. Account Receivables analysis

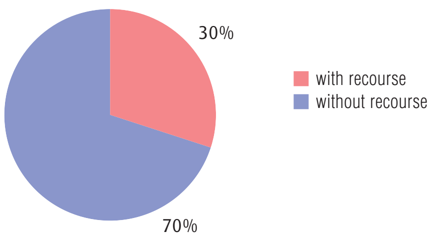
The composition of UCF's total outstanding receivables at year-end had changed

considerably with respect to 2006.
As at December 31st, 2007, total UCF receivables, prior to acquisition of the MCC Factoring business activities, amounted to Euro 4,779.6 million, of which Euro 3,359.4 million without recourse and Euro 1,420.2 million with recourse. The post-acquisition figures disclosed total outstanding receivables of Euro 7,238.1 million, of which Euro 4,722 million without recourse and Euro 2,516.1 million with recourse.

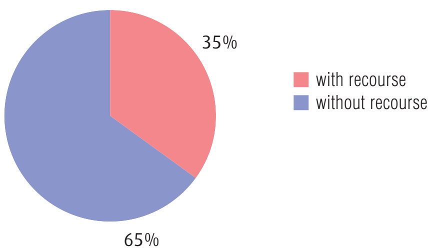
In the context of the business carried out by the company, an analysis of the main components of outstanding receivables as at December 31st, 2007 is provided below, in particular as regards the risk distribution:

- Receivables without recourse prior to the integration with MCC at the end of 2007 represented 70% of the total amount, up with respect to the 66% in 2006.
- Receivables without recourse post integration with MCC at the end of 2007 represented 65% of the total amount.

Distribution of A/Rs with and without recourse prior to the UCF/MCC integration

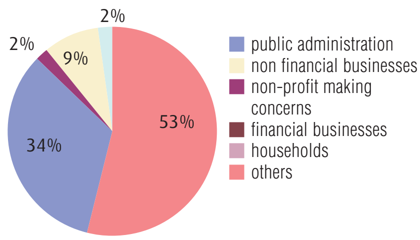


Distribution of A/Rs with and without recourse prior to the UCF/MCC integration

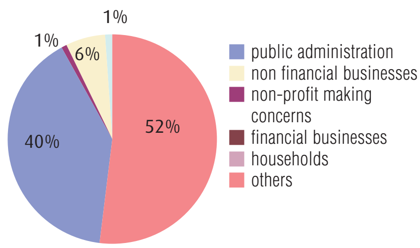


- The figures prior to the finalization of the UCF – MCC integration, with regard to the breakdown of the assigned customers (debtors), according to the macro-sectors of the Bank of Italy, disclosed a predominance of activities with private sector, followed by that with counterparts belonging to public administration.
- As a result of the acquisition of the MCC factoring business, there was decisive growth in the counterparts belonging to public administration, passing from 34% to 40% of activities.

Distribution of A/Rs to debtors prior to the UCF/MCC integration



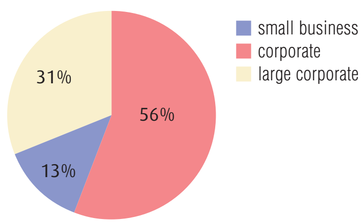
Distribution of A/Rs to debtors post to the UCF/MCC integration



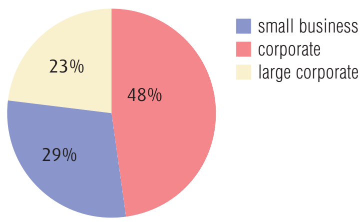
THE SUB-SECTOR "MANUFACTURING COMPANIES" REPRESENT 74.1% OF THE "OTHERS" SECTOR IN THE GRAPH PRIOR TO THE MCC INTEGRATION AND 79.6% OF THE "OTHERS" SECTOR IN THE GRAPH POST MCC INTEGRATION

- As far as the breakdown of the outstanding balance according to the segment the assignors is concerned, 56% of receivables are due by corporate customers, 31% by large corporate customers and the remaining 13% vis-à-vis small businesses (figures prior to UCF – MCC INTEGRATION);
- The analysis of the distribution of the outstanding receivables by segment the assignors, post UCF – MCC INTEGRATION, discloses decisive growth in the small business segment; 48% of receivables are due by corporate customers, 29% by small businesses and the remaining 27% by large corporate customers (figures post UCF – MCC INTEGRATION);

Distribution of loans by customer segment prior to UCF/MCC integration



Distribution of loans by customer segment post UCF/MCC integration



Large corporate customers
turnover > Euro 250 million

Corporate
turnover from Euro 1.5 to 250 million

Small business
turnover < Euro 1.5 million

- The value of the net exposure in the financial statements of impaired receivables amounted to Euro 64 million

Directors' Report on the Financial Statements (It Follows)

Summary of problem loans/receivables as at december 31st 2007				(in thousands of euro)
SUMMARY	**TOTAL EXPOSURE**	**TOTAL PROVISION**	**% COVERAGE**	**PART NOT PROVIDED FOR**
NPL- Assignors	5,527	2,935	53%	2,592
NPL - Debtors	1,156	706	61%	451
Total NPL	**6,683**	**3,641**	**54%**	**3,043**
Doubtful positions	4,816	1,276	27%	3,540
Doubtful positions - debtors	498	306	61%	192
Total doubtful positions	**5,314**	**1,582**	**30%**	**3,732**
Total NPL/R and doubtful positions	**11,997**	**5,222**	**44%**	**6,775**

Summary of problem loans/receivables as at december 31st 2006				(in thousands of euro)
SUMMARY	**TOTAL EXPOSURE**	**TOTAL PROVISION**	**% COVERAGE**	**PART NOT PROVIDED**
NPL- Assignors	4,227	3,005	71%	1,221
NPL - Debtors	978	474	48%	505
Total NPL	**5,205**	**3,479**	**67%**	**1,726**
Doubtful positions	1,368	650	48%	718
Doubtful positions - debtors	124	56	45%	68
Total doubtful positions	**1,493**	**706**	**47%**	**786**
Total NPL/R and doubtful positions	**6,697**	**4,185**	**62%**	**2,512**

(Euro 33.3 million in 2006), with an incidence of 0.9% on total outstanding receivables (1.1% in 2006).
Total value of the positions classified as NPL amounted to Euro 6.6 million (Euro 4.9 million in 2006) for a net value of Euro 3 million (Euro 1.5 million in 2006).
During 2007, 37 new positions arose, for a total of Euro 3.1 million, net of discharges for Euro 0.6 million, covered by provisions for Euro 1.1 million. The coverage ratio of the NPLs rose from 69% last year to 54% in the year under review due to discharges made during the year (totalling Euro 1.4 million, of which Euro 0.8 million on prior positions) in the absence of which the coverage ratio would have come to 63%.

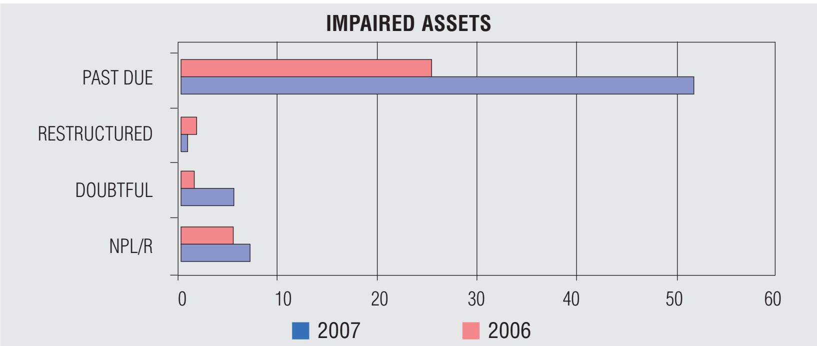
Note that the NPLs of the MCC Factoring business segment(Capitalia Group) were not acquired.

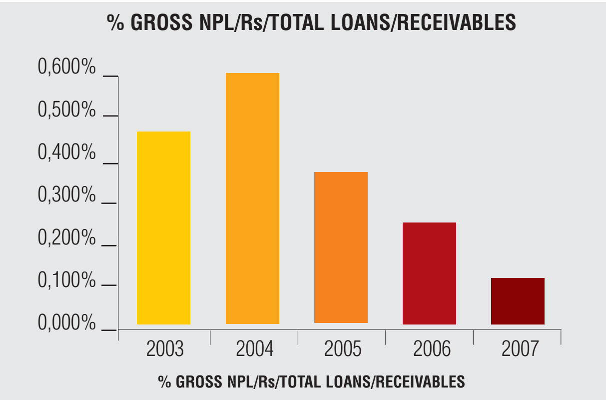
NPLs at year end came to 0.11% of outstanding loans as at December 31st, 2007 (0.17% as at December 31st, 2006).

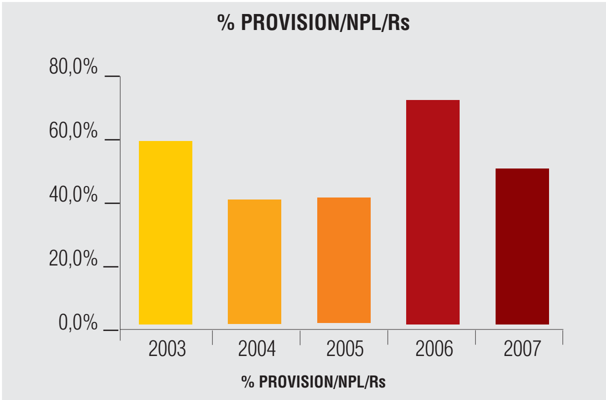
Doubtful positions (post UCF – MCC INTEGRATION) amounted to Euro 5.3 million (of which Euro 4.6 million prior to UCF – MCC INTEGRATION, compared with Euro 1.5 million at the end of 2006) against which provisions have been made for a total of Euro 1.6 million (Euro 0.7 million in 2006).

During 2007, 27 new positions arose of which 20 remained at year end for a total of Euro 3.6 million, with provisions for Euro 0.6 million (equating to 18%) since a good portion of the amount receivable is expected to be recovered.
The coverage ratio of the doubtful positions consequently dropped from 47% last year to 30% in the year under review.

Restructured loans amounted to Euro 0.7 million (Euro 1.7 million as at 31 December 2006), against which provisions were made for Euro 50 thousand (Euro 0.6 million as at 31 December 2006). The







exposure refers to a single one position (Boschi S.p.A.). In January and July 2007, this party paid the first two instalments of the loan acknowledged by the agreement originally approved (the last instalment is due in July 2008).
The company is currently involved in a dispute and action for revocation, involving an overall risk of Euro 53.7 million, covered by reserves for Euro 6 million. Before the UCF – MCC INTEGRATION, the risk amounted to Euro 25.7 million and compared with Euro 38.4 million at the end of 2006. This improvement is attributable to the closure of the "Contal/Parmalat" positions (equating to Euro 13.3 million) as a result of the transaction with Ifitalia which permitted a value recovery of Euro 3.7 million.
Disputes and actions for revocation originated from the UCF – MCC INTEGRATION amounted to Euro 28 million, covered by specific reserves totalling Euro 4.5 million as well as the release from liability provided by MCC for a total of Euro 2.5 million to be activated solely for the Pubblitalia dispute (Euro 17.1 million) and for the supervised loan pertaining to the LHA No. 6 - Palermo (Euro 20.0 million).
We have received legal advice which highlights the scarse grounds of the reasoning at the basis of the requests for indemnification made by Pubblitalia.
Receivables past due by more than 180 days (in line with the provisions imparted by the Bank of Italy) at the end of 2007 amounted to Euro 51.3 million (formerly Euro 24.9 million) involving an incidence of 0.7% on total receivables (compared with 0.8%). Note that a considerable portion of the past due receivables are due by Public Administration (State Printing Works); these amounts are expected to be collected in 2008.

The general reserve rose from Euro 8.1 million in 2006 (0.27% of the outstanding amount) to Euro 21.2 million in 2007 (0.29.% of the outstanding amount).

Other risks
With reference to auditing, the Company avails of the Internal Auditing Service offered by UniCredit Audit SpA, a wholly-owned subsidiary of UniCredito Italiano SpA.
Together with the Audit Plan agreed for 2007, during the year the Audit Division carried out all the envisaged measures paying particular attention to checking the adequacy of the control of the credit and operating risks linked to the core business, as well as compliance with legislation.

7. Other information

As per Article 2428 of the Italian Civil Code, the following additional information is provided.

- **Own shares or Parent Company shares held**
  The Company does not and did not hold during the year, for any purposes, its own shares or parent company shares.

- **Research & development activities**
  During the year, no investments concerning research & development activities were made.

- **Management and coordination by the Parent Company**
  The Company belongs to the Unicredito Italiano Group and is subject to the management and coordination of the Parent Company Unicredito Banca d'Impresa SpA, sole shareholder, and of the Group Parent Unicredito Italiano SpA.

- **Financial instruments**
  As at December 31st, 2007, the company had derivative financial instruments hedging the rate risk. Additional information on the financial risk management policy and the composition of the derivatives portfolio is included in the notes to the financial statements.

- **Subsequent events**
  We confirm that no significant events have occurred subsequent to year-end.

- **Forecasted development of business**
  In 2008, the strategic positioning of the company aims to improve its co-operation with the UniCredito Group banks, thus offering innovative quality products and services to strengthen the relationship with the customers.
  Particular attention will be given to foreign Group banks, to study any possible synergies and significantly increase the

Directors' Report on the Financial Statements (It Follows)

international business component.
During the second half of 2007, Bankitalia issued a series of measures which will have a significant impact on the company's activities. The Supervisory Authority for financial brokers has in fact placed factoring companies on the same footing as banks, standardizing the control of the capital adequacy in relation to the entity of the risks undertaken, with a weighting by type of counterpart aligned (0% government, 20% authorities and regions, etc.) with a more reduced prudent ratio (4.5% rather than 8%) in relation to the singular nature of factoring which has historically registered a risk cost considerably lower than that of the banking sector. In the past, there was just control on the concentration of the counterpart risk (which could not exceed the threshold of 40% of the supervisory capital). It has also been envisaged that the supervisory capital take into account the operating risks as well, in an initial stage to the extent of 15% of the earning margin. In light of these provisions which will come into force as from 1 January 2008 and considering the change in the corporate profile as a result of the acquisition of the MCC business segment mentioned previously, it became necessary during December 2007 to considerably enhance the shareholders' equity. The share capital was in fact increased by Euro 62 million and two bonds issues were issued and placed at the same time (subordinated and composite) for a total of Euro 52 million. These transactions will make it possible for the company to continue developing the business and at the same time improve the equity ratios.
2008 will see the integration of the MCC structure (92 resources) and the consequent reorganization of the company, with the creation of new commercial positions and the establishment of operating branches throughout Italy.
The project for the establishment of a factoring company in Germany will also be completed, the 3rd leading market in terms of turnover, and support and assistance will be provided to Factor Bank in Austria, a company 100% acquired by Bank Austria during 2007 for restructuring/reorganization on the basis of best practice. Within this context, Mr. Fausto Galmarini, CEO of UCF, accepted the position of Deputy Chairman of the Supervisory board of the afore-mentioned Factor Bank, while Mr. Alessandro Bertoldo, head of International Business, joined the management board.

- **Italian Legislative Decree No. 231/2001 - Administrative Responsibility**
  The Inspection Body was appointed by means of resolution adopted by the Board of Directors on December 16th, 2005 to safeguard the administrative responsibility of the Companies in compliance with Italian Legislative Decree No. 231/01.
  Throughout 2007, said Body carried out an inspection of the decision-making protocol of a corporate structure envisaged in the annual plan of the activities, availing itself of UniCredit Audit SpA. Moreover, the Inspection Body examined the half-yearly reports transmitted by the department heads concerning the control activity that was carried out, the compliance and the adequacy of the Model.

- **International accounting standards issued by the International Accounting Standard Board (IASB) and endorsed by the European Union**
  The Financial Statements as at December 31st, 2007 were drawn up in compliance with the international accounting standards (IAS/IFRS) standardised by the European Commission and as per the Instruction of the Bank of Italy's Governor, issued on February 14th, 2006, containing the indications for the drawing up of financial brokers' statements registered in the Special List.
  Throughout the whole year, the Trade Association Assifact carried on its analysis, in order to submit to the Bank of Italy – in cooperation with Assirevi - some measures which aim at improving the representation of factoring operations according to the new international accounting standards.

- **Relations with the Parent Company and other companies of the Group**
  As regards the relationships with the Parent Company and other companies belonging to the UniCredito Italiano S.p.A. Group, reference is made to the relevant section of the notes to the financial statements, though it should be noted that the main item is represented by loans issued in Euro and in other currencies at market rates for funding transactions.
  The following synergies have been implemented and are having a positive impact:

  - the premises located in Via Calabria 31, Milan, headquarters of the company, have been leased from UniCredit Real Estate S.p.A., which also handles their ordinary and extraordinary maintenance;

  - the branches of the banks belonging to the Group act as business promoters; for this purpose, a specific agreement entered into during the year is in force with Unicredit Banca d'Impresa;

  - the Parent Company is responsible for the management of human resources, activities relating to purchasing and posting, while the company UniCredit Global Information Services S.p.A., a company belonging to the Group, provides the technological outsourcing and acts as Internet Provider. Making such activities available to all has permitted recourse to specific levels of professionalism;

  - the auditing activities, as a consequence of Group policies, is provided by the company UniCredit Audit S.p.A., with which a detailed service contract has been stipulated.
    A UniCredit Audit S.p.A. contact person works exclusively within the Company.

The 2007 accounting period was influenced by the acquisition of the former MCC business segment, which led to a liability for goodwill of Euro 15.5 million, deducted from shareholders' equity according to the accounting regulations envisaged for the accounting of infraGroup transactions.
Since the entity of the unrestricted reserves is not enough to cover this item (net of Euro 5.1 million by way of the recovery of IRES – company earnings' tax at consolidated level) the profit to be distributed will be reduced by an amount equating to the difference between the goodwill and the IRES recovered.

These statutory financial statements, together with the management report, which we hereby present for your approval, have been audited by KPMG Spa in conformity with the resolution passed at the shareholders' meeting of 30 March 2004.

As regards the allocation of the profit for the year, which the Shareholders' Meeting is asked to approve, we propose the following:

- Euro 10,385,000
  to re-establish the other reserves;

- Euro 482,014
  allocated to the legal reserve;

- Euro 9,099,336
  allocated to the shareholders to the extent of Euro 0.41 per share;

- Euro 58,937
  as profits carried forward

Milan, Italy, March 4th, 2008

On behalf of the Board of Directors

The Deputy Chairman
acting on behalf of the Chairman
Luigi Moncada

Financial Statement

Financial Statement

Balance Sheet	31.12.2007	31.12.2007 ONLY UCF	31.12.2006
			(in euro)
ASSETS			
10. Cash at banks and on hand	3.782	3.782	2.732
40. Available-for-sale financial assets	-	-	1.000
60. Receivables:	5.680.015.176	3.877.387.104	2.411.086.387
from banks	*170.050.260*		*96.091.992*
from financial institutions	*49.580.404*		*42.301.432*
from customers	*5.460.384.512*		*2.272.692.963*
70. Hedging derivatives	128.432		
80. Value adjustment of financial assets subject to macro-hedging (+/-)			
100. Tangible assets	332.318	203.900	299.361
110. Intangible assets	-	-	1.792.309
120. Tax assets	3.048.514	1.231.803	1.736.765
a) current	-	-	-
b) deferred	*3.048.514*	*1.231.803*	*1.736.765*
140. Other assets	20.159.872	14.042.888	9.326.325
TOTAL ASSETS	**5.703.688.094**	**3.892.869.477**	**2.424.244.879**

Balance Sheet	31.12.2007	31.12.2007 ONLY UCF	31.12.2006
			(in euro)
LIABILITIES AND SHAREHOLDERS' EQUITY			
10. Payables	5.367.712.227	3.605.452.685	2.326.872.790
to banks	*5.076.287.389*		*2.196.769.209*
to financial institutions	*170.706*		*28*
to customers	*291.254.132*		*130.103.553*
20. Outstanding securities	77.403.468	77.403.468	2.609.636
50. Hedging derivatives	247.480	247.480	35.134
70. Tax liabilities	4.419.497	4.160.602	738.234
a) current	*4.304.117*	*4.304.117*	*611.192*
b) deferred	*115.380*	*-143.515*	*127.042*
90. Other liabilities	116.318.001	74.587.807	31.447.716
100. Staff severance fund	2.676.011	1.362.490	1.824.337
110. Provisions for risks and charges:	7.413.270	2.156.805	2.087.254
b) other provisions	7.413.270	2.156.805	2.087.254
120. Capital	114.518.475	114.518.475	42.518.400
150. Share-premiums	951.314	951.314	951.314
160. Reserves	-7.996.936	-7.996.936	1.670.781
180. Profit (loss) for the year	20.025.287	20.025.287	13.489.283
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5.703.688.094**	**3.892.869.477**	**2.424.244.879**

Profit & loss account

(in euro)

	ITEMS	2007	2006
10.	Interest income and similar revenues	101.606.517	53.817.383
20.	Interest expense and similar charges	(83.215.891)	(38.022.207)
	INTERESTS MARGIN	**18.390.626**	**15.795.176**
30.	Commission income	36.054.401	27.306.443
40.	Commission expense	(3.927.351)	(4.489.164)
	COMMISSIONS MARGIN	**32.127.050**	**22.817.279**
60.	Net profit on trading activities	(41.079)	(12.186)
100.	Profit/loss from disposal or repurchase of:		
	b) available-for-sale financial assets	-	528.626
	TOTAL REVENUES	**50.476.597**	**39.128.895**
110.	Net value adjustment for impairment of:	763.243	(1.733.682)
	a) receivables	*763.243*	*(1.733.682)*
120.	Administrative expenses:	(17.439.420)	(13.187.271)
	a) personnel expenses	*(9.075.539)*	*(8.329.185)*
	b) other administrative expenses	*(8.363.881)*	*(4.858.086)*
130.	Net value adjustments to tangible assets	(68.839)	(102.446)
140.	Net value adjustments to intangible assets	(140.774)	(1.028.936)
160.	Net allocations to provisions for risks and charges	(87.983)	(150.450)
170.	Other operating charges	(140.054)	(516.665)
180.	Other operating income	384.482	652.374
	GROSS OPERATING MARGIN	**33.747.252**	**23.061.819**
	PROFIT (LOSS) BEFORE TAXES	**33.747.252**	**23.061.819**
210.	Income taxes for the period from current operations	(13.721.965)	(9.572.536)
	PROFIT (LOSS) AFTER TAXES	**20.025.287**	**13.489.283**
	PROFIT (LOSS) FOR THE YEAR	**20.025.287**	**13.489.283**

Financial Statement (It Follows)

Statement of changes in shareholders' equity as at 31 december 2007

(in euro)

	Balances as at 31.12.2006	Changes in opening balance	Balances as at 01.01.2007	Result allocation previous year: Reserves	Result allocation previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of own shares	Equity transactions: Extraordinary distribution of dividends	Equity transactions: Changes in capital instruments	Equity transactions: Other changes	Profit (loss) for the year 2007	SE as at 31.12.2007
Capital	42.518.400	-	42.518.400				72.000.075						114.518.475
Share-premiums	951.314	-	951.314										951.314
Reserves:													
a) profit reserves	2.273.994	-	2.273.994	717.283									2.991.277
b) other	(603.213)	-	(603.213)								(10.385.000)		(10.988.213)
Valuation reserves	-	-	-										-
Capital instruments	-	-	-										-
Own shares	-	-	-										-
Profit (loss) for the year	13.489.283	-	13.489.283	(717.283)	(12.772.000)							20.025.287	20.025.287
Shareholders' equity	58.629.778	-	58.629.778	-	(12.772.000)		72.000.075				(10.385.000)	20.025.287	127.498.140

Statement of changes in shareholders' equity as at 31 december 2006

(in euro)

	Balances as at 31.12.2006	Changes in opening balance	Balances as at 01.01.2007	Result allocation previous year: Reserves	Result allocation previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of own shares	Equity transactions: Extraordinary distribution of dividends	Equity transactions: Changes in capital instruments	Equity transactions: Other changes	Profit (loss) for the year 2007	SE as at 31.12.2007
Capital	42.518.400	-	42.518.400										42.518.400
Share-premiums	951.314	-	951.314										951.314
Reserves:													
a) profit reserves	1.764.252	-	1.764.252	536.367	(26.625)								2.273.994
b) other	(1.179.696)	-	(1.179.696)	576.483									(603.213)
Valuation reserves	-	-	-										-
Capital instruments	-	-	-										-
Own shares	-	-	-										-
Profit (loss) for the year	11.303.825	-	11.303.825	(1.112.850)	(10.190.975)							13.489.283	13.489.283
Shareholders' equity	55.358.095	-	55.358.095	-	(10.217.600)							13.489.283	58.629.778

Cash flow statement - direct method		(in euro)
OPERATING ACTIVITIES	31.12.2007	31.12.2006
1. MANAGEMENT		
- interest income and similar revenues	101.606.517	53.817.383
- interest expense and similar charges	(83.215.891)	(38.022.207)
- commission income	36.054.401	27.306.443
- commission expense	(3.927.351)	(4.489.164)
- personnel expenses	(9.075.539)	(8.329.185)
- other costs	(8.545.014)	(5.386.937)
- other revenues	384.482	1.181.000
- taxes	(15.045.376)	(9.145.086)
2. CASH FLOW GENERATED FROM DECREASE IN FINANCIAL ASSETS		
- available-for-sale financial assets	1.000	1.914.408
- receivables		
3. CASH FLOW ABSORBED BY INCREASE IN FINANCIAL ASSETS		
- available-for-sale financial assets		
- receivables	(3.263.259.752)	(443.654.879)
- other assets	(10.961.979)	(5.799.389)
4. CASH FLOW GENERATED FROM INCREASE IN FINANCIAL LIABILITIES		
- debts	161.321.257	
- outstanding securities	74.793.832	
- other liabilities	94.865.263	17.068.426
5. CASH FLOW ABSORBED BY REPAYMENT/REPURCHASE OF FINANCIAL LIABILITIES		
- debts		(65.831.172)
- outstanding securities		(2.592.290)
- other liabilities	-	(4.253.027)
NET CASH FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES	**(2.925.004.150)**	**(486.215.676)**
INVESTING ACTIVITIES	**31.12.2007**	**31.12.2006**
1. CASH FLOW GENERATED BY DECREASE IN		
- tangible assets	37.086	-
- intangible assets	1.651.535	
2. CASH FLOW ABSORBED BY INCREASE IN		
- tangible assets	(138.882)	(47.340)
- intangible assets		(754.858)
NET CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES	**1.549.739**	**(802.198)**
FINANCING ACTIVITIES		
- issue/purchase of own shares	72.000.075	
- issue/purchase of capital instruments		
- distribution of dividends and other purposes	(12.772.000)	(10.217.600)
- reserves	(10.385.000)	
NET CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES	**48.843.075**	**(10.217.600)**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**(2.874.611.336)**	**(497.235.474)**

The 2006 cash flow statement has been amended following the reclassifications regarding the offsetting of current taxes and the different classification of outstanding securities.

Financial Statement (It Follows)

Reconciliation	2007	2006
	Amount	**Amount**
Cash at banks and on hand at the beginning of the year	(2.195.259.463)	(1.698.023.989)
Total net cash flow generated/absorbed during the year	(2.874.611.336)	(497.235.474)
Cash at banks and on hand at the end of the year	(5.069.870.799)	(2.195.259.463)

Additional information to the Financial Statement

Part A) Accounting Policies

Additional information to the Financial Statement

Part A) Accounting policies

Part A - Accounting policies

VALUATION CRITERIA

• GENERAL DRAFTING PRINCIPLES

The financial statements of Unicredit Factoring S.p.A. as at 31 December 2007 were drawn up, as stated above, in compliance with the international accounting principles (IAS/IFRS) standardised by the European Commission. The financial statements include the balance sheet, the profit & loss account, the statement of changes in shareholders' equity, the cash flow Statement and the notes to the financial statements. The financial statements are consistent with the company's accounting records and fully reflect the transactions carried out during the period; the reporting currency used in these financial statements is the Euro.

The financial statements were drawn up with a view to the business as a going-concern and satisfy the principles of accruals, relevance and significance of the accounting information, taking into account the priority of economic substance over legal form. The disclosure concerning the cash flow statement was drawn up according to the cash principle. Costs and revenues, assets and liabilities have not been offset, unless otherwise stated by an accounting standard and/or by the related interpretation, in order to make the financial statements more significant and clear.

The financial statement schedules and the explanatory notes have been drawn up in Euro.

The criteria adopted for the valuation of the most important items are provided below.

1) Account Receivables

Loans and receivables include non-derivative financial assets, due from customers and banks, with fixed or determinable payments and which are not listed on an active market.

Following the general principle of the priority of economic substance over legal form, a company can derecognise a financial asset from its financial statements only if, as a result of a transfer, it has assigned all risks and benefits associated with the transferred instrument.

IAS 39 sets forth that a company can derecognise a financial asset only if:

a) it is transferred together with all risks, and the contractual rights on cash flows resulting from the asset expire;

b) the benefits related to the ownership of the asset cease to be valid.

In order to transfer financial assets, the following conditions alternatively apply:

a) the company has transferred the rights to receive the cash flows of the financial asset;

b) the company has maintained the rights to receive the cash flows of the financial asset, but has to pay them to one or more beneficiaries within an agreement in which all the following conditions have been satisfied:

   – the company has no obligation to pay predetermined amounts to any beneficiary apart from what it receives from the original financial asset;

   – the company cannot sell or pledge the financial asset;

   – the company has to transfer each cash flow it receives, on behalf of the beneficiaries and on time. Any investment of the cash flows in the period between collection and payment has to be carried out only for financial assets equal to liquidity and, in any case, with no rights to the interests accrued on the invested amounts.

In order to transfer a financial asset and derecognise it from the assignor's financial statements, upon each transfer the assignor has to assess the extent of any risks and benefits related to the financial asset still owned.

For the assessment of the effective transfer of risks and benefits, it is necessary to compare the exposure of the assignor with the variability of the current value or of the cash flows generated by the assigned financial asset, before and after the transfer.

The assignor essentially maintains all risks and benefits when its exposure to the "variability" of the present value of future net cash flows of the financial asset does not change significantly after its transfer. On the other hand, the transfer can be carried out when the exposure to this "variability" is not significant anymore.

In summary, there are three possible cases, to which some specific effects correspond, i.e.:

1) when the company essentially transfers all risks and benefits resulting from owning the financial asset, it has to "reverse" the financial asset and separately record all rights and obligations deriving from the transfer itself as assets or liabilities;

2) when the company essentially maintains all risks and benefits deriving from owning the financial asset, it has to keep on recognising it;

3) when the company neither transfers nor maintains all risks and benefits deriving from owning the financial asset, it has to evaluate the control elements regarding the financial asset; and

   a) in case it does not have the control, it has to reverse the financial asset and separately recognise the single assets/liabilities deriving from the rights/obligations of the transfer;

b) in case it keeps the control, it has to go on recognising the financial asset, until the limit of its commitment in the investment.

For the purposes of verifying control, the discriminating factor that has to be taken into account is the beneficiary's ability to transfer the financial asset unilaterally, without any type of restrictions by the assignor. When the beneficiary of a financial asset's transfer has the operational ability to sell the whole financial asset to a non-related third party and in a unilateral way, without any other transfer limitations, the assignor no longer has control over the financial asset. In all other cases, it keeps control over the financial asset.

The most frequently used types of transfer for a financial instrument can have very different accounting effects:

– in the case of a non-recourse assignment (without any guarantee obligations), the transferred assets can be derecognised from the assignor's financial statements;

– in the case of a recourse assignment, in the majority of cases it should be considered that the risk connected to the transferred asset is held by the seller. For this reason, the transfer does not satisfy the conditions for the derecognition of the sold instrument.

Unicredit Factoring S.p.A. has registered loans without recourse under those acquired, upon assessment of the absence of contract clauses which eliminate the essential transfer of all risks and benefits. With regard to the portfolio transferred with recourse, receivables are recorded and recognised in the financial statements solely in relation to the amounts paid to the assignor by way of an advance payment.

After the initial recognition of receivables at fair value - including transaction costs that are directly imputable to the financial asset's acquisition – these are valued at amortised cost, using the effective interest method.

As at each balance sheet date, if there is objective evidence that receivables were impaired, the amount of the loss is gauged as the difference between the book value of the asset and the present value of future expected cash flows discounted at the original effective interest rate. In particular, the criteria for determining write-downs of receivables are based on the discounting of expected cash flows for principal and interest, net of collection charges and any advances received. In order to determine the current value of the flows, the main elements are the identification of expected collections and related expires, as well as of the discounting rate that has to be applied.

A receivable can be defined as "impaired" when it is considered that probably it would not be possible to collect the whole amount - on the basis of the original contract terms - or an equivalent value. A receivable can be integrally derecognised when it is considered irrecoverable or it is completely written off.

Impaired positions are divided into the following categories:

– NPL/Rs - The loans/receivables that are formally impaired, represented by the exposure with customers who are in a state of insolvency (even not legally recognised) or in similar positions. The valuation is carried out on an analytical basis.
– Doubtful loans/receivables – This category contains transactions with parties who are experiencing a temporary difficulty, that it is felt can be solved within an appropriate period of time. The valuation is carried out on an analytical basis.
– Restructured positions – These are exposures towards counterparties with which specific agreements have been entered into. These agreements envisage a postponement for the payment of the debt and the parallel renegotiation of conditions. The valuation is carried out on an analytical basis.
– Past due positions – These represent the whole exposure towards counterparties, which are different from those classified in the above-mentioned categories and show receivables past due 180 days as at the reference date. The valuation is carried out on a lump-sum basis.

The valuation of performing receivables concerns asset portfolios for which no objective loss elements have been observed and that are subject to a collective valuation. Expected cash flows of assets, grouped in standard classes with similar characteristics in terms of credit risk, sector and type of guarantee, are combined with a probability of default (PD) and a loss given default (LGD).

2) Tangible assets

"Assets used in operations" are characterised by physical presence and are held to be used for the production or supply of goods and services or for administrative purposes; moreover, they can be used for more than one period.

This item includes plant and equipment, fixtures and furnishings.

Tangible assets are initially registered at cost, including all charges necessary to put them into service (including all costs which are directly connected with putting into service the asset and with irrecoverable purchase taxes). This value is subsequently increased by all expenses from which future benefits are expected. Ordinary maintenance costs for the asset are recognised in the profit and loss account upon their occurrence; on the other hand, extraordinary maintenance costs, from which future economic benefits are expected, are

Additional information to the Financial Statement (It Follows)

Part A) Accounting policies (It Follows)

capitalised and increase the value of the related assets.

After the initial accounting, operating tangible assets are recognised at cost, net of accumulated depreciation and any accumulated impairment. The depreciable amount – equal to the cost less the residual value (i.e. the expected amount normally resulting from the disposal, less the expected disposal costs, if the asset is already in the conditions foreseen at the end of its useful life) - is systematically distributed over the useful life of the tangible asset, using the straight-line depreciation method.

Standard practice is that the residual value of depreciable assets is equal to zero.

The useful life, subject to periodic revision in order to find any estimates that are substantially different from the previous ones, is defined as:

- the period of time during which it is expected that an asset is used by the company; or
- the quantity of products or similar units that the company expects to obtain from the use of the asset itself.

If there is objective evidence that a single asset was impaired, the book value of the asset will be compared with the recoverable value equal to the higher of the fair value, less the selling costs, and the related usage value, understood as the present value of future cash flows that will be generated by the asset. Any value adjustments will be recognised under the item “cost for assets disposal” in the profit & loss account.

If there is a reversing of the impairment loss for an asset that was previously written down, the new book value cannot be higher than the net book value that would have been determined if no impairment was registered for that asset in previous years.

A tangible asset is derecognised from the balance sheet upon disposal or when no future economic benefits are expected from the use of the asset itself. Any differences between the disposal value and the book value are recognised in the profit & loss account under the item “sale proceeds”.

3) Intangible assets

With the expression “Intangible assets” we refer to non-monetary assets – identifiable even if they are not characterised by a physical substance – from which it is possible to obtain future economic benefits.

The asset is identifiable when:

- it is separable, i.e. it can be separated or spun off and sold, transferred, licensed, leased or exchanged;
- it derives from contractual or other legal rights, regardless of the fact that these rights are transferable or separable from other rights and obligations.

The asset is characterised by the fact that it is controlled by the company as a consequence of past events and under the assumption that the company will benefit economically from its utilisation. The company has the control of an asset if it has the right to take advantage of its future economic benefits and can also limit the access of third parties to these benefits.

An intangible asset is recognised as such only if:

(a) the company is likely to profit from future expected economic benefits attributable to the asset;
(b) the asset cost can be reliably gauged.

The item mainly includes goodwill and software.

Intangible assets different from goodwill are initially registered at cost; any subsequent expenses to the initial accounting are capitalised only if they will generate future economic benefits and if said expenses can be determined and allocated to the asset in a reliable way.

The cost of an intangible asset includes:

- the purchase price, including any irrecoverable purchase taxes, less trade discounts and allowances;
- any direct cost in order to prepare the asset for use.

After the initial recognition, intangible assets with defined useful lives are registered at cost, net of total amortisation and any possible impairment.

The amortisation is calculated on a systematic basis over the best estimate of the asset’s useful life, using the straight-line amortisation method.

If there is objective evidence that a single asset was impaired, the book value of the asset will be compared with the recoverable value equal to the higher of the fair value, less the selling costs, and the related usage value, understood as the present value of future cash flows that will be generated by the asset. Any value adjustments will be recognised under the item “cost for assets disposal” in the profit & loss account.
If there is a reversing of the value of an intangible asset, other than goodwill, that was previously written down, the new book value cannot be higher than the net book value that would have been determined if no loss due to impairment was registered for that asset in previous years.

An intangible asset is derecognised from the balance sheet upon disposal or when no future economic benefits are expected from the use of the asset itself. Any differences between the value of disposal and the book value are recognised in the profit & loss account under the item “sale proceeds”.
With reference to the entitlement granted by

IFRS 1, Unicredit Factoring S.p.A. decided not to retroactively apply the regulations contained in IFRS 3 to the aggregations carried out before the transition date, thus keeping the existing goodwill at the last book value, according to the principles that were previously adopted.

The goodwill is recognised at cost, net of any accumulated impairment and it is not subject to amortisation.
Even if no impairments are recorded, the goodwill undergoes annually to impairment test.

4) Payables and outstanding securities
Payables and issued subordinated liabilities are initially recorded at fair value, which generally corresponds to the consideration received, net of transaction costs that are directly attributable to the financial liability. After the initial accounting, these instruments are valued at amortised cost, using the effective interest method.
Payables arising from factoring transactions reflect the amount remaining to be paid to assignors resulting from the difference between the value of the receivables acquired without recourse and the advance paid.

Financial liabilities are derecognised from the financial statements upon settlement or maturity.

5) Hedging activities
Hedging instruments are defined as a fair value hedge of a recorded asset.
The hedge is considered highly effective if, both at the beginning and during its life, the changes in the fair value of the hedged monetary amount are almost entirely counterbalanced by the changes in the fair value of the hedging derivative. This means that the effective results should be comprised between 80% and 125%.

6) Staff Severance Fund
The staff severance fund can be considered as a defined benefit payment subsequent to the employment relationship. For this reason, its recognition in the financial statements required the estimate – by means of actuarial methods – of the amount of benefits accrued by employees and their related discounting. The determination of said benefits has been outsourced to an external actuary, using the projected unit credit method.

With regard to the accounting of actuarial gains/losses, the company has decided to use the “corridor” approach, which makes it possible not to recognise part of the actuarial gains/losses if their net total – which was not recorded at the end of the previous financial year – did not exceed either:

- 10% of the present value of the defined benefit obligation registered at that date (i.e. at the end of the previous year);
- 10% of the fair value of any asset concerning the plan at that date (i.e. at the end of the previous year), whichever is the higher.

The amount of actuarial gains/losses that exceeds said limits is recorded in the profit and loss account, on the basis of the expected average working life of the plan’s members as from next year.

The “actuarial gains/losses” include the effects of adjustments resulting from the reformulation of previous actuarial hypothesis, as a consequence of actual experiences or changes in the same hypothesis.

With reference to the Staff Severance Fund, it is worth mentioning that Italian Legislative Decree No. 252/05 has been brought into force a year in advance.

Moreover, said Decree sets forth that as from January 1st, 2007 the accrued staff severance fund has to be transferred to supplementary welfare funds or to INPS, according to the choices made by the employees.

The Commission for Pension Funds of the National Council of actuaries expressed its opinion on this matter, underlining that as at December 31st, 2006 the staff severance fund’s valuations have to be carried out on the basis of the same method used for previous years. Moreover, it pointed out that any different applications of IAS 19 will depend on the content of the decrees for the application of the new regulation and that this could be taken into account for those valuations that have to be made during the preparation of the financial statements for 2007.

7) Provisions for risks and charges
The allocations to provisions for risks and charges are accounted for only in the following cases:

- there is a current obligation (legal or implicit) as a result of a past event;
- it is likely that, in order to fulfil the obligation, it will be necessary to use resources that create economic benefits; and
- a reliable estimate of the amount resulting from the fulfilment of the obligation can be carried out.

The amount recorded as a provision represents the best estimate of the expense required in order to fulfil the existing obligation as at the financial statement reference date and reflects all risks and uncertainties that inevitably characterise a plurality of facts and circumstances.

The allocated provisions are periodically reviewed and, if necessary, adjusted to reflect the best current estimate. If the review shows that the incurring of the charge becomes improbable, the provision is reversed.

Additional information to the Financial Statement (It Follows)

Part A) Accounting policies (It Follows)

A provision is used only with respect to the charges for which it was originally recorded. No provision is recorded against liabilities that are only potential and not probable; however, a description of the type of liability is provided.

8) Deferred and current taxation
Current taxes relating to this and to previous financial years – to the extent they have not been paid – are accounted for as liabilities. Any surplus in respect of the amount due is recognised as an asset.

Current tax liabilities/assets of this and of previous financial years are determined at the value that is expected to be paid/recovered from the tax authority, applying all relevant tax rates and tax regulations in force.

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

A deferred tax asset is registered for all deductible timing differences if it is likely that taxable income will be used, for which the deductible timing difference may be employed.

Prepaid tax assets and deferred tax liabilities are subject to constant monitoring and are quantified according to the tax rates that are likely to be applied in the year during which the tax asset will be used or the tax liability paid off, taking into account the tax regulations resulting from provisions currently in force.

Prepaid tax assets and deferred tax liabilities are neither discounted nor offset.

9) Share-based payments
These are payments in favour of employees as consideration for the work done, based on the shares representing the capital of the Parent Company, which consist in the assignment of:

a) rights to subscribe share capital increases against payment (the so-called “stock options”);

b) rights to receive shares upon achievement of quantitative/qualitative objectives (so-called “performance shares”);

c) shares subject to unavailability clauses (so-called “restricted shares”).

In light of the difficulty in reliably estimating the fair value of the services received as consideration of the Parent Company’s equity instruments, reference is made to the fair value of the instruments gauged as at the assignment date.

The fair value of payments settled by means of share issue is recognised as a cost in the profit and loss account under the item “personnel expenses”, with offsetting of the entry under item “Other receivables and payables – Other IAS liabilities”.

10) Income
As defined in IAS 18, income is a gross flow of economic benefits resulting from the ordinary activities of the company, when said flow determines increases in the shareholders’ equity different from those consequent to the shareholders’ contribution.

Income is valued at the fair value of the received or due consideration and is accounted for when it can be reliably estimated.

The result of a service rendered can be reliably estimated when all following conditions are met:

- the income amount can be reliably valued;
- it is likely that the company will profit from the economic benefits resulting from said operation;
- the stage of completion of the transaction as at the financial statement reference date can be reliably gauged;
- the costs met for the transaction and the future expenses in order to complete it can be reliably calculated.

Income is recognised only when it is likely that the company will take advantage of the economic benefits resulting from the transaction. However, when the recoverability of a value that is already included in the income is characterised by uncertainty, the unrecoverable value – or the value whose recovery is highly improbable – is recorded as a cost rather than as an adjustment of the income that was originally recognised.

11) Foreign currency transactions
Foreign currency is different from the reporting currency of the company. The latter is the currency of the main economic environment in which the company carries out its activities.

A foreign currency transaction is initially recognised using the reporting currency, applying the spot exchange rate between the reporting and the foreign currency as at the date of the transaction to the amount in foreign currency.

As at each balance sheet date:

(a) foreign currency monetary items are converted using the closing rate;

(b) foreign currency non-monetary items valued at historical cost are converted using the exchange rate in force as at the date of the transaction;

(c) foreign currency non-monetary items valued at fair value are converted using exchange rates as at the date when the fair value is determined.

The exchange differences - resulting from the derecognition or conversion of monetary items at rates different from those at which they were initially converted during the year or in previous financial statements – are registered in the profit and loss account for the financial year in which they occur.

12) Other information

Long-term employee benefits

Long-term employee benefits – such as those deriving from length-of-service bonuses issued upon achievement of a pre-determinate length of service (25th and 35th year) – are recognised under the item "other liabilities – length-of-service bonuses", according to the valuation of the liability as at the balance sheet date, determined by an external actuary. With reference to this kind of benefit, it should be pointed out that actuarial gains/losses are immediately recognised in the profit & loss account, without using the so-called "corridor method".

13) Other aspects

With regards to the drawing-up of the financial statements according to the IFRS standards, company management has to make valuations, estimates and hypotheses that influence the application of the accounting principles and the amounts of the assets, liabilities, costs and income recognised in the financial statements. The estimates and all related hypotheses are based on previous experience and on other reasonable factors and have been adopted to estimate the book value of assets and liabilities that is not easily inferable from other sources.

Said estimates and hypotheses are revised at regular intervals. Any changes resulting from the revisions of accounting estimates are recorded in the period during which the control is carried out, if such revision exclusively involves that specific period. If said revision involves current and future periods, the change is recognised in the time span in which it is made and in the related future periods.

Additional information to the Financial Statement

Part B) Information on the Balance Sheet

Additional information to the Financial Statement

Part B) Information on the Balance Sheet

Assets

Section 1 - Cash at banks on hand - Item 10

Breakdown of item 10 "Cash at banks and on hand"		
ITEMS/VALUES	**31.12.2007**	**31.12.2006**
1.1 Breakdown of item 10 "Cash at banks and on hand"	3.782	2.732
TOTAL	**3.782**	**2.732**

Section 4 - Available-for-sale financial assets - Items 40

4.1 Breakdown of item 40 "Available-for-sale financial assets"				
ITEMS/VALUES	**31.12.2007**		**31.12.2006**	
	LISTED	**UNLISTED**	**LISTED**	**UNLISTED**
2. Investment securities	–	–		1.000
TOTAL	**–**	**–**	**–**	**1.000**

4.2 Available-for-sale financial assets: breakdown by debtors/issuers				
ITEMS/VALUES	**31.12.2007**		**31.12.2006**	
	LISTED	**UNLISTED**	**LISTED**	**UNLISTED**
2. Investment sucurities			–	1.000
a) Banks				
b) Financial institutions				*1.000*
c) Other issuers				
TOTAL	**–**	**–**	**–**	**1.000**

4.3 Available-for-sale financial assets: annual changes			
CHANGES/TYPES		INVESTMENT SECURITIES	TOTAL
A	Opening balance	1.000	1.000
B	Increases	–	
	B1 . Purchases		
	B1 . Increases in fair value		
	B1 . Other increases		
C	Decreases	1.000	1.000
	C1 . Sales		–
	C2 . Refunding	*1.000*	*1.000*
	C3 . Decreases in fair value		
	C3 . Other decreases		
A	**CLOSING BALANCE**	**–**	**–**

4.4 Available-for-sale financial assets as guarantee of own liabilities and commitments

The company does not have any financial assets of this type.

Section 6 - Receivables - Item 60

6.1 "Receivables from banks"			
BREAKDOWN		31.12.2007	31.12.2006
1.	Deposits and current accounts	6.416.179	1.507.014
2.	Repurchase agreements		
3.	Loans	36.373.505	–
	3.1 from financial leasing		
	3.2 from factoring	*36.373.505*	–
	- receivables from assignors	14.611.468	–
	- receivables due by assigned debtors	21.762.037	–
	3.3 other loans		
4.	Debt securities		
5.	Other assets *	127.260.576	94.584.978
6.	Assets assigned but not derecognised		
	6.1. fully accounted		
	6.2. partially accounted		
7.	Impaired assets		
	7.1 from financial leasing		
	7.2 from factoring		
	7.3 other loans		
TOTAL BOOK VALUE		**170.050.260**	**96.091.992**
TOTAL FAIR VALUE		***170.050.260***	***96.091.992***

*Receivables from subsidiaries for syndicated transactions.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Assets (It Follows)

6.2 Receivables from banks as guarantee of own liabilities and commitments

The company does not have any receivables of this type.

6.3 "Receivables from financial institutions"

BREAKDOWN	31.12.2007	31.12.2006
1. Repurchase agreements		
2. Loans	24.402.213	18.576.515
2.1 from financial leasing		
2.2 from factoring	*24.402.213*	*18.576.515*
- receivables from assignors	325.135	–
- receivables due by assigned debtors	24.077.078	18.576.515
2.3 other loans		
4. Securities		
5. Other assets*	25.178.191	23.724.917
6. Assets transferred but not derecognised		
6.1. fully accounted		
6.2. partially accounted		
7. Impaired assets		
7.1 from financial leasing		
7.2 from factoring		
7.3 other loans		
TOTAL BOOK VALUE	**49.580.404**	**42.301.432**
TOTAL FAIR VALUE	***49.580.404***	***42.301.432***

*Receivables from subsidiaries for syndicated transactions.

6.4 Receivables from financial institutions as guarantee of own liabilities and commitments

The company does not have any receivables of this type.

6.5 “Receivables from customers”			
BREAKDOWN		**31.12.2007**	**31.12.2006**
1.	Financial leases		
	1.1 Receivables for assets granted under financial leasing		
	of which: without final call option		
	1.2 Other receivables		
2.	Factoring	4.604.181.893	1.982.340.957
	- receivables from assignors	*1.939.564.970*	*766.665.603*
	- receivables due by assigned debtors	*2.664.616.923*	*1.215.675.354*
3.	Consumer credit (including revolving cards)		
4.	Credit cards		
5.	Other loans *	797.710.828	261.878.518
6.	Securities		
7.	Other assets	1.603	22.504
8.	Assets assigned but not derecognised		
	8.1. fully accounted		
	8.2. partially accounted		
9.	Impaired assets	58.490.188	28.450.984
	- Financial leasing		
	*- Factoring ** *	*58.490.188*	*28.450.984*
	- Consumer credit (including revolving cards)		
	- Credit cards		
	- Other loans		
TOTAL BOOK VALUE		**5.460.384.512**	**2.272.692.963**
TOTAL FAIR VALUE		***5.460.384.512***	***2.272.692.963***

* The item "Other loans" is essentially made up of Euro 770,693,468 from receivables from debtors deferred and Euro 24,671,253 from invoices issued for interest charged to the same.

** A considerable portion of the past due receivables are due from Public Administration; these amounts are expected to be collected in 2008.

6.6 Receivables from customers as guarantee of own liabilities and commitments

The company does not have any receivables of this type.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Assets (It Follows)

6.7 "Receivables": secured assets

BREAKDOWN	31.12.2007			31.12.2006		
SECURED ASSETS	RECEIVABLES FROM BANKS	RECEIVABLES FROM FINANCIAL INSTITUTIONS	RECEIVABLES FROM CUSTOMERS	RECEIVABLES FROM BANKS	RECEIVABLES FROM FINANCIAL INSTITUTIONS	RECEIVABLES FROM CUSTOMERS
1. Performing assets secured by:			**3.868.254.756**			**1.838.918.801**
- Financial leasehold assets						
- Assigned receivables from debtors	14.614.838	325.135	3.833.723.283			*1.836.541.124*
- Mortgages						
- Pledges						
- Personal guarantees			*34.531.473*			*2.377.677*
- Credit derivatives						
2. Impaired assets secured by:			**8.391.424**			**3.625.255**
- Financial leasehold assets						
- Assigned receivables from debtors			*8.391.424*			*3.625.255*
- Mortgages						
- Pledges						
- Personal guarantees						
- Credit derivatives						
TOTAL	**14.614.838**	**325.135**	**3.876.646.180**	**–**	**–**	**1.842.544.056**

7. "Hedging derivatives"

TYPES/UNDERLYNG ASSETS	31.12.2007						31.12.2006					
	INTEREST RATES	FOREIGN CURRENCIES	INVESTMENT SECURITIES	RECEIVABLES	OTHER	TOTAL	INTEREST RATES	FOREIGN CURRENCIES	INVESTMENT SECURITIES	RECEIVABLES	OTHER	TOTAL
1. Listed	-	-	-	-	-	-	-	-	-	-	-	-
– Futures						-						-
– Forward contracts						-						-
– FRA						-						-
– Swaps						-						-
– Options						-						-
– Other						-						-
Other derivatives						-						-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Unlisted	128.432					128.432	-					-
– Forward contracts						-						-
– FRA						-						-
– Swaps	128.432					128.432						-
– Options						-						-
– Other						-						-
Other derivatives						-						-
TOTAL	**128.432**	**-**	**-**	**-**	**-**	**128.432**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**128.432**	**-**	**-**	**-**	**-**	**128.432**	**-**	**-**	**-**	**-**	**-**	**-**

Section 10 - Tangible assets - Item 100

10.1 Breakdown of item 100 "Tangible assets"

ITEMS/VALUATION	31.12.2007	31.12.2006
	Assets at cost	Assets at cost
1. Functional assets	**332.318**	**299.361**
1.1 owned	332.318	299.361
a) land		
b) buildings		
c) furniture	332.318	299.361
d) capital assets		
e) other		
1.2 acquired through financial lease	–	–
a) land		
b) buildings		
c) furniture		
d) capital assets		
e) other		
TOTAL 1	**332.318**	**299.361**
2. Assets concerning financial lease		
2.1 unredeemed goods		
2.2 goods withdrawn after termination		
2.3 other assets		
TOTAL 2	**–**	**–**
3. Assets held for investment		
of which: granted under operating lease		
TOTAL 3	**–**	**–**
TOTAL (1+2+3)	**332.318**	**299.361**

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Assets (It Follows)

10.2 Tangible assets: annual changes		LAND	BUILDINGS	FURNITURE	CAPITAL ASSETS
A.	**Opening balance**			**299.361**	
B.	**Increases**			**138.882**	
	B.1 Purchases			138.882	
	B.2 Write-backs				
	B.3 Increases in fair value recorded in the:				
	a) shareholders' equity				
	b) profit & loss account				
	B.4 Other decreases				
C.	**Decreases**			**(105.925)**	
	C.1 Sales			(37.086)	
	C.2 Depreciation			(68.839)	
	C.3 Write-downs for impairment recorded in the:				
	a) shareholders' equity				
	b) profit & loss account				
	C.4 Decreases in fair value recorded in the:				
	a) shareholders' equity				
	b) profit & loss account				
D.	**Closing balance**			**332.318**	

The rates applied consist of:
- electronic equipment 20%
- fixtures and furnishings 12%.

The adjustments made over time to the value of tangible fixed assets existing at year-end amount to Euro 749,617 as compared to a historical cost of Euro 1,081,935.

10.3 Tangible assets as guarantee of own payables and commitments

The company does not have any tangible assets of this type.

Section 11 - Intangible assets - Items 110

11.1 Breakdown of item 110 "Intangible assets"

ITEMS/VALUATION	31.12.2007	31.12.2006
	ASSETS AT COST	ASSETS AT COST
1. Goodwill	**–**	**140.774**
2. Other intangible assets	**–**	**1.651.535**
2.1 owned	–	*1.651.535*
- generated internally		–
- other		*1.651.535*
2.2 acquired through financial lease		–
TOTAL	**–**	**1.792.309**
3. Assets concerning financial lease		
3.1 unredeemed goods		
3.2 goods withdrawn after termination		
3.3 other assets		
TOTAL	**–**	**–**
3. Assets granted under operating lease		
GRAND TOTAL (1+2+3+4)	**–**	**1.792.309**

11.2 Intangible assets: annual changes

	TOTAL
A. Opening balance	**1.792.309**
B. Increases	**–**
B.1 Purchases	
B.2 Write-backs	
B.3 Increases in fair value:	
- in the shareholders' equity	
- in the profit & loss account	
B.4 Other increases	
C. Decreases	**(1.792.309)**
C.1 Sales	(1.651.535)
C.2 Depreciation	
C.3 Write-downs:	(140.774)
- in the shareholders' equity	
- in the profit & loss account	*(140.774)*
C.4 Decreases in fair value:	
- in the shareholders' equity	
- in the profit & loss account	
C.5 Other decreases	
D. Closing balance	**–**

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Assets (It Follows)

Adjustments refer to the writedown of the merger deficit deriving from the acquisition of Grifor Factor S.p.A., which was reduced to zero on the basis of the current growth prospects of the activities.

The item “sales” refers to owned software, which was sold to UGIS at book value.

Section 12 - Tax assets and liabilities

12.1 Breakdown of item 120 “Tax assets: current and prepaid”

TAX ASSEST	31.12.2007	31.12.2006
a) current	–	–
b) deferred	3.048.514	1.736.765
TOTAL	**3.048.514**	**1.736.765**

12.2 Breakdown of item 70 “Tax liabilities: current and deferred”

TAX LIABILITIES	31.12.2007	31.12.2006
a) current	4.304.117	611.192
b) deferred	115.380	127.042
TOTAL	**4.419.497**	**738.234**

Unicredit Factoring S.p.A. has complied with the tax consolidation system of the Unicredit Group; consequently the IRES (company earnings’ tax) advances for Euro 7,950,794 paid over to the Parent Company are classified in the item “tax liabilities”.

12.3 Changes in prepaid taxes (offsetting entry of Profit & Loss Account)

	31.12.2007	31.12.2006
1. Opening balance	**1.292.044**	**1.721.896**
2. Increases	2.457.170	571.462
2.1 Prepaid taxes accounted during the year	640.458	571.462
a) relating to previous years		
b) due to changes in the accounting principles		
c) write-backs		
d) other	640.458	571.462
2.2. New taxes or increases in tax rates		
2.3 Other increases*	1.816.712	
3. Decreases	**(1.145.421)**	**(1.001.314)**
3.1 Prepaid taxes cancelled during the year	(761.817)	(1.001.314)
a) re-endorsement	(761.817)	(1.001.314)
b) write-downs for irrecoverability		
c) due to changes in the accounting principles		
3.2 Decreases of tax rates	*(144.203)*	
3.3 Other decreases	(239.401)	
4. Total amount	**2.603.793**	**1.292.044**

* The item “other increases” included the prepaid taxes acquired with the MCC business segment, not booked to the profit & loss account.

12.4 Changes in deferred taxes (offsetting entry of profit & loss account)		
	31.12.2007	31.12.2006
1. Opening balance	**(2.401)**	
2. Increases	258.896	
2.1 Deferred taxes accounted during the year	-	
a) relating to previous years		
b) due to changes in the accounting principles		
c) other		
2.2. New taxes or increases in tax rates		
2.3 Other increases*	258.896	
3. Decreases	**(270.558)**	**(2.401)**
3.1 Deferred taxes cancelled during the year	(71.637)	
a) re-endorsement	(71.637)	
b) due to changes in the accounting principles		
c) other		
3.2 Decreases of tax rates		
3.3 Other decreases	(198.921)	(2.401)
4. Total amount	**(14.063)**	**(2.401)**

* The item "other increases" includes the deferred taxes acquired with the MCC business segment, not booked to the profit & loss account.

12.5 Changes in prepaid taxes (offsetting entry of Shareholders' equity)		
	31.12.2007	31.12.2006
1. Opening balance	**444.721**	**444.721**
2. Increases		
22.1 Prepaid tax assets accounted during the year		
a) relating to previous years		
b) due to changes in the accounting principles		
c) write-backs		
d) other		
2.2. New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		
3.1 Prepaid taxes cancelled during the year		
a) re-endorsement		
b) write-downs for irrecoverability		
c) due to changes in the accounting principles		
3.2 Decreases of tax rates		
3.3 Other decreases		
4. Total amount	**444.721**	**444.721**

The opening balance represents the amount of assets for prepaid taxes as at FTA, as a consequence of the transition to the international accounting standards, as offsetting entry of Shareholders' equity according to the provisions set forth in IFRS 1.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Assets (It Follows)

12.6 Changes in deferred taxes (offsetting entry of Shareholders' equity)	31.12.2007	31.12.2006
1. Opening balance	**129.443**	**129.443**
2. Increase		**0**
2.1 Deferred taxes accounted during the year		
2.2. New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**0**	
3.1 Deferred taxes cancelled during the year		
3.2 Decreases of tax rates		
3.3 Other decreases		
4. Total amount	**129.443**	**129.443**

The opening balance represents the amount of liabilities for deferred taxes as at FTA, as a consequence ofthe transition to the international accounting standards, as offsetting entry of Shareholders' equity according to the provisions set forth in IFRS 1.

Section 14 - Other assets - Item 140

14.1 Breakdown of item 140 "Other assets"

ITEMS	31.12.2007	31.12.2006
Bills credited to customers and subject to successful collection, awaiting receipts from the bank	12.458.330	8.610.641
Receivables from tax authorities	157.463	187.690
Caution money	6.436	1.136
Advance payments and grants to employees	1.214	3.870
Receivables from Insurance Company for indemnities owing	98.835	–
Advanced payments	465.000	264.313
Transit items	371.171	258.675
Prepaid expense (acq. Lazio Region receivables former MCC)	1.486.423	–
Amount due from parent company from tax consolidation system*	5.115.000	–
TOTAL	**20.159.872**	**9.326.325**

* Recovery of IRES (company earnings' tax) at consolidated level for non-deductibility of price paid to MCC for purchase of factoring business activities.

Liabilities and shareholders' equity

Section 1 - Payables - Item 10

1.1 Payables to banks		
ITEMS	**31.12.2007**	**31.12.2006**
1. Repurchase agreements		
2. Loans	4.860.608.403	1.915.736.098
3. Other payables	215.678.986	281.033.111
TOTAL	**5.076.287.389**	**2.196.769.209**
FAIR VALUE	**5.076.287.389**	**2.196.769.209**

The item "loans" shows the value of the loans received from banks.
The item "other payables" essentially shows the value of the UBI's quota in syndicated transaction.

1.2 Payables to financial institutions		
ITEMS	**31.12.2007**	**31.12.2006**
1. Repurchase agreements		
2. Loans		
3. Other payables	170.706	28
TOTAL	**170.706**	**28**
FAIR VALUE	**170.706**	**28**

The change is due to the increase in the business turnover of the company vis-à-vis financial institutions.

1.3 Payables to customers		
ITEMS	**31.12.2007**	**31.12.2006**
1. Repurchase agreements		
2. Loans		
3. Other payables	291.254.132	130.103.553
TOTAL	**291.254.132**	**130.103.553**
FAIR VALUE	**291.254.132**	**130.103.553**

The item shows the amount remaining to be paid resulting from the receivables assignment net of advance payments granted to the assignors for Euro 198,197,133 and debit balances with customers for Euro 92,615,848.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Liabilities (It Follows)

Section 2 - Outstanding securities - Item 20

2.1 Breakdown of item 20 "Outstanding securities"

LIABILITIES	31.12.2007		31.12.2006	
	BOOK VALUE	*FAIR VALUE*	BOOK VALUE	*FAIR VALUE*
1. Listed securities				
– bonds				
– other securities				
2. Unlisted securities				
– bonds	77.403.468	77.403.468	2.609.636	2.609.636
– other securities		-		-
TOTAL	**77.403.468**	**77.403.468**	**2.609.636**	**2.609.636**
FAIR VALUE	**77.403.468**	**77.403.468**	**2.609.636**	**2.609.636**

2.2 Subordinated securities

Subordinated liabilities are as follows:

	AMOUNT AS AT 01.01.2006	REFUNDS AND VARIATIONS	RESIDUAL AMOUNT AS AT 31.12.2006	MATURITY	
principal Euro	2.582.285	2.582.585	–	1/10/2007	Rate: Euribor 6 months + 60 bps
interest Euro	27.351	27.351	–		
TOTAL EURO	**2.609.636**	**2.609.936**	**–**		

* **original nominal value Euro 12,911,422**

- Starting date: 1/10/1997;
- Half-year coupon rate: Euribor 6 months + 60 bps;
- Amortisation: five yearly repayments, from 1 October 2003 to 1 October 2007 by refunding at par, on 1st October of each year, a fifth of the nominal principal of the loan;
- Early refunding: after 18 months and one day and with the due permit by the Bank of Italy, permission of the total or partial refunding at par of outstanding bonds on the bondholders' communication;
- Subordination provision: in case of the Company's liquidation or bankruptcy proceedings, the debt shall be refunded only after satisfying all other creditors not equally subordinated.

	AMOUNT AS AT 01.01.2007	REFUNDS AND VARIATIONS	RESIDUAL AMOUNT AS AT 31.12.2007	MATURITY	Rate: For the first 5 years: Euribor 6 months + 30 bps, from 6th year, if not refunded in advance: Euribor 6 months +90 bps
principal Euro	0	-	10.000.000	30/3/2017	
interest Euro	0	126.550	126.550		
TOTAL EURO	**0**	**126.550**	**10.126.550**		

- Type: subordinated liabilities within the Group LOWER TIER 2;
- Starting date: 30 March 2007
- Half-year variable rate: for the first 5 years rate Euribor 6 months + 83 bps and from the sixth year, if not refunded in advance, rate Euribor 6 months + 143 bps;
- Refunding: refunding within the principal at the expiry date subordinated to the permit by the Bank of Italy;
- Early refunding: with the due permit by the Bank of Italy, seen market conditions, the company is allowed to proceed, after 60 months from the loan expenditure and at the agreed dates for the payment of interest, with the total or partial anticipated refunding of the principal still to be refunded, with a notice of at least one month;
- Subordination provision: in case of the Company's liquidation or bankruptcy proceedings, the debt shall be refunded only after satisfying all other creditors not equally subordinated.

	AMOUNT AS AT 01.01.2007	REFUNDS AND VARIATIONS	RESIDUAL AMOUNT AS AT 31.12.2007	MATURITY	Rate: Euribor 6 months + 53 bps
principa Euro	0	-	15.000.000	30/3/2017	
interest Euro	0	198.825	198.825		
TOTAL EURO	**0**	**198.825**	**15.198.825**		

- Type: composite instrument within the Group UPPER TIER 2;
- Starting date: 30 March 2007;
- Half-year variable rate: Euribor 6 months + 53 bps;
- Refunding: refunding within the principal at the expiry date subordinated to the permit by the Bank of Italy;
- Subordination provision: in case of the Company's liquidation or bankruptcy proceedings, the debt shall be refunded only after satisfying all other creditors not equally subordinated.
- Losses hedge provision: in case of Losses determining a reduction of the capital and the reserves under the minimum capital level set out for the registration in the general List according to art. 106 of the Italian regulations, the loan refunding amounts and accrued interest may be used to cover those losses in order to allow the company to carry on with its business. In case of a negative trend, the remuneration right may be suspended in order to avoid

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Liabilities (It Follows)

<table>
<tr><th></th><th>AMOUNT AS AT 01.01.2007</th><th>REFUNDS AND VARIATIONS</th><th>RESIDUAL AMOUNT AS AT 31.12.2007</th><th>MATURITY</th><td rowspan="4">Rate: For the first 5 years: Euribor 6 months + 100 bps, from 6th year, if not refunded in advance: Euribor 6 months +160 bps</td></tr>
<tr><td>principal Euro</td><td>0</td><td>-</td><td>24.000.000</td><td>14/12/2017</td></tr>
<tr><td>interest Euro</td><td>0</td><td>34.023</td><td>34.023</td><td></td></tr>
<tr><td>TOTAL EURO</td><td>0</td><td>34.023</td><td>24.034.023</td><td></td></tr>
</table>

- Type: subordinated liabilities within the Group LOWER TIER 2;
- Starting date: 14 December 2007
- Half-year variable rate: for the first 5 years rate Euribor 6 months + 100 bps and from the sixth year, if not refunded in advance, rate Euribor 6 months + 160 bps;
- Refunding: refunding within the entire capital at the expiry date subordinated to the permit by the Bank of Italy;
- Early refunding: with the due permit by the Bank of Italy, seen market conditions, the company is allowed to proceed, as from 14 December 2012, and in coincidence with the dates envisaged for the payment of the interest, with the early total or partial refunding of the principal still to be refunded, with notice of at least one month;
- Subordination provision: in case of the Company's liquidation or bankruptcy proceedings, the debt shall be refunded only after satisfying all other creditors not equally subordinated.

<table>
<tr><th></th><th>AMOUNT AS AT 01.01.2007</th><th>REFUNDS AND VARIATIONS</th><th>RESIDUAL AMOUNT AS AT 31.12.2007</th><th>MATURITY</th><td rowspan="4">Rate: Euribor 6 months + 165 bps</td></tr>
<tr><td>capitale Euro</td><td>0</td><td>–</td><td>28.000.000</td><td>14/12/2017</td></tr>
<tr><td>interessi Euro</td><td>0</td><td>44.070</td><td>44.070</td><td></td></tr>
<tr><td>TOTALE EURO</td><td>0</td><td>44.070</td><td>28.044.070</td><td></td></tr>
</table>

- Type: composite instrument within the Group UPPER TIER 2;
- Starting date: 14 December 2007
- Half-year variable rate: Euribor 6 months + 165 bps;
- Refunding: refunding of the entire principal at the expiry date subordinated to the permit by the Bank of Italy;
- Subordination provision: in case of the Company's liquidation or bankruptcy proceedings, the debt shall be refunded only after satisfying all other creditors not equally subordinated.
- Losses hedge provision: in case of Losses determining a reduction of the capital and the reserves under the minimum capital level set out for the registration in the general List according to art. 106 of the Italian regulations, the loan refunding amounts and accrued interest may be used to cover those losses in order to allow the company to carry on with its business. In case of a negative trend, the remuneration right may be suspended in order to avoid or limit losses.

Section 5 - Hedging derivatives - Item 50

5.1 Breakdown of item 50 “Hedging derivatives”: derivative instruments divided according to type of contracts and underlying assets

TYPES/UNDERLYING ASSETS	INTEREST RATES	FOREIGN CURRENCIES	INVESTMENT SECURITIES	RECEIVABLES	OTHER	TOTAL 31.12.2007
2. Unlisted						
- Forward contracts						
- Fra						
- Swap	247.480					247.480
- Options						
- Other						
TOTAL	**247.480**	**–**	**–**	**–**	**–**	**247.480**

5.2 Breakdown of item 50 “Hedging derivatives”: hedged portfolios and types of hedge

TRANSACTIONS/TYPE OF HEDGE	FAIR VALUE						CASH FLOWS	
	SPECIFIC					GENERIC	SPECIFIC	GENERIC
	INTEREST RATE RISK	EXCHANGE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS			
1. Available-for-sale financial assets								
2. Receivables from banks								
3. Receivables from financial institutions								
4. Receivables from customers	247.480							
5. Financial assets held until maturity								
6. Portfolio								
TOTAL	**247.480**							

Section 7 - Tax liabilities - Item 70

Reference should be made to Section 12 - Tax assets and liabilities.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Liabilities (It Follows)

Section 9 - Other liabilities - Item 90

9.1 Breakdown of item 90 "Other liabilities"

ITEMS	31.12.2007	31.12.2006
Amounts credited awaiting charging *	50.448.388	6.955.241
Bills awaiting charging	15.990	7.045
INPS and social security contributions due	247.480	247.214
Taxes and withholdings due	222.242	212.725
Accruals due to personnel**	3.971.033	2.619.106
Pending holidays	340.532	124.076
Suppliers for invoices to be received and/or paid	3.944.907	4.112.309
Transit items	3.188.986	1.906.884
Other current liabilities ***	38.438.443	15.263.116
Amount due to MCC for purchase price on business activities	15.500.000	–
TOTAL	**116.318.001**	**31.447.716**

* Amounts to be recognised to customers for payments by debtors, up with respect to 2006 due to the high numberof credit transfers received on 31 December 2007 not allocated.

** The amount essentially comprises: the bonus system Euro 1,669 thousand, redundancy incentives Euro 1,043 thousand, contractual renewal Euro 297 thousand

*** Deferred income regarding interest and commission collected in advance by customers, up with respect to 2006due to the absorption of the activities of the transactions under discount with the MCC factoring business segment.

Section 10 - Staff severance fund - Item 100

10.1 - "Staff severance fund": annual changes

ITEMS	31.12.2007	31.12.2006
A. Opening balance	1.824.337	1.734.417
B. Increase	1.589.370	232.296
B1. Provisions for the year	*108.544*	*232.296*
B2. Other increase	1.480.826	
C. Decreases	(737.696)	(142.376)
C1.Payment of termination indemnitie	*(230.858)*	*(142.376)*
C2. Other decreases	*(506.838)*	
D. Closing balance	**2.676.011**	**1.824.337**

10.2 Other information

Following the interpretation given by the IAS 19, the staff severance fund is included in the defined plans and benefits and it is determined according to the actuarial method described in the Accounting policies.

The actuarial hypotheses and the reconciliation between the present value of the fund and the related liabilities recorded in the financial statements are provided below.

DESCRIPTION OF THE MAIN ACTUARIAL HYPOTHESES	
Discounting rate	5,25%
Expected increase rate of remuneration	0,00%
Expected inflation rate	2,00%

RECONCILIATION BETWEEN THE PRESENT VALUE OF FUNDS, OF PLAN-RELATED ASSETS AND ASSETS AND LIABILITIES RECORDED IN THE FINANCIAL STATEMENTS	
Present value of defined benefit plan - Staff severance fund	2.751.511
Actuarial gains (losses) not recognised	(75.500)
Net liabilities	2.676.011

The staff severance fund (TFR) is understood to be a "defined benefit after the employment relationship", therefore its registration in the financial statements requires the estimation, using actuarial techniques, of the amount of the benefits accrued by employees and the discounting back of the same. The determination of these benefits has been made by an external actuary using the "Projected unit credit method" (see section 12 - Provisions for risks and charges – pensions and similar commitments).

Following the reform of supplementary welfare pursuant to Italian Legislative Decree No. 252 dated 5 December 2005, the portions of severance fund accrued up until 31 December 2006 remain with the company, while the portions accruing as from 1 January 2007 have, as chosen by the employees (by 30 June 2007), been allocated as supplementary pension forms or to the INPS treasury fund.

It follows that :

the staff severance fund accrued up until 31 December 2006 (or up to the date of choice – included between 1 January 2007 and 30 June 2007- by the employee in the event of allocation of their fund to a supplementary welfare fund) continues to take on the form of a 'defined benefits' plan and is therefore subject to actuarial valuation, albeit with a simplification in the actuarial hypotheses which no longer take into account the forecasts on future salary increases;

the portions accrued as from 1 January 2007 (or the date of choice – included between 1 January 2007 and 30 June 2007- by the employee in the event of allocation of their fund to a supplementary welfare fund) have been considered as a 'defined contribution' plan (since the company's obligation ceases when the portions of staff severance fund are paid over to the fund chosen by the employee) and therefore the related cost pertaining to the period equates to the amounts paid over to the supplementary welfare fund or to the INPS treasury fund.

The costs relating to the staff severance fund accrued during the year are recorded in the profit & loss account under item 120 a) "Personnel expenses" and include the interest accrued during the year (interest cost) on the commitment already outstanding as of the date of the Reform and the portions accrued during the year and paid over to the supplementary welfare fund or the INPS treasury fund .

The actuarial gains and losses, defined as the difference between the book value of the liability and the current value of the commitments at period end, are recorded on the basis of the "corridor" method or rather only when they exceed 10% of the current value of said obligation at period end. Any excess is recorded in the profit and loss account with amortization over the remaining average working life of the employees who take part in the plan, as from the following accounting period.

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Liabilities (It Follows)

Section 11 - Provisions for risks and charges - item 110

11.1 Breakdown of item 110 "Provisions for risks and charges"

ITEMS	31.12.2007	31.12.2006
Provision for revocatory action	5.911.996	1.527.905
Provisions for legal charges	254.053	80.000
Provisions for personnel claims	136.861	136.861
Provision for former Banca dell'Umbria guarantee	342.488	342.488
Provision for Intesa Mediofactoring guarantee	767.872	
TOTAL	**7.413.270**	**2.087.254**

The provision for revocatory action and legal charges represents the estimate of costs expected to be sustained by the company with respect to current revocatory actions and claims.

The Reserve for personnel claims, resulting from the acquisition of Grifofactor Spa, represents the amount allocated by the same in the past, for a claim filed by an employee.

Provision for former Banca dell'Umbria guarantee: the company created a specific provision last year originating from funds of former Banca dell'Umbria 1462 SpA (company merged by UniCredito Italiano SpA in 2005) and included in the financial statements of GrifoFactor SpA upon acquisition, for potential detrimental economic effects of any possible claim and/or damages resulting from performing and non-performing positions relative to the assets transferred. This provision is subject to an annual adjustment between the parties, and finalised once the reasons for its creation are no longer present.

The Intesa Mediofactoring guarantee provision represents the company's portion of the risks in the syndication transaction, (the transaction derives from the former MCC Factoring business segment). As syndication participants, and since no receivables are recorded in the financial statements, steps were prudently taken to make a provision for risks and charges covering any defaults.

11.2 Change during the year regarding item 110 "Provisions for risks and charges"		
ITEMS	31.12.2007	31.12.2006
1. Opening balance	**2.087.254**	**2.437.735**
2. Increases	**5.344.449**	**150.450**
Provision for revocatory action	4.394.541	150.450
Provisions for personnel claims		
Provisions for legal charges	182.036	
Provision for former Banca dell'Umbria guarantee	-	
Provision for Intesa Mediofactoring guarantee	767.872	
3. Decreases	**(18.433)**	**(500.931)**
Provision for revocatory action	(10.450)	(100.000)
Provisions for personnel claims		
Provisions for legal charges	(7.983)	(297.600)
Provision for former Banca dell'Umbria guarantee		(103.331)
Provision for Intesa Mediofactoring guarantee		
4. Closing balance	**7.413.270**	**2.087.254**

The increase in the provision for revocatory actions is due to the value of the provisions received on acquisition of the MCC business segment. The most significant amount concern the Foschi case for Euro 3,500 thousand.

Section 12 - Shareholders' equity - Items 120, 150 and 160

12.1 Breakdown of item 120 - "Share capital"	
TYPES	AMOUNT
1. Share capital	114.518.475
1.1 Ordinary shares	114.518.475

The total number of ordinary shares comes to 22,193,503.

12.4 Breakdown of item 150 "Share-premiums"	
TYPES	AMOUNT
1. Share-premiums	951.314
1.1 Share-premium resulting from the 1997 capital increase	*951.314*

Additional information to the Financial Statement (It Follows)

Part B) Information on the Balance Sheet - Liabilities (It Follows)

12.5 Breakdown and variation of item 160 "Reserves"

ITEMS		LEGAL	PROFITS CARRIED FORWARD	STATUTORY RESERVE	OTHER RESERVES	TOTAL
A.	**Opening balance**	**2.072.959**	**16.404**	**184.631**	**(603.213)**	**1.670.781**
B.	**Increases**	**674.464**	**42.819**	**–**	**–**	**717.283**
	B1. Attributions of profits	*674.464*	*42.819*			*717.283*
	B2. Other increases					–
C.	**Decreases**	**–**	**0**		**(10.385.000)**	**(10.385.000)**
	C1. Utilisations		0		–	0
	- losses hedge					*0*
	- distribution					0
	- transfer to capital					–
	C2. Other decreases				(10.385.000)	(10.385.000)
D.	**Closing balance**	**2.747.423**	**59.223**	**184.631**	**(10.988.213)**	**(7.996.936)**

The item "Other reserves" is composed of the amounts resulting from the transition to the international accounting standards and the price for the acquisition of the MCC Factoring business segment net of deferred taxation.
Further to the merger transaction of the Capitalia Group within the UniCredit Group, UCF absorbed the MCC business segment.

The economic nature of the transaction is similar to that of a restructuring/reorganization of economic activities within the Unicredit Group without the transfer of control taking place on the assets and without negotiation taking place between independent parties which would identify an economic exchange with third-party economies.
Consequently, this transaction does not present (not even at individual level) the nature of acquisitions in an economic sense; the accounting approach adopted must ensure the continuity of the values, showing preference from the concept of prudence and cannot be disciplined by accounting standard IFRS 3.
On the basis of the principle of the continuity of the values, the assets/liabilities forming the subject matter of the transactions have been recorded in the financial statements at the same values they had in the MCC financial statements. The difference between the price paid and the book value of the transferred assets is charged directly to shareholders' equity.

Analysis of breakdown of Shareholders' equity as regards availability and distribution (Article 2427.7 bis)

NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF USE	PORTION AVAILABLE
Capital	**114.518.475**		
Capital reserves:	**951.314**	**-**	
- Share premiums	*951.314*	B	
Profit reserves	**(7.996.936)**		**243.854**
- Statutory reserve	*184.631*	A, B, C	184.631
- Legal reserve	*2.747.423*	B	-
- FTA reserve	*(603.213)*		-
- Other reserves	*(10.385.000)*		-
- Profit for previous year	*59.223*	A, B, C	59.22
Profit for the year	***20.025.287***		
TOTAL	**127.498.140**	**-**	**243.854**

KEY

A: for increase in capital
B: to cover losses
C: for distribution to shareholders

Additional information to the Financial Statement

Part C) Information on the profit & loss account

Additional information to the Financial Statement

Part C) Information on the profit & loss account

Section 1 - Interest - Items 10 and 20

1.1 Breakdown of item 10 "Interest income and similar revenues"

ITEMS/TYPES	DEBT SECURITIES	LOANS	IMPAIRED ASSETS	OTHER	2007	2006
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets						
4. Financial assets held until maturity						
5. Receivables		101.606.517			101.606.517	53.805.421
5.1 Receivables from banks		129.122			*129.122*	*97.962*
- for financial leases					*0*	
- for factoring					*0*	
- for guarantees and commitments						
- for other receivables		129.122			*129.122*	*97.962*
5.2 Receivables from financial institutions		*1.031.161*	–	–	*1.031.161*	*112.803*
- for financial leases						
- for factoring		*1.031.161*			*1.031.161*	*112.803*
- for guarantees and commitments						
- for other receivables						
5.3 Receivables from customers		100.446.234	0	0	100.446.234	53.594.656
- for financial leases						
- for factoring		*100.446.234*			*100.446.234*	*53.594.656*
- consumer credits						
- for guarantees and commitments						
- for other receivables						
6. Other assets					0	11.962
7. Hedging derivatives					0	
TOTAL	**0**	**101.606.517**	**0**	**0**	**101.606.517**	**53.817.383**

1.3 Breakdown of item 20 "Interest expense and similar charges"

ITEMS/TYPES	LOANS	SECURITIES	OTHER	2007	2006
1. Payables to banks	(81.227.001)			(81.227.001)	(37.159.566)
2. Payables to financial institutions				0	
3. Payables to customers				0	
4. Outstanding securities		(1.970.732)		(1.970.732)	(851.139)
5. Financial liabilities held for trading				0	
6. Financial liabilities at fair value				0	
7. Other liabilities				0	
8. Hedging derivatives			(18.158)	(18.158)	(11.502)
TOTAL	**(81.227.001)**	**(1.970.732)**	**(18.158)**	**(83.215.891)**	**(38.022.207)**

Section 2 - Commission - Items 30 and 40

2.1 Breakdown of item 30 - "Commission income"

BREAKDOWN		2007	2006
1.	financial leasing transactions		
2.	factoring transactions	34.717.995	26.042.568
3.	consumer credit		
4.	merchant banking activities		
5.	guarantees given		
6.	Services:		
	- fund management for third parties		
	- foreign exchange brokerage		
	- products distribution		
	- other		
7.	collection and payment services	45.857	55.365
8.	servicing for securitisation transactions		
9.	Expenses recovery from customers (preparation of credit lines files, expenses on accounts, etc.)	1.290.549	1.208.510
TOTAL		**36.054.401**	**27.306.443**

The increase in commission income is due to the rise in business turnover.

2.2 Breakdown of item 30 "Commission expense"

BREAKDOWN/SECTORS		2007	2006
1.	guarantees received	(115.132)	(248.539)
2.	distribution of third-party services		
3.	collection and payment services	(103.465)	(116.603)
4.	other commission	(3.708.754)	(4.124.022)
	4.1 commission	*(2.116.966)*	*(2.824.525)*
	4.2 cost of credit reinsurance	*(1.591.788)*	*(1.299.497)*
TOTAL		**(3.927.351)**	**(4.489.164)**

The increase in commission expense and commission is due to the rise in business turnover.

Additional information to the Financial Statement (It Follows)

Part C) Information on the profit & loss account (It Follows)

Section 4 - Net profit on trading activities - Item 60

4.1 Breakdown of item 60 "Net profit on trading activities"

ITEMS/INCOME COMPONENTS	2007		2006		
	LOSSES FROM TRADING ACTIVITIES	NET PROFIT	CAPITAL GAINS	TRADING PROFITS	NET PROFIT
1. Financial assets					
1.1 Debt securities					
1.2 Investment securities		0			–
1.3 Units of UCI					
1.4 Loans					
1.5 Other assets		0			–
2. Financial liabilities		**(41.079)**			**(12.186)**
2.1 Outstanding securities					
2.2 Other liabilities		(41.079)		(12.186)	(12.186)
3. Derivatives					
TOTAL		**(41.079)**	**0**	**(12.186)**	**(12.186)**

Section 8 - Profit (loss) from disposal or repurchase - Item 100

8.1 Breakdown of item 100 "Profit (loss) from disposal or repurchase"

ITEMS/INCOME COMPONENTS	2007			2006		
	PROFIT	LOSS	NET PROFIT	PROFIT	LOSS	NET PROFIT
1. Financial assets						
1.1 Receivables						
1.2 Available-for-sale financial assets	–	0		528.626		528.626
1.3 Assets held until maturity						
1.4 Other financial assets						
TOTAL (1)	**0**	**–**	**0**	**528.626**	**–**	**528.626**
2. Financial liabilities						
2.1 Payables						
2.2 Outstanding securities						
2.3 Other financial liabilities						
TOTAL (2)	**–**	**–**	**–**	**528.626**	**–**	**528.626**
TOTAL (1+2)	**–**	**–**	**–**	**528.626**	**–**	**528.626**

Section 9 - Net value adjustments for loan impairment - Item 110

9.1 Breakdown of sub-item 110.a “Net value adjustments for loan impairment”

ITEMS/INCOME COMPONENTS	VALUE ADJUSTMENTS		WRITE-BACKS		2007	2006
	SPECIFIC	PORTFOLIO	SPECIFIC	PORTFOLIO		
1. Receivables from banks						
- for leasing						
- for factoring						
- guarantees and commitments						
- other receivables						
2. Receivables from financial institutions						
- for leasing						
- for factoring						
- guarantees and commitments						
- other receivables						
3. Receivables from customers						
- for leasing						
- for factoring	(2.826.021)	(1.580.162)	5.169.426		763.243	(1.733.682)
- for consumer credit						
- guarantees and commitments						
- other receivables						
TOTAL	**(2.826.021)**	**(1.580.162)**	**5.169.426**	**–**	**763.243**	**(1.733.682)**

Specific write-backs include the amount of Euro 3,700,000, received from Ifitalia by way of compensation for the damage originated by the handling of the syndicated transaction with Contal S.r.l., a Parmalat Group company.

Section 10 - Administrative expenses - Item 120

10.1 Breakdown of item 120.a “Personnel expenses”

ITEMS/SECTORS	2007	2006
1. Employees	**(7.566.429)**	**(7.002.236)**
a) wages and salaries and similar charges	*(4.673.608)*	*(4.730.959)*
b) social security contributions	*(1.622.332)*	*(1.758.307)*
c) staff severance indemnity		
d) social security contributions		
e) provisions for staff severance fund	*(189.566)*	*(350.858)*
f) other expenses *	*(1.080.923)*	*(162.112)*
2. Other personnel	**(1.429.475)**	**(1.231.049)**
3. Directors	**(79.635)**	**(95.900)**
TOTAL	**(9.075.539)**	**(8.329.185)**

* The increase in the costs with respect to 2007 is mainly due to the provision envisaged for the resources who complied with the redundancy incentive plan.

Additional information to the Financial Statement (It Follows)

Part C) Information on the profit & loss account (It Follows)

10.2 Breakdown of item 120.b "Other administrative expenses"

CATEGORY OF EXPENSE	2007	2006
independent consultants fees*	(1.371.948)	(820.785)
fees payable to auditors and secretary	(54.786)	(40.249)
insurance	(115.018)	(85.722)
advertising	(143.406)	(80.014)
charity	(2.512)	(2.000)
electronic equipment and software lease**	(3.224.777)	(1.164.152)
post, telephone and telegraph	(247.533)	(241.673)
stationery and printing supplies	(18.476)	(52.915)
sundry office supplies	(22.254)	(26.458)
information and surveys	(121.145)	(116.076)
miscell. services rendered by third parties	(851.004)	(661.029)
transportation under guard of securities and documents	(25.011)	(10.287)
cleaning of premises	(29.772)	(27.465)
maintenance and repair of mach., equip. and facilities	(5.501)	(5.803)
maintenance of premises	(62.497)	(62.830)
charges re. travelling	(470.246)	(248.205)
sundry rentals	–	(4.868)
rental expense	(766.327)	(841.679)
taxes and dues***	(770.712)	(227.840)
other	(60.956)	(138.036)
	(8.363.881)	**(4.858.086)**

* The increase is mainly due to the fees for the Panaeuropeo project, concerning the preparatory stage relating to the formation of Global Factoring Product Line.

** The increase is mainly due to the fact that as from this year IT is outsourced to UGIS.

*** The rise is due to the registration tax applied to the extent of 3% on the purchase price for the former MCC business segment.

Section 11 - Value adjustments to tangible assets - Item 130

11.1 Breakdown of item 130 "Net value adjustments to tangible assets"

ITEMS/VALUE ADJUSTMENTS AND WRITE-BACKS	2007				2006			
	DEPRECIATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT	DEPRECIATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT
1. Functional assets	**(68.839)**	**0**	**0**	**(68.839)**	**(102.446)**	**0**	**0**	**(102.446)**
1.1 owned	(68.839)			(68.839)	(102.446)			(102.446)
a) land				–				–
b) buildings				–				–
c) furniture	*(68.839)*			*(68.839)*	*(102.446)*			*(102.446)*
d) capital assets				–				–
e) other				–				–
1.2 acquired through financial lease				–				–
a) land				–				–
b) buildings				–				–
c) furniture				–				–
d) capital assets				–				–
e) other				–				–
2. Assets concerning financial lease				**–**				**–**
3. Assets held for investment				**–**				**–**
of which granted under operating lease				–				–
TOTAL	**(68.839)**	**–**	**–**	**(68.839)**	**(102.446)**	**–**	**–**	**(102.446)**

Additional information to the Financial Statement (It Follows)

Part C) Information on the profit & loss account (It Follows)

Section 12 - Net value adjustments to intangible assets - Item 140

12.1 Breakdown of item 140 "Net value adjustments to intangible assets"

ITEMS/VALUE ADJUSTMENTS AND WRITE-BACKS	2007				2006			
	AMORTISATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT	AMORTISATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT
1. Goodwill		**(140.774)**		**(140.774)**		**(281.547)**		**(281.547)**
2. Other intangible assets				**–**	**(747.389)**			**(747.389)**
2.1 owned				–	*(747.389)*			*(747.389)*
2.2 acquired through financial lease				–				–
3. Assets concerning financial lease				**–**				**–**
4. Assets granted under operating lease				**–**				**–**
TOTAL	**0**	**(140.774)**	**0**	**(140.774)**	**(747.389)**	**(281.547)**	**0**	**(1.028.936)**

In accordance with IFRS 3, the goodwill recorded in the financial statements was subject to a regular impairment test that aims at determining its recoverable value according to the provisions set forth in IAS 36.

This process caused an impairment loss equal to around Euro 141 thousand.

Section 14 - Net allocation to provisions for risks and charges - Item 160

14 Breakdown of item 160 "Net allocations to provisions for risks and charges"

PROVISIONS FOR RISKS AND CHARGES	2007	2006
- Provisions for revocatory action and claims payable underway	-	(150.450)
- Provision for legal charges	(87.983)	-
TOTAL	**(87.983)**	**(150.450)**

Section 15 - Other operating charges - Item 170

15.1 Breakdown of item 170 "Other operating charges"		
COST ITEMS	**2007**	**2006**
- amount not refunded by the insurance Company regarding Parmalat case	(114.150)	(487.902)
- other operating charges	(25.904)	(28.763)
TOTAL	**(140.054)**	**(516.665)**

Section 16 - Other operating income - Item 180

16.1 Breakdown of item 180 "Other operating income"		
INCOME COMPONENTS	**2007**	**2006**
- legal expenses - recovered from customers	264.620	199.711
- dual-purpose car	19.086	17.501
- rental income receivable	1.463	1.401
- personnel seconded to Group Bank		7.910
- miscellaneous income	99.313	425.851
TOTAL	**384.482**	**652.374**

Additional information to the Financial Statement (It Follows)

Part C) Information on the profit & loss account (It Follows)

Section 19 - Income taxes for the period from current operations - Item 210

19.1 Breakdown of item 210 "Income taxes for the period from current operations"

ITEMS/VALUE ADJUSTMENTS AND WRITE-BACKS	2007	2006
1. Current taxes	(13.487.560)	(9.145.085)
2. Changes in current taxes relating to previous years		
3. Reduction of current taxes for the period		
4. Changes in prepaid taxes	(504.963)	(429.852)
5. Changes in deferred taxes	270.558	2.401
Taxes relating to the year	**(13.721.965)**	**(9.572.536)**

19.2 Reconciliation between theoretical and actual tax liability in financial statements

ITEMS/VALUE ADJUSTMENTS AND WRITE-BACKS	2007	2006
Profit (loss) of current operations before taxes	**33.747.252**	**23.061.819**
Applicable theoretical tax rate	**33%**	**33%**
Theoretical taxes	(11.136.593)	(7.610.401)
Tax effects resulting from:		
+ Non-taxable income - permanent differences		689.340
- Costs that cannot be deducted for tax purposes - permanent differences	(203.034)	(737.228)
- IRAP (regional business tax)	(2.147.933)	(1.779.129)
+ Assets recognition for prepaid taxes	(193.925)	(429.852)
+/- Other differences	(40.480)	294.734
Income taxes recorded in the profit & loss account	**(13.721.965)**	**(9.572.536)**
Income taxes for the period from current operations	**(13.721.965)**	**(9.572.536)**
Difference	**0**	**0**

The effective tax rate came to 40.7%.

Section 21 - Profit & loss account: Other information

21.1 Analytical breakdown of interest income and commission income

ITEMS/COUNTERPARTS	INTEREST INCOME			COMMISSION INCOME			2007	2006
	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS		
1. Financial lease								
- real estate							–	
- movables							–	
- capital assets							–	
- intangible assets							–	
2. Factoring	**129.122**	**1.031.161**	**100.446.234**	**14.782**	**186.127**	**35.853.492**	**137.660.918**	**81.123.826**
- on current loans							–	
- on receivables			*6.699.484*			*1.160.972*	*7.860.456*	*3.106.827*
- on receivables purchased definitively non-recourse			4.465.032			1.746.041	6.211.073	1.056.983
- on receivables purchased below the original value							–	0
- for other loans	*129.122*	*1.031.161*	*89.281.718*	*14.782*	*186.127*	*32.946.479*	*123.589.389*	*76.960.016*
3. Consumer credit							**–**	
- personal loans							–	
- targeted loans							–	
- assignment of one-fifth of salary							–	
4. Guarantees and commitments							**–**	
- commercial							–	
- financial							–	
TOTAL	129.122	1.031.161	100.446.234	14.782	186.127	35.853.492	137.660.918	81.123.826

Additional information to the Financial Statement

Part D) Other information

Additional information to the Financial Statement

Part D) Other information

Section 1 - Specific reference to business activities

B. Factoring and assignments

B.1 - Book values

ITEM	31.12.2007 GROSS AMOUNT	31.12.2007 VALUE ADJUSTMENTS	31.12.2007 NET VALUE	31.12.2006 GROSS AMOUNT	31.12.2006 VALUE ADJUSTMENTS	31.12.2006 NET VALUE
1. Performing assets	**4.685.921.340**	**20.963.729**	**4.664.957.611**	**2.008.936.384**	**8.018.912**	**2.000.917.472**
- Receivables from assignors	1.957.079.380	2.577.807	1.954.501.573	767.126.429	460.826	766.665.603
- Receivables due by assigned debtors	2.728.841.960	18.385.922	2.710.456.038	1.241.809.955	7.558.086	1.234.251.869
2. Impaired assets	**63.952.332**	**5.462.144**	**58.490.188**	**33.315.225**	**4.864.241**	**28.450.984**
2.1 Non-performing	6.683.489	3.640.638	3.042.851	5.204.690	3.478.622	1.726.068
- Receivables from assignors	*5.527.098*	*2.934.973*	*2.592.125*	*4.226.591*	*3.005.114*	*1.221.477*
- Receivables due by assigned debtors	*1.156.391*	*705.665*	*450.726*	*978.099*	*473.508*	*504.591*
2.2 Doubtful	5.313.670	1.581.779	3.731.891	1.492.553	706.447	786.106
- Receivables from assignors	*4.815.827*	*1.275.890*	*3.539.937*	*1.368.122*	*650.344*	*717.778*
- Receivables due by assigned debtors	*497.843*	*305.889*	*191.954*	*124.431*	*56.103*	*68.328*
2.3 Restructured	677.673	50.000	627.673	1.694.181	571.084	1.123.097
- Receivables from assignors						
- Receivables due by assigned debtors	677.673	50.000	627.673	1.694.181	571.084	1.123.097
2.4 Past due	51.277.500	189.727	51.087.773	24.923.801	108.088	24.815.713
- Receivables from assignors						
- Receivables due by assigned debtors	*51.277.500*	*189.727*	*51.087.773*	*24.923.801*	*108.088*	*24.815.713*
TOTAL	**4.749.873.672**	**26.425.873**	**4.723.447.799**	**2.042.251.609**	**12.883.153**	**2.029.368.456**

B.2 - Classification of advances and considerations according to type of transaction

B.2.1 - Advances

ITEM	31.12.2007 GROSS AMOUNT	31.12.2007 VALUE ADJUSTMENTS	31.12.2007 NET VALUE	31.12.2006 GROSS AMOUNT	31.12.2006 VALUE ADJUSTMENTS	31.12.2006 NET VALUE
1. Performing assets	**1.957.079.380**	**2.577.807**	**1.954.501.573**	**767.126.429**	**460.826**	**766.665.603**
- on recourse factoring	*1.372.031.081*	*1.663.230*	*1.370.367.851*	*416.944.744*	*258.768*	*416.685.976*
- on non-recourse factoring	*366.208.818*	*426.896*	*365.781.922*	*324.596.203*	*202.058*	*324.394.145*
- on assignment of future receivables	*186.689.256*	*226.673*	*186.462.583*	*9.480.108*		*9.480.108*
- for other loans	*32.150.225*	*261.008*	*31.889.217*	*16.105.374*		*16.105.374*
2. Impaired assets	**10.342.925**	**4.210.863**	**6.132.062**	**5.594.713**	**3.655.458**	**1.939.255**
2.1 Non-performing	*5.527.098*	*2.934.973*	*2.592.125*	*4.226.591*	*3.005.114*	*1.221.477*
- on recourse factoring	*5.527.098*	*2.934.973*	*2.592.125*	*4.226.591*	*3.005.114*	*1.221.477*
- on non-recourse factoring						
- on assignment of future receivables						
- for other loans						
2.2 Doubtful	*4.815.827*	*1.275.890*	*3.539.937*	*1.368.122*	*650.344*	*717.778*
- on recourse factoring	*4.815.827*	*1.275.890*	*3.539.937*	*1.368.122*	*650.344*	*717.778*
- on non-recourse factoring						
- on assignment of future receivables						
- for other loans						
2.3 Restructured	–					
- on recourse factoring						
- on non-recourse factoring						
- on assignment of future receivables						
- for other loans						
2.4 Past due	–					
- on recourse factoring						
- on non-recourse factoring						
- on assignment of future receivables						
TOTAL	**1.967.422.305**	**6.788.670**	**1.960.633.635**	**772.721.142**	**4.116.284**	**768.604.858**

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

B.2.2 - Considerations

ITEM	31.12.2007 AMOUNT PAID	31.12.2007 TOTAL BALANCES GROSS AMOUNT	31.12.2007 TOTAL BALANCES VALUE ADJUSMENTS	31.12.2007 TOTAL BALANCES NET VALUE	31.12.2006 AMOUNT PAID	31.12.2006 TOTAL BALANCES GROSS AMOUNT	31.12.2006 TOTAL BALANCES VALUE ADJUSMENTS	31.12.2006 TOTAL BALANCES NET VALUE
NON-RECOURSE FACTORING								
1. Performing assets	1.718.505.021	1.919.818.782	17.749.327	1.902.069.455	1.004.028.488	1.122.063.978	7.055.395	1.115.008.583
2. Impaired assets								
2.1 Non-performing	450.726	1.156.391	705.665	450.726	504.591	978.099	473.508	504.591
2.2 Doubtful	191.954	497.843	305.889	191.954	68.328	124.431	56.103	68.328
2.3 Restructured	627.673	677.673	50.000	627.673	1.123.097	1.694.181	571.084	1.123.097
2.4 Past due	51.087.773	51.277.500	189.727	51.087.773	24.815.713	24.923.801	108.088	24.815.713
OTHER ASSIGNMENTS								
1. Performing assets								
- for receivables purchased definitively non-recourse	809.023.178	809.023.178	636.595	808.386.583	116.991.820	119.745.977	502.691	119.243.286
2. Impaired assets								
2.1 Non-performing								
- for receivables purchased definitively non-recourse								
- for loans below the original value								
2.2 Doubtful								
- for receivables purchased definitively non-recourse								
- for loans below the original value								
2.3 Restructured								
- for receivables purchased definitively non-recourse								
- for loans below the original value								
2.4 Past due								
- for receivables purchased definitively non-recourse								
- for loans below the original value								
TOTAL	**2.579.886.325**	**2.782.451.367**	**19.637.203**	**2.762.814.164**	**1.147.532.037**	**1.269.530.467**	**8.766.869**	**1.260.763.598**

B.3 - Classification of assigned receivables

B.3.1 - Receivables assigned for recourse factoring

	BANKS		FINANCIAL INSTITUTIONS		CUSTOMERS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
up to 3 months	13.477.186	6.981.566		5.288.174	975.923.910	514.745.553
between 3 months and 1 year	157.502	305.780	133.126		304.675.540	196.901.005
between 1 and 5 years		5.929			19.408.514	47.699.427
more than 5 years					187.401	
unspecified duration	13.673.258	1.509.896		566.344	1.550.338.031	385.482.009
TOTAL	**27.307.946**	**8.803.171**	**133.126**	**5.854.518**	**2.850.533.396**	**1.144.827.994**

B.3.2 - Receivables assigned for non-recourse factoring and other assignments

	BANKS		FINANCIAL INSTITUTIONS		CUSTOMERS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
non-recourse factoring	21.226.401		24.726.588	18.577.054	2.381.901.981	1.496.478.184
receivables purchased definitively non-recourse	930.030				807.456.554	119.745.977
receivables below the original value						
TOTAL	**22.156.431**	**–**	**24.726.588**	**18.577.054**	**3.189.358.535**	**1.616.224.161**
up to 3 months	4.011.094		4.927.099	7.969.656	1.820.624.996	546.874.807
between 3 months and 1 year	15.747.077		19.589.851	8.436.150	521.668.826	519.204.455
between 1 and 5 years				2.171.248	81.807.090	142.931.788
more than 5 years					23.917.871	
unspecified duration	2.398.260		209.638		741.339.752	407.213.111
TOTAL	**22.156.431**	**–**	**24.726.588**	**18.577.054**	**3.189.358.535**	**1.616.224.161**

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

B.4 - Value adjustments

ITEM		BALANCE AS AT 31.12.2006	INCREASES	DECREASES	BALANCE AS AT 31.12.2007
1.	**Specific**	**4.756.153**	**2.522.499**	**(2.006.235)**	**5.272.417**
	1.1 on performing assets	**0**		**0**	**0**
	- Receivables from assignors				
	- Receivables deu by assigned debtors				
	1.2 on impaired assets	4.756.153	2.522.499	(2.006.235)	5.272.417
	Receivables from assignors	3.655.458	1.803.790	(1.248.385)	4.210.863
	- Non-performing	*3.005.114*	*942.090*	*(1.012.231)*	*2.934.973*
	- Restructured				
	- Other	*650.344*	*861.700*	*(236.154)*	*1.275.890*
	Receivables due by assigned debtors	1.100.695	718.709	(757.850)	1.061.554
	- Non-performing	*473.508*	*468.923*	*(236.766)*	*705.665*
	- Restructured	*571.084*		*(521.084)*	*50.000*
	- Other	*56.103*	*249.786*		305.889
2.	**Portfolio**	**8.127.000**	**13.026.456**	**0**	**21.153.456**
	2.1 on performing assets	8.018.912	12.944.817	0	20.963.729
	- Receivables from assignors	460.826	2.116.981		2.577.807
	- Receivables deu by assigned debtors	7.558.086	10.827.836		18.385.922
	2.2 on impaired assets	108.088	81.639	0	189.727
	Receivables from assignors				
	- Non-performing				
	- Restructured				
	- Other				
	Receivables due by assigned debtors	108.088	81.639	0	189.727
	- Non-performing				
	- Restructured				
	- Other	*108.088*	*81.639*		*189.727*
		12.883.153	**15.548.955**	**(2.006.235)**	**26.425.873**

B.5 - Other information

B.5.1. - Turnover of assigned receivables		
ITEM	**TURNOVER 2007**	**TURNOVER 2006**
1. Recourse factoring	**3.369.680.637**	**3.373.373.712**
2. Non-recourse factoring and other assignments		
- Non-recourse factoring	5.367.000.750	3.612.211.730
- Receivables purchased definitively non-recourse	572.260.574	119.745.977
- Receivables purchased below the original value		
	9.308.941.961	**7.105.331.419**

B.5.2. - Collection services

The company does not have any receivable of this type.

B.5.3. - Original value of receivables purchased "below the original value"

The company does not have any receivable of this type.

B.5.4. - Value of assigned agreements related to future receivables		
ITEM	**BALANCE AS AT 31.12.2007**	**BALANCE AS AT 31.12.2006**
Value of assigned agreements related to future receivables	1.296.874.515	985.497.742
	1.296.874.515	**985.497.742**

B.5.5 - Receivables for non-recourse factoring with risk mitigation provisions				
ITEM	**ORIGINAL VALUE OF RECEIVABLES FOR NON-RECOURSE FACTORING**	**OF WHICH ENTERED IN THE FINANCIAL STATEMENTS**	**ORIGINAL VALUE OF RECEIVABLES FOR NON-RECOURSE FACTORING WITH RISK MITIGATION PROVISIONS**	**OF WHICH ENTERED IN THE FINANCIAL STATEMENTS**
Non-recourse factoring	3.236.241.554	2.782.451.368	453.790.185	366.208.819
of which non-recourse with allowance			*15.093.423*	*15.002.496*
of which non-recourse with maximum indemnity			*7.280.026*	*7.280.026*
of which non-recourse with other provisions			*431.416.736*	*343.926.297*
	3.236.241.554	**2.782.451.368**	**453.790.185**	**366.208.819**

* Said amounts refer to the advanced amount relating to receivables with risk mitigation provisions.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

D. Guarantees and commitments

D.1 - Value of guarantees and commitments

ITEM	31.12.2007						31.12.2006					
		BOOK VALUES						BOOK VALUES				
	TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE	TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
1. Guarantees												
a) financial												
- Banks												
- Financial institutions												
- ustomers												
b) commercial												
- Banks												
- Financial institutions												
- customers												
2. Commitments												
a) to grant finance												
(irrevocable)												
- Banks												
- Financial institutions												
of which: certain utilisation												
- Customers												
of which: certain utilisation												
b) Other												
- Banks	207.352	21.762.038	21.554.686			207.352						
- Financial institutions	229.411	24.077.079	23.847.668		91.629	137.782	100.562	18.655.369	18.554.807		78.854	21.708
- Customers	202.128.280	2.736.612.251	2.534.483.971	1.061.554	15.435.776	185.630.950	121.897.868	1.250.875.098	1.128.977.230	1.100.695	7.587.320	113.209.853
TOTAL	**202.565.043**	**2.782.451.368**	**2.579.886.325**	**1.061.554**	**15.527.405**	**185.976.084**	**121.998.430**	**1.269.530.467**	**1.147.532.037**	**1.100.695**	**7.666.174**	**113.231.561**

D.2 - Value of outstanding guarantees to customers with impaired exposures

ITEM	31.12.2007						31.12.2006					
		BOOK VALUES						BOOK VALUES				
	TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE	TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
1. Guarantees												
a) financial												
b) commercial												
2. Commitments												
a) to grant finance												
(irrevocable)												
b) Other	1.251.281	53.609.407	52.358.126	1.061.554	189.727	-	1.208.783	27.720.512	26.511.729	1.100.695	108.088	-
TOTAL	**1.251.281**	**53.609.407**	**52.358.126**	**1.061.554**	**189.727**	**-**	**1.208.783**	**27.720.512**	**26.511.729**	**1.100.695**	**108.088**	**-**

Section 3 - Information regarding risks and related hedging policies

3.1 CREDIT RISK QUALITATIVE INFORMATION

1. General aspects

Factoring is currently the only product on the financial market capable of offering - within the sphere of the uniqueness of the relationship - many services for efficently responding to the needs of the companies in terms of management, insurance and funding of the receivables.
Factoring is not therefore an alternative to banking lending, but presents a financial component which can be used in an additional manner to the other sources of financing available to the company.
In consideration of this, the credit risk undertaken by the Factor presents only certain features in common with the traditional credit risk from financing typical to banking activities.
When the factor advances the receivables not yet due, the financial institutions is exposed for an amount equating to the agreed advance, which as a rule does not exceed a specific percentage of the total receivables acquired.
The guarantee against insolvency guarantees the assignor against the breach of the assigned debtor, with the exceptions of the cases explicitly disciplined in the factoring agreement: leaving aside any specific products, the factor is obliged to pay, in the absence of advance, the amount of the receivables factored after x days from when the receivables become due. In the absence of acquisition of finally assigned receivables advanced, this service leads for the factor to the occurence of an endorsement position, equating to the revolving credit line under which the factor undertakes to guarantee the payment of the receivables to the assignor.
So as to mitigate the undertaken risk, the factor can negotiate specific technical forms binding the performance of the guarantee.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

COMBINATION OF THE BASIC SERVICES AND CREDIT RISK IN FACTORING

	Finance service		Absence of finance service	
With recourse	Management service	Absence of management service	Management service	Absence of management service
Without recourse	Management service	Absence of management service	Management service	Absence of management service
Credit risk originated by a cash exposure				
Credit risk originated by a endorsement position				
Absence of credit risk				

2. Credit risk management policies

Main risk factors

The performance of the finance and guarantee services involves exposure to credit risk for the factor; when the factor exclusively provides the management service it does not undergo any exposure to risk.
As a rule, when the factor provides the finance and/or guarantee service, the possibility of registering a loss is determined in the first place by the deterioration of the credit worthiness of the counterparts or rather the risk of non-payment by the assigned debtor (in the case of both with recourse and without recourse factoring) or the risk of failure to return the payments advanced by the assignor in the event of with recourse transactions.
This type of risk is flanked by the so-called dilution risk.
When a bank grants a loan to a debtor, the latter's default is determined by the temporary or definitive impossibility of paying. In contrast to traditional banking exposure, the factor provides its services within the sphere of a commercial relationship which pre-exists; the dilution effect is the possibility that the debtor may refuse to pay (or make partial payments) in consideration of events regarding the performance of the underlying supply relationship. These situations include, by way of example, the offsettings, the allowances, the disputes concerning product quality and the promotional discounts.

Management, measurement and control systems of the risk and organisational structures

In line with the organizational model adopted by the Parent Company and taking into account the acquisition of the MCC factoring business segment, UCF has overhauled the organizational structure of the company; accordingly, the processes for acquiring and handling customers, assessing the customers/assignors and the assigned debtors and the handling of the debtors have been assigned to separate structures.
At the time of undertaking the assignor and debtor risks, the credit risk is assessed by the Credit & Risk Division within the Credit Assessment area which is divided up into Assignors Assessment and Debtors Assessment units.
The Commercial division is entrusted the task of developing the new dealings and the handling of the existing ones via constant control of the progress of the relationship. In this sense, one of the tasks is to perceive any signs of deterioration in the assigning counterpart and to therefore prevent any potential losses deriving from the same.
The Debtors' Management Division handles the daily relationships with the debtors, carrying out checks on assigned receivables and surveys on the punctuality of the payments (checking of maturities and payment requests).
In order to standardize the performance of all the activities relateding to credit monitoring, in observance of the principles laid down on this subject by the Bank of Italy, during 2007 the Monitoring Unit was set up within the Credit & Risk Division; this office has the taskeof ensuring the quality of the portfolio is maintained over time by means of on-going monitoring action which makes it possible to intervene systematically when a deterioration of the risk profile of either a assignor or an assigned debtor is detected.

Credit risk mitigation techniques

The CRM techniques cover a role of fundamental importance within the sphere of

the factoring relationship in relation to the parties involved which with regard to the contractual clauses established for the individual transactions are more or less significant for the Financial Institution.
At the time the risk is undertaken, the factoring company takes steps to assess 2 counterparts, the assigning supplier and the assigned debtor, who are both analyzed so as to qualify the lending profile; in relation to this analysis, the undertaking of risk on these counterparts can assume different operating configurations in relation to the product type requested by the customer/assignor. In fact, in the event that a factoring transaction is finalized for the sole purpose of granting the assignor credit facilities for freeing up the factored receivables (under the so-called with recourse formula, or which offers the possibility of recourse by the factor on the assignor), a combined analysis of the credit worthiness of both the assignor and the assigned debtor/s will be carried out. In the event that the factoring relationship is aimed at granting just the guarantee of the satisfactory outcome of the factored receivables, the analysis of the credit worthiness will be concentrated to a particular extent on the assigned debtor, as the main lending counterpart of the relationship.
Notification of factoring to the assigned debtor (via commercial correspondence or process server) makes it possible to considerably mitigate the risk inherent to the factoring transaction, obliging the same to pay the Factor (with repetition of the payment in the event of payment to the assignor) and make the assignment opposable by third parties (effective as from the moment of communication). The acceptance of the assignment by the assigned debtor prevents any compensation and also contains the acknowledgement of the debit; the transfer may be opposed by third parties if the acceptance has a specific date, and in the event of bankruptcy of the assignor the opposability excludes action for revocation.
Like the banks, the factor usually requests collateral guarantes on the credit facilities granted to; much more rarely, the risks of the factor (both with regard to the assignor and the debtor) are guaranteed by bonds issued by banks.

The company avails itself of another instrument for mitigating risks undertaken without recourse vis-a-vis assigned debtors: insurance coverage. This instrument, expressly acknowledged by the Supervisory Instructions for Financial Institutions enrolled in the special register (No. 7 up-dated on 9 July 2007 of Circular No. 216 dated 5 August 1996) although not included in those allowed by Basle II legislation, helps to mitigate the credit risk deriving from the default of the debtor assigned without recourse, even if the policy in force with Euler Hermes SIAC envisages the existance of an annual excess loss (Euro 350,000) under which the insurance company is not obliged to pay out indemnification. This policy envisages a maximum indemnification limit, equal to 40 times the annual premiums.

Procedures and methods used in the management and control of impaired financial assets

The company avails of specific regulations on this subject, within the sphere of which the various risk statuses are defined (performing, supervised, doubtful, NPL, restructured), faculties linked to the change in the same (transfer of positions to “Supervised, “Doubtful” and “NPL”) as well as the faculties related to provisions and transfer to losses. The regulations also discipline the faculties linked to the approval of the repayment plans proposed to the assigned debtors and the acquisition of new guarantees.
On a consistent basis with the International Accounting Standards and the instructions of the Bank of Italy, the so-called "persistent defaults " fall within the sphere of impaired assets revealing those positions which present receivables (not included under NPLs, doubtful and restructured positions) past due or overun on an on-going basis by more than 180 days (on a consistent basis with the notion of “default” exposure envisaged by Basle II). UCF avails itself of internal systems for checking the expiry and take steps quarterly to examine the entire portfolio with the aim of at monitoring and checking the evolution of the past due positions.
In relation to the activities carried out, the growing phenomenon of inherent delays in the payments of the main debtor of the factoring system, the P.A. (both central and local), is particularly significant, especially in light of the new legislation on requirements in terms of capital absorption (“New Basle agreement”) but, on the basis of historic data, it is believed that the delays in the payments of these debtors does not express a real deterioration in the credit worthiness.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

QUANTITATIVE INFORMATION

1 - Distribution of the financial assets in respect of portfolios and credit quality (book values)

PORTFOLIO / QUALITY	NON-PERFORMING	DOUBTFUL ASSETS	RESTRUCTURED ASSETS	PAST DUE ASSETS	OTHER ASSETS	TOTAL
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets						–
4. Financial assets held until maturity						–
5. Receivables from banks					170.050.260	170.050.260
6. Receivables from financial institutions					49.580.404	49.580.404
7. Receivables from customers	3.042.851	3.731.891	627.673	51.087.773	5.401.894.324	5.460.384.512
8. Other assets						–
9. Hedging derivatives						
Total as at 31.12.2007	**3.042.851**	**3.731.891**	**627.673**	**51.087.773**	**5.621.524.988**	**5.680.015.176**
Total as at 31.12.2006	**1.726.068**	**786.106**	**1.123.097**	**24.815.713**	**2.382.636.403**	**2.411.087.387**

2 - Customer exposure

2.1 - Exposures: gross and net values				
TYPES OF EXPOSURES/VALUES	GROSS EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS	NET EXPOSURE
A. IMPAIRED ASSETS				
1) Non-performing	**6.683.489**	**3.640.638**		**3.042.851**
- Loans	5.527.098	2.934.973		2.592.125
- Securities				–
- Guarantees				–
- Commitments to grant finance				–
- Other assets	1.156.391	705.665		450.726
2) Doubtful assets	**5.313.670**	**1.581.779**		**3.731.891**
- Loans	4.815.827	1.275.890		3.539.937
- Securities				–
- Guarantees				–
- Commitments to grant finance				–
- Other assets	497.843	305.889		191.954
3) Restructured assets	**677.673**	**50.000**		**627.673**
- Loans				–
- Securities				–
- Guarantees				–
- Commitments to grant finance				–
- Other assets	677.673	50.000		627.673
4) Past due assets	**51.277.500**	**–**	**189.727**	**51.087.773**
- Loans				–
- Securities				–
- Guarantees				–
- Commitments to grant finance				–
- Other assets	51.277.500		189.727	51.087.773
TOTAL A	**63.952.332**	**5.272.417**	**189.727**	**58.490.188**
B. PERFORMING ASSETS				
- Loans	1.942.142.777		2.577.807	1.939.564.970
- Securities				–
- Guarantees				–
- Commitments to grant finance				–
- Other assets *	3.480.715.276		18.385.922	3.462.329.354
TOTAL B	**5.422.858.053**	**–**	**20.963.729**	**5.401.894.324**
TOTAL (A +B)	**5.486.810.385**	**5.272.417**	**21.153.456**	**5.460.384.512**

* Total receivables without recourse that represented a substantial transfer of risks and benefits.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

3 - Credit concentration

3.1 Distribution of loans to companies

The following table provides the distribution of receivables according to the business sector of the debtors as regards “non-financial companies”; the sectors most represented are business services, the food sector and other services intended for sale.

BUSINESS SECTORS BY PRODUCT CATEGORY	LOANS	%
OTHER INDUSTRIAL PRODUCTS	23.996.940	0,65%
OTHER SERVICES INTENDED FOR SALE	521.783.655	14,16%
PAPER, PRINTING PROD., PUBLISHING SECTOR	35.007.397	0,95%
BUILDING	297.071.197	8,06%
OFFICE MACHINES	34.667.442	0,94%
FARM AND INDUSTRIAL MACHINERY	85.752.525	2,33%
ELECTRICAL SUPPLIES AND MATERIALS	92.215.474	2,50%
MEANS OF TRANSPORT	395.320.385	10,73%
MINERALS, IRON METALS AND OTHER	82.149.782	2,23%
MINERALS AND NON-METALLIC MINERAL PRODUCTS	23.645.605	0,64%
AGRICULTURAL PRODUCTS, FORESTRY, FISHING	19.974.685	0,54%
FOOD, DRINKS, TOBACCO	170.476.371	4,63%
CHEMICALS	59.889.621	1,63%
ENERGY	227.636.764	6,18%
RUBBER AND PLASTIC PRODUCTS	20.019.645	0,54%
METAL PRODUCTS	137.274.044	3,73%
TEXTILES AND CLOTHING	82.016.231	2,23%
HOTEL SERVICES	36.979.377	1,00%
BUSINESS SERVICES	676.227.154	18,35%
TRANSPORT-RELATED SERVICES	47.213.045	1,28%
COMMUNICATIONS SERVICES	251.632.570	6,83%
SHIPPING AND AIR TRANSPORT	84.145.453	2,28%
DOMESTIC TRANSPORT SERVICES	279.648.185	7,59%
TOTAL NON-FINANCIAL COMPANIES	**3.684.743.547**	**100,00%**

3.2 Significant exposures

Amount : 1,844,844,343
Number : 20

4 - Models and other methods for risk assessment and management

Analytical write-downs are carried out according to the positions' performance, while collective write-downs are calculated on the basis of valuation models of Expected Loss used by the Parent Company and adjusted to the characteristics of factoring activities, until the internal model being prepared is implemented.

Calculations are made on the basis of the business sectors of assignors with regard to advances with recourse and of debtors for the credit amount without recourse.

3.2. MARKET RISKS

3.2.1. Interest rate risk

QUALITATIVE INFORMATION

1 - General aspects

The interest rate risk is caused by the differences in expires and repricing time of the assets and liabilities interest rate. With these differences, the fluctuations of the interest rates could determine both a change in the expected interest rate and a variation of assets and liabilities, and therefore of the value of the shareholders' equity.

Taking into account the types of short-term loans and deposits that characterise the activity of Unicredit Factoring S.p.A., we can confirm that the risk of a change in market rates influences the value of assets and liabilities only marginally, also considering the close repricing both for the collection and the rotation of loans.

2. Models and other methods for gauging and managing the interest rate risk.

3. Other quantitative information concerning interest rate risk

3.2.2. Price risk

QUALITATIVE INFORMATION

1 - General aspects

There are no price risks for the customer portfolio, since the price of intermediated assets is not subject to fluctuations. The price corresponds to the nominal value of assigned receivables, which also approximates their fair value.

3.2.3. Exchange risk

QUALITATIVE INFORMATION

1 - General aspects

The policy of the Company concerning exchange risks sets down that the loans assigned in foreign currencies should be anticipated in the same currency.

In case of Euro advances, any translation differences or costs are governed by specific contracts with customers, according to which any exchange risks have to be attributed to the customers.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

QUANTITATIVE INFORMATION

1. Distribution according to the currency of assets, liabilities and derivatives

ITEMS		FOREIGN CURRENCIES					
		U.S. DOLLARS	BRITISH POUNDS	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
1.	Financial assets	27.264.591	23.667.686	–	675.682	6.752.075	–
	1.1. Debt securities						
	1.2. Investment securities						
	1.3. Receivables	8.138.779	233.751	–	–	–	–
	1.4 Other financial assets	19.125.812	23.433.935	–	675.682	6.752.075	–
2.	Other assets						
3.	Financial liabilities	30.970.980	23.357.261	77	684.578	6.647.771	130
	3.1 Payables	491.218	199.125	–	–	–	–
	3.2. Outstanding securities						
	3.3 Other financial liabilities	30.479.762	23.158.136	77	684.578	6.647.771	130
4.	Other liabilities						
5.	Derivatives						
Total assets		**27.264.591**	**23.667.686**	**-**	**675.682**	**6.752.075**	**-**
Total liabilities		**30.970.980**	**23.357.261**	**77**	**684.578**	**6.647.771**	**130**
Imbalance (+/-)		**(3.706.389)**	**310.425**	**(77)**	**(8.896)**	**104.304**	**(130)**

3.3. Operating risks

QUALITATIVE INFORMATION

1. General aspects, processes for managing and methods for measuring operating risks

In compliance with the Group, UniCredit Factoring defines operating risk as the risk of losses due to errors, infractions, interruptions, damage due to internal processes, people, systems or external events.

The operating events may derive from inadequate internal processes or those not observed, staff, information or communications systems or other external events: internal and external fraud, inadequate work practices or safety in the workplace, customer complaints, product distribution, fines or penalties for the failure to observe forecasts or legislative fulfilments, damage to company assets, interruptions in information or communications systems, execution of the processes. Strategic, business or reputation-related risks are not included within the operating risk, but the legal and compliance risk is.

The company is currently taking steps to implement advanced systems to assess the operational risks, according to a master plan established with the Parent Company which defines standard approaches for all the Group's legal entities.

During 2007, UCF up-dated the mapping of the processes with the new corporate procedures existing before the merger with MCC Factoring; further to the organization underway, it will however be necessary to make a further review of the same, so as to provide a true and fair view of the underlying processes and consequently adjust the operating risks in the most appropriate manner to these associated also following the identification of the weak points of the various procedures.

The consolidation of the historic database of the internal losses was completed during 2007, necessary for determining the operating risk. The collection of the information avails of a new group application (ARGO) which replaces the previous one used (ORMA) and which is periodically updated. During the year, we launched a number of projects envisaged by UCF_ORM planning agreed with the Parent Company. In particular, the KoRi and Scenario Analysis activities envisaged initial steps such as an allocation of the prior operating risks to various company divisions and interviews with the main process Business Owners for the identification of the weak points.

"With regard to the ""Business Continuity" project, the project work completion stages up-dated as at 3 March 2008 are illustrated:

Phase 1 – Concluded

interviews have been carried out with the division heads referring to the following 6 Critical Processes: 1 - Assignor Approval process, 2 - Assignor Relationship Handling, 3 - Relationship Finalization , 4 - Assessment Assessment, 5 - Debtor Assessment, 6 - Relationship Finalization.

Further to these interview, 8 BIA questionnaires were drawn up.

Phase 2 – Concluded

the following documentation was produced, relating to:

"General framework" which describes the purpose, objectives, assumptions and types of disaster considered in the UCF Operating Continuity Plan. The perimeter of coverage of the plan is also identified in the critical process of the Company.

"Organizational Structures" which describes the organizational structures tasked with the ordinary handling of the Operating Continuity Plan and the handling of crisis situations.

Phase 3 – Concluded

documentation has been produced relating to the "Continuity Strategies" document which describes the continuity solutions identified for UCF's critical processes for every crisis scenario: no access to premises, unavailability of essential staff, interruption of information system, interruption of infrastructural services, loss of paper documentation and specific equipment.

Phase 4 – In progress

2 "Emergency Plan" documents are being drawn up; they describe the process via which the handling of the crisis is structured: the crisis assessment criteria (extent of the damage and perimeter of the processes involved) and identification of the reference scenarios envisaged in the continuity strategy; the escalation methods; the crisis response methods, the operating phases in an emergency and the reinstatement of normality.

QUANTITATIVE INFORMATION

With regard to the quantitative collection of information and data, during 2007 we carried out and completed the consolidation of the historic databases of the internal losses, necessary for determining the operating risks, by means of inserts updated as at 30 September 2007. The collection of the information was carried out on the Group database (ARGO) and we carried out a balancing with the general accounts figures for each registration.

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

Section 4 - Transactions with related Parties

4.1 Directors' and auditors' fees

The aggregate fees payable to Directors and Auditors for the services rendered by them are as follows:

BREAKDOWN	2007	2006
directors' fees	1.116.917	649.165
auditors' fees	34.581	26.901
TOTAL	**1.151.498**	**676.066**

4.2 LOANS AND GUARANTEES ISSUED IN FAVOUR OF DIRECTORS AND AUDITORS

No loans were granted and no guarantees were provided to Directors and Auditors.

Section 5 - Other informative details

5.1 AVERAGE HEADCOUNT

BY LEVEL	2007	2006
a) Executives	6	4
b) Officers	62	44
c) Clerks	67	39
TOTAL	**135**	**87**

5.2 AVERAGE HEADCOUNT

DETTAGLIO PER CATEGORIA	2007	2006
a) third-party personnel	2	2
b) temporary	2	1
c) Project-based contract	2	1
TOTAL	**6**	**4**

5.3 STOCK OPTION

The item "other liabilities" includes stock option plans and transactions with share-based payments, carried out by means of equity instruments.

5.4 MANAGEMENT AND COORDINATION BY THE PARENT COMPANY

The Company belongs to the Unicredito Italiano Group and is subject to the management and coordination of the Parent Company Banca d'Impresa SpA, sole shareholder, and of the Parent Group Unicredito Italiano SpA.

AMOUNTS DUE FROM THE UNICREDITO ITALIANO GROUP

		PARENT COMPANY	OTHERS	TOTAL
a)	Receivables from banks	6.343.701	127.260.576	**133.604.277**
b)	Receivables from financial institutions			**–**
c)	Receivables from customers		6.549.302	**6.549.302**
d)	Other assets	5.240.832	123.621	**5.364.453**
e)	Hedging derivatives		128.432	**128.432**
TOTAL		**11.584.533**	**134.061.931**	**145.646.464**

Receivables due from the UniCredito Italiano Group comprise:

– invoices assigned to us by customers where other companies of the Group are debtors for Euro 6,549,302.
– amounts due from the Parent Company for services rendered, equal to Euro 125,832, and for the IRES adjustment to be received for compliance with the Group tax consolidation system, for Euro 5,115,000 and due from other Group companies for amounts to be received against other expenses for Euro 123,621.

AMOUNTS DUE TO THE UNICREDITO ITALIANO GROUP

	PARENT COMPANY	OTHERS	TOTAL
Payables to banks			
- on demand	–	514.963.589	**514.963.589**
- subject to due date or advance notice	447.397.279	238.635.970	**686.033.249**
Other liabilities	170.853	16.038.477	**16.209.330**
Hedging derivatives		247.480	**247.480**
Subordinated liabilities	52.078.093	25.325.375	**77.403.468**
TOTAL	**499.646.225**	**795.210.891**	**1.294.857.116**

Debts with the Parent Company and the Companies of the group consist of current account loans at market interest rates, while other liabilities represent charges to be received for services rendered.
As regards the item "Subordinated liabilities" see the description under Item 20 of the Balance Sheet

Additional information to the Financial Statement (It Follows)

Part D) Other information (It Follows)

RECLASSIFIED HIGHLIGHTS FROM THE FINANCIAL STATEMENT OF THE INDIVIDUAL COMPANIES

UNICREDIT S.P.A. - RECLASSIFIED BALANCE SHEET AS AT DECEMBER 2006	(millions of Euro)
	BALANCES AS AT 31.12.2006
Assets	
Amounts receivable from customers	11.876
Amounts receivable from banks	112.176
Financial assets held for trading	5.243
Available-for-sale financial assets	3.730
Equity investments	37.399
Other asset items	3.865
TOTAL ASSETS	**174.289**

Liabilities and shareholders' equity	
Amounts payable to banks	63.548
Amounts payable to customers	5.762
Outstanding securities	67.809
Other liability items	5.736
Shareholders' equity	31.434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**174.289**

UNICREDIT S.P.A. - RECLASSIFIED PROFIT & LOSS ACCOUNT FOR 2006	(millions of Euro)
	2006
Interest margin	2.200
Brokerage and sundry commission	74
EARNING MARGIN	**2.274**
Operating costs	-437
OPERATING RESULT	**1.837**
Adjustments and provisions	-23
Merger charges	-60
Net profits from investments	1.184
GROSS PROFIT FROM CURRENT OPERATIONS	**2.938**
Income taxes for the year	77
NET PROFIT (LOSS) FOR THE YEAR	**3.015**

Publication of the fees for the auditing of the accounts and other services in compliance with the Consob Issuers' Regulations Article 149 *duodecies.*

In accordance with the matters envisaged by Article 149 *duodecies* of the Consob Issuers' Regulations, the table below discloses the information regarding the fees paid to the independent auditing firm KPMG S.p.A. and the companies belonging to the same network for the following services:

1°) Auditing services which include:
   - The auditing of the annual accounts of the companies, for the purpose of expressing the professional opinion;
   - The auditing of the interim accounts.

2°) Certification services which include appointments by means of which the auditor assess a specific element, whose determination is carried out by another party who is responsible for the same, using appropriate criteria, so as to express a conclusion which provides the beneficiary with a degree of reliability in relation to that specific element. This category also includes the services associated with the control of the regulatory accounts.

3°) Other services which include appointments of a residual nature and which must be illustrated with an adequate level of detail. By way of example and by no means comprehensive, these could include services such as: accounting - tax - legal - administrative due diligence, agreed procedures and advisory services for the appointed executive.

The fees disclosed in the table, pertaining to 2007, are those agreed in the contracts, inclusive of any index-linking (they do not include out-of-pocket expenses, any supervisory contributions and VAT).

As per the afore-mentioned provisions, the fees paid to any secondary auditors or parties of the respective networks are not included.

TYPE OF SERVICES	PARTY PROVIDING THE SERVICE	BENEFICIARY OF THE SERVICE	FEE (EURO)
Accounts auditing:			
- Statutory financial statements	K.P.M.G. S.p.A.	Unicredit Factoring S.p.A.	59.625
- Limited audit procedures on the interim accounts	K.P.M.G. S.p.A.	Unicredit Factoring S.p.A.	7.150
Certification services			
Tax advisory services			
Other services			
TOTAL			**66.775**

Board of Auditors Report

Board of Auditors Report

Board of Auditors' Report with respect to the financial statements for the period ended 31.12.2007 (art. 2429, second paragraph, Italian Civil Code)

Dear Shareholder,

The draft financial statements as at 31 December 2007, which the Board of Directors submits for your approval, consisting of the Balance Sheet, Profit & Loss Account and Notes to the Financial Statements, have been delivered to us, in accordance with the provisions of art. 2429 of the Italian Civil Code, together with the Report by the Board of Directors.

We have verified the compliance with the law and with the Memorandum of Association, with respect to the principles of correct administration, adequacy of the organisational structure as regards relevant aspects, of the internal control system and of the administrative accounting system, as well as the reliability of this latter in correctly representing the facts.

Particularly, in carrying out the supervisory activity required by law, we took part in all the meetings of the Board of Directors, carried out in respect of the law and the memorandum of association and as a result of which we can reasonably ensure that the actions resolved were not evidently imprudent, risky or in potential conflict of interest.

We kept regular contacts with the Independent Auditing Firm KPMG S.p.A. – Milan, which is in charge of the accounting audit, both through viewing the Italian Register of Auditors and through reciprocal exchange of information during meetings held with the auditing managers. In this regard, there was no significant data or information which would require specific investigations.

We have had periodic encounters with the head of internal auditing, during which the results of the planned and unplanned periodic inspections carried out by this function were discussed, as well as the corrective measures proposed or recommended. In this regard, we would like to underline that the auditing department has been outsourced to UniCredit Audit SpA.

We have acquired knowledge and supervised – as far as falls under our responsibility - the adequacy of the organisational set-up of the company and the internal audit and administrative-accounting systems, also through the collection of information from the various department heads and, to this end, have no particular observations to report.

In addition, we have verified the compliance with the regulations regarding the preparation of the management report and, in this regard, we do not have special observations to make.

We have ascertained that in the drawing up of the financial statements, the Administrative Board adopted the international accounting standards (IAS/IFRS), implemented by the European Commission.

We have verified the correspondence of the financial statements to the facts and to the information we obtained following the execution of our duties and have no observations to report.

In consideration of the above, and taking into account that the information received from the independent auditing firm KPMG S.p.A. on the financial statements for the year does not present any criticisms or reservations, we express our favourable opinion for approval of said statements, and for appropriation of the profit achieved as proposed by the Board of Directors.

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The Board also notes that on 12 December 2007, the extraordinary shareholders' meeting resolved to increase share capital from Euro 52,518,480.00 to Euro 114,518,475.00, to be carried out through the issue of 12,015,503 ordinary shares with nominal value of Euro 5.16 each, to be offered as options to the sole shareholder.

The Board of Statutory Auditors, within the scope of its responsibilities, as per art. 2438 of the Italian Civil Code, hereby represents that the current share capital of Euro 114,518,475.48 is fully paid up.

Milan, 14 March 2008

THE BOARD OF AUDITORS

GIORGIO CUMIN
ROBERTO BIANCO
FEDERICA BONATO

Report by Auding Firm

Report by Auding Firm

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

Report of the auditors in accordance with articles 156 and 165 of legislative decree no. 58 of 24 February 1998

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

1 We have audited the financial statements of UniCredit Factoring S.p.A. as at and for the year ended 31 December 2007, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 2 April 2007 for our opinion on the prior year financial statements, which included the prior year figures presented for comparative purposes.

3 In our opinion, the financial statements of UniCredit Factoring S.p.A. as at and for the year ended 31 December 2007 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38 of 28 February 2005. Therefore, they are clearly stated and give a true and fair view of the financial position of UniCredit Factoring S.p.A. as at 31 December 2007, the results of its operations, changes in its equity and its cash flows for the year then ended.

4 As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of UniCredit Factoring S.p.A. does not extend to such data.

Milan, 18 March 2008

KPMG S.p.A.

(Signed on the original)

Roberto Spiller
Director of Audit

Resolutions of the Ordinary Shareholders' Meeting

Resolutions of the Ordinary Shareholders' Meeting

The Shareholders' Meeting unanimously resolved:

a) to approve the financial statements as at 31.12.2007, in the terms set forth;

b) to approve the appropriation of the profit for 2007, equal to Euro 20,025,287, as follows:
Euro 10,385,000
allocated to reconstitute other reserves
Euro 482,014
allocated to legal reserve
Euro 9,099,336
allocated to the shareholders in the amount of Euro 0.41 per share
Euro 58,937
profits carried forward

a) to increase the number of members of the Board of Directors from six (6) to seven (7), confirming the following as Directors for financial years 2008 - 2009:

Ferdinando Brandi,
Gianni Coriani,
Fausto Galmarini (Chief Executive Officer),
Umberto Giacomelli
Luigi Moncada (Deputy Chairman)
and to appoint the following as new Directors, for financial years 2008 and 2009, and thus, until approval of the financial statements as at 31 December 2009:
Armando Artoni and Cesare Caletti, who is called upon to take the role of Chairman

Our products

Our products

Domestic Factoring Without recourse Notified/Without recourse Not Notified

Protecting the cost of credit risk is today as strategic for the Company as the financial cost of its activities. Protecting the cost of credit risk is today as strategic for the Company as the financial cost of its activities.

The Product is aimed at Companies which belong to the Small Business, Corporate and Large Corporate business sectors who intend protecting themselves against the risk of insolvency of their own clients, who are approaching new markets or who already use forms of credit insurance and to all operators who are interested in improving financial ratios.

Domestic Factoring With recourse with Notification

Credit management is out sourced to a specialist, giving the possibility of optimising costs and increasing contractual force in respect of debt recovery, thereby leaving the Company's resources free to concentrate on core business.

The Product is aimed to Companies wishing to externalize credit management and/or needing supplementary guidelines to help the credit unfreezing, when an increase in turnover, with clients accepting the assignment, takes place.

Export/Import Factoring

Improvement of business relations with international markets by export risks cover and the offer of new forms of guarantee to foreign suppliers.

The Product is aimed at Companies who export/import goods and/or services, who enjoy consolidated business relations with foreign subjects of recognised standing and operators who, by utilising UCF's activities in the sphere of collaboration agreements with foreign partners (UCF is associated to both F.C.I. and I.F.G.) and with the international network of UniCredito Italiano Group, wish to entrust to a specialist the management/guarantee of their own export credit portfolio and the passive part regarding imports.

Agreements for Debtor Groups (Reverse Factoring)

The possibility to improve relations with suppliers, by offering the opportunity to access new, targeted and competitive forms of financing, thereby obtaining more efficient administration procedures.

Aimed at Large corporate entities, with a segmented and on-going suppliers portfolio, who intend utilising a financial service able to guarantee total assistance in respect of the management of supply debts and to dynamically develop the product – from a marketing viewpoint – in the sales sector.

Maturity Factoring (With extension of payment terms in favour of debtors)

The opportunity to normalise financial flows and optimise liquidity, by offering alternative financing channels for purchases in favour of own clients.

The Product is aimed at industrial and/or trading medium/large sized Companies, with a consolidated client portfolio (normally indirect sales networks) and often with seasonal economic cycles, who wish to boost sales and regularise the flows of the active cycle.

Management and discount of credits owed by Public Bodies

Public demand is an important component of overall demand and the Public Bodies represent a market in which UCF has always been involved.

The Product is aimed at Companies which generate large amounts of turnover from public clients and which intend to look for alternative forms of credit management and financing, within the sphere of the judicial procedures provided for by the accounting laws of the State.

Sales Financing (Financial promotion of sales - sell out)

Increase sales and improve the financial position of own indirect channels, by means of target marketing tools.

The Product is aimed at Companies which intend increasing the efficiency and profitability of sales effected through own indirect channels, by smoothing the sales process through the presentation of an offer in which the financial product forms an integral part.

Management of certificates/documents for car/motorcycle sales networks

Management monitoring, credit risk protection and on-line financial back-up for car/motorcycle sales through indirect networks.

The Product is aimed at Companies which produce or trade vehicles, to which UniCredit Factoring has proposed itself as a partner in the management and financial services aimed at the sales networks, with the computerised collection of payments on-line, by means of a collaboration with the banking network of UniCredito Italiano Group.

Management and discount of tax credits

The possibility to discount back an irregular credit, by optimising liquidity and making the balance sheet structure more efficient.

In consideration of the particular nature of the credit and the average duration of the transactions, the Product is aimed at Companies in a position of undisputed compliance, both formal and in substance, in respect of tax litigation risks which might arise from the Inland Revenue; the operations are completed within the sphere of the judicial procedures provided for by the accounting laws of the State.

Structured operations destined for "Large Corporate" customers

Propensity to manage circulating capital from an efficiency and balance sheet ratios viewpoint.

The Product is aimed at listed Companies and multi-nationals, of extreme high standing, which intend improving and optimising the structure of the balance sheet ratios, in compliance with the current civil and fiscal laws.

Stampa & Progetto Grafico:
Bertieri Istituto Grafico Srl - Gorgonzola (MI)

UniCredit
Factoring