UniCredit Factoring

2008 Reports and Accounts

UniCredit Factoring S.p.A.
A Company belonging to the Gruppo Bancario UniCredit
Entered in the Roll of Bank Groups cod.3135.1
Share capital Euro: 114.518.475,48 fully paid up
Legal reserve: Euro 3.229.437
Registered office in Milan - Via Albricci, 10
Tel. +39 02 366 71181 - Fax +39 02 366 71143
R.E.A. n. 840973
Tax code and registration number in the Business Registry of Milan 01462680156
e-mail: info.ucfactoring.it@unicreditgroup.eu
www.unicreditfactoring.it

UniCredit Factoring

Our Commitment is Our Strength

2008 was a year that posed significant challenges to the global economy, to the financial services industry and to our business.
To date, our business model remains sound, and our outlook is positive for our future operations.

We remain positive because we know that we can count on our greatest strength. It is our solid and rigorous commitment - to our customers, to our people, to our investors, to the communities we serve, to our core values, to culture, to quality in everything we do, and to the sustainable success of our enterprise.

Every day we renew that commitment through the efforts and expertise of more than 174,000 people in 22 countries.

That is why this year's Annual Report features the photographs and words of UniCredit Group employees. No one could express our commitment more eloquently than the men and women who live it every day.

They speak to you from our branches and offices across Europe. Each message is different. Each expresses what commitment means to them, to their customers, and to their colleagues every single working day.

We feel that their words, their ideas truly capture the spirit of UniCredit Group - the spirit of commitment, our greatest strength.

2008 Reports and Accounts

«We are the people who determine our future. There is no doubt that the atmosphere of our Group and beneficial relationships with our clients depend on us. To achieve this, we should stand by our moral and professional convictions and also consider our people's opinions. When we commit ourselves to that principle, then we will succeed at everything we do.»

Julia Shagova
Russian Federation

Board of Directors

	Board of Directors
Cesare Caletti	Chairman
Francesco Mezzadri Majani*	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	Deputy Managing Director* Head of Business Development Department
Antonio Fiore	Deputy Managing Director Head of Credit and Risks Department
Fausto Galmarini a.i.	Head of Debtors Management Department
Antonio Moretti	Head of Global Factoring Services Department
Mario Ricciardi	Head of Global Factoring Development Department
Claudio Barbazza**	Head of Human Resources Department
Nicoletta Cortivo	Head of Planning, Finance and Administration Department
Alfredo Gorni***	Head of Legal Department

* from 01.01.2009
** from 28.01.2009
*** from 07.01.2009

Lucia Rossi De Gasperis
Italy

«Every day, my work requires the use of both brain and heart. Using your brain means creating value with each service delivered. And using your heart means letting the customer feel the commitment you put into your work.»

Contents

Notice:
in the tables the following conventional signs are used:
- **Line** (-) when the case does not exist;
- **Two points** (..) or (**ns**) when the data do not reach the representative number of the minimum considered order or appear however not significant;
- **n.d.** when the data is not available.

Amounts where not differently indicated, are expressed in **millions of euro.**

Urska Kolar Stuklek
Slovenia

«Any offering or proposal I prepare for customers or colleagues is always checked by my conscience.
I ask myself, “Have I considered all options? Is this the best solution?”
I can only commit to my customers and colleagues if the proposal would satisfy me were I standing in their shoes.»

Agenda of the Ordinary Shareholders' Meeting

UNICREDIT FACTORING S.p.A.
A company in the UniCredit Banking Group
entered on the Register of Banking Groups
Registered Offices at Via Albricci 10, Milan
Fully paid-up share capital Euro 114,518,475.48
Milan Register of Companies and Econ. and Admin. Register no. 840973
Tax code and VAT no. 01462680156

Shareholders are hereby convened on first call to the Shareholders' Meeting of 22 April 2009 at 14:30 hours, to be held at the registered office, Via Albricci 10, Milan, and if necessary on second call on 23 April 2009 at the same time and venue, to resolve upon the following

AGENDA

1. Financial Statements as at 31 December 2008. Board of Directors and Board of Statutory Auditors reports. Contingent and related resolutions.
2. Integration of the Board of Directors following the resignation as of 1 January 2009 of the Deputy Chairman and member of the Board of Directors, Luigi Moncada, and subsequent co-opting of Francesco Mezzadri Majani to the office of Director and Deputy Chairman.
3. Adjustment to independent auditor fees payable to KPMG.

Pursuant to art. 13 of the Articles of Association, all shareholders with voting rights duly registered in the shareholders' record may attend the meeting. Milan, 1 April 2009

Chairman

Cesare CALETTI

Directors' report

Directors' report

Dear Shareholders,

1. The overall macroeconomic scenario

In 2008, the global economy was hit by a number of shocks: the worsening crisis in the financial markets, the expansion of the downturn in the real estate market also beyond the US and the exceptional increase in commodity prices (followed by an equally rapid correction). All this happened against the backdrop of a slowdown in growth worldwide, which, according to the International Monetary Fund, fell from 5.2% in 2007 to 3.4% in 2008.

The central banks found themselves in the difficult situation of facing growing strains in the financial markets on the one hand and a sharp decline in growth rates combined with a steady rise in inflation on the other hand. Indeed, the first half of the year was characterised by the continued increase in commodity prices, which contributed to intensifying inflationary pressures worldwide. This increase was mainly a reflection of strong demand in emerging economies and poor response on the supply side, as well as strains of a speculative and financial nature. Against this background, the price of oil rose from USD 77/barrel in July 2007 to USD 140/ barrel in July 2008.

In the summer the signs pointing towards a greater than previously forecasted slowdown in growth became stronger and it was clear that both the US and Europe were heading towards a real recession.

In September-October the crisis spread to the banks and insurance companies. Companies with the greatest exposure to the US real estate market suffered the most. Fannie Mae and Freddie Mac, the two US real estate credit giants, fell under scrutiny amid concerns about the strength of their capitalisation ratios and due to the growing losses and write-downs. In light of their crucial role in the real estate market, these two institutions were effectively nationalised.

The situation worsened in mid-September with the financial markets on the brink of collapse, following the bankruptcy of one of the largest US investment banks (Lehman Brothers). This was followed by the merger of another investment bank (Merrill Lynch) with one of the largest commercial banks (Bank of America), and the effective acquisition by the Federal Reserve of the largest insurance Company in the world (AIG Group) in order to avoid another perilous bankruptcy.

As a result of the worsening crisis of confidence among financial operators, interbank markets froze despite repeated injections of liquidity by major central banks (at the beginning of October the ECB, the BoE and other central banks intervened with a coordinated cut of 50 basis points in their reference rates). Subsequently, a large number of US and European banks were forced to make additional write-downs, which were followed by significant capital injections from the public sector that in several cases also resulted in forced mergers.

At the end of the year, the slackenine monetary policy adopted by major central banks intensified following growing fears over the economy and the sharp decline in inflation, brought about by the fall in commodity prices (the price of oil fell from nearly USD 140/barrel in July to USD 40 in November/December). The Federal Reserve continued to lower the fed funds rate to an all-time low of 0-0.25%, in its December meeting, while the ECB vigorously pursued its strategy, reducing the reference rate to 2.50% in December. Governments also started placing greater emphasis on fiscal policy. In the US, Congress approved a USD 700 billion provision to support the financial system through the acquisition of the difficult to value illiquid securities that were weightine down bank balance sheets.

In the last quarter of 2008, the world macroeconomic environment deteriorated further, moving from a severe slowdown into a real recession. The most significant growth indicators (surveys of economic trends and growth of employment and industrial production) were in freefall and stood at their at all-time lows in both Europe and the US.

The international financial crisis also had obvious repercussions on the Central Eastern European countries in 2008, especially those dependent on international flows of capital.

Whilst the early part of 2008 still saw relatively high growth rates, from September onwards the international financial crisis rapidly took the form of greater risk aversion on the part of investors, a rapid increase in so-called "country risk", and particularly severe strains in the interbank market.

The countries hardest hit by the crisis were those with the greatest exposure to foreign financing needs (largely bank loans in addition to direct foreign and portfolio investments) such as the Baltic countries (Estonia, Latvia and Lithuania), Hungary, Ukraine and Kazakhstan. Within a relatively short period the Baltic countries, in particular, suffered a sharp decline in economic growth (from rates of over 10% in terms of real GDP growth in the second half of 2007 to negative rates at the end of 2008).

With regard to the trend in loans, the rate of expansion in bank lending in the Eurozone, although still high, fell significantly during 2008, with an aggregate growth rate on an annual basis of 6.1% as at December (compared to a figure of 11% as at December 2007). Loans disbursed to non-financial companies, in particular, after having peaked in March 2008 (with a growth of 15% y/y), fell sharply in the following months, and 2008 ended with a growth rate of 10% on an annual basis as at December (compared to +14.2% y/y as at December 2007). The short-term component of the loans to corporates (with a maturity of less than one year) showed the clearest signs of the downturn last year, as a direct effect of both the deterioration in the conditions of access to credit and the steady slowdown in economic activity.

In Italy, total loans had only increased by 4.3% as at November 2008 (from +9.8% as at December 2007), due to the sharp downturn in loans to households and the slowdown in the growth of loans to corporates (+6% y/y as at November 2008, from +13.2% y/y as at December 2007). For this latter, the slowdown involved both the short-term and the medium to long-term components, with medium to long-term loans as a proportion of total loans more or less stable at around 60% during 2008. As at November 2008 (latest figure available) there was a marked slowdown in short-term loans in Italy, up by 3.5% y/y, compared to a growth of 7.7% for medium to long-term loans (these had increased respectively by 10.8% and 14.8% y/y as at December 2007).

Within the short-term lending area the component relating to loans using factoring showed an upward trend, demonstrating that this product is essentially noncyclical.

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

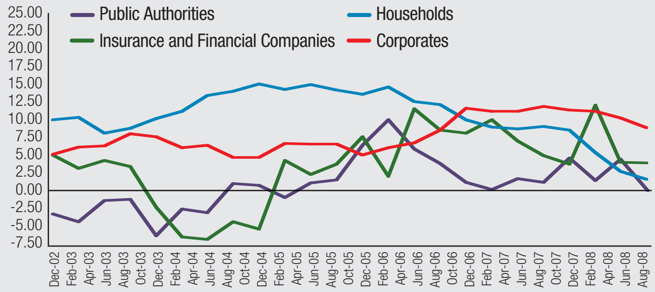
During 2008, the factoring market - according to data issued by Assifact concerning almost all of its members - recorded an increase in turnover volumes of 6.3% compared to the previous year, for the same sample, and 5.5% in general.

Banking group companies recorded a greater increase compared to the captive companies (+5.6% against +4.9%) increasing their share of the market to 86.0% compared to 85.9% in 2007.

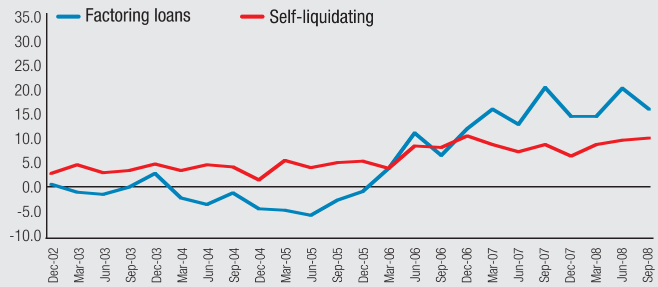
A comparison of the trends in the loans to the users of the banking system reveals that the highest growth rate in recent years has been in the Corporate segment. In this segment, a comparison of the "self-liquidating" loans with the figure for financed Factoring shows that the growth rate of this latter, since 2006, has been considerably higher.

For the Company 2008 was an important year because, with the absorption of the MCC Factoring business, its customer base increased and its market share grew significantly.

Italian Financial System - Loans to residents (annual growth by sector)



Loans to customers - Factoring and self-liquidating (annual growth)



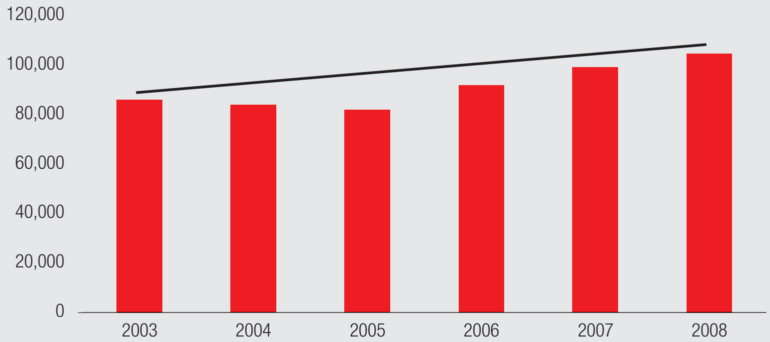
Source: Bank of Italy Regulatory Reports

Directors’ report (CONTINUED)

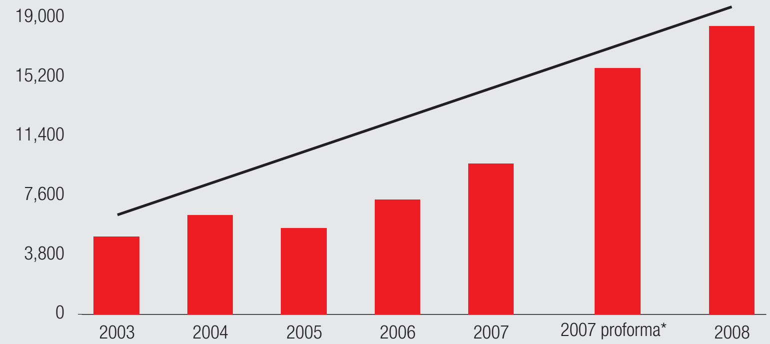
In terms of turnover the Company generated an overall flow of Euro 18,515 million, an increase of 19.9% compared to the 2007 proforma figures, and significantly higher than the market. This was thanks to the increasing cooperation with the Group networks and the positive conclusion of the abovementioned absorption process.

The Company also continued to achieve significant growth in terms of outstanding and loans (respectively +26.9% and +36.7% compared to the 2007 proforma figures).

Turnover banking group market (€ million)

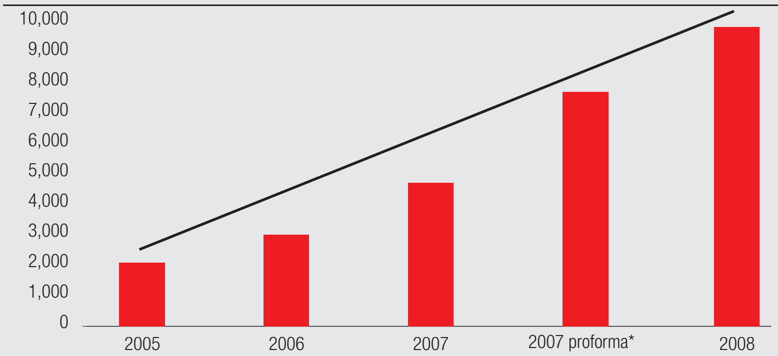


UniCredit Factoring Turnover (€ million)



* UCF + MCC business segment

UniCredit Factoring Outstanding Receivables (as at end of period) (€ million)

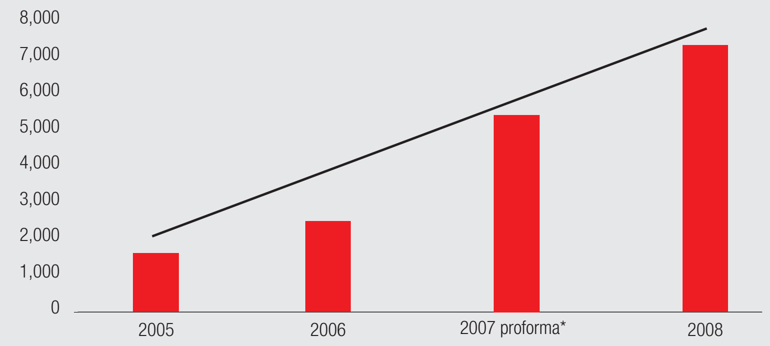


* UCF + MCC business segment

The Company achieved the third place in the market for turnover with a share of 15.2% compared to the 13.4% for the previous year and the first place for outstanding (total loans/receivables at the end of the period) and for loans in relation to the greater presence compared to its competitors in the “public debtors” segment.

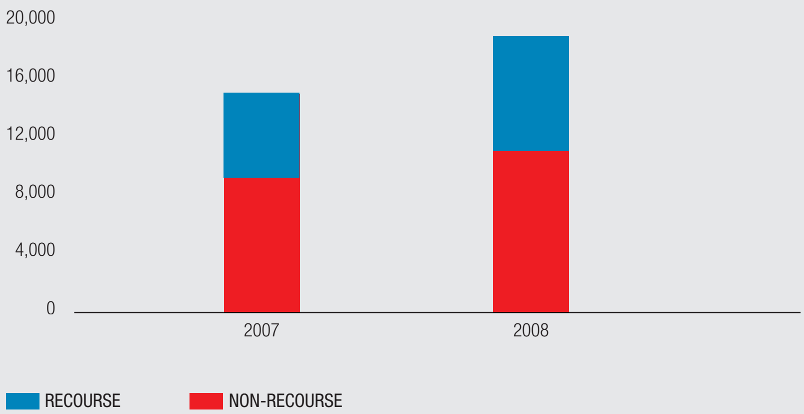
The breakdown of turnover by product and by Geographical Area is shown in the tables aside.

UniCredit Factoring Loans (as at end of period) (€ million)

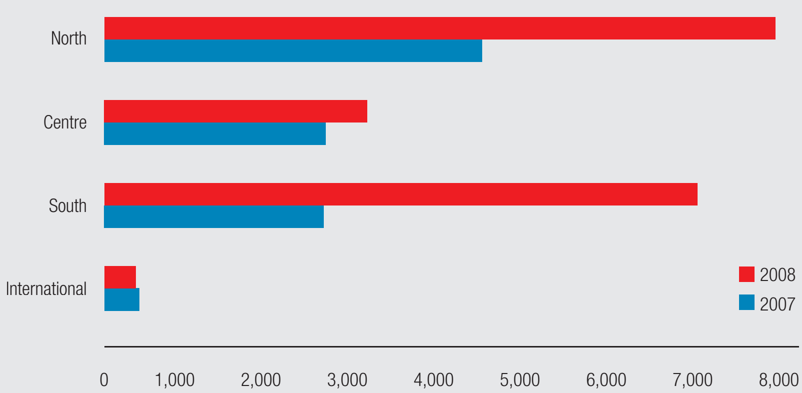


* UCF + MCC business segment

UniCredit Factoring Turnover by product



Turnover by Geographical Area



Directors' report (Continued)

3. Business results and profit

On 31 December 2007, the acquisition took place of the MCC/Capitalia factoring business segment, which impacted on the balance sheet figures, whereas the profit and loss account as at the same date related solely to UCF's operations.

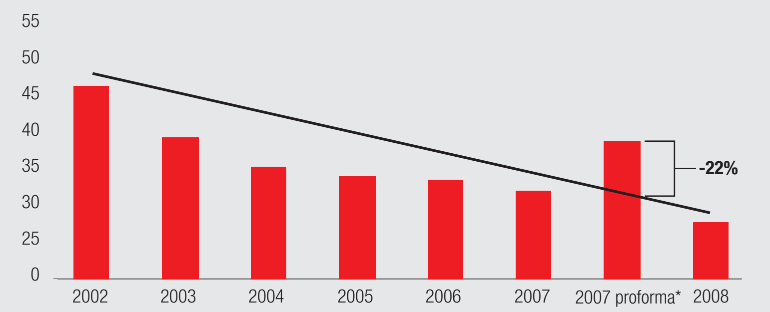
To enable a proper comparison of the profit and loss figures between the current and the previous year the proforma figures for 2007 have also been shown in the table below (the MCC figures were reworked by MCC's management and have not been audited by the independent auditing firm).

- The earning margin increased sharply compared to the previous year thanks to the considerable commercial boost, especially for the "non-recourse" products. The demand for financial advances and/or "true sale" assignments was also strong and resulted in a significant increase in the financial margin.
- Also worth noting is the significant saving in operating costs, as a result of both the lower administrative and IT expenses and the reduction in the workforces (the exiting human resources were only partially replaced). The cost/income stood at 31.4% compared to 40.2% for the proforma figure for the previous year, corresponding to a fall of 22.0%.
- The tax liability for 2008 included IRES (Company earnings' tax) of Euro 20,048,305, IRAP (regional business tax) of Euro 4,239,450 and a prepaid tax reversal of Euro 1,616,024. From June 2008, the new budget law introduced a provision (known as the Robin Hood Tax), effective retroactively from January 2008, which set the non-deductibility of interest expenses at 3% (4% from 2009). The impact amounted to Euro 1,738,928 (IRES) and Euro 307,393 (IRAP), representing an increase in tax of Euro 2,046,321.

Profit and Loss Account (€ thousands)

	2007 STAND ALONE	2007 PROFORMA	2008	DELTA 2008 - 2007 PROFORMA ABSOLUTE	DELTA 2008 - 2007 PROFORMA %
Financial margin	18,391	30,891	43,961	13,070	42.3%
Service margin	32,086	49,627	50,842	1,215	2.4%
Earning margin	**50,477**	**80,518**	**94,803**	**14,285**	**17.7%**
Operating charges	-17,649	-32,373	-29,721	2,652	-8.2%
Gross operating margin	**32,828**	**48,145**	**65,082**	**16,937**	**35.2%**
Provisions, write-back/ write-down of loans/receivables	675	-14,306	-7,423	6,883	-48.1%
Operating income/charges	244	156	-192	-348	-222.9%
Taxes	-13,722	-13,870	-22,672	-8,802	63.5%
Net Profit	**20,025**	**20,125**	**34,795**	**14,670**	**72.9%**

Cost/income (%)



* UCF + MCC business segment

The overall results improved considerably as also shown by the following indicators calculated on the average capital:

Preliminary figures

• ROE (net profit/equity)	29.5% (18.6% in 2007)
• EVA ((net profit) - (absorbed capital)) x COE	22,3 mln (1.9 million in 2007 proforma)
• RARORAC (EVA/absorbed capital)	12.5% (0.9% in 2007 proforma)

4. Balance sheet analysis

Receivables

The total amount of receivables, net of adjustment provisions, stood at Euro 7,476 million, including 91% (Euro 6,834 million) due from corporate customers. Receivables from financial institutions increased considerably (from Euro 50 million on 31 December 2007 to Euro 527 million as at 31 December 2008), whereas there was a reduction in receivables from banks (down from Euro 170 million on 31 December 2007 to Euro 115 million as at 31 December 2008).

Recourse, formal non-recourse advances and advances on contracts represented 51% of the receivables recorded in the balance sheet.

Overall the non-recourse component represented 58% compared to 55% in 2007.

Receivables (€ million)

	31.12.2008		30.09.2008		30.06.2008		31.03.2008		31.12.2007	
	AMOUNT	% OF TOT	AMOUNT	% OF TOT	AMOUNT	% OF TOT	AMOUNT	% OF TOT	AMOUNT	% OF TOT
receivables from banks	115	2%	81	1%	151	3%	118	2%	170	3%
receivables from financial institutions	527	7%	68	1%	44	1%	33	1%	50	1%
receivables from customers	6,834	91%	5,556	97%	5,483	97%	4,813	97%	5,460	96%
TOTAL RECEIVABLES	**7,476**	**100%**	**5,705**	**100%**	**5,678**	**100%**	**4,964**	**100%**	**5,680**	**100%**
with recourse advance	2,130	28%	2,090	37%	2,228	39%	1,644	33%	1,371	24%
formal non-recourse advances	253	3%	187	3%	279	5%	216	4%	187	3%
receivables without recourse	1,461	20%	550	10%	643	11%	505	10%	366	6%
deferred	2,862	38%	1,989	35%	1,635	29%	1,582	32%	2,766	49%
receivables	582	8%	751	13%	722	13%	856	17%	774	14%
other	188	3%	138	2%	171	3%	161	3%	216	4%
TOTAL RECEIVABLES	**7,476**	**100%**	**5,705**	**100%**	**5,678**	**100%**	**4,964**	**100%**	**5,680**	**100%**

Payables

The Company's payables stood at a total of Euro 7,131 million compared to Euro 5,368 million in 2007 (+33%), as a result of the increase in operations over the whole of 2008, with peaks in December when turnover reached over Euro 4 billion.

This aggregate mainly consisted of interbank payables, particularly from loans granted by the Holding amounting to Euro 6,014 million and representing 84% of the total payables. The remaining consisted of the current account exposures to the Parent Company and to other Group banks and the payables to customers and to the participants in the syndicated transactions.

The current account exposures, especially in June and December, reflect the high level of activity during the customers' accounting closing periods that generate particularly intensive cash flows towards the factors in the final week of the month. The average current account exposure on the other hand was stable at around Euro 60 million.

Payables (€ million)

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Loans from Holding	6,014	4,734	4,520	4,091	4,313
C/a exposures	681	278	487	130	515
Accrued expenses banks	18	16	15	17	14
Payables to customers	270	209	178	181	304
Payables to syndication participants	129	133	150	190	203
TOTAL PAYABLES	**7,112**	**5,370**	**5,350**	**4,609**	**5,349**

Directors' report (Continued)

The liabilities include:

- Outstanding securities amounting to Euro 95.4 million (also present in the December 2007 and June 2008 financial statements) consisting of 3 subordinated liabilities, the first for Euro 13.4 million (classified in the financial statements under payables to banks) issued on 22 December 2003, maturing on 23 December 2013, the second for Euro 10 million issued on 30 March 2007, maturing on 31 March 2017, and the third for Euro 24 million issued on 14 December 2007, maturing on 14 December 2017, and 3 hybrid capital instruments, the first for Euro 5 million (classified in the financial statements under payables to banks) issued on 22 December 2003, maturing on 23 December 2013, the second for Euro 15 million issued on 30 March 2007, maturing on 31 March 2017, and the third for Euro 28 million issued on 14 December 2007, maturing on 14 December 2017.
- The item "other liabilities" amounting to Euro 105 million, mainly consisted of the receipts account of Euro 57 million (continually shrinking) and deferred income of Euro 26 million.

Equity

The equity, including the profit for the year, stood at Euro 152.6 million and consisted of share capital of Euro 114.5 million, reserves of Euro 2.4 million, share-premiums of Euro 1 million and net profit for the year of 34.8 million.

Other liabilities (€ million)

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Receipts account	57	65	67	94	51
Deferred income	26	21	24	24	38
Other payables (suppliers, accruals, etc)	22	19	19	22	11
Payables for acquisition of business segment					16
TOTAL OTHER LIABILITIES	**105**	**105**	**110**	**140**	**116**

5. Strategic options

In 2008, the Company continued along the path of growth initiated in 2006 and 2007, increasing its market share (solely banking group companies) to 17.7% from the previous 15.6% (this figure includes the market share of the MCC business segment).

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. During 2008, the collaboration with the Parent Company UniCredit Corporate Banking S.p.A. was further strengthened. Business development focused on the Public Administration sector (healthcare, infrastructures), Mid Caps, and international commerce; for the latter exploiting the Group's widespread presence in Europe.

In early 2009, the "Impresa Italia" project was launched, which the Group intends to use to support the Italian economic system during this particularly difficult economic time. With the support of the main Trade Associations and Credit Guarantee Consortia, loans organised on a regional basis are being made available to micro and small enterprises up to a maximum of Euro 7 billion.

The Company will also participate in the project through a personalised range of its services.

Following the signature of the letter of intent in November 2008, over the last few months the Company met at local level with the Trade Associations and Credit Guarantee Consortia to sign the individual agreements.

To meet the increasingly complex and diverse needs of the customers a Products Committee has been established, which will be responsible for the launch of new products and the strengthening of the cooperation with the Group banks.

During the year the new rules on the regulatory reporting for financial intermediaries came into force. These have placed factoring companies on the same footing as banks, standardising the control of the capital adequacy in relation to the extent of the risks assumed, with a weighting by type of counterpart (0% government, 20% authorities and regions, etc.) with a lower prudential ratio (4.5% as opposed to 8%) on account of the specific characteristics of factoring, which has historically had a considerably lower risk cost than the banking sector. In the past, only the counterpart risk was controlled (40% of regulatory capital).

6. Analysis of receivables

As at 31 December 2008 the total amount of receivables - with reference to the performing positions - stood at Euro 9,172.6 million.

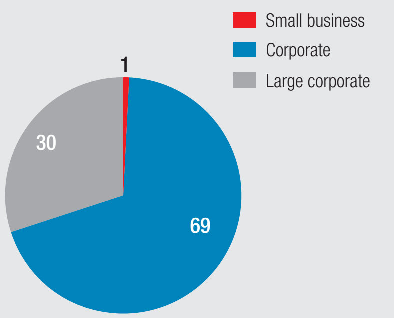
The following sectors had the highest concentrations: non-financial institutions (Euro 4,847.9 million), the Government (Euro 737.9 million) and Other Public-Sector Entities (Euro 2,242.3 million), which include local bodies and health authorities.

With regard to the distribution by business sector of the debtors, the most representative segments for the "non-financial companies" and "family businesses" were: business services, means of transport and communications services.

The Company's operations are mainly focused on the Corporate segment, which represented around 69% of the total receivables at the end of 2008. The Large Corporate represented around 30%, with only a marginal portion relating to Small Business (1%).

Large corporate turnover > Euro 250 million
Corporateturnover from Euro 1.5 to 250 million
Small business turnover < Euro 1.5 million

Breakdown of receivable by customer segment (%)



Receivables by debtor business segment	
Government	737,878,801
Other Public-Sector Entities	2,242,337,298
Insurance Companies	1,272,865
Banks	38,909,683
Financial institutions	12,731,107
Non-financial institutions	4,847,871,131
Other operators	202,293,574
Households	1,845,582
Family businesses	72,461,305
Foreign non-financial institutions	527,413,742
Other	487,566,802
TOTAL	**9,172,581,889**

Total receivables for business sectors by product category	**Receivables**
Other industrial products	21,583,678
Other services intended for sale	422,029,800
Paper, printing prod., Publishing sector	77,397,865
Building	174,770,400
Office machines	150,574,254
Farm and industrial machinery	210,214,287
Electrical supplies and materials	91,632,903
Means of transport	691,567,043
Minerals, iron metals and other	182,156,199
Minerals and non-metallic mineral products	36,087,854
Agricultural products, forestry, fishing	9,157,444
Food, drinks, tobacco	247,511,291
Chemicals	56,779,286
Energy	444,343,522
Rubber and plastic products	32,117,408
Metal products	71,104,355
Textiles and clothing	47,541,027
Hotel services	28,664,750
Business services	1,025,312,440
Transport-related services	83,266,096
Communication services	536,500,347
Shipping and air transport	4,132,973
Domestic transport services	275,887,216
Total non-financial companies	**4,920,332,438**

The value of the gross exposure in the financial statements of the **impaired receivables** amounted to Euro 33.7 million (Euro 63.9 million in 2007), representing 0.4% of total loans/receivables.

The total principal of the positions classified as **NPRs** amounted to Euro 3.7 million (Euro 6.7 million in 2007) for a net value of Euro 2.5 million (Euro 3 million in 2007). The reduction was linked to the sale to ASPRA Finance

Directors' report (Continued)

S.p.A. of almost all the assignor positions and a small number of the debtor positions. This transaction forms part of the new strategic Group project, involving the centralisation of the recovery operations within a vehicle (ASPRA Finance) managed by UniCredit Credit Management Bank S.p.A..

The positions sold may be summarised as follows:

- 40 assignor positions, representing 82.7%, corresponding to Euro 8.9 million;
- 7 debtor positions, representing 1.5% of the total debtors, corresponding to Euro 47 thousand.

On the basis of the principle of the continuity of values, the assets/liabilities subject of the ASPRA Finance S.p.A. transaction have been recorded in the financial statements of the buyer at the same values they had in the financial statements of UniCredit Factoring (selling enterprise). The difference between the price received and the book value of the assets transferred (Euro 772 thousand) relating to the future operating charges for the receivable sold, was booked directly to equity in the financial statements of both the buyer and UCF, since it related to operations of a "business combination under common control".

The tax effect (Euro 212 thousand) for UniCredit Factoring was also recorded under equity as an offsetting entry to the tax liabilities.

During 2008, a total of 37 new NPRs positions arose, for an overall amount of Euro 9.6 million, covered by provisions of Euro 3.9 million, part of which were later included in the sale to ASPRA Finance S.p.A..

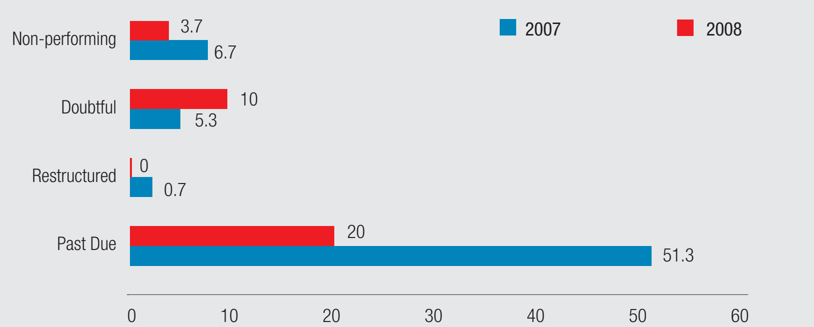
The degree of coverage of the NPRs fell from 54% in the previous year to 31% in the year under review. With the discharges made during the year taken into account the degree of coverage rose to 48%. The lower level of coverage was justified by a greater expectation of recovery and a different composition of the stock as a result of the sale transaction referred to above.

NPRs at year end represented 0.04% of outstanding loans/receivables (0.11% as at 31 December 2007).

Doubtful positions amounted to Euro 10 million (Euro 5.3 million in 2007) against which provisions were made for Euro 3.2 million (Euro 1.6 million in 2007).

The degree of coverage of the doubtful positions consequently rose from 27% in the previous year to 32% in the year under review.

Impaired positions (Gross Exposure) (€ million)



During 2007, a total of 32 new positions arose for an overall amount of Euro 10.9 million, with provisions of Euro 2.1 million.

The **supervised** positions included the loan to AZ. USL 6 Palermo of Euro 20 million covered by a release from liability from MCC for an amount of Euro 2.5 million (which also covers a legal action against the Company).

There were no **restructured receivables** as at the end of 2008. The only position present as at the end of 2007 (Boschi S.p.A.) was duly settled in July 2008 with the payment of the final instalment recognised under the originally approved agreement.

Receivables past due by more than 180 days (calculated on the basis of the criteria laid down in the Circular 216 of the Bank of Italy) amounted to Euro 20 million at the end of 2008 (Euro 51.3 million as at 31 December 2007) representing 0.2% of the total receivables.

The lump-sum provision rose from Euro 21.2 million in 2007 (0.29% of the outstanding amount) to Euro 21.6 million in 2008 (0.23% of the outstanding amount) with a slight increase in absolute value. This change was due to a major revision of the portfolio originating from the former MCC factoring business segment and its greater diversification, as well as a careful counterpart selection policy and the strong presence in the Public Administration sector. This resulted in a substantial improvement in the quality of the portfolio.

The Company is currently involved in **revocatory actions and legal disputes** for a total risk of Euro 30.2 million (Euro 53.7 million at the end of 2007) covered by provisions of Euro 5.5 million (Euro 5.9 million at the end of 2007), which were considered to be appropriate, given the expectations concerning the outcomes of the pending legal actions.

With respect to 31 December 2007, a total of 8 new positions arose for Euro 1.7 million and 4 positions were removed as a result of settlements with the counterparts, entailing an overall outlay of Euro 920 thousand without any profit and loss effect.

The most significant legal action against the Company involves a total risk of Euro 17.1 million, covered by a prudential provision for risks and charges of Euro 1.0 million, together with the release from liability from MCC for an amount of Euro 2.5 million (which also covers a supervised position).

Other risks

With reference to auditing, the Company makes use of the Internal Auditing Service offered by UniCredit Audit S.p.A., a wholly-owned subsidiary of UniCredito Italiano S.p.A..

In accordance with the Audit Plan agreed for 2008, during the year the Audit Division carried out all the measures provided for, paying particular attention to the verification of the adequacy of the control of the credit and operating risks linked to the core business, and also to compliance with legislation.

7. Human resources

As a result of the merger of the MCC Factoring business segment the Company significantly increased in size.

As at 31 December 2008, the workforce consisted of 176 employees, compared to a year-end figure of 89 in 2007 for the Company prior to the MCC business segment merger. The year-end figure including the former MCC Factoring business segment amounted to 181 employees. In 2008, there were 18 employment terminations (mainly involving personnel from MCC).

The female presence in the Company remained stable.

Breakdown by age

GROUP	31.12.2007	31.12.2008
1) 21-30	18	17
2) 31-40	50	51
3) 41-50	85	79
4) OVER 50	28	29
Total	**181**	**176**

Breakdown by level

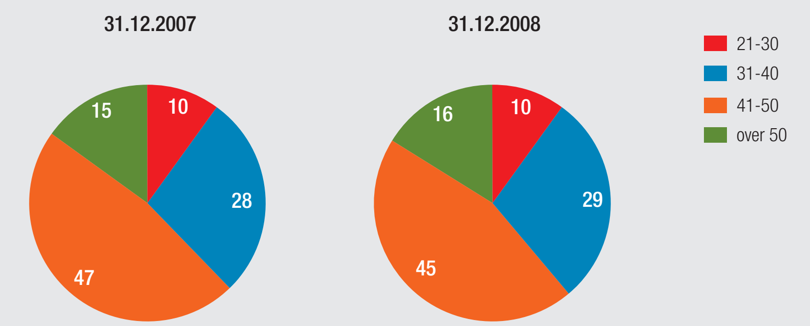
CATEGORY	31.12.2007	31.12.2008
1) ESECUTIVES	8	9
2) C.3 - C.4	52	47
3) C.1 - C.2	29	31
4) PROF AREA	92	89
Total	**181**	**176**

Men/Women

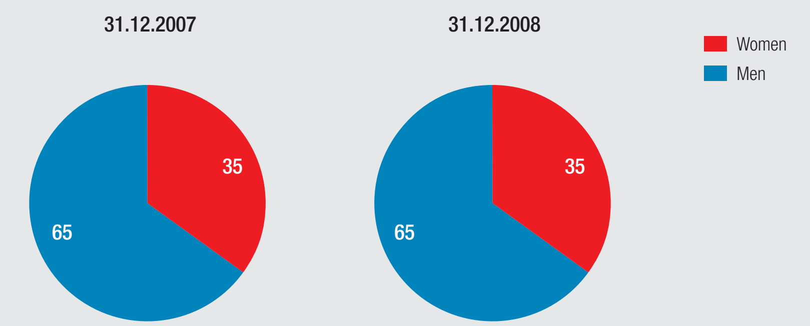
	31.12.2007	31.12.2008
Women	63	62
Men	118	114
Total	**181**	**176**

The increased size of the Company and the greater complexity of operations, resulting from the diversity of working methods in the original companies, generated the need for a review of the processes of the "Core" functions (sales, underwriting debtors and operations). At the beginning of 2008, in order to ensure the direct control of the relationship with the customer, a new position of Account Manager was established, which

Age group (%)



Men/Women (%)



Directors' report (Continued)

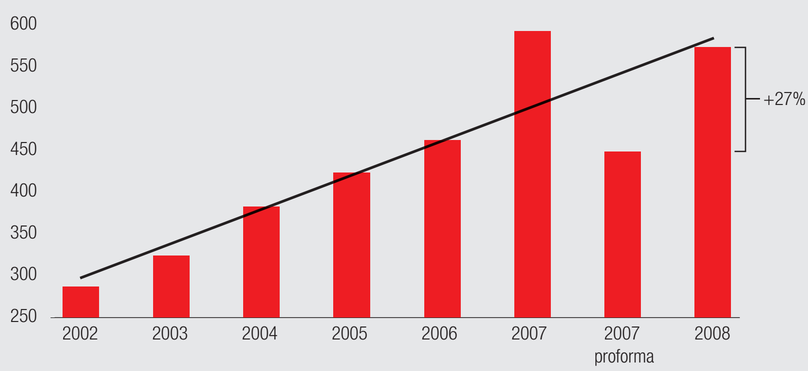
incorporates the activities of development and management. This change was accompanied by a training programme, currently limited to the sales staff.

The performances, measured in terms of Turnover and Earning margin per employee, in 2007 following the MCC Factoring merger were lower than the UCF stand alone figures. At the end of 2008, the performances had approached the levels prior to the acquisition, proof of the success of the merger process.

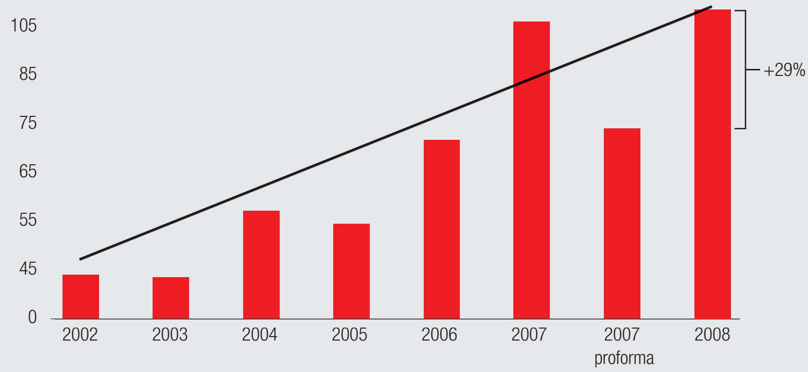
Indeed, the turnover per employee, calculated on the average annual number of employees, rose from Euro 83.9 million in 2007 to Euro 108.3 million in 2008 (+29.1%), while the earning margin per employee increased from Euro 437.6 thousand to Euro 554.4 thousand (+26.7%).

The merger also led to the review of the Company's geographical distribution, which resulted in the Head Office being kept in Milan, but also provided for a significant presence in Rome. The commercial network consists of 4 Branches and 8 Commercial Offices.

Average turnover per employee (values calculated in terms of average FTE)



Earning Margin per employee (values calculated in terms of average FTE)



Geographical distribution in the key markets

Geographical distribution	
BARI	Commercial Dept
BOLOGNA	Centre North Branch
FLORENCE	Commercial Dept
MILAN	Headquarter - North West and North East Branch
NAPOLI	Commercial Dept
PADOVA	Commercial Dept
PALERMO	Commercial Dept
POTENZA	Commercial Dept
ROME	Centre South Branch
TURIN	Commercial Dept
VERONA	Commercial Dept

"We would like to sincerely thank all our staff for their considerable effort and commitment that has enabled the achievement of the best ever results in the Company's history."

Directors' report (Continued)

8. 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 its own shares or shares of the Parent Company, for any reason, during the year.

- **Research & development activities**

During the year no investments in research & development activities were made.

- **Financial instruments**

As at 31 December 2008, the Company had derivative financial instruments hedging interest rate risk. Additional information on the financial risk management policy and the composition of the derivatives portfolio are included in the notes to the financial statements in section 5 of the liabilities.

- **Subsequent events**

We confirm that no events occurred after the year end that could have an impact on these financial statements.

- **Business outlook**

In 2009, the macroeconomic scenario, which has been characterised by a worsening of the recession already seen in the last quarter of 2008, with GDP set to fall by -2%/-3%, points towards a deterioration in the quality of credit.
On the liquidity front, the early months of 2009 were characterised by a substantial reduction in rates: the 1 month Euribor fell from 2.70% at the start of 2009 to 1.40% in the first week of March, and on 5 March the ECB cut the lending rate by 50 bps down to 1.50%. The continued signs of recession suggest that rates will continue in their gradual decline at least until the summer, and then stabilise or even slightly increase towards the end of 2009, although this will very much depend on the performance of the economy and trends in consumption. The strains on liquidity are therefore expected to continue, accompanied by the deterioration in creditworthiness mentioned above.

To address these problems the Company has requested a funding structure from the Holding that will enable it to avoid interest rate risks; with regard to business development, it will also continue the selection policy initiated in 2008 in order to keep risk at an acceptable level.

Relations with the Holding and other companies of the Group

As regards the relationships with the Holding and other companies belonging to the UniCredito Italiano S.p.A. Group, please refer to the contents of section 4 (transactions with related parties) of the notes to the financial statements, though it should be noted that the main item consists of the 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 Albricci no. 10, 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 canvassers; to this end, a specific agreement, entered into in 2007, is in place with UniCredit Corporate Banking S.p.A.;
- the Holding is responsible for the management of human resources and the activities relating to purchasing and posting, while UniCredit Global Information Services S.p.A., a Company belonging to the Group, provides the technological outsourcing and acts as Internet Provider. Making these activities available to all has enabled access to highly specialised expertise;
- the auditing activities, as a consequence of Group policies, are provided by the Company UniCredit Audit S.p.A., with whom a detailed service contract is in force. An officer of UniCredit Audit S.p.A. works exclusively within the Company assisted by another member of staff.

The transactions with the Group companies are conducted under market conditions.

Exposure to risk and risk management techniques

Please refer to the contents of Section 3 - "Information regarding risks and related hedging policies" of the notes to the financial statements.

There are no significant risks or uncertainties other than those detailed in Section 3.

The following information is also provided:

- **Management and coordination by the Holding**

The Company belongs to the Unicredito Italiano Group and is subject to the management and coordination of the Parent Company UniCredit Corporate Banking S.p.A., sole shareholder, and of the Holding Unicredito Italiano S.p.A..

- **Italian Legislative Decree No. 231/2001 - Administrative Responsibility**

The Inspection Body was appointed by means of resolution adopted by the Board of Directors on 16 December 2005 to safeguard the administrative responsibility of the Companies in compliance with Italian Legislative Decree No. 231/01. During 2008, this Body requested the update of the organisational model to take account of the new corporate structure following the MCC business segment merger. Moreover, the Inspection Body examined the half-yearly reports transmitted by the department heads concerning the control activity carried out and the compliance with and 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 31 December 2008 have been drawn up in compliance with the international accounting standards (IAS/IFRS) approved by the European Commission and in accordance with the Instruction of the Bank of Italy's Governor, issued on 14 February 2006, containing the indications for the drawing up of accounts of the financial intermediaries registered in the Special List.

During the year, the Trade Association Assifact conducted its analyses, in cooperation with Assirevi, in order to submit proposals to the Bank of Italy aimed at improving the representation of factoring operations under the new international accounting standards.

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

Upon the approval of the financial statements, the Shareholders' Meeting is asked to resolve the allocation of the profit for the year amounting to Euro 34,794,465 as follows:

- Euro 33,054,742
  to re-establish the other reserves;

- Euro 1,739,723
  to the legal reserve

Milan, Italy, 11 March 2009

Chief Executive Officer
Fausto Galmarini

On behalf of the Board of Directors
The Chairman:
Cesare Caletti

Financial Statements

Financial Statements

Balance Sheet		(in euro)
ASSETS	31.12.2008	31.12.2007
10. Cash at banks and on hand	3,395	3,782
60. Receivables:	7,475,628,454	5,680,015,176
from banks	*115,233,511*	*170,050,260*
from financial institutions	*526,550,387*	*49,580,404*
from customers	*6,833,844,556*	*5,460,384,512*
70. Hedging derivatives	-	128,432
100. Tangible assets	523,997	332,318
120. Tax assets	4,761,413	3,048,514
b) deferred	*4,761,413*	*3,048,514*
140. Other assets	11,416,870	20,159,872
TOTAL ASSETS	**7,492,334,129**	**5,703,688,094**

Balance Sheet		(euro)
LIABILITIES AND EQUITY	31.12.2008	31.12.2007
10. Payables	7,131,400,340	5,367,712,227
to banks	*6,961,410,901*	*5,076,287,389*
to financial institutions	*3,666,576*	*170,706*
to customers	*166,322,863*	*291,254,132*
20. Outstanding securities	77,479,042	77,403,468
50. Hedging derivatives	1,972,804	247,480
70. Tax liabilities	14,811,435	4,419,497
a) current	*14,811,435*	*4,304,117*
b) deferred	-	*115,380*
90. Other liabilities	105,172,695	116,318,001
100. Staff severance fund	2,526,908	2,676,011
110. Provisions for risks and charges:	6,337,218	7,413,270
b) other provisions	*6,337,218*	*7,413,270*
120. Capital	114,518,475	114,518,475
150. Share-premiums	951,314	951,314
160. Reserves	2,369,433	(7,996,936)
180. Profit (loss) for the year	34,794,465	20,025,287
TOTAL LIABILITIES AND EQUITY	**7,492,334,129**	**5,703,688,094**

Head of Planning, Finance
& Administration Department
Nicoletta Cortivo

Chief Executive Officer
Fausto Galmarini

Income statement		(in euro)
ITEMS	2008	2007
10. Interest income and similar revenues	256,542,444	101,606,517
20. Interest expense and similar charges	(212,581,251)	(83,215,891)
INTEREST MARGIN	**43,961,193**	**18,390,626**
30. Commission income	56,751,381	36,054,401
40. Commission expense	(5,909,894)	(3,927,351)
NET COMMISSION	**50,841,487**	**32,127,050**
60. Net profit on trading activities	-	(41,079)
100. Profit/loss from disposal or repurchase of:	-	-
b) available-for-sale financial assets	-	-
EARNING MARGIN	**94,802,680**	**50,476,597**
110. Net value adjustment for impairment of:	(7,396,553)	763,243
a) receivables	*(7,396,553)*	*763,243*
120. Administrative expenses:	(29,633,157)	(17,439,420)
a) personnel expenses	*(16,821,591)*	*(9,075,539)*
b) other administrative expenses	*(12,811,566)*	*(8,363,881)*
130. Net value adjustments to tangible assets	(87,796)	(68,839)
140. Net value adjustments to intangible assets	-	(140,774)
160. Net allocations to provisions for risks and charges	(26,856)	(87,983)
170. Other operating charges	(615,556)	(140,054)
180. Other operating income	423,434	384,482
OPERATING RESULT	**57,466,196**	**33,747,252**
PROFIT (LOSS) OF CURRENT ASSETS BEFORE TAXES	**57,466,196**	**33,747,252**
210. Income taxes for the period from current operations	(22,671,731)	(13,721,965)
PROFIT (LOSS) OF CURRENT ASSETS AFTER TAXES	**34,794,465**	**20,025,287**
NET PROFIT (LOSS) FOR THE YEAR	**34,794,465**	**20,025,287**

Head of Planning, Finance
& Administration Department
Nicoletta Cortivo

Chief Executive Officer
Fausto Galmarini

Financial Statements (Continued)

Statement of changes in equity as at 31 December 2008

(in euro)

	BALANCES AS AT 31.12.2007	CHANGES IN OPENING BALANCE	BALANCES AS AT 01.01.2008	RESULT ALLOCATION PREVIOUS YEAR		CHANGES FOR THE YEAR						PROFIT (LOSS) FOR THE YEAR 2008	SE AS AT 31.12.2008
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	EQUITY TRANSACTIONS						
							ISSUE OF NEW SHARES	PURCHASE OF OWN SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	OTHER CHANGES		
Capital	114,518,475	-	114,518,475										**114,518,475**
Share-premiums	951,314	-	951,314										**951,314**
Reserves:													
a) profit reserves	2,991,277	-	2,991,277	540,951									**3,532,228**
b) other	(10,988,213)	-	(10,988,213)	10,385,000							(559,582)		**(1,162,795)**
Valuation reserves	-	-	-										**-**
Capital instruments	-	-	-										**-**
Own shares	**-**	**-**	**-**										**-**
Profit (loss) for the year	**20,025,287**	**-**	**20,025,287**	**(10,925,951)**	**(9,099,336)**							**34,794,465**	**34,794,465**
Equity	127,498,140	-	127,498,140	-	(9,099,336)		0			0	(559,582)	34,794,465	**152,633,687**

Statement of changes in 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		CHANGES FOR THE YEAR						PROFIT (LOSS) FOR THE YEAR 2007	SE AS AT 31.12.2007
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	EQUITY TRANSACTIONS						
							ISSUE OF NEW SHARES	PURCHASE OF OWN SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	OTHER CHANGES		
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**
Equity	58,629,778	-	58,629,778	-	(12,772,000)		72,000,075				(10,385,000)	20,025,287	**127,498,140**

Head of Planning, Finance
& Administration Department
Nicoletta Cortivo

Chief Executive Officer
Fausto Galmarini

Cash Flow Statement Direct Method	(in euro)	
	31.12.2008	31.12.2007
OPERATING ACTIVITIES		
1. MANAGEMENT		
-interest income and similar revenues	256,542,444	101,606,517
- interest expense and similar charges	(212,581,251)	(83,215,891)
- commission income	56,751,381	36,054,401
- commission expense	(5,909,894)	(3,927,351)
- personnel expenses	(16,821,591)	(9,075,539)
- other costs	(13,427,122)	(8,545,014)
- other revenues	423,434	384,482
- taxes	(24,287,755)	(15,045,376)
2. CASH FLOW GENERATED FROM DECREASE IN FINANCIAL ASSETS		
- available-for-sale financial assets	-	1,000
- receivables	-	-
- other assets	8,871,434	-
3. CASH FLOW ABSORBED BY INCREASE IN FINANCIAL ASSETS		
- available-for-sale financial assets	-	-
- receivables	(1,799,628,104)	(3,263,259,752)
- other assets	-	(10,961,979)
4. CASH FLOW GENERATED FROM INCREASE IN FINANCIAL LIABILITIES		
- debts	-	161,321,257
- outstanding securities	75,574	74,793,832
- other liabilities	-	94,865,263
5. CASH FLOW ABSORBED BY REPAYMENT/REPURCHASE OF FINANCIAL LIABILITIES		
- debts	(121,435,399)	-
- outstanding securities	-	-
- other liabilities	(376,930)	-
NET CASH FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES	**(1,871,803,779)**	**(2,925,004,150)**
INVESTING ACTIVITIES	31.12.2008	31.12.2007
1. CASH FLOW GENERATED BY DECREASE IN		
- tangible assets	37,534	37,086
- intangible assets	-	1,651,535
2. CASH FLOW ABSORBED BY INCREASE IN		
- tangible assets	(317,009)	(138,882)
- intangible assets	-	-
NET CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES	**(279,475)**	**1,549,739**
FINANCING ACTIVITIES	31.12.2008	31.12.2007
- issue/purchase of own shares	-	72,000,075
- issue/purchase of capital instruments	-	-
- distribution of dividends and other purposes	(9,099,336)	(12,772,000)
- reserves	(559,582)	(10,385,000)
NET CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES	**(9,658,918)**	**48,843,075**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**(1,881,742,172)**	**(2,874,611,336)**

Head of Planning, Finance
& Administration Department
Nicoletta Cortivo

Chief Executive Officer
Fausto Galmarini

Financial Statements (Continued)

Reconciliation	2008 AMOUNT	2007 AMOUNT
Cash at banks and on hand at the beginning of the year	(5,069,870,799)	(2,195,259,463)
Total net cash flow generated/absorbed during the year	(1,881,742,172)	(2,874,611,336)
Cash at banks and on hand at the end of the year	**(6,951,612,971)**	**(5,069,870,799)**

Head of Planning, Finance
& Administration Department
Nicoletta Cortivo

Chief Executive Officer
Fausto Galmarini

Notes to the Financial Statements

Notes to the Financial Statements

Part A) Accounting policies

Notes to the Financial Statements

Part A) Accounting policies

Valuation criteria

General drafting principles

The financial statements of UniCredit Factoring S.p.A. as at 31 December 2008 have been drawn up, as stated above, in accordance with the international accounting standards (IAS/IFRS) endorsed by the European Commission. The financial statements include the Balance Sheet, the Profit and Loss Account, the Statement of changes in equity, the Cash Flow Statement and the Notes to the Financial Statements. The financial statements have been drawn up in Euro and are consistent with the Company's accounting records, which fully reflect the transactions undertaken during the period.
The financial statements have been drawn up on a going-concern basis and in accordance with the principles of accruals, relevance and significance of the accounting information, and of the prevalence of economic substance over legal form. The disclosure containing the cash flow statement has been drawn up on a cash basis. The costs and revenues, and the assets and liabilities have not been offset, unless otherwise required by an accounting standard and/or by the related interpretation, in order to make the financial statements clearer and more representative.

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

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

1) Receivables
Receivables include non-derivative financial assets, due from customers and banks, with fixed or determinable payments that are not listed on an active market.
According to the general principle of the prevalence 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 establishes that a company can derecognise a financial asset only if:
a) the financial asset is transferred, and as a result all the risks are transferred and the contractual rights to the cash flows deriving from the asset expire;
b) the benefits attached to the ownership of the asset no longer apply.
In order for the transfer of the financial assets to occur, either of the following conditions must be met:
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 under an agreement in which all the following conditions have been met:
- the company has no obligation to pay preset 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 without delay. Any investment of the cash flows in the period between collection and payment may only be made in financial assets equivalent to cash and, in any case, with no rights to the interest accrued on the amounts invested.

In order for a transfer of a financial asset to be made that results in its derecognition from the assignor's financial statements, at the time of each assignement, the assignor has to assess the extent of any risks and benefits attached to the financial asset maintained.
To determine the effective transfer of risks and benefits, a comparison must be made of the assignor's exposure to the variability of the present value or of the cash flows generated by the assigned financial asset, before and after the transfer.
The assignor essentially maintains all the risks and benefits when its exposure to the "variability" of the present value of the future net cash flows of the financial asset does not change significantly after its transfer. Conversely, the transfer takes place when the exposure to this "variability" is no longer significant.
In summary, there are three possible cases that have particular specific effects, namely:
1) when the company essentially transfers all the risks and benefits attached to the ownership of the financial asset, it has to "reverse" the financial asset and separately record all the rights and obligations deriving from the transfer as assets or liabilities;

2) when the company essentially maintains all the risks and benefits attached to the ownership of the financial asset, it must continue to record it as a financial asset;
3) when the company does not either transfer or maintain all the risks and benefits attached to the ownership of the financial asset, it has to assess its control over the financial asset; and
   a) if it does not have the control, it has to reverse the financial asset and separately recognise the individual assets/liabilities deriving from the rights/obligations of the transfer;
   b) if it maintains the control, it has to continue recognising the financial asset up to the extent of its commitment in the investment.

For the purposes of assessing control, the determining factor to be taken into account is the beneficiary's ability to transfer the financial asset unilaterally, without any restrictions by the assignor. When the beneficiary of a transfer of a financial asset has the operating capacity to sell the whole financial asset to a non-related third party and can do so unilaterally, without having to impose any other limitations to the transfer, 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 forms 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 transferor's financial statements;
- in the case of a with recourse assignment, in the majority of cases the risk connected to the transferred asset should be considered as being held by the seller, and consequently the transfer does not meet the conditions for the derecognition of the instrument sold.

UniCredit Factoring S.p.A., having determined the absence of contract clauses that prevent the effective material transfer of all the risks and benefits, has recorded the receivables purchased without recourse under receivables. With regard to the portfolio sold with recourse, the receivables are only recorded and recognised in the financial statements for the amounts paid to the assignor as advance payment.

After their initial recognition at fair value, including the transaction costs directly attributable to the purchase of the financial asset, the receivables are valued at amortised cost, using the effective interest method.

As at each balance sheet date, if there is objective evidence that the receivables have been impaired, the amount of the loss is measured as the difference between the book value of the asset and the present value of the future expected cash flows discounted at the original effective interest rate. In particular, the criteria for determining the write-downs of receivables are based on the discounting of the expected cash flows for principal and interest, net of collection charges and any advances received. The main elements used to determine the present value of the cash flows are the identification of the estimated proceeds, the related maturities, and the discount rate to be applied.

A loan/receivable is regarded as impaired when it is considered likely that it will not be possible to collect the whole amount, on the basis of the original contract terms, or an equivalent value. A receivable can be fully derecognised when it is considered irrecoverable or it is completely written off.

Impaired positions are divided into the following categories:
- NPRs - the receivables that are formally impaired, represented by the exposure to customers that are in a state of insolvency (even when not legally recognised) or in a similar situation. These are assessed on a individual basis.
- Doubtful receivables - this category contains transactions with parties that are experiencing a temporary difficulty that is expected to be resolved within a reasonable period of time. These are assessed on a individual basis.
- Restructured exposures - these represent the exposures towards counterparts with whom specific agreements have been entered into that provide for a postponement of the payment of the debt and the renegotiation of the terms and conditions. These are assessed on a individual basis.
- Past due positions - these represent the entire exposure to counterparts, other than those classified within the abovementioned categories, which have loans/receivables past due for more than 180 days as at the reporting date. The valuation is carried out on an overall basis.

The valuation of the performing receivables involves portfolios of assets for which no objective evidence of loss has been found and that are consequently valued collectively. The expected cash flows of assets, grouped together into classes with similar characteristics in terms of credit risk, sector, and type of guarantee, are associated to a probability of default (PD) and a loss given default (LGD).

2) Tangible assets

"Assets used in operations" have a physical substance, are held to be used for the production or supply of goods and services or for administrative purposes, and are considered likely to be used for more than one period.

This item includes: plant and equipment, fixtures and furnishings.

Notes to the Financial Statements (Continued)

Part A) Accounting policies (Continued)

Tangible assets are initially recorded at cost, including all the charges required to put them into service (including all the costs directly related to putting the asset into service, and the irrecoverable purchase taxes). This value is subsequently increased by all expenses incurred that are expected to generate future benefits. Ordinary maintenance costs for the asset are recognised in the profit and loss account when they occur. On the other hand, extraordinary maintenance costs, which are expected to generate future economic benefits, are capitalised and increase the value of the assets involved.
After initial recognition, operating tangible assets are recorded at cost, net of accumulated depreciation and any accumulated impairment.
The depreciable amount, corresponding to the cost less the residual value (namely the expected amount normally resulting from the disposal, less the expected disposal costs, assuming the asset is already in the state, also in terms of age, expected at the end of its useful life), is systematically spread over the useful life of the tangible asset on a straight line basis.
According to standard practice the residual value of depreciable assets is zero.
The useful life, which is regularly reviewed to determine whether there are any estimates that significantly differ from those previously made, is defined as:
• the period of time over which an asset is expected to be utilisable by the company; or
• the quantity of products or similar units that the company expects to obtain from the use of the asset.
If there is objective evidence that an individual asset may have been impaired, the book value of the asset is compared with the recoverable value, which corresponds to the higher of the fair value, less the sale costs, and the related value in use, namely the present value of the future cash flows that are expected to be generated by the asset. Any value adjustments are recognised under the item “net value adjustments/write backs to tangible assets” of the profit and loss account.
If the impairment loss is reversed 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 had been recognised 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 its use. Any differences between the disposal value and the book value are recognised in the profit and loss account under the item “sale proceeds”.

3) Payables and outstanding securities
Payables and issued subordinated liabilities are initially recorded at fair value, which generally corresponds to the consideration received, net of the transaction costs directly attributable to the financial liability. After initial recognition, these instruments are valued at amortised cost, using the effective interest method.
Payables arising from factoring transactions reflect the remaining amount to be paid to the assignor resulting from the difference between the value of the receivables acquired without recourse and the advance payment made.
Financial liabilities are derecognised from the financial statements upon settlement or maturity.

4) Hedging activities
Hedging instruments are designated as a fair value hedge of a recognised 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 offset by the changes in the fair value of the hedging derivative. In other words the actual results should be between 80% and 125%.

5) Staff Severance Fund
The staff severance fund (TFR) can be considered as a defined benefit payment subsequent to the employment relationship. Consequently, its recognition in the financial statements has required the estimate - by means of actuarial methods - of the amount of benefits accrued by employees and their discounting. The determination of these benefits has been assigned to an external actuary that uses the projected unit credit method.
With regard to the recording of the actuarial gains/losses, the Company has decided to use the “corridor” approach, which allows the non-recognition of part of the actuarial gains/losses if their net total, not recorded at the end of the previous year, does not exceed the greater of:
• 10% of the present value of the defined benefit obligation recorded as at that date (i.e. as at the end of the previous year);
• 10% of the fair value of any plan asset as at that date (i.e. as at the end of the previous year).
The amount of actuarial gains/losses that exceeds these limits is recorded in the profit and loss account, on the basis of the expected average working life of the plan beneficiaries as from the following year.

6) Provisions for risks and charges

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

• when there is a current obligation (legal or implicit) as a result of a past event;

• when it is likely that, in order to fulfil the obligation, it will be necessary to use resources capable of generating economic benefits; and

• a reliable estimate may be made of the amount resulting from the fulfilment of the obligation.

The amount recorded as a provision represents the best estimate of the expense required to fulfil the existing obligation as at the balance sheet date and reflects all the risks and uncertainties that inevitably characterise a series of facts and circumstances.

The allocated provisions are periodically reviewed and, if necessary, adjusted to reflect the best current estimate. If the review reveals that the charge is unlikely to be incurred, the provision is reversed.

A provision is only used in relation 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.

7) Deferred and current taxation

Current taxes relating to the year and to previous years are recognised, for the amount that has not been paid, as liabilities. Any surplus in respect of the amount due is recognised as an asset.

Current tax liabilities/assets for the current and previous years are set at the amount that is expected to be paid/recovered from the tax authority, applying all the prevailing tax rates and tax regulations.

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

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

Deferred tax assets and deferred tax liabilities are continuously monitored and are quantified on the basis of the tax rates that are likely to be applied in the year in which the tax asset is realised or the tax liability settled, taking into account the tax rules deriving from current legislation.

Deferred tax assets and deferred tax liabilities are not discounted or offset.

8) 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 Holding, consisting of the assignment of:

a) rights to subscribe for share capital increases against payment (known as Stock Options);

b) rights to receive shares upon the achievement of quantitative/qualitative objectives ("performance shares");

c) shares subject to unavailability clauses ("restricted shares").

Given the difficulty in reliably estimating the fair value of the services received for the Holding's equity instruments, reference is made to the fair value of the instruments measured as at the assignment date.

The fair value of the payments made through the issue of shares is recognised as a cost in the profit and loss account under the item "personnel expenses" with an offsetting entry in the item "other liabilities".

9) Revenue

Revenue, as defined by IAS 18, is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise when those inflows result in increases in equity, other than increases relating to contributions from shareholders.

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it can be estimated reliably.

The outcome of a transaction involving the rendering of services can be reliably estimated when all of the following conditions are met:

- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction as at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the enterprise. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in

Notes to the Financial Statements (Continued)

Part A) Accounting policies (Continued)

respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of income originally recognised.

10) Foreign currency transactions

Foreign currency is a currency other than the Company's reporting currency, which is the currency of the main economic environment in which the Company conducts its business.

A transaction in foreign currency is initially recognised using the reporting currency, by applying the spot exchange rate between the reporting currency 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 measured at fair value are converted using the exchange rates as at the date of determination of the fair value.

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 the previous financial statements, are recognised in the profit and loss account during the year in which they occur.

11) Other information

Long-term employee benefits

Long-term employee benefits, such as those deriving from length-of-service bonuses issued upon achievement of a set length of service (25th and 35th year), are recorded under the item "other liabilities - length-of-service bonuses" based on the valuation of the liability as at the balance sheet date, determined by an external actuary. For this type of benefits the actuarial gains/losses are immediately recognised in the profit and loss account, without using the so-called "corridor method".

12) Events occurring after the financial statement reporting date

No events occurred after the year end that could have an impact on these financial statements.

13) Other aspects

In the drawing up of the financial statements in accordance with the IFRS standards the Company management has to make assessments, estimates and assumptions that influence the application of the accounting standards and the amounts of the assets, liabilities, costs and income recognised in the financial statements. The estimates and the related assumptions are based on previous experience and factors considered to be reasonable, and are made to estimate the book value of assets and liabilities that cannot be easily determined from other sources.

These estimates and assumptions are revised on a regular basis. Any changes resulting from the revisions of the accounting estimates are recorded in the period during which the revision is performed, if the revision only involves that specific period. If the revision involves current and future periods, the change is recognised in the period when the revision is performed and in the relevant future periods.

Notes to the Financial Statements

Part B) Information on the Balance Sheet

Notes to the Financial Statements

Part B) Information on the Balance Sheet

Assets

Section 1 - Cash at banks and on hand - Item 10

Breakdown of item 10 “Cash at banks and on hand”		
ITEMS/VALUES	31.12.2008	31.12.2007
1.1 Cash on hand and revenue stamps	3,395	3,782
Total	**3,395**	**3,782**

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

4.1 Breakdown of item 40 “Available-for-sale financial assets”
The Company does not have any receivables of this type.

4.2 Available-for-sale financial assets: breakdown by debtors/issuers
The Company does not have any receivables of this type.

4.3 Available-for-sale financial assets: annual changes
The Company does not have any receivables of this type.

4.4 Available-for-sale financial assets as guarantee of own liabilities and commitments
The Company does not have any receivables of this type.

Section 6 - Receivables - Item 60

6.1 "Receivables from banks"		
BREAKDOWN	31.12.2008	31.12.2007
1. Deposits and current accounts	9,794,535	6,416,179
2. Repurchase agreements	-	-
3. Receivables	42,058,882	36,373,505
3.1 from financial leasing	-	-
3.2 from factoring	*42,017,587*	*36,373,505*
- receivables from assignors	26,698,104	14,611,468
- receivables due by assigned debtors	15,319,483	21,762,037
3.3 other receivables	*41,295*	-
4. Debt securities	-	-
5. Other assets*	63,380,094	127,260,576
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 receivables	-	-
Total book value	**115,233,511**	**170,050,260**
Total fair value	**115,233,511**	**170,050,260**

* Receivables from syndication participants.

6.2 Receivables from banks as guarantee of own liabilities and commitments

The Company does not have any receivables of this type.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Assets (Continued)

6.3 "Receivables from financial institutions"		
BREAKDOWN	31.12.2008	31.12.2007
1. Repurchase agreements	-	-
2. Receivables	519,926,934	24,402,213
2.1 from financial leasing	-	-
2.2 from factoring	*519,850,569*	*24,402,213*
- receivables from assignors	517,453,300	325,135
- receivables due by assigned debtors	2,397,269	24,077,078
2.3 other receivables	*76,365*	-
3. Securities	-	-
4. Other assets*	6,623,453	25,178,191
5. Assets transferred but not derecognised	-	-
5.1. fully accounted	-	-
5.2. partially accounted	-	-
6. Impaired assets	-	-
6.1 from financial leasing	-	-
6.2 from factoring	-	-
6.3 other receivables	-	-
Total book value	**526,550,387**	**49,580,404**
Total fair value	**526,550,387**	**49,580,404**

* Receivables from syndication participants.

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	31.12.2008	31.12.2007
1. Financial lease	-	-
1.1 Receivables for assets granted under financial leasing	-	-
of which: without final call option	-	-
1.2 Other receivables	-	-
2. Factoring	6,708,509,610	4,604,181,893
- receivables from assignors	*3,300,670,257*	*1,939,564,970*
- receivables due by assigned debtors	*3,407,839,353*	*2,664,616,923*
3. Consumer credit (including revolving cards)	-	-
4. Credit cards	-	-
5. Other loans *	95,960,292	797,710,828
6. Securities	-	-
7. Other assets	-	1,603
8. Assets transferred but not derecognised	-	-
8.1. fully accounted	-	-
8.2. partially accounted	-	-
9. Impaired assets	29,374,654	58,490,188
- Financial leasing	-	-
- Factoring	*29,374,654*	*58,490,188*
- Consumer credit (including revolving cards)	-	-
- Credit cards	-	-
- Other loans	-	-
Total book value	**6,833,844,556**	**5,460,384,512**
Total fair value	**6,833,844,556**	**5,460,384,512**

* Other loans are made up of invoices issued for deferred receivables from debtors and of loans supplemental to receivables. Compared to the position in 2007 the deferred receivables due by debtors have been classified under receivables due by assigned debtors, in accordance with the new supervisory regulations for financial intermediaries. In 2007 the deferred receivables amounted to Euro 770,693,469.

6.6 Receivables from customers as guarantee of own liabilities and commitments

The Company does not have any receivables of this type.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Assets (Continued)

6.7 "Receivables": secured assets						
	31.12.2008			31.12.2007		
BREAKDOWN	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:	**79,881,597**	**7,169,638**	**9,490,502,179**	**14,614,838**	**325,135**	**3,868,254,756**
- Financial leasehold assets						
- Receivables due by assigned debtors *	17,590,244	7,169,638	5,475,791,993	14,614,838	325,135	3,833,723,283
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal guarantees **	62,291,353	-	4,014,710,186	-	-	34,531,473
- Derivatives	-	-	-	-	-	
2. Impaired assets secured by:	**-**	**-**	**5,967,999**	**-**	**-**	**8,391,424**
- Financial leasehold assets	-	-	-	-	-	-
- Receivables due by assigned debtors	-	-	5,967,999	-	-	8,391,424
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-
- Derivatives	-	-	-	-	-	-
Total	**79,881,597**	**7,169,638**	**9,496,470,178**	**14,614,838**	**325,135**	**3,876,646,180**

* Total receivables for with recourse transactions plus formal non-recourse transactions.

** With respect to 2007 we have included the value of the personal guarantees issued for all the transactions because, on the basis of a new interpretation of the table supported by informal clarifications provided by the Bank of Italy, the table should include the value of all the guarantees received in relation to the exposure is recorded in the balance sheet assets, divided according to type of guarantee (detailed by line). Therefore, for the positions characterised by the presence of several guarantees, in addition to the underlying total receivables, the value of all the guarantees and not just the receivables must be stated, even though if this is greater than the value of the secured asset. The personal guarantees issued as at 31 December 2007 totalled Euro 3,064,498,801.

Section 7 - Hedging derivatives

7. 1 Breakdown of item 70 "Hedging derivatives": derivative instruments divided according to type of contracts and underlying assets

	31.12.2008						31.12.2007					
	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 (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Unlisted	**-**	**-**	**-**	**-**	**-**	**-**	**128.432**	**-**	**-**	**-**	**-**	**128.432**
- Forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
- FRA	-	-	-	-	-	-	-	-	-	-	-	-
- Swaps	-	-	-	-	-	-	128.432	-	-	-	-	128.432
- Options	-	-	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**128.432**	**-**	**-**	**-**	**-**	**128.432**
Total (A+B)	**-**	**-**	**-**	**-**	**-**	**-**	**128.432**	**-**	**-**	**-**	**-**	**128.432**

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Assets (Continued)

Section 10 - Tangible assets - Item 100

10.1 Breakdown of item 100 "Tangible assets"

ITEMS/VALUATION	31.12.2008 ASSETS AT COST	31.12.2007 ASSETS AT COST
1. Functional assets	**523,997**	**332,318**
1.1 owned	**523,997**	332,318
a) land	-	-
b) buildings	-	-
c) furniture	523,997	*332,318*
d) capital assets	-	-
e) other	-	-
1.2 acquired through financial lease	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) capital assets	-	-
e) other	-	-
Total 1	523,997	332,318
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)	523,997	332,318

10.2 Tangible assets: annual changes	LAND	BUILDINGS	FURNITURE	CAPITAL ASSETS
A. Opening balance	**-**	**-**	**332,318**	**-**
B. Increases	**-**	**-**	**317,009**	**-**
B.1 Purchases	-	-	317,009	-
B.2 Write-backs	-	-	-	-
B.3 Increases in fair value recorded in the:	-	-	-	-
a) equity	-	-	-	-
b) Income statement	-	-	-	-
B.4 Other decreases	-	-	-	-
C. Decreases	**-**	**-**	**(125,330)**	**-**
C.1 Sales	-	-	(37,534)	-
C.2 Depreciation	-	-	(87,796)	-
C.3 Write-downs for impairment recorded in the:	-	-	-	-
a) equity	-	-	-	-
b) Income statement	-	-	-	-
C.4 Decreases in fair value recorded in the:	-	-	-	-
a) equity	-	-	-	-
b) Income statement	-	-	-	-
D. Closing balance	**-**	**-**	**523,997**	**-**

The depreciation rates used are:
- electronic equipment 20%
- fixtures and furnishings 12%.

During the year fixtures and furnishings were purchased for the new headquarters in Via Albricci 10, Milan.

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”
The Company does not have any receivables of this type.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Assets (Continued)

Section 12 - Tax assets and liabilities

12.1 Breakdown of item 120 "Tax assets: current and prepaid"

TAX ASSETS	31.12.2008	31.12.2007
a) current	-	-
b) deferred	4,761,413	3,048,514
Total	**4,761,413**	**3,048,514**

12.2 Breakdown of item 70 "Tax liabilities: current and deferred"

TAX LIABILITIES	31.12.2008	31.12.2007
a) current *	14,811,435	4,304,117
b) deferred		115,380
Total	**14,811,435**	**4,419,497**

* The difference compared to 2007 is due to the increase in the taxable base linked to the absorption of the MCC business segment and the growth of the business.

UniCredit Factoring S.p.A. participate in the tax consolidation of the Unicredito Group, consequently the IRES (company earnings' tax) advances of Euro 6,832,499 paid over to the Holding are classified in the item "tax liabilities".

12.3 Changes in prepaid taxes (offsetting entry of Income statement)

	31.12.2008	31.12.2007
1. Opening balance	**2,603,793**	**1,292,044**
2. Increases	**2,184,337**	**2,457,170**
2.1 Prepaid tax assets accounted during the year	2,184,337	640,458
a) relating to previous years	-	-
b) due to changes in the accounting principles	-	-
c) write-backs	-	-
d) other	*2,184,337*	*640,458*
2.2. New taxes or increases in tax rates	-	-
2.3 Other increases	-	1,816,712
3. Decreases	**(619,037)**	**(1,145,421)**
3.1 Prepaid taxes cancelled during the year	(109,583)	(761,817)
a) re-endorsement	(109,583)	(761,817)
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	(509,454)	(239,401)
4. Closing balance	**4,169,093**	**2,603,793**

12.4 Changes in deferred taxes (offsetting entry of Income statement)

	31.12.2008	31.12.2007
1. Opening balance	**(14,063)**	**(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	**(115,380)**	**(270,558)**
3.1 Deferred taxes cancelled during the year	(115,380)	(71,637)
a) re-endorsement	(115,380)	(71,637)
b) due to changes in the accounting principles	-	-
c) other	-	-
3.2 Decreases of tax rates	-	-
3.3 Other decreases	-	(198,921)
4. Closing balance	**(129,443)**	**(14,063)**

12.5 Changes in prepaid taxes (offsetting entry of equity)

	31.12.2008	31.12.2007
1. Opening balance	**444,721**	**444,721**
2. Increases	**212,254**	**0**
2.1 Prepaid tax assets accounted during the year	*212,254*	-
a) relating to previous years	-	-
b) due to changes in the accounting principles	-	-
c) other	*212,254*	-
2.2. New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(64,655)**	**-**
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	(64,655)	-
4. Closing balance	**592,320**	**444,721**

The opening balance represents the amount of assets for prepaid taxes on FTA, as a consequence of the transition to the international accounting standards, as an offsetting entry of equity according to the provisions of IFRS 1.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Assets (Continued)

12.6 Changes in deferred taxes (offsetting entry of equity)		
	31.12.2008	31.12.2007
1. Opening balance	**129,443**	**129,443**
2. Increases	**-**	**-**
2.1 Deferred taxes accounted during the year	-	-
2.2. New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred taxes cancelled during the year	-	-
3.2 Decreases of tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**129,443**	**129,443**

The opening balance represents the amount of liabilities for deferred taxes on FTA, as a consequence of the transition to the international accounting standards, as an offsetting entry of equity according to the provisions of IFRS 1.

Section 14 - Other assets - Item 140

14.1 Breakdown of item 140 "Other assets"		
ITEMS	31.12.2008	31.12.2007
Bills credited to customers and subject to successful collection, awaiting receipts from the bank	6,577,195	12,458,330
Receivables from tax authorities	101,784	157,463
Caution money	3,160	6,436
Advance payments and grants to employees	397	1,214
Receivables from Insurance Company for indemnities owing	64,040	98,835
Advanced payments	-	465,000
Transit items	222,005	371,171
Prepaid expense	3,401,798	1,486,423
Amount due from the Holding from tax consolidation system	-	5,115,000
Improvements to leasehold property *	1,046,491	-
Total	**11,416,870**	**20,159,872**

* Amount relating to the extraordinary maintenance of the premises of the new headquarters in Via Albricci 10, Milan.

Liabilities and equity

Section 1 - Payables - Item 10

1.1 Payables to banks		
ITEMS	31.12.2008	31.12.2007
2. Loans	6,732,999,216	4,860,608,403
3. Other payables	228,411,685	215,678,986
Total	**6,961,410,901**	**5,076,287,389**
Fair Value	**6,961,410,901**	**5,076,287,389**

The item "loans" shows the value of the loans received from banks.
The item "other payables" essentially shows the value of the UniCredit Corporate Banking syndication participation.

1.2 Payables to financial institutions		
ITEMS	31.12.2008	31.12.2007
2. Loans	-	-
3. Other payables	3,666,576	170,706
Total	**3,666,576**	**170,706**
Fair Value	**3,666,576**	**170,706**

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	31.12.2008	31.12.2007
3. Other payables	166,322,863	291,254,132
Total	**166,322,863**	**291,254,132**
Fair Value	**166,322,863**	**291,254,132**

The item represents the difference between the total receivables and the expected value of the consideration in the effective non-recourse transactions of Euro 100,723,713 and debit balances with customers of Euro 65,599,150.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Liabilities and Equity (Continued)

Section 2 - Outstanding securities - Item 20

2.1 Breakdown of item 20 "Outstanding securities"

LIABILITIES	31.12.2008 BOOK VALUE	31.12.2008 FAIR VALUE	31.12.2007 BOOK VALUE	31.12.2007 FAIR VALUE
1. Listed securities	**-**	**-**	**-**	**-**
- bonds	-	-	-	-
- other securities	-	-	-	-
2. Unlisted securities	**77,479,042**	**77,479,042**	**77,403,468**	**77,403,468**
- bonds	77,479,042	77,479,042	77,403,468	77,403,468
- other securities	-	-	-	-
Total	**77,479,042**	**77,479,042**	**77,403,468**	**77,403,468**

2.2 Subordinated securities

Subordinated liabilities are as follows:

		AMOUNT AS AT 01.01.2008	REFUNDS AND VARIATIONS	AMOUNT AS AT 31.12.2008	MATURITY	RATE
principal	Euro	10,000,000	-	10,000,000	30,3,2017	For the first 5 years: Euribor 6 months + 30 bps, from the sixth year, if not refunded in advance: Euribor 6 months+ 90 bps
interest	Euro	126,550	14,753	141,303		
total	**Euro**	**10,126,550**	**14,753**	**10,141,303**		

- Type: subordinated liabilities within the Group LOWER TIER 2;
- Starting date: 30.03.2007
- Half-year variable rate: for the first 5 years rate Euribor 6 months + 30 bps and from the sixth year, if not refunded in advance, rate Euribor 6 months + 90 bps;
- Refunding: refunding of the entire principal at the expiry date subject to authorisation by the Bank of Italy;
- Early refunding: subject to authorisation by the Bank of Italy, having verified market conditions, the Company reserves the right to proceed, after 60 months from the loan expenditure and at the agreed dates for the payment of interest, with the 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.

		AMOUNT AS AT 01.01.2008	REFUNDS AND VARIATIONS	AMOUNT AS AT 31.12.2008	MATURITY	RATE
principal	Euro	15,000,000	-	15,000,000	30,3,2017	
interest	Euro	198,825	21,850	220,675		
total	**Euro**	**15,198,825**	**21,850**	**15,220,675**		Euribor 6 months + 53 bps

- Type: composite instrument within the Group UPPER TIER 2;
- Starting date: 30.03.2007;
- Half-year variable rate: Euribor 6 months + 53 bps;
- Refunding: refunding of the entire principal at the expiry date subject to authorisation 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.

		AMOUNT AS AT 01.01.2008	REFUNDS AND VARIATIONS	AMOUNT AS AT 31.12.2008	MATURITY	RATE
principal	Euro	24,000,000	-	24,000,000	14,12,2017	For the first 5 years: Euribor 6 months + 100 bps, from the sixth year, if not refunded in advance: Euribor 6 months + 160 bps
interest	Euro	34,023	16,035	50,058		
total	**Euro**	**24,034,023**	**16,035**	**24,050,058**		

- Type: subordinated liabilities within the Group LOWER TIER 2;
- Starting date: 14.12.2007
- 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 of the entire principal at the expiry date subject to authorisation by the Bank of Italy;
- Early refunding: subject to authorisation by the Bank of Italy, having verified market conditions, the Company reserves the right 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.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Liabilities and Equity (Continued)

		AMOUNT AS AT 01.01.2008	REFUNDS AND VARIATIONS	AMOUNT AS AT 31.12.2008	MATURITY	RATE
principal	Euro	28,000,000	-	28,000,000	14,12,2017	
interest	Euro	44,070	22,936	67,006		
total	**Euro**	**28,044,070**	**22,936**	**28,067,006**		Euribor 6 months + 165 bps

- Type: composite instrument within the Group UPPER TIER 2;
- Starting date: 14.12.2007;
- Half-year variable rate: Euribor 6 months + 165 bps;
- Refunding: refunding of the entire principal at the expiry date subject to authorisation 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 31.12.2008
2. Unlisted	**1,972,804**	**-**	**-**	**-**	**-**	**1,972,804**
- Forward contracts	-	-	-	-	-	-
- FRA	-	-	-	-	-	-
- Swaps	1,972,804	-	-	-	-	1,972,804
- Options	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total	**1,972,804**	**-**	**-**	**-**	**-**	**1,972,804**

5.2 Breakdown of item 50 "Hedging derivatives": hedged portfolios and types of hedge								
	FAIR VALUE						CASH FLOWS	
	SPECIFIC							
TRANSACTIONS/TYPE OF HEDGE	INTEREST RATE RISK	EXCHANGE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	GENERIC	SPECIFIC	GENERIC
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-
2 Receivables	1,972,804	-	-	-	-	-	-	-
3. Financial assets held until maturity	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-	-	-	-
5. Foreign investments	-	-	-	-	-	-	-	-
Total assets	**1,972,804**	**-**	**-**	**-**	**-**	**-**		
1. Financial liabilities	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**		
Expected transactions	-	-	-	-	-	-	-	-

The derivatives hedging interest rate risk are only taken out on transactions with a maturity of over 18 months that are a residual part of the Company's portfolio.

Section 7 - Tax liabilities - Item 70

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

Section 9 - Other liabilities - Item 90

9.1 Breakdown of item 90 "Other liabilities"		
ITEMS	31.12.2008	31.12.2007
Amounts credited awaiting charging *	57,499,328	50,448,388
Bills awaiting charging	-	15,990
INPS and social security contributions due	716,168	247,480
Taxes and withholdings due	882,005	222,242
Accruals due to personnel**	6,096,618	3,971,033
Pending holidays	155,801	340,532
Suppliers for invoices to be received and/or paid	11,167,092	3,944,907
Transit items	2,507,500	3,188,986
Other current liabilities ***	26,148,183	38,438,443
Amount due to MCC for purchase price on business activities	-	15,500,000
Total	**105,172,695**	**116,318,001**

* Amounts to be recognised to customers for payments by debtors.
** The amount essentially comprises: the bonus system Euro 2,714 thousand, redundancy incentives Euro 974 thousand, third party personnel Euro 633 thousand.
*** Deferred income regarding interest and commission collected in advance by customers.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Liabilities and Equity (Continued)

Section 10 - Staff severance fund - Item 100

10.1 - "Staff severance fund": annual changes		
ITEMS	31.12.2008	31.12.2007
A. Opening balance	**2,676,011**	**1,824,337**
B. Increases	**210,848**	**1,589,370**
B1. Provision for the year	142,936	108,544
B2. Other increases	67,912	1,480,826
C. Decreases	**(359,951)**	**(737,696)**
C1. Payment of termination indemnities	(314,249)	(230,858)
C2. Other decreases	(45,702)	(506,838)
D. Closing balance	**2,526,908**	**2,676,011**

10.2 - Other information

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 assumptions 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 assumptions

Discounting rate	5,5%
Expected increase rate of remuneration	0%
Expected inflation rate	2%

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	2.508.408
Actuarial gains (losses) not recognised	18.500
Net liabilities	2.526.908

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 their discounting back. 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 assumptions 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 present 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 present value of said obligation at the previous year end. Any excess is recorded in the profit and loss account with amortisation over the remaining average working life of the employees who take part in the plan, as from the following accounting period.

Section 11 - Provisions for risks and charges - Item 110

11.1 Breakdown of item 110 “Provisions for risks and charges”

ITEMS	31.12.2008	31.12.2007
Provision for revocatory actions and disputes	5,506,561	5,911,996
Provision for legal charges	94,053	254,053
Provision for personnel claims	-	136,861
Provision for former Banca dell’Umbria guarantee	309,767	342,488
Provision for Intesa Mediofactoring guarantee	426,837	767,872
Total	**6,337,218**	**7,413,270**

The provision for revocatory actions and legal charges represents the estimate of costs expected to be sustained by the Company with respect to current revocatory actions and claims.
The most significant legal action involves a total risk of Euro 17.1 million covered by a prudential provision for risks and charges of Euro 1.0 million, together with the release from liability from MCC for an amount of Euro 2.5 million (which also covers a supervised position).

Provision for former Banca dell’Umbria guarantee: the Company created a specific provision in 2004 originating from funds of former Banca dell’Umbria 1462 S.p.A. (company absorbed by UniCredito Italiano S.p.A. in 2005) and included in the financial statements of GrifoFactor S.p.A. 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 will terminate 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.

Notes to the Financial Statements (Continued)

Part B) Information on the Balance Sheet - Liabilities and Equity (Continued)

11.2 Change during the year regarding item 110 "Provisions for risks and charges"		
ITEMS	31.12.2008	31.12.2007
1. Opening balance	**7,413,270**	**2,087,254**
2. Increases	**1,506,000**	**5,344,449**
Provision for revocatory actions	1,486,000	4,394,541
Provision for personnel claims		
Provision for legal charges		182,036
Provision for former Banca dell'Umbria guarantee	-	-
Provision for Intesa Mediofactoring guarantee		767,872
Provisions for selene distribuzione legal claims	20,000	
3. Decreases	**(2,582,052)**	**(18,433)**
Provision for revocatory actions	(1,891,435)	(10,450)
Provision for personnel claims	(136,861)	
Provision for legal charges	(160,000)	(7,983)
Provision for former Banca dell'Umbria guarantee	(32,721)	
Provision for Intesa Mediofactoring guarantee	(341,035)	
Provisions for selene distribuzione legal claims	(20,000)	
4. Closing balance	**6,337,218**	**7,413,270**

Section 12 - 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

12.5 - Breakdown and variation of item 160 "Reserves"					
ITEMS	LEGAL	PROFITS CARRIED FORWARD	STATUTORY RESERVE	OTHER RESERVES	TOTAL
A. Opening balance	**2,747,423**	**59,223**	**184,631**	**(10,988,213)**	**(7,996,936)**
B. Increases	**482,014**	**58,937**	**-**	**10,385,000**	**10,925,951**
B1. Attributions of profits	482,014	58,937	-	10,385,000	10,925,951
B2. Other increases	-	-	-		-
C. Decreases	**-**	**-**		**(559,582)**	**(559,582)**
C1. Utilisations	-	-	-	-	-
- losses hedge	-	-	-	-	-
- distribution	-	-	-	-	-
- transfer to capital	-	-	-	-	-
C2. Other decreases	-	-	-	(559,582)	(559,582)
D. Closing balance	**3,229,437**	**118,160**	**184,631**	**(1,162,795)**	**2,369,433**

The "Other Reserves" are made up of the amounts generated upon transition to the international accounting standards and the difference between the price received and book value of the assets transferred to Aspra relating to the future operating charges, as part of a "business combination under common control".

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

NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF USE	PORTION AVAILABLE
Capital	**114,518,475**		**-**
Capital reserve:	**951,314**		**-**
- Share-premiums	951,314	B	-
Profits reserves	**2,369,433**		**302,791**
- Statutory reserve	184,631	A, B, C	184,631
- Legal reserve	3,229,437	B	-
- FTA reserve	(447,478)		-
- Other reserves	(715,317)		-
- Profit for previous year	118,160	A, B, C	118,160
Profit for the year	34,794,465		-
Total	**152,633,687**	**-**	**302,791**

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

Notes to the Financial Statements

Part C) Information on the Income statement

Notes to the Financial Statements

Part C) Information on the Income statement

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	2008	2007
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	-	256,407,819	-	-	256,407,819	101,606,517
5.1 Receivables from banks	-	2,673,210	-	-	2,673,210	129,122
- for financial leases	-	0	-	-	-	-
- for factoring	-	1,157,233	-	-	1,157,233	-
- for guarantees and commitments	-	0	-	-	-	-
- for other receivables	-	1,515,977	-	-	1,515,977	129,122
5.2 Receivables from financial institutions	-	7,843,365	-	-	7,843,365	1,031,161
- for financial leases	-	0	-	-	-	-
- for factoring	-	7,843,365	-	-	7,843,365	1,031,161
- for guarantees and commitments	-	0	-	-	-	-
- for other receivables	-	0	-	-	-	-
5.3 Receivables from customers	-	245,891,244	-	-	245,891,244	100,446,234
- for financial leases	-	0	-	-	-	-
- for factoring	-	245,891,244	-	-	245,891,244	100,446,234
- consumer credits	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- for other receivables	-	-	-	-	-	-
6. Other assets	-	-	-	-	-	-
7. Hedging derivatives	-	134,625	-	-	134,625	-
Total	**-**	**256,542,444**	**-**	**-**	**256,542,444**	**101,606,517**

1.3 - Breakdown of item 20 “Interest expense and similar charges”

ITEMS/TYPES	LOANS	SECURITIES	OTHER	2008	2007
1. Payables to banks	(206,189,060)	-	-	(206,189,060)	(81,227,001)
2. Payables to financial institutions	-	-	-	-	-
3. Payables to customers	-	-	-	-	-
4. Outstanding securities	-	(5,817,794)	-	(5,817,794)	(1,970,732)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities at fair value	-	-	-	-	-
7. Other liabilities	-	-	-	-	-
8. Hedging derivatives	-	-	(574,397)	(574,397)	(18,158)
Total	**(206,189,060)**	**(5,817,794)**	**(574,397)**	**(212,581,251)**	**(83,215,891)**

Section 2 - Commission - Items 30 and 40

2.1 - Breakdown of item 30 "Commission income"

BREAKDOWN	2008	2007
1. Financial leasing transactions		
2. Factoring transactions	55,077,528	34,717,995
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	48,117	45,857
8. Servicing for securitisation transactions	-	-
9. Expenses recovery from customers (preparation of credit lines files, expenses on accounts, etc.)	1,625,736	1,290,549
Total	**56,751,381**	**36,054,401**

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

2.2 - Breakdown of item 30 "Commission expense"

BREAKDOWN/SECTORS	2008	2007
1. Guarantees received	(706,299)	(115,132)
2. Distribution of third-party services	-	-
3. Collection and payment services	(83,983)	(103,465)
4. Other commission	(5,119,612)	(3,708,754)
4.1 commission	(4,467,897)	(2,116,966)
4.2 cost of credit reinsurance	(651,715)	(1,591,788)
Total	**(5,909,894)**	**(3,927,351)**

The increase in commission expense and commission is due to the increase in the business with approved intermediaries or debtors.

Notes to the Financial Statements (Continued)

Part C) Information on the Income statement (Continued)

Section 4 - Net profit on trading activities - Item 60

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

ITEMS/INCOME COMPONENTS	2008 TRADING LOSSES	2008 NET PROFIT	2007 CAPITAL GAINS	2007 TRADING PROFITS	2007 NET PROFIT
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Investment securities	-	-	-	-	-
1.3 Units of UCI	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other assets	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**(41,079)**
2.1 Outstanding securities	-	-	-	-	-
2.2 Other liabilities	-	-	-	(41,079)	(41,079)
3. Derivatives	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**(41,079)**	**(41,079)**

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 SPECIFIC	VALUE ADJUSTMENTS PORTFOLIO	WRITE-BACKS SPECIFIC	WRITE-BACKS PORTFOLIO	2008	2007
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	**(7,982,522)**	**(1,060,000)**	**1,025,525**	**620,444**	**(7,396,553)**	**763,243,00**
- for leasing	-	-	-	-	-	-
- for factoring *	(7,982,522)	(1,060,000)	1,025,525	620,444	(7,396,553)	763,243
- for consumer credit	-	-	-	-	-	-
- guarantees and commitments	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
Total	**(7,982,522)**	**(1,060,000)**	**1,025,525**	**620,444**	**(7,396,553)**	**763,243**

* The specific value adjustments also include the write-downs of the NPRs sold to Aspra.

Section 10 - Administrative expenses - Item 120

10.1 - Breakdown of item 120.a - "Personnel expenses"

ITEMS/SECTORS	2008	2007
1. Employees	**(14,757,300)**	**(7,566,429)**
a) wages and salaries and similar charges	(9,641,296)	(4,673,608)
b) social security contributions	(3,595,290)	(1,622,332)
c) staff severance indemnity	-	-
d) social security contributions	-	-
e) provisions for staff severance fund	(142,936)	(189,566)
f) payment to pension funds	(691,380)	-
g) other expenses	(686,398)	(1,080,923)
2. Other personnel	**(1,841,621)**	**(1,429,475)**
3. Directors and auditors *	**(222,670)**	**(79,635)**
Total	**(16,821,591)**	**(9,075,539)**

* In 2008 this item also included remuneration for the statutory auditors as required by the Bank of Italy communication of 5 January 2009 amending the circular of 14 February 2006.

Notes to the Financial Statements (Continued)

Part C) Information on the Income statement (Continued)

10.2 - Breakdown of item 120.b "Other administrative expenses"		
CATEGORY OF EXPENSE	2008	2007
1°) TAXES AND DUES	**(385,660)**	**(305,711)**
1a Paid	**(385,660)**	**(305,711)**
- stamp duty	(358,877)	(285,519)
- registration tax	(25,707)	(19,122)
- other taxes and dues	(1,076)	(1,070)
2°) SUNDRY COSTS AND EXPENSES	**(12,425,906)**	**(8,058,170)**
A Advertising, marketing and communication expenses	**(238,126)**	**(136,339)**
- advertising expenses: mass media communications	(67,991)	-
- advertising expenses: market research	(32,346)	-
- advertising expenses: sponsorship	(45,547)	(22,443)
- entertainment expenses	(91,725)	(113,896)
- conventions and internal communication	(517)	-
B Expenses related to credit risk	**(1,308,750)**	**(514,962)**
- legal expenses for credit recovery	(1,108,105)	(393,818)
- commercial information and surveys	(200,645)	(121,144)
C Indirect expenses for personnel	**(1,185,079)**	**(664,617)**
- personnel service area	(54,237)	(25,755)
- personnel training and recruitment	(281,302)	(131,213)
- travel expenses and vehicle hire	(775,086)	(470,245)
- expenses for rental of properties for personal use	(74,454)	(37,404)
D Relating to information communication technology	**(4,215,516)**	**(3,313,815)**
- machine hire and ICT software	(3,917,320)	(3,227,255)
- telephone, swift and data transmission expenses	(191,494)	(86,560)
- ICT service	(105,712)	-
- financial info providers	(990)	-
E Professional consultancies and services	**(1,484,171)**	**(1,428,127)**
- technical consultancies	(331,913)	-
- other professional services	-	(873,530)
- strategic/managerial consultancies	(1,037,387)	-
- legal and notarial expenses	(114,871)	(554,597)
F Expenses for properties	**(2,094,079)**	**(832,891)**
- property service area	(11,300)	(11,000)
- cleaning of premises	(55,841)	(29,772)
- maintenance of fixtures and fittings, machines, and systems	(193,014)	(700)
- maintenance of premises	(85,150)	(62,497)
- property rental expenses	(1,730,601)	(728,922)
- utilities	(18,173)	-
F Other operating costs	**(1,900,185)**	**(1,167,419)**
- statutory auditors' remuneration	-	(54,786)
- insurance	(43,644)	(115,018)
- office machinery hire	(1,315)	-
- postal expenses	(386,394)	(162,945)
- stationery and printing supplies	(34,401)	(18,475)
- administrative services - other	(1,249,706)	(706,243)
- transportation of valuables and documents	(14,441)	(25,010)
- sundry office supplies	(70,381)	(22,254)
- charity	(274)	(2,512)
- fees, costs and contributions to trade associations and protection funds	(58,718)	(43,932)
- other administrative expenses	(40,911)	(16,244)
	(12,811,566)	**(8,363,881)**

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	2008 DEPRECIATION	2008 VALUE ADJUSTMENTS FOR IMPAIRMENT	2008 WRITE-BACKS	2008 NET PROFIT	2007 DEPRECIATION	2007 VALUE ADJUSTMENTS FOR IMPAIRMENT	2007 WRITE-BACKS	2007 NET PROFIT
1. Functional assets	**(87,796)**	**-**	**-**	**(87,796)**	**(68,839)**	**-**	**-**	**(68,839)**
1.1 owned	(87,796)	-	-	(87,796)	(68,839)	-	-	(68,839)
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
c) furniture	(87,796)	-	-	(87,796)	(68,839)	-	-	(68,839)
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	**(87,796)**	**-**	**-**	**(87,796)**	**(68,839)**	**-**	**-**	**(68,839)**

Notes to the Financial Statements (Continued)

Part C) Information on the Income statement (Continued)

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	2008				2007			
	AMORTISATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT	AMORTISATION	VALUE ADJUSTMENTS FOR IMPAIRMENT	WRITE-BACKS	NET PROFIT
1. Goodwill	-	-	-	-	-	(140,774)	-	(140,774)
2. Other intangible assets	-	-	-	-	-	-	-	-
2.1 owned	-	-	-	-	-	-	-	-
2.2 acquired through financial lease	-	-	-	-	-	-	-	-
3. Assets concerning financial lease	-	-	-	-	-	-	-	-
4. Assets granted under operating lease	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	(140,774)	-	(140,774)

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	2008	2007
- Provisions for revocatory actions and claims payable underway	(1,486,000)	-
- Provision for legal charges	(20,000)	(87,983)
- Write-back on provision for risks and charges	1,479,144	-
Total	(26,856)	(87,983)

Section 15 - Other operating charges - Item 170

15.1 - Breakdown of item 170 "Other operating charges"

COST ITEMS	2008	2007
- amount not refunded by the insurance Company regarding Parmalat case	-	(114,150)
- other operating charges *	(615,556)	(25,904)
Total	(615,556)	(140,054)

* Includes the amount pertaining to the year for the renovation of the property in via Albricci 10, the new headquarters of the Company.

Section 16 - Other operating income - Item 180

16.1 - Breakdown of item 180 "Other operating income"		
INCOME COMPONENTS	2008	2007
- legal expenses - recovered from customers	292,412	264,620
- dual-purpose car	25,548	19,086
- rental income receivable	1,678	1,463
- miscellaneous income	103,796	99,313
Total	**423,434**	**384,482**

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	2008	2007
1. Current taxes	(24,287,755)	(13,487,560)
2. Changes in current taxes relating to previous years		
3. Reduction of current taxes for the period		
4. Changes in prepaid taxes	1,500,644	(504,963)
5. Changes in deferred taxes	115,380	270,558
Taxes relating to the year	**(22,671,731)**	**(13,721,965)**

19.2 - Reconciliation between theoretical and actual tax liability recorded in financial statements		
ITEMS/VALUE ADJUSTMENTS AND WRITE-BACKS	2008	2007
Profit (loss) of current operations before taxes	**57,466,196**	**33,747,252**
Applicable theoretical tax rate	27.5%	33%
Theoretical taxes	(15,803,204)	(11,136,593)
Tax effects resulting from:		
+ Non-taxable income - permanent differences	-	-
- Costs that cannot be deducted for tax purposes - permanent differences *	(4,225,699)	(203,034)
- IRAP (regional business tax)	(4,258,852)	(2,147,933)
+ Assets recognition for prepaid and deferred taxes	2,299,717	(193,925)
+/- Other differences	(683,693)	(40,480)
Income taxes recorded in the profit & loss account	**(22,671,731)**	**(13,721,965)**
Income taxes for the period from current operations	**(22,671,731)**	**(13,721,965)**
Difference	**-**	**-**

* The increase is due to the introduction of the Robin Hood tax. The effective tax rate amounts to 40.7%.

Notes to the Financial Statements (Continued)

Part C) Information on the Income statement (Continued)

Section 21 - Income statement: other information

21.1 - Analytical breakdown of interest income and commission income

	INTEREST INCOME			COMMISSION INCOME				
ITEMS/COUNTERPARTS	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS	2008	2007
1. Financial lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- real estate	-	-	-	-	-	-	-	-
- movables	-	-	-	-	-	-	-	-
- capital assets	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**2,673,210**	**7,843,365**	**246,025,869**	**169,542**	**1,666,841**	**54,914,998**	**313,293,825**	**137,660,918**
- on current loans	-	-	-	-	-	-	-	-
- on receivables	-	-	19,464,916	-	-	1,617,997	21,082,913	7,860,456
- on receivables purchased definitively non-recourse	164,383,00	-	12,913,022	-	-	2,338,334	15,415,739	6,211,073
- on loans purchased below the original value	-	-	-	-	-	-	-	-
- for other loans	2,508,827,00	7,843,365	213,647,931	169,542	1,666,841	50,958,667	276,795,173	123,589,389
3. Consumer credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- targeted loans	-	-	-	-	-	-	-	-
- assignment of one-fifth of salary	-	-	-	-	-	-	-	-
4. Guarantees and commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	**2,673,210**	**7,843,365**	**246,025,869**	**169,542**	**1,666,841**	**54,914,998**	**313,293,825**	**137,660,918**

Notes to the Financial Statements

Parte D) Other information

Notes to the Financial Statements

Part D) Other information

Section 1 - Specific reference to business activities

B. Factoring and assignments

B.1 Book values

ITEM	31.12.2008 GROSS AMOUNT	31.12.2008 VALUE ADJUSTMENTS	31.12.2008 NET VALUE	31.12.2007 GROSS AMOUNT	31.12.2007 VALUE ADJUSTMENTS	31.12.2007 NET VALUE
1. Performing assets	**7,291,920,191**	**21,542,425**	**7,270,377,766**	**4,685,921,340**	**20,963,730**	**4,664,957,610**
- Receivables from assignors	3,853,615,072	8,793,411	3,844,821,661	1,957,079,380	2,577,808	1,954,501,572
- Receivables due by assigned debtors	3,438,305,119	12,749,014	3,425,556,105	2,728,841,960	18,385,922	2,710,456,038
2. Impaired assets	**33,744,033**	**4,369,379**	**29,374,654**	**63,952,332**	**5,462,144**	**58,490,188**
2.1 Non-performing	3,685,384	1,156,374	2,529,010	6,683,489	3,640,638	3,042,851
- Receivables from assignors	1,882,864	226,100	1,656,764	5,527,098	2,934,973	2,592,125
- Receivables due by assigned debtors	1,802,520	930,274	872,246	1,156,391	705,665	450,726
2.2 Doubtful	10,022,773	3,162,417	6,860,356	5,313,670	1,581,779	3,731,891
- Receivables from assignors	9,245,764	2,765,666	6,480,098	4,815,827	1,275,890	3,539,937
- Receivables due by assigned debtors	777,009	396,751	380,258	497,843	305,889	191,954
2.3 Restructured	-	-	-	677,673	50,000	627,673
- Receivables from assignors	-	-	-	-	-	-
- Receivables due by assigned debtors	-	-	-	677,673	50,000	627,673
2.4 Past due	20,035,876	50,588	19,985,288	51,277,500	189,727	51,087,773
- Receivables from assignors	-	-	-	-	-	-
- Receivables due by assigned debtors	20,035,876	50,588	19,985,288	51,277,500	189,727	51,087,773
Total	**7,325,664,224**	**25,911,804**	**7,299,752,420**	**4,749,873,672**	**26,425,874**	**4,723,447,798**

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

B.2.1 Advances	31.12.2008			31.12.2007		
VOCE	GROSS AMOUNT	VALUE ADJUSTMENTS	NET VALUE	GROSS AMOUNT	VALUE ADJUSTMENTS	NET VALUE
1. Performing assets	**3,900,637,713**	**8,793,411**	**3,891,844,302**	**1,957,079,380**	**2,577,807**	**1,954,501,573**
- on recourse factoring	2,133,654,844	3,269,806	2,130,385,038	1,372,031,081	1,663,230	1,370,367,851
- on non-recourse factoring	1,463,644,742	2,057,043	1,461,587,699	366,208,818	426,896	365,781,922
- on assignment of future receivables	256,279,737	3,430,813	252,848,924	186,689,256	226,673	186,462,583
- for other loans	47,058,390	35,749	47,022,641	32,150,225	261,008	31,889,217
2. Impaired assets	**11,128,628**	**2,991,766**	**8,136,862**	**10,342,925**	**4,210,863**	**6,132,062**
2.1 Non-performing	1,882,864	226,100	1,656,764	5,527,098	2,934,973	2,592,125
- on recourse factoring	1,882,864	226,100	1,656,764	5,527,098	2,934,973	2,592,125
- on non-recourse factoring	-	-	-	-	-	-
- on assignment of future receivables	-	-	-	-	-	-
- for other loans	-	-	-	-	-	-
2.2 Doubtful	9,245,764	2,765,666	6,480,098	4,815,827	1,275,890	3,539,937
- on recourse factoring	9,245,764	2,765,666	6,480,098	4,815,827	1,275,890	3,539,937
- 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	**3,911,766,341**	**11,785,177**	**3,899,981,164**	**1,967,422,305**	**6,788,670**	**1,960,633,635**

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

B.2.2 Payments

ITEM	31.12.2008 AMOUNT PAID	31.12.2008 TOTAL BALANCES GROSS AMOUNT	31.12.2008 TOTAL BALANCES VALUE ADJUSTMENTS	31.12.2008 TOTAL BALANCES NET VALUE	31.12.2007 AMOUNT PAID	31.12.2007 TOTAL BALANCES GROSS AMOUNT	31.12.2007 TOTAL BALANCES VALUE ADJUSTMENTS	31.12.2007 TOTAL BALANCES NET VALUE
NON-RECOURSE FACTORING								
1. Performing assets	**2,696,563,288**	**2,798,130,666**	**10,977,701**	**2,787,152,965**	**1,718,505,021**	**1,919,818,782**	**17,749,327**	**1,902,069,455**
2. Impaired assets								
2.1 Non-performing	872,246	1,802,520	930,274	872,246	450,726	1,156,391	705,665	450,726
2.2 Doubtful	380,258	777,009	396,751	380,258	191,954	497,843	305,889	191,954
2.3 Restructured	-	-	-	-	627,673	677,673	50,000	627,673
2.4 Past due	19,985,288	20,035,876	50,588	19,985,288	51,087,773	51,277,500	189,727	51,087,773
OTHER ASSIGNMENTS								
1. Performing assets								
- for receivables purchased definitively non-recourse	640,174,453	640,174,453	1,771,313	638,403,140	809,023,178	809,023,178	636,595	808,386,583
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	**3,357,975,533**	**3,460,920,524**	**14,126,627**	**3,446,793,897**	**2,579,886,325**	**2,782,451,367**	**19,637,203**	**2,762,814,164**

B.3 Classification of assigned receivables

B.3.1 Receivables assigned for recourse factoring

	BANKS		FINANCIAL INSTITUTIONS		CUSTOMERS	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
up to 3 months	4,667,285	13,477,186	4,611,092	-	1,280,760,873	975,923,910
between 3 months and 1 year	3,549,505	157,502	3,399,007	133,126	561,167,741	304,675,540
between 1 and 5 years	2,381,360	-	1,111,299	-	231,350,608	19,408,514
more than 5 years	-	-	-	-	23,311,839	187,401
unspecified duration	12,546,579	13,673,258	740,823	-	2,195,624,764	1,550,338,031
Total	**23,144,729**	**27,307,946**	**9,862,221**	**133,126**	**4,292,215,825**	**2,850,533,396**

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

	BANKS		FINANCIAL INSTITUTIONS		CUSTOMERS	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
non-recourse factoring	12,776,895	21,226,401	2,592,395	24,726,588	4,194,366,107	2,381,901,981
receivables purchased definitively non-recourse	2,887,986	930,030	276,490	-	636,989,997	807,456,554
receivables below the original value	-	-	-	-	-	-
Total	**15,664,881**	**22,156,431**	**2,868,885**	**24,726,588**	**4,831,356,104**	**3,189,358,535**
up to 3 months	292,531	4,011,094	2,104,227	4,927,099	2,131,860,205	1,820,624,996
between 3 months and 1 year	11,438,399	15,747,077	328,869	19,589,851	924,343,414	521,668,826
between 1 and 5 years	99,516	-	47,224	-	387,595,764	81,807,090
more than 5 years	-	-	-	-	38,638,600	23,917,871
unspecified duration	3,834,435	2,398,260	388,565	209,638	1,348,918,121	741,339,752
Total	**15,664,881**	**22,156,431**	**2,868,885**	**24,726,588**	**4,831,356,104**	**3,189,358,535**

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

B.4 Value adjustments				
ITEM	BALANCE AS AT 31.12.2007	INCREASES	DECREASES	BALANCE AS AT 31.12.2008
1. Specific	**5,272,417**	**3,011,653**	**3,965,279**	**4,318,791**
1.1 on performing assets	**-**		**-**	**-**
- Receivables from assignors	-	-	-	-
- Receivables due by debtors	-	-	-	-
1.2 on impaired assets	**5,272,417**	**3,011,653**	**3,965,279**	**4,318,791**
Receivables from assignors	*4,210,863*	*2,160,272*	*3,379,369*	*2,991,766*
- Non-performing	2,934,973	230,772	2,939,645	226,100
- Restructured	-	-	-	-
- Other *	1,275,890	1,929,500	439,724	2,765,666
Receivables due by debtors	*1,061,554*	*851,381*	*585,910*	*1,327,025*
- Non-performing	705,665	674,137	449,528	930,274
- Restructured	50,000	-	50,000	-
- Other *	305,889	177,244	86,382	396,751
2. Portfolio	**21,153,456**	**1,060,000**	**620,443**	**21,593,013**
2.1 on performing assets	**20,963,729**	**1,060,000**	**481,304**	**21,542,425**
- Receivables from assignors	2,577,807	6,470,604	255,000	8,793,411
- Receivables due by debtors	18,385,922	(5,410,604)	226,304	12,749,014
2.2 on impaired assets	**189,727**	**-**	**139,139**	**50,588**
Receivables from assignors	-	-	-	-
- Non-performing	-	-	-	-
- Restructured	-	-	-	-
- Other *	-	-	-	-
Receivables due by debtors	*189,727*	-	*139,139*	*50,588*
- Non-performing	-	-	-	-
- Restructured	-	-	-	-
- Other *	189,727	-	139,139	50,588
	26,425,873	**4,071,653**	**4,585,722**	**25,911,804**

* Doubtful positions.

B.5 Other information

B.5.1 Turnover of assigned receivables		
ITEM	TURNOVER 2008	TURNOVER 2007
1. Recourse factoring	**7,542,374,449**	**3,369,680,637**
2. Non-recourse factoring and other assignments		
- Non-recourse factoring	10,061,942,226	5,367,000,750
- Receivables purchased definitively non-recourse	910,317,414	572,260,574
- Receivables purchased below the original value	-	-
	18,514,634,089	**9,308,941,961**

B.5.2 Collection services

The Company does not have any receivables of this type.

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

The Company does not have any receivables of this type.

B.5.4 Value of assignment agreements for future receivables		
ITEM	BALANCE AS AT 31.12.2008	BALANCE AS AT 31.12.2007
Value of assignment agreements for future receivables	2,946,823,011	1,296,874,515
	2,946,823,011	**1,296,874,515**

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	4,849,889,870	3,460,920,524	1,747,429,894	1,463,644,742
of which non-recourse with allowance			397,763,213	391,629,205
of which non-recourse with maximum indemnity			35,543,540	17,953,663
of which non-recourse with other provisions			1,314,123,141	1,054,061,874
	4,849,889,870	**3,460,920,524**	**1,747,429,894**	**1,463,644,742**

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

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

D. Guarantees and commitments

D.1 - Value of guarantees and commitments

ITEM	31.12.2008 TOTAL VALUES	BOOK VALUES ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
1. Guarantees	**-**	**-**	**-**	**-**	**-**	**-**
a) financial	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- customers	-	-	-	-	-	-
b) commercial	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- customers	-	-	-	-	-	-
2. Commitments	**102,944,991**	**3,460,920,524**	**3,357,975,533**	**1,327,025**	**12,799,602**	**88,818,364**
a) to grant finance	-	-	-	-	-	-
(irrevocable)	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
of which: certain utilisation	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
of which: certain utilisation	-	-	-	-	-	-
b) Other	*102,944,991*	*3,460,920,524*	*3,357,975,533*	*1,327,025*	*12,799,602*	*88,818,364*
- Banks	206,316	15,319,483	15,113,167	-	-	206,316
- Financial institutions	2,092	2,397,269	2,395,177	-	-	2,092
- Customers	102,736,583	3,443,203,772	3,340,467,189	1,327,025	12,799,602	88,609,956
Total	**102,944,991**	**3,460,920,524**	**3,357,975,533**	**1,327,025**	**12,799,602**	**88,818,364**

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

ITEM	31.12.2008 TOTAL VALUES	BOOK VALUES ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
1. Guarantees	**-**	**-**	**-**	**-**	**-**	**-**
a) financial	-	-	-	-	-	-
b) commercial	-	-	-	-	-	-
2. Commitments	**1,377,613**	**22,615,405**	**21,237,792**	**1,327,025**	**50,588**	**-**
a) to grant finance	-	-	-	-	-	-
(irrevocable)	-	-	-	-	-	-
b) Other	*1,377,613*	*22,615,405*	*21,237,792*	*1,327,025*	*50,588*	-
Total	**1,377,613**	**22,615,405**	**21,237,792**	**1,327,025**	**50,588**	**-**

31.12.2007					
	BOOK VALUES				
TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
-	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
202,565,043	**2,782,451,368**	**2,579,886,325**	**1,061,554**	**15,527,405**	**185,976,084**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
202,565,043	*2,782,451,368*	*2,579,886,325*	*1,061,554*	*15,527,405*	*185,976,084*
207,352	21,762,038	21,554,686	-	-	207,352
229,411	24,077,079	23,847,668	-	91,629	137,782
202,128,280	2,736,612,251	2,534,483,971	1,061,554	15,435,776	185,630,950
202,565,043	**2,782,451,368**	**2,579,886,325**	**1,061,554**	**15,527,405**	**185,976,084**

31.12.2007					
	BOOK VALUES				
TOTAL VALUES	ORIGINAL VALUE	CHANGES	CHANGES FOR SPECIFIC VALUE ADJUSTMENTS	CHANGES FOR PORTFOLIO VALUE ADJUSTMENTS	BOOK VALUE
-	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-
-	-	-	-	-	-
1,251,281	**53,609,407**	**52,358,126**	**1,061,554**	**189,727**	**-**
-	-	-	-	-	-
-	-	-	-	-	-
1,251,281	*53,609,407*	*52,358,126*	*1,061,554*	*189,727*	-
1,251,281	**53,609,407**	**52,358,126**	**1,061,554**	**189,727**	**-**

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

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 a variety of services, as part of the overall package, to effectively meet the needs of companies in terms of the management, insurance and funding of receivables.
Factoring is not therefore an alternative to bank lending, but has a financial component that can be used to supplement other sources of financing available to a company.
As a consequence, the credit risk assumed by the Factor only has certain features in common with the traditional credit risk from typical bank financing.
When the Factor advances the receivables not yet due, the financial intermediary is exposed for an amount corresponding to the agreed advance, which as a rule does not exceed a particular percentage of the total receivables acquired.
The guarantee against insolvency guarantees the assignor against the breach of the assigned debtor, except for the cases specifically governed in the factoring agreement. Other than for certain specific products, the Factor, in the absence of advance, is obliged to pay the amount of the receivables factored after x days from when the receivables become due. In the absence of acquisition of the final or advanced assigned receivables, this service entails the establishment of an endorsement position for the Factor, corresponding to the revolving credit limit within which the Factor undertakes to guarantee the payment of the receivables to the assignor. In order to mitigate the risk assumed, the Factor can negotiate specific technical forms obliging the performance of the guarantee.

COMBINATION OF THE BASIC SERVICES AND CREDIT RISK IN FACTORING

	FINANCE SERVICE		WITHOUT FINANCE SERVICE	
WITH RECOURSE	Management service	Without management service	Management service	Without management service
NON-RECOURSE	Management service	Without management service	Management service	Without management service

	Credit risk originated by a cash exposure
	Credit risk originated by an endorsement position
Without credit risk	

2. Credit risk management policies

Main risk factors

The performance of the financing and guarantee services involves exposure to credit risk for the Factor. When the Factor only provides the management service it does not suffer any exposure to risk.
In general, when the Factor provides the financing and/or guarantee service, the possibility of incurring a loss is created firstly by the deterioration of the credit worthiness of the counterparts, namely the risk of non-payment by the assigned debtor (for both recourse and non-recourse factoring) or the risk of failure to return the payments advanced by the assignor for with recourse transactions.

When a bank grants a loan to a debtor, the latter's default is caused by the temporary or permanent inability to pay. In contrast to traditional banking exposures, the Factor provides its services as part of a pre-existing business relationship. There is a possible risk of dilution if the debtor refuses to pay (or make partial payments) in consideration of events relating to the performance of the underlying supply relationship. These situations include, by way of example, compensation, allowances, disputes concerning product quality and promotional discounts.

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

In line with the organisational model adopted by the Holding, UCF has overhauled the organisational structure of the Company, assigning the processes for the acquisition and handling of customers, the assessment of customers/assignors and the management of the assigned debtors to separate structures.

Upon the assumption of the assignor and debtor risks, the credit risk is assessed by the Loan Division within the Credit Assessment area, which is split into the Assignor Assessment and Debtor Assessment services.

The Commercial Division is responsible for the development and management of the relations with the assignors through the continuous monitoring of the progress of the relationship. To this end, one of its tasks is to detect any signs of deterioration in the assigning counterparts and consequently prevent any potential losses deriving from them.

The Debtors' Handling Division takes care of the day-to-day dealings with the debtors, by conducting checks on the assigned receivables and surveys of the punctuality of the payments (checking maturities and payment demands).

Within the Credit Division, the Monitoring Office is responsible for ensuring the maintenance of the quality of the portfolio over time by means of ongoing monitoring, which enables systematic intervention when a deterioration is detected in the risk profile of either a assignor or an assigned debtor.

Credit risk mitigation techniques

Upon assumption of the risk, the factoring company assesses two counterparts, the assignor supplier and the assigned debtor that are both analysed in order to determine their lending profile. The assumption of the risks on these counterparts can take on different operating configurations in relation to the product type requested by the customer/assignor. Indeed, in the event that a factoring transaction is finalised for the sole purpose of granting the assignor credit facilities to free up the factored receivables (under the so-called with recourse formula, namely with 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 is carried out. If the factoring relationship is aimed at only granting the guarantee of the satisfactory outcome of the factored receivables, the analysis of the credit worthiness is concentrated in particular on the assigned debtor, as the main lending counterpart in the relationship.

Notification of factoring to the assigned debtor (via commercial correspondence or served by a bailiff) enables a considerable mitigation of the risk inherent to the factoring transaction, by obliging the debtor to pay the Factor (with repetition of the payment in the event of payment to the assignor) and making the assignment enforceable against third parties (effective as from the time of notification). The acceptance of the assignment by the assigned debtor prevents any compensation and also contains the acknowledgement of the debt. The assignment may be enforced against third parties if the acceptance has a specific date, and in the event of bankruptcy of the assignor the enforceability excludes action for revocation.

Like the banks, the Factor usually requests unsecured guarantees against the transfer of credit facilities to assignors and, very rarely, the risks of the Factor (both in relation to the assignor and the debtor) are guaranteed by sureties issued by banks.

For non-recourse transactions relating to assigned debtors (except for certain debtors of high standing and occasional counterparts) the Company employs an insurance cover with an excess of Euro 350 thousand. This instrument, expressly acknowledged by the Supervisory Instructions for Financial Intermediaries 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 Basel II legislation, helps to mitigate the credit risk deriving from the default of the debtor assigned without recourse. This policy has a maximum compensation limit, corresponding to 40 times the annual premiums.

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

The Company has specific regulations on this subject, which set out the various risk statuses (performing, supervised, doubtful, NPR, restructured), the options linked to the change in these statuses (transfer of positions to "Supervised", "Doubtful" and "NPR"), and the options

Notes to the Financial Statements (CONTINUED)

Part D) Other information (CONTINUED)

related to provisions and transfers to losses. These regulations also govern the options linked to the approval of the repayment plans proposed to the assigned debtors and the acquisition of new guarantees.
In accordance with the International Accounting Standards and the instructions of the Bank of Italy, the impaired assets include the so-called "persistent defaults" that identify the positions that have receivables (not included under non-performing, doubtful and restructured positions) that are past due or overdrawn on a continuous basis for more than 180 days (in accordance with the notion of "default" exposure established by Basel II). UCF employs internal systems to check the expiries, and examines the entire portfolio on a quarterly basis in order to monitor and check the progress of all the past due positions.
A particularly significant phenomenon is the inherent delays in payments by the Public Authorities (both central and local), however, based on the historical data, the delays in payment by these debtors are not considered to represent an actual deterioration in their credit worthiness.

QUANTITATIVE INFORMATION

1 - Distribution of the financial assets by portfolio 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	-	-	-	-	115,233,511	115,233,511
6. Receivables from financial institutions	-	-	-	-	526,550,387	526,550,387
7. Receivables from customers	2,529,010	6,860,356	-	19,985,288	6,804,469,902	6,833,844,556
8. Other assets	-	-	-	-	11,416,870	11,416,870
9. Hedging derivatives	-	-	-	-	-	-
Total as at 31.12.2008	**2,529,010**	**6,860,356**	**-**	**19,985,288**	**7,457,670,670**	**7,487,045,324**
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**

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	**3,685,384**	**1,156,374**	**-**	**2,529,010**
- Receivables	1,882,864	226,100	-	1,656,764
- Securities	-	-	-	-
- L/C	-	-	-	-
- Commitments to grant finance	-	-	-	-
- Other assets	1,802,520	930,274	-	872,246
2) Doubtful assets	**10,022,773**	**3,162,417**	**-**	**6,860,356**
- Receivables	9,245,764	2,765,666	-	6,480,098
- Securities	-	-	-	-
- L/C	-	-	-	-
- Commitments to grant finance	-	-	-	-
- Other assets	777,009	396,751	-	380,258
3) Restructured assets	**-**	**-**	**-**	**-**
- Receivables	-	-	-	-
- Securities	-	-	-	-
- L/C	-	-	-	-
- Commitments to grant finance	-	-		-
- Other assets	-	-	-	-
4) Past due assets	**20,035,876**	**50,588**	**-**	**19,985,288**
- Receivables	-	-	-	-
- Securities	-	-	-	-
- L/C	-	-	-	-
- Commitments to grant finance	-	-	-	-
- Other assets	20,035,876	50,588	-	19,985,288
Total A	**33,744,033**	**4,369,379**	**-**	**29,374,654**
B. PERFORMING ASSETS				
- Receivables	3,356,368,649	-	8,793,411	3,347,575,238
- Securities	-	-	-	-
- L/C	-	-	-	-
- Commitments to grant finance	-	-	-	-
- Other assets *	3,469,643,678	-	12,749,014	3,456,894,664
Total B	**6,826,012,327**	**-**	**21,542,425**	**6,804,469,902**
Total (A +B)	**6,859,756,360**	**4,369,379**	**21,542,425**	**6,833,844,556**

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

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

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 assignors in relation to “non-financial companies”; the sectors most represented are business services, the food sector and other services intended for sale, and means of transport.

TOTAL RECEIVABLES FOR BUSINESS SECTORS BY PRODUCT CATEGORY	RECEIVABLES	%
OTHER INDUSTRIAL PRODUCTS	21,583,678	0.44%
OTHER SERVICES INTENDED FOR SALE	422,029,800	8.58%
PAPER, PRINTING PROD., PUBLISHING SECTOR	77,397,865	1.57%
BUILDING	174,770,400	3.55%
OFFICE MACHINES	150,574,254	3.06%
FARM AND INDUSTRIAL MACHINERY	210,214,287	4.27%
ELECTRICAL SUPPLIES AND MATERIALS	91,632,903	1.86%
MEANS OF TRANSPORT	691,567,043	14.06%
MINERALS, IRON METALS AND OTHER	182,156,199	3.70%
MINERALS AND NON-METALLIC MINERAL PRODUCTS	36,087,854	0.73%
AGRICULTURAL PRODUCTS, FORESTRY, FISHING	9,157,444	0.19%
FOOD, DRINKS, TOBACCO	247,511,291	5.03%
CHEMICALS	56,779,286	1.15%
ENERGY	444,343,522	9.03%
RUBBER AND PLASTIC PRODUCTS	32,117,408	0.65%
METAL PRODUCTS	71,104,355	1.45%
TEXTILES AND CLOTHING	47,541,027	0.97%
HOTEL SERVICES	28,664,750	0.58%
BUSINESS SERVICES	1,025,312,440	20.84%
TRANSPORT-RELATED SERVICES	83,266,096	1.69%
COMMUNICATIONS SERVICES	536,500,347	10.90%
SHIPPING AND AIR TRANSPORT	4,132,973	0.08%
DOMESTIC TRANSPORT SERVICES	275,887,216	5.61%
TOTAL NON-FINANCIAL COMPANIES	**4,920,332,438**	**100.00%**

3.2 Significant exposures

Amount: 2,387,160,540

Number: 18

4. Models and other methods for risk gauging 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 Holding 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 the maturities and repricing times of the interest rate for the assets and liabilities. As a result of these differences, fluctuations in interest rates can determine both a change in the expected interest rate and a variation in the assets and liabilities, and consequently of the value of the 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 only marginally affects the value of assets and liabilities, also considering the close repricing both for the deposit collection and the turnover utilisations.

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.

3.2.2. Exchange risk

QUALITATIVE INFORMATION

1. General aspects
The Company's policy on exchange risks provides for the receivables assigned in foreign currencies to be advanced 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.

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

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	**46,254,063**	**4,405,832**	**629,459**	**-**	**89,487**	**2,932**
1.1. Debt securities	-	-	-	-	-	-
1.2. Investment securities	-	-	-		-	-
1.3 Receivables	25,774,268	1,314,595	-	-	-	-
1.4 Other financial assets	20,479,795	3,091,237	629,459	-	89,487	2,932
2. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities	**42,441,849**	**4,330,432**	**632,057**	**853**	**61**	**53**
3.1 Payables	196,108	7,349	-	-	-	-
3.2. Outstanding securities	-		-	-	-	-
3.3 Other financial liabilities	42,245,741	4,323,083	632,057	853	61	53
4. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**
5. Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**46,254,063**	**4,405,832**	**629,459**	**-**	**89,487**	**2,932**
Total liabilities	**42,441,849**	**4,330,432**	**632,057**	**853**	**61**	**53**
Imbalance (+/-)	**3,812,215**	**75,400**	**(2,598)**	**(853)**	**89,426**	**2,879**

3.3. Operating risks

QUALITATIVE INFORMATION

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

In accordance 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 for gauging the operating risks, according to a master plan established with the Holding which defines standard approaches for all the Group's legal entities.

Following the corporate restructuring, caused by the merger with MCC Factoring, the mapping of the processes was started with the new corporate procedures was started that will be completed during 2009 and provide a true and fair view of the underlying processes and consequently adjust the operating risks associated to them in the most appropriate manner also as a result of the identification of the weaknesses of the various procedures. During 2008 collection of the data on internal losses continued, necessary for the determination of operating risk. The information is collected using a group application (ARGO), which is regularly updated.

QUANTITATIVE INFORMATION

With regard to the quantitative collection of information and data, during 2008 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 2008.
The collation 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.

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:

BREAKDOWN	2008	2007
Directors' fees	1,386,740	1,116,917
Auditors' fees	39,575	34,581
Total	**1,426,315**	**1,151,498**

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 details

5.1 Average number of employees

BY LEVEL	2008	2007
a) Executives	9.3	6.0
b) Officers	76.3	62.0
c) Clerks	87.5	67.0
Total	**173.2**	**135.0**

5.2 Average number of other personal

BY LEVEL	2008	2007
a) Third-party personnel	2.7	2.0
b) Temporary	2.6	2.0
c) Project-based contract	1.0	2.0
Total	**6.3**	**6.0**

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

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 holding

The Company belongs to the Unicredito Italiano Group and is subject to the management and coordination of the Parent Company UniCredit Corporate Banking S.p.A., sole shareholder, and of the Holding Unicredito Italiano S.p.A..

Amounts due from the Unicredito Italiano Group

	HOLDING	OTHERS	TOTAL
a) Receivables from banks	-	73,095,939	73,095,939
b) Receivables from financial institutions	-	-	-
c) Receivables from customers	-	-	-
d) Other assets	2,963	3,224,845	3,227,808
e) Hedging derivatives	-	-	**-**
Total	**2,963**	**76,320,784**	**76,323,747**

Amounts due to the Unicredito Italiano Group

	HOLDING	OTHERS	TOTAL
Payables to banks	**6,032,502,077**	**821,753,855**	**6,854,255,932**
- on demand	-	806,902,068	806,902,068
- subject to due date or advance notice	6,032,502,077	14,851,787	6,047,353,864
Other liabilities	888,046	3,839,413	4,727,459
Hedging derivatives	-	1,972,804	1,972,804
Subordinated liabilities	52,117,066	25,361,978	77,479,044
Total	**6,085,507,189**	**852,928,050**	**6,938,435,239**

Debts with the Holding and the Companies of the group consist of current account loans at market interest rates, while the 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.

UniCredit S.p.A.	(millions of Euro)
RECLASSIFIED BALANCE SHEET AS AT 31 DECEMBER 2007	
Assets	
Cash at banks and on hand	4,027
Financial assets held for trading	11,157
Amounts receivable from banks	162,820
Amounts receivable from customers	21,716
Financial investments	78,469
Hedges	568
Tangible assets	24
Goodwill	3,544
Other intangible assets	106
Tax assets	4,113
Non-current assets and groups of discontinued operations	712
Other assets	2,281
Total assets	**289,537**
Liabilities and equity	
Amounts payable to banks	97,941
Customer deposits and securities	118,738
Financial liabilities held for trading	7,726
Financial liabilities at fair value	6,016
Hedges	1,886
Provisions for risks and charges	1,105
Tax liabilities	1,884
Liabilities on discontinued operations	371
Other liabilities	3,250
Equity:	50,620
- capital and reserves	*48,581*
- valuation reserves for available-for-sale valuation reserves for available-for-sale	*173*
- net profit	*1,866*
Total liabilities and equity	**289,537**

Notes to the Financial Statements (Continued)

Part D) Other information (Continued)

UniCredit S.p.A.	(millions of Euro)
RECLASSIFIED PROFIT & LOSS ACCOUNT FOR 2007	
Net interest	-1,158
Dividends and other income from equity investments	2,783
Interest margin	**1,625**
Net commission	61
Net profit on trading activities, hedges and fair value	66
Balance other income/charges	23
Brokerage and sundry commission	**150**
EARNING MARGIN	**1,775**
Personnel expenses	-346
Other administrative expenses	-300
Reimbursement of expenses	39
Net value adjustments to tangible and intangible assets	-14
Operating charges	**-621**
OPERATING RESULT	**1,154**
Net allocation for risks and charges	-18
Merger charges	-67
Net adjustments to loans/receivables and provisions for guarantees and commitments	22
Net profits from investments	564
GROSS PROFIT FROM CURRENT OPERATIONS	**1,655**
Income taxes for the year	211
NET PROFIT	**1,866**

In accordance with the provisions of 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 its 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 assesses a specific element, whose determination is carried out by another party that 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 residual appointments, and which must be illustrated with an adequate level of detail. By way of non-limiting example, 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 2008, 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.	66,600
- Limited audit procedures on the interim accounts	K.P.M.G. S.p.A.	UniCredit Factoring S.p.A.	13,800
Certification services			
Tax advisory services			
Other services			
Total			**80,400**

Board of Auditors' Report

Board of Auditors' Report

Board of Statutory Auditors report on the financial statements as at 31.12.2008
(art. 2429, subsection 2, Italian Civil Code)

Dear Shareholders,

The Board of Statutory Auditors has prepared this report pursuant to art. 2429 of the Italian Civil Code. It should be specified that the Board has performed administrative audit pursuant to art. 2403 (I) of the Italian Civil Code, whereas account audit pursuant to art. 2409-*bis* of the Civil Code is assigned to UniCredit Factoring S.p.A. and to KPMG S.p.A.

During the financial year ending 31 December 2008 we performed supervisory tasks as envisaged by law, in accordance with the code of conduct for boards of statutory auditors as recommended by the Italian accounting profession.

Firstly, we should mention that these financial statements were prepared in accordance with EU-approved IFRS accounting standards and related IFRIC and SIC interpretations.

We have examined the financial statements as at 31 December 2008 together with the related notes and management report, which record profits of Euro 34,794,465, the financial operations indicating a significant growth in turnover and in the earnings margin.

Specifically, we have:

a) supervised compliance with the law and with the memorandum of association, i.e. with all statutory regulations governing the operations of corporate bodies and their relations with the competent authorities
b) duly obtained information from the Directors on business operations and on significant transactions in economic, financial and equity terms resolved upon and implemented during the financial year. We can therefore confirm that such transactions comply with the law and with the articles of association and are not overtly imprudent or unsound, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or such as to compromise the integrity of company equity;
c) to the extent of our powers, supervised the adequacy of the company organisational structure and compliance with the principles of correct and proper management, through information obtained from administration department managers and through meetings with the independent auditors for the purpose of mutual exchange of significant data and information. In this respect, we have no observations to make;
d) assessed and supervised the adequacy of the administrative and accounting system, and its reliability in correctly representing operations, by obtaining information from the relevant department managers, the examination of corporate documents and analysis of the work performed by the independent auditors. No data or information emerged from meetings held with representatives of the independent auditors requiring comment in this report;
e) supervised the activities of the internal audit manager, amongst other things with particular regard to monitoring of the following business operations:
   - risk management
   - implementation of the amendments to Italian Legislative Decree 231/2001
   - risk assessment of corporate procedures
f) confirmed that no atypical or unusual transactions were performed with group companies, third parties or related parties. In its management report, the Board of Directors provided a full illustration of the more significant transactions in economic, financial and equity terms performed with related parties, the calculation methods adopted and the amount of related payments. We wish to report the acquisition of the MCC/Capitalia business segment on 31 December 2007 as an event of major impact on the income statement;
g) performed the supervisory duties described above through 8 Board of Statutory Auditors meetings and participation in 11 meetings of the Board of Directors.

We are not aware of any other facts or statements to be brought to the attention of the Shareholders' Meeting.

Given the above and having acknowledged that the aforementioned independent auditors will release their audit report without observations, we hereby express our opinion in favour of approval of the financial statements as at 31 December 2008, and to the allocation of profits as recommended by the Board of Directors.

Milan, 27 March 2009

BOARD OF STATUTORY AUDITORS
(Giorgio Cumin)
(Roberto Bianco)
(Federica Bonato)

Report by Independent Audit Firm

KPMG S.p.A.
Revisione e organizzazione contabile
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20124 MILANO MI

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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 2008, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. 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 18 March 2008 for our opinion on the prior year financial statements, which included the corresponding 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 2008 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the company as at 31 December 2008, 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.

5 The directors of UniCredit Factoring S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by article 156.4-bis.d of Legislative decree no. 58/98. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the consolidated financial statements of UniCredit Factoring S.p.A. as at and for the year ended 31 December 2008.

Milan, 7 April 2009

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

Resolution of the Ordinary Shareholders' Meeting

Resolution of the Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting of UNICREDIT FACTORING SPA of 22 April 2009 resolved unanimously to:

approve the financial statements as at 31 December 2008 as submitted;

- approve the allocation of 2008 profits of Euro 34,794,465.00 as follows:
  Euro 33,054,742.00 to re-establish other reserves
  Euro 1,739,723.00 to the legal reserve

- confirm the appointment of Francesco Mezzadri Majani to the office of Director and Deputy Chairman (following the resignation of Luigi Moncada from the office of Deputy Chairman and member of the Board of Directors), with term expiring at the same time as that of other directors in office and therefore on approval of the financial statements as at 31 December 2009;
- approve amendments to the agreement signed with KPMG S.p.A. regarding the auditing assignment for the period 2007-2012 for audit of the financial statements, review of the half-year report, verification of corporate accounting regularity and signing of annual tax returns "Modello Unico" and "Modello 770";

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UniCredit
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