UniCredit
Factoring

# Listen, understand, respond.

Reports and Accounts 2013

15 years
UniCredit

UniCredit Factoring

This report expresses UniCredit's approach to banking by telling everyday stories about our interactions with Customers, innovations in products and adaptability in services.

These brief but meaningful stories come directly from our colleagues. They are examples of the tangible benefits and concrete solutions offered by UniCredit, demonstrating how we make a difference in people's lives.

Our clear goal to improve everyday circumstances is rooted in our complete commitment to outcomes that ensure Customer satisfaction.

At UniCredit, listening to our Clients and engaging with them to offer simple, direct results lies at the heart of our commercial banking operations. It is part of our determined effort to contribute to the economic and social well-being of our Customers as well as the communities where we work.

We will continue with this commitment to all of you, every day.

# Reports and Accounts 2013

# Accelerate

## Response times and problem solving.

Sometimes our Customers may encounter some difficulty, either at a branch or when banking online. These difficulties require quick solutions. To help our Customers quickly, we offer them a questionnaire after every banking transaction.
If they tell us they are not satisfied with the quality of a product or service, their branch manager contacts them directly **within 48 hours, with a solution**. In a six-month period, **15 percent of our Customers** filled out the questionnaires, with **87 percent saying they were satisfied** with our resolution of their issue.

Customer Sactisfation Unit - UniCredit Bank - RUSSIA

# Corporate Officers and General Management

| | |
|---|---|
| | **Board of Directors** |
| Roberto Bertola | **Chairman** |
| Maurizio Guerzoni | **Vice-Chairman** |
| Renato Martini | **Chief Executive Officer** |
| Alessandro Cataldo<br>Antonella Giacobone<br>Elena Patrizia Goitini<br>Mauro Macchiaverna | **Directors** |
| Andrea Ernesto Romano | **Secretary** |
| | **Board of Statutory Auditors** |
| Vincenzo Nicastro | **Chairman** |
| Roberto Bianco<br>Federica Bonato | **Standing Statutory Auditors** |
| Paolo Colombo<br>Massimo Gatto | **Alternate Auditors** |
| | **General Management** |
| Renato Martini | **Chief Executive Officer** |
| Eugenio Calini | **Vice General Manager<br>Head of Commercial Department** |
| Elvio Campagnola | **Vice General Manager<br>Head of Debtor Management Department** |
| Marco Lotteri | **Vice General Manager<br>Head of Credit and Risks Department** |
| Flavio Marco Ambrosetti | **Head of Human Resources** |
| Silvio Felice Asti | **Head of Planning,<br>Finance and Administration** |
| Antonio Moretti | **Head of Organization<br>and Logistics** |
| Andrea Ernesto Romano | **Head of Legal Department** |
| Mauro Zandonà | **Head of Marketing** |

**UniCredit Factoring S.p.A.**
A sole partner company belonging to the Gruppo Bancario UniCredit (Unicredit Banking Group)
Listed in the Register of Banking Groups code. 2008.1
Share capital Euro: 414,348,000 fully paid in
Legal reserve 13,872,472 Euros
Registered offices in Milan - 20122 Milan Via Livio Cambi, 5
Tel. +39 02 366 71181 - Fax +39 02 366 71143
R.E.A. nr. 840973
Enrolled in the Milan Business Register
Tax code and VAT nr. 01462680156
Registered in the general list in conformity with article 106 TUB under nr. 28148
and in the special list in conformity with article 107 TUB under the nr. 1000005239
e-mail: info.ucfactoring.it@unicreditgroup.eu
www.unicreditfactoring.it
Certified Electronic Mail: comunicazioni.ucf@pec.unicredit.eu

# Innovate

**Processes and time savings that serve people's goals.**

Thanks to us, farmers can now get funds more rapidly. The Ministry of Agriculture has developed a faster method to make state incentive payments, based on a proposal from our bank.
The method is related to an existing program that allows Customers who meet certain requirements to obtain a **fast-track loan**. When the loan is approved, they can access their funds on the same day. This **innovative solution** is **meeting the needs of more than 2,300** farmers.

Legal Support for the Area Corporate Banking
UniCredit Bank Banja Luka - BOSNIA AND HERZEGOVINA

# Index

# Collaborate

## More efficiency, better results.

A long-standing Client of UniCredit, had been owned since 2008 by a US private equity fund. The Company consistently recorded good results and after four years, the equity fund began to consider the best options for maximizing its investment. The transaction was quite complex, involving many teams in UniCredit who worked in unison, like an orchestra, to achieve the same objective, that of satisfying all the clients involved.

Our intervention enabled all of the potential buyers to be well supported and the deal was concluded in a very short time, allowing the Company to **continue its growth** path under a new shareholder, also a key Client of UniCredit. The US equity fund managed to achieve **a very successful investment**. One deal, more satisfied Clients.

**Working together for the same objective produces excellent results.**

CIB Financial Sponsor Solutions - ITALY

# Agenda of the Ordinary Shareholders' Meeting

UNICREDIT FACTORING S.p.A.
A UniCredit Banking Group Company
Listed in the Register of Banking Groups
Registered Offices in Milan, Via Livio Cambi, 5
Share Capital 414,348,000.00 Euros, fully paid-in
Enrolment number in the Milan Business Register,
Fiscal Code and VAT Number 01462680156, R.E.A. nr. 840973

Our shareholders are convened to the Ordinary General Shareholders' Meeting to be held on **16th April 2014, at 14.30**, at the Company's registered offices in Milan, Via Livio Cambi 5, at first call and, if necessary, at second call on 17th April 2014 at the same time, same place, to deliberate the following:

**AGENDA**

1. Approval of the Financial Statements for the period ended at 12.31.2013, of the Reports of the Board of Directors, the Board of Auditors and the Audit Company. Relevant resolutions.

Pursuant to Art.13 of the Articles of Association, all shareholders with voting rights, listed in the shareholders' book, may participate in the Meeting.

Milan, 10 March 2014

The Chairman
Roberto Bertola

# Simplify

## The bank within easy reach.

Today's Customers have less time to go to the branch, even though their needs are the same as ever. They need high-tech ways to access their bank services at any time, in any place.
The answer to their needs? **Subito Banca**, which includes an app designed with input from our Customers. It facilitates a wide range of online banking processes and offers an opportunity to **buy new Samsung smartphones and tablets at discounted prices**.

Transactional Products and Partnerships
UniCredit - ITALY

# Director's Report on operation



**N.B.:**
The possible lack of balancing between the data reported in the Directors' Report depends exclusively on prospective rounding.

# Director's Report on operation

## Synthesis of results

UniCredit Factoring, like the rest of the overall Italian banking system, operated during the recent financial period in a context still marked, over most of the year, by a slowdown in business activities and in the factoring market. The ongoing trend in lending was negatively affected not only by the continuing weakness of the credit demand, but also by the increasingly high risks inherent to bank assets and by a downturn in the credit-worthiness of borrowers. The foregoing economic phase, influenced by an improvement in growth prospects and by an accomodating monetary policy was, at the same time, accompanied by an ongoing 'normalisation' of the financial markets, also reflected by an improvement in the conditions regarding supplies.

In the mentioned context our Company, within the framework of Group-based strategies, managed, however to confirm a transaction Level, with a turnover of 28.7 billion (-0.9%), substantially reflecting the Levels achieved in the previous year. This result gave us slight increase in our market share (from 16.5% to 16.7%) and consolidated our second position in the ranking pertinent to the sector, with a significantly improving trend and renewed growth achieved as from the third quarter of the year. In the light of this flow usage consistency of highlighted a 7.2% end of year reduction, attributable also to the greater efficiency of our collection activity and to the significant increase in the 'with-recourse' component, aimed at reducing the overall riskiness of the portfolio, reported under the item receivables only as regards the prepaid quota.

The strengthening of the operational structure was ongoing with specific build-up of the risk management areas. Human resources, as foreseen by the strategic plan, rose from the 240 at end 2012 to 260 at end 2013 (+8.3%), with more than half the increase concentrated in Loans and Risks Management.

The economic results maintained their positive growth trend thanks to increased revenue, which profited by a spread increase able to absorb both the negative effect of the lending volumes and the increased costs, less than proportional, however, with respect to the staff increase, together with the greater fiscal burden resulting from the end of year, legislative provisions. Net profits achieved 73 million, indicating a 20% upswing compared to the 61 million of the previous period.

The chief management indicators confirmed their excellent Levels. The cost/income item registered further improvement achieving 18.0%, net of extraordinary interest, against the 2012 19.3% figure, while the productivity indicators highlighted an upswing in the brokering margin and a reduction in turnover, both in relation to the average human resources. With respect to the risk-related indexes there was, on one side, a increase in the ratio between impaired receivables and loans (from 2.72% to 3.30%), on the other, an improvement of the ration between non-performing and the mentioned loans (from 1.17% to 1.03%) despite the reduction in the consistency of the latter.

Including profit for the year, for the 70% distributed as dividends, and bearing in mind the capital increase amounting to 299.8 million carried out at the end of January 2013, Net Equity reached 651 million against the 308 million at end of 2012. Thanks to this increase the Core Tier 1 achieved 9.01% compared to the 4.91% of the previous year.

In conclusion, with respect to our prospects for the current year, in a scenario which should show a modest growth not only in business activities but also in credit brokering, we expect a certain recovery as regards operating volumes and further progess in our Company's result, also thanks our intensified collaboration with the Holding.

# Principal data to the Company

## Operating data

(€ million)

| | PERIOD | | CHANGE | |
|---|---|---|---|---|
| | 2013 | 2012 | ABSOLUTE | % |
| Turnover | 28,726 | 28,980 | -254 | -0.9% |
| Outstanding | 11,433 | 11,575 | -142 | -1.2% |

## Financial data

(€ million)

| | PERIOD | | CHANGE | |
|---|---|---|---|---|
| | 2013 | 2012 | ABSOLUTE | % |
| Brokering margin | 240 | 210 | +31 | +14.6% |
| *- net interest* | *158* | *132* | *+25* | *+19.2%* |
| *- net commission* | *81* | *76* | *+6* | *+7.7%* |
| Operating costs | -42 | -39 | -3 | +7.2% |
| Operating income | 198 | 171 | +28 | +16.3% |
| Net operating income | 128 | 101 | +27 | +26.5% |
| **Net profit** | **73** | **61** | **+12** | **+20.4%** |

## Asset and Equity data

(€ million)

| | SITUATION AT | | CHANGE | |
|---|---|---|---|---|
| | 12.31.2013 | 12.31.2012 | ABSOLUTE | % |
| Total assets | 8,268 | 8,911 | -643 | -7.2% |
| Receivables | 8,207 | 8,844 | -637 | -7.2% |
| **Net equity** | **651** | **308** | **+343** | **+111.2%** |

## Structure data

| | DATA AT | | CHANGE | |
|---|---|---|---|---|
| | 12.31.2013 | 12.31.2012 | ABSOLUTE | % |
| Number of employees (Full time equivalent) | 260 | 240 | +20 | +8.3% |
| Number of trading points | 13 | 13 | - | - |

## Profitability indexes

| | PERIOD | | |
|---|---|---|---|
| | 2013 | 2012 | CHANGE |
| ROE [1] | 12.7% | 24.6% | -11.9 |
| Cost/income [2] | 18.0% | 19.3% | -1.3 |

## Risk indexes

| | DATA AT | | |
|---|---|---|---|
| | 12.31.2013 | 12.31.2012 | CHANGE |
| Net non-performing receivables /receivables | 1.03% | 1.17% | -0.14 |
| Net impaired receivables /receivables | 3.30% | 2.72% | +0.58 |

## Productivity indexes

(€ million)

| | PERIOD | | CHANGE | |
|---|---|---|---|---|
| | 2013 | 2012 | ABSOLUTE | % |
| Turnover per employee | 115.5 | 125.6 | -10.1 | -8.1% |
| Brokering margin per employee [2] | 0.93 | 0.88 | 0.06 | +6.5% |

## Capital ratios

(€ million)

| | DATA AT | | CHANGE | |
|---|---|---|---|---|
| | 12.31.2013 | 12.31.2012 | ABSOLUTE | % |
| Supervised equity | 662 | 355 | +307 | 86.3% |
| Total risk-weighted assets | 6,639 | 5,645 | +994 | 17.6% |
| Core Tier 1 | 9.01% | 4.91% | 4.10% | |
| Supervised assets/Total weighted assets | 9.97% | 6.29% | 3.68% | |

1. The shareholders' equity used in the report correspond to the end-of-year figure (excluding end-of-year profits).
2. The indicators are calculated net of extraordinary interest (default interest registered over the period).

# Director's Report on operation (CONTINUED)

## The External Scenario

### Macro-economic scenario

The global recovery of economic activities continued throughout 2013 at a gradual rhythm, reflecting divergent trends at regional Levels. To be more specific, the ongoing acceleration in the growth rate of the advanced economies was compensated by a slight slowdown with respect to developing economies, above all in those more vulnerable to movements regarding capital flows from abroad. Regarding financial markets, in a context showing better growth prospects and an accomodating monetary policy, we obserVEd an ongoing 'normalisation' of market conditions, with a (gradual) return of investors' willingness to risk. In the euro zone, this tendency encouraged a significant downswing in premiums on sovereign credit default swaps and in the interest differentials with Germany, chiefly in the peripheral countries more directly exposed to sovereign debt tensions. The rise in share prices has affected all the major, highly developed countries.

The accomodating orientation of the European and USA monetary policy has vigorously supported this normalization process. In Europe, after a first initiative in May, in November the Central Bank reduced the rate on the main refunding operations and the rate regarding marginal refunding by a further 25 basic points (to 0.25 and 0.75 percent respectively). It then confirmed its intention to maintain such rates stable at the current Level, or lower, for a lengthy period of time and declared itself ready, should conditions so require, to make use of all the necessary instruments, including extraordinary measures, in order to contrast undesirable restrictions to market conditions. Fears relating to the latter were chiefly associated with the Fed's decision to reduce the rhythm of purchases of securitized mortgages and of long-term Treasury bonds - the foregoing reduction, initially announced at the start of the summer,was then approved only during the December meeting of the FOMC, in view of the signs announcing a strengthening of the US economic prospects and the absence of incertainty regarding fiscal policy. The reduction consists in an overall10 billion dollars per month and should reach completion the third quarter of 2014.

In the euro-zone the GDP contracted by 0.4 % in 2013, at a slightly slower rate than the figure registered in 2012 (-0.6%). A spotlight on the quarterly growth rate shows that the economic activity came out of the recession in the second quarter of the year, registering modest expansion rates in the following quarters. Recovery was gradual and initially towed forward by the foreign channel , alongside an ongoing, positive contribution from the domestic demand, in particular by investments in machinery. The private consumer growth remained, on the contrary, somewhat weak, reflecting the weakness in the available income of families, in a context of persistent, work market fragility. Italy came out of the recession in the third quarter of 2013 and a marginal recovery of business activity began during the last quarter thanks to a progressive attenuation of the recession pace in the domestic demand and to the stability of the foreign channel. All in all, in 2013 the GDP contracted by 1.9% after the -2.5% of 2012. Regarding prices, inflation in the euro zone showed a downturn trend decelerating from 2.0% in January to 0.8% in December. The 2013 average indicated a 1.4% increase against the 2,5% of 2012.

In the United States, the economy grew by 1.7% against the 2.8% of 2012. This slowdown was mainly caused by the negative impact of the fiscal consolidation and the process of household deleveraging affecting the recovery of the domestic demand, whose growth rate continued its slightly surprising slowdown in the fourth quarter. Regarding prices, the average inflation rate increased by 1.5% against the 2.1% of 2012.

### The banking context

In 2013 in the euro zone the deceleration in bank loans to the private sector increased, indicating in December 2013 a 2.3% annual contraction, against the -0.6% of December 2012.
The contraction rate regarding loans to enterprises was only attenuated during the last few months of the year, whereas loans to households showed no evidence of recovery, only stabilization.
The dynamics of the credit scenario continues to suffer from the ongoing weakness of the demand for loans and from a still significant attention to the risk factor paid by the banks in a difficult macro-economic context. In the last six months of 2013, however, the first signs of improvement began to emerge. The dynamics of the credit scenario in the private sector (households and enterprises) in Italy was weak. The deceleration in bank loans continued, in fact, at a steady pace, in a context indicating the marked contraction in loans to companies (-6.0% annual average in December 2013 vs. -3.2% in December 2012), while loans to households continued to decrease by 1.0%. The gradual improvement in the consumer credit trend was, in fact, compensated by a deterioration of the mortgage scenario. With respect to the dynamics of funding as regards the system, bank deposits in Italy continued to expand.
The trend relating to bank interest rates indicated a slight decline in the course of the year with a reduction of the interest rates on deposits, in Italy slightly more pronounced compared to the drop in interest rates on loans. This highlighted a slight increase in bank spreads (the difference between the average rates on loans and deposits). Over the year, in a scenario indicating improvement in the prospects for economic growth and an accommodating monetary policy, a gradual normalization of market conditions was observed, with a returning willingness to risk on the part of investors who benefited from share prices.

## The factoring market

Even though faced with a somewhat critical macro-economic scenario, the factoring market showed itself to be stronger than the banking sector. On the basis of the data supplied by the category association Assifact (31 associate sample), turnover decreased with respect to 2012 (-2.2%), whereas the outstanding and the funded dropped, respectively, by 4.5% eand 6.7%. The annual changes can be explained not only by the generalised reduction in short-term loans, but also by the effects produced by higher debt payments from State Administration Organizations, occurring in the second half of 2013.

The market remained highly competitive and concentrated. Indeed, despite the entry of new operators, the top four competitors held a market quota of the turnover amounting to 69.5%, on the upturn compared to the 67.6% of the previous year. The banking companies however, showed a drop in turnover (-3.9%) compared to the increase registered by the captive companies (+8.0%) lowering their market quota to 84.5% compared with the 86.1% of 2012.

# Company activities

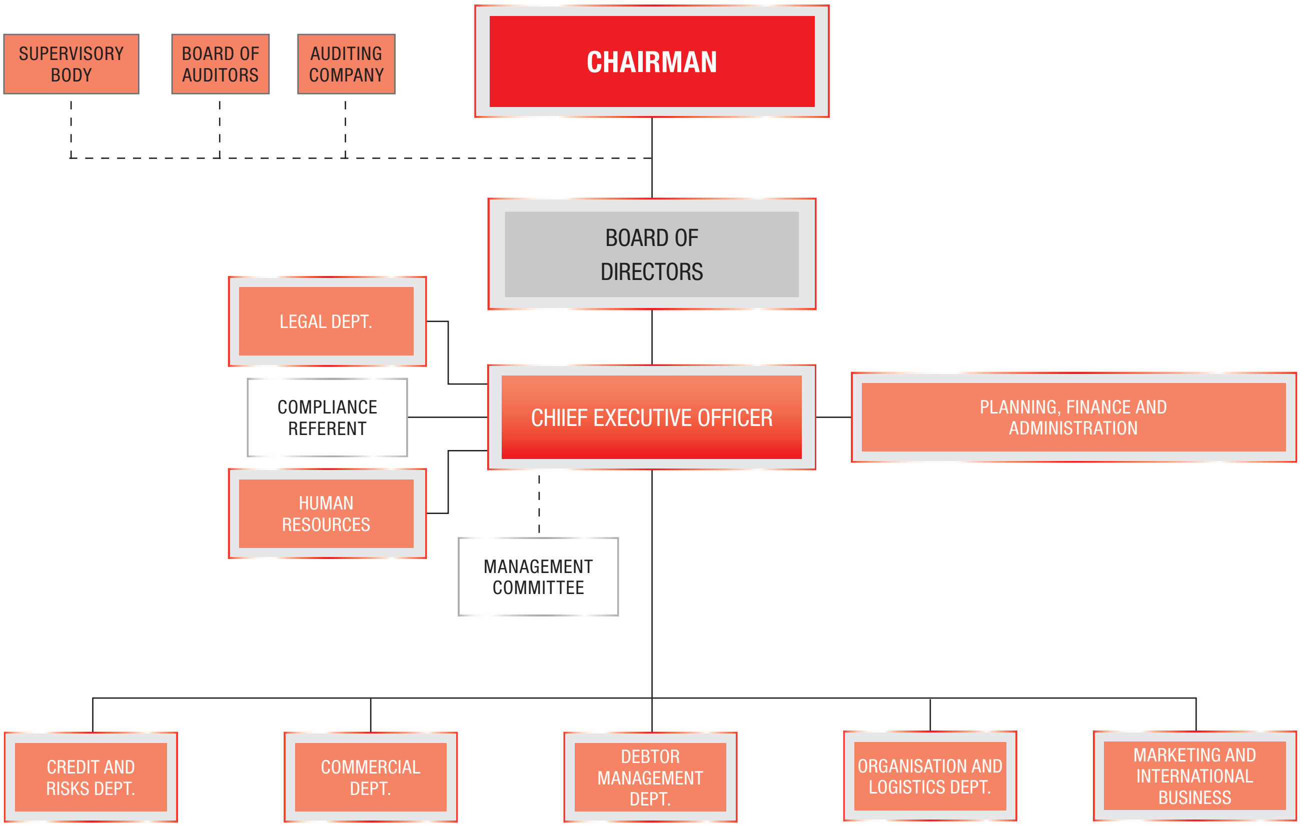
UniCredit Factoring, belonging to the UniCredit Group, is the Italian company specializing in the non-recourse and with-recourse purchase of trade receivables assigned by its customers which, besides optimizing their capital structure, can make use of a series of correlated services for those receivables such as, collection, management and insurance.

Our company is active on both the domestic and cross-border markets. For both types of operations the Company, having developed a strong partnership between its own commercial network and the Group's, is also supported by Group-owned banks.

## The Organisational Structure

UniCredit Factoring, within the framework of the new structure adopted by the Group, is collocated in the Italian Region whose perimenter englobes our Group's activities in Italy, with the exception of Corporate & Investment Banking and Asset Management.

With respect to the end of last year, our Company's organisational structure, illustrated here below, has not been substantially modified.



# Director's Report on operation (Continued)

Commercial Management has confirmed the organisation model, adopted last year, which led to the improvement of the cooperation and synergy processes with respect to the Holding, thanks to the activities carried out in the 8 Territorial Areas (North-West, Milan, Lombardy, North-East, Emilia-Romagna, Centre-North, Centre and South) in addition to the 3 (three) Domestic Areas (Investment Banking, Public Sector and New Customer Development Areas).

The Credit and Risks Management comprises the following structures: credit management, credit monitoring, credit recovery and risk management. The loan granting activity is organised according to the segment pertaining to the legal subjects valuated (assignors and debtors). During 2013 the structure maintained the same organisational asset as the previous year, however, in order to render the process of loan-granting Even more efficient and timely, during 2014 credit management will be re-organised in order to reflect the geographical organization of the trade areas. Furthermore a structure will be created, dedicated to the management of those files subject to restructuring.

The Debtor Management Department, during the fiscal period, perfected the activities already undertaken in previous periods, achieving significant results in terms of reduction the total overdue receivables, both as absolute value and as regards 'aging'.

Despite the ongoing critical scenario presented by the macro-economic situation, although this was mitigated by the first effects produced by Legislative decree DL 35/2013, the initiatives undertaken by the Management achieved positive results, regarding the market, in terms of average collection times of receivables:

thanks to:
- increased management and monitoring activities relevant to past-due and due receivables;
- the start-up of the acknowledgement project relating to receivables past-due at 12.31.2010 (so-called Old Credit) definition of the intervention perimeters and the actions to be undertaken and also their implementation.

Together with the initiatives illustrated here above, the Debtor Management Department drew up a project for the description and functional analysis of the monitoring and operational management processes relevant to the assigned receivables which represents the conceptual basis to be used in order to fine-tune the effectiveness and efficiency Levels of the activities performed by the Debtor Management Department.

## Resources

UniCredit Factoring's workforce at 31st December 2013 stood at 260 Full Time Equivalent (FTE), with a net increase of 8.3% compared to the previous year. The increase concerned various structures, crucial and concentrated, for the reference year, in the Credit and Risk Management and Commercial Departments and aimed, among other things, at carrying out new commercial and strategic projects in synergy with the Bank. This fortification was implemented with an ongoing attention paid to the selection, management, training and development of human resources in compliance with Group models.

The following table illustrates the breakdown of the Company's workforce by age, gender and classification.

With reference to distribution by age group, a significant increase was registered in the over 40 group. Consequently the average age of employees, highlighted a slight increase compared to the average reported in the previous year, moving up from around 43 to 44.

**Breakdown by age group**

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | FTE | BRKDN. % | FTE | BRKDN. % | ABSOLUTE | % |
| Up to 30 years | 12 | 4.7% | 13 | 5.4% | -1 | -6.2% |
| From 31 to 40 years | 80 | 30.9% | 80 | 33.4% | +0 | +0.3% |
| From 41 to 50 years | 110 | 42.1% | 98 | 40.9% | +11 | +11.4% |
| Over 50 years | 58 | 22.3% | 49 | 20.3% | +9 | +18.8% |
| **Total** | **260** | **100.0%** | **240** | **100.0%** | **+20** | **+8.3%** |

The contractual status of the Company's human resources showed an increase in the percent incidence of 3rd and 4th Level executives and, to lesser degree, in the professional profiles.

**Breakdown by category**

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | FTE | BRKDN. % | FTE | BRKDN. % | ABSOLUTE | % |
| Managers | 16 | 6.3% | 17 | 7.1% | -1 | -3.5% |
| 4th and 3th level executives | 76 | 29.2% | 66 | 27.5% | +10 | +14.8% |
| 2nd and 1rd level executives | 58 | 22.3% | 58 | 24.2% | -0 | -0.2% |
| Professional profiles | 110 | 42.3% | 99 | 41.3% | +11 | +10.8% |
| **Total** | **260** | **100.0%** | **240** | **100.0%** | **+20** | **+8.3%** |

The workforce increase was well-balanced in terms of the ratio men/women, which continues to represent a focal point for our Company with respect to the input of female resources and our support for Group projects concerning Gender Diversity. In this respect, we emphasize the participation of our female resources in initiatives such as Women Value (Valore Donna) and UNWIN - UniCredit Women's International Network.

**Breakdown men/women**

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | FTE | BRKDN. % | FTE | BRKDN. % | ABSOLUTE | % |
| Women | 91 | 34.9% | 81 | 33.8% | +10 | +11.7% |
| Men | 169 | 65.1% | 159 | 66.2% | +10 | +6.5% |
| **Total** | **260** | **100.0%** | **240** | **100.0%** | **+20** | **+8.3%** |

## Training and development of Human Resources

As regards training, in 2013 company projects developed along three, main guidelines: technical-specialist, on the job and obligatory.

Programmes concerning the development of the resources were carried out within the framework of a series of dedicated projects together with HR Country Italy (Expertise Center).

### *Technical-specialist training*

In relation to the foregoing and according to that profile, in 2013 review, formative projects were developed, also with the assistance of funds made available by the 'Fondo Banche and Assicurazione' (Banks and Insurance Fund) for executives and clerical staff and by the 'Fondo per la formazione del personale Dirigente' (Manager training fund) aimed at the fortification and ongoing updating of the specific skills pertaining to the Company's workforce. The specific themes addressed were the following:

- specialist courses also in collaboration with the Compliance function and the Category Association (AssiFact) such as 'Administrative Liability pursuant to Legislative Decree 231/01', 'Internal Controls System and compliance: effectiveness, functioning rules and organisational profiles', 'Anti-money-laundering pursuant to Legislative Decree 231/07': applicative profiles, 'From Basle 2 to Basle 3: impact on valuations of credit-worthiness', 'Measuring and management of credit risks', 'Operating risk: from the basic method to the indentification of operating losses', 'Accounting Analysis' Company', 'Instruments for the settlement of company crises and bankruptcy legislation', 'Anti-money-laundering – legislation and practical cases';
- English Language Training: with diversified modes such as e-learning, classroom, workshop, telephone conVersation, intensive in-house courses;
- Soft Skills Training in UniManagement: "Time Management"; 'Trading strategies', 'Own performance management and development', 'Leadership for Results', 'Effective communication' 'Commercial negotation' 'Project management', 'Team management', 'Building leadership skills', 'Emotional skills: self-knowledge and development','Public speaking', 'Conflict management: the value of confrontation', 'Team-work';
- On the job training projects: within the Cross Skills project;
- Banking Financial Diploma: the Banking and Financial Diploma is an itinerary lasting 16 months after which the European certification the fundamentals pertaining to banking and financial expertise is (the European Foundation Certificate in Banking);
- Certification of Credit Skills: this is a modular itinerary organised by Unicredit LLC (Lifelong Learning Center) in collaboration with the Facoltà di Finanza Aziendale dell'Università di Udine, (Faculty of Company Finance, University of Udine) which aims at increasing the credit skills of collegues covering the roles and profiles dedicated to the Business and which represents a concrete commitment by the Company within the framework of a broader, Risk Culture theme.

# Director's Report on operation (Continued)

### *On the job training*
On the job training has developed within the Cross Skills Project, which aims, through full immersion in the different company structures, not only at achieving a gradual and advantageous role insertion of the new-entry professional profiles, but also the promotion of a transversal collaboration culture between the various company functions.

### *Obligatory training*
Introduction of new, obligatory online courses such as, Anti-corruption and Anti-trust.

### *Development of human resources*
Among the 2013 projects involving resources belonging to different age and seniority groups we underline:

**"Under 33":** a project which, by promoting the importance of leadership and a listening culture, was addressed to the our company's younger professional resources. Through a processo of self-valuation, our young colleagues measured their skills (UniCredit Competency Model) and behaviour profiles (Learning Potential) within their reference workplace, with subsequent feedback devoted to the person and the manager of the HR function.

**"Over 55":** a project with review purposes: i.e. the identification of specific formative development actions regarding the senior resources involved, the acknowledgement of the wealth of skills and experience they carry, the transmission of these skills and experience thus minimizing the risk of losing them, and increasing the relevant engagement.

**Talent Management Review (TMR):** annual process of Group development and valuation which, this year too, contributed to the promotion of the growth of our Talents by encouraging the examination of career paths within the company and the Group by an analysis of potential and Leadership.

**UniQuest 7:** This International-style Group programme examines the development of leadership with respect to all the young professionals in various, different countries.

**Coaching:** this project, started-up in 2013, specifically addresses a trilateral partnership between managers, coaches and coachees, in order to improve the awareness of the latter and to help them to pinpoint their own methods of achieving their personal/ professional objectives.

## Marketing

### Customer services and innovative projects
The new strategic positioning within the Group saw Factoring becoming part of the broader UniCredit project for Italy, dedicated to supporting PMIs (small and medium businesses) and the real economy. Factoring's strategic role, thanks to its anticyclical function, has allowed us to offer concrete support to Italian businesses in the management of receivables during a critical economic situation, ongoing for most of 2013.

The brilliant growth rates registered in terms of both market quotas and profitability, allowed us to continue to guarantee our offer of excellent services aimed a sustaining the economic recovery of the various territories.

Staying close to our customers is among the principle objectives pursued by our company.

Also in 2013, in fact, our care of and capacity to listen to our customers, encouraged us to build business relations based on duration and on mutual trust; for this reason we continued to invest in the development of a 'complete' system for the prompt collection and satisfaction of our customers' requests. We strengthened the training and customer support activities pertaining to our Team Web Factoring. With the entry of a resource dedicated exclusively to encouraging regular discussion, 300 names were contacted, suggested by the Account Managers, for training in the chief functions of Remote Factoring. Of these 165 went on to the loading modes regarding web-based assignments, automatising a volume of around 475,000 invoices.

Also the results of our support activity were significant: around 500 customers spontaneously contacted the team to request assistance regarding the various functions of the website.

For purely technical, organizational reasons the usual Customer Satisfaction survey was not conducted. It was re-programmed for the 1st quarter of 2014.

Another concrete model for staying close to businesses, in a period needing the development of non-traditional solutions to contrast the crisis, was the Conad agreement.

Signed in April 2013, the agreement, entirely designed to facilitate payments in favour of the distribution group's suppliers, represents the first case of 'credit chain' within the entire Conad system.

We wanted to be fast when interpreting the changing needs of our Customers (coming into force of art. 62 Dl 01/2012), by starting out from a traditional reverse factoring service and implementing computer-based solutions, we can now successfully supply a modern product making use of an electronic, automated platform developed ad hoc, able to manage exchanges of information, transactions and flows between the system's users.

An evolution, therefore, of Reverse Factoring, which has shown itself to be an excellent business opportunity, not only for our company but also for the Bank, with full title to be inserted among the innovative products to propose to our customers in order to accompany recovery.

With the Bank's commercial network our relations have become more and more integrated and strengthened, thanks to projects such as 'Share Goals' or the sharing of mutual development strategies, aimed at intervening organically in the territory and offering a complete panel of bank products.

To be able to continue to sustain the businesses claiming receivables from State Administration Organizations, we renewed the existing agreements and dedicated particular attention to the legislation and procedures governing the Public Agency sector, in order to supply prompt solutions in line with Government initiatives.

Furthermore, during the last quarter of 2013 we started up a new work flow by implementing complex Direct Export operations, regarding Italian Assignors, for exports to North Africa and the Middle East.

Last but not least, our desire to stay close o the territory also on a 'social' saw us committed, in 2013, to carrying forward the Alzheimer Cafè project. Always acting in strict synergy with UniCredit Foundation, we persisted in our activity and centers were created and inaugurated in Turin, Verona, Naples and Palermo.

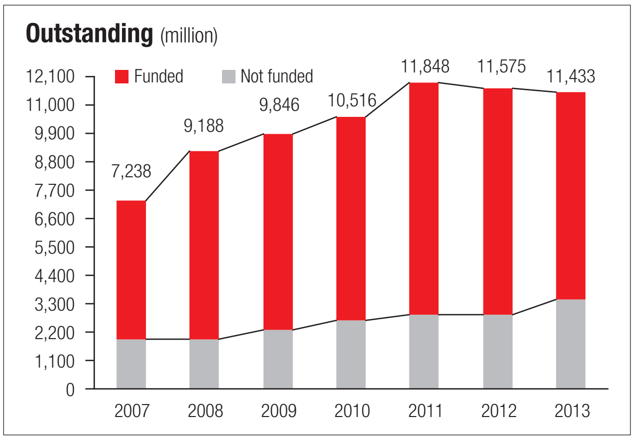
Our involvement in other activities in the sector, developed also thanks to our collaboration with colleagues working for the Foundation, led to the candidature of our Palermo Ambassadress in the Volunteers for a Day project and contributed to the awarding to the Group of the Sodalitas prize, 2013 Edition.

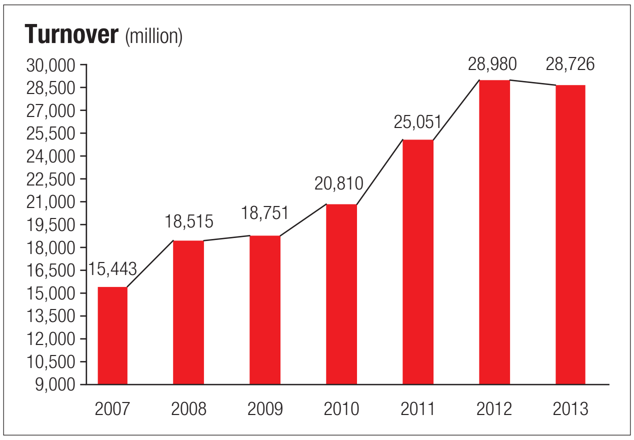
## Turnover and total receivables

During the period, the Company acquired an overall turnover flow of 28,726 million with a 0.9% drop compared to 2012, lower however than the market reduction taken as a whole. This was reflected, therefore, in higher market quotas, which rose to 16.7% against the 16.5% of 2012, and in the consolidation of our second place in the sector ranking.

Also as regards the outstanding and funded elements the Company won second place on the market, although it registered, respectively, a 1.2% and 7.8% decline. These changes are to be considered positive because, Even if faced with a steady turnover flow, the Company managed to lower its average collection times.

The reduction in total receivables is, in fact, to be attributed to a contraction in the past-due component, almost entirely compensated by a increase in the maturing.




As highlighted by the following table, with-recourse transactions represented around two thirds with respect to both turnover and total receivables. This quota increased last year both as regards turnover where with-recourse transactions registered and upturn of 3.4%, and as to the outstanding, where the latter increased by 8.4%.

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN. % | AMOUNT | BRKDN. % | ABSOLUTE | % |
| **Turnover** | **28,726** | **100.0%** | **28,980** | **100.0%** | **-254** | **-0.9%** |
| - non-recourse | 10,498 | 36.5% | 11,360 | 39.2% | -862 | -7.6% |
| - with-recourse | 18,228 | 63.5% | 17,620 | 60.8% | +608 | +3.4% |
| **Outstanding** | **11,433** | **100.0%** | **11,575** | **100.0%** | **-142** | **-1.2%** |
| - non-recourse | 3,251 | 28.4% | 4,024 | 34.8% | -773 | -19.2% |
| - with-recourse | 8,183 | 71.6% | 7,551 | 65.2% | +632 | +8.4% |

# Director's Report on operation (CONTINUED)

The per product turnover indicates that, alongside traditional transactions, a consistent quota is represented by outright receivable purchase transactions, reserved chiefly to assignors claiming receivables from State Organizations, although these dropped by 18.4% compared to the previous year. Guarantee only transactions increased (+18.0%), whereas maturity factoring diminished (-6.5%).

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN. % | AMOUNT | BRKDN. % | ABSOLUTE | % |
| **Turnover** | **28,726** | **100.0%** | **28,980** | **100.0%** | **-254** | **-0.9%** |
| traditional | 16,739 | 58.3% | 15,160 | 52.3% | +1,580 | +10.4% |
| outright and discounted purchase | 7,651 | 26.6% | 9,373 | 32.3% | -1,721 | -18.4% |
| guarantee only | 862 | 3.0% | 731 | 2.5% | +131 | +18.0% |
| maturity | 3,474 | 12.1% | 3,717 | 12.8% | -243 | -6.5% |

The allocation of turnover between domestic and international remained mainly stable compared to the previous year, with a domestic quota of over 90%.

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN. % | AMOUNT | BRKDN. % | ABSOLUTE | % |
| **Turnover** | **28,726** | **100.0%** | **28,980** | **100.0%** | **-254** | **-0.9%** |
| Domestic | 26,796 | 93.3% | 26,915 | 92.9% | -119 | -0.4% |
| Import | 237 | 0.8% | 223 | 0.8% | +14 | +6.3% |
| Export | 1,693 | 5.9% | 1,842 | 6.4% | -149 | -8.1% |

In conclusion, we emphasize that the Public and Investment Banking areas generate, by themselves, almost half the overall turnover, although a decrease was registered compared to the previous year. In percent terms, higher than average growths were reported by the North-East and South Areas.

Here below we indicate the allocation of the total receivables by sector and debtor's branch of business activity.

As regards sectors, the non-financial companies (5,555 Million) represented the largest component with a 48.6% quota,
A 0.3 point increase registered over the year, whereas State Organisations figure (4,505 million), including the Central State, Local Agencies, ASL (health bureaus) and other State Agencies registered a 2.5 points reduction, mainly compensated by the increase in foreign debtors.

**Total receivables by sector of debtor's business activity**

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN | AMOUNT | BRKDN | ABSOLUTE | % |
| state organizations | 4,505 | 39.4% | 4,849 | 41.9% | -344 | -7.1% |
| financial companies | 368 | 3.2% | 371 | 3.2% | -3 | -0.8% |
| non-financial companies | 5,555 | 48.6% | 5,596 | 48.3% | -41 | -0.7% |
| family producers | 124 | 1.1% | 125 | 1.1% | -1 | -0.6% |
| family consumers | 0 | 0.0% | 1 | 0.0% | -1 | -100.0% |
| non-profit institutes | 49 | 0.4% | 51 | 0.4% | -2 | -3.3% |
| rest of the world | 800 | 7.0% | 547 | 4.7% | +253 | +46.1% |
| other | 32 | 0.3% | 36 | 0.3% | -4 | -11.6% |
| **Total receivables** | **11,433** | **100.0%** | **11,575** | **100.0%** | **-142** | **-1.2%** |

With respect to the allocation by branches of business activity of the debtor counterparts, regarding exclusively 'non-financial companies and 'household producers', the major concentration was in energy products, trade services, recoveries and remedies, transport means and other services available for sale.

**Total receivables by branch of debtor's financial activity**

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN % | AMOUNT | BRKDN % | ABSOLUTE | % |
| agriculture, forestry, fishing | 30 | 0.5% | 22 | 0.4% | +8 | +34.4% |
| energy | 847 | 14.9% | 1,005 | 17.6% | -158 | -15.7% |
| minerals iron metals and others | 303 | 5.3% | 344 | 6.0% | -41 | -11.8% |
| minerals and non-metal, mineral-based products | 34 | 0.6% | 29 | 0.5% | +5 | +19.2% |
| chemicals | 52 | 0.9% | 82 | 1.4% | -30 | -36.4% |
| metal products exc. machinery and transport means | 371 | 6.5% | 117 | 2.0% | +254 | +218.2% |
| industrial and agricultural machinery | 0 | 0.0% | 188 | 3.3% | -188 | -100.0% |
| office machines | 23 | 0.4% | 160 | 2.8% | -137 | -85.6% |
| electrical machinery and supplies | 212 | 3.7% | 103 | 1.8% | +109 | +105.0% |
| transport means | 691 | 12.2% | 591 | 10.3% | +100 | +16.9% |
| foodstuffs, beverages, tobacco | 208 | 3.7% | 247 | 4.3% | -39 | -15.7% |
| textiles, leather, shoes, clothing | 51 | 0.9% | 44 | 0.8% | +7 | +16.4% |
| paper, printing products publishing sector | 43 | 0.8% | 45 | 0.8% | -2 | -4.5% |
| rubber, plastic | 22 | 0.4% | 22 | 0.4% | +0 | +1.9% |
| other industrial products | 41 | 0.7% | 21 | 0.4% | +20 | +94.8% |
| building and public works | 253 | 4.5% | 206 | 3.6% | +47 | +23.0% |
| business services, recoveries, remedies | 1,156 | 20.4% | 1,315 | 23.0% | -159 | -12.1% |
| hotel and public agency services | 31 | 0.5% | 46 | 0.8% | -15 | -32.7% |
| internal transport services | 270 | 4.8% | 115 | 2.0% | +155 | +134.1% |
| maritime, air-related services | 2 | 0.0% | 1 | 0.0% | +1 | +65.0% |
| transport-related services | 122 | 2.1% | 39 | 0.7% | +83 | +209.6% |
| communications | 367 | 6.5% | 430 | 7.5% | -63 | -14.7% |
| other sales-based services | 550 | 9.7% | 550 | 9.6% | +0 | +0.1% |
| **Total non-financial companies and family businesses** | **5,679** | **100.0%** | **5,720** | **100.0%** | **-41** | **-0.7%** |

## Receivables

The stocks of receivables at balance-sheet value stood at 8,207 million, showing a 7.2% decline compared to the end of the previous year, but registering partial recovery in the final quarter after three quarters with more significant downturn. With respect to the annual average the reduction amounted to 8.1%. As already mentioned here above, the downturn is attributable to various factors. First of all the slowdown in turnover and in economic activity in general which was reflected in a contraction of the overall factoring sector. In addition to these market factors, the Company, on the one side improved average collection times with resulting stock reduction and, on the other, in order to reduce the overall riskiness of the portfolio, considerably increased its with-recourse total receivables quota, which was reported in the receivables item only as regards the funded (on average, however, lower than the non-recourse).

**Receivables**

(€ million)

| | 12.31.2013 | | 12.31.2012 | | CHANGE | |
|---|---|---|---|---|---|---|
| | AMOUNT | BRKDN. % | AMOUNT | BRKDN. % | ABSOLUTE | % |
| receivables from credit agencies | 29 | 0.4% | 22 | 0.3% | +7 | +30.1% |
| receivables from financial agencies | 816 | 9.9% | 536 | 6.1% | +280 | +52.3% |
| receivables from customers | 7,362 | 89.7% | 8,286 | 93.7% | -924 | -11.1% |
| **Total receivables** | **8,207** | **100.0%** | **8,844** | **100.0%** | **-637** | **-7.2%** |
| *comprising:* | | | | | | |
| *with-recourse advances* | *2,207* | *26.9%* | *2,328* | *26.3%* | *-121* | *-5.2%* |
| *with-recourse advances (ex-formal non-recourse)* | *1,503* | *18.3%* | *1,310* | *14.8%* | *+193* | *+14.7%* |
| *advances on contracts* | *123* | *1.5%* | *156* | *1.8%* | *-32* | *-20.8%* |
| *non-recourse receivables* | *3,307* | *40.3%* | *3,844* | *43.5%* | *-536* | *-14.0%* |
| *deferred receivables* | *721* | *8.8%* | *910* | *10.3%* | *-189* | *-20.8%* |
| *impaired receivables* | *271* | *3.3%* | *241* | *2.7%* | *+30* | *+12.6%* |
| *other receivables* | *76* | *0.9%* | *57* | *0.6%* | *+19* | *+32.6%* |

# Director's Report on operation (Continued)

The breakdown by technical form highlighted an increase in with recourse advances, both as regards absolute, and in terms of total receivables quota (from 42.9% to 46.7%), including prepayments on agreements.
With respect to asset quality, impaired receivables at balance-sheet value increased by around 30 million in the recently ended fiscal period (from 241 million at end 2012 to 271 million at end 2013), essentially due to the increase in past-due receivables. In relation to the total balance-sheet receivables, the impaired rose, therefore, from the 2.72% 2012 figure, to 3.30% at end 2013.
The hedge ratio of the value adjustments, including transfers to losses rose, on the contrary from 42.5% to 47.5% despite the increase in the past-due and re-structured with lower hedging.
The following table highlights the appreciable reduction shown by the non-performing and the stability of the doubtfuls at balance-sheet value.

**Impaired receivables**

(€ million)

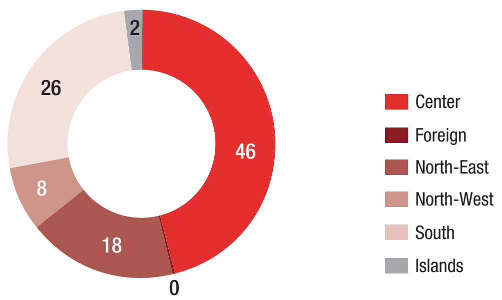
| | NON-PERFORMING | | | | | TOTAL IMPAIRED | |
|---|---|---|---|---|---|---|---|
| | BALANCE-SHEET | INCL. TRANSF. TO LOSSES | DOUBTFUL | RE-STRUCT. RECEIVABLES | PAST-DUE RECEIVABLES | BALANCE-SHEET | INCL. TRANSF. TO LOSSES |
| **Situation at 12.31.2013** | | | | | | | |
| Face value | 196.6 | 285.1 | 122.0 | 17.1 | 92.4 | **428.2** | **516.7** |
| *impact on total receivables* | *2.34%* | | *1.45%* | *0.20%* | *1.10%* | **5.10%** | |
| Value adjustment | 111.7 | 200.3 | 43.5 | - | 1.8 | **157.1** | **245.6** |
| *re face value* | *56.83%* | *70.24%* | *35.65%* | - | *2.00%* | **36.68%** | **47.53%** |
| Balance-sheet value | 84.9 | 84.9 | 78.5 | 17.1 | 90.6 | **271.1** | **271.1** |
| *impact on total receivables* | *1.03%* | | *0.96%* | *0.21%* | *1.10%* | **3.30%** | |
| **Situation at 12.31.2012** | | | | | | | |
| Face value | 184.3 | 268.0 | 90.9 | 0.5 | 59.0 | **334.6** | **418.3** |
| *impact on total receivables* | *2.05%* | | *1.01%* | *0.01%* | *0.66%* | **3.73%** | |
| Value adjustment | 80.5 | 164.2 | 12.5 | 0.0 | 0.9 | **93.9** | **177.6** |
| *re face value* | *43.70%* | *61.28%* | *13.76%* | - | *1.55%* | **28.07%** | **42.46%** |
| Balance-sheet value | 103.8 | 103.8 | 78.4 | 0.5 | 58.1 | **240.7** | **240.7** |
| *impact on total receivables* | *1.17%* | | *0.89%* | *0.01%* | *0.66%* | **2.72%** | |

The non-performing at balance-sheet values dropped over 12 months from 103.8 million to 84.9 million (absolute value) and by 1.17% to 1.03% compared to the total receivables. The hedge ratio, account being taken of adjustments and transfers to losses, grew from 61.29% at end 2012 to 70.24% in December 2013.

During 2013 nr. 71 new positions became non-performing, for an overall face value of 31.8 million (net of depreciation for 0.4 million) offset by provisions amounting to 15.8 million.

The distribution of the non-performing by geographic area indicated the prevalence of positions relating to counterparts located in the centre and South areas:

**Non-performing by geographic area** (%)



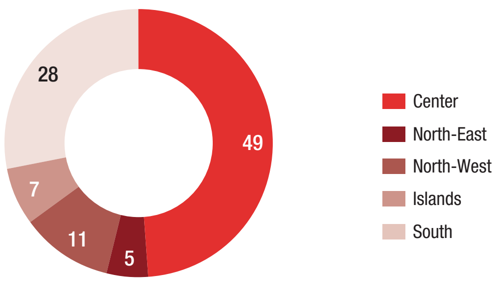
The doubtfuls, on the contrary, showed substantial stability between end 2012 and end 2013, rising from 78.4 million to 78.5 in terms of balance-sheet value and from from 0.89% to 0.96% compared with total receivables.

During 2013, 237 new positions became doubtful, for overall face values amounting to 73.0 million, with reserves for 23.7 million.

Objective doubtfuls totalled 80 for an overall face value amounting to 12.8 million, hedged by reserves for 0.6 million.

The distribution of doubtfuls by geographic area indicated a net prevalence of the prevalence in the centre and South.

**Doubtfuls by geographic area** (%)

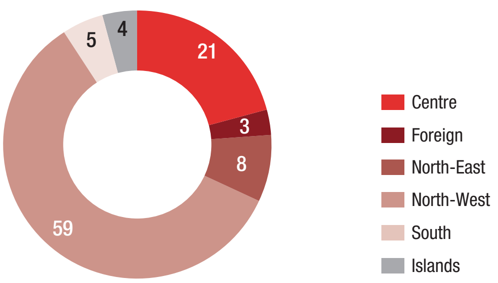



At the end 2013 there were 6 positions among the restructured receivables with overall face values amounting to 17.1 million (at end 2012 there was one).

The past-due positions , within the framework of a worsening economic situation, amounted to overall face values of 92.4 million (59.0 million at end 2012) offset by reserves for 1.8 million.

The distribution of past-due receivables by geographic area shows strong concentration in the North-West and centre areas.

**Past due by geographic area** (%)




## Risk management and control methods

The Credits and Risks Department supervises the processes relating to the valuation/measuring/monitoring of risks, ensuring overall governance, through cost containment and the optimization of portfolio composition.

For the proper management of credit risks, in line with the model adopted by the Holding, our Company has designed its organizational structure by separating the customer-assignor acquisition and management processes from those relating to debtor management, entrusting the decision-making faculties to the Credits and Risks Department, which also supervises systematic monitoring and Risk Management.

The power to grant loans, attributed to the Board of Directors, is partially delegated to the Loans Committee, the Chief Executive Officer and the Vice-Director Generals and, for limited amounts, to the Commercial Structure.

The delegation and sub-delegation system is periodically reviewed (shared with the Holding) and adapted to the changing market context and the Company's structural requirements.

As to market risks, bearing in mind that the Company does not operate with financial, trading instruments, the haracteristics of the product and the operating modes implemented allows us to maintain within restricted Levels any risk assumed.

The Company's assets, chiefly characterized by short-term entries, makes for minimum exposure of the foregoing to interest-rate changes because our Company generally operates by:

- periodically updating the variable rates to match the same maturities as the supplies;
- applying fixed rates based on the cost of the supply (outright purchase receivables).

The rate risk relating to outright purchase transactions with maturities beyond the short term are usually hedged by interest-rate swaps implemented solely with the Group's Investment Bank.

In the same way, the liquidity profile is mitigated by associating the maturities of the funding flows with funding.

Receivables in foreign currency belonging to the Company's assets are financed with liabilities in the same currency. This operation allows us to minimize the exchange-rate risk.

For more detailed information regarding risks and relevant hedging policies kindly consult the Notes (Part D - Section 3).

# Director's Report on operation (Continued)

## Income Statement and Equity

### Income Statement

The Income Statement illustrated here below follows the reclassification outline adopted by the Group, which registers in attachment the reconciliation with the balance-sheet outline. The normalized changes, which sterilize the impact of the default interest reported in both years (7.3 million in 2012 and 8.0 million in 2013) present no significant differences with respect to the effective figures.

**Reclassified income statement**

(€ million)

| | PERIOD | | CHANGE | | NORMALIZED % CHANGE |
|---|---|---|---|---|---|
| | 2013 | 2012 | ABSOLUTE | % | |
| Net interest | 157.8 | 132.4 | 25.5 | +19.2% | +19.8% |
| Net commission and fee | 81.5 | 75.6 | 5.9 | +7.7% | +7.7% |
| Trading result and hedging | -0.3 | -0.2 | -0.1 | +62.2% | +62.2% |
| Balance other revenue/charges | 1.3 | 1.9 | -0.6 | -32.5% | -32.5% |
| **BROKERING MARGIN** | **240.3** | **209.6** | **30.6** | **+14.6%** | **+14.8%** |
| Human resources costs | -22.5 | -22.4 | -0.1 | +0.5% | +0.5% |
| Other administrative costs | -19.1 | -16.6 | -2.6 | +15.7% | +15.7% |
| Amortization/Depreciation to tangible/intangible fixed assets | -0.2 | -0.1 | -0.1 | +120.7% | +120.7% |
| **Operating costs** | **-41.9** | **-39.1** | **-2.8** | **+7.2%** | **+7.2%** |
| **OPERATING INCOME** | **198.4** | **170.6** | **27.8** | **+16.3%** | **+16.6%** |
| Net adjustments to receivables | -70.5 | -69.5 | -1.0 | +1.4% | +1.4% |
| **NET OPERATING INCOME** | **127.9** | **101.1** | **26.8** | **+26.5%** | **+27.8%** |
| Provisions for risks and charges | -5.8 | -2.7 | -3.1 | +114.4% | +114.4% |
| **PROFIT BEFORE TAX** | **122.1** | **98.4** | **23.7** | **+24.1%** | **+25.3%** |
| Income taxes for the period | -48.9 | -37.6 | -11.3 | +30.1% | +31.3% |
| **NET PROFITS** | **73.2** | **60.8** | **12.4** | **+20.4%** | **+21.5%** |

With respect to revenue the growth trend was ongoing despite the weakness of economic activity. The brokering margin rose, in fact, to 240.3 million with a 14.8% upturn, net of the extraordinary interest. This result stemmed from the contribution of 157.8 million interest margin (+19.8%) and from 81.5 million net fees (+7.7%).

To be more specific, the interest margin, Even though affected by a reduction in the average loan volumes, benefited from various favourable factors, such as improved supply market conditions, greater stability of the rate on loans, increased own means, as well as the optimization of collection and treasury activities. Our fees, on the other hand, despite substantial turnover stability, benefited from a non-recurring component, from a reduction in commission expenses for guarantees received and from a more favourable breakdown by product and counterpart.

Regarding costs, expenses for human resources recorded a 0.5% hike compared with an average, annual workforce increase of 7.8%. This gap is more or less explained by the lesser impact of the variable quota. Moreover, also net of the foregoing, the average pro-capite cost remains substantially in line with the previous year.

Other administrative costs registered a 15.7% increase, due to higher charges for credit recovery and for IT, as well as for the expansion of the outsourcing acitivity with non-recurring charges. On the other hand, marketing expenses, consultancies and costs relating to real estate diminished.

Overall operating costs stood at 41.9 million, with a 7.2% increase, less than proportional compared with the increased work force. The ratio between costs and revenue dropped, therefore, to 17.4% from 18.6% of 2012 and the operating income, amounting to 198.4 million, registered a 16.6% rise compared to the previous year, net of the extraordinary interest.

Net adjustments to receivables amounted to 70.5 million, remaining slightly higher than the Level of the previous year, due to the ongoing effect of the deterioration of the macro-economic situation. With respect to the average loans amortizations stood at 1.09% against 0.99% of 2012.

Gross profits, bearing in mind net provisions for risks and charges amounted to 5.8 million, stood at 122.1 compared to the 98.4 million of the previous year, with a 25.3% increase, excluding the contribution of extraordinary interest.

Net profits for the period, discounting a fiscal load increased by end of year manoeuvres, stood at 73.2 million, agains the 60.8 million of 2012 (+21.5%) net of extraordinary interest).

## Net Equity and capital ratios

As already reported in the Events subsequent to closure of the period in relation to the 2012 financial statements, to endow the Company with capital consistent with the more rapìd implementation of the company's development plans, on 30th January 2013 a capital share increase, amounting to 299.8 million was perfected, entirely subscribed by the Holding.

Net Equity, bearing in mind the foregoing contribution together with the profits for the period, stood at 651million, double the figure compare to the 308 million registered at end 2012. Supervised Equity, including hybrid capital instruments and subordinate liabilities for an overall 63 million (78 million at end 2012) and taking into account the distribution of a dividend amounting to around 70% of the net profits gained, stood at 663 million compared to the 355 million of the previous year.

Account being taken that the total weighted assets highlighted a 17.6% increase, chiefly resulting from the reduction of the guarantees received from the Holding, the core tier 1 ratio rose to 9.01% form the 4.91% at end 2012, whereas the total equity coefficient stood at 9.97%, compared to the 6.29% of the previous year and a permitted minimum of 4.5%.

**Net equity and capital ratios**

(€ million)

| | SITUATION AT | | CHANGE | |
|---|---|---|---|---|
| | 12.31.2013 | 12.31.2012 | ABSOLUTE | % |
| Net equity | 651 | 308 | +343 | 111.2% |
| Profits distributed | -51 | -30 | -21 | n.d. |
| Negative/positive features | -1 | 0 | -1 | n.d. |
| Hybrid instruments and subordinated liabilities | 63 | 78 | -14 | -18.6% |
| Supervised equity | 662 | 355 | +307 | 86.3% |
| Total risk-weighted assets | 6,639 | 5,645 | +994 | 17.6% |
| Core Tier 1 | 9.01% | 4.91% | 4.10% | |
| Supervised equity/Total weighted assets | 9.97% | 6.29% | 3.68% | |

# Further information

## Auditing

Our company, in line with Group policies governing controls, avails itself of the Internal Auditing Service offered by UniCredit Audit S.p.A., through the Insourced Auditing Services which reports to the Internal Audit of Unicredit S.p.A.[1].

## Administrative responsibility, D.Lgs. (Legislative Decree) 231/2001

With respect to the provisions of D.Lgs (Leglislative Decree) nr. 231/01 governing the administrative liability of legal persons, corporations and associations, also lacking judicial status, in 2013 the activities of the supervisory Body, constituted in compliance with the foregoing legislation, were ongoing.

The operations carried out by the mentioned Body included supervision of the adequacy of and compliance with the Organizational and Management Model, updated on 18.12.2013, together with supervisory activities pursuant to the specific controls plan. In addition, appropriate training was performed as regards the foregoing issue.

## Privacy and protection of personal details

The Company is no longer obliged to maintain an updated 'Programme document on security'. This obligation was eliminated by the cancellation of letter g, comma 1 of art. 34 del D.Lgs. (Legislative Decree nr. 196/2003 ('Code of Privacy') pursuant to *art. 45, comma 1, lett. c), D.L. nr. 5 of 9th February 2012, converted, with amendments by Law nr. 35 of 4th April 2012.*

## Business Continuity

As foreseen by the Bank of Italy regulations and in harmony with the indications issued by the Holding, our Company approved and activated the Operational Continuity Plan which takes into account the main crisis/disaster scenarios and identifies, as regards each and Every, potentially damaging Event, the solutions to be adopted to ensure adequate operating continuity in acceptable conditions of decline. The principle guidelines indicated by the Plan foresee the distribution, in each prospective case, of the critical activities pinpointed thoughout the Company's offices (Headquarters in Milan and secondary location in Rome), and the use of the competent

1. Agreement initially stipulated with UniCredit Audit ScpA, a specialist Group company incorporated into UniCredit SpA on 25th February 2013 with a deed of merger by incorporation.

# Director’s Report on operation (Continued)

resources located therein, periodically updated and equipped with the necessary skills, able to intervene rapidly to replace those units unable to operate in the stricken location.

## Environment and work safety

In 2013 too, on the basis of Group guidelines and standards, training activities pursuant to D.Lgs (Legislative Decree) 81/2008 were ongoing, in particular with the programme for the formative updating of the human resources appointed to manage emergencies, -fire-fighting, first-aid - together with health control programme for ‘video-terminal’ employee’. A training course was also activated for newly-nominated appointees.

## Operations with related parties

With respect to business relations with the Holding and with other companies belonging to the UniCredit Group, we refer you to the relevant Table illustrated in the Notes (Part D - Other information - Section 6 - Operations with correlated parties).

## Own shares or portfolio shares belonging to the Holding

The Company does not hold, and has not held during the period, under any title whatever, own shares or shares belonging to the Holding.

## Research and development

During the period no investments were made pertaining to research and development.

## Financial instruments

At 31st December 2013 the Company owned derivative financial instruments for hedging interest-rate risks. More detailed information on the management policy relating to financial risks and the composition of the derivatives portfolio are illustrated in the Notes to the Financial Statements.

## The Holding: management and coordination

We emphasize that, pursuant to articles 2497 and subsequent of the Civil Code, the Company is subject to the management and coordination of UniCredit S.p.A.; the Notes to the Financial Statement (Part D - Other information - Section 6) illustrate the business relations existing between whatsoever performs management and coordination activities and also with the other companies subjected. The Attachments to the Notes include a table summarizing the principle data pertaining to the Holding.

We specify, moreover, that the Company has adhered to the tax consolidation adopted by the Group.

## Indications as to registered offices

In 2013 the Company transferred its registered offices in Milan to Via Livio Cambi nr. 5.

## Indications as to secondary, registered offices

The Company has no secondary, registered offices.

# Significant Events subsequent to closure of the fiscal period, expected management evolution

## Significant events subsequent to closure of the fiscal period

After closure of the fiscal period no significant events occurred which might affect the financial statements illustrated herein.

## Expected evolution of operations

In the eurozone the GDP contracted by 0.4% in 2013, at a slightly lower rate than the 2012 figure (-0.6%). Focussing attention on the pace of quarterly growth indicates that financial activities came out of the recession in the second quarter of the year, registering modest expansion rates in the following quarters. Recovery was gradual and initially stimulated by the foreign channel, alongside an ongoing, positive contribution from the domestic demand, in particular by investments in machinery. We believe that these improvements are likely to continue throughout 2014 when the Eurozone too will finally be able to change gear and enter a sustainable recovery period (+1.5% nel 2014). Italy came out of the recession in the third quarter of 2013 and a marginal recovery of business activities began during the final quarter, thanks to an ongoing attenuation of the recession pace regarding the domestic demand and the stability of the foreign channel. All in all, the GDP contracted by 1.9% in 2013, after the -2.6% of 2012. The GDP growth rate will probably remain limited during 2014 to a +0.7%. In this context the weakness in the credit scenario which characterized the entire 2013 should ease up.

With respect, in particular, to the factoring sector the expectations of the relevant operators reported in January are moderately positive, indicating an expected growth in turnover amounting to around 2% compared with 2013, substantially in line with the figure foreseen three months before.

In this scenario our Company aims at resuming the growth trend regarding volumes of turnover and uses, after the standstill in 2013, at the same time confirming the positive unitary margins relating to intermediate volumes. With respect to trading, the planned increase of the foregoing activity will also rely on the intensification of our collaboration with the Holding and the development of new commercial opportunities in the reverse factoring sector.

The results of these first two months are positive and allow us to look forward with moderate optimism to the prospects for the rest of the year, Even if the factoring scenario is still uncertain, weakened by the long recession and facing stronger competition.

Milan, 10th March 2014

| Chief Executive Officer | For the Board of Directors |
|---|---|
| Renato Martini | The Chairman: Roberto Bertola |

# Proposals submitted to the Ordinary Shareholder's Meeting

The financial statements, including the Directors' Report were audited by Deloitte & Touche S.p.A., pursuant to the resolution deliberated by the Shareholders' Meeting of 18th April 2013.

Furthermore we propose the following allocation of the fiscal year profits, amounting to 73,237,625 euros, as follows:

| | |
|---|---|
| To the Legal Reserve | 3,661,881 euros |
| To other Reserves | 18,183,744 euros |
| To shareholders to the extent of 0.64 euros per share | 51,392,000 euros |

Milan, 10th March 2014

Chief Executive Officer
Renato Martini

For the Board of Directors
The Chairman:
Roberto Bertola

# Financial Statements

# Financial Statements

## Balance Sheet

(Euro values)

| ASSETS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 10. Cash and cash equivalents | 1,174 | 3,308 |
| 40. Available-for-sale financial assets | 173 | 394 |
| 60. Receivables: | 8,207,453,670 | 8,844,294,005 |
| from banks | 29,209,166 | 22,453,133 |
| from financial institutes | 816,144,020 | 535,941,920 |
| from clients | 7,362,100,484 | 8,285,898,952 |
| 80. Value adjustment to financial assets subject to standard hedging (+/-) | 533,335 | 942,725 |
| 100. Tangible assets | 118,854 | 177,106 |
| 110. Intangible assets | 643,078 | 253,148 |
| 120. Tax assets | 38,604,569 | 18,622,840 |
| a) current | - | - |
| b) deferred | 38,604,569 | 18,622,840 |
| - at L. 214/2011 | 29,620,605 | 15,273,785 |
| 140. Other assets | 21,034,510 | 46,228,422 |
| **TOTAL ASSETS** | **8,268,389,363** | **8,910,521,948** |

| LIABILITIES AND NET EQUITY | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 10. Payables | 7,332,103,601 | 8,300,882,289 |
| to banks | 6,985,206,184 | 8,076,991,021 |
| to financial institutes | 24,581,363 | 10,258,329 |
| to customers | 322,316,054 | 213,632,939 |
| 20. Outstanding securities | 77,113,894 | 77,119,615 |
| 50. Hedging derivatives | 442,095 | 900,488 |
| 70. Tax liabilities | 6,894,871 | 25,598,406 |
| a) current | 6,894,871 | 25,598,406 |
| b) deferred | - | - |
| 90. Other liabilities | 181,914,586 | 187,042,402 |
| 100. Provision for employee severance pay | 2,758,273 | 2,705,000 |
| 110. Provisions for risks and charges | 16,556,157 | 8,437,663 |
| b) other provisions | 16,556,157 | 8,437,663 |
| 120. Share capital | 414,348,000 | 114,518,475 |
| 150. Share premiums | 951,314 | 951,314 |
| 160. Reserves | 162,187,666 | 131,751,989 |
| 170. Valuation reserves | (118,719) | (226,469) |
| 180. Profit (Loss) for the period | 73,237,625 | 60,840,776 |
| **TOTAL LIABILITIES AND NET EQUITY** | **8,268,389,363** | **8,910,521,948** |

The comparative data at 31st December 2012 were re-indicated following the introduction the the IAS 19R accounting standard as described in Part A - Accounting Standards - A2 - part relating to the principle balance-sheet items. In particular:

• Assets increased by 85,902 in Item 120 - Prepaid fiscal assets;

• Liabilities increased by 312,371 in Item 100 - Provision for employee severance pay;

• Balance of Item 170 - Valuation reserves, registered with a negative value amounting to 226,469.

## Income statement

(Euro values)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 10. Interest receivable and similar revenues | 209,976,272 | 245,317,002 |
| 20. Interest payable and similar charges | (52,152,138) | (112,969,063) |
| **INTEREST MARGIN** | **157,824,134** | **132,347,939** |
| 30. Fee and commission income | 90,860,810 | 87,905,075 |
| 40. Fee and commission expenses | (9,396,689) | (12,297,102) |
| **NET FEES AND COMMISSION** | **81,464,121** | **75,607,973** |
| 60. Net result from trading activities | (291,892) | (177,849) |
| **BROKERING MARGIN/OPERATING INCOME** | **238,996,363** | **207,778,063** |
| 100. Net value adjustments for impairment of: | (70,454,892) | (69,447,941) |
| a) financial assets | (70,454,892) | (69,447,941) |
| 110. Administrative costs: | (41,670,590) | (38,956,992) |
| a) human resources costs | (22,521,424) | (22,410,533) |
| b) other administrative costs | (19,149,166) | (16,546,459) |
| 120. Net value adjustments/write-backs to tangible assets | (58,252) | (74,199) |
| 130. Net value adjustments/write-backs to intangible assets | (140,342) | (18,201) |
| 150. Net provisions for risks and charges | (5,788,876) | (2,703,048) |
| 160. Other operating revenues and charges | 1,255,774 | 1,857,630 |
| **OPERATING RESULT** | **122,139,185** | **98,435,312** |
| **PROFIT (LOSS) FROM CURRENT OPERATIONS BEFORE TAXES** | **122,139,185** | **98,435,312** |
| 190. Income tax on financial year revenue from current operations | (48,901,560) | (37,594,536) |
| **PROFIT (LOSS) FROM CURRENT OPERATIONS AFTER TAXES** | **73,237,625** | **60,840,776** |
| **PROFIT (LOSS) FOR THE YEAR** | **73,237,625** | **60,840,776** |

## Statement of comprehensive income

(Euro values)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **10. Profit (Loss) for the year** | **73,237,625** | **60,840,776** |
| **Other comprehensive income net of taxes without reversal to income statement** | | |
| 20. Tangible assets | - | - |
| 30. Intangible assets | - | - |
| 40. Defined benefit plans | 107,750 | (172,703) |
| 50. Non-current assets held for sale | - | - |
| 60. Share of valuation reserves of investments valued at equity method | - | - |
| **Other comprehensive income net of taxes with reversal to income statement** | | |
| 70. Foreign investments hedging | - | - |
| 80. Exchange-rate differences | - | - |
| 90. Cash-flow hedges | - | - |
| 100. Financial assets available for sale | - | - |
| 110. Non-current assets held for sale | - | - |
| 120. Share of valuation reserves of investments valued at net equity method | - | - |
| **130. Total other comprehensive income after taxes** | **107,750** | **(172,703)** |
| **140. Comprehensive income (Item 10+130)** | **73,345,375** | **60,668,073** |

# Financial Statements (Continued)

## Statement of changes in Shareholders' Equity at 31st December 2013

| | BALANCE AT 12.31.2012 | CHANGES IN OPENING BALANCES | BALANCE AT 01.01.2013 | ALLOCATION OF PREVIOUS YEAR'S RESULTS | |
|---|---|---|---|---|---|
| | | | | RESERVES | DIVIDENDS AND OTHER ALLOCATIONS |
| Share capital | 114,518,475 | - | 114,518,475 | - | - |
| Share premiums | 951,314 | - | 951,314 | - | - |
| Reserves | | | | | |
| a) profits | 131,751,989 | - | 131,751,989 | 30,435,677 | - |
| b) others | - | - | - | - | - |
| Valuation reserves | -226,469 | | (226,469) | | - |
| Capital instruments | - | - | - | | - |
| Own shares | - | - | - | - | - |
| Profit (Loss) for the year | 60,840,776 | - | 60,840,776 | (30,435,677) | (30,405,099) |
| **Net equity** | **307,836,085** | **-** | **307,836,085** | **-** | **(30,405,099)** |

## Statement of changes in Shareholders' Equity at 31st December 2012

| | BALANCE AT 31.12.2011 | CHANGES IN OPENING BALANCES | BALANCE AT 01.01.2012 | ALLOCATION PREVIOUS YEAR RESULTS | |
|---|---|---|---|---|---|
| | | | | RESERVES | DIVIDENDS AND OTHER ALLOCATIONS |
| Share capital | 114,518,475 | - | 114,518,475 | - | - |
| Share premiums | 951,314 | - | 951,314 | - | - |
| Reserves | | | | | |
| a) profits | 95,520,447 | - | 95,520,447 | 36,231,542 | - |
| b) others | - | - | - | - | - |
| Valuation reserves | - | (53,766) | (53,766) | - | - |
| Capital instruments | - | - | - | - | - |
| Own shares | - | - | - | - | - |
| Profit (Loss) for the year | 36,231,542 | - | 36,231,542 | (36,231,542) | - |
| **Net equity** | **247,221,778** | **-53,766** | **247,168,012** | **-** | **-** |

The stocks at 31st December 2012 differ from the figures published on that date due to the effect of the introduction of the new IAS 19R standard which caused a negative effect on net equity at 31st December 2012 (re-stated) amounting to 226 thousand euros following the exposure of the net actuarial losses (after reduction of the deferred/prepaid tax components) among the valuation reserves, as illustrated in Part A - Aocounting policies at Section 2 - general accounting standards.

(Euro values)

| CHANGES IN RESERVES | CHANGES OVER YEAR<br>OPERATIONS ON NET EQUITY<br>ISSUE OF NEW SHARES | PURCHASE OF OWN SHARES | EXTRAORD. DISTRIBUTION DIVIDENDS | CHANGES IN CAPITAL INSTRUMENTS | OTHER CHANGES | COMPREHENSIVE INCOME 12.31.2013 | NET EQUITY AT 12.31.2013 |
|---|---|---|---|---|---|---|---|
| - | 299,829,525 | - | - | - | - | - | 414,348,000 |
| - | - | - | - | - | - | - | 951,314 |
| - | - | - | - | - | - | - | 162,187,666 |
| - | - | - | - | - | - | - | - |
| | - | - | - | - | - | 107,750 | (118,719) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 73,237,625 | 73,237,625 |
| **-** | **299,829,525** | **-** | **-** | **-** | **-** | **73,345,375** | **650,605,886** |

(Euro values)

| CHANGES IN RESERVES | CHANGES OVER YEAR<br>OPERATIONS ON NET EQUITY<br>ISSUE OF NEW SHARES | PURCHASE OF OWN SHARES | EXTRAORD. DISTRIBUTION DIVIDENDS | CHANGES IN CAPITAL INSTRUMENTS | OTHER CHANGES | COMPREHENSIVE INCOME 12.31.2012 | NET EQUITY AT 12.31.2012 |
|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | 114,518,475 |
| - | - | - | - | - | - | - | 951,314 |
| - | - | - | - | - | - | - | 131,751,989 |
| - | - | - | - | - | - | - | - |
| | - | - | - | - | - | (172,703) | (226,469) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 60,840,776 | 60,840,776 |
| **-** | **-** | **-** | **-** | **-** | **-** | **60,668,073** | **307,836,085** |

# Financial Statements (Continued)

## Cash-flow statement - Direct method

(Euros)

| | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **A. OPERATING ACTIVITIES** | | |
| **1. OPERATIONS** | **124,746,668** | **121,981,517** |
| - interest income collected | 204,398,527 | 245,317,002 |
| - interest paid | (52,152,138) | (112,969,063) |
| - net fees and commissions | 81,464,121 | 75,607,973 |
| - staff costs | (22,521,424) | (22,410,533) |
| - other costs | (19,441,058) | (16,724,308) |
| - other revenues | 1,881,929 | 1,857,630 |
| - taxes | (68,883,289) | (48,697,184) |
| **2. CASH-FLOW GENERATED/ABSORBED BY FINANCIAL ASSETS** | **598,678,855** | **82,282,099** |
| - financial assets available for sale | 221 | - |
| - receivables from banks | 560,011 | (4,837,253) |
| - receivables from financial institutes | (280,202,100) | (167,171,149) |
| - receivables from customers | 852,717,421 | 283,158,565 |
| - other assets | 25,603,302 | (28,868,064) |
| **3. CASH-FLOW GENERATED/ABSORBED BY FINANCIAL LIABILITIES** | **(985,005,766)** | **(229,913,170)** |
| - payables to banks | (1,091,784,836) | (342,651,526) |
| - payables to financial institutes | 14,323,034 | 4,064,799 |
| - payables to customers | 108,683,115 | 92,908,330 |
| - outstanding securities | (5,721) | (94,207) |
| - other liabilities | (16,221,358) | 15,859,434 |
| **NET CASH-FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES** | **(261,580,243)** | **(25,649,554)** |
| **B. INVESTMENT ACTIVITIES** | | |
| **1. LIQUIDITY GENERATED BY:** | | |
| - sales of tangible assets | - | - |
| - sales of intangible assets | - | - |
| - sales of business unit | - | - |
| **2. LIQUIDITY ABSORBED BY:** | | |
| - purchases of tangible assets | - | - |
| - purchases of intangible assets | (530,273) | (271,349) |
| - purchases of business units | - | - |
| **NET LIQUIDITY GENERATED/ABSORBED BY INVESTMENT ASSETS** | **(530,273)** | **(271,349)** |
| **C. FUNDING ACTIVITIES** | | |
| - issue/purchases of own shares | 299,829,525 | - |
| - issue/purchase of equity instruments | - | - |
| - distribution of dividends and other purposes | (30,405,099) | - |
| **NET LIQUIDITY GENERATED/ABSORBED BY FUNDING ACTIVITIES** | **269,424,426** | **-** |
| **NET LIQUIDITY GENERATED/ABSORBED DURING PERIOD** | **7,313,910** | **(25,920,903)** |

## Reconciliation

| | 2013 AMOUNT | 2012 AMOUNT |
|---|---|---|
| Cash and cash equivalent at the beginning of the period | 1,893,705 | 27,814,608 |
| Total liquidity generated/absorbed during period | 7,313,910 | (25,920,903) |
| Cash at bank and in hand at the end of period | 9,207,615 | 1,893,705 |

# Notes to the Financial Statements

# Part A - Accounting standards

# Part A - Accounting standards

## A.1 - General part

### Section 1 - Declaration of compliance with International accounting standards

The financial statements at 31st December 2013 were drawn up according to international IAS/IFRS accounting standards,issued by the IASB, ratified by European Commission up to 31st December 2013, including the relevant interpretations of the International Financial Reporting Interpretation Committee (IFRIC), as stipulated by Community regulation nr. 1606 of 19th July 2002, applied in Italy by Legislative Decree nr. 38 of 2005

The financial statements were prepared on the basis of the outlines illustrated in the instructions attached to the Governor of the Bank of Italy's provision of 21st January 2014 'Instructions for the drafting of the financial statements of financial brokers registered in the Special list, of electronic money Institutes (IMEL), of Savings management companies (SGR) and of securities brokerage companies (SIM), which have totally replaced the instructions attached to the Regulations of 14th February 2006.

### Section 2 - General standards for the preparation Financial Statements

The preparation of the financial statements at 31st December 2013 pertaining to UniCredit Factoring S.p.A. was carried out, as illustrated here above, in compliance with the international accounting standards (IAS/IFRS), ratified by the European Commission. The Financial statements comprise the following statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash-flow Statement, Statement of Net Equity Changes and the Notes to the Financial Statements. They also include the Directors' Report on the ongoing performance of the management. The position was drawn up in Euros units, except for the Notes which were drawn up in Euro thousands, and corresponds to the company accounting which faithfully reflects the transactions undertaken during the period.

Drafting was implemented on a going-concern basis and corresponds to standards of competency, relevance and significance of the accounting information and of the prevalence of economic substance over legal form. The information relating to the Cash flow statement was given according to the cash-flow standard.

Costs and revenues, assets and liabilities were not offset, unless otherwise indicated by an accounting standard and/or by the relevant interpretation, in order to render the annual statements clearer and more representative.

The outlines of the financial statements and the Notes to the Financial Statements indicate the corresponding comparisons with the previous year.

The financial statements at 31st December 2013 were drafted clearly and present a true and faithful representation of the asset and liability position, the financial position and result pertaining the period, the changes in the Company's Net Equity and the Company's cash-flows.
No exceptions to the IAS/IFRS accounting standards were applied in the financial statements illustrated herein.

### Section 3 - Events occurring subsequent to the reference date of the Financial Statements

After closure of the period no significant events occurred warranting any adjustment to the result reported in the financial statements at 31st December 2013.

### Section 4 - Further aspects

These financial statements, including the Directors' Report on operation, which we submit to your approval, were audited by Deloitte & Touche S.p.A pursuant to the Resolution of the Shareholders' Meeting of 18th April 2013.

**Risks and uncertainties connected with the use of estimates**

In conformity with the IAS/IFRS standards, the company management must formulate valuations, estimates and hypotheses which affect the application of the accounting standards and the amounts pertaining to the assets, liabilities, costs and revenues reported in the statements. The estimates and relevant hypotheses are based on previous experience and on other factors considered reasonable as regards the case in point. They were adopted to estimate the book value of those assets and liabilities not easily obtainable from other sources.

In particular, estimation procedures were adopted to support the registration values.

Such estimates and hypotheses are regularly reviewed. Possible changes resulting from such reviews are reported in the relatiVE period, should that review concern that period only. If the revision concerns both current and future periods, the variation is registered in the period under review and in the relevant future periods.
The risk of uncertainty in the estimate is substantially inherent to:
- receivables
- severance funds and other benefits owed to employees
- funds for risks and charges

In compliance with the provisions indicated in IAS 10, the Company has authorized the publication of these financial statements according to the terms foreseen by current legislation.

During 2013 the following accounting standards and interpretations came into force:
- Amendments to IAS 1 - Presentation of the financial statements - Indication in the statements of the items pertaining to the other components constituting the overall income statement componenti di (EU Reg. 475/2012). Statements of comprehensive income present in the financial statements incorporate the foregoing changes;
- Amendments to IAS 12 - Deferred tax: recovery of underlying assets (EU Reg. 1255/2012);
- Revision of IAS 19 - Benefits for employees (EU Reg. 475/2012). The impacts deriving from the introduction of the foregoing amendments indicated in Part A 2 of these financial statements;
- Amendments to IAS 32 - Offsetting of financial assets and liabilities (EU Reg. 1256/2012);
- Amendments to IFRS 1 - Serious hyper-inflation and removal of fixed application dates for new users (EU Reg. 1255/2012);
- Amendments to IFRS 1 - First adoption of the International Financial Reporting Standard - State fundings (EU Reg. 183/2013);
- Amendments to IFRS 7 - Integrating information - offsetting of financial assets and liabilities (EU Reg. 1256/2012);
- IFRS 13 - Fair value valuation (EU Reg. 1255/2012);
- Annual cycle of improvements cycle 2009 - 2011 of International accounting standards (EU Reg. 301/2013).

Furthermore, during 2012 and 2013 the European Commission ratified the following accounting standards to be applied to financial statements as from 2014:
- Revision of IAS 27 - Separate balance-sheet (EU Reg. 1254/2012);
- Revision of IAS 28 - Investments in associated companies and Joint VEntures (EU Reg. 1254/2012);
- IFRS 10 - Consolidated financial statements (EU Reg. 1254/2012);
- IFRS 11 - Joint control agreements (EU Reg. 1254/2012);
- IFRS 12 - Information on investments in other entities (EU Reg. 1254/2012);
- Amendments to IAS 36 - Supplementary information of recoverable value of non-financial assets (EU Reg. 1374/2013);
- Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting
- EU Reg. 1375/2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Guide to transitory provisions (EU Reg. 313/2013);
- Amendments to IFRS 10, IFRS 12 and to IAS 27 - Entity of Investment (EU Reg. 1174/2013).

In conclusion by 31st December 2013, the IASB had issued the following accounting standards and interpretations or revisions of the foregoing::
- IFRS 9 - Financial instruments (November 2009) together with the following, subsequent amendments:
  - Amendments to IFRS 9 e IFRS7 - date of coming into force, obligatory and transitory - December 2011;
  - Hedging operations and amendments IFRS9, IFRS7 e IAS 39 - November 2013;
- IFRIC 21 - Taxes (May 2013);
- Amendments to IAS 19 - Defined benefit Plans: Employee Contributions (November 2013);
- Annual cycle of improvements 2010 - 2012 to International accounting standards (December 2013);
- Annual cycle of improvements 2011 - 2013 to International accounting standards (December 2013).

The application of the foregoing standards is, however, subject to ratification by the European Union.

# A.2 - Principle balance-sheet items

The guidelines adopted for valuating the principle items are illustrated here below:

### 1) Receivables

The receivables are made up of non-derivative financial assets, versus customers, financial agencies and banks, with fixed or determinable payments, unlisted in an active market.

The first registration of a receivable takes place at the date of assignment following the signing of the agreement (in case of non-recourse assignment) and coincides with the date of allocation as regards with-recourse.

The receivable is registered on the basis of its fair-value, amounting to the sum allocated (with-recourse) or the face-value of the receivable purchased, (non recourse).

After the initial registration at fair-value, inclusive of the transaction costs, directly chargeable to the acquisition of the financial assets, the receivables are valued at depreciated cost.

To be very brief, factoring operations are characterised by exposures versus assignors, representing loans granted against with-recourse assignments and exposures Versus assigned debtors representing the value of the receivables acquired by non-recourse assignments.

# Part A - Accounting standards (Continued)

Within the framework of IAS 39, the foregoing operations entail, as regards the assignor and Factoring companies, the valuation of the existence or not of the conditions required by the mentioned international accounting standard governing the implementation of the so-called derecognition.

In fact, in conformity with the general principle of the prevalence of economic substance over legal form, an enterprise may cancel a financial asset from its balance-sheet only if, as a result of an assignment, it has transferred the risks and benefits connected with the instrument assigned.

This IAS foresees that an enterprise may cancel a financial asset from its balance-sheet if, and only if:
a) the financial asset is transferred together with substantially all its associated risks and if the contractual rights to the cash flows deriving from the asset expire;
b) the benefits associated with the the ownership of the asset no longer apply.

To evaluate the effective transfer of the risks and benefits, the assignor's exposure must be compared to the variability of the current value or of the cash-flows generated by the financial asset transferred before and after the assignment.

The assignor maintains substantially all the risks and benefits, whenever its exposure to the 'variabililty' of the current value of the net future flows relating to the financial asset does not change significantly after its transfer. Conversely, transfer takes place when exposure to this 'variability' is no longer significant.

The most frequently used forms of assignment of a financial instrument may entail considerably different accounting effects:
- whenever, in relation to a non-recourse assignment (with no guarantee whatever) the assets assigned may be cancelled from the assignor's balance-sheet;
-whenever, in relation to a with-recourse assignment it is probable that in the majority of cases the risk connected with the assigned asset remains with the seller and, as a result, the assignment does not possess the requisites for the cancellation from the accounting records of the instrument sold.

The Company has registered among its receivables those purchased on a non-recourse basis subject to the certainty of the non-existence of contractual clauses impeding the effective, substantial transfer of all the risks and benefits thereto connected. With respect to the portfolio assigned with-recourse, the Receivables are reported and maintained in the balance-sheet exclusively on the basis of the sums allocated by the assignor as prepayment of the consideration.

To be more specific:
a) The Receivables assigned with-recourse and 'legal' non-recourse (without derecognition by the assignor) are reported exclusively with respect to those sums allocated to the assignor as prepayments of the consideration, including accrued interest and fees , and the first registration is implemented according to the consideration advanced to the assignor against the assignment of the Receivables.
b) Receivables purchased outright on a non-recourse basis, with substantial transfer of the risks and benefits and the deferred maturity receivables paid at maturity are recorded at the nominal amount of the assigned invoices (with derecognition by the assignor) and the first entry is registered at the face value of the receivable (equivalent to the fair-value).
c) Loans allocated against future receivables, not subject to assignments of receivables, and instalment loans, are recorded at a value equal to the amount of the loan, including the relevant interest and fees accrued.

At each balance-sheet date, if there is objective evidence that loss has been sustained due to a reduction in value of the receivables, the extent of the loss is measured as the difference between the book value of the asset and the current value of future, estimated cash flows discounted at the effective, original interest-rate. In particular, the guidelines for determining the write-downs to be applied to the receivables are based on the actualisation of the cash flows expected from capital and interest, net of recovery charges and prospective prepayments received. The basic elements used to determine the current value of the cash flows are the identification of the estimated proceeds, the relevant maturities and the discount rate to be applied.

A receivable is considered impaired when it appears unlikely that the entire amount will be recovered, according to the original, contractual terms and conditions, or for an equivalent value. The total cancellation of a receivable is implemented when it is considered irrecoverable or is totally written off.

In compliance with the regulations stipulated by the Bank of Italy, impaired exposures are classified according to the following categories:
- non-performing, comprising exposures versus insolvent customers, Even if legally unascertained, or in equivalent situations. valuation is implemented on an analytic basis;
- doubtfuls, comprising business relations with legal persons experiencing temporary difficulties, in expectation of remedy within a reasonable time-frame. This category also includes exposures not classified as non-performing and granted to persons other than state organisations, which have satisfied both the following conditions:
  - they have matured and been outstanding for more than 270 days;
  - the overall amount of the foregoing exposures and of the other sums past-due for less than 270 days from the same debtor, amounts to at least 10% of the entire exposure versus that debtor;

Doubtfuls are valuated analytically whenever specific features make it advisable, i.e. by analytically applying lump-sum percents determined according to historical/statistical bases in the remaining cases.

- re-structured exposures, made up of exposures versus counterparts with which specific postponement agreements have been concluded, with contextual re-negotiation of below-market value terms and conditions. These are valuated on an analytical basis;
- past-due exposures, representing exposures versus counterparts which, at the reference date, present receivables past-due by more that 90 days. These are Evaluated on a lump-sum basis.

The valuation of the performing receivables involves asset portfolios not presenting objective losses. The valuation implemented tends, therefore, to measure losses already sustained at balance-sheet date but not yet manifest, due to the normal delay between the deterioration of the customer's financial position and its classification among the impaired exposures. This delay can be valuated, for factoring reasons, as falling between an average 6 to 12 month period. The adjustment to the performing receivables is, therefore, determined by taking account of the corresponding fraction of the expected annual loss, calculated as produced between loan exposure, the probable, annual counterpart's default and the percent loss in case of non-fulfilment.

### 2) Tangible assets

'Assets for instrumental uses' is the definition given to assets with physical consistency, held for use in the production or supply of goods and services or for administrative purposes and considered useful for more than one period.

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

Tangible assets are initially reported at cost, comprising the charges needed to put them to use for the asset for which they were purchased (including all costs directly linked to the putting into operation of the asset and to the non-recoverable purchase tax and duties). The foregoing value is subsequently increased by the expenses sustained from which the enjoyment of future benefits is expected.

The costs for ordinary maintenance performed with respect to the asset are registered in the Income Statement as and when they occur. Conversely, extraordinary maintenance costs from which future benefits are expected, are capitalized as an increase to the value of the assets to which they refer.

After initial acknowledgement, the instrumental, tangible assets are registered at cost, net of the accumulated depreciation and of any accumulated value loss. The depreciated value, amounting to the relevant cost, less the residual value (i.e. the total amount foreseen normally obtainable at divestment, less the expected divestment costs, if the asset was already in the state, age-wise, expected at the end of its useful life), is systematically spread on a straight-line basis as regards depreciation, over the useful life of the tangible asset.

According to standard practice the residual value of the depreciable assets is considered to be zero.

Their useful life, regularly reviewed to determine whether any prospective estimates, differ significantly from those previously performer, is defined as:
- the time-frame over which an asset is expected to remain useful to the company;
- the quantity of products, or similar units, which the company expects to obtain from the product's use.

If there is objective evidence that a single asset may have been impaired, the book value of the asset is compared to its recoverable value, corresponding to the greater between the fair-value, less selling costs, and the relevant value in use, defined as the current value of the future cash flows expected to derive from the asset. Possible value adjustments are reported in the item 'net adjustments/write-backs on tangible assets' in the Income Statement.

If the value of a previously written-down asset is reversed, the new book value may not exceed the net book value which would have resulted if no impairment had been acknowledged for that asset in previous years.

A tangible asset is cancelled from the equity statement at the moment of assignment or whenever no future financial benefits are expected from its use. Possible differences between the assignment value and the book value are reported in the Income Statement under the item 'profits (losses) from the assignment of investments'.

### 3) Intangible assets

Intangible assets is the definition given to non-monetary assets, identificable even if lacking physical consistency, from which future financial benefits are likely to derive.

The asset is identifiable whenever:
- it is separable, i.e. can be separated or detached and sold, transferred, licensed, leased or exchanged;
- it is derived from contractual rights or other legal rights, regardless of whether such rights are transferable or separable from other rights and obligations.

The asset is characterized by the fact that it can be controlled by the enterprise as a result of past events, on the presumption that financial benefits to the company will stem from its use. The company controls an asset if it has the power to make use of the future financial benefits deriving from the asset in question and can, furthermore, restrict third-party access to such benefits.

# Part A - Accounting standards (Continued)

An intangible asset is reported as such if, and only if:
(a) future financial benefits attributable to the asset are likely to derive to the company;
(b) the asset's cost can be reliably measured.

This item chiefly includes goodwill and software.

Intangible assets other than goodwill are initially registered at cost and prospective costs subsequent to initial registration are capitalized only if able to generate financial future benefits, or only if such expenses can be reliably determined and attributed to the asset.

The cost of an intangible asset comprises:
- purchase price including prospective duties and taxes on non recoverable purchases after deducting trade discounts and allowances;
- any direct cost needed to set up the asset for use.

After initial registration, intangible assets with finite useful lives are reported at cost, net of the overall depreciation and value losses prospectively occurring.

Depreciation is calculated on a systematic basis over the estimated useful lives using the straight line allocation method.

If there is objective evidence that one single asset may have reduced its value, the Company makes a comparison is made between the book-value of the asset and its recoverable value, equal to the greater between the fair-value, less sale costs, and the relevant usage value, defined as being the current value of the future cash flows expected to derive from the asset. Possible value adjustments are entered in the Income Statement under the Item 'costs for alienation of goods'.

If the value of a previously impaired intangible asset, other than goodwill, is restored, the new value may not exceed the net book value which would have been determined if no loss for impairment had been reported over previous years.

An intangible asset is cancelled from the equity statement at the moment of assignment or when no future benefits are expected from its use. Any prospective difference between assignment and book values is registered in the Income Statement under the item 'income from sale of goods".

UniCredit Factoring S.p.A. makes use of the faculty granted by IFRS 1 which permits the non-retroactive application of the IFRS 3 provisions to aggregation operations occurring before the date of transition, maintaining the goodwill existing at the most recent carrying value according to the standards previously adopted.

Goodwill is registered in the balance-sheet at cost, net of prospective, accumulated losses and it is not subject to depreciation.
Even if no indications of impairment are observed, goodwill is annually subjected to impairment test.

### 4) Payables and outstanding securities

Payables and subordinate, issued 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 measured at depreciated cost, using the effective interest method.

Payables deriving from factoring transactions reflect the residual amount to be paid to the assignors, resulting from the difference between the value of the non-recourse receivables acquired and the prepayment implemented.

Financial liabilities are cancelled from the balance-sheet when they are extincted or past due.

Financial liabilities with a lower than 12 month original duration are registered at face-value, because the application of the 'depreciated cost' does not entail significant changes.

### 5) Hedging activities

Hedging activities aim at neutralizing losses pertaining to a specific element (or group of elements) attributable to a specific risk by using profits deriving from a different element (or group of elements) should that particular risk effectively become manifest. The hedging instruments used by the Company are designed to cover the fair-value of a recognized asset.

Financial hedging derivatives, like all derivatives, are initially recorded and subsequently measured at fair-value and are classified in the balance-sheet on the asset side under item 70 'Hedging derivatives'.' and on the liability side under item 50 'Hedging derivatives'.

With respect to standard hedging the value of the financial assets is recorded in the balance sheet under item 80 'Adjustment to the value of financial assets subject to standard hedging' and the financial liabilities under item 60 'Adjustment to the value of financial liabilities subject to standard hedging'. Positive adjustment may not be offset by negative adjustment.

An operation qualifies as hedging and is recorded in the accounting, only if all the following conditions are met:

- at the start of the hedging operation there is formal designation and documentation of such hedging, of the company objectives relating to risk management and of the strategy underlying the application of the hedge. The foregoing documentation shall include the identification of the hedging instrument, the factor or operation covered, the nature of the risk covered and the method used by the company to valuate the effectiveness of the hedging instrument in offsetting exposure to fair-value changes pertaining to the factor covered;
- hedging is expected to be highly effective;
- hedging effectiveness can be reliably measured;
- hedging is measured on a continuity basis and is considered highly effective for all the reference periods for which it was designed.

Hedging is considered highly effective if, both at start-up and during its useful life, the fair-value changes in the monetary amount hedged are almost totally offset by the fair-value changes of the hedging derivative, i.e. the effective results are between 80% and 125%.

The effectiveness of the hedging is verified during start-up by using the prospective test and, when the annual financial statements are drafted, the retrospective test; the outcome of the latter test justifies the application of hedge accounting inasmuch as it demonstrates its expected effectiveness.

### 6) Provision for employee severance pay

The Human Resources Severance Fun (ESF=TFR) is considered a 'post-employment, defined benefit payment'. Consequently, its acknowledgment in the Financial Statements requires the estimate - using actuarial methods - of the amount of benefits accrued by employees together with their relevant actualisation. The foregoing services are implemented by an external actuary using the 'Unitary Credit Projection Method'. This method spreads the cost of the benefit uniformly over the employee's working life. Obligations are defined as the discounted value of the average future allocations on the basis of the ratio between the years of service matured and the overall seniority reached at the moment of allocation of the benefit.

Following the supplementary insurance reform pursuant to Legislative Decree nr. 252 of 5th December 2005, the Severance Fund quotas accrued up to 31.12.2006 (or up to the date chosen by the employee - between 1.1.2007 and 30.6.2007 - in case of allocation of the employee's severance payment to the Supplementary Insurance) remain with the company and continue to be considered as a 'post-employment, defined benefit service' and are, therefore subject to actuarial valuation albeit with simplified actuarial assumptions which do not contemplateforecasts relating to future remuneration increases.

ESF quotas, accrued as from 1.1.2007 (date of application of D.lgs. (Legislative Decree) nr. 252) (or from the date falling between 1.1.2007 and 30.06.2007) allocated, at the employee's choice, to supplementary forms of insurance, or left in the company, and transferred by the latter (by companies with more than 50 employees) to the INPS Treasury Fund are, on the contrary, considered as a 'defined contribution' plan.

The costs relating to ESFs matured during the year are registered in the Income Statement and include the interest matured over the year (interest cost) on the obligation, already existing at the date of the reform. The portions matured over the year and transferred to the Supplementary Insurance plan or to the INPS Treasury Fund are reported under the item 'Severance Indemnities'.

The introduction from 1st January 2013 of the accounting standard IAS19R, referring to the treatmen of 'benefits subsequent to the termination of the employment relations' (including the severance benefit), has led to the elimination of the optional accounting treatment concerning the 'corridor method' with registration in the equity statement of the Defined Benefit Obligations according to the relevant actuarial valuation and registration in the connected actuarial profits/losses as offset for Valuation Reserves.

This guideline change determined the registration of a negative valuation reserve amounting to 118.719 euro.

### 7) Provisions for risks and charges

Provisions for the Fund for risks and charges are registered in the accounts if and only if:

- an obligation is in progress (legal or implicit) as the result of a previous Event;
- it is likely that, in order to fulfil an obligation, the use of resources expected to produce financial benefits becomes necessary;
- a reliable estimate of the amount deriving from fulfilment of the obligation can be produced.

The amount recorded as provision represents the best estimate of the expense required to fulfil the obligation existing at the reference date of the financial statements and reflects the risks and uncertainties which inevitably characterize a plurality of facts and circumstances.

The Funds reserved are periodically re-examined and prospectively adjusted to reflect the best, current estimate. Whenever, as a result of the review, sustaining the burden becomes improbable, the provision is written off.

A provision is used only with respect to those charges for which it was originally registered.

Regarding only potential and improbable liabilities, no provision is reported although, in any case, a description of the nature of such liabilities is supplied.

# Part A - Accounting standards (Continued)

## 8) Current and deferred taxation

Current taxes relating to the year and to previous years are acknowledged, for the uncollected amount, as liabilities. Any surplus relating to the amount due is recognised as an asset.

Current tax liabilities/assets for the current and previous years are set at the amount expected to be paid/recovered from tax authorities, after application of all the prevailing tax rates and regulations currently in force.

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

A prepaid tax asset is recognised for all deductible temporary differences if it is likely that future taxable income will be earned, against which the prepaid temporary difference may be used.

Prepaid tax assets and deferred tax liabilities are continuously monitored and are quantified on the basis of the tax rates likely to be applied in the period when the tax asset is earned, or the tax liability settled, taking into account the fiscal regulations stipulated by current legislation. Prepaid tax assets and deferred tax liabilities are neither discounted nor offset one against the other.

## 9) Share-based payments

These are payments to employees implemented as remuneration for work performed, based on shares representing the Holding company's share capital. The foregoing payments comprise the assignment of:
a) rights to subscribe share capital increases against payment (properly known as Stock Options);
b) rights to receive shares on achieving quantitative/qualitative objectives ('performance shares');
c) shares subject to unavailability clauses (so-called 'restricted shares').

Given the difficulty in estimating reliably the fair-value of the benefits received as counterpart for the Holding's Equity instruments, reference is made to the fair-value of these instruments, measured at their assignment date.

The fair-value of the payments made through share issue is acknowledged as a cost and recorded in the Income Statement under the item 'Human Resources costs' as offsetting the item 'Other liabilities', according to the guideline governing accrual in proportion to the period in which the service is supplied.

## 10) Revenue

Revenue, as defined by IAS 18, is represented by the gross inflows of economic benefits deriving from a company's ordinary activities, when such inflows produce Net Equity increases unrelated to the increases deriving from shareholders' contributions and are accounted on an accrual basis.

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

The outcome of a transaction involving the rendering of services can be estimated reliably when all the following conditions have been met:
- the total revenue can be measured reliably;
- the company is likely to profit from the financial benefits associated with the transaction;
- the transaction's completion can be measured reliably at balance sheet date;
- the costs incurred for the transaction and those to be sustained for its completion can be measured reliably.

Revenue is recognised only when it is likely that the economic benefits associated with the transaction will be collected by the company. However, when uncertainty arises regarding the recoverability of an amount already included in revenue, the non-collectable amount, or the value whose recovery is no longer probable, is recognised as a cost rather than an adjustment to the revenue originally recorded.

## 11) Foreign currency transactions

Foreign currency transactions are recognised at the exchange-rate current at the date of the transaction.

Monetary assets and liabilities are converted using the exchange-rate current at closure of the period.

Exchange-rate differences, deriving from the liquidation of such transactions at rates different from those reported at the date of the transaction and exchange-rate differences not performed on monetary assets and liabilities in currency, not yet concluded and different from hedges, are entered in the Income Statement under item 80 'Net result of trading activities'.

### 12) Further information

*Long-term employee benefits*

Long-term employee benefits - such as those deriving from length-of-service bonuses allocated on achievement of a pre-defined length of service (25th and 35th year) - are recorded under the item ‘other liabilities - length-of-service bonuses’, based on the valuation at balance-sheet date of the liability assumed, determined by a non-Group, external actuary. For this type of benefit the actuarial gains/losses are immediately recorded in the Income Statement.

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

The Company undertook no reclassifications of financial instruments between portfolios, neither during the fiscal period under analysis nor during previous periods.

# A.4 - Information on fair-value

## QUALITATIVE INFORMATION

This section includes the information on fair value as requested by IFRS13

Fair-value is the consideration which could be received for the sale of an asset, or paid to transfer a liability, in ordinary transactions between market counterparts in in the principle market at the measuring date (exit price).

### A.4.1 Fair value Levels 2 and 3: valuation and input techniques employed

The only assets or liabilities, held by the Company, valued at fair value on recurring or non-recurring bases, are hedge derivatives (Interest Rate Swaps).

For this kind of instruments, not exchanged on an active market, are employed market to model’s valuation techniques, using input parameters for which there is an active market.

To be more specific, the valuation technique used refers to discounted cash flows, comprising the determination of an estimate relevant to future cash flows expected during the useful life of the instrument. This method requires the estimate of the cash flows and the adoption of market parameters for the discount: the discount rate or margin reflects the credit and/or funding spread required by the market for instruments with similar risk or liquidity profiles in order to define an ‘actualised value’. The fair value of the agreement is given by the amount of actualised future cash flows.

With respect to entries not valuated at fair value, the discounted cash flows technique is also used to estimate the fair value of the outstanding securities. For on demand or short term receivables and payables, substantially equal to the total amount of corresponding items, the balance-sheet value is considered to be an adequate approximation of their fair value.

### A.4.2 Valuation: methods and sensitivity

The Company has no assets or liabilities valued at fair value, recurring or non-recurring, on a Level 3, for which information is required.

### A.4.3 Fair value hierarchy

The IFRS 7 standard establishes a fair value hierarchy according to the degree of observability of the inputs of the techniques adopted for the valuations.

The hierarchy Level of the fair value associated with the assets and liabilities is defined as the minimum Level between all the significant inputs used.

In general, a valuation input is not considered significant for estimating the fair value of an instrument if the remaining inputs spread most of the variance of the fair value over a three-month time-frame.

In particular three, specific Levels in are foreseen:
Level 1: the fair-value of the instruments classified at this Level is determined on the basis of the quotation prices observed on active markets;
Level 2: the fair-value of the instruments classified at this Level is determined on the basis of valuation model using inputs observable on active markets;
Level 3: the fair-value of the instruments classified at this Level is determined on the basis of valuation modes mainly using significant inputs not observable on active markets.

A certain fair value Level is associated with the financial instruments on the basis of the observability of the inputs used for their valuation.

# Part A - Accounting standards (Continued)

**Level 1 (prices quoted on active markets):** prices quoted (not adjusted) on active markets for identical assets or liabilities whose entity cannot be accessed at the valuation date. An active market is such when transactions relating to the asset or liability subject to valuation occur with sufficient frequency and volume to supply information useful to the determination of the relevant price on an ongoing basis.

**Level 2 (observable inputs):** inputs other than the market prices already included in Level 1, which are observable for the asset or liability, directly or indirectly. Inputs are considered observable if developed on the basis of information available to the market regarding current Events or transactions and reflect the assumptions that the market counterparts would use to valuate the foregoing asset or liability.

**Level 3 (non-observable inputs):** these are inputs other that those included in Level 1 and 2, not directly observable on the market as regards the valuation of the asset or liability, or used in determining the significant adjustments to fair value. Non-observable inputs must, however, reflect the assumptions which the market participants would employ in valuating the foregoing asset or liability, including assumptions of risk.

When the fair value is measured directly, using an observable and active market quoted price, the process of attribution of the hierarchy will assign Level 1. When the fair value has to be measured through a comparable approach or through the use of a pricing model, the il process of hierarchy attribution will assign Level 2 or Level 3, according to the observability of all the significant inputs used in the valuation.

## QUANTITATIVE INFORMATION

**TAB. A.4.5.1**
**Financial assets and liabilities valued at fair value on a recurrent basis: sharing by fair value Level**

(€ thousands)

| FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR-VALUE | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---|---|---|---|---|
| 1. Financial assets held for trading | - | - | - | - |
| 2. Financial assets measured at fair value | | - | - | - |
| 3. Financial assets available for sale | - | - | - | - |
| 4. Hedge derivatives | - | - | - | - |
| **Total assets** | **-** | **-** | **-** | **-** |
| 1. Financial liabilities held for trading | - | - | - | - |
| 2. Financial liabilities measured at fair-value | - | - | - | - |
| 4. Hedge derivatives | - | 442 | - | 442 |
| **Total liabilities** | **-** | **442** | **-** | **442** |

**TAB. A.4.5.4**
**Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurrent basis**

(€ thousands)

| FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED ON NON-RECURRING BASIS | 12.31.2013 | | | | 12.31.2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | L1 | L2 | L3 | BV | L1 | L2 | L3 |
| 1. Financial assets held to maturity | - | - | - | - | - | - | - | - |
| 2. Receivables | 8,207,453 | - | - | 8,208,520 | 8,844,294 | - | - | 8,844,294 |
| 3. Tangible assets held for investment | - | - | - | - | - | - | - | - |
| 4. Non-current assets and groups of assets held for sale | - | - | - | - | - | - | - | - |
| **Total** | **8,207,453** | **-** | **-** | **8,208,520** | **8,844,294** | **-** | **-** | **8,844,294** |
| 1.Payables | 7,332,103 | - | - | 7,332,103 | 8,300,882 | - | - | 8,300,882 |
| 2. Outstanding securities | 77,114 | - | - | 74,115 | 77,120 | - | - | 77,120 |
| 3. Liabilities associated with assets held for sale | - | - | - | - | - | - | - | - |
| **Total** | **7,409,217** | **-** | **-** | **7,406,218** | **8,378,002** | **-** | **-** | **8,378,002** |

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

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

## A.5 Information on so-called ‘day one profit/loss’

The Company implemented no operations entailing ‘day one profit/loss’ registration.

# Part B - Information on Balance Sheet

# Part B - Information on Balance Sheet (amounts in € thousands)

## Assets

### Section 1 - Cash and cash equivalents - Item 10

**Breakdown of item 1' 'Cash and cash equivalents'**

(€ thousands)

| ITEMS/VALUES | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 1.1 Cash and stamp values | 1 | 3 |
| **Total** | **1** | **3** |

### Section 4 - Available-for-sale financial assets - Item 40

The Company's portfolio includes 20 shares issued by UniCredit Business Integrated Solutions ScpA for 173 euros.
The shares, not quoted, are valued at cost.

### Section 6 - Receivables - Item 60

**6.1 'Receivables from banks'**

(€ thousands)

| | 12.31.2013 | | | | 12.31.2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | | FAIR VALUE | | | | FAIR VALUE | | |
| BREAKDOWN | BOOK VALUE | L1 | L2 | L3 | BOOK VALUE | L1 | L2 | L3 |
| **1. Deposits and current accounts** | **9,206** | **-** | **-** | **9,206** | **1,890** | **-** | **-** | **1,890** |
| **2. Loans** | **7,092** | **-** | **-** | **7,092** | **9,074** | **-** | **-** | **9,074** |
| 2.1 Repurchase agreements | - | - | - | - | - | - | - | - |
| 2.2 Financial leasing | - | - | - | - | - | - | - | - |
| 2.3 Factoring | 7,092 | - | - | 7,092 | 9,074 | - | - | 9,074 |
| - with-recourse | 3,338 | - | - | 3,338 | 5,641 | - | - | 5,641 |
| - non-recourse | 3,754 | - | - | 3,754 | 3,433 | - | - | 3,433 |
| 2.4 Other loans | - | - | - | - | - | - | - | - |
| **3. Debt securities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - structured securities | - | - | - | - | - | - | - | - |
| - other debt securities | - | - | - | - | - | - | - | - |
| **4. Other assets *** | **12,911** | **-** | **-** | **12,911** | **11,489** | **-** | **-** | **11,489** |
| **Total book value** | **29,209** | **-** | **-** | **29,209** | **22,453** | **-** | **-** | **22,453** |

The fair value of the receivables on demand and short term is assumed to be equal to the balance-sheet value.
* The item includes receivables from banks participating in pool factoring transactions.
L1 = Level 1
L2 = Level 2
L3 = Level 3

**6.2 'Receivables from financial agencies'**

(€ thousands)

| | 12.31.2013 | | | | | | 12.31.2012 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BOOK VALUE | | | FAIR VALUE | | | BOOK VALUE | | | FAIR VALUE | | |
| | | IMPAIRED | | | | | | IMPAIRED | | | | |
| BREAKDOWN | PERFORM. | PURCHASED | OTHERS | L1 | L2 | L3 | PERFORM. | PURCHASED | OTHERS | L1 | L2 | L3 |
| **1. Loans** | **812,777** | | **118** | **-** | **-** | **812,895** | **530,277** | | **112** | **-** | **-** | **530,389** |
| 1.1 Repurchase agreements | - | | - | - | - | - | - | | - | - | - | - |
| 1.2 Financial leasing | - | | - | - | - | - | - | | - | - | - | - |
| 1.3 Factoring | 812,777 | | 118 | - | - | 812,895 | 530,277 | | 112 | - | - | 530,389 |
| - with-recourse | 811,926 | | 118 | - | - | 812,044 | 528,622 | | 112 | - | - | 528,734 |
| - non-recourse | 851 | | - | - | - | 851 | 1,655 | | - | - | - | 1,655 |
| 1.4 Other loans | - | | - | - | - | - | - | | - | - | - | - |
| **2. Debt securities** | **-** | | **-** | **-** | **-** | **-** | **-** | | **-** | **-** | **-** | **-** |
| - structured securities | - | | - | - | - | - | - | | - | - | - | - |
| - other debt securities | - | | - | - | - | - | - | | - | - | - | - |
| **3. Other assets*** | **3,249** | | **-** | **-** | **-** | **3,249** | **5,553** | | **-** | **-** | **-** | **5,553** |
| **Total book-value** | **816,026** | | **118** | **-** | **-** | **816,144** | **535,830** | | **112** | **-** | **-** | **535,942** |

The fair value of the receivables on demand and short term is assumed to be equal to the balance-sheet value.
* The item includes receivables from financial agencies participating in pool factoring transactions.

## 6.3 'Receivables from Customers'

(€ thousands)

| | 12.31.2013 | | | | | | 12.31.2012 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BOOK VALUE | | | FAIR VALUE | | | BOOK VALUE | | | FAIR VALUE | | |
| | | IMPAIRED | | | | | | IMPAIRED | | | | |
| BREAKDOWN | PERFORM. | PURCHASED | OTHERS | L1 | L2 | L3 | PERFORM. | PURCHASED | OTHERS | L1 | L2 | L3 |
| **1. Loans** | **7,091,099** | **-** | **271,001** | **-** | **-** | **7,363,167** | **8,045,326** | **-** | **240,573** | **-** | **-** | **8,285,899** |
| 1. Financial leasing | - | - | - | - | - | - | - | - | - | - | - | - |
| - without final purchase options | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Factoring | 7,073,117 | - | 269,339 | - | - | 7,343,523 | 8,031,151 | - | 240,341 | - | - | 8,271,492 |
| - with-recourse | 3,040,139 | - | 203,807 | - | - | 3,244,479 | 3,283,318 | - | 188,862 | - | - | 3,472,180 |
| - non-recourse | 4,032,978 | - | 65,532 | - | - | 4,099,044 | 4,747,833 | - | 51,479 | - | - | 4,799,312 |
| 3. Consumer credit (including revolving cards) | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. Credit cards | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. Loans granted for payment services performed | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Other loans * | 17,982 | - | 1,662 | - | - | 19,644 | 14,175 | - | 232 | - | - | 14,407 |
| - from execution of guarantees and commitments | | - | | - | - | | | - | | - | - | |
| **7. Debt securities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| - other debt securities | - | - | - | - | - | - | - | - | - | - | - | - |
| **8. Other assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total balance-sheet value** | **7,091,099** | **-** | **271,001** | **-** | **-** | **7,363,167** | **8,045,326** | **-** | **240,573** | **-** | **-** | **8,285,899** |

The fair value of the receivables on demand and short term is assumed to be equal to the balance-sheet value.
* The other loans are made up of invoices issued for receivables from debtors who have received payment extensions.
L1 = Level 1
L2 = Level 2
L3 = Level 3

## 6.4 'Receivables - secured assets'

(€ thousands)

| | 12.31.2013 | | | | | |
|---|---|---|---|---|---|---|
| BREAKDOWN SECURED | RECEIVABLES FROM BANKS | | RECEIVABLES FROM FINANCIAL AGENCIES | | RECEIVABLES FROM CUSTOMERS | |
| | VE | VG | VE | VG | VE | VG |
| **1. Performing assets secured by:** | **3,338** | **3,338** | **811,926** | **811,926** | **3,072,780** | **3,072,780** |
| - Financial leasing assets | - | - | - | - | - | - |
| - Factoring assets * | 3,338 | 3,338 | 811,926 | 811,926 | 3,040,139 | 3,040,139 |
| - Mortgages | - | - | - | - | - | - |
| - Pledges | - | - | - | - | - | - |
| - Personal collateral | - | - | | | 32,641 | 32,641 |
| - Derivatives on receivables | - | - | - | - | - | - |
| **2. Impaired assets secured by:** | **-** | **-** | **118** | **118** | **203,807** | **203,807** |
| - Financial leasing assets | - | - | - | - | - | - |
| - Factoring receivables * | - | - | 118 | 118 | 203,807 | 203,807 |
| - Mortgages | - | - | - | - | - | - |
| - Pledges | - | - | - | - | - | - |
| - Personal collateral | - | - | - | - | - | - |
| - Derivatives on receivables | - | - | - | - | - | - |
| **Total** | **3,338** | **3,338** | **812,044** | **812,044** | **3,276,587** | **3,276,587** |

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

(€ thousands)

| BREAKDOWN SECURED | 12.31.2012 | | | | | |
|---|---|---|---|---|---|---|
| | RECEIVABLES FROM BANKS | | RECEIVABLES FROM FINANCIAL AGENCIES | | RECEIVABLES FROM CUSTOMERS | |
| | VE | VG | VE | VG | VE | VG |
| **1. Performing assets secured by:** | **5,641** | **5,641** | **528,622** | **528,622** | **3,339,482** | **3,339,482** |
| - Financial leasing assets | - | - | - | - | - | - |
| - Factoring assets * | 5,641 | 5,641 | 528,622 | 528,622 | 3,283,318 | 3,283,318 |
| - Mortgages | - | - | - | - | - | - |
| - Pledges | - | - | - | - | - | - |
| - Personal collateral | - | - | | | 56,164 | 56,164 |
| - Derivatives on receivables | - | - | - | - | - | - |
| **2. Impaired assets secured by:** | **-** | **-** | **112** | **112** | **188,862** | **188,862** |
| - Financial leasing assets | - | - | - | - | - | - |
| - Factoring assets * | - | - | 112 | 112 | 188,862 | 188,862 |
| - Mortgages | - | - | - | - | - | - |
| - Pledges | - | - | - | - | - | - |
| - Personal collateral | - | - | - | - | - | - |
| - Derivatives on receivables | - | - | - | - | - | - |
| **Total** | **5,641** | **5,641** | **528,734** | **528,734** | **3,528,344** | **3,528,344** |

VE= balance-sheet value of exposures
VG = fair-value of guarantees

* The secured factoring receivables include prepayments on with-recourse transactions and non-recourse receivables assisted by bank sureties. The value of the guarantees for with-recourse transactions amounts to the total receivables, up to the value of the prepaid amount.

## Section 8 - Value adjustment to Financial assets covered by standard hedging - item 80

### 8.1 Breakdown of item 80 'Adjustment to the value of Financial assets covered by standard hedging':

(€ thousands)

| VALUE ADJUSTMENT TO HEDGED ASSETS/FAIR VALUE | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **1. Positive adjustment** | **533** | **943** |
| 1.1 of specific portfolios: | 533 | 943 |
| a) receivables | 533 | 943 |
| b) available for sale financial assets | - | - |
| 1.2 overall | - | - |
| **2. Negative adjustment** | **-** | **-** |
| 2.1 of specific portfolios: | - | - |
| a) receivables | - | - |
| b) financial assets available for sale | - | - |
| 2.2 overall | - | - |
| **Total** | **533** | **943** |

## Section 10 - Tangible assets - Item 100

### 10.1 Tangible assets for functional use: breakdown of assets valued at cost

(€ thousands)

| ITEMS/VALUATION | 12.31.2013 COST-VALUED ASSETS | 12.31.2012 COST VALUED ASSETS |
|---|---|---|
| **1. Owned** | **119** | **177** |
| a) land | - | - |
| b) buildings | - | - |
| c) furniture | 119 | 157 |
| d) electronic equipment | - | 20 |
| e) others | - | - |
| **2. Acquired in financial leasing** | **-** | **-** |
| a) land | - | - |
| b) buildings | - | - |
| c) furniture | - | - |
| d) electronic equipment | - | - |
| e) others | - | - |
| **Total** | **119** | **177** |

### 10.2 Tangible assets held for investment: breakdown of assets valued at cost

The Company does not hold this type of tangible asset.

### 10.3 Tangible assets for functional use: breakdown of re-valued assets valued at cost

The Company does not hold this type of tangible asset.

### 10.4 Tangible assets held for investment: breakdown of assets valued at fair value

The Company does not hold this type of tangible asset.

### 10.5 Tangible assets: annual changes

(€ thousands)

| | LAND | BUILDINGS | FURNITURE | ELECTRONIC EQUIPMENT | OTHERS | TOTAL |
|---|---|---|---|---|---|---|
| **A. Gross initial balance** | **-** | **-** | **157** | **20** | **-** | **177** |
| A.1 Purchases | - | - | - | - | - | - |
| **A.2 Net initial balance** | **-** | **-** | **157** | **20** | **-** | **177** |
| **B. Increases** | **-** | **-** | **10** | **-** | **-** | **10** |
| B.1 Purchases | - | - | - | - | - | - |
| B.2 Capitalized improvement costs | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Positive fair value changes attributed to: | - | - | - | - | - | - |
| a) net equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| B.5 Positive exchange-rate differences | - | - | - | - | - | - |
| B.6 Transfer of real estate held for investment | - | - | - | - | - | - |
| B.7 Other changes | - | - | 10 | - | - | 10 |
| **C. Decreases** | **-** | **-** | **(49)** | **(19)** | **-** | **(68)** |
| C.1 Sales | - | - | - | - | - | - |
| C.2 Depreciation/Amortization | - | - | (49) | (9) | - | (58) |
| C.3 Impaired value adjustments attributed to: | - | - | - | (10) | - | (10) |
| a) net equity | - | - | - | - | - | - |
| b) income statement | - | - | - | (10) | - | (10) |
| C.4 Negative fair value changes attributed to : | - | - | - | - | - | - |
| a) net equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| C.5 Negative exchange-rate differences | - | - | - | - | - | - |
| C.6 Transfers to: | - | - | - | - | - | - |
| a) tangible assets held for investment | - | - | - | - | - | - |
| b) assets held for sale | - | - | - | - | - | - |
| C.7 Other changes | - | - | - | - | - | - |
| **D. Net final balance** | **-** | **-** | **118** | **1** | **-** | **119** |
| D.1 Total net value reductions | - | - | - | - | - | - |
| **D. Final gross balance** | **-** | **-** | **118** | **1** | **-** | **119** |
| **E. At cost valuation** | **-** | **-** | **118** | **1** | **-** | **119** |

The depreciation rates used are:
- electronic equipment 20%
- furniture and fittings 12%.

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

### 10.6 Tangible assets held for investment: annual changes

The Company does not hold this type of tangible asset.

### 10.7 Commitment for purchases of tangible assets (IAS16/74.c)

The Company has no commitment to purchase tangible assets.

## Section 11 - Intangible assets - Item 110

### 11.1 Breakdown of item 110 'Intangible assets':

(€ thousands)

| ITEMS/VALUATION | 12.31.2013 | | 12.31.2012 | |
|---|---|---|---|---|
| | ASSETS VALUED AT COST | ASSETS VALUED AT FAIR VALUE OR REVALUED | ASSETS VALUED AT COST | ASSETS VALUED AT FAIR VALUE OR REVALUED |
| **1. Goodwill** | **-** | **-** | **-** | **-** |
| **2. Other intangible assets** | **-** | **-** | **-** | **-** |
| **2.1 owned** | **643** | **-** | **253** | **-** |
| - internally generated | - | - | - | - |
| - others | 643 | - | 253 | - |
| **2.2 purchased in financial leasing** | | | | |
| **Total 2** | **643** | **-** | **253** | **-** |
| **3. Assets refereable to financial leasing** | **-** | **-** | **-** | **-** |
| **3.1 unredeemed goods** | **-** | **-** | **-** | **-** |
| **3.2 goods withdrawn after cancellation** | **-** | **-** | **-** | **-** |
| **3.3 other goods** | **-** | **-** | **-** | **-** |
| **Total 3** | **-** | **-** | **-** | **-** |
| **4. Assets granted in operating leasing** | **-** | **-** | **-** | **-** |
| **Total (1+2+3+4)** | **643** | **-** | **253** | **-** |
| **Total** | **643** | **-** | **253** | **-** |

### 11.2 'Intangible assets: annual changes

(€ thousands)

| | TOTAL |
|---|---|
| **A. Opening balance** | **253** |
| **B. Increases** | **530** |
| B.1 Purchases | 530 |
| B.2 Reinstatements of value | - |
| B.3 Positive changes to fair-value attributed to: | - |
| a) net equity | - |
| b) income statement | - |
| B.4 Other changes | - |
| **C. Decreases** | **(140)** |
| C.1 Sales | - |
| C.2 Depreciation/Amortization | (140) |
| C.3 Adjustments to impaired value attributed to: | - |
| a) net equity | - |
| b) income statement | - |
| C.4 Negative changes to fair-value attributed to: | - |
| a) net equity | - |
| b) income statement | - |
| C.5 Other changes | - |
| **D. Final balance** | **643** |

## Section 12 - Tax assets and liabilities (Item 120 asset side and Item 70 liabilities)

### 12.1 Breakdown of 120 'Tax assets: current and prepaid'

(€ thousands)

| TAX ASSETS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| a) current* | - | - |
| b) deferred | 38,605 | 18,623 |
| **Total** | **38,605** | **18,623** |

### 12.2 Breakdown of item 70 'Tax liabilities: current and deferred'

| TAX LIABILITIES | 12.31.2013 | 12.31.2012 |
|---|---|---|
| a) current* | 6,895 | 25,598 |
| b) deferred | - | - |
| **Total** | **6,895** | **25,598** |

* UniCredit Factoring S.p.A. adheres to the UniCredit Group's funded fiscal debt. The item current fiscal liabilities is offset with the item current fiscal assets pursuant to IAS 12

### 12.3 Changes in prepaid taxes (offset in Income Statement)

(€ thousands)

| | MOVEMENTS | |
|---|---|---|
| ITEMS | 2013 | 2012 |
| **1. Opening balance** | **13,863** | **4,163** |
| **2. Increases** | **21,764** | **11,841** |
| 2.1 Prepaid taxes reported in period | 21,054 | 11,841 |
| a) relating to previous periods | - | 115 |
| b) due to changed accounting standards | - | - |
| c) reinstatements of value | - | - |
| d) others | 21,054 | 11,726 |
| 2.2 New taxes or tax rate increases | - | - |
| 2.3 Other increases | 710 | - |
| **3. Decreases** | **(1,031)** | **(2,141)** |
| 3.1 Prepaid taxes annulled in period | (1,031) | (2,141) |
| a) reversals | (1,031) | (2,141) |
| b) write-downs due to non-recoverability | - | - |
| c) due to changed accounting standards | - | - |
| d) others | - | - |
| 3.2 Tax rate reductions | - | - |
| 3.3 Other decreases | - | - |
| **4. Final balance** | **34,596** | **13,863** |

#### 12.3.1 Changes to prepaid taxes ex. L 214/2011 (offset in Income Statement)

(€ thousands)

| | MOVEMENTS | |
|---|---|---|
| ITEMS | 2013 | 2012 |
| **1. Opening balance** | **11,012** | **62** |
| **2. Increases** | **18,770** | **11,206** |
| **3. Decreases** | **550** | **(256)** |
| 3.1 reversals | (879) | (256) |
| 3.2 changed into tax credits | - | - |
| a) due from operating losses | - | - |
| a) due from tax losses | - | - |
| 3.3 Other decreases | 1,429 | |
| **4. Final balance** | **30,332** | **11,012** |

This table does not include prepaid taxes pursuant to L 214/2011 offset in Net Equity (equal to 4,262,500 euros) whose reversals transfer to Income Statement.

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

## 12.4 Changes in deferred taxes (offset in Income Statement)

(€ thousands)

| ITEMS | MOVEMENTS 2013 | 2012 |
|---|---|---|
| **1. Opening balance** | **(129)** | **1,273** |
| **2. Increases** | **-** | **-** |
| 2.1 Deferred taxes reported in period | - | - |
| a) relating to previous periods | - | - |
| b) due to changed accounting standards | - | - |
| c) others | - | - |
| 2.2 New taxes or increased tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **-** | **(1,402)** |
| 3.1 Deferred taxes canceled in period | - | (1,402) |
| a) reversals | - | (1,402) |
| b) due to changed accounting standards | - | - |
| c) others | - | - |
| 3.2 Tax rate reductions | - | - |
| 3.3 Other Decreases | - | - |
| **4. Final balance** | **(129)** | **(129)** |

## 12.5 Changes in prepaid taxes (offset in Net Equity)

(€ thousands)

| ITEMS | MOVEMENTS 2013 | 2012 |
|---|---|---|
| **1. Opening balance** | **4,760** | **4,673** |
| **2. Increases** | **46** | **87** |
| 2.1 Prepaid taxes reported in period | - | - |
| a) relating to previous periods | - | - |
| b) due to changed accounting standards | - | - |
| c) Others | - | - |
| 2.2 New taxes or increased tax rates | - | - |
| 2.3 Other increases | 46 | 87 |
| **3. Decreases** | **(797)** | **-** |
| 3.1 Prepaid taxes cancelled in period | - | - |
| a) reversals | - | - |
| b) write-downs for non-recoverability | - | - |
| c) due to changed accounting standards | - | - |
| d) others | - | - |
| 3.2 Tax rate reductions | - | - |
| 3.3 Other decreases | (797) | - |
| **4. Final balance** | **4,009** | **4,760** |

### 12.6 Changes in deferred taxes (offset in Net Equity)

(€ thousands)

| ITEMS | MOVEMENTS 2013 | 2012 |
|---|---|---|
| **1. Opening balance** | **129** | **129** |
| **2. Increases** | **-** | **-** |
| 2.1 Deferred taxes reported in period | - | - |
| a) relating to previous periods | - | - |
| b) due to changed accounting standards | - | - |
| c) others | - | - |
| 2.2 New taxes or increased tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **-** | **-** |
| 3.1 Deferred taxes annulled in period | - | - |
| a) reversals | - | - |
| b) due to changed accounting standards | - | - |
| c) others | - | - |
| 3.2 Tax rate reductions | - | - |
| 3.3 Other decreases | - | - |
| **4. Final balance** | **129** | **129** |

The initial balance represents the amount of liabilities for deferred taxes created as regards FTA, due to the transition to International Accounting Standards, offset in Net Equity according to the provisions of IFRS 1.

## Section 14 - Other assets - Item 140

### 14.1 Breakdown of item 140 'Other assets'

(€ thousands)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| Bills subject to collection to customers awaiting bank collection | 18,703 | 44,154 |
| Receivables to tax authorities | 752 | 518 |
| Cautionary deposits | 138 | 3 |
| Receivables from Insurance companies for expected reimbursements | 236 | 270 |
| Transitory entries | 187 | 492 |
| Improvements to third party assets | 40 | - |
| IRES tax credit** | 756 | 671 |
| Others** | 223 | 120 |
| **Total** | **21,035** | **46,228** |

* Benefit against requests for refunds presented pursuant to art. 2, 1st comma of the decree of 6th December 2011 nr. 201 relevant to recovery of IRES and IRAP taxes paid with respect to labour costs.

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

# Part B - Information on Balance Sheet

## Liabilities

### Section 1 - Payables - Item 10

**1.1 Payables**

(€ thousands)

| ITEMS | 12.31.2013 FROM BANKS | 12.31.2013 FROM FINANCIAL AGENCIES | 12.31.2013 FROM CUSTOMERS | 12.31.2012 FROM BANKS | 12.31.2012 FROM FINANCIAL AGENCIES | 12.31.2012 FROM CUSTOMERS |
|---|---|---|---|---|---|---|
| 1. Loans | 6,985,206 | - | - | 8,076,991 | - | - |
| 1.1 Repurchase agreements | - | - | - | - | - | - |
| 1.2 Other loans | 6,985,206 | - | - | 8,076,991 | - | - |
| 2. Other payables | - | 24,581 | 322,316 | - | 10,258 | 213,633 |
| **Total** | **6,985,206** | **24,581** | **322,316** | **8,076,991** | **10,258** | **213,633** |
| ***Fair Value - level 1*** | **-** | **-** | **-** | **-** | **-** | **-** |
| ***Fair Value - level 2*** | **-** | **-** | **-** | **-** | **-** | **-** |
| ***Fair Value - level 3*** | **6,985,206** | **24,581** | **322,316** | **8,076,991** | **10,258** | **213,633** |

The fair value of the payables on demand and short term is assumed to be equal to the balance-sheet value.

Payables from banks are chiefly made up of the provision implemented with the Holding. This item included the loans received for participations with UniCredit S.p.A in pool operations.
Payables from customers ('Other Payables') chiefly represent the difference between total-receivables and the amount of considerations already prepaid to assignors in relation to non-recourse transactions, amounting to 260,309,742 euros, and the debt exposure regarding customers, amounting to 62,006,312 euros.

### Section 2 - Outstanding securities - Item 20

**2.1 Breakdown of item 20 'Outstanding securities'**

(€ thousands)

| LIABILITIES | 12.31.2013 BOOK-VALUE | 12.31.2013 FAIR VALUE L1 | 12.31.2013 FAIR VALUE L2 | 12.31.2013 FAIR VALUE L3 | 12.31.2012 BOOK-VALUE | 12.31.2012 FAIR VALUE L1 | 12.31.2012 FAIR VALUE L2 | 12.31.2012 FAIR VALUE L3 |
|---|---|---|---|---|---|---|---|---|
| **1. Securities** | **77,114** | **-** | **-** | **74,115** | **77,120** | **-** | **-** | **77,120** |
| - bonds | 77,114 | - | - | 74,115 | 77,120 | - | - | 77,120 |
| - structured | - | - | - | - | - | - | - | - |
| - others | 77,114 | - | - | 74,115 | 77,120 | - | - | 77,120 |
| - Other securities | - | - | - | - | - | - | - | - |
| - structured | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| **Total** | **77,114** | **-** | **-** | **74,115** | **77,120** | **-** | **-** | **77,120** |

L1 = Level 1
L2 = Level 2
L3 = Level 3
This item is entirely made up of the subordinated securities listed in detail in Section 2.2.

**2.2 Subordinated securities**

The subordinated liabilities have the following characteristics:

| | | BALANCE AT 01.01.13 | REFUNDS AND CHANGES | RESIDUAL AMOUNT AT 31.12.13 | MATURITY | RATE |
|---|---|---|---|---|---|---|
| capital | Euros | 10,000 | - | 10,000 | 3.30.2017 | For first 5 years: Euribor at 6 months + 30 bps as from 6th months, if not refunded in advance: Euribor 6 months + 90 bps |
| interest | Euros | 34 | (2) | 32 | | |
| **Total** | **Euros** | **10,034** | **(2)** | **10,032** | | |

- Typology: infragroup subordinated liability LOWER TIER II TV;
- Effect: 03.30.2007;
- Six-month, variable rate: for first five years Euribor 6 months + 30 bps and as from sixth year, if not refunded in advance, 6 months + 90 bps;

- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Advance refund: subject to Bank of Italy authorization, market conditions checked, the Company reserves the right to proceed, once 60 months have elapsed as from the date of allocation of the loan and coinciding with the dates foreseen for the payment of interest, with the advance refund of all or part of the capital still to be repaid, with prior notice of at least one month;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the debt will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- The subordinated bond was subscribed by UniCredit Bank Ireland p.l.c..

| | | BALANCE AT 01.01.13 | REFUNDS AND CHANGES | RESIDUAL AMOUNT AT 31.12.13 | MATURITY | RATE |
|---|---|---|---|---|---|---|
| capital | Euros | 15,000 | - | 15,000 | 3.30.2017 | |
| interest | Euros | 37 | (4) | 33 | | |
| **Total** | **Euros** | **15,037** | **(4)** | **15,033** | | Euribor at 6 months + 53 bps |

- Typology: infragroup, hybrid, capitalization instrument UPPER TIER II TV;
- Effect: 03.30.2007;
- Six-month, variable rate: Euribor 6 months + 53 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the debt will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- Loss hedging clause: in case of balance-sheet losses determining decline in paid-in capital and of provisions lower than the minimum Level of capital foreseen for registration in the general List, pursuant to art. 106 TUB, the sums deriving from the loan and the interest matured may be used to face losses to allow the Company to continue its business activities;
- In case of negative performance of the Company, the right to remuneration may be suspended to the extent needed to avoid or limit as far as possible the emergence of losses;
- The subordinated bond was subscribed by UniCredit Bank Ireland p.l.c..

| | | BALANCE AT 01.01.13 | REFUNDS AND CHANGES | RESIDUAL AMOUNT AT 31.12.13 | MATURITY | RATE |
|---|---|---|---|---|---|---|
| capital | Euros | 24,000 | - | 24,000 | 12.14.2017 | For 1st 5 yrs: Euribor 6 months+ 100 bps from 6th yr, if not refunded in advance: Euribor 6 months + 160 bps |
| interest | Euros | 22 | 0 | 22 | | |
| **Total** | **Euros** | **24,022** | **0** | **24,022** | | |

- Typology: infragroup subordinated liability LOWER TIER II TV;
- Effect: 12.14.2007;
- Six-month, variable rate: for the first five years Euribor 6 months + 100 bps and as from sixth year, if not refunded in advance, Euribor 6 months + 160 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Advance refund: subject to Bank of Italy authorization, market conditions checked, the Company reserves the right to proceed, as from 12.14.2012 and coinciding with the dates foreseen for the payment of interest, with the advance refund of all or part of the capital still to be repaid, with prior notice of at least one month;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the debt will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- The subordinated bond was subscribed by the Holding.

| | | BALANCE AT 01.01.13 | REFUNDS AND CHANGES | RESIDUAL AMOUNT AT 31.12.13 | MATURITY | RATE |
|---|---|---|---|---|---|---|
| capital | Euros | 28,000 | - | 28,000 | 12.14.2017 | |
| interest | Euros | 27 | 0 | 27 | | |
| **Total** | **Euros** | **28,027** | **0** | **28,027** | | Euribor at 6 months + 165 bps |

- Typology: infragroup, hybrid, capitalization instrument UPPER TIER II TV;
- Effect: 12.14.2007;
- Six-month, variable rate: Euribor 6 months + 165 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the debt will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- Loss hedging clause: in case of balance-sheet losses determining decrease of capital paid-in and of provisions under the minimum Level of capital foreseen for registration in the general List, pursuant to art. 106 TUB, the sums deriving from the loan and the interest matured may be used to face losses to allow the Company to continue its business activities;

# Part B - Information on Balance Sheet - Liabilities (Continued)

- In case of negative performance of the Company, the right to remuneration may be suspended to the extent needed to avoid or limit as far as possible the emergence of losses;
- The loan was subscribed by the Holding.

## Section 5 - Hedging derivatives - Item 50

### 5.1 Breakdown of item 50 'Hedge derivatives'

(€ thousands)

| | 12.31.2013 | | | | 12.31.2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | FAIR VALUE | | | | FAIR VALUE | | | |
| NOTIONAL VALUE/FAIR-VALUE LEVELS | L1 | L2 | L3 | NV | L1 | L2 | L3 | NV |
| A. Financial derivatives | - | 442 | - | 11,493 | - | 900 | - | 30,420 |
| 1. Fair value | - | 442 | | 11,493 | | 900 | | 30,420 |
| 2. Cash-flows | - | - | - | - | - | - | - | - |
| 3. Foreign investments | - | - | - | - | - | - | - | - |
| **Total A** | **-** | **442** | **-** | **11,493** | **-** | **900** | **-** | **30,420** |
| B. Credit derivatives | - | - | - | - | - | - | - | - |
| 1. Fair value | - | - | - | - | - | - | - | - |
| 2. Cash-flows | - | - | - | - | - | - | - | - |
| **Total B** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **-** | **442** | **-** | **11,493** | **-** | **900** | **-** | **30,420** |

L1= Level 1.
L2= Level 2.
L3= Level 3.
NV = Notional-value.

### 5.2 Breakdown of item 50 'Hedge derivatives': hedged portfolios and types of hedging

(€ thousands)

| | FAIR VALUE | | | | | | CASH FLOWS | | |
|---|---|---|---|---|---|---|---|---|---|
| | SPECIFIC | | | | | | | | |
| TRANSACTION/ TYPES OF HEDGING | RATE RISK | CURRENCY RISK | CREDIT RISK | PRICE RISK | MULTIPLE RISKS | STANDARD | SPECIFIC | STANDARD | FOREIGN INVESTMENTS |
| 1. Available for sale financial assets | - | - | - | - | - | - | - | - | - |
| 2. Receivables | | - | - | - | | | - | - | - |
| 3. Financial assets held to maturity | - | - | - | - | - | - | - | - | - |
| 4. Portfolio | - | - | - | - | - | 442 | - | - | - |
| 5. Other transactions | - | - | - | - | - | - | - | - | - |
| **Total Assets** | **-** | **-** | **-** | **-** | **-** | **442** | **-** | **-** | **-** |
| 1. Financial liabilities | - | - | - | - | - | - | - | - | - |
| 2. Portfolio | - | - | - | - | - | - | - | - | - |
| **Total Liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | | | |
| 1. Expected transactions | - | - | - | - | - | - | - | - | - |
| 2. Financial assets and liabilities portfolio of | - | - | - | - | - | - | - | - | - |

## Section 7 - Tax liabilities - Item 70

For this item see Section 12 - Tax assets and tax liabilities.

# Section 9 - Other liabilities - Item 90

## 9.1 Breakdown of item 90 'Other liabilities'

(€ thousands)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| Accreditations awaiting attribution * | 106,944 | 44,499 |
| Account for reserved transfers** | 13,939 | 72,081 |
| INPS and INAIL contributions to be paid | 765 | 595 |
| Taxes and withholdings to be paid | 733 | 681 |
| Remuneration to be paid to human resources*** | 4,940 | 8,500 |
| Holidays not taken | 263 | 249 |
| Suppliers invoices to be received and/or paid | 9,973 | 13,910 |
| Transitory entries to be allocated | 13,596 | 10,187 |
| Other current liabilities **** | 30,762 | 36,340 |
| **Total** | **181,915** | **187,042** |

* The item includes takings collected from debtors to be re-allocated to their respective credit positions.
** The amount is made up of bank-transfers to assignors, reserved but not yet implemented by the bank.
*** The amount is chiefly made up of provisions to the bonus system, retirement incentives and third party staff.
**** These items are made up of interest and fees collected from customers in advance.

# Section 10 - Provision for employee severance pay - Item 100

## 10.1 'Provision for employee severance pay': annual changes

(€ thousands)

| | MOVEMENTS | |
|---|---|---|
| ITEMS | 2013 | 2012 |
| **A. Opening balance** | **2,705** | **2,344** |
| **B. Increases** | **403** | **584** |
| B.1 Provisions for the period | 87 | 105 |
| B.2 Other increase changes | 316 | 479 |
| **C. Decreases** | **(350)** | **(223)** |
| C.1 Liquidations implemented | (136) | (199) |
| C.2 Other decrease changes | (214) | (24) |
| **D. Final balance** | **2,758** | **2,705** |

## 10.2 Further information

The ESF (Provision for employee severance pay) is included in the plans and defined benefits and is determined using the actuarial method described in the Accounting Standards. Here below we indicate the actuarial hypotheses and the reconciliation between the current value of the fund and the relevant liability reported in the balance-sheet.

| DESCRIPTION OF CHIEF ACTUARIAL HYPOTHESES | 2013 | 2012 |
|---|---|---|
| Actualization rate | 3.30% | 3.30% |
| Expected inflation rate | 1.80% | 2.00% |

(€ thousands)

| RECONCILIATION, BETWEEN CURRENT VALUE OF FUNDS, CURRENT VALUE OF SERVICE PLAN ASSETS AND ASSETS AND LIABILITIES REPORTED IN BALANCE-SHEET | 2013 | 2012 |
|---|---|---|
| Current value of defined benefits plan - TFR | 2,758 | 2,705 |
| Unreported actuarial profits (losses) | - | - |
| Net liabilities | 2,758 | 2,705 |

The TFR can be considered as a 'post-employment, defined benefit payment'. Consequently, its acknowledgment in the balance-sheet required the estimate - using actuarial methods - of the amount of benefits accrued by employees together with the relevant discounting. The determination of such benefits was implemented by a non-Group actuary using the 'Unitary Credit Projection Method '.

Following the supplementary insurance reform pursuant to Legislative Decree nr. 252 of 5th December 2005, the ESF portions accrued up to 12.31.2006 remained with the company, whereas the ESF portions accrued as from 1st January 2007 were, on an employee's-choice basis (exercised within 06.30.2007), allocated to forms of supplementary insurance or to the INPS Treasury Fund.

# Part B - Information on Balance Sheet - Liabilities (Continued)

As a result:
The TFR accrued up to 12.31.2006 (or as from the date of choice - made between 01.01.2007 and 06.30.2007 - by the employee, relating to allocation of his/her ESF to Supplementary Insurance) continues to be a 'defined benefit' plan and consequently subject to actuarial valuation, although based on simplified actuarial hypotheses which no longer comprise forecasts on expected remuneration increases.

The portions accrued at 01.01.2007 (or as from the date of choice - made between 01.01.2007 and 06.30.2007 - by the employee relating to allocation of his/her ESF to Supplementary Insurance) were considered as a 'defined contribution plan' (because the Company's obligation ceases when the ESF portions accrued are transferred to the fund chosen by the employee) and, therefore, the relevant cost entailed during the period amounts to the sums transferred to the Supplementary Insurance or to the INPS Treasury Fund.

The costs relating to the ESF accrued over the year were registered under Item 110 a) 'Human Resources Costs' and include the interest accrued during the year (interest cost) on the obligation already extant at the date of the Reform, together with the portions accrued over the year and transferred to the Supplementary Insurance or to the INPS Treasury Fund.

The actuarial profits/losses, defined as the difference between the balance-sheet value of the liability and the present value of the obligation at end-of-period, were registered in Net Equity within the framework of the Valuation Reserves.

## Section 11 - Funds for risks and charges - Item 110

### 11.1 Breakdown of item 110 'Funds for risks and charges'

(€ thousands)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| Fund for revocation actions | 4,714 | 2,265 |
| Fund for legal disputes | 6,388 | 3,336 |
| Fund for staff claims | 2,660 | - |
| Other risks funds | 2,794 | 2,837 |
| **Total** | **16,556** | **8,438** |

The Company is currently involved in legal disputes and revocation claims for an overall, maximum risk amounting to 49.4 million euros (44.8 million at end 2012), hedged by provisions for 11.1 million which represents the best estimate of the costs our Company expects to sustain to cover the foregoing risks.

Among the lawsuits the most significant sum (5.9 million) refers to a transaction for which most of the exposure within the framework of cases pending has already been collected.

The Fund for Charges for Human Resources refers to the variable, descretional portion of the remuneration.

### 11.2 Change over period in item 110 'Funds for risks and charges'

(€ thousands)

| ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **1. Opening balance** | **8,438** | **11,909** |
| **2. Increases** | **8,558** | **2,703** |
| Fund for revocation actions | 2,449 | 1,190 |
| Fund for legal disputes | 3,119 | 236 |
| Fund for staff claims | 2,660 | - |
| Other risks funds | 330 | 1,277 |
| **3. Decreases** | **(440)** | **(6,174)** |
| Fund for revocation actions | - | (6,174) |
| Fund for legal disputes | (28) | - |
| Other risks funds | (412) | - |
| **4. Final balance** | **16,556** | **8,438** |

## Section 12 - Shareholders' Equity - Items 120, 150 and 160

### 12.1 Breakdown of item 120 'Capital'

(€ thousands)

| TYPOLOGIES | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **1. Capital** | **414,348** | **114,518** |
| 1.1 Ordinary shares | 414,348 | 114,518 |
| 1.2 Other shares | - | - |

The number of ordinary shares is 80,300,000.

## 12.4 Breakdown of item 150 'Share premium'

(€ thousands)

| TYPOLOGIES | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **1. Share premiums** | **951** | **951** |
| 1.1 Premium deriving from 1997 capital increase | 951 | 951 |

## 12.5 Further information

(€ thousands)

| ITEMS | LEGAL RESERVE | PROFITS CARRIED FORWARD | STATUTORY RESERVE | OTHER RESERVES | TOTAL |
|---|---|---|---|---|---|
| **A. Opening balance** | **10,830** | **118** | **185** | **120,393** | **131,526** |
| **B. Increases** | **3,042** | **-** | **-** | **27,501** | **30,543** |
| B.1 Allocations of Profits | 3,042 | | - | 27,501 | 30,543 |
| B.2 Other increase changes | - | - | - | | - |
| **C. Decreases** | **-** | **-** | **-** | **-** | **-** |
| C.1 Uses | - | - | - | - | - |
| - losses hedged | - | - | - | - | - |
| - distribution | - | - | - | - | - |
| - transfer to capital | - | - | - | - | - |
| C.2 Other decrease changes | - | - | - | - | - |
| **D. Final balance** | **13,872** | **118** | **185** | **147,894** | **162,069** |

The 'Other Reserves' are chiefly made up of undistributed profits.

## Analysis of the breakdown of Net Equity with reference to availability and possible distribution (art. 2427, nr. 7 bis)

(€ thousands)

| NATURE/DESCRIPTION | AMOUNT | POSSIBLE USE | PORTION AVAILABLE | SUMMARY OF USES IMPLEMENTED OVER 3 PREVIOUS PERIODS: FOR HEDGING LOSSES | SUMMARY OF USES IMPLEMENTED OVER 3 PREVIOUS PERIODS: FOR OTHER REASONS |
|---|---|---|---|---|---|
| **Capital** | **414,348** | | **-** | | |
| **Capital reserve:** | **951** | | **-** | | |
| - Share premiums | 951 | B | - | | |
| **Profits reserve** | **162,069** | | **148,604** | | |
| - Statutory reserve | 185 | A, B, C | 185 | | |
| - Legal reserve | 13,872 | B | - | | |
| - FTA reserve | (447) | | - | | |
| - Other reserves * | 148,341 | A, B, C | 148,301 | | |
| - Previous period profit | 118 | A, B, C | 118 | | |
| **Profit for the period** | **73,238** | | **-** | | |
| **Total** | **650,606** | **-** | **148,604** | | |

Key:
A: for capital increase
B: for loss hedging
C: for distribution to shareholders

* Pursuant to OIC 28 and to art. 2426 comma 5 of the civil code, the unavailable quota regards the amount of installation and expansion costs reported in the item 'Other Assets' for 2013 amounts to 40 thousand euro.

# Part C - Information on the Income Statement

# Part C - Information on the Income Statement (amounts in € thousands)

## Section 1 - Interest - items 10 and 20

### 1.1 Breakdown of item 10 'Receivable interest and assimilated revenue'

(€ thousands)

| ITEMS/TECHNICAL TYPES | DEBT SECURITIES | LOANS | OTHER TRANSACTIONS | 2013 | 2012 |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | - | - | - | - | - |
| 2. Financial assets at fair-value | - | - | - | - | - |
| 3. Financial assets available for sale | - | - | - | - | - |
| 4. Financial assets held to maturity | - | - | - | - | - |
| 5. Receivables | - | 209,976 | - | 209,976 | 245,317 |
| 5.1 Receivables from banks | - | 2,038 | - | 2,038 | 1,523 |
| 5.2 Receivables from financial agencies | - | 14,270 | - | 14,270 | 11,076 |
| 5.3 Receivables from customers | - | 193,668 | - | 193,668 | 232,718 |
| 6. Other assets | - | - | - | - | - |
| 7. Hedging derivatives | - | - | - | - | - |
| **Total** | **-** | **209,976** | **-** | **209,976** | **245,317** |

Receivable interest, different from interest reported in the item Write-backs, matured in the 2013 period against exposures classified in Impaired Receivables at 31st December, amounted to 8.6 million.

### 1.3 Breakdown of item 20 'Payable interest and assimilated charges'

(€ thousands)

| ITEMS/TECHNICAL TYPES | LOANS | SECURITIES | OTHER | 2013 | 2012 |
|---|---|---|---|---|---|
| 1. Payables to banks | (49,610) | - | - | (49,610) | (109,919) |
| 2. Payables to financial agencies | (849) | - | - | (849) | (538) |
| 3. Payables to customers | - | - | - | - | - |
| 4. Outstanding securities | - | (1,291) | - | (1,291) | (1,812) |
| 5. Financial trading payables | - | - | - | - | - |
| 6. Financial payables valued at fair-value | - | - | - | - | - |
| 7. Other liabilities | - | - | - | - | - |
| 8. Hedge derivatives | (402) | - | - | (402) | (700) |
| **Total** | **(50,861)** | **(1,291)** | **-** | **(52,152)** | **(112,969)** |

The decrease in receivable and payable interest is explained not only by the reduction in rates, but also by the decline in average volumes of deposit and collection.

## Section 2 - Fees and commissions - Items 30 e 40

### 2.1 Breakdown of Item 30 'Commission Income'

(€ thousands)

| DETAIL | 2013 | 2012 |
|---|---|---|
| 1. financial leasing transactions | - | - |
| 2. factoring transactions | 88,986 | 86,265 |
| 3. consumer credit | - | - |
| 4. merchant banking assets | - | - |
| 5. guarantees released | - | - |
| 6. services for: | - | - |
| - third party fund management | - | - |
| - foreign exchange brokering | - | - |
| - product distribution | - | - |
| - others | - | - |
| 7. collection and payment services | 141 | 137 |
| 8. servicing in securitization operations | - | - |
| 9. Other commissions: cost recovery from customers for preparation credit-line files, account keeping costs etc. | 1,734 | 1,503 |
| **Total** | **90,861** | **87,905** |

## 2.2 Breakdown of 40 'Commissions expense'

(€ thousands)

| DETAIL | 2013 | 2012 |
|---|---|---|
| 1. guarantees received | (895) | (2,412) |
| 2. distribution of third party services | - | - |
| 3. collection and payment services | (280) | (374) |
| 4. other commissions | (8,222) | (9,511) |
| 4.1 provisions | (5,785) | (6,580) |
| 4.2 costs for re-insurance receivables | (2,437) | (2,930) |
| **Total** | **(9,397)** | **(12,297)** |

# Section 4 - Net result from trading operations - Item 60

## 4.1 Breakdown of Item 60 'Net result from trading operations'

(€ thousands)

| | 2013 | | | | |
|---|---|---|---|---|---|
| ITEMS/INCOME PROD. COMPONENTS | CAPITAL GAINS | TRADING PROFITS | CAPITAL LOSSES | TRADING LOSSES | NET RESULT |
| **1. Financial assets** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities | - | - | - | - | - |
| 1.2 Capital securities and OICR quotas | - | - | - | - | - |
| 1.3 Loans | - | - | - | - | - |
| 1.4 Other assets | - | - | - | - | - |
| **2. Financial liabilities** | **-** | **-** | **-** | **-** | **-** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | - | - | - | - | - |
| 2.3 Other liabilities | - | - | - | - | - |
| **3. Financial assets and liabilities: exchange-rate differences** | **-** | **-** | **-** | **(292)** | **(292)** |
| **4. Financial derivatives** | | **-** | **-** | **-** | **-** |
| **5. Derivatives on receivables** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **-** | **-** | **-** | **(292)** | **(292)** |

# Section 8 - Net value adjustments/write-backs for impairment of receivables - Item 100

## 8.1 'Net value adjustments/write-backs for impairment of receivables'

(€ thousands)

| | VALUE ADJUSTMENTS | | WRITE-BACKS | | | |
|---|---|---|---|---|---|---|
| ITEMS/ADJUSTMENTS | SPECIFIC | PORTFOLIO | SPECIFIC | PORTFOLIO | 2013 | 2012 |
| **1. Receivables from banks** | **-** | **-** | **-** | **-** | **-** | **-** |
| - for leasing | - | - | - | - | - | - |
| - for factoring | - | - | - | - | - | - |
| - other receivables | - | - | - | - | - | - |
| **2. Receivables from fin. agencies** | **-** | **-** | **-** | **-** | **-** | **-** |
| Impaired receivables purchased | - | - | - | - | - | - |
| - for leasing | - | - | - | - | - | - |
| - for factoring | - | - | - | - | - | - |
| - other receivables | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - |
| - for leasing | - | - | - | - | - | - |
| - for factoring | - | - | - | - | - | - |
| - other receivables | - | - | - | - | - | - |
| **3. Receivables from customers** | **(82,925)** | **(1,800)** | **13,092** | **1,178** | **(70,455)** | **(69,448)** |
| Impaired receivables purchased | - | - | - | - | - | - |
| - for leasing | - | - | - | - | - | - |
| - for factoring | - | - | - | - | - | - |
| - other receivables | - | - | - | - | - | - |
| Other receivables | (82,925) | (1,800) | 13,092 | 1,178 | (70,455) | (69,448) |
| - for leasing | - | - | - | - | - | - |
| - for factoring * | (82,925) | (1,800) | 13,092 | 1,178 | (70,455) | (69,448) |
| - for consumer credit | - | - | - | - | - | - |
| - other receivables | - | - | - | - | - | - |
| **Total** | **(82,925)** | **(1,800)** | **13,092** | **1,178** | **(70,455)** | **(69,448)** |

* The specific value adjustments also include transfers to losses without the use of provisions.

# Part C - Information on the Income Statement (CONTINUED)

### 8.4 Breakdown of sub-item 100.b 'Net adjustments/write-backs for impairment of other financial transactions

There are no adjustments/write-backs for impairment of other financial transactions.

## Section 9 - Administrative costs - Item 110

### 9.1 Breakdown of item 110.a 'Human resources costs'

(€ thousands)

| ITEMS/SECTORS | 2013 | 2012 |
|---|---|---|
| **1. Subordinate human resources** | **(20,793)** | **(19,615)** |
| a) salaries and wages | (14,082) | (13,279) |
| b) social security charges | (4,297) | (4,034) |
| c) severance indemnities | (125) | (124) |
| d) social security contributions | - | - |
| e) reserve for employee severance bonuses | (97) | (105) |
| f) reserve for retirement and similar obligations | - | - |
| - defined contribution | - | - |
| - defined benefits | - | - |
| g) transfer to external complementary insurance funds | (650) | (614) |
| - defined contribution | (650) | (614) |
| - defined benefits | - | - |
| h) other costs | (1,542) | (1,459) |
| **2. Other human resources** | **(2)** | **(12)** |
| **3. Directors and auditors** | **(296)** | **(228)** |
| **4. Retirees** | **-** | **-** |
| **5. Cost recovery for employees seconded to other companies** | **111** | **35** |
| **6. Cost refunds for employees seconded to the Company *** | **(1,541)** | **(2,591)** |
| **Total** | **(22,521)** | **(22,411)** |

* The item 'Cost refunds for employees seconded to the Company' chiefly refers to costs pertaining to seconded staff.
The 2013 remuneration for directors and auditors amounted, respectively, to 173,420 (143,035 in 2012) and 122,954 (84,885 in 2012).

### 9.2 Average number of human resources by category

| BY CATEGORY | 2013 | 2012 |
|---|---|---|
| Managers | 11.0 | 11.2 |
| Managerial executives | 119.4 | 108.5 |
| Other remaining staff | 98.1 | 90.5 |
| **Total subordinate staff** | **228.5** | **210.2** |
| Third party staff | 21.0 | 16.9 |
| Other | 0.5 | 1.3 |
| **Total** | **250.0** | **228.3** |

### 9.3 Breakdown of Item 110.b 'Other administrative costs'

(€ thousands)

| BY CATEGORY | 2013 | 2012 |
|---|---|---|
| **1) Indirect duties and taxes** | **697** | **392** |
| 1a. Paid: | 697 | 392 |
| 1b. Unpaid: | - | - |
| **2) Miscellaneous costs and expenses** | **18,452** | **16,154** |
| **a) Advertising, marketing, communication costs** | **293** | **387** |
| **b) Credit risk expenses** | **3,326** | **2,068** |
| **c) Indirect staff-based expenses** | **1,146** | **1,062** |
| **d) Information Communication Technology expenses** | **5,570** | **4,651** |
| Equipment expenses: rentals and maintenance | - | - |
| Software expenses: rentals and maintenance | - | - |
| ICT communication systems | 277 | 313 |
| ICT service: external staff/outsourced services | 5,293 | 4,338 |
| Financial interproviders | - | - |
| **e) Consulting and professional services expenses** | **760** | **861** |
| Consulting | 480 | 569 |
| Legal costs | 280 | 292 |
| **f) Real estate costs** | **2,847** | **2,954** |
| Rentals payable for property leasing | 2,415 | 2,294 |
| Utilities | 284 | 406 |
| Other real estate expenses | 148 | 254 |
| **g) Operating costs** | **4,510** | **4,171** |
| Security and surveillance services | - | - |
| Transport and counting of values | - | - |
| Insurance | 85 | 91 |
| Mailing expenses and document transport | 416 | 360 |
| Printouts and stationary | 91 | 49 |
| Administration and logistics services | 3,758 | 3,281 |
| Rights, quotas and contributions to category associations and protection funds | 84 | 89 |
| Other administrative costs - Others | 76 | 301 |
| **Total (1+2)** | **19,149** | **16,546** |

The increase in administrative costs compared with the previous year was caused chiefly by higher expenses relating to the the credit risk and those regarding I.T.

# Part C - Information on the Income Statement (Continued)

## Section 10 - Net value adjustments of tangible assets - Item 120

### 10.1 - Breakdown of Item 120 'Net value adjustments/write-backs of tangible assets'

(€ thousands)

| ITEMS/ADJUSTMENTS/ WRITE-BACKS | 2013 DEPRECIATION (A) | 2013 VALUE ADJUSTMENTS FOR IMPAIRMENT (B) | 2013 WRITE-BACKS (C) | 2013 NET RESULT (A+B-C) | 2012 DEPRECIATION (A) | 2012 VALUE ADJUSTMENTS FOR IMPAIRMENT (B) | 2012 WRITE-BACKS (C) | 2012 NET RESULT (A+B-C) |
|---|---|---|---|---|---|---|---|---|
| **1. Functional use assets** | **(58)** | **-** | **-** | **(58)** | **(74)** | **-** | **-** | **(74)** |
| 1.1 owned by the company | (58) | - | - | (58) | (74) | - | - | (74) |
| a) land | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | - | - | - | - |
| c) furniture | (38) | - | - | (38) | (62) | - | - | (62) |
| d) equipment | (20) | - | - | (20) | (12) | - | - | (12) |
| e) other | - | - | - | - | - | - | - | - |
| 1.2 purchased under financial leasing | - | - | - | - | - | - | - | - |
| a) land | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | - | - | - | - |
| c) furniture | - | - | - | - | - | - | - | - |
| d) equipment | - | - | - | - | - | - | - | - |
| e) other | - | - | - | - | - | - | - | - |
| **3. Assets held for investment** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| *- granted in operating leasing* | - | - | - | - | - | - | - | - |
| **Total** | **(58)** | **-** | **-** | **(58)** | **(74)** | **-** | **-** | **(74)** |

## Section 11 - Net value adjustment for intangible assets - Item 130

### 11.1 Breakdown of item 130 'Net value adjustments/write-backs to intangible assets'

(€ thousands)

| ITEMS/ADJUSTMENTS AND WRITE-BACKS | 2013 DEPRECIATION (A) | 2013 VALUE ADJUSTMENTS FOR IMPAIRMENT (B) | 2013 WRITE-BACKS (C) | 2013 NET RESULT (A+B-C) | 2012 DEPRECIATION (A) | 2012 VALUE ADJUSTMENTS FOR IMPAIRMENT (B) | 2012 WRITE-BACKS (C) | 2012 NET RESULT (A+B-C) |
|---|---|---|---|---|---|---|---|---|
| **1. Goodwill** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **2. Other intangible assets** | **(140)** | **-** | **-** | **(140)** | **(18)** | **-** | **-** | **(18)** |
| 2.1 owned by the company | (140) | - | - | (140) | (18) | - | - | (18) |
| 2.2 purchased throught financial leasing | - | - | - | - | - | - | - | - |
| **3. Assets referable to financial leasing** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **4. Assets granted in operating leasing** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **(140)** | **-** | **-** | **(140)** | **(18)** | **-** | **-** | **(18)** |

## Section 13 - Net provisions for risks and charges - Item 150

### 13 Breakdown of item 150 'Net allocations for risks and charges'

(€ thousands)

| PROVISIONS FOR RISKS AND CHARGES | 2013 | 2012 |
|---|---|---|
| - Provision for revocation actions | (2,449) | (1,190) |
| - Provision for legal disputes | (3,119) | (236) |
| - Other provisions for risks fund | (330) | (1,277) |
| - Write-backs on fund for risks and charges | 109 | - |
| **Total** | **(5,789)** | **(2,703)** |

Kindly refer to Table11.1 'liabilities' in the Statement of Financial Position (Breakdown of item 110 'Fund for risks and charges').

## Section 14 - Other revenue and operating costs - Item 160

### 14.1 Breakdown of item 160 'Other revenue and operating costs'

(€ thousands)

| ITEMS/OTHER REVENUE AND OPERATING CHARGES | 2013 | 2012 |
|---|---|---|
| - customers' legal expenses | 1,012 | 141 |
| - dual-purpose use of company cars | 69 | 50 |
| - receivable rentals | 2 | 1 |
| - recovery of costs for legal deeds | 162 | 147 |
| - insurance indemnity | 470 | 1,630 |
| - miscellaneous revenue | 291 | 459 |
| **Total other operating revenue** | **2,006** | **2,428** |
| - Other operating costs | (750) | (570) |
| **Total other operating costs** | **(750)** | **(570)** |
| **Total other revenue and operating costs** | **1,256** | **1,858** |

## Section 17 - Income tax for the period on current transactions - Item 190

### 17.1 Breakdown of item 190 'Income tax for the period on current transactions'

(€ thousands)

| ITEMS/ADJUSTMENTS AND WRITE-BACKS | 2013 | 2012 |
|---|---|---|
| 1. Current taxes | (69,910) | (49,666) |
| 2. Changes in current taxes compared to previous periods | 985 | 969 |
| 3. Reduction in taxes current for the period | - | - |
| 4. Changes to prepaid taxes | 20,023 | 9,700 |
| 5. Changes to deferred taxes | - | 1,402 |
| **Taxes for the period** | **(48,902)** | **(37,595)** |

### 17.2 Reconciliation between theoretic tax load and effective balance-sheet tax load

(€ thousands)

| ITEMS/ADJUSTMENTS AND WRITE-BACKS | 2013 | 2012 |
|---|---|---|
| **Profit (Loss) in current transactions before tax** | **122,140** | **98,436** |
| Theoretic imposable tax rate | 27.5% | 27.5% |
| Theoretic taxes | (33,589) | (27,070) |
| **Fiscal effects deriving from:** | | |
| + non-taxable revenue - permanent differences | - | - |
| - non-deductible tax costs -permanent differences | (3,522) | (1,701) |
| - IRAP | (11,334) | (10,760) |
| + registration of assets for prepaid and deferred taxes | - | - |
| +/- other differences | (457) | 1,936 |
| **Income tax registered in Income Statement** | **(48,902)** | **(37,595)** |
| **Income tax for the period on current transactions** | **(48,902)** | **(37,595)** |
| **Difference** | **-** | **-** |

The effective 2013 tax rate was 40.04%.

# Part C - Information on the Income Statement (Continued)

## Section 19 - Income Statement: Other information

### 19.1 Breakdown of receivable income and fees/commissions

(€ thousands)

| | RECEIVABLE INCOME | | | RECEIVABLE FEES | | | | |
|---|---|---|---|---|---|---|---|---|
| ITEMS/COUNTERPARTS | BANKS | FINANCIAL AGENCIES | CUSTOMERS | BANKS | FINANCIAL AGENCIES | CUSTOMERS | 2013 | 2012 |
| **1. Financial leasing** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - real estate | - | - | - | - | - | - | - | - |
| - movables assets | - | - | - | - | - | - | - | - |
| - equipment | - | - | - | - | - | - | - | - |
| - intangible assets | - | - | - | - | - | - | - | - |
| **2. Factoring** | **2,038** | **14,270** | **193,668** | **229** | **2,939** | **87,693** | **300,837** | **333,222** |
| - on current receivables | - | - | - | - | - | - | - | - |
| - on future receivables | - | - | 3,266 | - | - | 3,333 | 6,599 | 12,547 |
| - on receivable purchase on a permanent basis | 168 | 3 | 61,238 | - | 1 | 22,580 | 83,990 | 91,064 |
| - on receivables purchased for less than original value | - | - | - | - | - | - | - | - |
| - for other loans | 1,870 | 14,267 | 129,164 | 229 | 2,938 | 61,780 | 210,248 | 229,611 |
| **3. Consumer credit** | **-** | **-** | **-** | **-** | | **-** | **-** | **-** |
| - personal loans | - | - | - | - | - | - | - | - |
| - purpose loans | - | - | - | - | - | - | - | - |
| - salary backed loans | - | - | - | - | - | - | - | - |
| **4. Guarantees-commitments** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - commercial | - | - | - | | - | - | - | - |
| - financial | - | - | - | - | - | - | - | - |
| **Total** | **2,038** | **14,270** | **193,668** | **229** | **2,939** | **87,693** | **300,837** | **333,222** |

# Part D - Other information

# Part D - Other information (amounts in € thousands)

## Section 1 - Specific references to operations performed

### B. Factoring and sale of receivables

#### B.1 Gross value and balance-sheet value

**B.1.1 Factoring operations**

(€ thousands)

| ITEMS/VALUES | 12.31.2013 GROSS VALUE | 12.31.2013 VALUE ADJUSTMENTS | 12.31.2013 NET VALUE | 12.31.2012 GROSS VALUE | 12.31.2012 VALUE ADJUSTMENT | 12.31.2012 NET VALUE |
|---|---|---|---|---|---|---|
| **1. Performing assets** | **7,931,346** | **38,360** | **7,892,986** | **8,610,103** | **39,600** | **8,570,503** |
| - exposures to transferors (with recourse) | 3,879,325 | 23,922 | 3,855,403 | 3,848,783 | 31,201 | 3,817,580 |
| - sales of future receivables | 124,176 | 836 | 123,340 | 156,996 | 1,273 | 155,723 |
| - others | 3,755,149 | 23,086 | 3,732,063 | 3,691,787 | 29,928 | 3,661,858 |
| - exposures to debtors transferred (without recourse) | 4,052,021 | 14,438 | 4,037,583 | 4,761,320 | 8,399 | 4,752,921 |
| **2. Impaired assets** | **426,530** | **157,073** | **269,457** | **334,390** | **93,938** | **240,452** |
| **2.1 non-performing** | **196,330** | **111,720** | **84,610** | **184,256** | **80,525** | **103,731** |
| - exposures to transferors (with recourse) | 178,621 | 101,103 | 77,518 | 171,531 | 74,648 | 96,883 |
| - sales of future receivables | 12,146 | 4,577 | 7,569 | - | - | - |
| - others | 166,475 | 96,526 | 69,949 | 171,531 | 74,648 | 96,883 |
| - exposures to debtors transferred (without recourse) | 17,709 | 10,617 | 7,092 | 12,725 | 5,876 | 6,848 |
| - acquired for less than face value | - | - | - | - | - | - |
| - others | 17,709 | 10,617 | 7,092 | 12,725 | 5,876 | 6,848 |
| **2.2 Doubtful** | **121,025** | **43,504** | **77,521** | **90,762** | **12,499** | **78,262** |
| - exposures to transferors (with recourse) | 67,419 | 27,298 | 40,121 | 79,201 | 11,377 | 67,825 |
| - sales of future receivables | 1,079 | 777 | 302 | - | - | - |
| - others | 66,340 | 26,521 | 39,819 | 79,201 | 11,377 | 67,825 |
| - exposures to debtors transferred (without recourse) | 53,606 | 16,206 | 37,400 | 11,560 | 1,123 | 10,438 |
| - acquired for less than face value | | | - | | | - |
| - others | 53,606 | 16,206 | 37,400 | 11,560 | 1,123 | 10,438 |
| **2.3 Restructured exposures** | **17,130** | **-** | **17,130** | **490** | **-** | **490** |
| - exposures to transferors (with recourse) | 17,130 | - | 17,130 | 490 | - | 490 |
| - sales of future receivables | - | - | - | - | - | - |
| - others | 17,130 | - | 17,130 | 490 | - | 490 |
| - exposures to debtors transferred (without recourse) | - | - | - | - | - | - |
| - acquired for less than face value | - | - | - | - | - | - |
| - others | - | - | - | - | - | - |
| **2.4 Past-due exposures** | **92,045** | **1,849** | **90,196** | **58,883** | **914** | **57,969** |
| - exposures to transferors (with recourse) | 70,568 | 1,412 | 69,156 | 24,151 | 374 | 23,777 |
| - sales of future receivables | 271 | 5 | 266 | - | - | - |
| - others | 70,297 | 1,407 | 68,890 | 24,151 | 374 | 23,777 |
| - exposures to debtors transferred (without recourse) | 21,477 | 437 | 21,040 | 34,733 | 540 | 34,193 |
| - acquired for less than face value | | | - | | | - |
| - others | 21,477 | 437 | 21,040 | 34,733 | 540 | 34,193 |
| **Total** | **8,357,876** | **195,433** | **8,162,443** | **8,944,493** | **133,538** | **8,810,955** |

**B.1.2 Purchase transactions for non-factoring impaired receivables**

Our Company does not perform this type of transaction.

#### B.2 Allocation by residual life

Past-due receivables, if not impaired, are classified in the ‘on demand’ bracket, if impaired, they are classified according to the estimated maturity for book valuations.

### B.2.1 Factoring operations with recourse: advances and total receivables

(€ thousands)

| | ADVANCES | | TOTAL-RECEIVABLES | |
|---|---|---|---|---|
| TIME FRAMES | 12.31.2013 | 12.31.2012 | 12.31.2013 | 12.31.2012 |
| - on demand | 1,169,950 | 1,305,425 | 2,137,965 | 2,268,266 |
| - up to 3 months | 1,430,939 | 1,407,282 | 2,176,017 | 2,536,816 |
| - over 3 months up to 6 months | 565,494 | 454,425 | 1,293,344 | 954,079 |
| - from 6 months to 1 year | 529,807 | 375,852 | 893,342 | 512,119 |
| - over 1 year | 363,138 | 463,571 | 787,884 | 483,816 |
| - indefinite duration | | | | |
| **Total** | **4,059,328** | **4,006,555** | **7,288,552** | **6,755,096** |

The allocation of the with-recourse advances by time-frame was conventionally implemented in proportion to the maturities of the the relevant total-receivables.

### B.2.2 Non-recourse factoring transactions: exposures

(€ thousands)

| | EXPOSURES | |
|---|---|---|
| TIME-FRAMES | 12.31.2013 | 12.31.2012 |
| - on demand | 1,037,112 | 1,303,179 |
| - up to 3 months | 2,223,092 | 2,470,441 |
| - over 3 months up to 6 months | 435,579 | 539,044 |
| - from 6 months to 1 year | 270,432 | 345,934 |
| - over 1 year | 136,900 | 145,802 |
| - indefined duration | | |
| **Total** | **4,103,115** | **4,804,400** |

### B.2.3 Purchase transactions for non-factoring impaired receivables

Our Company does not perform this type of transaction.

## B.3 Ongoing progress of value adjustments

### B.3.1 Factoring operations

(€ thousands)

| | | INCREASES | | | | DECREASES | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | INITIAL VALUE ADJUSTS. | VALUE ADJUSTS. | LOSSES FROM SALES | TRANSF. FROM OTHER STATUS | OTHER INCREASES | REINSTATEMENTS IN VALUE | PROFITS FROM SALE | TRANSF. FROM OTHER STATUS | CANC. | OTHER DECREASES | FINAL VALUE AJDUSTS. |
| **Details on impaired assets** | **93,938** | **84,725** | **-** | **3,620** | **57** | **13,093** | **-** | **3,872** | **8,554** | **-** | **157,073** |
| Exposures to transferors | 86,399 | 61,756 | - | 3,620 | 49 | 11,408 | - | 3,536 | 7,067 | - | 129,813 |
| - non-performing | 74,648 | 39,354 | | 3,620 | 35 | 9,745 | - | - | 6,809 | - | 101,103 |
| - doubtfuls | 11,377 | 21,029 | - | - | 14 | 1,328 | - | 3,536 | 258 | - | 27,298 |
| - restructured exposures | - | - | - | - | - | - | - | - | - | - | - |
| - past due exposures | 374 | 1,373 | - | - | - | 335 | - | - | - | - | 1,412 |
| Exposures to debtors transferred | 7,539 | 22,969 | - | - | 8 | 1,685 | - | 336 | 1,487 | - | 27,260 |
| - non performing | 5,876 | 6,634 | | 252 | - | 692 | - | - | 1,453 | - | 10,617 |
| - doubtfuls | 1,123 | 15,907 | - | - | 8 | 462 | - | 336 | 34 | - | 16,206 |
| - restructured exposures | - | - | - | - | - | - | - | - | - | - | - |
| - past-due exposures | 540 | 428 | - | - | - | 531 | - | - | - | - | 437 |
| Portfolio other assets | **39,600** | **6,102** | **-** | **-** | **-** | **7,279** | **-** | **-** | **-** | **-** | **38,423** |
| - Exposures to transferors | 31,201 | - | - | - | - | 7,279 | - | - | - | - | 23,922 |
| - Exposures to debtors | 8,399 | 6,102 | - | - | - | | - | - | - | - | 14,501 |
| **Total** | **133,538** | **90,827** | **-** | **3,620** | **57** | **20,372** | **-** | **3,872** | **8,554** | **-** | **195,496** |

### B.3.2 Purchase transactions for non-factoring impaired receivables

Our Company does not perform this type of transaction.

# Part D - Other information (Continued)

## B.4 Other information

### B.4.1 Turnover of receivables subject to factoring transactions

(€ thousands)

| | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 1. Non-recourse transactions | 10,498,447 | 11,360,269 |
| - purchases below face-value | - | - |
| 2. With-recourse transactions * | 18,227,733 | 17,620,120 |
| **Total** | **28,726,180** | **28,980,389** |

* The entry includes 6,794,881 euro/thousands for 2012 7,547,993 euro/thousands for 2013 regarding non-recourse agreements which did not pass the IAS 39 recognition test.

### B.4.2 Collection services

There are no receivables requiring collection services only.

### B.4.3 Face value of purchase agreements for future receivables

(€ thousands)

| ITEM | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **Future receivables purchase agreements: flow over period** | 3,552,351 | 3,717,811 |
| **Total agreements extant at period closure** | 6,034,408 | 4,702,596 |

### Margin between assignor's credit-line and receivables purchased with-recourse

| ITEM | 12.31.2013 | 12.31.2012 |
|---|---|---|
| Margin | 1,326,215 | 1,279,436 |

The value in this table represents the difference between the credit-line granted to the assignor and the total-receivables relevant only to with-recourse transactions.

## D. Guarantees issued and commitments

### D.1 Value of guarantees issued and commitments

(€ thousands)

| OPERATIONS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 1) Financial guarantees issued at first request | - | - |
| a) Banks | - | - |
| b) Financial agencies | - | - |
| c) Customers | - | - |
| 2) Other financial guarantees issued | | |
| a) Banks | | |
| b) Financial agencies | | |
| c) Customers | | |
| 3) Commercial guarantees issued | - | - |
| a) Banks* | - | - |
| b ) Financial agencies | - | - |
| c) Customers | - | - |
| 4) Irrevocable committments to disburse funds | 599,101 | 440,116 |
| a) Banks | - | - |
| i) certain use | - | - |
| ii) uncertain use | - | - |
| b) Financial agencies | - | - |
| i) certain use | - | - |
| ii) uncertain use | - | - |
| c) Customers | 599,101 | 440,116 |
| i) certain use | 260,310 | 135,103 |
| ii) uncertain use | 338,791 | 305,013 |
| 5) Commitments underlying derivatives on receivables: protection sales | - | - |
| 6) Assets as guarantees for third party obligations | - | - |
| 7) Other irrevocable commitments | - | - |
| **Total** | **599,101** | **440,116** |

The irrvevocable commitments to disburse funds are made up of the non-prepaid part relevant to agreements non-recourse from start-up.

**D.2 Loans registered in balance-sheet for perfected enforcement.**
No figures are reported.

# Section 3 - Information on risks and related risk-hedging policies

## 3.1 Credit risks

### QUALITATIVE INFORMATION

*1. General features*
Factoring offers a number of different services to satisfy various company requirements with respect to collection management, securing assigned trading receivables and their prospective funding.

The credit risk assumed by the Factor possesses only a few features in common with the credit risk typical of the banking activity.

Whereas in banking operations, advances on invoices, as an assimilable technique, is implemented only when cash credit is granted, chiefly on the basis of the customer's credit-worthiness, factoring transactions are based on the characteristics inherent to the receivables to be purchased, on the quality of the single debtors and on the relevant operating modes.

At the moment when the factoring company assumes a risk, it valuates both counterparts, the assignor supplier and the assigned debtor. Both of them are analysed to qualify their credit-worthiness; the assumption of risk on the foregoing counterparts can assume different operating profiles in relation to the type of product required by the customer/assignor.

When the factor advances the receivables to the assignor, it is subject to cash exposure for an amount equal to the advance granted, which, in general, does not exceed a specific percent of the total-receivables purchased and/or approved.

In non-recourse agreements, the anti-insolvency guarantee, secures the assignor against the assigned debtor's default, with the exception of cases expressly regulated by the agreement. The factor undertakes to pay the amount pertaining to the assigned receivables once a pre-established period of days has elapsed since the receivables became payable.

With respect to the operating modes adopted, the factoring company is more protected if the purchase transaction relating to the receivables is accompanied by:
- Notification to debtor of the perfected assignment of the receivable;
- Debtors' recognition of the perfected assignment of the receivable;
- Certification of the assigned receivable by State Authorities;
- Purchase of trade receivables compared with other types of receivables;
- Purchase of payable or maturing receivables as against funding of future receivables;
- existence of escrow accounts in non-notified transactions.

In with-recourse contracts, in case of debtor's default, the factor may request payment from the assignor (right of recourse).

**The combination of basic services and credit risks in factoring**

| | FUNDING SERVICES | | NO FUNDING SERVICES | |
|---|---|---|---|---|
| WITH-RECOURSE | MANAGEMENT SERVICE | NO MANAGEMENT SERVICE | MANAGEMENT SERVICE | NO MANAGEMENT SERVICE |
| NON-RECOURSE | MANAGEMENT SERVICE | NO MANAGEMENT SERVICE | MANAGEMENT SERVICE | NO MANAGEMENT SERVICE |
| | | | | |
| | CREDIT RISK FROM CASH EXPOSURE | | | |
| | CREDIT RISK FROM SIGNATURE EXPOSURE | | | |
| | NO CREDIT RISK | | | |

The performance of funding and securing services entails for the factor exposure to credit risks as regards not only the assigned debtors (non-recourse product) but also the assignors (with-recourse product); vice-Versa, when the factor performs management services only no risk exposure whatever is suffered.

In general, when the factor performs the funding and/or securing services, the possibility of incurring losses is determined, first of all, by the decline in the credit-worthiness of the counterparts, with the resulting emergence of the assigned debtor's default risk (in both non-recourse and with-recourse transactions) or of the risk of non-refund of the considerations advanced by the assignor in with-recourse transactions.

# Part D - Other information (Continued)

To be more specific, because the factor performs its services within the framework of pre-existing business relations (between assignor and debtor), the credit risk is characterised mainly by the following, debtor-orientated factors:

- the risk of dilution when the debtor refuses to pay, due to events relating to the performance of the underlying supply relations (by way of example we underline offsetting, allowances, disputes regarding product quality and promotional discounts);
- the risk of delayed payment as regards real or conventional maturity (maturity negotiated at purchase of the trade receivables) of the purchased receivable currently linked to critical economic situations or to various Italian State Administration Organisations; the delayed payment risk scenario also includes the risk of administrative quashing of funds. This occurs when the sums allocated in the State balance-sheet are not spent by the State Organisations within a definite time-frame;
- the offsetting risk is particularly high in transactions with State Organisations which reserve the right to offset their own receivables with their payables.

### *2. Credit risk management policies*

#### *2.1 Organisational aspects*

The regulation of credit risks is based on structures and processes consolidated over time and entrusted to skilled and expert resources.

The origination process starts off with the Commercial Department, responsible for managing business relations with assignors through the ongoing monitoring of the relevant progress with direct visits and the use of remote instruments. In this sense, one of the tasks is to perceive possible signs of credit-worthiness deterioration relating to the assignor counterpart and therefore to prEvent potential losses deriving from such deterioration.

Valuation of the assignor and debtor counterparts is carried out using Group methods comprising the analysis of balance-sheets, the risk centre, trade information and information available to the UniCredit Group. For customers shared with the UniCredit Group, counterpart rating, calculated by the Holding and supplemented in the assignors' and debtors' electronic files, constitutes a fundamental support feature as regards the valuation process.

When assuming assignor and debtor risks, the credit risk is valuated by the Credit Operations Department which operates through distinctive structures as regards grants to Corporate, Family, SME (small and medium enterprises) and State Organisation customers.

The Debtor Management Department manages, on an ongoing basis, business relations with debtor counterparts, by controlling the assigned receivables and implementing surveys/initiatives in order to secure prompt payments (supervision of maturities and payment reminders).

The Receivables Department also includes:

- the monitoring Office, which guarantees maintenance of portfolio quality through ongoing monitoring activities permitting systematic intervention whenever impairment of both assignor and assigned debtor risk profiles emerge. This activity is performed during the phase before the appearance of the default, when there is still a chance that the counterpart (assignor/debtor) may be able to respect its commitments and provide for the transfer of the state of risk associated with the position or improved management protection;
- the Recovery Office ensures the management and monitoring of the restructured, doubtful and non-performing entries, by identifying and adopting the most effective solutions to maximise recovery and by proposing the necessary provisions as regards loss forecasts;
- the Risk Management Office ensures:
  - analysis, valuation, measuring and monitoring of the typical risks inherent to company activities (loan-based, operational and market–based) in order to determine the relevant financial and Equity impacts);
  - support for the implementation of Group policies;
  - systematic reporting for Senior Management and the Board of Directors;
  - support for the management in the measuring and management of cost risks.

During 2013, in a scenario characterized by the sovereign debt crisis in various European countries including Italy, our Company continued to strengthen its organizational structure and improve its credit risk management and control, by introducing and completing the operations started up in 2012.

Furthermore, we implemented commercial strategies aimed at reducing the operational areas presenting higher risks:

- reduction of non-notified purchases;
- reduction of purchases from customers assigning one debtor only;
- reduction of loan percents;
- acquisition of customers already positively tested by the UniCredit Group;
- reduction of exposures relating to the top 10 financial groups.

#### *2.2 Management, measuring and control systems*

Measuring and reporting operations foresee the release of periodic and systematic documents as well as the production of ad hoc estimates supporting different types of decisions.

Within the framework of the foregoing reporting, the most significant documents are the following:

1) the 'Credit Tableau de Bord' containing the analysis of:
   - total-receivables and uses;
   - asset quality
   - risk of concentration and weighted risk transactions.

2) the ‘Cost of Risk report’ for monitoring credit strategy guidelines.
3) the monitoring control panel relating to assignors and debtors including anomaly tracing.

### *2.3 Credit risk mitigation techniques*

Management of the guarantees forms an integrating part of the credit process. The primary purpose of guarantee agreements is to maximize the Net Actualised Value of the recoverable sums, thus reducing potential credit losses (LGD) in case of transfers to recovery of the position. Indeed, despite the fact that guarantees represent an essential feature in the definition of the terms and conditions of the loan agreement (above all for more long-term operations), their collection merely offers subsidiary support to the loan, in no way can it replace the objective capacity of the customer to honour its obligations.

Risk mitigation techniques take into account the aspect peculiar to factoring which, according to the service performed, spreads the risk between the client/assignor and the assigned debtor.

UniCredit Factoring’s credit exposures concern chiefly company counterparts and can be secured by ‘personal collateral’ type guarantees (usually: performance guarantees from private persons or companies) and, less frequently, by ‘real’ type guarantees (usually: pledges on sums or receivables) issued by natural and legal persons (owners, family members, holding).

Personal guarantees are released, in general, by owners of companies making use of credit-lines, or by their family members.

Among the guarantees acquired by the Company we further underline the following:

- performance guarantees issued by the Holding to hedge exposures in favour of assignors or debtors for sums exceeding 40% of the Company’s Supervised Equity, in order to comply with the limits stipulated by the legislation governing ‘greater risks’ (see paragraph here below). To this end the Company periodically reports the guaranteed positions and takes care of the updating of the guarantees with respect to the Evolution of the risk Evolution (increase/reduction);
- insurance policies hedging receivables to attenuate the credit risk deriving from private, non-recourse assigned debtor’s default.

**Concentration risks and greater risks**

Concentration risk indicates the risk deriving from significant exposure versus single counterparts, groups of connected counterparts or those exercising the same activity or belonging to the same geographic area.

The incidence is valued in relation to the capital, the total assets or the overall risk Level and must be kept within limits not threatening the company’s stability or its capacity to carry out the regular performance of its characteristic management.

The first pillar includes the regulations relating to the so-called ‘greater risks’ which monitors the instability risk pertaining to the granting to single entrepreneurs or groups of entrepreneurs of loans for considerable amounts with respect to the Supervised Equity.

In order to maintain an adequate degree of credit risk splitting, the Supervisory Authority establishes a global limit to the overall amount of the so-called ‘greater risks’ and an individual limit graduated to the size of each one of them. The overall limit amounts to 8 times the Supervisory Equity, whereas the individual is fixed and 25%, raisable to 40% in case of membership of the supervised bank /broker to a group which, on a consolidated basis, observes the 25% limit.

The second pillar includes both the sector-based and single name ‘concentration risks’ which must also be measured by the broker.

With respect to sector-based concentration risks, quantitative limits relating to credit exposure were determined by the industrial sector at Group Level. Compliance with such limits is monitored by Holding structures in collaboration with the CRO structures belonging to the Legal Entities.

With respect to *‘single name’ (bulk risks)* concentration risks, quantitative limits were defined relating to the credit exposure of the Group versus a single counterpart or a group of connected customers differentiated according to rating. In this case too compliance with the foregoing limits is monitored by the in-house structures of the Holding, in collaboration with the CRO structures of the legal entities.

To guarantee the timely control of risk concentration at Group Level, specific guidelines have been established for the management of the Larger Credit-lines. A ‘Larger Credit-line’ indicates any credit commitment whatever (direct and indirect) requiring at least one of the following conditions:

- exclusively for direct risks, the total amount of applicant’s commitments (single counterpart/financial group) Versus all the Entities belonging to the Group, exceeds the amount thresholds defined by the Holding and approved by the competent Bodies of the Entities; for factoring, the foregoing threshold is fixed at 40 million Euros;
- the applicant is included in a specific list of counterparts, distributed and regularly updated by the Holding’s CRO Function.

The Company must systematically request a non-binding opinion from the Holding in relation to all the proposals for the granting, re-examination, recovery/restructuring included in the ‘Larger Credit-lines’ in favour of the assignors (with-recourse clause) or of the assigned debtors (non-recourse clause).

# Part D - Other information (Continued)

*2.4 Impaired financial assets*

The Company makes use of appropriate regulations, governing the definition of various states of risk for assignors and debtors (performing, monitored, doubtful, non-performing, restructured), the faculties correlated with the changes pertaining to them, together with the legal faculties linked to the implementation of provisions and transfers to losses. These regulations also govern the faculties connected with the approval of re-entry plans proposed by assigned debtors and with the acquisition of new guarantees.

In line with International Accounting Standards and with Bank of Italy instructions, impaired assets include the so-called "persistent non-fulfilments" which reveal positions presenting receivables (not present among the non-performing, doubtfuls ad restructured) which are past-due or outstanding on an ongoing basis for a number of days exceeding 90-180-270 days. UCF makes use of internal control systems relating to past-dues and usually examines the entire portfolio in order to monitor and control the Evolution of all past-due exposures.

## QUANTITIVE INFORMATION

### 1 - Distribution of credit exposures by owned portfolio and credit quality

(€ thousands)

| PORTFOLIOS/QUALITY | NON-PERFORMING | DOUBTFULS | RESTRUCTURED POSITIONS | IMPAIRED PAST-DUE EXPOSURES | NOT IMPAIRED PAST-DUE EXPOSURES | OTHER ASSETS | TOTAL |
|---|---|---|---|---|---|---|---|
| 1.Financial assets held for trading | - | - | - | - | - | - | - |
| 2. Financial assets valued at fair-value | - | - | - | - | - | - | - |
| 3. Financial assets available for sale | - | - | - | - | - | - | - |
| 4. Financial assets held till maturity | - | - | - | - | - | - | - |
| 5. Receivables from banks | - | - | - | - | - | 29,209 | 29,209 |
| 6. Receivables from fin. agencies | - | 118 | - | - | 61,345 | 754,681 | 816,144 |
| 7. Receivables from customers | 84,866 | 78,416 | 17,130 | 90,588 | 1,142,203 | 5,948,897 | 7,362,100 |
| 8. Hedge derivatives | - | - | - | - | - | - | - |
| **Total at 12.31.2013** | **84,866** | **78,534** | **17,130** | **90,588** | **1,203,548** | **6,732,787** | **8,207,453** |
| **Total at 12.31.2012** | **103,758** | **78,368** | **490** | **58,069** | **1,871,514** | **6,732,095** | **8,844,294** |

### 2 - Credit Exposures

#### 2.1 Credit exposures to customers: gross and net values

(€ thousands)

| TYPOLOGIES: EXPOSURES/VALUES | GROSS EXPOSURE | SPECIFIC VALUE ADJUSTMENTS | PORTFOLIO VALUE ADJUSTMENTS | NET EXPOSURE |
|---|---|---|---|---|
| **A. IMPAIRED ASSETS** | | | | |
| CASH EXPOSURES: | 427,308 | 156,454 | - | 270,854 |
| - non-performing | 196,158 | 111,345 | - | 84,813 |
| - doubtfuls | 121,676 | 43,260 | - | 78,416 |
| - restructured exposures | 17,130 | - | - | 17,130 |
| - impaired past-due exposures | 92,344 | 1,849 | - | 90,495 |
| OFF BALANCE-SHEET EXPOSURES: | 5,379 | - | - | 5,379 |
| - non-performing | 2,924 | - | - | 2,924 |
| - doubtfuls | 343 | - | - | 343 |
| - re-structured exposures | - | - | - | - |
| - impaired past-due exposures | 2,112 | - | - | 2,112 |
| **Total A** | **432,687** | **156,454** | **-** | **276,233** |
| **B. PERFORMING EXPOSURES *** | | | | |
| - unimpaired past-due exposures | 1,147,090 | - | 4,887 | 1,142,203 |
| - Other exposures | 6,311,185 | - | 28,730 | 6,282,455 |
| **Total B** | **7,458,275** | **-** | **33,617** | **7,424,658** |
| **Total ( A+B)** | **7,890,962** | **156,454** | **33,617** | **7,700,891** |

* There are no exposures subject to re-negotiation within the framework of collective agreements.

The total amount of partial cancellation relating to impaired assets at 31st December 2013 stood at 88,534 euro/thousands, entirely implemented on non-performing positions.

#### 2.2 Credit exposures to banks and financial institutions: gross and net values

(€ thousands)

| TYPOLOGIES EXPOSURES/VALUES | GROSS EXPOSURE | SPECIFIC VALUE ADJUSTMENTS | PORTFOLIO VALUE ADJUSTMENTS | NET EXPOSURE |
|---|---|---|---|---|
| **A. IMPAIRED ASSETS** | | | | |
| CASH EXPOSURES: | 738 | 620 | - | 118 |
| - non-performing | 376 | 376 | | - |
| - doubtfuls | 362 | 244 | | 118 |
| - restructured exposures | | | | - |
| - impaired past-due exposures | | | | - |
| OFF BALANCE-SHEET EXPOSURES: | - | - | - | - |
| - non-performing | | | | - |
| - doubtfuls | | | | - |
| - restructured exposures | | | | - |
| - impaired past-due exposures | | | | - |
| **Total A** | **738** | **620** | **-** | **118** |
| **B. PERFORMING EXPOSURES** | | | | |
| - unimpaired past-due exposures | 61,694 | | 349 | 61,345 |
| - Other exposures | 788,346 | - | 4,456 | 783,890 |
| **Total B** | **850,040** | **-** | **4,805** | **845,235** |
| **Total ( A+B)** | **850,778** | **620** | **4,805** | **845,353** |

#### 2.3 Classification of exposures according to internal and external rating
#### 2.3.1 Distribution of cash and 'off balance-sheet' exposures by external rating categories

(€ thousands)

| EXPOSURES | RATING CATEGORIES | | | | | | NO RATING | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | CLASS 1 | CLASS 2 | CLASS 3 | CLASS 4 | CLASS 5 | CLASS 6 | | |
| A. Cash exposure | 2,582 | 26,186 | 736,442 | 815 | 5,667 | - | 7,175,452 | 7,947,144 |
| B. Derivatives | - | - | - | - | - | - | - | - |
| C. Issued guarantees | - | - | - | - | - | - | - | - |
| D. Commitments to allocate funds | - | - | - | - | - | - | 599,101 | 599,101 |
| E. Others | - | - | - | - | - | - | - | - |
| **Total** | **2,582** | **26,186** | **736,442** | **815** | **5,667** | **-** | **7,774,553** | **8,546,245** |

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

If, for the same position, there are credit-worthiness valuations of two ECAIs the valuation corresponding to the higher weighting factor is taken; in case of 3 or more valuations the two valuation corresponding to the lowest weighting factors are considered, using the worst between the two if they are different.

The classification of the rating categories for the 3 agencies used is:

| MERIT CLASS | STANDARD & POOR'S | MOODY'S | FITCH |
|---|---|---|---|
| 1 | from AAA to AA- | from Aaa to Aa3 | from AAA to AA- |
| 2 | from A+ to A- | from A1 to A3 | from A+ to A- |
| 3 | from BBB+ to BBB- | from Baa1 to Baa3 | from BBB+ to BBB- |
| 4 | from BB+ to BB- | from Ba1 to Ba3 | from BB+ to BB- |
| 5 | from B+ to B- | from B1 to B3 | from B+ to B- |
| 6 | CCC+ and lower | Caa1 and lower | CCC+ and lower |

#### 2.3.2 Distribution of cash and 'off-balance-sheet' exposures by internal rating categories

Table not reported because the Company uses the standard credit risk assessment method.

### 3 - Loan concentration

#### 3.1 Distribution of loans to customers by counterpart's financial sector

(€ thousands)

| | TOTAL |
|---|---|
| GOVERNMENTS | 310,597 |
| OTHER STATE AGENCIES | 1,121,220 |
| NON-FINANCIAL FIRMS | 5,007,814 |
| FINANCIAL FIRMS | 1,114,352 |
| INSURANCE | 592 |
| OTHERS | 652,878 |
| **Total** | **8,207,453** |

# Part D - Other information (Continued)

**3.2 Loan distribution to customers by counterpart's geographic area**

(€ thousands)

| | TOTAL |
|---|---|
| NORTH-WEST | 2,765,623 |
| NORTH-EAST | 1,164,962 |
| CENTRE | 3,156,919 |
| SOUTH | 443,017 |
| ISLANDS | 87,904 |
| FOREIGN | 589,028 |
| **Total** | **8,207,453** |

**3.3 Greater risks**

| | |
|---|---|
| a) Non-weighted value | 4,005,690 |
| b) Weighted value | 2,599,452 |
| c) Number | 17 |

**4 - Models and other methods for measuring and managing credit risk**

The analytic write-downs are punctually performed on the basis of the forecasts for losses implemented each and Every time: for the other default positions to which the application of analytic write-downs is not possible, a statistic approach is used (specific write-downs on a lump-sum basis) and finally, for positions not in default, the write-downs are calculated on the basis of valuation models relating to the Expected Loss used by the Holding, adapted to the specificity of the factoring activity, in expection of the activation of an internal model.

The relevant calculations are performed in conformity with the Units of Business Activity (RAE) and with the Sectors of Business Activity (SAE) pertaining to the assignors, as regards with-recourse advances, and to the debtors as regards total non-recourse receivables.

## 3.2 Market risks

### *3.2.1 Interest-rate risk*

### QUALITATIVE INFORMATION

***1. General***

In compliance with Group guidelines, in December 2012 our Company adopted a specific policy as regards the banking book interest-rate, defining the standards, responsibilities and methodologies for the management of the foregoing risk.

The two main yardsticks employed for monitoring the interest-rate risk and setting the relevant limits are:

- 'Net Income interest Sensitivity', which change in the interest margin over the following 12 months, when no new operations are undertaken, according to the variation of 100 basic points in interest-rates;
- 'Basis Point Value Sensitivity', which measures change in the current value of the interest-rate positions deriving from an instantaneous shock of 1bp in interest-rates. This takes account of the current value of all future cash flows generated by the assets, liabilities and existing derivatives.

In order to manage liquidity and interest-rate risks, the various technical forms of lending can be re-conducted to the two, main types of operation illustrated here below:

- Transaction for outright purchase and/or under-discount of receivables: these are fixed-rate transactions with definite durations, Even though uncertain because the maturity pertaining to the transaction includes an estimated delay for invoice collection compared with their natural maturity;
- standard transactions (non-recourse and with-recourse): these are revolving exposures, on principle revocable at stipulated conditions, usually regulated at a variable rate according to the average monthly reports and liquidated on a monthly/quarterly basis.

On the whole:

- the first case is funded by time deposits;
- the second by a credit-line periodically adjusted to the amount and regulated at a rate consistent with the contractual rate applied to customers.

This permits the minimization of the liquidity risk as well as the interest-rate risk, in itself already limited considering that the transactions performed are almost entirely short-term.

Furthermore, various swap agreements have been concluded with Group Treasury to transform from fixed to variable the interest-rate on outright purchase transactions with original duration beyond the short-term.

## QUANTITATIVE INFORMATION

### 1 Distribution by residual duration (repricing date ) of financial assets and liabilities

**Euros**

| ITEMS/RESIDUAL DURATION | ON DEMAND | UP TO 3 MONTHS | FROM OVER 3 MTHS UP TO 6 MTHS | FROM OVER 6 MTHS UP TO 1 YR | FROM OVER 1 YR UP TO 5 YRS | FROM OVER 5 YRS UP TO 10 YRS | OVER 10 YRS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|
| **1. Assets** | **5,712,987** | **1,624,943** | **256,790** | **243,094** | **155,171** | **25,415** | **-** | **-** |
| 1.1 Debt securities | | - | - | - | - | - | - | - |
| 1.3 Receivables | 5,712,987 | 1,624,943 | 256,790 | 243,094 | 155,171 | 25,415 | - | |
| 1.4 Other assets | | - | - | - | - | - | - | |
| **2. Liabilities** | **4,525,102** | **2,409,052** | **257,245** | **30,042** | **-** | **-** | **-** | **-** |
| 3.1 Payables | 4,525,102 | 2,383,987 | 205,196 | 30,042 | | | - | - |
| 3.2 Debt securities | | 25,065 | 52,049 | - | - | - | - | - |
| 3.3 Other liabilities | | - | - | - | - | - | - | |
| **3. Financial derivatives options** | | | | | | | | |
| 3.1 Long positions | | - | - | - | - | - | - | - |
| 3.2 Short positions other derivatives | | - | - | - | - | - | - | - |
| 3.3 Long positions | | 6,920 | - | - | - | - | - | - |
| 3.4 Short positions | | 863 | - | 3,245 | 2,502 | 310 | - | - |

**US Dollars**

| ITEMS/RESIDUAL DURATION | ON DEMAND | UP TO 3 MONTHS | FROM OVER 3 MTHS UP TO 6 MTHS | FROM OVER 6 MTHS UP TO 1 YR | FROM OVER 1 YR UP TO 5 YRS | FROM OVER 5 YRS UP TO 10 YRS | OVER 10 YRS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|
| **1. Assets** | **9,424** | **94,400** | **-** | **195** | **228** | **47** | **-** | **-** |
| 1.1 Debt securities | | - | - | - | - | - | - | - |
| 1.3 Receivables | 9,424 | 94,400 | - | 195 | 228 | 47 | - | - |
| 1.4 Other assets | | - | | - | - | - | - | |
| **2. Liabilities** | **25,791** | **77,609** | **-** | **-** | **-** | **-** | **-** | **-** |
| 3.1 Payables | 25,791 | 77,609 | | | | | - | - |
| 3.2 Debt securities | | | | - | - | - | - | - |
| 3.3 Other liabilities | | - | - | - | - | - | - | |
| **3. Financial derivatives options** | | | | | | | | |
| 3.1 Long positions | | - | - | - | - | - | - | - |
| 3.2 Short positions other derivatives | | - | - | - | - | - | - | - |
| 3.3 Long positions | | | | | | | - | - |
| 3.4 Short positions | | | | | | | - | - |

**Other currencies**

| ITEMS/RESIDUAL DURATION | ON DEMAND | UP TO 3 MONTHS | FROM OVER 3 MTHS UP TO 6 MTHS | FROM OVER 6 MTHS UP TO 1 YR | FROM OVER 1 YR UP TO 5 YRS | FROM OVER 5 YRS UP TO 10 YRS | OVER 10 YRS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|
| **1. Assets** | **4,838** | **76,505** | **2,261** | **951** | **204** | **-** | **-** | **-** |
| 1.1 Debt securities | | - | - | - | - | - | - | - |
| 1.3 Receivables | 4,838 | 76,505 | 2,261 | 951 | 204 | | | - |
| 1.4 Other assets | | - | - | - | - | - | - | |
| **2. Liabilities** | **5,165** | **79,211** | **-** | **-** | **-** | **-** | **-** | **-** |
| 3.1 Payables | 5,165 | 79,211 | | | | | - | - |
| 3.2 Debt securities | | | | - | - | - | - | - |
| 3.3 Other liabilities | | - | - | - | - | - | - | |
| **3. Financial derivatives options** | | | | | | | | |
| 3.1 Long positions | | - | - | - | - | - | - | - |
| 3.2 Short positions other derivatives | | - | - | - | - | - | - | - |
| 3.3 Long positions | | 4,573 | | | | | - | - |
| 3.4 Short positions | | 1,171 | 2,249 | 949 | 204 | | - | - |

Non-performing receivables are classified according to the collection date foreseen and are chiefly included in the time-frame ‘from over 5 up to 10 years’.

# Part D - Other information (Continued)

### *2 Models and other methods for measuring and managing the interest-rate risk*

*Sensitivity analysis*
At 31st December 2013 the sensitivity of the interest margin to an instant and parallel change in the + 100 bps rates amounted to 3.9 million. Sensitivity to an instant and parallel change in the +200 bps rates of the financial value of shareholders' equity at 31st December 2012 amounted to a -11.0 million, substantially attributable to the change in the current value of the non-performing.

### *3.2.2 Price risk*

**QUALITATIVE INFORMATION**

*1. General*
The Company neither holds nor has issued any financial instruments exposed to price risks.

### *3.2.3 Exchange-rate risk*

**QUALITATIVE INFORMATION**

*1. General*
The exchange-rate risk expresses the risk of incurring losses due to currency fluctuations and the gold price.

Company policy relating to the exchange-rate risk foresees that receivables assigned in foreign currency are advanced and funded in the same currency. In case of euro asset-backed financing, prospective differences or conversion costs inherent to the provision are governed by specific agreements stipulating with customers, in which the possible exchange-rate risk shall be charged to those customers.

The Equity hedging needed to cover the exchange-rate risk is determined by applying to the net open position in the exchange-rates an 8% co-efficient, reduced by 25% for companies belonging to a banking group. At 31st December 2013 the open positions with respect to exchange-rates did not determine capital consumption.

**QUANTITATIVE INFORMATION**

**1. Distribution by currency of denomination of assets, liabilities and derivatives**

(€ thousands)

| | CURRENCIES | | | | | |
|---|---|---|---|---|---|---|
| ITEMS | US DOLLARS | POUNDS STERLING | YEN | CANADIAN DOLLARS | SWISS FRANCS | OTHER CURRENCIES |
| **1. Financial assets** | **104,294** | **14,362** | **39** | **67,344** | **3,011** | **4** |
| 1.1 Debt securities | - | - | - | - | - | - |
| 1.2 Capital securities | - | - | - | - | - | - |
| 1.3 Receivables | 23,204 | 4,084 | - | - | - | |
| 1.4 Other financial assets | 81,090 | 10,278 | 39 | 67,344 | 3,011 | 4 |
| **2. Other assets** | **-** | **-** | **-** | **-** | **-** | **-** |
| **3. Financial liabilities** | **103,399** | **14,120** | **-** | **67,009** | **3,247** | **-** |
| 3.1 Payables | 1,353 | 362 | - | - | - | |
| 3.2 Debt securities | | | - | - | - | - |
| 3.3 Other financial liabilities | 102,046 | 13,758 | - | 67,009 | 3,247 | |
| **4. Other liabilities** | **-** | **-** | **-** | **-** | **-** | **-** |
| **5. Derivatives** | **-** | **-** | **-** | **-** | **-** | **-** |
| 5.1 Long positions | - | - | - | - | - | - |
| 5.2 Short positions | - | - | - | - | - | - |
| **Total Assets** | **104,294** | **14,362** | **39** | **67,344** | **3,011** | **4** |
| **Total Liabilities** | **103,399** | **14,120** | **0** | **67,009** | **3,247** | **0** |
| **Surplus/Deficit (+/-)** | **895** | **242** | **39** | **335** | **(236)** | **4** |

## 3.3 Operating risk

**QUALITATIVE INFORMATION**

*1. General aspects, management processes and methods of measuring operating risk*
In conformity with internal and external Group regulations, the operating risk consists in the possibility of incurring losses due to errors, infractions, interruptions or damage attributable to internal processes, persons, systems or external events.

Operating events can stem from inadequate or disregarded internal procedures, human resources, informative systems or telecommunications, systemic events or other external events, internal or external fraud, inadequate work practices or workplace safety, customers' complaints, product distribution, fines or penalties for failure to comply with provisions or legislative fulfilments, damage to company assets, interruption of informative or communications systems, performance of procedures.

To measure and manage the operating risk, UCF operates according to the following objectives:
- mapping Company processes (including the mappings required by regulations - Law. 262/2005);
- implementation of computer-based procedures with automatic controls and anomaly-management systems;
- supplying human resources with information needed to identify such operating risks;
- utilisation of Group methods and instruments for Disaster Recovery, Business Continuity and Insurance Policies;
- collection of operating loss events through registration in the Group-based applicative (ARGO);
- calculation of the Equity requisite with respect to the operating risk, using the "Basic method" or applying a regulation coefficient equal to 15% of the average brokering margin of the last three periods.

## QUANTITATIVE INFORMATION

The equity consumption quantified according to the basic method, corresponding to 15% of the average brokerage margin of the last three periods, amounted to 29.7 million at end 2013, against the 24.7 million at the end of the previous year.

## 3.4 Liquidity risk

## QUALITATIVE INFORMATION

### *1. General aspects, management processes and methods of measuring liquidity risk*
The Company's 'liquidity policy', already adopted from January 2010, was integrated in December 2012 with respect to Governance and to the responsibilities of the single functions.

We remind you that UniCredit Factoring implements its provisioning exclusively through the Holding, which also monitors our Company as regards the liquidity risk. Our Company belongs, in fact, to the perimeter of the Regional Liquidity Centre Italy which manages liquidity risks at centralised Level and accesses capital markets also on behalf of banks/product companies belonging to their own perimeter.
Provisioning is carried out according to the following modes, within the framework of a credit-line periodically reviewed in relation to approved budgets and development plans, also bearing in mind the characteristics of the lending to be funded:
- **Accessory current account:** this is the chief source for provisions and finances the most stable portion of the revolving uses. It is normally moved on a monthly basis according to the potential Level of such uses;
- **Maturity deposits (at one month or more):** these are is the natural type of provision for transactions relating to outright purchase receivables;
- **Very brief maturity deposits (from overnight to 2 weeks):** these are the instruments used to cover daily needs for liquidity and to finance short-term use fluctuations;
- **Subordinated liabilities:** together with capital these constituted the main source of funding for transactions with over one year maturities;
- **Current account:** the current bank account is the channel through which all UCF's operating activities (allocations, collections, creation and extinction of deposits, changes to accessory accounts etc.) are channelled. The unused credit margin constitutes a ready-to-use liquidity reserve also for hedging sudden needs for cash.

For all the foregoing, the Company's liquidity position possesses no significant autonomous value, but should be viewed within the framework of the Group's Regione Italia funded debt.

# Part D - Other information (Continued)

## QUANTITATIVE INFORMATION

**1. Temporal distribution by residual, contractual duration of financial assets and liabilities**
**EUROS**

(€ thousands)

| ITEMS/RESIDUAL DURATION | ON DEMAND | FROM OVER 1 DAY UP TO 7 DAYS | FROM OVER 7 DAYS UP TO 15 DAYS | FROM OVER 15 DAYS UP TO 1 MONTH | FROM OVER 1 MONTH UP TO 3 MONTHS | FROM OVER 3 MONTHS UP TO 6 MONTHS | FROM OVER 6 MONTHS UP TO 1 YEAR | FROM OVER 1 YEAR UP TO 3 YEARS | FROM OVER 3 YEARS UP TO 5 YEARS | OVER 5 YEARS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash assets** | **2,223,595** | **511,677** | **511,677** | **514,984** | **1,960,312** | **993,766** | **801,434** | **357,048** | **117,522** | **26,385** | **-** |
| A1. Government securities | - | - | - | - | - | - | - | | | | |
| A.2 Other debt securities | | | | | | - | - | | | | |
| A.3 Loans | 2,223,595 | 511,677 | 511,677 | 514,984 | 1,960,312 | 993,766 | 801,434 | 357,048 | 117,522 | 26,385 | |
| A.4 Other assets | | | | | | | | | | | |
| **Cash liabilities** | **2,223,595** | **511,677** | **511,677** | **514,984** | **1,960,312** | **993,766** | **419,050** | **6,606** | **79,288** | **488** | **-** |
| B.1 Payables to | | | | | - | - | - | | | | |
| - banks | 2,182,512 | 502,210 | 502,210 | 505,456 | 1,725,443 | 975,380 | 404,221 | | | | |
| - financial agencies | 24,581 | | | | | | | | | | |
| - customers | 16,502 | 9,467 | 9,467 | 9,528 | 234,869 | 18,386 | 14,829 | 6,606 | 2,174 | 488 | |
| B.2 Debt securities | | | | | | | | | 77,114 | | |
| B.3 Other liabilities | | | | | | | | | | | |
| **Off balance-sheet transactions** | | | **-** | **-** | **-** | **-** | **-** | | | | |
| C.2 Financial derivatives without capital exchange | | | | | | | | | | | |
| - Positive differentials | (338) | - | - | - | - | | - | | | | |
| - Negative differentials | - | | - | | 84 | | 70 | 218 | 51 | | |
| C.4 Irrevocable commitments to grant loans | | | | | | | | | | | |
| - Long positions | | | | | (599,101) | | | | | | |
| - Short positions | | | | | 599,101 | | | | | | |

The accessory current account opened with the Holding, amounting to 4.1 billion at 31s December was divided over the single time-frames according to the standards used for sharing out uses, privileging substance, the purpose of the provision, over the form, on demand.

**US DOLLARS**

| ITEMS/RESIDUAL DURATION | ON DEMAND | FROM OVER 1 DAY UP TO 7 DAYS | FROM OVER 7 DAYS UP TO 15 DAYS | FROM OVER 15 DAYS UP TO 1 MONTH | FROM OVER 1 MONTH UP TO 3 MONTHS | FROM OVER 3 MONTHS UP TO 6 MONTHS | FROM OVER 6 MONTHS UP TO 1 YEAR | FROM OVER 1 YEAR UP TO 3 YEARS | FROM OVER 3 YEARS UP TO 5 YEARS | OVER 5 YEARS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash assets** | **9,424** | **25,615** | **25,615** | **25,615** | **12,578** | **4,907** | **-** | **-** | **-** | **540** | **-** |
| A1. Government securities | - | - | - | - | - | - | - | | | | |
| A.2 Other debt securities | | | | | | - | - | | | | |
| A.3 Loans | 9,424 | 25,615 | 25,615 | 25,615 | 12,578 | 4,907 | - | - | - | 540 | |
| A.4 Other assets | | | | | | | | | | | |
| **Cash liabilities** | **9,424** | **25,615** | **25,615** | **25,615** | **12,578** | **4,552** | **-** | **-** | **-** | **-** | **-** |
| B.1 Payables to | | | | | - | - | - | | | | |
| - banks | 9,424 | 25,615 | 25,615 | 25,615 | 12,578 | 4,552 | | | | | |
| - financial agencies | | | | | | | | | | | |
| - customers | | | | | | | | | - | - | - |
| B.2 Debt securities | | | | | | | | | | | |
| B.3 Other liabilities | | | | | | | | | | | |
| **Off balance-sheet transactions** | | | **-** | **-** | **-** | **-** | **-** | | | | |
| C.2 Financial derivatives without capital exchange | | | | | | | | | | | |
| - Positive differentials | | | | | | | | | | | |
| - Negative differentials | | | | | | | | | | | |
| C.4 Irrevocable commitments to grant loans | | | | | | | | | | | |
| - Long positions | | | | | | | | | | | |
| - Short positions | | | | | | | | | | | |

**OTHER CURRENCIES**

| ITEMS/RESIDUAL DURATION | ON DEMAND | FROM OVER 1 DAY UP TO 7 DAYS | FROM OVER 7 DAYS UP TO 15 DAYS | FROM OVER 15 DAYS UP TO 1 MONTH | FROM OVER 1 MONTH UP TO 3 MONTHS | FROM OVER 3 MONTHS UP TO 6 MONTHS | FROM OVER 6 MONTHS UP TO 1 YEAR | FROM OVER 1 YEAR UP TO 3 YEARS | FROM OVER 3 YEARS UP TO 5 YEARS | OVER 5 YEARS | UNDETERMINED DURATION |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash assets** | **4,839** | **24,127** | **24,127** | **24,127** | **3,652** | **2,733** | **951** | **204** | **-** | **-** | **-** |
| A1. Government securities | - | - | - | - | - | - | - | | | | |
| A.2 Other debt securities | | | | | | - | - | | | | |
| A.3 Loans | 4,839 | 24,127 | 24,127 | 24,127 | 3,652 | 2,733 | 951 | 204 | - | - | |
| A.4 Other assets | | | | | | | | | | | |
| **Cash liabilities** | **4,839** | **24,127** | **24,127** | **24,127** | **3,652** | **2,733** | **771** | **-** | **-** | **-** | **-** |
| B.1 Payables to | | | | | - | - | - | | | | |
| - banks | 4,839 | 24,127 | 24,127 | 24,127 | 3,652 | 2,733 | 771 | | | | |
| - financial agencies | | | | | | | | | | | |
| - customers | | | | | | | | | | | |
| B.2 Debt securities | | | | | | | | | | | |
| B.3 Other liabilities | | | | | | | | | | | |
| **Off balance-sheet transactions** | | | **-** | **-** | **-** | **-** | **-** | | | | |
| C.2 Financial derivatives without capital exchange | | | | | | | | | | | |
| - Positive differentials | (13) | | | | | | | | | | |
| - Negative differentials | | 1 | | | 2 | 3 | 6 | 7 | | | |
| C.4 Irrevocable commitments to grant loans | | | | | | | | | | | |
| - Long positions | | | | | | | | | | | |
| - Short positions | | | | | | | | | | | |

Current accounts held in currency, opened with the Holding have been divided over the single time-frames according to the standards used for allocation of us lending, privileging substance, the purpose of the provision, over form, on demand.

# Part D - Other information (Continued)

## Section 4 - Information on Equity

### 4.1 Corporate Equity

### 4.1.1 QUALITATIVE INFORMATION

Company Equity constitutes the amount of own means allocated to the achievement of the company purposes and to protection against the risks connected with Company activities. An adequate business wealth is, therefore, fundamental to the development of the Company and at the same time ensures solidity and stability over time.

UniCredit Factoring, in compliance with in-Group policies, pays great attention to capital management with a view, not only to maximising returns for the shareholder, but also to sustaining the expansion of the various uses.

The entity of the capital subject to monitoring was defined by circular nr. 216 of the Bank of Italy's "Supervising Instructions for Financial Brokers enrolled in the Special List", which foresee that UniCredit Factoring, as part of a banking group, must maintain a solvency coefficient (ratio between Supervised Equity and weighted risk activities) of at least 4.5%.

From an organisational angle the monitoring of equity coefficients is performed by the Planning, Finance and Administration Department, on a monthly basis, both for the final balance and as regards prospects.

Management of capital is implemented in coordination with the Holding's appointed structures, by using as chief IVEers, on one side the dividends policy and the issuing of subordinated loans and, on the other, the issuing of performance bonds and trade lists.

### 4.1.2 QUANTITATIVE INFORMATION

#### 4.1.2.1 Corporate equity: breakdown

(€ thousands)

| VALUES/ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| 1. Capital share | 414,348 | 114,518 |
| 2. Share premiums reserves | 951 | 951 |
| 3. Reserves | 161,950 | 131,300 |
| - on net income | 161,950 | 131,300 |
| a) legal | 13,872 | 10,830 |
| b) statutory | 185 | 185 |
| c) own shares | - | - |
| d) other * | 147,893 | 120,285 |
| - other | - | - |
| 4. (Own shares) | - | - |
| 5. Valuation reserves | 119 | 226 |
| - Financial assets available for sale | - | - |
| - Tangible assets | - | - |
| - Intangible assets | - | - |
| - Foreign investments hedging | - | - |
| - Cash-flows hedging | - | - |
| - Exchange-rate differences | - | - |
| - Not current assets and groups of assets held for sale | - | - |
| - Special revaluation laws | - | - |
| - Actuarial profits/losses relating to defined benefit insurance plans | 119 | 226 |
| - Share of valuation reserves relating to shareholdings valued at net equity | - | - |
| 6. Equities | - | - |
| 7. Net income (loss) for the period | 73,238 | 60,841 |
| **Total** | **650,606** | **307,836** |

* The item 'Other provisions' includes undistributed profits.

On 30th January 2013 a capital increase amounting to 299,830 euro/thousands was performer, entirely subscribed by the Holding, in or to endow our Company with share capital consistent with the our development plans.

## 4.2 Corporate Equity and Regulatory ratio (Regulatory capital)

### *4.2.1 Supervised equity*

### 4.2.1.1 QUALITATIVE INFORMATION

At 31st December 2013 the supervised equity was determined in conformity with the regulations stipulated by the Bank of Italy in circular nr. 216 relevant to the 'Instructions for the compilation of the reports on Supervisory Equity and equity coefficients'.

The basic equity is made up of own means belonging to the Company because no deductions nor prudential filters are applicable. Basic Equity includes the entire profit for the period, net of dividends to be distributed, in line with the allocation of profits proposed by the Board of Directors at the General Shareholders' Meeting.

The supplementary Equity is represented by hybrid Equity-settled instruments and by subordinated liabilities as illustrated in part B of the Notes to the Financial Statements (section 1 'Payables' and section 2 'Outstanding Securities').

### 4.2.1.2 QUANTITATIVE INFORMATION

(€ thousands)

| VALUES/ITEMS | 12.31.2013 | 12.31.2012 |
|---|---|---|
| **A Basic equity before cautionary filters** | **599,451** | **277,657** |
| B. Basic equity cautionary filters: | - | - |
| B.1 Positive IAS/IFRS cautionary filters (+) | - | - |
| B.2 Negative IAS/IFRS cautionary filters (-) | - | - |
| **C. Basic equity including deductible elements (A + B)** | **599,451** | **277,657** |
| D. Items to be deducted from basic equity | 759 | 253 |
| **E. Total basic equity (TIER 1) (C – D)** | **598,692** | **277,404** |
| **F. Supplementary equity before cautionary filters** | **63,400** | **77,880** |
| G. Supplementary equity cautionary filters: | - | - |
| G.1 Positive IAS/IFRS cautionary filters (+) | - | - |
| G.2 Negative IAS/IFRS cautionary filters (-) | - | - |
| **H. Supplementary equity including deductible elements (F + G)** | **63,400** | **77,880** |
| I. Items to be deducted from supplementary equity | - | - |
| **L. Total supplementary equity (TIER 2) (H – I)** | **63,400** | **77,880** |
| M. Items to be deducted from total basic and supplementary equity | - | - |
| **N. Supervised equity (E + L – M)** | **662,092** | **355,284** |
| O. Third level equity (TIER 3) | - | - |
| **P. Supervised equity Including TIER 3 (N+O)** | **662,092** | **355,284** |

### *4.2.2 Adequacy of equity*

### 4.2.2.1 QUALITATIVE INFORMATION

The Level of equity adequacy is monitored regularly:
- at final balance, each end of month, by applying to the letter all the rules governing the drafting of the quarterly reports addressed to the Supervisory body;
- prospectively, usually every quarter, according to the evolution and expected breakdown of Receivables and Equity.

Should intervention be appropriate, possible options are valuated, together with the Holding, which among others contemplate capital increase, specific profit distribution policy, issue of capital instruments computable in the Supplementary Equity, assignment of receivables.

# Part D - Other information (Continued)

### 4.2.2.2 QUANTITATIVE INFORMATION

(€ thousands)

| CATEGORY/VALUES | UNWEIGHTED AMOUNTS 12.31.2013 | UNWEIGHTED AMOUNTS 12.31.2012 | WEIGHTED AMOUNTS/REQUISITES 12.31.2013 | WEIGHTED AMOUNTS/REQUISITES 12.31.2012 |
|---|---|---|---|---|
| **A. Risk bearing assets** | | | | |
| **A.1 Credit and counterpart risk** | **9,492,314** | **9,649,771** | **6,268,176** | **5,336,984** |
| 1. Standardized method | 9,492,314 | 9,649,771 | 6,268,176 | 5,336,984 |
| 2. Internal rating method | - | - | - | - |
| 2.1 Basic | - | - | - | - |
| 2.2 Advanced | - | - | - | - |
| 3. Securitizations | - | - | - | - |
| **B. SUPERVISED EQUITY REQUISITES** | | | | |
| **B.1 Credit and counterpart risk** | | | **376,091** | **320,219** |
| **B.2 MARKET RISKS** | | | **-** | **-** |
| 1. Standardized method | | | - | - |
| 2. Internal models | | | - | - |
| 3. Concentration risk | | | - | - |
| **B.3 Operating risk** | | | **29,674** | **24,674** |
| 1. Basic method | | | 29,674 | 24,674 |
| 2. Standardized method | | | - | - |
| 3. Advanced method | | | - | - |
| **B.4 Other cautionary requisites** | | | **-** | **-** |
| **B.5 Other calculation features** | | | **(101,441)** | **(86,223)** |
| **B.6 Total prudential requisites** | | | **304,324** | **258,670** |
| **C. RISK-BEARING ASSETS AND REGULATORY RATIO** | | | | |
| C.1 Weighted risk assets | | | 5,073,081 | 4,312,021 |
| C.2 Basic equity/weighted risk assets (Tier 1 capital ratio) | | | 11.80% | 6.44% |
| C.3 Supervisory equity includingTIER 3/weighted risk assets (Total capital ratio) | | | 13.05% | 8.24% |

Item B.5 includes the 25% reduction of requisites, foreseen for brokers belonging to Italian banking groups. The weighted risk assets, reported in Item C.1, used also to calculate the coefficients reported in items C.2 and C.3, are calculated as the product between the total, prudential requisite (Item B.6) and 16.67 (inVerse proportion of the minimum, obligatory coefficient, equal to 6%).

## Section 5 - Analytical Comprehensive Income

(€ thousands)

| ITEMS | | GROSS AMOUNT | INCOME TAX | NET AMOUNT |
|---|---|---|---|---|
| 10 | **Net income (Loss) for the period** | **122,139** | **(48,902)** | **73,237** |
| | **Other income producing components** | | | |
| 20 | **Tangible assets** | - | - | - |
| 30 | **Intangible assets** | - | - | - |
| 40 | **Defined benefit plans** | **149** | **(41)** | **108** |
| 50 | **Non-current assets held for sale** | - | - | - |
| 60 | **Quota of valuation reserves of net equity valued stock** | - | - | - |
| | **Other income items with write-back to income statement** | | | |
| 70 | **Foreign investments hedging:** | - | - | - |
| | a) fair-value changes | - | - | - |
| | b) write-back to Income Statement | - | - | - |
| | c) other changes | - | - | - |
| 80 | **Exchange-rate differences:** | - | - | - |
| | a) fair-value changes | - | - | - |
| | b) write-back to Income Statement | - | - | - |
| | c) other changes | - | - | - |
| 90 | **cash-flow hedging:** | - | - | - |
| | a) fair-value changes | - | - | - |
| | b) write-back to Income Statement | - | - | - |
| | c) other changes | - | - | - |
| 100 | **Financial assets available for sale:** | - | - | - |
| | a) value changes | - | - | - |
| | b) write-back to income statement | - | - | - |
| | - impairment adjustments | - | - | - |
| | - profits/losses on disposals | - | - | - |
| | c) other changes | - | - | - |
| 110 | **Non-current assets held for sale:** | - | - | - |
| | a) fair-value changes | - | - | - |
| | b) write-back to Income Statement | - | - | - |
| | c) other changes | - | - | - |
| 120 | **Quota of reserves from valuation of net equity valued stock** | - | - | - |
| | a) fair-value changes | - | - | - |
| | b) write-back to Income Statement | - | - | - |
| | - adjustments from impairments | - | - | - |
| | - profits/losses on disposals | - | - | - |
| | c) other changes | - | - | - |
| 130 | **Total other income-producing components** | - | - | - |
| 140 | **Overall profitability (Item 10+110)** | **122,288** | **(48,943)** | **73,345** |

## Section 6 - Operations with related parties

The types of correlated parties, as defined in IAS 24 and significant for UniCredit Factoring, include the:

- Holding company;
- Holding controlled companies;
- “managers with strategic responsibilities” employed by UniCredit Factoring and the Holding;
- the immediate families of “managers with strategic responsibilities” and companies controlled by (or connected with) any manager with strategy responsibilities or his/her immediate family;
- pension funds in favour of Group employees.

Managers with strategic responsibilities are persons who, in relation to the Holding or to UniCredit Factoring, have powers and responsibilities, directly or indirectly, relating to the planning, management and control of Company assets. This category includes, besides the Chief Executive Officer and the other members of the Board of Directors, also the members of the Executive Management Committee.

# Part D - Other information (Continued)

### 6.1 Information on remuneration for managers with strategic responsibilities
Information relating to remuneration for managers with strategic responsibilities is illustrated in the following table, as required by IAS 24 and in line with Bank of Italy indications contemplating the inclusion of remuneration for members of the Board of Auditors.

| REMUNERATION FOR MANAGERS WITH STRATEGIC RESPONSIBILITIES | 2013 | 2012 |
|---|---|---|
| a) short-term benefits for employees | 2,109 | 2,939 |
| b) benefits after work relations | - | - |
| *relevant to defined services plans* | - | - |
| *relevant to defined contributions plans* | - | - |
| c) other long-term benefits | - | - |
| d) retirement indemnitiies | - | - |
| e) stock options | - | - |
| **Total** | **2,109** | **2,939** |

### 6.2 Receivables and Guarantees issued in favour of Directors and Auditors
The Company has issued no receivables and guarantees in favour of Directors and Auditors.

### 6.3 Information on transactions with related parties
UniCredit Factoring identifies the transactions with related parties, to ensure ongoing compliance with the legislation and regulations currently in force regarding company information on transactions with related parties.

Within this framework, in agreement with the instructions stipulated by the Holding, guidelines for identifying transactions concluded with related parties have been defined in conformity with Consob indications.

The transactions in question were usually performed under the same conditions as those applied for transactions concluded with independent, third-party persons.

Infra-group transactions were undertaken on the basis of mutual financial interest valuations and the definition of the terms and conditions to be applied took place in compliance with the guidelines governing substantial propriety, bearing in mind the common aim to create value for the entire group.

The same principle was applied also to the performance of infra-group services, together with the principle of regulating such services on a minimum basis, proportionate to the recovery of the relevant production costs.

The following synergies were activated and are producing positive effects:
- the premises situated in Milan, Via Livio Cambi 5, headquarters of the Company, were leased from UniCredit Business Integrated Solutions S.C.p.A., service line Real Estate, which also performs the relevant ordinary and extraordinary maintenance;
- UniCredit S.p.A. branch offices perform development activities on behalf of the Company according to the convention signed during 2011 between UniCredit factoring S.p.A. and the CIB and F&SME divisions;
- the Holding manages human resources administration, purchasing activities, mailing and soft collection, for the recovery of past-due and unpaid receivables, the in-Group company UniCredit Business Integrated Solutions S.c.p.A, supplies technological outsourcing and acts as Internet Provider, as well as all staff-based operations. The unification of the foregoing activities encouraged the use of specific, professional profiles;
- according to Group policy, auditing is entrusted to the Insourced Auditing Services ( UniCredit S.p.A Internal Audit) in compliance with a detailed service agreement, signed between UniCredit Factoring SpA and UniCredit Audit SpA (now UniCredit SpA). A referent of Insourced Auditing Services, co-adjuvated by three other resources, operates within the Company on an exclusive basis.

The following table indicates the assets, liabilities, guarantees and commitments extant at 31st December 2013, together with the economic data relating to the period, identified separately by the different types of correlated parties. The principle item is represented by loans and current accounts in euros and other currencies for provisioning operations.

**Transactions with related parties**

(€ thousands)

| | STOCKS AT 12.31.2013 | | | |
|---|---|---|---|---|
| | HOLDING | HOLDING CONTROLLED COMPANIES | MANAGERS WITH STRATEGIC RESPONSIBILITIES | OTHER CORRELATED PARTIES |
| EQUITY ITEMS | | | | |
| Financial assets available for sale (shareholdings) | - | - | - | - |
| Financial assets held till maturity | - | - | - | - |
| Receivables from credit agencies | 9,181 | - | - | - |
| Receivables from from financial agencies | - | - | | - |
| Receivables from customers | - | - | - | 5,921 |
| Stock | - | - | - | - |
| Other asset items | 50,411 | 9 | - | - |
| **Total assets** | **59,592** | **9** | **-** | **5,921** |
| Payables vs credit agencies | 6,941,201 | - | - | - |
| Securities and financial liabilities | 52,049 | 25,065 | - | - |
| Other liability items | 3,417 | 3,389 | - | - |
| **Total liabilities** | **6,996,667** | **28,454** | **-** | **-** |
| **Guarantees issued and commitments** | | | | |
| FINANCIAL ITEMS | | | | |
| Interest earned and assimilated revenue | 1,608 | - | - | 399 |
| Interest paid and assimilated charges | (50,259) | (666) | - | - |
| Fees earned | - | 6 | - | 40 |
| Fees paid | (3,285) | (306) | - | - |
| Administrative costs: other costs for human resources | (1,956) | (491) | (1,601) | - |
| Administrative costs: other administrative costs | (1,809) | (7,541) | - | - |
| Other operating revenue | (89) | | | |
| **Total income statement** | **(55,790)** | **(8,998)** | **(1,601)** | **439** |

In conclusion we underline, in compliance with the provisions currently in force, that during the 2013 fiscal period no atypical and/or unusual operations were performed, either with related parties or with legal persons different from the latter, which, as regards significance/importance, might cause doubts regarding the protection of Company Equity.

# Section 7 - Other disclosures

## Payment agreements based on own equity instruments

### *1.1 Outstanding instruments*

Medium-long term incentive plans addressed to Company employees include Equity-Settled Share Based Payments.

- **Stock Options** assigned to selected beneficiaries belonging to Top and Senior Management and Key Group resources, represented by subscription rights for UniCredit shares;
- **Performance Stock Options** and **Performance Shares** attributed to selected beneficiaries belonging to Top and Senior Management and Key Resources, represented respectively by subscription rights and by ordinary, free, UniCredit shares which the Holding undertakes to assign, subject to the achievement of the performance targets stipulated by the Holding's Board of Directors;
- **Employee Share Ownership Plan (ESOP)** which offers to Group employees, possessing the requisites, the opportunity to purchase ordinary UniCredit shares with the following advantages: assignment of a number of free shares ('free shares or rights to receive them) measured on the number of shares purchased by each participant ("Investment Shares) during the "Subscription period". The assignment of the free shares is subject to compliance with the "Vesting" conditions (different from market conditions) established by the Regulations governing the Plan;
- **In-Group Executive Incentive System** which offers to selected Group Executives a variable remuneration profile with payment implemented within five years. For the first two years of the plan the beneficiaries will receive a cash payment whereas for the subsequent years payment will be implemented in cash and in relation to compliance with individual and in-Group performances according to the regulations governing the Plan;
- **Shares For Talent** offering to selected, talented resources free UniCredit shares which the Holding undertakes to assign, subject to the achievement of the performance targets stipulated by the Holdings' Board of Directors.

# Part D - Other information (Continued)

### *1.2 Valuation model*

### *1.2.1 Stock options and Performance Stock Options*

To estimate the financial value of the Stock Options and the Performance Stock Options, the Company applied the Hull and White model.

This model is based on a trinomial tree price distribution, determined according to Boyle's algorithm, and estimates the probability of early exercise on the basis of a deterministic model connected to:

- the achievement of a Market Value equal to a multiple (M) of the price value inherent to the period;
- the assignees' tendency to anticipate exit (E) once the Vesting period has expired

In 2013 no new Stock Option and Performance Stock Option plans were assigned.

### *1.2.2 Other share-based insturments - Performance Share*

The financial value of a performance share amounts to the market price of the share reduced by the current value of unassigned dividends in the period between the date of promise and the future delivery of the share. The parameters were estimated on the same bases as those used for regulating stock options.

In 2013 no new Performance Stock Option plans were assigned.

### *1.2.3. Other share-based insturments - Share Plan for Talent*

The Shares for Talent plan offers, to selected beneficiaries, three payments, each with annual Vesting, of free UniCredit shares.

The financial value of a performance share amounts to the market price of the share reduced by the current value of unassigned dividends in the period between the date of promise and the future delivery of the share. The parameters were estimated on the same bases as those used for regulating stock options.

In 2013 no new Share Plans for Talent were assigned.

### *1.2.4 Group Executive Incentive System*

The amount of the incentive will be determined on the basis of the achievement of the qualitative and quantitative targets described in the plan. In particular, the determination of the achievement of the targets will be expressed in variable, percent terms from 0% to 150% (non market Vesting conditions). This percent, corrected by applying a risk/sustainability factor - Group Gate - at first payment, multiplied by the sum-total of the incentive, will determine the effective amount to be paid to the beneficiary.

The equity and financial effects will be allocated according to the duration of the Plans.

**Group Executive Incentive System 2012 - Shares**

The financial value of the shares assigned amounted to the market price per share reduced by the current value of the dividends unassigned during the period between the date of promise and the future allocation of the share.

| | SHARES ASSIGNED GROUP EXECUTIVE INCENTIVE SYSTEM 2012 | | |
|---|---|---|---|
| | FIRST INSTALLMENT (2015) | SECOND INSTALLMENT (2016) | THIRD INSTALLMENT[1] (2017) |
| Date of assignment Financial Value Bonus Opportunity - (Grant Date) | Mar-27-2012 | Mar-27-2012 | Mar-27-2012 |
| Date of definition number of Shares - Datei - Date of Board resolution | Apr-11-2013 | Apr-11-2013 | Apr-11-2013 |
| Start of Vesting period | Jan-1-2012 | Jan-1-2012 | Jan-1-2012 |
| Maturity of Vesting Period | Dec-31-2014 | Dec-31-2015 | Dec-31-2016 |
| Market price/Unicredit share [€] | 3.52 | 3.52 | 3.52 |
| Financial value of Vesting conditions [€] | -0.19 | -0.37 | -0.63 |
| **Unitary value / Performance Share at promise [€]** | **3.33** | **3.15** | **2.89** |

(1) Only for Plans assigned to Executive Vice President.

**Group Executive Incentive System 2013**

For 2013 the variable component relating to the incentives will be defined according to the:

- individual performances and business line Level results and, should it be significant, to country or group Levels:
- definition of an upfront, balance payment structure (subsequent to performance valuations) and deferred payments, in shares and cash;
- regulatory indications foreseeing, for share payments, a retention period of two years for upfront payments and one year for payments in deferred shares.
- Application of a risk/sustainability factor, linked to Group and/or Single Business/Country results and to in-Group equity and liquidity conditions ('Group Gate'), as well as to a ''Zero Factor' should the general conditions and Group and/or Single Business/Country results fail to achieve the objectives of the foregoing plan according to the decisions approved by UniCredit S.p.A's Board of Directors.

The financial and asset-based effects will be recognized during the maturity period of the instruments.

*1.2.5 Employee Share Ownership Plan (Let's Share Plan 2012)*
The following tables illustrate the parameters relevant to the Free Shares (or the rights to receive them) linked to the 'Employee Share Ownership Plan' approved in 2012.

**Valuation Free Share ESOP 2012**

| | FREE SHARE 1ST SUBSCRIPTION PERIOD | FREE SHARE 2ND SUBSCRIPTION PERIOD |
|---|---|---|
| Date of assignment of Free Shares to Group employees | Feb-5-2013 | Aug-5-2013 |
| Start of Vesting period | Jan-31-2013 | July-31-2013 |
| Maturity of Vesting Period | January-31-2014 | July-31-2014 |
| Unitary fair value of Free Shares [€] | **4.35** | **3.78** |

All the equity and financial effects of the plan, relating to the Free Shares assigned, will be recognized during the Vesting period (except for adjustments, in line with the provisions stipulated by the plan, which will be registered at the first useful closure subsequent to the Vesting period.

The ordinary UniCredit shares assigned within the framework of the application of the foregoing plan, are purchased on the market.

## 2. Further information

***2014 (ex 2013) Share Participation Plan for UniCredit Group employees (Let's Share Plan for 2014)***
In May 2013 the Ordinary General Meeting of UniCredit Shareholders approved the "2014 Plan for the Share Participation of UniCredit Group Employees (Let's Share for 2014") offering Group Employees, possessing the requisites, the opportunity to purchase ordinary UniCredit shares at favourable conditions, as from January 2014, in order to strengthen their sense of belonging to the Group, as well as increasing motivation for achieving company targets.

The Let's Share for 2014 plan was launched on 27th November 2013 in 11 countries where our Group is operational (Austria, Bulgaria, Germania, Italy, Poland Czech Republic, Serbia, Slovacchira, Hungary, UK, and Luxembourg) with an adherence rate of around 3.4% of potential participants.

The 2014 Let's Share foresees that:
- during the "Subscription Period" (from January 2014 to December 2014) Participants may purchase ordinary UniCredit shares ("Investment Shares") by debiting their current account, on a monthly basis, or in one or more solutions, pursuant to the orders issued in January or July 2014 ('one-off' modes). With respect to exits from the Plan during the Subscription Period, the Participant will lose the right to receive free shares at closure of the Subscription Period;
- at the start of the Subscription Period (January 2014 July 2014), each Participant will receive a 25% discount on the total shares purchased, in the form of shares, (**"Free Shares"**); Participants will be forbidden to alienate the Free Shares for one year ('Holding Period) and will lose ownership if he/she ceases to be a UniCredit Group employee during the tri-annual Lock-in period, unless his/her service ceases, due to reasons permitted by Plan Regulations. For fiscal motiVEs, in various countries it is not possible to assign Free Shares at closure of the Subscription Period: therefore an alternative structure has been foreseen acknowledging to Participants of those countries the right to receive Free Shares at closure of the Lock-in period ('Alternative Structure');
- during the "Lock-in period" (from January 2014 to January 2015 or from July 2014 to July 2015) the Participants may alienate, at any moment, their 'purchased' Investments Shares, but will lose the corresponding Free Shares (or the right to receive them).

The Free Shares can be qualified as "Equity Settled Share-based Payments" because the Participants, according to the regulations goverining the Plan, will receive Net Equity instruments from UniCredit as remuneration for the financial value of their services performed in favour of the employer company. For Free Shares (or the right to receive them) the unitary value will be measured at closure of the Subscription Period, on the basis of the average weighted price paid by the Participants to buy the first portion of Investment Shares on the market.
Each and Every financial and equity effect relating to the Let's Share 2014 Plan will be book-registered during the four-year Lock-in period.

The Let's Share for 2014 plan didn't produce not effect whatever on the 2013 Financial Statements.

# Attachments to the notes

# Attachment 1

## UniCredit S.p.A.

### Reclassified Statement of Financial Position at 12.31.2012

Values in € million

| | |
|---|---|
| Assets | |
| Cash in bank and at hand | 2,214 |
| Financial assets for trading | 10,536 |
| Receivables from banks | 27,936 |
| Receivables from customers | 260,850 |
| Financial investments | 94,647 |
| Hedging | 10,840 |
| Tangible assets | 2,755 |
| Goodwill | 2,815 |
| Other intangible assets | 26 |
| Fiscal assets | 12,243 |
| Non-current assets and groups of assets under divestment | - |
| Other assets | 6,417 |
| **Total assets** | **431,279** |

| | |
|---|---|
| Liabilities and net equity | |
| Payables to banks | 56,446 |
| Takings from customers and securities | 279,347 |
| Financial liabilities from negotiation | 10,078 |
| Hedging | 11,936 |
| Funds for risks and charges | 1,767 |
| Tax liabilities | 2,644 |
| Other liabilities | 11,072 |
| Net equity: | 57,989 |
| *- capital and reserves* | *58,085* |
| *- reserves for valuation assets availale for sale and cash-flow hedging* | *124* |
| *- net loss* | *-220* |
| **Total liabilities and net equity** | **431,279** |

### Reclassified Income Statement - 2012 fiscal period

Values in € million

| | |
|---|---|
| Net interest | 4,276 |
| Dividends and other revenue on stock | 1,707 |
| Net fees | 3,540 |
| Net trading, hedging and fair value income | 96 |
| Balance other income/charges | 75 |
| **BROKERING MARGIN** | **9,694** |
| Human resources costs | -3,306 |
| Other administrative costs | -2,797 |
| Cost recoveries | 423 |
| Value adjustments to tangibles and intangibles | -169 |
| **Operating costs** | **-5,849** |
| **OPERATING INCOME** | **3,845** |
| Net adjustments to receivables and reserves for guarantees and commitments | -6,966 |
| **NET OPERATING INCOME** | **-3,121** |
| Net provisions for risks and charges | -169 |
| Integration charges | -109 |
| Net profits from investments | 47 |
| **GROSS PROFITS ON CURRENT TRANSACTIONS** | **-3,352** |
| Taxes on fiscal period income | 3,132 |
| Adjustments to goodwill value | 0 |
| **NET PROFIT** | **-220** |

# Attachment 2

**Reconciliation between Income Statement and reclassified Income Statement items**

| | BALANCE-SHEET STATEMENT ITEMS |
|---|---|
| Net interest | Interest margin |
| Dividends and other revenue on stock | Item 50 |
| Net fees | Net commission |
| Trading and hedging income | Item 60 |
| Balance other revenue/charges | Item 160 |
| **BROKERING MARGIN** | **Amount** |
| Human resources costs | Item 110 a) |
| Other administrative costs | Item 110 b) |
| Value adjustments to tangibles and intangibles | Item 120 |
| **Operating costs** | **Amount** |
| **OPERATING INCOME** | **Amount** |
| Net adjustments to Receivables | Item 100 a) |
| **NET OPERATING INCOME** | **Amount** |
| Net provisions for risks and charges | Item 150 |
| **GROSS PROFIT** | **Amount** |
| Taxes on fiscal period income | Item 190 |
| **NET PROFIT** | **Amount** |

# Attachment 3

## Disclosure of the Independent Auditors' remuneration

Pursuant to the provisions of art. 149 twelfth of the Consob Issuers Regulations, the following table illustrates the information relating to the considerations allocated to the benefit of the Independent Auditor Company Deloitte & Touche S.p.A., and of the companies belonging to the same network, for the following services:

1. Auditing services comprising:
   - Auditing of the companies' annual accounts, aimed at expressing of a professional opinion;
   - Auditing of the infra-annual accounts.
2. Certification services with assignments appointing the auditor to valuate using suitable guidelines, a specific element, whose determination is implemented by another person, with pertinent responsibility, in order to express a conclusion supplying the addressee with a degree of reliability regarding the foregoing, specific feature. This category also includes services linked to book-keeping control.
3. Other services including residual assignments to be detailed according to an adequate detail Level. By way of non-exhaustiVE example, the foregoing could include services such as: financial - fiscal - legal - administrative due diligences, pre-arranged procedures and advisory services addressed to the appointed manager.

The considerations reported in the table, pertaining to the 2013 period, are those stipulated in the agreement, comprising prospective indexing (excluding out-of-pocket expenses, possible supervisory contributions and VAT).

According to the mentioned provision, acknowledged remuneration for possible, secondary auditors, or persons belonging to their respective networks are not included.

| TYPE OF SERVICE | LEGAL PERSON PERFORMING SERVICE | SERVICE RECEIVER | REMUNERATION (EUROS) |
|---|---|---|---|
| **Auditing:** | | | |
| - Financial statements | Deloitte & Touche S.p.A. | UniCredit Factoring S.p.A. | 62 |
| - Limitated verification procedures re six-monthly accounting situation | Deloitte & Touche S.p.A. | UniCredit Factoring S.p.A. | 24 |
| **Certification** | Deloitte & Touche S.p.A. | UniCredit Factoring S.p.A. | - |
| **Fiscal advice** | KPMG S.p.A. | UniCredit Factoring S.p.A. | 6 |
| **Others** | | | - |
| **Total** | | | **92** |

# Auditors’ Report

# Auditors' Report

**Board of 'Auditors' Report submitted to the Shareholders' Meeting pursuant to art. 2429 of the Civil Code**

Dear Shareholders,
by virtue and effect of art. 2429 of the Civil Code, we hereby render account of the supervisory activity performed during the period closed at 31 December 2013, specifying that the Board of Auditors exercised administration supervision, whereas the accounting control, ex art. 2409 bis of the Civil Code, was assigned to DELOITTE TOUCHE S.p.a.

During the period closed at 31st December 2013 we performed the supervisory activities foreseen by the law, in compliance with the standards of behaviour proper to the Board of Auditors, recommended by the Consigli Nazionali dei Dottori Commercialisti e degli Esperti Contabili. (National Councils of Accountants and Book-keeping Experts).

We underline, in particular:
- that we verified the observance of the law and of the articles of association, i.e. your company's compliance with the statutory provisions governing the functioning of the company bodies and the latters' relations with institutional organizations;
- our ongoing participation in the Board of Directors' meetings, together with the information we assumed on such occasions, allows us to bear witness to the proper performance of the company's activities and to its compliance with the statutory provisions and with the law. We are able, therefore, to assure you that the more significant financial, economic and equity-based operations, resolved and carried out during the period, were in conformity with the law and with the articles of association and that the foregoing operations were not manifestly imprudent, hazardous, in potential conflict of interest or in contrast with the resolutions deliberated by the shareholders' meeting, or such that they might compromise the integrity of the share capital;
- Thanks to the information obtained from the executives responsible for the various company functions, both in writing and during the verifications regularly performed in the course of the year, when examining the company documents and analyzing the operations implemented by the independent auditing company, we acquired knowledge of and supervised, also as regards the stipulations of art. 19 of Legislative Decree nr. 39/2010, the organizational structure of the company and the internal control and administrative-accounting systems adopted. We considered both the foregoing to be adequate and reliable, for the purposes of an efficient governance of management events and of their proper representation;
- We found no evidence of atypical or unusual operations with Group controlled companies, third parties or correlated parties. The Board of Directors, in its management report, supplied exhaustive illustration concerning not only the more important, economic, financial and equity-based operations carried out with correlated parties, but also the modes of determination and the amounts of considerations thereto pertaining.
- We supervised the legal auditing of the accounts through periodic meetings with representatives from DELOITTE & TOUCHE S.p.a., the appointed independent auditing company, who illustrated the quarterly controls implemented and their relevant outcomes, as well as their auditing strategy and the fundamental issues emerging during the performance of this activity. The auditing operations revealed no facts or aspects open to censure nor events any needing specific, in-depth analyses.
- During 2013 the independent auditing company DELOITTE & TOUCHE S.p.a. performed, on an exclusive basis, the legal audit of the accounts and issued a statement, pursuant to art. 17 of Legislative Decree 39/2010 indicating that no situations existed which might compromise the independence of your company or lead to causes for incompatibility.

Bearing in mind the statement issued by the Legal Auditing Company, the Board of Auditors considers that no critical aspects exist in relation to the independence of DELOITTE & TOUCHE S.p.A.

With reference to the provisions stipulated by Legislative Decree nr. 231/01, the company has adopted an Organizational Model consistent with the standards indicated in the foregoing Decree and in harmony with the guidelines established by the Holding.
The Company's Supervisory Body reported on the activities carried out during 2013, without highlighting any significant events.

With respect to the Reports and Accounts for the fiscal period closed at 12.31.2013, which indicated profits amounting to 73,237,625 Euros, we refer the following comments to your attention:
- As we were not appointed to execute the audit, we supervised the general layout given to the Reports and Accounts and to their compliance with the law as regards their formation and structure.
- We also analyzed and verified the application of the accounting standards and we specify that these Reports and Accounts were drafted in conformity with the International IAS/IFRS accounting standards issued by IASB, ratified by the European Commission, and with the relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

During the performance of our supervisory activities, illustrated here above, no events were found to warrant mention in this report.

We furthermore inform you that:
• The foregoing supervisory activities were performed during nr.10 meetings of the Board of Auditors and nr. 16 of the Board of Directors;
• No indictments ex art. 2408 C.C. nor third party complaints were received.

We have been made aware by DELOITTE & TOUCHE S.p.a. of no other facts or complaints whatever needing submission to the attention of the shareholders' meeting.

In view of all the foregoing and having acknowledged that the mentioned Independent Auditing Company has released the obligatory auditing report, pursuant to art. 14 of Legislative Decree 39/2010, without significant comments, on the basis of our expertise we express no objections regarding the approval of the Reports and Accounts for the period closed at 31st December 2013 and the allocation of the profits earned, as proposed by the Board of Directors.

Milan 04.01.2014

THE BOARD OF AUDITORS
(avv. Vincenzo Nicastro)
(rag. Roberto Bianco)
(dott.ssa Federica Bonato)

# Independent Auditors' Report

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

# AUDITORS' REPORT
# PURSUANT TO ARTT. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the Shareholder of**
**UNICREDIT FACTORING S.p.A.**

1. We have audited the financial statements of UniCredit Factoring S.p.A., which comprise the statement of financial position as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present for comparative purposes prior year data. As explained in the notes to the financial statements, the Directors have revised certain comparative data related to the prior year's financial statements with respect to the figures previously reported and audited by other auditors, on which they issued their auditors' report dated March 29, 2013. These revisions to comparative data and related disclosures included in the notes to the financial statements, with regard to the changes to the mentioned data, have been audited by us for the purpose of expressing our opinion on the financial statements as of December 31, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of UniCredit Factoring S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. Pursuant to article 2497-bis, first paragraph, of the Italian civil code, UniCredit Factoring S.p.A. has indicated to be subject to the management and coordination of UniCredit S.p.A., and therefore, has included in the explanatory notes the latest significant financial data approved of this company. Our opinion to 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 the Directors' report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' report on operations is consistent with the financial statements of UniCredit Factoring S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Michele Masini
Partner

Bologna, Italy
March 31, 2014

*This report has been translated into the English language solely for convenience of international readers.*

# Resolutions of the Ordinary Shareholders' Meeting

# Resolutions of the Ordinary General Shareholders' Meeting

The Ordinary General Shareholders' Meeting took note of Board of Auditors' Report and of Independent Auditors' Report resolved to:

a) approve the Financial Statements for the period closed at 12.31.2013 according to the terms envisaged;

b) approve the allocation of the profits earned during the 2013 period, amounting to 73.237.625 euros, as follows:

| | |
|---|---|
| 3,661,881 euros | to the legal reserve; |
| 18,183,744 euros | to the reconstruction of other reserves; |
| 49,384,500 euros | to shareholders in the amount of 0.615 euros per share; |
| 2,007,500 euros | to the benefit of UniCredit Foundation, as liberal supply. |

# Our products

# Our products

## Non-recourse Notified Domestic Factoring (Guarantee only)

This Product is addressed to Companies intending to secure themselves against the insolvency risks relating to their customers. These companies are approaching new markets or have already made use of forms of credit insurance. The product also addresses all those operators desirous of upgrading their company ratios.

## Notified With-Recourse Domestic Factoring

With-recourse is indicated for customers which, in the presence of growing turnover or redefinition and fortification of business relations, intend to outsource the management of their receivables portfolios with a view to valuation, administration and control, versus debtors who do not oppose the assignment of their receivables.

## Export/Import Factoring

The Product is reserved to export/import companies dealing with goods and services, with consolidated trade relations towards foreign entities.
At the same time it is addressed to operators who, by making use of the service offered by UniCredit Factoring, within the framework of collaboration agreements with their foreign partners (Factor Chain International ) and with UniCredit Group's international network, wish to entrust the running of their receivable portfolios to a management expert.

## Conventions with Groups of debtors Indirect (Reverse Factoring)

Created for the Larger Groups, with split and ongoing supplier portfolios, this type of Factoring is a financial service able to censure exhaustive assistance in managing supply-based debts and to dynamically develop the Product - with respect to marketing - in the purchase area.

## Maturity Factoring (with payment extensions for debtors)

Particularly adapted to industrial and commercial companies who, with solid customer portfolios (usually in direct sale networks) and with financial cycles, often seasonal, wish to normalise financial flows deriving from their receivable cycles.

## Management and Disinvestment of Receivables versus State Organisations

UniCredit Factoring offers a Valuation service for the non-recourse/with-recourse purchase of receivables claimed by companies from State Authorities for contracts relating to the supply of goods or service. Moreover, particular care is taken by UniCredit Factoring to the application of Ministerial Decree of 19th May 2009 relating to the certification of supply-based receivables.

## Structured Operations (IAS 39)

UniCredit Factoring takes care of the definition and granting of Credit as regards each debtor proposed by the "Assignor" company, with 100% hedging of the receivables assigned.

The operation is concretely implemented on the basis of specific contractual structures which also require the approval and certification of Auditing Companies.

Furthermore, the assignments of credit are mainly notified and refer to receivables with a maximum duration of 150/180 days, with respect to private debtors, and a maximum twelve months when the debtors belong to Public Organizations.

## Assignment of annual VAT Credit

This type of product is addressed to companies intending to unfreeze annual VAT credit refunds requested through ordinary VR procedures (VR Schedule).

The assignment of credit can be either with-recourse or non-recourse, in which case UniCredit Factoring provides for the granting of a revolving Credit-limit with coverage up to 100% of the assigned receivables.

The credit assignment must be formalized by notary's deed, and/or private deed authenticated by a Notary, and notified to the Agenzie delle Entrate (Tax Bureau) by Process Server, through the express acceptance, via the Assignor, of the assignment of the credit by the debtor Organization, together with specific reference to the non-existence of default situations pertaining to the Assignor.

Sorter pages: UniCredit
Creative concept: Orange 021

Graphic development and Composition:
**MERCURIO GP** - Milan

Print: CPZ S.p.A. (Bergamo)
June 2014

UniCredit
Factoring