One Bank, One Team, One UniCredit.

Capital and balance sheet management

Transform

Enhanced service model

Ethics and Respect

Team 23

Compliance

Grow and strengthen client franchise

Process optimisation

Growth engines

Sustainable results

Customer experience

Disciplined risk management

Sustainability

Paperless bank

"Go-to" bank for SMEs

2019

"Do the right thing!"

Reports and Financial Statements

Solutions that matter. | UniCredit Factoring

Solutions that matter.

UniCredit Factoring

Corporate Officers and General Management

Board of Directors

Maurizio Guerzoni	**Chairman**
Lucio Izzi	**Vice Chairman**
Roberto Fiorini	**Chief Executive Officer**
Pietro Campagna Erminio Chiappelli Pasquale Antonio De Martino Nadia Maria Mastore (1)	**Directors**
Romano Andrea Ernesto	**Company Secretary**

Board of Statutory Auditors

Vincenzo Nicastro	**Chairman**
Cecilia Andreoli Elisa Menicucci	**Standing Auditors**
Alberto Caprari Michele Paolillo	**Alternate Auditors**

General Management

Roberto Fiorini	**Chief Executive Officer**
Pietro Zardoni	**Deputy General Manager** **Head of Sales Department**
Antonio Moretti	**Head of Business Services & Organization Department** (2)
Giordana Marconcini	**Head of Credit and Risk Department**
Domenico Politi	**Head of Planning, Finance and Administration Department**
Gianfranco Cascino	**Head of Human Resources Department**
Andrea Ernesto Romano	**Head of Legal Department**

(1) Appointed by the Shareholders' Meeting on 09.25.2019
(2) Appointed by the Board of Directors on 11.25.2019

UNICREDIT FACTORING S.p.A.
Sole-shareholder company owned by the UniCredit Group
Registered in the Official List of Banking Groups under No. 2008.1
Share capital: 414,348,000 euros paid in full
Legal Reserve: 36,580,556 euros
Registered offices at Via Livio Cambi, 5, Milan
Tel. +39 02 366 71181 - Fax +39 02 366 71143
Economic Administrative Register (REA) no. 840973
Listed on the Milan Register of Companies
Tax code and VAT registration no. 01462680156
Listed at no. 42 on the Register of Financial Intermediaries pursuant to Article 106 TUB
E-mail: info.ucfactoring.it@unicreditgroup.eu
www.unicreditfactoring.it
Certified email: comunicazioni.ucf@pec.unicredit.eu

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Agenda for Shareholders' Meeting

UNICREDIT FACTORING S.p.A.
UniCredit Banking Group companies
on the register of banking groups
Registered offices at Via Livio Cambi, 5, Milan
Share capital 414,348,000.00 euros fully paid up
Registration number on the Register of Companies of Milan, Monza, Brianza and Lodi
Tax code and VAT no. 01462680156, REA no. 840973

In addition to the notice of call sent on 25 March 2020, taking into account the current emergency situation, the Shareholder is called to the Ordinary Shareholders' Meeting **for 8 April 2020, at 2.00 p.m.**, at the offices of the Notary Public Benedetto Elia, at Corso Vittorio Emanuele 30, Milan, at first call and, if necessary, for 9 April 2020 at 9.00 a.m., at second call, to resolve on the following and unchanged

AGENDA

1. Approval of the Financial Statements as at 12.31.2019 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Relative resolutions.
2. Appointment of a Director to supplement the Board of Directors.

Pursuant to Article 13 of the Articles of Association, holders of shares with voting rights who are entered in the shareholders' register may attend the Shareholders' Meeting.

It is possible to participate in the meeting exclusively by telephone, on +39 02 97370601- Meeting ID 5395821483.

Milan, 31 March 2020

The Chairman
Maurizio Guerzoni

Directors' Report on Operations

Notes:
Any lack of correspondence between the figures shown in the Directors' Report on Operations is due solely to roundings.

Directors' Report on Operations

Results summary

In Italy, economic growth slowed further compared to 2018; gross domestic product (GDP) is expected to increase by 0.2% in real terms, down sharply from the previous year (0.8%). This modest increase is due to a reduction in domestic demand, in particular household spending, declining investment and a negative contribution from foreign trade.

Bank loans to the private sector were in the main stable compared to 2018 as recorded in the last months of the year (+0% in November, +0.3% in December 2019) but with different dynamics for households and businesses: an annual growth rate of + 2.7% (in November) for loans to households was juxtaposed with business loans decreasing year on year (-1.9%, also in November 2019). The factoring industry was far more dynamic than traditional lending activity, having seen a growth of 6% in turnover and stable loans (-0.8%) compared to the end of the previous year.

Against this backdrop and against a consistently high level of competition in the short-term lending segment and constant pressure on margins, the Company confirmed its market leadership in shares both of turnover (25.2%) and outstanding (22.3%). The turnover flow was 64 billion, while receivables at the end of the period amounted to 12.5 billion, down 7.3% on 2018. The business developed by improving its already high credit quality.

The year-end workforce amounted to 316 full-time equivalents, essentially unchanged (+1 FTE) since the end of the previous year. This net change reflects the entry of 40 people and the exit of 39, guaranteeing both a high level of professional skill and the achievement of the objectives of the Transform Plan 2019.

Our leadership in the sector, although offset by a persistent and general decline in spreads and commission rates due to heavy competitive pressure, has translated into rising revenues in the net interest margin in particular. Operating income was 193 million, an increase of 4.9% on the previous year. Operating costs, stable at +1.3% on the previous year, showed a highly efficient cost-to-revenue ratio of 25.6%, compared to 26.5% in the previous year. Operating profit was only partially affected by net impairment losses on loans, amounting to 16.4 million euros (-73.4 million euros in 2018) and by provisions for risks and charges, which fell from 3.3 million euros in 2018 to 1.8 million euros in the year just ended.

These trends influenced gross profit, which stood at 125.5 million, while net profit, after taxes of 39.7 million, was 85.8 million, compared to 29.4 million in the previous year.

The main income indicators, as for the above mentioned cost/income ratio, reflect the income performance, including ROE of 12.1%, up from 4.2% in the previous year. With regard to asset risk indicators, there was stability in the impact of impaired loans out of the total (from 0.31% to 0.28% for bad loans and from 1.37% to 1.39% for total non-performing loans at book value), while coverage was particularly high for bad loans (higher than 85%, also considering the partial transitions to loss) while it was up for unlikely-to-pay loans, from 65.3% to 68.8%.

Shareholders' equity stood at 795 million. After deducting 70% of the profit to be distributed as dividends, representing Tier 1 capital of 734 million, up by 3.6% on 2018. Considering that total weighted assets decreased by 6.8%, the CET 1 ratio rose from 7.94% to 8.83%.

Main Company data

Operating data

(€ million)

	FINANCIAL YEAR		CHANGE	
	2019	2018	AMOUNT	%
Turnover	64,045	56,835	+7,210	+12.7%
Outstanding	14,565	15,784	-1,219	-7.7%

Income statement

	FINANCIAL YEAR		CHANGE	
	2019	2018	AMOUNT	%
Operating income	193	184	+9	+4.9%
of which: - net interest	*130*	*120*	*+10*	*+8.0%*
- net fees and commissions	*58*	*60*	*-2*	*-2.5%*
Operating costs	-49	-49	-1	+1.3%
Operating income	143	135	+8	+6.2%
Net operating profit	127	45	+82	+181.3%
Net income	**86**	**29**	**-27**	**+212.8%**

Balance sheet amounts

	FINANCIAL YEAR		CHANGE	
	12.31.2019	12.31.2018	AMOUNT	%
Total assets	12,647	13,606	-960	-7.1%
Loans and receivables	12,488	13,475	-986	-7.3%
Equity	**795**	**730**	**+65**	**+8.9%**

Operating structure

	DATA AS AT		CHANGE	
	12.31.2019	12.31.2018	AMOUNT	%
Number of employees (Full Time Equivalent)	316	315	+1	+0.4%
Number of trading points	13	13	-	-

Income indexes

	FINANCIAL YEAR		
	2019	2018	CHANGE
ROE [1]	12.1%	4.2%	+7.9
Cost/Income	25.6%	26.5%	-0.9

Risk indexes

	DATA AS AT		
	12.31.2019	12.31.2018	CHANGE
Net bad loans / Receivables	0.28%	0.31%	-0.03
Net non-performing receivables / Receivables	1.39%	1.37%	+0.02

Productivity indexes

	FINANCIAL YEAR		CHANGE	
	2019	2018	AMOUNT	%
Turnover per employee	202.3	183.9	18.4	+10.0%
Operating income per employee	0.61	0.59	0.01	+2.4%

Capital ratios

	DATA AS AT		CHANGE	
	12.31.2019	12.31.2018	AMOUNT	%
Tier 1 capital	734	708	+26	3.6%
Total RWA	8,309	8,916	-607	-6.8%
CET 1	8.83%	7.94%	0.89%	

1. Equity used in the report is that at the end of the period (excluding profit for the period)

Directors' Report on Operations (CONTINUED)

External scenario

Macroeconomic picture

In 2019 global growth remained subdued and slightly contracted, global GDP is estimated to have grown by 2.9% year on year compared to a 3.6% change measured at the end of 2018. After a period of contraction, international trade expanded again in the second half of 2019. However, while the risks resulting from an escalation of tariff disputes between the US and China and from an unresolved Brexit eased, there was an increase in the risk of an unfavourable scenario from increased geopolitical tensions, in particular between the US and Iran. There are also concerns that the Chinese economy may slow down more significantly than expected. World trade increased in the second half of 2019, imports recovered in both developed and developing countries, although there are still unfavourable short-term estimates for international trade and global indices on foreign orders are not at a level indicative of an expansionary phase. Economic activity in the second half of the year indicated steady GDP growth in the United States and Japan and a recovery in the United Kingdom, although there are still indications of a cyclical downturn in manufacturing. In China, after a slowdown in economic activity in the middle months of the year, the indicators point to a stabilised scenario. Growth declined more sharply in India, while remaining modest in Brazil and Russia.

Inflation remained moderate, with consumer prices rising in the major advanced economies, by around 2% in the US and to a lesser extent in other areas.

In the eurozone, economic growth was moderate throughout 2019 and GDP growth is estimated to have been 1.2% (1.9% in 2018), a sign of economic activity held back by the continuing weakness of the manufacturing sector, although the decline in industrial production was offset by a greater liveliness in the services sector. Economic activity in the eurozone was supported by domestic demand, with consumption strengthened by the positive trend in employment, while the contribution of foreign trade was, against a backdrop of weak world trade, slightly negative. In the second half of the year, GDP was expanding in France, Spain and to a lesser extent in Italy, and it returned to growth in Germany, albeit at a very slow pace. The contribution of services grew both in the eurozone and in the major economies, but there is still the risk that the weakness of the industrial sector, if prolonged over time, will increasingly affect the services sector.

Inflation in the eurozone, mainly due to lower energy prices, fell to relatively low levels since the beginning of the year, reaching +1.0% in November, resulting in an inflation rate of +1.2% for 2019. In the meantime, the ECB confirmed the monetary policy stance introduced during the year, according to which official rates will remain at current or lower levels until inflation reaches a stable level of around 2%.

In Italy, economic growth slowed further compared to 2018. For the year ended, gross domestic product growth is estimated at 0.2%, lower than initially forecast and lower than in 2018 (+0.8%). This modest level of growth was driven by domestic demand, especially household spending, as well as changes in inventories. Decreasing investment and negative contribution by foreign trade (decreasing exports and significant increase in imports). The added value of industry and agriculture decreased, with a slight increase in construction and services. Inflation remained subdued if slightly up (0.5% in December) with price dynamics significantly influenced by services, while industrial goods price growth remained modest.

Banking

In 2019, the recovery of credit in the eurozone was further consolidated, albeit with different dynamics in different countries. In November, which provides the latest available data, loans to non-financial companies and households increased by +3.9% year on year, with a stronger trend in France and Germany and weaker in Spain and Italy. In the 11 months of the past year, the average rate of new loans to businesses fell from 1.63 to 1.55%, while that of new loans to households fell more considerably from 1.8 to 1.47%.

In Italy in November 2019, on the basis of a marked reduction in demand for loans and despite the persistence of interest rates at historic lows, loans to businesses contracted by 1.9% on an annual basis, while the market for loans to households continued to grow, up 2.5% on the previous year. Loans to households and businesses are therefore stable, with an annual increase of 0.3%. Credit continued to grow at very moderate rates in the manufacturing and service sectors, while the contraction in other sectors was confirmed, with particular reference to the construction sector. The dynamics of loans continued to be influenced by the investment trend and the economic cycle. Looking ahead, business demand for loans would remain unchanged, while household demand would further strengthen, supported by the positive outlook for the residential property market and low interest rates.

As regards the trend in systemic lending in Italy, bank deposits (current accounts, certificates of deposit, reverse repos) continued to grow during 2019, rising by 5.6% year on year in December 2019. Medium- and long-term funding (bonds) was stable, with an overall growth in funding of 4.8% in December 2019.

Interest rates on loans were at an all-time low in December 2019, with an average rate on new loans to businesses of 1.27% (5.48% at the end of 2007, before the crisis) and an average rate on new home purchases of 1.47% (5.72% at the end of 2007). The average interest rate on total customer deposits is stable (0.58%), as is the rate charged on deposits (0.37%). The spread between the average rate on loans and that on funding from households and non-financial companies remained particularly low in Italy, at 190 basis points in December 2019 (335 basis points at the end of 2007).

In the financial markets, Italian government bond yields increased since mid-October, a trend common to other eurozone countries. The equity market benefited from reduced commercial tensions and the publication of more favourable macroeconomic data than expected in the eurozone. The banking sector index increased more than the general stock market index, and volatility decreased.

The factoring market

In an macroeconomic context marked by stunted economic growth, the factoring market proved more dynamic than the banking market in Italy. On the basis of data provided by the trade association Assifact (a sample of 32 members) turnover increased by 5.97% since 2018, while the loans remains stable year on year at -0.78%.

The market is proving to be highly competitive and concentrated. Based on data up to November, the top four competitors have a market share of 67.9% of turnover.

An aggregate indicator of the importance of factoring in the Italian economic system is given by the ratio between factoring (turnover) and GDP. This indicator, which had been growing steadily for over a decade, was expected to settle at around 14% (nominal GDP) in 2019.

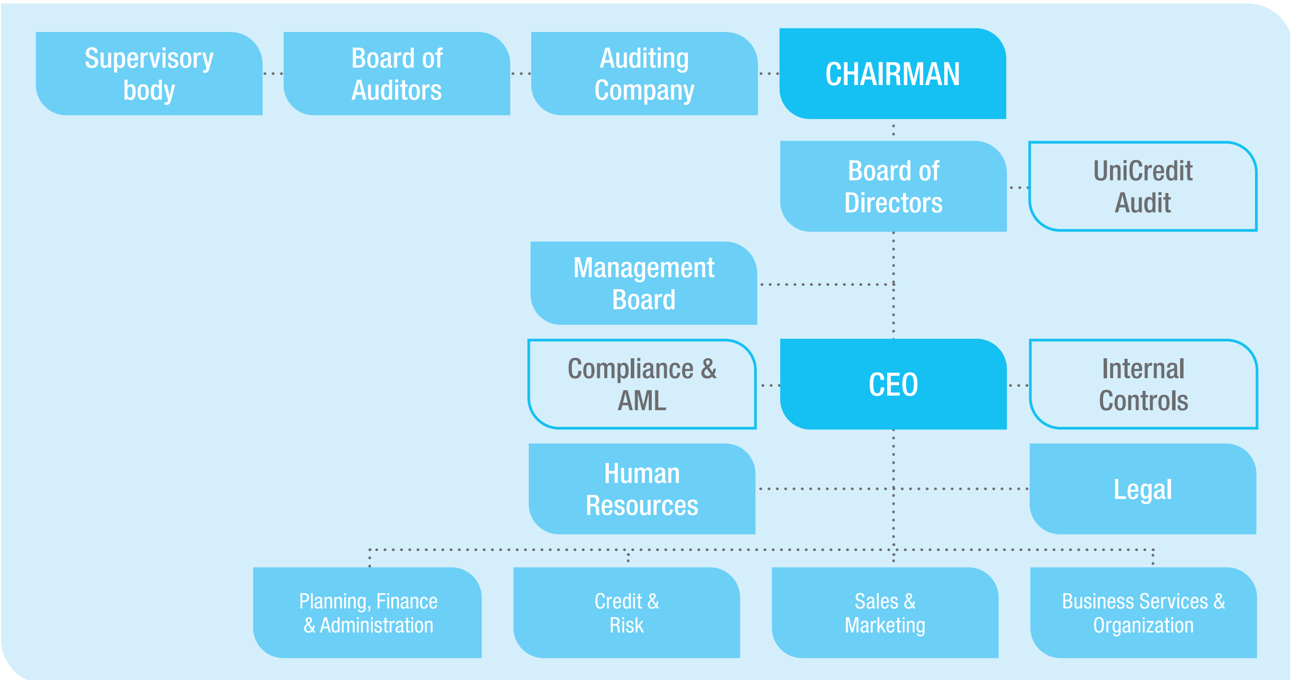
Company activities

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

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

Organizational structure

The organisational structure of the Company, as reported below, was modified during 2019 with the main objective of strengthening the control structures.



Directors' Report on Operations (CONTINUED)

The changes that occurred in 2019 affected both the organizational structure and the internal and Management Committees.

As far as the Committees are concerned:
- in place of the old Risk Committee, a new Risk and Control Committee was introduced, which operates through three specific sessions dedicated, respectively, to:
  - risk management and control: it upheld the mission of the existing Risk Committee and introduced the possibility of operating with emergency procedures; The role of the Committee's secretary was also specified;
  - management and control of reputational risks: to deliberate on reputational risk issues;
  - management and supervision of the internal control system: with the task of supporting the CEO in examining initiatives aimed at the effectiveness, efficiency and correct functioning of the Company's internal control system;

with different compositions depending on the session held;
- the role of the secretary in the Credit Committee has been specified;
- The emergency procedure for the Product Committee and the Head of the Marketing Department's participation as a permanent, non-voting guest have been reviewed;
- the presence of permanent members without voting rights in the Audit Committee has been stipulated.

Interventions on the structures, on the other hand, covered:
- the extension of the responsibilities of the "Internal Control" Unit to areas with high operational risks and to management and verification of anti-money laundering questionnaires;
- the establishment of two new technical structures to ensure:
  - logistical and physical security, business continuity and anti-fraud protection ("Security"), directly reporting to the "Business Services & Organization" Department;
  - effectiveness, consistency and unambiguity of data within the Company and in the flows to Group structures ("Data Office"), directly reporting to the "Planning, Finance & Administration" Department;
- the direct transfer to the Commercial Department:
  - of the "Marketing" Department (previously allocated to the "Business Services & Organization" Department) with consequent rationalisation of the Units that made up the Department itself;
  - of "Communication" activities.

The "Commercial" Department, in line with its new mission, was renamed "Sales & Marketing";
- the revision of the mission of the "Business Services & Organization" Department (formerly the "Marketing & Business Support" Department) following:
  - the transfer of the activities of the "Marketing" Department to the "Sales & Marketing" Department;
  - the establishment of the new technical structure "Security";
  - better definition of the control and operational activities supervised by the "Contracts & Centralized Management" Unit (formerly "Middle Office") with the aim of better explaining the operational and control activities in the two macro areas "Contract Finalization" and "Centralized Activities";
  - the new distribution of the "Debtors" portfolio by geographical area, between the two Units that make up the "Debtor Management" Department, in line with the criteria already in force for commercial and underwriting structures.

The remaining company structures did not undergo any internal changes and all company structures were renamed in English.

Workforce

As of 31 December 2019, the total workforce of UniCredit Factoring was 316 full-time equivalents (FTEs), with an overall increase of 1 FTE compared to the end of the previous year.

In spite of the exits provided for in the numerous Exit Plans, the year ended with the full achievement of its objectives. Vacancies were filled by turnover in the form of both internal movement (towards other Group companies) and external movement (resignations, retirements).

Work has continued to recruit personnel with valid professional skills, who will not only replace the employees who have left, but most importantly, will ensure that the challenging objectives set by the Company in the Transform 2019 plan can be met.

The arrival of 40 people, offset by 39 leavers (eight exits, 24 contract terminations, seven seconded out), is clearly an indication of the large amount of work that has been done to guarantee business continuity while focusing on business needs.

Composition by age, pay level and gender

In terms of distribution by age bracket, there was a decrease in the incidence of the 31-to-40 age bracket and an increase in the over-50 age bracket, while the average age, compared to last year, is about 48.

Breakdown by age group

	12.31.2019		12.31.2018		CHANGE	
	FTE	COMP. %	FTE	COMP. %	AMOUNT	%
Up to 30 years	5	1.6%	3	1.0%	+2	+65.0%
From 31 to 40 years	48	15.2%	59	18.7%	-11	-18.5%
From 41 to 50 years	137	43.3%	139	44.1%	-2	-1.5%
Over 50 years	126	39.9%	114	36.2%	+12	+10.6%
Total	**316**	**100.0%**	**315**	**100.0%**	**+1**	**+0.4%**

As far as the contractual framework of the entire Company is concerned, there were no significant differences compared to last year, except for a slight increase in the number of resources in the categories with the exception of second- and first-level Managers.

Breakdown by category

	12.31.2019		12.31.2018		CHANGE	
	FTE	COMP. %	FTE	COMP. %	AMOUNT	%
Executives	13	4.2%	12	3.8%	+1	+11.7%
Management - 3rd and 4th grade	103	32.4%	101	32.1%	+2	+1.5%
Management - 1st and 2nd grade	92	29.2%	96	30.5%	-4	-3.8%
Professional areas	108	34.1%	106	33.7%	+2	+1.8%
Total	**316**	**100.0%**	**315**	**100.0%**	**+1**	**+0.4%**

Finally, the composition of men and women on the staff is shown in detail below: there were no significant changes compared to the previous year in relation to the distribution of women and men within the Company.

Breakdown men/women

	12.31.2019		12.31.2018		CHANGE	
	FTE	COMP. %	FTE	COMP. %	AMOUNT	%
Women	113	35.8%	111	35.2%	+2	+1.8%
Men	203	64.2%	204	64.8%	-1	-0.4%
Total	**316**	**100.0%**	**315**	**100.0%**	**+1**	**+0.4%**

Performance management

In order to make the objective of rewarding performance by improving merit-based differentiation increasingly evident, a rigorous approach to evaluation that looks not only at the objectives achieved but also at how they are achieved continues to be advocated.This approach is geared towards ensuring accurate manager evaluation, which is essential to support performance, guide behaviour and promote people's development.

In this sense the five fundamentals and values of Ethics and Respect must guide the decisions and behaviour of all employees, explaining how to work as “One Team, One UniCredit”.

To make sure these principles become concrete and are constantly adopted and applied at all levels of the organization, UniCredit Capabilities have been identified. They define expected behaviour, calibrated and differentiated according to level of banding/seniority.

Employee development

Commitment to and investment in training in 2019 was significant. An increasingly ad hoc training offer was provided in synergy with the Group and with the aim of increasing the professionalism and technical and managerial skills of our staff.

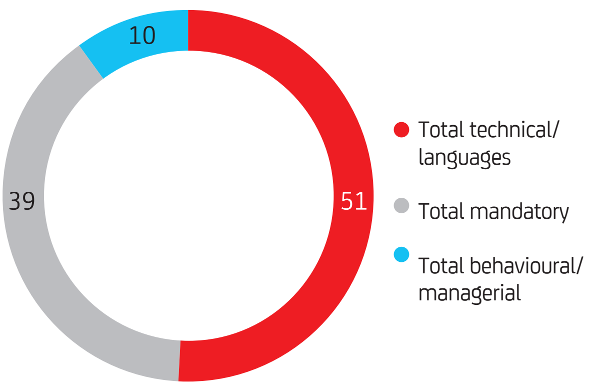
Always being sensitive to the training needs brought to light by our employees themselves, welcoming and developing management's requests for rapid development and growth of people, remains one of the key points of the HR function. With an increasing focus on roles, professional development programmes, the type of people involved and the quality of content, to deliver training that can meet the needs emerging from the UniCredit Performance Management assessment and the People Survey, we have made various training opportunities available to our staff. These cover requirements for specific targets (such as “New Manager Onboarding”, “FVP Onboarding Program”, change management projects, workshops on “Managerial communication” for managers), on-the-job training such as Training Paths, structured shadowing programmes, training given in English,

Directors' Report on Operations (Continued)

and soft skills training (e.g. "Leadership for results", "Working as a team", "Diversity and inclusion workshops", "Unconscious bias"), specialist training courses (in collaboration with high-profile partners like AssiFact and *Il Sole 24 Ore*) and training days on subjects such as compliance (e.g. Compliance Day, related parties).

Below is a percentage distribution of the hours of training by type, divided between:
• technical/languages;
• behavioural/managerial;
• mandatory.

Training 2019 (%)



Diversity and inclusion
In line with the Group's commitment to promoting diversity, which we consider to be essential on every level in order to generate value for our staff, customers, communities and shareholders, we are continuing to favour gender balance, and are seeking to overcome generational differences and support people with disabilities.

Specifically, during 2019, we would like to point out the appointment of two new Managers who will respectively act as Head of Products & Offering Development and Head of Loan Administration.

As for the gender pay gap, work went on to reduce the pay gap between men and women. There is always a high level of collaboration with managers, to identify employees with potential to be included on professional development pathways.

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

This is why, by supporting the Group's initiatives, we are seeking to adopt effective, flexible solutions that will improve the work-life balance, by allowing employees flexitime where requested, as well as implementing the changes in working hours required by the national collective labour agreement and allowing part-time work and reinstatement of full-time, where requested.

In 2019 the teleworking contract that had expired was also renewed, and requests for transfers to other Group companies to meet the personal and/or professional needs of employees were accepted.

On 1 September 2019 the pilot flexible working project at the Head Office's facilities in Rome was launched. As provided for in the Trade Union Agreement 04/13/2018 on Work-Life Balance Measures, flexible working gives colleagues the opportunity to work one day a week from home or a company hub.

There is a commitment to extend the project to the entire Company by the first quarter of 2020.

Marketing
In 2019, in line with what has already happened in recent years, collaborative relations within the UniCredit Group were consolidated through the development of products and initiatives that complement the offer dedicated to customers, as well as through the entry into force of the new model that involves the UniCredit Commercial Network in the distribution of factoring products.

In 2019 the U-FACTOR brand was created, which includes flexible and digital solutions (Confirming and Reverse) dedicated to companies in the production chains to simplify their administrative and payment processes. A communication campaign was also launched and completed with the aim of spreading knowledge on Supply Chain Finance issues and presenting UniCredit Factoring as a strategic partner of companies on the issues of support for the production chain.

The campaign has been developed along two lines: media presence and strategic partnerships. In particular, UniCredit Factoring was the main partner of a road show in six Italian cities, at which leading exponents of the industrial, financial and political fabric discussed key issues for the country, such as research and innovation, digital transformation, sustainable economy models, connections between national supply chains, exports and internationalization. Every stage also included a limited workshop on issues of supply chain finance.

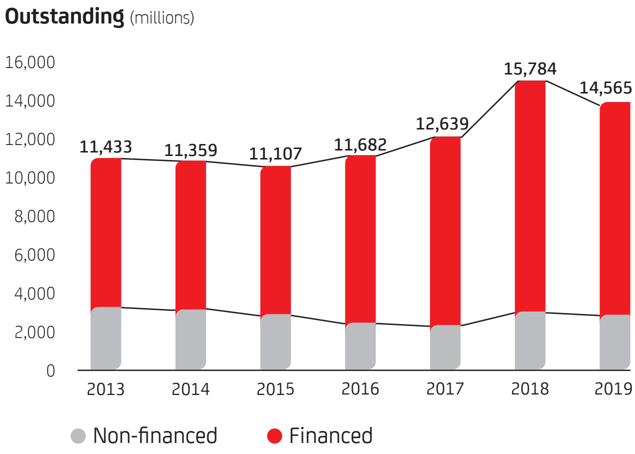
During 2019, prestigious companies operating in the leading sectors of the Italian economy, such as textiles, fashion, furniture and design, machinery and food, chose UniCredit Factoring's U-FACTOR solutions.

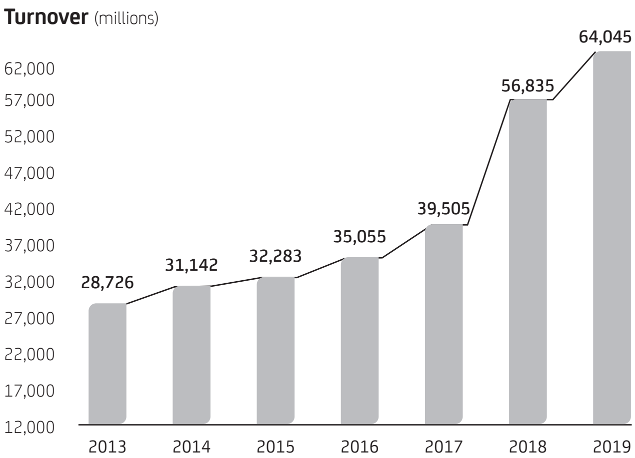
The product catalogue has been enriched with a new product that falls within energy and seismic renewal and the incentives provided by them (Ecobonus and Sismabonus). The product lets UniCredit Factoring advance the amount of the tax credit to the company carrying out the energy upgrading (the recipient of the tax credit from the condominium) and to enter into an agreement with the industrial entity involved in the supply of materials and/or technologies used in the intervention, the final recipient of the tax credit from the company carrying out the work.

In 2019 the online proposal of UniCredit Factoring was enriched, which now integrates new features for document digitalization within the new platform, expanding the digital web proposition of UniCredit Factoring.

In November 2019, the annual Customer Satisfaction survey was carried out, which showed a further improvement in the result achieved in the previous survey, confirming customer appreciation of the product range and UniCredit Factoring's ability to support customers with all their credit and financing needs.

As part of the monitoring of the market and competitors, an Observatory on Competition was launched in early 2019, with particular focus on new players, Fintech, Regtech and new technologies. The Observatory is made available to an internal customer base, is carried out every fortnight and helps mould a corporate culture that is more aware of the important innovations affecting the banking and finance business.





Turnover and total receivables

The Company acquired a total turnover flow of 64,065 million euros in the year, an increase of 12.7% since 2018 and higher than the increase in the market as a whole. This trend led to an increase in market share, which stood at 25.2% compared to 23.8% in 2018, and the achievement of first place in the sector ranking.

On the other hand, the outstanding amount decreased to 14,565 million, compared to 15,784 million at the end of 2018. Despite this decrease, the Company maintained its first-place position in market share (22.3%).

As the table below shows, non-recourse transactions increased in 2019, reaching 67.1% of total turnover (+7.2 percentage points in terms of share), and 55% of the outstanding total (-2 percentage points in terms of share).On the other hand, recourse transactions decreased in absolute terms by 1,675 million, bringing the share of turnover in the last year to 32.9%. However, there was a slight increase in terms of outstanding (45%).

(millions of euro)

	12.31.2019		12.31.2018		CHANGE	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	%
Turnover	**64,045**	**100.0%**	**56,835**	**100.0%**	**+7,210**	**+12.7%**
of which without recourse	*42,957*	*67.1%*	*34,072*	*59.9%*	*+8,886*	*+26.1%*
of which with recourse	*21,088*	*32.9%*	*22,763*	*40.1%*	*-1,675*	*-7.4%*
Outstanding	**14,565**	**100.0%**	**15,784**	**100.0%**	**-1,219**	**-7.7%**
of which without recourse	*8,010*	*55.0%*	*8,997*	*57.0%*	*-987*	*-11.0%*
of which with recourse	*6,555*	*45.0%*	*6,787*	*43.0%*	*-232*	*-3.4%*

Directors' Report on Operations (Continued)

Turnover by product showed a clear increase in the share of definitive acquisitions of receivables, which rose from 48.8% of the total in 2018 to 56.9% in 2019. Traditional and guarantee-only transactions recorded a decrease both in terms of share and absolute value, while there was a slight increase in the absolute value of maturity transactions.

(millions of euro)

	12.31.2019		12.31.2018		CHANGE	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	COMP. %
Turnover	**64,045**	**100.0%**	**56,835**	**100.0%**	**+7,210**	**+12.7%**
Domestic	59,019	92.2%	50,520	88.9%	+8,499	+16.8%
Import	522	0.8%	525	0.9%	-3	-0.7%
Export	4,505	7.0%	5,790	10.2%	-1,285	-22.2%

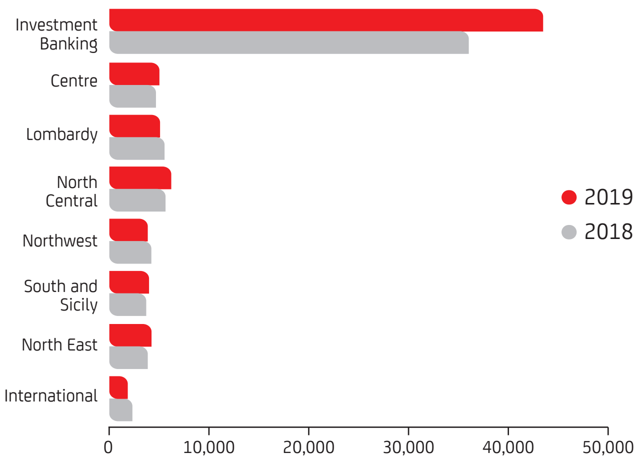
The increase in turnover on domestic operations continued both in absolute terms and in terms of share (+8,499 million and +16.8 percentage points in terms of share). The export component, on the other hand, decreased to 4,505 million, corresponding to 7% in terms of share.

(millions of euro)

	12.31.2019		12.31.2018		CHANGE	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	COMP. %
Turnover	**64,045**	**100.0%**	**56,835**	**100.0%**	**+7,210**	**+12.7%**
traditional	21,604	33.7%	23,386	41.1%	-1,782	-7.6%
outright and discounted purchase	36,468	56.9%	27,747	48.8%	+8,721	+31.4%
sole warranty	739	1.2%	810	1.4%	-71	-8.8%
maturity	5,234	8.2%	4,892	8.6%	+342	+7.0%

Finally, all areas saw growth on the previous year, with investment banking alone representing 65% of total turnover.

Turnover by Area (€ million)



In terms of total receivables, there was a decrease of 295 million in the overdue portion (24% of the total receivables) as a result of an increase in the public sector (from 39% to 47%) and a reduction in the private sector (from 19% to 17%). This result was achieved thanks to levels of efficiency which are now well established in the Debtor Management Division, thanks to actions that have yielded significant results on the market in terms of average collection times.

This has been done by:
- expanding the management and monitoring of due and past-due loans;
- continuing the recognition and analysis of longer past-due loans by fine-tuning recovery actions;
- extending the controls on the operational management of assigned receivables.

All of these actions, as implemented by the Debtor Management Division, have also reduced the risk levels on the Outstanding portfolio.

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

Total receivables by business sector of borrower

(€ million)

	12.31.2019		12.31.2018		CHANGE	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	%
GENERAL GOVERNMENT	3,343	23.0%	3,619	22.9%	-276	-7.6%
FINANCIAL COMPANIES	2,229	15.3%	2,044	12.9%	+185	+9.1%
NON-FINANCE COMPANIES	7,359	50.5%	7,857	49.8%	-498	-6.3%
HOUSEHOLDS	35	0.2%	36	0.2%	-1	-3.1%
NON-PROFIT INSTITUTES SERVING HOUSEHOLDS	58	0.4%	44	0.3%	+14	+31.5%
REST OF THE WORLD	1,539	10.6%	2,131	13.5%	-592	-27.8%
OTHER	3	0.0%	53	0.3%	-50	-94.9%
Total loans	**14,565**	**100%**	**15,784**	**100.0%**	**-1,219**	**-7.7%**

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

Total receivables by business branch of borrower

(€ million)

	12.31.2019		12.31.2018		CHANGE	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	%
AGRICULTURE, FORESTRY, FISHING	17	0.23%	17	0.22%	-0	-0.2%
ENERGY	841	11.37%	1,566	19.84%	-726	-46.3%
MINERALS, IRON METALS AND OTHERS	207	2.80%	309	3.92%	-102	-33.0%
MINERALS AND NON-METAL, MINERAL-BASED PRODUCTS	106	1.43%	85	1.07%	+21	+25.1%
CHEMICALS	64	0.87%	87	1.11%	-23	-26.3%
METAL PRODUCTS EXC. MACHINERY	464	6.27%	430	5.45%	+33	+7.8%
ELECTRICAL MACHINERY AND SUPPLIES	69	0.93%	68	0.86%	+1	+1.4%
TRANSPORT MEANS	1,373	18.57%	735	9.32%	+638	+86.7%
FOODSTUFFS, BEVERAGES, TOBACCO	350	4.74%	315	4.00%	+35	+11.1%
TEXTILES, LEATHER, SHOES, CLOTHING	70	0.94%	69	0.88%	+1	+1.0%
PAPER, PRINTING PRODUCTS, PUBLISHING SECTOR	110	1.49%	118	1.49%	-8	-6.4%
RUBBER, PLASTIC	41	0.56%	59	0.74%	-18	-29.9%
OTHER INDUSTRIAL PRODUCTS	70	0.95%	62	0.79%	+8	+13.0%
BUILDING AND PUBLIC WORKS	204	2.76%	182	2.30%	+22	+12.1%
BUSINESS SERVICES, RECOVERIES, REPAIRS	2,039	27.58%	2,082	26.37%	-42	-2.0%
HOTEL AND PUBLIC AGENCY SERVICES	9	0.12%	9	0.12%	-0	-2.1%
INTERNAL TRANSPORT SERVICES	53	0.71%	65	0.83%	-12	-19.0%
MARITIME, AIR TRANSPORT SERVICES	0	0.01%	1	0.01%	-0	-47.4%
TRANSPORT-RELATED SERVICES	120	1.62%	116	1.46%	+4	+3.6%
COMMUNICATIONS	675	9.13%	655	8.29%	+21	+3.1%
OTHER SALES-BASED SERVICES	500	6.77%	850	10.76%	-349	-41.1%
TOTAL FINANCE COMPANIES AND PHARM. PRODUCERS	**7,394**	**100.00%**	**7,893**	**100.00%**	**-500**	**-6.3%**

Receivables

Receivables at book value amounted to 12,488 million euro, down 14.8% since the end of the previous year. While on average, invested assets increased by 10.7%. The loans and receivables with customers segment accounted for 94% of the total and is almost entirely offset by a reduction in receivables to financial institutions. The loans to credit institutions component is largely unchanged.

Directors' Report on Operations (Continued)

Loans

(€ million)

	12.31.2019		30.06.2019		12.31.2018		CHANGE VS. 12.31.2018	
	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	COMP. %	AMOUNT	%
receivables from credit institutions	282	2.3%	329	2.7%	331	2.5%	-49	-14.8%
receivables from financial institutions	467	3.7%	408	3.3%	644	4.8%	-177	-27.5%
loans and receivables with customers	11,739	94.0%	11,475	94.0%	12,500	92.8%	-761	-6.1%
Total loans	**12,488**	**100.0%**	**12,212**	**100.0%**	**13,475**	**100.0%**	**-987**	**-7.3%**
of which:								
with-recourse advances	*1,114*	*8.9%*	*1,480*	*12.1%*	*1,634*	*12.1%*	*-520*	*-31.8%*
with-recourse advances (ex-formal non-recourse)	*1,608*	*12.9%*	*1,750*	*14.3%*	*1,868*	*13.9%*	*-260*	*-13.9%*
advances on contracts	*214*	*1.7%*	*210*	*1.7%*	*171*	*1.3%*	*+43*	*+25.0%*
non-recourse receivables	*8,277*	*66.3%*	*7,950*	*65.1%*	*8,764*	*65.0%*	*-487*	*-5.6%*
deferred receivables + debtor financing	*958*	*7.7%*	*597*	*4.9%*	*731*	*5.4%*	*+227*	*+31.1%*
Non-Performing loans	*174*	*1.4%*	*173*	*1.4%*	*185*	*1.4%*	*-11*	*-6.1%*
other receivables	*143*	*1.1%*	*52*	*0.4%*	*122*	*0.9%*	*+21*	*+16.8%*

The non-recourse component of receivables strengthened further on last year, reaching 66.3% of the total (+1.2 points). Deferred receivables and loans to assigned debtors also increased their share over the previous year to 7.7% (+2.4 points). On the other hand, the component for recourse and formal non-recourse advances decreased to 21.8% of the total (-4.2 points compared to the previous year). The other components of receivables are stable compared to the previous year. Approximately 88% of the without-recourse operations take place by means of outright purchase.
In terms of asset quality, impaired loans at book value saw a reduction of 6%, falling from 184.8 million at the end of 2018 to 173.7 million at the end of 2019, thus maintaining their impact on the total receivables over the year at 1.4%. The reduction in absolute terms is almost entirely due to the reduction in non-performing loans, which fell from 41.3 million to 35 million between the two year-end dates. Unlikely-to-pay and past-due loans are also down by about 1.1% and 3.6% respectively.
With regard to hedging, for bad loans it was 85.7%, including partial transitions to loss, while the coverage of unlikely-to-pay loans increased significantly, from 65.2% to 68.8%. Coverage of past-due loans was essentially the same as at the end of the previous year (approximately 5%). The coverage of total impaired loans thus increased from 62.4% to 63.5%, also taking into account the partial transitions to loss.

Impaired Loans

(€ million)

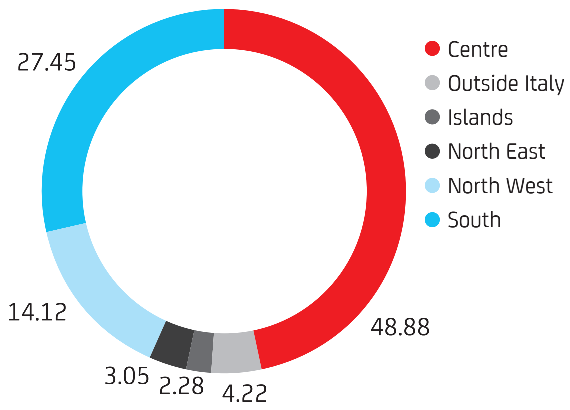
	BAD LOANS				TOTAL NON-PERFORMING	
	BOOK VALUE	INCL. WRITE-OFFS	UNLIKELY TO PAY	PAST-DUE LOANS	BOOK VALUE	INCL. WRITE-OFFS
As at 12.31.2019						
Nominal value	117.9	244.9	127.0	104.3	**349.2**	**476.2**
as a percentage of total loans	*0.93%*		*1.00%*	*0.82%*	**2.75%**	
Adjustments to value	82.9	209.9	87.4	5.2	**175.6**	**302.6**
as a percentage of face value	*70.33%*	*85.71%*	*68.82%*	*5.00%*	**50.28%**	**63.53%**
Book value	35.0	35.0	39.6	99.1	**173.7**	**173.7**
as a percentage of total loans	*0.28%*		*0.32%*	*0.79%*	**1.39%**	
As at 12.31.2018						
Nominal value	151.4	265.9	117.1	108.2	**376.7**	**491.3**
as a percentage of total loans	*1.11%*		*0.86%*	*0.79%*	**2.75%**	
Adjustments to value	110.1	224.6	76.4	5.4	**191.9**	**306.5**
as a percentage of face value	*72.73%*	*84.48%*	*65.27%*	*5.00%*	**50.95%**	**62.39%**
Book value	41.3	41.3	40.7	102.8	**184.8**	**184.8**
as a percentage of total loans	*0.31%*		*0.30%*	*0.76%*	**1.37%**	

Bad loans at book value fell from 41.3 million in 2018 to 35 million in 2019 in absolute terms, and from 0.31% to 0.28% in relation to the total receivables. The coverage ratio, considering the write-downs and partial transitions to loss, rose from 84.48% at the end of 2018 to 85.71% in December 2019.

In 2019, 40 new positions were transferred to non-performing status, totalling 7 million euros, while provisions of 5.5 million euros were made.

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

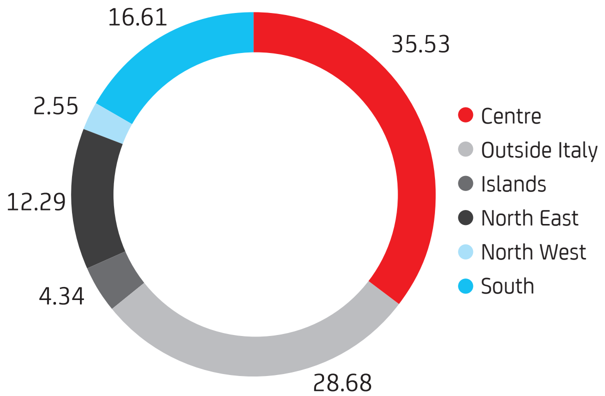
Bad loans positions by geographic area (%)



Unlikely-to-pay positions fell between the end of 2018 and the end of 2019, from 40.7 million to 39.6 million in absolute terms, and from 0.30% to 0.32% in relation to the total net receivables.
In 2019, 37 new positions were transferred to unlikely to pay status, totalling 9.3 million, while provisions of 3 million were made.

The breakdown of gross unlikely-to-pay loans by geographical area shows a clear prevalence in Central Italy and abroad.

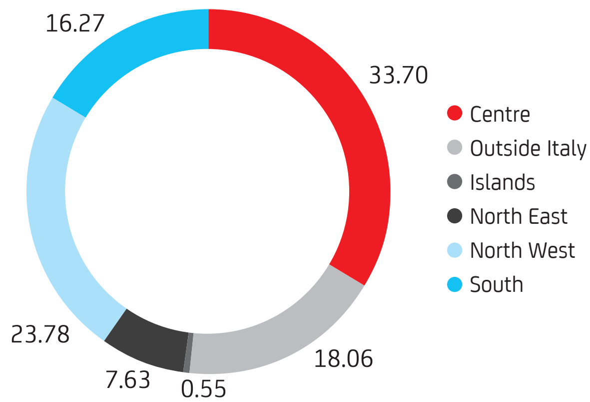
Unlikely-to-pay positions by geographic area (%)



Impaired past-due loans showed a slight reduction between the end of 2018 and the end of 2019, from 102.8 million to 99.1 million in absolute terms, standing at 0.79% of the total net receivables, compared to 0.76% at the end of the previous year.

Past-due loans by geographical area show a clear predominance in Central and North-West Italy.

Past-due positions by geographic area (%)



Risk management and control methods

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

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

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

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

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

Directors' Report on Operations (Continued)

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

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

The rates risk relating to definitive acquisitions beyond the short-term is usually hedged by means of interest rate swaps, which are only carried out with the Group's Investment Bank.

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

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

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

Income Statement and Shareholders' Equity

Income statement

The following income statement follows the reclassification model used by the Group, and the reconciliation with the balance sheet is attached.

Condensed income statement

(€ million)

	FINANCIAL YEAR		CHANGE	
	12.31.2019	12.31.2018	AMOUNT	%
Net interest	129.8	120.2	9.6	+8.0%
Net fees and commissions	58.4	59.9	-1.5	-2.5%
Trading and hedging income/expense	-0.7	0.0	-0.8	n.s.
Net other expenses/income	5.1	3.4	1.7	+49.0%
OPERATING INCOME	**192.6**	**183.6**	**9.0**	**+4.9%**
Payroll costs	-28.3	-28.0	-0.3	+1.2%
Other administrative costs	-19.1	-20.5	1.4	-6.9%
Impairment/write-backs on intangible and tangible assets	-1.8	-0.1	-1.7	n.s.
Operating costs	**-49.3**	**-48.7**	**-0.6**	**+1.3%**
OPERATING PROFIT (LOSS)	**143.3**	**134.9**	**8.4**	**+6.2%**
Net write-downs on loans	-16.4	-89.8	73.4	-81.7%
NET OPERATING PROFIT (LOSS)	**126.9**	**45.1**	**81.8**	**+181.3%**
Net provisions for risks and charges	-1.8	-3.3	1.5	-46.1%
Integration costs	0.3	0.3	0.1	+29.7%
PROFIT BEFORE TAXES	**125.5**	**42.1**	**83.4**	**+198.1%**
Income tax for the year	-39.7	-12.7	-27.0	+212.8%
NET PROFIT	**85.8**	**29.4**	**56.4**	**+191.7%**

The normalized changes, which sterilize the impact of the extraordinary interest collected in the two years (around 20 million in both), are not presented as substantially in line with the actual changes.
The other operating income/charges are taken from the operating income and integration charges and shown separately.

On the revenue side, there was an increase in the interest component, which more than compensated for a slight decrease in commissions. This increase reflects in part the growth in turnover volumes (+12.7%) and the volume of loans (+10.7% in annual average terms) and in part the increase in interest of an extraordinary nature since 2018. It is also affected by the general decline in spreads and commission rates due to strong competitive pressure and low interest rate levels, which were boosted by the ECB's expansionary monetary policies. These market factors should be considered together with the effect of the restructuring of the portfolio in favour of customers with higher standing, and consequently lower pricing levels.

The operating income stood at 192.6 million, an increase of 4.9% on the previous year. Contributing to this result was the net interest margin, at 129.8 million (+8%), net commission at 58.4 million (-2.5%) and the other items at 4.4 million (+26.5%).

On the cost side, personnel expenses increased by 1.2%. This increase can partially be explained by the increase in the average cost per FTE relating to the introduction of high level professionals.

Other administrative expenses decreased by 6.9% but were offset by an increase in value adjustments on property, plant and equipment due to the entry into force of the new accounting standard IFRS 16.

Overall, operating costs stood at 49.3 million, an increase of 1.3% on the previous year. The cost-revenue ratio was essentially stable at 25.6%, compared to 26.5% in the previous year, while the operating profit of 143.3 million represented a 6.2% increase on 2018.

Net impairment losses on loans, amounting to 16.4 million euros, fell sharply compared to the previous year (-81.7%). The cost of risk fell to 0.13% compared to 0.86% in 2018.

Gross profit amounted to 125.5 million. Net profit, after tax of 39.7 million, was 85.8 million compared to 29.4 million in the previous year (+191.7%).

Equity and capital ratios

Shareholders' equity at 31 December 2018 was 795 million, up on 31 December 2018, partly due to the increase in profit for the year (85.8 million). Tier 1 capital, taking into account the distribution of approximately 70% of the net profit for the year, stood at 734 million, compared to 708 million at the end of 2018 (+3.6%).

Total risk weighted assets showed a decrease of 6.8%, substantially in line with the decrease in the value of nominal receivables. CET 1 rose to 8.83%, as did the total capital ratio, and was well above the minimum permitted level of 6%.

Shareholders' equity and capital ratios

(€ million)

	DATA AS AT		CHANGE VS. 12.31.2018	
	12.31.2019	12.31.2018	AMOUNT	%
Equity	795	730	+65	8.9%
Period profit to distribute (-)	60	21	+39	191.1%
Negative/positive features	-1	-1	+0	-22.2%
Common Equity Tier 1 Capital	734	708	+26	3.6%
Hybrid instruments and subordinated liabilities	0	0	+0	0.0%
Total own funds	734	708	+26	3.6%
Total RWA	8,309	8,916	-607	-6.8%
CET 1	8.83%	7.94%	0.9%	
Total Capital ratio	8.83%	7.94%	0.9%	

Other information

Application for registration on the new Single Register of Financial Intermediaries

Since 05/09/2016, the Company has been registered on the new Single Register of Financial Intermediaries, in accordance with the reformed Art. 106 TUB.

Auditing

In line with the Group's auditing policies, the Company uses the Internal Audit service of UniCredit S.p.A., through Group Audit Compliance, Operational, Credit & Finance Risks which reports to the Internal Audit Department of UniCredit S.p.A. Auditing activities are done on the basis of a limited service agreement between UniCredit Factoring SpA and UniCredit SpA. A representative of the Audit Compliance, Credit & Finance Risks Group works exclusively within the Company.

Corporate responsibility: Italian Legislative Decree no. 231/2001

In 2018 the Supervisory Body continued its work on supervising adequacy and compliance with the Organisational and Management Model, which was set up in accordance with Decree 231/01 regarding the corporate responsibility of companies, legal entities and associations including those without legal status.The supervisory body performed its activities with the collaboration of Internal Audit. During 2019, the Credit and Risk Management's decision-making protocol was revised by resolution of the Board of Directors.

Business continuity

As required by the Bank of Italy regulations and in accordance with the Parent Company's instructions, the Company has approved and activated a business continuity and crisis management plan. This takes into consideration the main crisis and disaster scenarios and for

Directors' Report on Operations (Continued)

each of them, identifies the solutions to be taken to ensure adequate business continuity in acceptable conditions. The main aspects of the Plan relate to the distribution, where possible, of the critical activities identified at the Company's sites (the main site in Milan and the secondary office in Rome), and the use of staff from those offices who are periodically updated, have the necessary skills, and are able to rapidly intervene to replace personnel who are unable to operate at an affected site.

Environment and health and safety at work

Training on the areas covered by Legislative Decree 81/2008 continued during 2019 in accordance with Group guidelines and standards. In particular, staff were trained on fire safety and first aid procedures, and there is also a medical supervision programme for video terminal operators.

Related-party transactions

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

Treasury shares and parent-company shares in the portfolio

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

Research and development

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

Financial Instruments

As of 31 December 2019 the company does have hedging derivatives to cover interest rate risk. More information about the policy of managing financial risks and the composition of the derivatives portfolio can be found in the Notes.

Management and coordination by the Parent Company

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

The Company has joined the Group tax consolidation scheme.

Registered offices

Via Livio Cambi, 5, Milan.

Secondary offices

The Company does not have any secondary offices.

Events after year-end and outlook

Subsequent Events

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

Outlook for management

The global economy is expected to grow in 2020 at the same pace as last year, i.e. 2.9% (OECD November 2019), although this growth rate is the lowest since the global financial crisis of 2008/2009. These forecasts continue to be weighed down by the weakness of international trade and industrial production. While the risks arising from an escalation of tariff disputes between the US and China and an unresolved Brexit were mitigated, geopolitical tensions, in particular between the US and Iran, increased, as well as fears that the Chinese economy would slow down more substantially than expected.

In the eurozone, after the continued moderate growth in the fourth quarter of 2019, the Eurosystem's projections are for GDP growth in 2020 of 1.1%, and up in the following years. Also in the eurozone, inflation expectations increased, but to a residual extent, and remained below the ECB's medium-term objective, which confirms the existing accommodative monetary policy stance.

In Italy, based on the latest economic trends, the forecasts show that growth is expected to remain very modest in 2020. The latest growth estimates indicate a minimal acceleration of the Italian economy, with GDP from +0.2% to +0.5% in 2020, reflecting the weakening effects of the international environment, offset by the higher monetary stimulus and lower risk premiums on Italian sovereign debt. The macroeconomic scenario is defined by weak global trade growth, very accommodative monetary and financial conditions and support for domestic demand growth from domestic demand, with household consumption stable or cautiously expanding, also benefiting from income support measures and a slightly rising propensity to save. Investment is expected to grow but less than in the past period, supported by favourable financing conditions and with constraints on companies' propensity to invest due to uncertainty about trade policies and the level of demand. Potential risk also from a possible delay of the planned substantial public investment or the emergence of new tensions in the financial markets. Inflation is only gradually rising over the medium term, which means that the Italian economy is accelerating slightly but is burdened by potential downside risks.

As far as the factoring sector in particular is concerned, the expectations of operators in the sector are positive, forecasting further growth for the current year compared to 2019, albeit at a lower rate of around +4%. This scenario would see the sector contribute to GDP but is, on the other hand, beset with uncertainties over the effective continuation of economic growth in Italy.

In this context, which is uncertain and still defined by minimal economic growth and low or negative short-term interest rates, the Company is pursuing the objective of stabilising levels of profitability and efficiency, by stepping up its collaboration with the parent company's network through specific projects already launched at the reporting date.

As for the coronavirus epidemic, UniCredit is continuing to monitor the situation carefully and taking precautions in line with the recommendations of the World Health Organization and local authorities. It cannot be ruled out that a slowdown in the economy may emerge from this situation, including in the eurozone, with potential effects – not yet estimable as at 4 February 2020 – on the company's profitability, mainly in terms of operating income and the cost of risk.

Milan, 4 February 2020

The Chief Executive Officer	For the Board of Directors
Roberto Fiorini	Chairman: Maurizio Guerzoni

Proposals to the Shareholders' Meeting

The financial statements and the directors' Report on Operations, which we now submit for your approval, have been audited by Deloitte & Touche S.p.A in accordance with the meeting resolution passed on 18 April 2013.

We also propose the distribution of profits for the year, of 85,756,965 euros, as follows:

legal reserve (5%)	4,287,848 euros
other reserves	21,404,717 euros
to shareholders at the rate of 0.723 euros per share	58,056,900 euros
to UniCredit Foundation, as a donation	2,007,500 euros

Milan, 4 February 2020

The Chief Executive Officer
Roberto Fiorini

For the Board of Directors
Chairman: Maurizio Guerzoni

Financial Statements

Financial Statements

Balance sheet

(Amounts in euros)

ASSETS	12.31.2019	12.31.2018
10. Cash and cash balances	317	322
20. Financial assets measured at fair value through profit or loss	1,104,200	0
a) financial assets held for trading	-	-
b) financial assets designated at fair value	-	-
c) other financial assets mandatorily at FV	1,104,200	0
30. Financial assets measured at fair value through other comprehensive income	173	1,699,973
40. Financial assets measured at amortised cost	12,488,310,510	13,474,569,370
a) loans and receivables with banks	282,211,233	331,105,185
b) receivables from financial companies	467,037,661	643,639,942
c) loans and receivables with customers	11,739,061,616	12,499,824,243
50. Hedging derivatives	16,697	398,508
60. Changes in fair value of portfolio hedged items (+/-)	8,164,433	4,762,354
80. Property, equipment and investment property	8,681,626	14,055
90. Intangible assets	825,145	1,060,993
100. Tax assets	52,198,409	48,865,680
a) current tax assets	-	-
b) deferred	52,198,409	48,865,680
120. Other assets	87,410,371	75,083,607
Total assets	**12,646,711,881**	**13,606,454,862**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2019	12.31.2018
10. Financial liabilities measured at amortised cost	11,323,633,058	12,383,774,926
a) payables	11,323,633,058	12,383,774,926
40. Hedging derivatives	15,090,428	9,936,481
60. Tax liabilities	29,121,469	1,914,722
a) current tax liabilities	29,121,469	1,914,722
80. Other liabilities	444,386,198	439,827,422
90. Provision for employee severance pay	2,714,799	2,478,050
100. Provisions for risks and charges	37,163,558	38,917,966
a) guarantees given	1,101,743	2,313,507
b) post retirement benefit obligations	371,201	1,612,070
c) other provisions for risks and charges	35,690,614	34,992,389
110. Capital	414,348,000	414,348,000
140. Share premium	951,314	951,314
150. Reserves	294,068,049	286,352,536
160. Valuation reserves	(521,957)	(1,445,176)
170. Net profit (loss) for the year (+/-)	85,756,965	29,398,621
Total liabilities and equity	**12,646,711,881**	**13,606,454,862**

Income statement

(Amounts in euros)

ITEMS	12.31.2019	12.31.2018
10. Interest and similar income	143,718,103	134,042,372
of which interest income calculated using the effective interest method	111,830,265	114,871,643
20. Interest expense and similar charges	(13,903,351)	(13,817,889)
30. **THE INTEREST MARGIN**	**129,814,752**	**120,224,483**
40. Fees and commissions income	77,631,898	76,474,789
50. Fees and commissions expenses	(19,219,636)	(16,561,440)
60. **FEES AND COMMISSIONS INCOME AND EXPENSES**	**58,412,262**	**59,913,349**
80. Net profit (loss) from trading	(148,578)	22,533
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	(585,600)	-
b) other financial assets mandatorily at FV	(585,600)	-
120. **OPERATING INCOME**	**187,492,836**	**180,160,365**
130. Net adjustments/writebacks for credit risk of:	(16,415,173)	(89,816,329)
a) financial assets measured at amortised cost	(16,415,173)	(89,816,329)
150. NET PROFIT FROM FINANCIAL ACTIVITIES	**171,077,663**	**90,344,036**
160. Administrative costs:	(47,118,665)	(48,273,481)
a) personnel expenses	(28,002,882)	(27,739,689)
b) other administrative expenses	(19,115,783)	(20,533,792)
170. Net provisions for risks and charges	(1,765,745)	(3,274,416)
a) guarantees given	1,211,764	(1,870,572)
b) other net provisions	(2,977,509)	(1,403,844)
180. Net value adjustments/write-backs on property, plant and equipment	(1,589,220)	(3,369)
190. Net value adjustments/write-backs on intangible assets	(235,848)	(125,599)
200. Other income and operating expenses	5,105,835	3,427,577
210. OPERATING EXPENSES	**(45,603,643)**	**(48,249,288)**
260. PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	**125,474,020**	**42,094,748**
270. Income tax expense on continuing operations	(39,717,055)	(12,696,127)
280. PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER TAXES	**85,756,965**	**29,398,621**
300. NET PROFIT (LOSS)	**85,756,965**	**29,398,621**

Statement of comprehensive income

(Amounts in euros)

ITEMS	12.31.2019	12.31.2018
10. Profit (loss) for the year	**85,756,965**	**29,398,621**
Other comprehensive income after tax not reclassified to profit or loss	**-**	**-**
20. Equity instruments at fair value through other comprehensive income	0	(45,001)
30. Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
40. Hedging of equity instruments at fair value through other comprehensive income	-	-
50. Property, plant and equipment	-	-
60. Intangible assets	-	-
70. Defined benefit plans	(122,788)	(30,672)
80. Non-current assets held for sale	-	-
90. Portion of valuation reserve for equity investments valued using the equity method	-	-
Other comprehensive income after tax that may be reclassified to profit or loss		
100. Hedges of foreign investments	-	-
110. Exchange rate differences	-	-
120. Cash-flow hedges	-	-
130. Hedging instruments (not designated)		
140. Financial assets (other than securities) valued at fair value with impact on comprehensive income	-	-
150. Non current assets and disposal groups classified as held for sale	-	-
160. Share of valuation reserves of equity investments accounted for using equity method	-	-
170. Total other income components after tax	**(122,788)**	**(75,673)**
180. Total comprehensive income (Item 10+170)	**85,634,177**	**29,322,948**

Financial Statements (Continued)

Statement of changes in Equity as at 31 December 2019

	BALANCE AS AT 12.31.2018	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2019	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Capital	414,348,000	-	414,348,000	-	-
Share premium	951,314	-	951,314	-	-
Reserves:	-		-		
a) income	286,352,535	-	286,352,535	8,761,521	-
b) others	-	-	-	-	-
Valuation reserves	(1,445,176)	-	(1,445,176)		-
Equity instruments	-	-	-		-
Treasury shares	-	-	-	-	-
Income (loss) for the period	29,398,621	-	29,398,621	(8,761,521)	(20,637,100)
Equity	**729,605,294**	**-**	**729,605,294**	**-**	**(20,637,100)**

Statement of changes in Equity as at 31 December 2018

	BALANCE AS AT 12.31.2017	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2018	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Capital	414,348,000	-	414,348,000	-	-
Share premium	951,314	-	951,314	-	-
Reserves:	-		-		
a) income	271,155,754	(3,247,270)	267,908,484	18,444,052	-
b) others	-	-	-	-	-
Valuation reserves	(368,498)	(1,001,007)	(1,369,505)		-
Equity instruments	-	-	-		-
Treasury shares	-	-	-	-	-
Income (loss) for the period	61,003,052	-	61,003,052	(18,444,052)	(42,559,000)
Equity	**747,089,622**	**(4,248,277)**	**742,841,345**	**-**	**(42,559,000)**

(Amounts in euros)

CHANGES DURING THE YEAR							
	SHAREHOLDERS' EQUITY TRANSACTIONS						
CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME 12.31.2019	SHAREHOLDERS' EQUITY 12.31.2019
-	-	-	-	-	-	-	414,348,000
-	-	-	-	-	-	-	951,314
-	-	-	-	-	(1,046,008)		294,068,048
-	-	-	-	-	-	-	-
	-	-	-	-	1,046,008	(122,788)	(521,956)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	85,756,965	85,756,965
-	**-**	**-**	**-**	**-**	**0**	**85,634,177**	**794,602,371**

(Amounts in euros)

CHANGES DURING THE YEAR							
	SHAREHOLDERS' EQUITY TRANSACTIONS						
CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME 12.31.2018	SHAREHOLDERS' EQUITY 12.31.2018
-	-	-	-	-	-	-	414,348,000
-	-	-	-	-	-	-	951,314
-	-	-	-	-	-	-	286,352,536
-	-	-	-	-	-	-	-
	-	-	-	-	-	(75,671)	(1,445,176)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,398,621	29,398,621
-	**-**	**-**	**-**	**-**	**-**	**29,322,950**	**729,605,295**

Financial Statements (Continued)

Cash Flow Statement - Direct Method

(Amounts in euros)

	12.31.2019	12.31.2018
A. OPERATING ACTIVITIES		
1. OPERATIONS	**158,322,313**	**160,605,128**
- interest income collected	144,372,881	112,881,303
- interest expense paid	(13,903,351)	(13,817,889)
- net fees and commissions	51,341,779	71,861,030
- staff costs	(28,002,882)	(27,739,689)
- other costs	(19,849,961)	(20,533,792)
- other revenues	67,413,631	48,258,152
- taxes and duties	(43,049,784)	(10,303,987)
- costs/income related to group assets classified as held for sale and net tax effects		
2. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ASSETS	**909,631,735**	**(3,234,060,558)**
- other financial assets mandatorily at FV	595,600	
- financial assets measured at fair value through other comprehensive income	0	517,001
- financial assets valued at amortised cost	924,383,167	(3,202,963,385)
- other assets	(15,347,032)	(31,614,174)
3. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	**(1,030,461,961)**	**3,128,351,793**
- financial liabilities valued at amortised cost	(1,070,390,943)	3,175,649,842
- other liabilities	39,928,982	(47,298,049)
NET CASH GENERATED/ABSORBED BY OPERATING ACTIVITIES	**37,492,087**	**54,896,363**
B. INVESTING ACTIVITIES		
1. CASH GENERATED BY:		
- sale of investments	-	-
- dividends collected on investments	-	-
- sales of property, plant and equipment		-
- sales of intangible assets	-	-
- sales of business units	-	-
2. CASH ABSORBED BY:		
- purchases of investments	-	-
- purchases of tangible assets	(7,716)	(16,456)
- purchase of Intangible assets	0	(1,179,886)
- purchases of business units	-	-
NET CASH GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	**(7,716)**	**(1,196,342)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury quotas	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other allocations	(20,637,100)	(42,559,000)
NET CASH GENERATED/ABSORBED BY FINANCING ACTIVITIES	**(20,637,100)**	**(42,559,000)**
NET CASH GENERATED/ABSORBED DURING THE YEAR	**16,847,271**	**11,141,021**

RECONCILIATION

	12.31.2019	12.31.2018
Cash and cash equivalents at the beginning of the period	21,789,060	10,648,039
Total net cash generated/absorbed during period	16,847,271	11,141,021
Cash and cash balances effects of changes in exchange rates	-	-
Cash and cash equivalents at the end of period	38,636,331	21,789,060

Notes to the Financial Statements

Part A - Accounting policies

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with international accounting standards

The financial statements to 31 December 2019 were prepared in accordance with the IAS/IFRS international accounting standards, issued by the IASB and approved by the European Commission until 31 December 2019, including the interpretations of the international Financial Reporting Interpretation Committee (IFRIC), as established by Regulation No. 1606 of 19 July 2002, enacted in Italy by Legislative Decree 38 of 28 February 2005.

The financial statements were prepared according to the models in the Bank of Italy's measure of 30 November 2018, "Financial statements of IFRS intermediaries other than banking intermediaries", which fully replaced the guidelines annexed to the instructions in its measure of 22 December 2017.

Section 2 - Preparation Criteria

The financial statements of UniCredit Factoring S.p.A. at 31 December 2019 were prepared, as indicated above, in conformity with the International Accounting Standards (IAS/IFRS) endorsed by the European Union. The financial statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, and the Notes, accompanied by the Directors' Report on Operations. The financial situation is presented in euros, apart from the Notes which are prepared in thousands of euros, and corresponds to the company accounts, which fully reflect the operations carried out during the period.

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

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

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

The financial statements to 31 December 2019 have been drafted clearly and provide a true and fair representation of the Company's assets, financial position, economic result for the year, shareholders' equity and cash flow.

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

Risk and uncertainty relating to the use of estimates

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

Estimation processes have been used to support the recognition values.

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

The risk of uncertainty in estimation essentially relates to the assessment of:
- the quantification of losses due to impairment in the value of receivables;
- severance pay and other employee benefits;
- the provisions for risks and charges;
- financial instruments;
- deferred tax assets.

Section 3 - Subsequent Events

No significant events have occurred after the reporting date that would make it necessary to change any of the information given in the Accounts as at 31 December 2019.

Section 4 - Other aspects

These accounts are audited by the company Deloitte & Touche S.p.A. pursuant to Legislative Decree no. 39 of 27 January 2010 and in implementation of the Shareholders' Meeting resolution of 18 April 2013.

The Company's financial statements have been prepared using the same accounting standards adopted for the financial statements at 31 December 2018 except for the introduction of the new accounting standard IFRS 16 Leases (EU regulation 2017/1986).
IFRS 16, effective from 1 January 2019 and endorsed by the European Union on 31 October 2017, amends the previous set of international accounting standards and interpretations on leasing and, in particular, IAS 17.
IFRS 16 introduces a new definition of leases and confirms the current distinction between the two types of leasing (operating and financial) with reference to the accounting treatment to be applied by the lessor.
With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition as an asset, representing the right of use of the underlying asset and, at the same time, a liability reflecting the future payments of the lease contract.
At initial recognition, the asset is measured on the basis of the lease contract cash flows. After initial recognition the asset will be measured on the basis of the provisions for property, plant and equipment and intangible assets under IAS38, IAS16 and IAS40, therefore net of any depreciation and any impairment losses, at the "adjusted value" or at the fair value if applicable.

In this area, the Company participated in the Group project and carried out activities to ensure compliance with the new accounting standard, particularly with regard to the calculation and accounting of rights of use and the associated lease liability, which are the main changes from the accounting model provided for in IAS 17.
The activities relating to the development of rules, principles and IT systems to ensure the correct calculation of new assets and liabilities, their subsequent measurement and the determination of the related effects on the income statement, have been finalised.
It should be noted that, as permitted by the accounting principle, the Company has decided to exclude from the scope of application of the principle, lease contracts with the following characteristics:

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

Consequently, the lease payments relating to these types of assets are recorded under income statement item 160 "Administrative costs" on an accrual basis.
With reference to contracts other than those mentioned above, the payable for leasing, recorded under balance sheet liability item 10 "Financial liabilities carried at cost" is determined by discounting future lease payments due for the duration of the lease at the appropriate discount rate.
The future lease payments to be discounted to present value are determined in the light of the provisions of the lease agreement and calculated net of VAT, where applicable, by virtue of the fact that the obligation to pay this tax arises at the time the lessor issues the invoice and not on the effective date of the lease agreement itself.
In addition, if the lease rental is inclusive of any services ancillary to the lease, the right of use and the associated leasing liability are calculated taking into account these components as well.
For the purposes of the above calculation, these flows are discounted at a rate equal to the interest rate implicit in the lease or, if the latter is not available, at the incremental borrowing rate. The latter is determined on the basis of the cost of funding for liabilities of duration and guarantees similar to those implicit in the leasing contract.
For the purpose of determining the duration of the lease, the non-cancellable period, set out in the contract, during which the lessee has the right to use the underlying asset is taken into account, along with any renewal options where the lessee has reasonable assurance of renewal.
In particular, with reference to contracts that provide for the lessee's right to tacitly renew the lease at the end of an initial period, the duration of the lease is determined taking into account elements such as the duration of the first period, the existence of any business plans for the disposal of the leased assets as well as any other circumstance indicative of the existence of reasonable certainty of renewal.
The right of use is recorded under asset balance sheet item 80 "Property, plant and equipment" on the basis of the book value of the associated leasing liability and adjusted to take into account, where applicable, the lease payments made in advance or at the start date of the lease, the initial direct costs and the estimated costs required to restore the asset to the conditions provided for in the contract.
Subsequent to initial recognition, interest accrued on the lease liability, at the rate implicit in the lease, is recorded in the income statement item 20 "Interest expenses and similar charges".
The right of use, after initial recognition, is subject to amortisation over the lease term and, where the circumstances exist, to value adjustments. These income components are recorded in the income statement item 180 "Impairment/write-backs on property, plant and equipment".
The Company adopted the modified retrospective approach for the impact estimates carried out, recording the cumulative impact of the initial application to existing contracts as an adjustment to the opening balances at 1 January 2019, without redetermining and restating the comparative figures (31 December 2018). To measure the right of use at transition, reference is made to the option that allows to quantify the asset as equal to the lease liability, determined by the discounting back to the date of first application of the future contractual payments as previously indicated.

Part A - Accounting policies (Continued)

RECONCILIATION OF LEASE LIABILITIES	TOTAL
IAS 17 operating lease commitments not used at 12.31.2018	9,471
Exceptions for short term leases and low value assets	(168)
Other changes	(167)
Lease Liabilities to be recognised in BS as at 01.01.2019 not discounted	**9,136**
Effect of discounting FTA rate	(191)
IFRS 16 lease liabilities at 01.01.2019	**8,945**

As at 1 January 2019, the Company recorded rights of use under property, plant and equipment for an amount of 8.9 million euros relating to leasing contracts for the following assets:
• Buildings amounting to 8.6 million;
• Others amounting to 0.3 million.

At the same date, the Company also recorded leasing liabilities amounting to 8.9 million euros relating to leasing contracts for the following assets:
• Buildings amounting to 8.6 million;
• Others amounting to 0.3 million.

In 2019, in addition to IFRS 16, the following accounting standards, interpretations or amendments to existing accounting standards came into force:
• Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (October 2017)
• Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (February 2018);
• Annual Improvements to IFRS 2015-2017 accounting standards (December 2017);
• IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (EU regulation 2018/1595);
• Amendments to IFRS 9 "Prepayment Features with Negative Compensation" (EU regulation 2018/498).

The application of these new principles did not have an impact on the Company's financial statements.

IBOR transition
A comprehensive reform of reference interest rates has been undertaken in recent years as a result of concerns raised about the integrity and reliability of the main financial market benchmarks. In order to assess the significant risks associated with this comprehensive reform, initiated by the Financial Stability Board (FSB), and to take appropriate action to ensure an adequate transition to the alternative or reformed benchmark rates before the end of 2021, as required by the EU Benchmark Regulation (BMR), the UniCredit Group launched a group project in October 2018 to manage the termination of IBORs.

The project has been structured with both the Group's exposure (mainly focused on the euro) and the timing of the transition of the indices in mind, and is planned to last several years. Project governance involves the main internal structures, both at Group level and at the level of local legal entities. The project is also monitored by the ECB as supervisor of the Parent Company and the progress of activities is shared with the Group's top management.

In 2019, UniCredit guaranteed compliance with the following main market changes with reference to the following existing contracts connected to Euribor and €STR/Eonia:
- the termination of certain Euribor base rates and tenors in line with the deadline set by the European Money Markets Institute (EMMI) (3 December 2018 for tenors and 1 April 2019 for the Euribor Act/365 and the disposal of the 30/360 base rate);
- the changes requested by the Euribor administrator (EMMI) to the index contribution process itself, following the introduction of its new methodology;
- the introduction of the new overnight rate €STR (replacing Eonia), which was first published on 2 October 2019.

However, some possible uncertainties, with reference to contracts related to other IBORs, about the timing and/or fallback rules to be applied to stocks of assets, liabilities and derivative contracts, cannot be excluded.

In this respect, on 15 January 2020, the Amendments to IFRS 9, IAS 39 and IFRS 7 “Benchmark Interest Rate Reform” has been approved by the European Commission for use in the European Union.

The Amendments address potential sources of uncertainty about the effects of the Benchmark Interbank Rates (IBOR) reform on existing accounting hedge ratios when affected by it, while also clarifying that the reform does not require the termination of existing accounting hedge relationships.

The effective date of the Amendments is the annual financial year beginning on or after 1 January 2020. Since early adoption is possible, the UniCredit Group has decided to adopt the above standard as from the 2019 financial statements with reference to existing hedging relationships connected to other IBORs, whose volume is shown below:

Hedge - notional value

(euro/1000)

		CONTENTS
HEDGE RATIO	HEDGED ITEMS	USD LIBOR
Fair value	assets	24,200
	liabilities	
Cash Flows	assets	
	liabilities	

In order to monitor developments on IBORs and to adequately manage the transition and the impact of their cessation, UniCredit Group will continuously monitor the market, also participating in European working groups, industry working groups (e.g. International Swaps and Derivatives Association, ISDA) and relevant public consultations.

As at 31 December 2019 the IASB has issued the following standards, amendments, interpretations or revisions, whose application is subject to completion of the endorsement process by the competent bodies of the European Union:
• IFRS17: Insurance Contracts (May 2017);
• Amendments to IFRS 3: “Business Combinations” (October 2018);
• Amendments to IAS 1 and IAS 8: definition of material (October 2018);
• Amendments to IFRS 9, IAS 39 and IFRS 7 Benchmark interest rate reform (September 2019).

With the exception of the Amendments to IFRS 9, IAS 39 and IFRS 7, the Group has not pursued early adoption of new standards, amendments or interpretations endorsed by the European Union for which application in 2019 is only optional.

Information on public funding pursuant to Art. 1, paragraph 125 of Law no. 124 of 4 August 2017 (“Annual law for the market and competition”)

During the year, the Company did not receive any subsidies, contributions, paid assignments or economic benefits of any kind whatsoever.

The draft financial statements of the Company were approved by the Board of Directors on 4 February 2020.

Part A - Accounting policies (Continued)

A.2 - Main Items of the Financial Statements

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

1) Financial assets measured at amortised cost

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

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

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

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

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

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

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

IFRS 9 provides that a company can only derecognise a financial asset if:
a) it has transferred the financial asset, and with that, all the risks and contractual rights to cash flows deriving from that asset essentially expire;
b) the benefits of owning the asset no longer exist.

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

The assigning company essentially maintains all the risks and benefits when the exposure to the variability of the present value of the net future cash flows of the asset does not change significantly, following its transfer. Conversely, there is a transfer when the exposure to this variability is no longer significant.
The most common ways in which a financial instrument is transferred can have very different accounting effects:
- in the case of a without-recourse assignment (without any guarantee restriction), the sold assets can be derecognised from the assignor's financial statements;
- in the case of a with-recourse assignment it should be considered that in most cases, the risk of the sold asset remains with the vendor, and therefore the assignment does not meet the requirements for derecognition of the sold asset.

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

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

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

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

According to the Bank of Italy regulations, impaired exposures are classified into the following categories:
- Bad loans: this refers to receivables that are formally recognised as impaired, consisting of exposures to insolvent borrowers (even if the insolvency has not been recognized in a court of law) and to borrowers in a similar situation. This assessment usually takes place analytically (also by comparison against automatic, statistical coverage levels for certain portfolios of receivables below a predefined threshold), or in cases where the amounts are not individually significant, on a flat rate basis according to the same type of exposure.
- Unlikely to pay positions : refers to on-balance and off-balance sheet exposures that do not meet the criteria for classification as non-performing loans, and for which it is considered unlikely that the debtor will be able to fully repay the capital and/or interest on its finance without actions such as the enforcement of guarantees. This assessment takes place independently of any unpaid or past-due amounts or instalments.

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

Unlikely to pay positions are valued analytically, if there are particular elements that require such an assessment, or they may be valued by applying percentages on a flat rate basis.
- **Past-due and/or unauthorised exposures:** These are on-balance sheet exposures other than those classified among non-performing loans or unlikely-to-pay positions, which on the reporting date have been past-due or unauthorised for more than 90 days on a major obligation, as prescribed by the regulations on prudential relevance requirements and in accordance with the Bank of Italy Circular 217/1996 (as amended). Past-due and/or unauthorised impaired exposures are calculated with respect to the individual debtor.

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

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

2) Property, plant and equipment

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

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

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

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

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

The useful life, which is periodically reviewed in order to identify any estimates that may differ significantly from the previous ones, is defined as:
• the period of time for which it is expected that an asset can be used by the company;
• the quantity of products or similar items that the company expects to obtain from using the asset.

Part A - Accounting policies (Continued)

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

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

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

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

3) Intangible assets

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

The asset is identifiable if:
- it is separable, in other words it can be separated or de-assembled and sold, transferred, given under licence, leased or exchanged;
- it derives from contractual or other legal rights regardless of whether those rights can be transferred or separated from other rights and obligations.

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

An intangible asset is recognised as such if, and only if:
(a) it is probable that the company will receive future economic benefits from that asset;
(b) the cost of the asset can be reliably measured.

This item mainly includes goodwill and software.

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

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

After initial recognition, an intangible asset with a defined useful life is carried at cost, less any accumulated amortization and any impairment losses. The amortisation is calculated systematically throughout the best estimate of the useful life of the asset, using the straight line method.

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

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

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

4) Liabilities and Securities in Issue

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

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

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

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

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

5) Hedging operations

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

Hedging derivatives, like all derivatives, are initially recognised and then measured at fair value and are classified in the balance sheet assets under item "70 Hedging derivatives", and under liabilities item "50 Hedging derivatives".

In the case of macro hedges, the adjustment of the financial assets' value is classified in balance sheet item 80 "Changes in fair value of portfolio hedged items" and financial liabilities under item 60 "Changes in value of portfolio hedged financial liabilities". A positive change must not be offset against a negative one.

An item is classified as hedging, and is correspondingly recognised in the accounts, only if all the following conditions have been met:

- with the initial hedge, the account is designated and formally documented as well as the company's objectives in its risk management and hedging strategy. The documentation identifies the hedging instrument, the element or transaction subject to the hedge, the nature of the risk and the methods the company intends to use to assess the effectiveness of the hedge in offsetting exposure to changes in the fair value of the element hedged or the cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably assessed;
- the hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which it has been designated.

The hedge is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are almost completely offset by changes in fair value of the hedging instrument and if the hedge ratio is within the range of 80-125 per cent.

The effectiveness of the hedge is initially assessed by forward-looking tests, and when the annual financial statements are prepared, using a retrospective test; the results of these tests justify the application of hedge accounting, as they demonstrate its expected effectiveness.

6) Employee severance pay provision

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

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

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

Part A - Accounting policies (CONTINUED)

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

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

7) Provisions for risks and charges

Provisions for risks and charges are recognised on the account if, and only if:
- there is a current obligation (legal or implied) as a result of a past event;
- it is probable that an outflow of resources designed to produce economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

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

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

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

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

8) Current and deferred tax

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

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

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

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

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

9) Share-Based Payments

Equity-settled payments made to employees in consideration of services rendered, using equity instruments of the Parent Company comprise:
a) the right to subscribe to paid capital increases (stock options in the strict sense);
b) rights to receive shares on achieving quantity and quality targets (performance shares);
c) restricted shares.

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

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

10) Revenues

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

Revenues from contractual obligations with customers are only recognised if all the following criteria have been met:
a) the parties to the contract have approved it, and have committed to fulfilling their respective obligations;

b) the company can identify the rights of each of the parties, regarding the goods or services to be transferred;
c) the company can identify the terms of payment, regarding the goods or services to be transferred;
d) the contract has commercial substance (i.e. the risk, timing or amount of the company's future cash flows will change after the contract);
e) it is probable that the company will receive the price to which it is entitled, in exchange for the goods or services transferred to the customer. In assessing the likelihood of receiving the amount, the company only has to take into account the customer's capacity and intention to pay the price when due.

The price for the contract, which has to be likely to be received, is allocated to the individual contractual obligations.

The revenues are recognised according to the time when the obligations are fulfilled, on a single occasion or alternatively throughout the period required for the fulfilment of each obligation.

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

11) Foreign currency transactions

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

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

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

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

A.3.1 Reclassified financial assets: change in business model, book value and interest income

TYPE OF FINANCIAL INSTRUMENT	PORTFOLIO OF ORIGIN	PORTFOLIO OF DESTINATION	RECLASSIFICATION DATE	RECLASSIFIED BOOK VALUE	INTEREST INCOME IN THE YEAR
Loans	Financial assets measured at fair value through other comprehensive income	other financial assets mandatorily at FV	01.01.19	1,700	-

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income before the transfer

TYPE OF FINANCIAL INSTRUMENT	PORTFOLIO OF ORIGIN	PORTFOLIO OF DESTINATION	FAIR VALUE AT 12.31.19	GAINS/LOSSES WITHOUT TRANSFER TO THE INCOME STATEMENT (PRE-TAX)		GAINS/LOSSES WITHOUT TRANSFER TO THE SHAREHOLDERS' EQUITY (PRE-TAX)	
				12.31.19	12.31.18	12.31.19	12.31.18
Loans	Financial assets measured at fair value through other comprehensive income	other financial assets mandatorily at FV	1,104	586	-	-	-

A.3.3 Reclassified financial assets: change of business model and effective interest rate

During 2019, the company, in line with what was done at UniCredit Group level, proceeded to reclassify the financial assets consisting of the profit shares with film production companies, from the FVtOCI portfolio (Item 30) to the FVtPL portfolio (Item 20.c) in order to eliminate an accounting mismatch with the recognition of the tax credit, to which these instruments give rise. At the same time, the company reversed to PL the negative reserve of OCI recorded in the previous financial year.

Part A - Accounting policies (CONTINUED)

A.4 - Information on fair value

QUALITATIVE INFORMATION

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

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

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

The only assets or liabilities valued at fair value on a recurring or non-recurring basis held by the Company are interest rate swaps.

For these instruments, which are not traded on an active market, mark to model valuation techniques are used, which are based on inputs for which there is an active market.

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

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

A.4.2 - Valuation processes and sensitivity

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

A.4.3 Fair value hierarchy

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

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all significant valuation inputs used.
A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself over a period of three months.

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

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

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

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

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

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

QUANTITATIVE INFORMATION

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

(thousands of euros)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	12.31.2019 LEVEL 1	12.31.2019 LEVEL 2	12.31.2019 LEVEL 3	12.31.2018 LEVEL 1	12.31.2018 LEVEL 2	12.31.2018 LEVEL 3
1.Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
a. Financial assets designated at fair value	-	-	-	-	-	-
b. Financial assets measured at fair value	-	-	-	-	-	-
c. Other financial assets mandatorily at FV	-	-	1,104	-	-	-
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,700**
3. Hedging derivatives	**-**	**17**	**-**		**399**	**-**
4. Property plant and equipment	**-**	**-**	**-**	**-**	**-**	**-**
5. Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**-**	**17**	**1,104**	**-**	**399**	**-**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	15,090	-	-	9,936	-
Total liabilities	**-**	**15,090**	**-**	**-**	**9,936**	**-**

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

(thousands of euros)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY AT FV				
1 Opening balance	-	**-**	**-**	**-**	**1,699,973**	**-**	**-**	**-**
2 Increases	**1,699,800**	**-**	**-**	**1,699,800**	**0**	**-**	**-**	**-**
2.1 . Purchases	-	-	-	-	-	-	-	-
2.2 . Profits recognized in:	-	-	-	-	-	-	-	-
2.2.1 Income Statement	-	-	-	-	-	-	-	-
of which: Capital gain	-	-	-	-	-	-	-	-
2.2.2 Equity	-	-	-	-	-	-	-	-
2.3 . Transfers from other portfolios	1,699,800	-	-	1,699,800		-	-	-
2.4 . Other increases	-	-	-	-	-	-	-	-
3 Decreases	**595,600**	**-**	**-**	**595,600**	**1,699,800**	**-**	**-**	**-**
3.1 . Sales	-	-	-	-	-	-	-	-
3.2 . Redemptions	-	-	-	-		-	-	-
3.3 . Losses recognized in:	-	-	-	-	-	-	-	-
3.3.1 Income Statement	585,600	-	-	585,600	-	-	-	-
of which: Capital loss	*585,600*	-	-	*585,600*	-	-	-	-
3.3.2 Shareholders' Equity	-	-	-	-		-	-	-
3.4 Transfers from other portfolios	-	-	-	-	1,699,800	-	-	-
3.5 Other decreases	10,000	-	-	10,000		-	-	-
4 Closing balances	**1,104,200**	**-**	**-**	**1,104,200**	**173**	**-**	**-**	**-**

Part A - Accounting policies (Continued)

TAV A.4.5.4
Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis

(thousands of euros)

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON NON-RECURRING BASIS	12.31.2019				12.31.2018			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Assets measured at amortised cost	12,488,311	-	-	12,496,475	13,474,569	-	-	13,479,332
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**12,488,311**	**-**	**-**	**12,496,475**	**13,474,569**	**-**	**-**	**13,479,332**
1. Financial liabilities measured at amortised cost	11,323,633	-	-	11,323,633	12,383,775	-	-	12,383,775
2. Liabilities included in disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**11,323,633**	**-**	**-**	**11,323,633**	**12,383,775**	**-**	**-**	**12,383,775**

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

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

A.5 Disclosures on “day one profit/loss”

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

Part B - Information on the Balance Sheet

Assets

Liabilities

Parte B - Information on the Balance Sheet

Assets

Section 1 - Cash and cash balances - Item 10

Composition of Item 10 "Cash and cash liabilities"

(thousands of euros)

ITEM/VALUES	12.31.2019	12.31.2018
1.1 Cash and revenue stamps	-	-
Total	**-**	**-**

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

2.6 Other financial assets mandatorily at FV: product composition

(thousands of euros)

	12.31.2019			12.31.2018		
ITEMS/VALUES	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. UNITS IN INVESTMENTS FUNDS						
4. Loans*	**-**	**-**	**1,104**	**-**	**-**	**-**
4.1 Reverse repos	-	-	-			-
4.2 Other	-	-	1,104			-
Total	**-**	**-**	**1,104**	**-**	**-**	**-**

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

(thousands of euros)

ITEMS/VALUES	12.31.2019	12.31.2018
1. Equity securities	**-**	**-**
2. Debt securities	**-**	**-**
3. UNITS IN INVESTMENTS FUNDS		
4. Loans	**1,104**	**-**
a) general government entities	-	-
b) Banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial corporations	1,104	-
e) Households	-	-
Total	**1,104**	**-**

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

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

(thousands of euros)

	12.31.2019			12.31.2018		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**1,700**
Total	**-**	**-**	**-**	**-**	**-**	**1,700**

The Company holds 20 shares issued by UniCredit Services ScpA for 173 euros, which are not listed and are carried at cost.

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

(thousands of euros)

ITEMS/VALUES	12.31.2019	12.31.2018
1. Debt securities	**-**	**-**
2. Equity securities	**-**	**-**
3. Loans	**-**	**1,700**
a) general government entities	-	-
b) Banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial corporations	-	1,700
e) Households	-	-
Total	**-**	**1,700**

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

(thousands of euros)

ITEMS/VALUES	GROSS AMOUNT				ADJUSTMENTS TO TOTAL VALUE			PARTIAL TOTAL WRITE-OFFS (DISCLOSURE PURPOSES)
	FIRST STAGE	OF WHICH: LOW CREDIT-RISK INSTRUMENTS	SECOND STAGE	THIRD STAGE	FIRST STAGE	SECOND STAGE	THIRD STAGE	
Debt securities								-
Loans								-
Total (12.31.2019)	**-**	**-**						**-**
Total (12.31.2018)	**1,700**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which: purchased or originated impaired financial assets	-	-	-	-	-	-	-	-

Section 4 - Financial assets measured at amortised cost - Item 40

4.1 - Financial assets measured at amortised cost composition of loans and receivables with banks

(thousands of euros)

COMPOSITION	12.31.2019						12.31.2018					
	CARRYING VALUES			FAIR VALUE			CARRYING VALUES			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH PURCHASED OR ORIGINATED	L1	L2	L3	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH PURCHASED OR ORIGINATED	L1	L2	L3
1. Deposits and current accounts	**38,636**	**-**	**-**	**-**	**-**	**38,636**	**21,789**	**-**	**-**	**-**	**-**	**21,789**
2. Loans	**238,335**	**-**	**-**	**-**	**-**	**238,335**	**301,616**	**-**	**-**	**-**	**-**	**301,616**
2.1 Spot transactions	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Financial leasing	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	238,335	-	-	-	-	238,335	301,616	-	-	-	-	301,616
- with recourse	232,052	-	-	-	-	232,052	295,427	-	-	-	-	295,427
- without recourse	6,283	-	-	-	-	6,283	6,189	-	-	-	-	6,189
2.4 other loans	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets	**5,241**	**-**	**-**	**-**	**-**	**5,241**	**7,700**	**-**	**-**	**-**	**-**	**7,700**
Total book value	**282,211**	**-**	**-**	**-**	**-**	**282,211**	**331,105**	**-**	**-**	**-**	**-**	**331,105**

The fair value of short-term or sight receivables is assumed to be equal to the book value.
* This item includes loans and receivables with banks participating in pool factoring operations.
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

4.2 - Financial assets measured at amortised cost breakdown of receivables from financial companies

(thousands of euros)

COMPOSITION	12.31.2019						12.31.2018					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED	L1	L2	L3	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED	L1	L2	L3
1. Loans	**466,794**	**-**	**-**	**-**	**-**	**466,794**	**643,319**	**131**	**-**	**-**	**-**	**643,450**
1.1 Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	463,567	-	-	-	-	463,567	640,095	131	-	-	-	640,226
- with recourse	398,189	-	-	-	-	398,189	491,546	-	-	-	-	491,546
- without recourse	65,378	-	-	-	-	65,378	148,549	131	-	-	-	148,680
1.4 Other loans	3,227	-	-	-	-	3,227	3,224	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets *	**244**	**-**	**-**	**-**	**-**	**244**	**190**	**-**	**-**	**-**	**-**	**190**
Total book value	**467,038**	**-**	**-**	**-**	**-**	**467,038**	**643,509**	**131**	**-**	**-**	**-**	**643,640**

The fair value of short-term or sight receivables is assumed to be equal to the book value.
* This item includes amounts receivable from finance companies participating in pool factoring operations.

4.3 - Financial assets measured at amortised cost composition of trade receivables

(thousands of euros)

COMPOSITION	12.31.2019						12.31.2018					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED	L1	L2	L3	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED	L1	L2	L3
1. Loans	**11,565,380**	**173,659**	**-**	**-**	**-**	**11,747,203**	**12,315,156**	**184,643**	**-**	**-**	**-**	**12,504,561**
1.1 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without the option of final purchase	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	9,952,270	153,224	-	-	-	10,113,658	10,507,556	165,799	-	-	-	10,678,117
- with recourse	2,855,585	94,862	-	-	-	2,950,448	3,405,040	104,469	-	-	-	3,509,509
- without recourse	7,096,685	58,361	-	-	-	7,163,210	7,102,517	61,330	-	-	-	7,168,609
1.3 Consumer credit (including revolving cards)	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Pledge loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans*	1,613,110	20,435	-	-	-	1,633,545	1,807,599	18,845	-	-	-	1,826,444
of which: from the enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**23**	**-**	**-**	**-**	**-**	**23**	**25**	**-**	**-**	**-**	**-**	**25**
Total book value	**11,565,403**	**173,659**	**-**	**-**	**-**	**11,747,226**	**12,315,181**	**184,643**	**-**	**-**	**-**	**12,504,587**

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

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

L1 = Level 1
L2 = Level 2
L3 = Level 3

4.4 - Financial assets measured at amortised cost composition by debtor/issuer of loans to customers

(thousands of euros)

TYPE OF TRANSACTIONS/VALUES	12.31.2019 BOOK VALUE			12.31.2018 BOOK VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED	FIRST AND SECOND STAGE	THIRD STAGE	OF WHICH: PURCHASED OR ORIGINATED IMPAIRED
1. Debt securities	**0**	**0**	**0**	**0**	**0**	**0**
2. Loans to	**11,565,380**	**173,659**	**0**	**12,315,156**	**184,643**	**0**
a) general government entities	2,173,349	9,254		2,285,796	13,146	
d) Non-financial corporations	7,762,797	161,277		8,518,606	167,963	
e) Households	1,629,234	3,128		1,510,754	3,534	
3. Other assets	**23**			**25**		

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

(thousands of euros)

ITEMS/VALUES	GROSS AMOUNT				ADJUSTMENTS TO TOTAL VALUE			PARTIAL TOTAL WRITE-OFFS (DISCLOSURE PURPOSES)
	FIRST STAGE	OF WHICH: LOW CREDIT-RISK INSTRUMENTS	SECOND STAGE	THIRD STAGE	FIRST STAGE	SECOND STAGE	THIRD STAGE	
Debt securities								
Loans	10,585,139		1,737,389	349,247	8,172	5,212	175,588	126,966
Other assets	5,508							
Total (12.31.2019)	**10,590,647**	**-**	**1,737,389**	**349,247**	**8,172**	**5,212**	**175,588**	**126,966**
Total (12.31.2018)	**10,619,024**	**-**	**2,687,521**	**376,677**	**7,357**	**9,393**	**191,903**	**114,574**
of which: purchased or originated impaired financial assets	x	x			x			

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

4.6 Guaranteed assets

(thousands of euros)

COMPOSITION GUARANTEED	12.31.2019						12.31.2018					
	LOANS AND RECEIVABLES WITH BANKS		RECEIVABLES FROM FINANCIAL COMPANIES		LOANS AND RECEIVABLES WITH CUSTOMERS		LOANS AND RECEIVABLES WITH BANKS		RECEIVABLES FROM FINANCIAL COMPANIES		LOANS AND RECEIVABLES WITH CUSTOMERS	
	CA	VG	CA	VG	CA	VG	CA	VG	CA	VG	CA	VG
1. Performing assets guaranteed by:	**232,313**	**232,313**	**402,390**	**402,390**	**4,711,404**	**4,711,404**	**295,657**	**295,657**	**603,539**	**603,539**	**5,023,621**	**5,023,621**
- Assets held under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring *	232,052	232,052	398,189	398,189	2,855,585	2,855,585	295,427	295,427	491,546	491,546	3,405,040	3,405,040
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	261	261	4,201	4,201	1,855,819	1,855,819	230	230	111,993	111,993	1,618,581	1,618,581
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	**-**	**-**	**-**	**-**	**94,862**	**94,862**	**-**	**-**	**-**	**-**	**104,469**	**104,469**
- Assets held under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring *	-	-	-	-	94,862	94,862	-	-	-	-	104,469	104,469
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**232,313**	**232,313**	**402,390**	**402,390**	**4,806,266**	**4,806,266**	**295,657**	**295,657**	**603,539**	**603,539**	**5,128,090**	**5,128,090**

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

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

Section 5 - Hedging derivatives - Item 50

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

(thousands of euros)

NOTIONAL VALUE/LEVEL OF FAIR VALUE	12.31.2019				12.31.2018			
	FAIR VALUE				FAIR VALUE			
	L1	L2	L3	NA	L1	L2	L3	NA
A. Financial derivatives	-	17	-	6,950	-	399	-	11,279
1 Fair value	-	17		6,950	-	399		11,279
2 Cash flows	-	-	-	-	-	-	-	-
3 Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
Total A	**-**	**17**	**-**	**6,950**	**-**	**399**	**-**	**11,279**
B. Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**17**	**-**	**6,950**	**-**	**399**	**-**	**11,279**

5.2 Composition of item 50 "Hedging derivatives": hedged portfolios and hedge types

(thousands of euros)

TRANSACTIONS/TYPE OF HEDGE	FAIR VALUE SPECIFIC DEBT SECURITIES AND INTEREST RATES	FAIR VALUE SPECIFIC EQUITY SECURITIES AND SHARE INDEXES	FAIR VALUE SPECIFIC CURRENCIES AND GOLD	FAIR VALUE SPECIFIC CREDIT	FAIR VALUE SPECIFIC GOODS	FAIR VALUE SPECIFIC OTHER	FAIR VALUE GENERIC	CASH FLOW SPECIFIC	CASH FLOW GENERIC	INVESTMENT IN FOREIGN OPERATION
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-		-	-	-	-	-
2. Financial assets measured at amortised cost		-	-	-			-	-	-	-
3. Portfolio	-	-	-	-		-	17	-	-	-
4. Other transactions	-	-	-	-		-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**		**-**	**17**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-		-	-	-	-	-
2. Portfolio	-	-	-	-		-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**
1. Expected transactions	-	-	-	-		-	-	-	-	-
2. Financial assets and liabilities portfolio	-	-	-	-		-	-	-	-	-

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

6.1 Composition of Item 60 "Changes in fair value of portfolio hedged items": composition by hedged portfolio

(thousands of euros)

CHANGES VALUE OF HEDGED ASSETS/VALUES	12.31.2019	12.31.2018
1. Positive adjustments	**8,164**	**4,762**
1.1 of specific portfolios:	8,164	4,762
a) financial assets measured at amortised cost	8,164	4,762
b) financial assets measured at fair value with impact on profit and loss	-	-
1.2 total	-	-
2. Negative adjustments	**-**	**-**
2.1 of specific portfolios:	-	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value with impact on profit and loss	-	-
2.2 total	-	-
Total	**8,164**	**4,762**

Section 8 - Property, plant and equipment - Item 80

8.1 Property, plant and equipment used in the business - composition of assets carried at cost

(thousands of euros)

ASSETS/VALUES	12.31.2019	12.31.2018
1. Owned	**17**	**14**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	17	14
d) electrical plant	-	-
e) others	-	-
2. Rights of use acquired through leases	**8,665**	**-**
a) land	-	-
b) buildings	8,321	-
c) office furniture and fittings	-	-
d) electrical plant	-	-
e) others	344	-
Total	**8,682**	**14**

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

8.2 Property, plant and equipment held for investment: composition of assets carried at cost
The Company does not hold this type of property, plant and equipment.

8.3 Property, plant and equipment held for own use: composition of revalued assets
The Company does not hold this type of property, plant and equipment.

8.4 Property, plant and equipment held for investment: composition of assets designated at fair value
The Company does not hold this type of property, plant and equipment.

8.5 Inventories of property, plant and equipment governed by IAS 2: composition
The Company does not hold this type of property, plant and equipment.

8.6 Property, plant and equipment: change for the year
(thousands of euros)

	LAND	BUILDINGS	FURNITURE	ELECTRONIC PLANTS	OTHERS	TOTAL
A. Gross opening balance	**-**	**-**	**14**	**-**	**-**	**14**
A.1 Total net reduction in value	-	-	-	-	-	-
Initial settlement of balances (gross values)*		8,637			309	8,946
A.2 Net opening balance	**-**	**8,637**	**14**	**-**	**309**	**8,960**
B. Increases	**-**	**4,016**	**8**	**-**	**219**	**4,243**
B.1 Purchases	-	-	8	-	-	8
B.2 Capitalised expenses for improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B. 5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other increases	-	4,016		-	219	4,235
C. Decreases	-	(4,333)	(5)	-	(183)	(4,521)
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	(1,466)	(5)		(119)	(1,590)
C.3 Impairment write-downs recognised through:	-	-	-		-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-		-	-
C.4 Reduction of fair value:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) property, plant end equipment held for investment	-	-	-	-	-	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other decreases	-	(2,867)	-	-	(64)	(2,931)
D. Closing net balance	**-**	**8,320**	**17**	**-**	**345**	**8,682**
D.1 Net total value decrease	-	1,466	5,00	-	-	1,471
D.2 Closing gross balance	**-**	**9,786**	**22**	**-**	**345**	**10,153**
E. Measurement at cost	**-**	**8,320**	**17**	**-**	**345**	**8,682**

The depreciation rate used for furniture and fittings is 12%.
* These are FTA entries in accordance with IFRS 16 recorded as at 01.01.2019.

8.7 Assets held for investment: change for the year

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

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

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

8.9 Commitments to purchase property, plant and equipment

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

Section 9 - Intangible assets- Item 90

9.1 Intangible assets: Composition

(thousands of euros)

ITEMS/VALUATION	12.31.2019 ASSETS MEASURED AT COST	12.31.2019 ASSETS DESIGNATED AT FAIR VALUE	12.31.2018 ASSETS MEASURED AT COST	12.31.2018 ASSETS DESIGNATED AT FAIR VALUE
1. Goodwill	**-**	**-**	**-**	**-**
2. Other intangible assets	**-**	**-**	**-**	**-**
2.1 owned	**825**	**-**	**1,061**	**-**
- generated internally	-	-	-	-
- other	825	-	1,061	-
2.2 rights of use acquired through leases				
Total 2	**825**	**-**	**1,061**	**-**
3. Assets under finance lease	**-**	**-**	**-**	**-**
3.1 unexercised property	**-**	**-**	**-**	**-**
3.2 property withdrawn following resolution	**-**	**-**	**-**	**-**
3.3 other property	**-**	**-**	**-**	**-**
Total 3	**-**	**-**	**-**	**-**
Total (1+2+3)	**825**	**-**	**1,061**	**-**
Total	**825**	**-**	**1,061**	**-**

9.2 “Intangible assets”: change for the year

(thousands of euros)

	TOTAL
A. Opening balance	**1,061**
B. Increases	**-**
B.1 Purchases	-
B.2 Writebacks	-
B.3 Fair value increases:	-
a) shareholders' equity	-
b) income statement	-
B.4 Other increases	-
C. Decreases	**(236)**
C.1 Sales	-
C.2 Amortisation	(236)
C.3 Write-downs:	-
a) shareholders' equity	-
b) income statement	-
C.4 Fair value increases:	-
a) shareholders' equity	-
b) income statement	-
C.5 Other changes	-
D. Closing balance	**825**

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

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

10.1 Composition of item 100 "Tax assets: current and deferred"

(thousands of euros)

TAX ASSETS	12.31.2019	12.31.2018
a) current*	-	-
b) deferred	52,198	48,866
Total	**52,198**	**48,846**

10.2 Composition of item 60 "Tax liabilities: current and deferred"

(thousands of euros)

TAX LIABILITIES	12.31.2019	12.31.2018
a) current*	29,121	1,915
IRAP payments on account	(2,841)	(5,695)
IRES payments on account	(1,148)	(1,219)
Others	(11)	(5)
Provisions for IRES	28,502	7,943
Provisions for IRAP	6,301	2,573
Positive tax effect FTA IFRS 9 and 15	(1,682)	(1,682)
b) deferred	-	-
Total	**29,121**	**1,915**

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

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

(thousands of euros)

	CHANGES IN	
ITEMS	2019	2018
1. Opening balance	**48,724**	**51,445**
2. Increases	**12,286**	**5,184**
2.1 Deferred tax assets recognised during the year	11,824	5,184
a) for prior years	-	-
b) due to changes in accounting policies	-	367
c) writebacks	-	-
d) other	11,824	4,817
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	462	-
3. Decreases	**(9,000)**	**(7,905)**
3.1 Deferred tax assets cancelled in the year	(9,000)	(7,905)
a) reversals	(9,000)	(7,658)
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	(247)
d) other		
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
a) transformed tax credits of which under Law No.214/2011	-	-
b) others		
4. Closing balance	**52,010**	**48,724**

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

(thousands of euros)

ITEMS	CHANGES IN 2019	CHANGES IN 2018
1. Opening balance	**37,514**	**37,514**
2. Increases		
3. Decreases	**-**	**0**
3.1 Reversals	-	0
3.2 Transformations into tax credits	-	-
a) arising from losses for the period	-	-
a) tax losses	-	-
3.3 Other decreases	-	0
4. Closing balance	**37,514**	**37,514**

The increase in the table considers the contra entry of the reduction in deferred tax assets on net equity.

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

(thousands of euros)

ITEMS	CHANGES IN 2019	CHANGES IN 2018
1. Opening balance	**-**	**(129)**
2. Increases	**-**	**129**
2.1 Deferred tax liabilities recognised during the year	-	129
a) for prior years	-	-
b) due to changes in accounting policies	-	-
c) others	-	129
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities eliminated in the year	-	-
a) reversals		
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**0**	**0**

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

(thousands of euros)

ITEMS	CHANGES IN 2019	CHANGES IN 2018
1. Opening balance	**142**	**133**
2. Increases	**46**	**329**
2.1 Deferred tax assets recognised during the year	46	329
a) for prior years		
b) due to changes in accounting policies	-	320
c) others	46	9
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		
3. Decreases	**0**	**(320)**
3.1 Deferred tax assets cancelled in the year	0	(320)
a) reversals	0	(320)
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other		
3.2 Decrease in tax rates	-	-
3.3 Other decreases		
4. Closing balance	**188**	**142**

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

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

(thousands of euros)

ITEMS	CHANGES IN 2019	CHANGES IN 2018
1. Opening balance	**-**	**129**
2. Increases	**-**	**-**
2.1 Deferred tax liabilities recognised during the year	-	-
a) for prior years	-	-
b) due to changes in accounting policies	-	-
c) others		
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**(129)**
3.1 Deferred tax liabilities derecognised during the year	-	(129)
a) reversals	-	(129)
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases		
4. Closing balance	**-**	**-**

Section 12 - Other assets - Item 120

12.1 Composition of item 120 "Other assets"

(thousands of euros)

ITEMS	12.31.2019	12.31.2018
Effects credited to customers awaiting bank collection *	25,212	28,136
Receivables from the Treasury	417	834
Guarantee deposits	114	114
Receivables with insurance companies for expected compensation	201	254
Transitory items	7	6
Leasehold improvements	116	159
Credit amount IRES**	1,634	1,717
Items deemed not attributable to other items***	55,657	41,535
Other****	4,052	2,329
Total	**87,410**	**75,084**

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

** Benefit from the applications for refund presented in accordance with Article 2 paragraph 1 of Decree 201 of 6 December 2011 relating to the recovery on corporation tax (IRES) of the regional production tax (IRAP) paid in relation to the cost of labour.

*** This item relates to the accrual of legal interest on assigned fiscal receivables.

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

Liabilities

Section 1 - Financial liabilities at amortised cost - Item 10

1.1 Composition by groups of payables

(thousands of euros)

ITEMS	12.31.2019 WITH BANKS	12.31.2019 WITH FINANCIAL COMPANIES	12.31.2019 WITH CUSTOMERS	12.31.2018 WITH BANKS	12.31.2018 WITH FINANCIAL COMPANIES	12.31.2018 WITH CUSTOMERS
1. Loans	10,989,041	-	-	12,075,969	-	-
1.1 Reverse repos	-	-	-	-	-	-
1.2 Other loans	10,989,041	-	-	12,075,969	-	-
2. Lease payables	7,447	-	1,204			
3. Other liabilities	-	90,556	235,384	-	90,218	217,588
Total	**10,996,488**	**90,556**	**236,588**	**12,075,969**	**90,218**	**217,588**
Fair Value - level 1	**-**	**-**	**-**	**-**	**-**	**-**
Fair Value - level 2	**-**	**-**	**-**	**-**	**-**	**-**
Fair Value - level 3	**-**	**-**	**-**	**12,075,969**	**90,218**	**217,588**
Total Fair Value	**10,996,488**	**90,556**	**236,588**	**12,075,969**	**90,218**	**217,588**

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

Deposits from banks mainly consist of funding through the Parent Company. This item also includes the loans received from the participation in pool operations with UniCredit S.p.A..
Trade payables and amounts payable to finance companies ("Other liabilities") mainly represent the difference between the Total Receivables and the share of payments already advanced to assignors in relation to without-recourse operations, amounting to 271,620 thousand euros, and the debt exposure to customers, of 55,524 thousand euros.

1.2 Composition by category of shares in issue

The Company does not hold this type of financial liability.

1.5 Lease payables

MATURITY RANGES	PRESENT VALUE 12.31.2019	PRESENT VALUE 12.31.2018
Up to 3 months	1,859	0
From 3 months to 1 year	1,347	0
From 1 year to 5 years	4,618	0
Over 5 years	827	0
	8,651	**0**

Section 4 - Hedging derivatives - Item 40

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

(thousands of euros)

NOTIONAL VALUE/ LEVEL OF FAIR VALUE	12.31.2019 FAIR VALUE L1	12.31.2019 FAIR VALUE L2	12.31.2019 FAIR VALUE L3	12.31.2019 NA	12.31.2018 FAIR VALUE L1	12.31.2018 FAIR VALUE L2	12.31.2018 FAIR VALUE L3	12.31.2018 NA
A. Financial derivatives	-	15,090	-	315,095	-	9,936	-	516,015
1 Fair value	-	15,090		315,095	-	9,936		516,015
2 Cash flows	-	-	-	-	-	-	-	-
3 Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
Total A	**-**	**15,090**	**-**	**315,095**	**-**	**9,936**	**-**	**516,015**
B Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**15,090**	**-**	**315,095**	**-**	**9,936**	**-**	**516,015**

L1= Level 1
L2 = Level 2
L3= Level 3
NA = Notional amount

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

4.2 Composition of item 50 "Hedging derivatives": hedged portfolios and hedge types

(thousands of euros)

TRANSACTIONS/ TYPE OF HEDGE	FAIR VALUE							CASH FLOW		INVESTMENT IN FOREIGN OPERATION
	SPECIFIC									
	DEBT SECURITIES AND INTEREST RATES	EQUITY SECURITIES AND SHARE INDEXES	CURRENCIES AND GOLD	CREDIT	GOODS	OTHER	GENERIC	SPECIFIC	GENERIC	
1 Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	15,090	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**15,090**			
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Financial assets and liabilities portfolio	-	-	-	-	-	-	-	-	-	-

Section 6 - Tax liabilities - Item 60

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

Section 8 - Other liabilities - Item 80

8.1 Composition of item 80 "Other liabilities"

(thousands of euros)

ITEMS	12.31.2019	12.31.2018
Liabilities for Equity Settled Share Based Payments	550	518
Payables due to employees	8,530	7,684
Payables due to other staff	1,443	1,240
Payables due to Directors and Statutory Auditors	240	262
Available amounts to be paid to others*	367,763	351,754
Items being manufactured	-	-
Trade payables	3,748	3,854
Other current liabilities	58,130	70,673
Other tax entries	767	731
Outstanding transitory items	3,215	3,111
Total	**444,386**	**439,827**

* This item includes the receipts from debtors, to be reallocated to the respective credit positions.

Section 9 - Severance pay - Item 90

9.1 "Provision for employee severance pay": change for the year

(thousands of euros)

ITEMS	CHANGES IN 2019	2018
A. Opening balance	**2,478**	**2,927**
B. Increases	**488**	**147**
B.1 Provisions for the year	38	41
B.2 Other increases	450	106
C. Decreases	**(251)**	**(596)**
C.1 Severance payments	(190)	(540)
C.2 Other decreases	(61)	(56)
D. Final balance	**2,715**	**2,478**

9.2 Other information

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

PRINCIPAL ACTUARIAL ASSUMPTIONS	2019	2018
Discount rate	0.75%	1.60%
Expected inflation rate	0.95%	1.20%

(Amounts in € thousands)

RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	2019	2018
Present value of defined benefit obligations - TFR	2,715	2,478
Unrecognised actuarial gains (losses)	-	-
Net liability	2,715	2,478

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

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

The result is that:
the severance pay provision accrued up to 31.12.2006 (or until the date of the option - falling between 01.01.2007 and 06.30.2007 - adopted by the employees if the they decided to transfer their employee severance pay provision to a supplementary pension fund) continues to be a "defined-benefit" plan and therefore subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises.

The amounts accrued from 01.01.2007 (or from the date of the option - falling between 01.01.2007 and 06.30.2007 - by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund), were considered as a "defined-contribution" plan (as the Company's liability ceases at the time it pays the employee severance pay provision accrued to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund or the INPS Treasury fund.

The costs of severance pay accruing during the year are entered on the income statement in item 110 a) "Personnel costs", and include interest accrued in the year (interest cost) on the obligation already existing as at the date of the Reform and the accrued instalments for the year paid into the supplementary pension scheme or to the Treasury Fund of INPS.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the obligation at the end of the period, are recognised in equity as part of the valuation reserves.

A change of -25 basis points in the discount rate would result in an increase in liabilities of 73,854 euro (+2.72%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of 71,723 euros (-2.64%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of 44,487 euro (-1.64%). an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of 45,158 euro (+1.66%).

Part B - Information on the Balance Sheet - Liabilities (CONTINUED)

Section 10 - Provisions for risks and charges - Item 100

10.1 - Provisions for risks and charges: composition

(thousands of euros)

ITEMS/VALUES	12.31.2019	12.31.2018
1. Provisions for credit risk relating to commitments and financial guarantees given	1,102	2,314
2. Provisions relating to Other commitments and guarantees issued		
3. Provisions for company pension	371	1,612
4. Other provisions for risks and charges	**35,691**	**34,992**
4.1 legal and tax disputes	34,511	33,063
4.2 personnel expenses	1,180	1,638
4.3 other		291
Total	**37,164**	**38,918**

The Company is currently involved in lawsuits and revocation proceedings for a total risk of approximately 130.1 million euros, which is covered by provisions of 30.5 million euros. This amount represents the best estimate of the costs that the Company expects to incur in the event of litigation, where the loss in court is estimated to be probable. The Provision for personnel costs relates to the variable discretionary pay component.

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

(thousands of euros)

ITEMS	PROVISIONS RELATING TO OTHER COMMITMENTS AND GUARANTEES ISSUED	COMPANY PENSION FUNDS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
A. Opening balance	**2,314**	**1,612**	**34,992**	**38,918**
B. Increases	**-**	**-**	**8,239**	**8,239**
B.1 Allocation in the year		-	8,239	8,239
B.2 Changes due to passage of time				-
B.3 Changes due to changes in discount rate				-
B.4 Other increases			-	-
C. Decreases	**(1,212)**	**(1,241)**	**(7,540)**	**(9,993)**
C.1 Amounts used in the year	(1,212)	(1,241)	(3,636)	(6,089)
C.2 Changes due to changes in discount rate				-
C.3 Other changes			(3,904)	(3,904)
D. Closing balance	**1,102**	**371**	**35,691**	**37,164**

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

(thousands of euros)

	PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES GIVEN			
	FIRST STAGE	SECOND STAGE	THIRD STAGE	TOTAL
1. Other commitments to disburse funds	1,071	31		1,102
2. Financial guarantees issued				-
Total	**1,071**	**31**	**-**	**1,102**

10.5 - Pensions and post-retirement defined-benefit obligations

(thousands of euros)

ITEMS	12.31.2019	12.31.2018
Provisions for company pension - Executive leaving incentive	371	1,612
Total	**371**	**1,612**

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

(thousands of euros)

ITEMS	12.31.2018	12.31.2017
Clawback Provision	6,902	6,761
Provisions for lawsuits	23,609	24,321
Provision for personnel charges	1,180	1,638
Other risk provisions	4,000	2,272
Total	**35,691**	**34,992**

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

11.1 Composition of item 110 "Share Capital"

(thousands of euros)

TYPE	12.31.2019	12.31.2018
1. Capital	**414,348**	**414,348**
1.1 Ordinary shares	414,348	414,348
1.2 Other shares	-	-

There are 80,300,000 ordinary shares.

11.4 Composition of item 140 "Share premium reserve"

(thousands of euros)

TYPE	12.31.2019	12.31.2018
1. Share premium reserve	**951**	**951**
1.1 Share Premiums from the capital increase of 1997	951	951

11.5 Other Information

(thousands of euros)

ITEMS	LEGAL RESERVE	RETAINED EARNINGS	STATUTORY RESERVE	OTHER INSURANCE PROVISION	TOTAL
A. Opening balance	**35,111**	**118**	**185**	**249,494**	**284,908**
B. Increases	**1,470**	**-**	**-**	**6,246**	**7,716**
B.1 Profit attribution	1,470		-	6,246	7,716
B.2 Other increases	-	-	-		-
C. Decreases	**-**	**-**	**-**	**922**	**922**
C.1 Uses	-	-	-	-	-
- to cover losses	-	-	-	-	-
- distribution	-	-	-	-	-
- capitalisation	-	-	-	-	-
C.2 Other decreases	-	-	-	922	922
D. Closing balance	**36,581**	**118**	**185**	**256,662**	**293,546**

"Other Reserves" are mainly forms of undistributed profits.

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

	NOMINAL VALUE OF COMMITMENTS AND GUARANTEES GIVEN			
	FIRST STAGE	SECOND STAGE	THIRD STAGE	12.31.2019
1. Other commitments to disburse funds	**2,487,335**	**800**	**-**	**2,488,135**
a) General government entities	125,515	800		126,315
b) Banks	2,415			2,415
c) Other financial companies	1,273,330	-		1,273,330
d) Non-financial corporations	1,062,300			
e) Households	23,775			
2. Financial guarantees issued	**-**	**-**	**-**	**-**
a) General government entities	-	-	-	-
b) Banks	-	-	-	-
c) Other financial companies	-	-	-	-
d) Non-financial corporations	-	-	-	
e) Households	-	-	-	

Part B - Information on the Balance Sheet - Liabilities

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

(thousands of euros)

NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	OVERVIEW OF USES OF THE THREE PREVIOUS YEARS	
				TO COVER LOSSES	FOR OTHER REASONS
Capital	**414,348**		**-**		
Capital reserve:	**951**		**-**		
- Share premium reserve	951	B	-		
Profit reserve	**293,546**		**257,296**		
- Statutory reserve	185	A, B, C	185		
- Legal reserve	36,581	B	-		
- FTA reserve	(447)		-		
- Other Reserves *	257,109	A, B, C	256,993		
- Previous year profits	118	A, B, C	118		
Profit for the year	**85,757**		**-**		
Total	**794,602**	**-**	**257,296**		

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

* In accordance with OIC 28 and Article 2426 para. 5 civil code, the unavailable portion relates to the value of the costs of goodwill and expansion recognised under the item "Other Assets", which for 2019 amounted to 116 thousand euros.

Part C - Information on the Income Statement

Part C - Information on the Income Statement

Section 1 - Interest - Items 10 and 20

1.1 Composition of Item 10 "Interest and similar income"

(thousands of euros)

ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2019	2018
1. Financial assets measured at fair value through P&L					
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3. Other financial assets mandatorily at FV	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**
3. Financial assets measured at amortised cost	**-**	**143,718**	**-**	**143,718**	**134,042**
3.1 Receivables from banks	-	12,072	-	12,072	11,600
3.2 Loans and receivables with financial institutions	-	11,184	-	11,184	6,456
3.3 Loans and receivables with customers	-	120,462	-	120,462	115,986
4. Hedging derivatives	**-**	**-**	**-**	**-**	**-**
5. Other assets	**-**	**-**	**-**	**-**	**-**
6. Financial liabilities	**-**	**-**	**-**	**-**	**-**
Total	**-**	**143,718**	**-**	**143,718**	**134,042**
of which: interest income on impaired financial assets	**-**	**-**	**-**	**6,197**	**7,350**
of which: interest income on leases	**-**	**-**	**-**	**-**	**-**

Interest income other than that recognised in the item Write-backs, accruing in 2019 against exposure classified in impaired loans amounted to 6.20 million as at 31 December.
The increase in interest income reflects in part the growth in turnover and average lending volumes and in part the increase in interest of an extraordinary nature compared to 2018.

1.3 Composition of item 20 "Interest expenses and similar charges"

(thousands of euros)

ITEMS/TYPE	LOANS	SECURITIES	OTHER	2019	2018
1. Financial liabilities measured at amortised cost					
1.1 Deposits from banks	(10,780)	-	-	(10,780)	(9,883)
1.2. Deposits from financial institutions	-	-	-	-	-
1.3. Deposits from customers	(32)	-	-	(32)	(24)
1.4. Debt securities in issue	-	0	-	0	0
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities	**-**	**-**	**-**	**-**	**-**
5. Hedging derivatives	**-**	**-**	**(3,091)**	**(3,091)**	**(3,911)**
6. Financial assets	**-**	**-**	**-**	**-**	**-**
Total	**(10,812)**	**0**	**(3,091)**	**(13,903)**	**(13,818)**
of which: interest expense on leases	57	-	-	57	-

Interest expense is in line with the previous year.

Section 2 - Commission - Items 40 and 50

2.1 Composition of Item 40 “Fee and commission income”

(thousands of euros)

BREAKDOWN	2019	2018
1. Financial leasing operations	-	-
2. Factoring transactions	75,615	74,444
3. Consumer credit	-	-
4. Guarantees given	-	-
5. Services of:	-	-
- provisions management for third parties	-	-
- foreign exchange intermediation	-	-
- product distribution	-	-
- other	-	-
6. Collection and payment services	-	0
7. Servicing securitisation transactions	-	-
8. Other fees and commissions: recovery client expenses credit preparation, account fees etc.	2,017	2,031
Total	**77,632**	**76,475**

2.2 Composition of Item 50 “Fee and commission expense”

(thousands of euros)

BREAKDOWN	2019	2018
1. Guarantees received	(9,086)	(6,899)
2. Distribution of third-party services	-	-
3. Collection and payment services	(1,117)	(1,156)
4. Other fees and commissions	(9,017)	(8,506)
4.1 Commissions	(3,187)	(2,638)
4.2 Cost of credit reinsurance	(5,830)	(5,869)
Total	**(19,220)**	**(16,561)**

Section 4 - Net trading result - Item 80

4.1 Composition of item 80 “Net trading result”

(thousands of euros)

	2019				
TRANSACTION/INCOME ITEM	GAINS (A)	TRADING PROFITS (B)	LOSSES (C)	TRADING LOSSES (D)	NET PROFIT (LOSS) [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investments funds	-	-	-	-	
1.4 Loans	-	-	-	-	-
1.5 Other assets	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**-**	**(149)**	**-**	**-**	**(149)**
4. Derivative instruments		**-**	**-**	**-**	**-**
4.1 Financial derivatives	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-	-
Total	**-**	**(149)**	**0**	**(149)**	**(149)**

Part C - Information on the Income Statement (CONTINUED)

Section 8 - Net impairment adjustments - Item 130

8.1 “Impairment losses/write-downs on loans and receivables”

(thousands of euros)

	ADJUSTMENTS TO VALUE			IMPAIRMENT REVERSALS				
	FIRST AND SECOND STAGE	THIRD STAGE		FIRST AND SECOND STAGE	THIRD STAGE			
ITEMS/IMPAIRMENT		WRITE OFF	OTHERS		WRITE OFF	OTHERS	2019	2018
1. Loans to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Receivables purchased or originated impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-
Other loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-
2. Receivables from financial companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Receivables purchased or originated impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-
Other loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-
3. Loans and receivables with customers	**-**	**(1,947)**	**(21,583)**	**3,366**	**-**	**3,749**	**(16,415)**	**(89,816)**
Receivables purchased or originated impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-
Other loans and receivables	**-**	**(1,947)**	**(21,583)**	**3,366**	**-**	**3,749**	**(16,415)**	**(89,816)**
- for leases	-	-	-	-	-	-	-	-
- for factoring*	-	(1,947)	(21,583)	3,366	-	3,749	(16,415)	(89,624)
- for consumer credit	-	-	-	-	-	-	0	-
- pledge loans	-	-	-	-	-	-	0	-
- other receivables	-	-	0	-	-	-	0	(192)
Total	**-**	**(1,947)**	**(21,583)**	**3,366**	**-**	**3,749**	**(16,415)**	**(89,816)**

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

8.4 Composition of sub-item 100.b “Net impairment adjustments for other finance operations”

There are no impairment adjustments for other finance operations.

Section 10 - Administrative costs - Item 160

10.1 - Personnel costs: composition

(thousands of euros)

ITEM/SECTOR	2019	2018
1. Employees	**(22,183)**	**(21,818)**
a) salaries and wages	(15,243)	(14,944)
b) social security costs	(4,936)	(4,822)
c) staff severance pay	(117)	(114)
d) pensions	-	-
e) allocation to staff severance pay	(60)	(62)
f) provision for retirements and similar provisions	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(840)	(811)
- defined contribution	(840)	(811)
- defined benefit	-	-
h) other employee benefits	(987)	(1,065)
2. Other working staff	**0**	**0**
3. Directors and Statutory Auditors	**(296)**	**(293)**
4. Employees on sabbatical	**-**	**-**
5. Recovery of expenses for employees seconded to other companies	**552**	**798**
6. Recovery of expenses for employees seconded to the companies *	**(6,076)**	**(6,427)**
Total	**(28,003)**	**(27,740)**

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

This item decreased in 2019 due to an increase in the salaries and wages of the Company's employees. The total increase in costs is mainly due to a lower recovery of expenses of employees seconded to other companies.

10.2 Average number of employees by category

EMPLOYEES	2019	2018
Executives	7.0	7.2
Middle managers	159.0	154.1
Remaining employees	96.6	94.0
Total employees	**262.6**	**255.3**
Other personnel	65.0	65.4
Total	**327.6**	**320.7**

Part C - Information on the Income Statement (CONTINUED)

10.3 - Other administrative expenses – Breakdown

(thousands of euros)

CATEGORIES OF COSTS	2019	2018
1) Indirect taxes and duties	**(933)**	**(769)**
1a. Paid:	(933)	(769)
1b. Not paid:	-	-
2) Guarantee fee for DTA conversion	**(303)**	**(308)**
3) Miscellaneous costs and expenses	**(17,880)**	**(19,457)**
a) advertising marketing and communication	**(504)**	**(300)**
b) expenses related to credit risk*	**(2,787)**	**(2,507)**
c) indirect expenses related to personnel	**(518)**	**(867)**
d) Information & Communication Technology expenses	**(6,852)**	**(7,604)**
Hardware costs: equipment and maintenance	-	-
Software expenses: equipment and maintenance	-	-
ICT communication systems	(309)	(394)
ICT services: external personnel/outsourced services	(6,426)	(7,210)
Financial information providers	(117)	-
e) consulting and professionals services	**(1,041)**	**(994)**
Consulting	(622)	(740)
Legal expenses	(419)	(254)
f) real estate expenses	**(1,202)**	**(2,440)**
Premises rentals	(205)	(1,595)
Users	(363)	(356)
Other real estate expenses	(634)	(489)
g) operative costs	**(4,976)**	**(4,745)**
Surveillance and security services	0	-
Money counting services and transport	0	-
Insurance Companies	(198)	(63)
Postage and transport of documents	(416)	(410)
Printing and stationery	(25)	(31)
Administrative and logistic services	(4,247)	(4,147)
Association dues and fees	(68)	(82)
Other administrative expenses - Other	(22)	(12)
Total (1+2)	**(19,116)**	**(20,534)**

* this item is mainly composed of legal expenses for debt collection.

The decrease in administrative costs compared to the previous year is mainly due to the introduction of the new accounting standard IFRS 16, which has resulted in a large part of the expenses on rents payable being included in the value adjustments on property, plant and equipment.

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

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

(thousands of euros)

PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES GIVEN	2019	2018
- Provision for commitments on committed lines	1,212	(1,871)
Total	**1,212**	**(1,871)**

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

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

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

(thousands of euros)

NET OTHER PROVISIONS FOR RISKS AND CHARGES	2019	2018
- Provisions for clawbacks	(140)	(2,799)
- Provisions for lawsuits	(6,367)	(2,200)
- Other risk provisions	(374)	(16)
- Write-backs on provision for risks and charges	3,903	3,611
Total	**(2,978)**	**(1,404)**

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

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

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

(thousands of euros)

ASSET/INCOME ITEM	2019				2018			
	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
A. Property, equipment and investment property	**(1,589)**	**-**	**-**	**(1,589)**	**(3)**	**-**	**-**	**(3)**
A.1 For operations	(1,589)	-	-	(1,589)	(3)	-	-	(3)
- owned	(5)	-	-	(5)	-	-	-	-
- rights of use acquired through leases	(1,584)	-	-	(1,584)	-	-	-	-
A.2 Held for investment	0	-	-	0	-	-	-	-
- owned	0	-	-	0	-	-	-	-
- rights of use acquired through leases	-	-	-	-	-	-	-	-
A.3 Inventories	-	-	-	-	(3)	-	-	-
Total	**(1,589)**	**-**	**-**	**(1,589)**	**(3)**	**-**	**-**	**(3)**

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

13.1 Composition of item 190 “Net value adjustments/write-backs on intangible assets”

(thousands of euros)

ITEM/WRITE-DOWNS AND WRITE-BACKS	2019				2018			
	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	DEPRECIATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
1. Intangible assets other than goodwill	**(236)**	**-**	**-**	**(236)**	**(126)**	**-**	**-**	**(126)**
1.1 owned	(236)	-	-	(236)	(126)	-	-	(126)
1.2 rights of use acquired through leases	-	-	-	-	-	-	-	-
2. Assets related to finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3. Assets held under operating leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**(236)**	**-**	**-**	**(236)**	**(126)**	**-**	**-**	**(126)**

Section 14 - Other operating income and expenses - Item 200

14.1 Composition of Item 200 “Other income and operating expenses”

(thousands of euros)

ITEM/OTHER OPERATING INCOME AND CHARGES	2019	2018
- customer legal costs	327	611
- mixed use company car	53	42
- rental income	6	6
- insurance indemnity	2,381	583
- misc. income	2,913	2,460
Total other operating income	**5,680**	**3,702**
- Other operating expenses	(574)	(274)
Total other operating expenses	**(574)**	**(274)**
Total other revenues and operating costs	**5,106**	**3,428**

Part C - Information on the Income Statement (Continued)

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

19.1 Composition of Item 270 “Income tax for the year on continuing operations”

(thousands of euros)

ITEM/WRITE-DOWNS AND WRITE-BACKS	2019	2018
1. Current tax	(34,810)	(10,516)
2. Adjustment to current tax of prior years	(8,322)	541
3. Reduction of current tax for the year	129	-
3.bis Reduction of current tax for the year for tax credits according to Law No. 214/2011		
4. Change in prepaid tax	3,286	(2,721)
5. Change in deferred tax	-	0
Taxes pertaining to the year	**(39,717)**	**(12,696)**

19.2 Reconciliation between theoretical tax charges and effective expense

(thousands of euros)

ITEM/WRITE-DOWNS AND WRITE-BACKS	2019	2018
Profit (Loss) before tax from continuing operations	**125,474**	**42,095**
Theoretical applicable tax rate	27.5%	27.5%
Theoretical tax	(34,505)	(11,576)
Tax effects derived from:		
+ Non-taxable income - permanent differences	-	-
- Non-deductible expenses - permanent differences	(3,548)	(5,620)
- IRAP tax	(6,308)	(2,573)
+ Recognition of deferred tax assets matured in prior years	2,824	(2,721)
+/- Other differences	1,820	9,794
Income tax posted to the income statement	**(39,717)**	**(12,696)**
Income tax expense on continuing operations	**(39,717)**	**(12,696)**
Difference	**-**	**-**

The effective tax rate in 2019 was 31.65% compared to 30.16% in the previous year.

Section 21 - Income statement - Other information

21.1 Breakdown of interest income and commission income

(thousands of euros)

	INTEREST INCOME			FEE AND COMMISSION INCOME				
ITEM/COUNTERPARTY	BANK NAME	FINANCIAL COMPANIES	CUSTOMERS	BANK NAME	FINANCIAL COMPANIES	CUSTOMERS	2019	2018
1. Finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- fixed assets	-	-	-	-	-	-	-	-
- movable property	-	-	-	-	-	-	-	-
- capital goods	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**12,073**	**11,184**	**120,461**	**428**	**10,208**	**66,996**	**221,350**	**210,517**
- on current receivables	12,030	1,329	39,117	403	4,046	38,907	95,832	100,630
- on future receivables	-	-	3,808	-	275	2,092	6,175	7,783
- on receivables acquired on a permanent basis	20	8,081	67,063	25	5,233	16,473	96,895	76,700
- receivables purchased below original value	-	-	-	-	-	-	-	-
- for other financing	23	1,774	10,473	-	654	9,524	22,448	25,404
3. Consumer loans	**-**	**-**	**-**	**-**		**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- special-purpose loans	-	-	-	-	-	-	-	-
- loans against wages	-	-	-	-	-	-	-	-
4. Pledge loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Guarantees and commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- trade	-	-	-		-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	**12,073**	**11,184**	**120,461**	**428**	**10,208**	**66,996**	**221,350**	**210,517**

Part D - Other information

Part D Other information

Section 1 - Specific references to activities carried out

B. Factoring and assignment of receivables

B.1 Gross value and book value

B.1.1 Factoring operations

(thousands of euros)

ITEM/VALUES	12.31.2019 GROSS VALUE	12.31.2019 WRITE-DOWNS	12.31.2019 NET VALUE	12.31.2018 GROSS VALUE	12.31.2018 WRITE-DOWNS	12.31.2018 NET VALUE
1. Performing exposures	**10,667,116**	**12,945**	**10,654,171**	**11,465,487**	**16,217**	**11,449,266**
- exposure to assignors (with recourse)	3,497,106	11,280	3,485,826	4,206,691	14,678	4,192,012
- *transfers of future receivables*	328,046	1,291	326,755	280,052	414	279,637
- *other*	*3,169,060*	*9,989*	*3,159,071*	*3,926,639*	*14,264*	*3,912,376*
- exposures to assigned debtors (non-recourse)	7,170,010	1,665	7,168,345	7,258,796	1,539	7,257,254
2. Non-Performing exposures	**264,469**	**111,245**	**153,224**	**302,480**	**136,551**	**165,929**
2.1 Bad loans	**106,960**	**74,430**	**32,530**	**148,590**	**107,635**	**40,955**
- exposure to assignors (with recourse)	96,260	67,217	29,043	136,479	99,078	37,401
- *transfers of future receivables*	*8,887*	*1,765*	*7,122*	*30,692*	*22,618*	*8,074*
- *other*	*87,373*	*65,452*	*21,921*	*105,787*	*76,461*	*29,326*
- exposures to assigned debtors (non-recourse)	10,700	7,213	3,487	12,111	8,557	3,554
- *purchases below nominal value*	-	-	-	-	-	-
- *other*	*10,700*	*7,213*	*3,487*	*12,111*	*8,557*	*3,554*
2.2 Unlikely to pay	**53,533**	**31,617**	**21,916**	**48,819**	**23,662**	**25,157**
- exposure to assignors (with recourse)	38,374	24,297	14,077	33,890	17,218	16,672
- *transfers of future receivables*	*854*	*491*	*363*	*711*	*486*	*225*
- *other*	*37,520*	*23,806*	*13,714*	*33,179*	*16,732*	*16,447*
- exposures to assigned debtors (non-recourse)	15,159	7,320	7,839	14,929	6,443	8,486
- *purchases below nominal value*	-	-	-	-	-	-
- *other*	*15,159*	*7,320*	*7,839*	*14,929*	*6,443*	*8,486*
2.3 Non-performing past due exposures	**103,976**	**5,198**	**98,778**	**105,071**	**5,254**	**99,817**
- exposure to assignors (with recourse)	54,465	2,723	51,742	53,049	2,652	50,397
- *transfers of future receivables*	1,223	61	1,162	1,709	85	1,624
- *other*	53,242	2,662	50,580	51,340	2,567	48,773
- exposures to assigned debtors (non-recourse)	49,511	2,475	47,036	52,022	2,601	49,421
- *purchases below nominal value*	-	-	-	-	-	-
- *other*	**49,511**	**2,475**	**47,036**	**52,022**	**2,601**	**49,421**
Total	**10,931,585**	**124,190**	**10,807,395**	**11,767,965**	**152,769**	**11,615,197**

Other assignments

(thousands of euros)

ITEM/VALUE	12.31.2019 GROSS VALUE	12.31.2019 WRITE-DOWNS	12.31.2019 NET VALUE	12.31.2018 GROSS VALUE	12.31.2018 WRITE-DOWNS	12.31.2018 NET VALUE
1. Performing exposures	**1,116,590**	**213**	**1,116,378**	**1,528,633**	**404**	**1,528,230**
- exposures to assignors (with recourse)	85,891	103	85,788	90,605	201	90,404
- transfers of future receivables	-	-	-	-	-	-
- other	*85,891*	*103*	*85,788*	*90,605*	*201*	*90,404*
- exposures to assigned debtors (non-recourse)	1,030,699	110	1,030,590	1,438,028	203	1,437,826
2. Non-Performing exposures	**4,741**	**4,168**	**573**	**3,127**	**2,940**	**187**
2.1 Bad loans	**2,024**	**1,971**	**53**	**2,024**	**1,973**	**51**
- exposure to assignors (with recourse)	2,024	1,971	53	2,024	1,973	51
- transfers of future receivables	-	-	-	-	-	-
- other	*2,024*	*1,971*	*53*	*2,024*	*1,973*	*51*
- exposures to assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.2 Unlikely to pay	**2,717**	**2,197**	**520**	**1,089**	**966**	**123**
- exposure to assignors (with recourse)	2,717	2,197	520	1,089	966	123
- transfers of future receivables	-	-	-	-	-	-
- other	*2,717*	*2,197*	*520*	*1,089*	*966*	*123*
- exposures to assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.3 Restructured exposures	**-**	**-**	**-**	**-**	**-**	**-**
- exposure to assignors (with recourse)	-	-	-	-	-	-
- transfers of future receivables	-	-	-	-	-	-
- other	-	-	-	-	-	-
- exposures to assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	**-**	**-**	**-**	**-**	**-**	**-**
2.4 Non-performing past due exposures	**-**	**-**	**-**	**14**	**1**	**13**
- exposure to assignors (with recourse)	-	-	-	14	1	13
- transfers of future receivables	-	-	-	*14*	*1*	*13*
- other	-	-	-	-	-	-
- exposures to assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
Total	**1,121,331**	**4,381**	**1,116,951**	**1,531,760**	**3,344**	**1,528,417**

B.1.2 Acquisition of impaired receivables other than factoring

The Company does not carry out this type of operation.

Part D - Other information (Continued)

B.2 Distribution according to residual life

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

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

(thousands of euros)

MATURITY RANGES	ADVANCES 12.31.2019	ADVANCES 12.31.2018	TOTAL RECEIVABLES 12.31.2019	TOTAL RECEIVABLES 12.31.2018
- on demand	976,065	1,253,185	1,831,268	2,335,979
- up to 3 months	1,606,310	2,012,818	2,526,252	2,826,414
- from 3 to 6 months	345,242	393,623	641,763	674,011
- from 6 months to 1 year	242,533	336,507	338,451	447,830
- over 1 year	410,538	300,349	432,004	379,595
- unspecified maturity				
Total	**3,580,688**	**4,296,482**	**5,769,738**	**6,663,829**

Other assignments

(thousands of euros)

MATURITY RANGES	ADVANCES 12.31.2019	ADVANCES 12.31.2018	TOTAL RECEIVABLES 12.31.2019	TOTAL RECEIVABLES 12.31.2018
- on demand	86,308	90,527	108,944	123,264
Total	**86,308**	**90,527**	**108,944**	**123,264**

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

B.2.2 Without-recourse factoring operations: exposures

(thousands of euros)

MATURITY RANGES	EXPOSURES 12.31.2019	EXPOSURES 12.31.2018
- on demand	1,013,672	1,033,890
- up to 3 months	5,033,736	5,316,424
- from 3 to 6 months	560,069	462,637
- from 6 months to 1 year	320,882	226,999
- over 1 year	298,348	278,765
- unspecified maturity		
Total	**7,226,707**	**7,318,715**

Other assignments

(thousands of euros)

MATURITY RANGES	EXPOSURES 12.31.2019	EXPOSURES 12.31.2018
- on demand	1,030,590	1,437,826
Total	**1,030,590**	**1,437,826**

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

B.2.3 Acquisitions of impaired receivables other than factoring

The Company does not carry out this type of operation.

B.3 Other information

B.3.1 Turnover of receivables in factoring operations

(thousands of euros)

ITEM	12.31.2019	12.31.2018
1. Non-recourse transactions	42,237,623	34,071,803
- of which purchases below nominal value		
2. With recourse transactions*	21,042,367	22,763,339
TOTAL	**63,279,990**	**56,835,142**

* This figure includes 9,862,701,000 euros for 2018 and 8,083,313,000 euros for 2019, for non-recourse contracts that did not pass the IFRS 9 recognition test.

The turnover from other assignments was 765,284 thousand euros.

B.3.2 Collection services

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

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

(thousands of euros)

ITEM	12.31.2019	12.31.2018
Flow of contracts for purchase of future receivables for the year	23,655,358	25,678,812
Amount of existing contracts at the closing date of year	20,223,715	21,592,582

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

(thousands of euros)

ITEM	12.31.2019	12.31.2018
Margin	964,665	587,815

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

Part D - Other information (Continued)

D. Guarantees and commitments

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

(thousands of euros)

TRANSACTIONS	12.31.2019	12.31.2018
1) Financial guarantees given on first demand	-	-
a) Banks	-	-
b) Financial Institutions	-	-
c) Customers	-	-
2) Other financial guarantees given	-	-
a) Banks		
b) Financial Institutions		
c) Customers	-	-
3) Commercial guarantees given to	-	-
a) Banks *	-	-
b) Financial Institutions	-	-
c) Customers	-	-
4) Other irrevocable commitments to disburse funds	1,661,402	2,147,663
a) Banks	-	-
i) certain use	-	-
ii) not certain to be called on	-	-
b) Financial Institutions	1,253,729	1,579,824
i) certain use	1,253,540	1,541,509
ii) not certain to be called on	189	38,315
c) Customers	407,673	567,839
i) certain use	63,516	197,286
ii) not certain to be called on	344,157	370,553
5) Underlying obligations for credit derivatives: sales of protection	-	-
6) Assets used to guarantee others' obligations	-	-
7) Other irrevocable commitments		
a) to issue guarantees		
b) other	-	
Total	**1,661,402**	**2,147,663**

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

D.2 Loans recognised after enforcement

Not Present.

Section 3 - Information on risks and relative hedging policies

3.1 Credit risk

QUALITATIVE INFORMATION

1. General Aspects

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

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

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

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

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

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

Depending on the chosen modus operandi, the factoring company will have greater protection if the credit acquisition process is accompanied by:
- notification to the debtor that the receivables have been assigned;
- recognition by the debtor that the receivables have been assigned;
- certification by the public administration of the assigned receivables;
- the acquisition of trade receivables, compared to other types of receivable;
- the acquisition of receivables that are due and payable or about to fall due, compared to the financing of future receivables;
- the presence of a restricted current account, for operations where notifications are not given on a continuous basis.

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

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

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

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

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

2. Credit Risk Management Policies

a) General aspects

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

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

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

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

Part D - Other information (CONTINUED)

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

The Credit Division also incorporates:
- Credit Monitoring, which maintains the quality of the finance portfolio by carrying out regular monitoring so that systematic intervention can take place if there is any deterioration in the risk profile of an assignor or a debtor. This activity is done before the default arises, when there is still a possibility that the assignor or debtor will be able to meet their commitments, and when the position is transferred to the appropriate risk status to ensure better management;
- Special Credit, which is responsible for ensuring the management and monitoring of accounts such as Unlikely to Pay, Non-Performing and accounts covered by restructuring plans. It identifies and implements the most effective solutions to maximise the recovery of the debt, and proposes the necessary provisions to cover forecast losses;
- Risk Management, whose task is to:
  - analyse, assess, measure and monitor the typical risks of the company's activities (credit, operational, reputational and market-related) in order to determine their economic and financial impact;
  - support the implementation of Group policies;
  - provide systematic reports to Top Management and the Board of Directors;
  - establish and monitor the "Risk Appetite", together with the Parent Company and its guidelines, to ensure the company can pursue its strategic objectives and business plan, taking into account the interests of its customers and shareholders; compatibly with its Risk-Taking Capacity, it also sets the Tier 1 capital requirements and other requirements;
  - support Management in measuring and managing the cost of risk.

b) The risk management, measurement and control systems and departments responsible for them
Measurement and reporting involves the issue of periodic, systematic reports and specific estimates to support various types of decision.

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

d) The risk mitigation techniques used for the purposes of IFRS 7, para. 35Kb).
The management of guarantees is an integral part of the credit process. The primary purpose of guarantee contracts is to maximise the Net Discounted Value of the recoverable amounts, by reducing the potential loss (LGD) if the account is transferred to debt recovery. Although the guarantees are an essential element of the terms and conditions of the finance agreement (especially for longer-term operations), they are only collected as a form of support for the finance, and cannot under any circumstances replace the customer's objective capacity to fulfil its obligations.

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

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

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

The guarantees acquired by the Company also include:
- guarantees given by the parent company to cover exposures to assignors or debtors for amounts exceeding 25% of the company's regulatory capital, in order to respect the legal limits on "large risks" (see following paragraph). The Company will periodically review the guaranteed positions and ensures that the guarantees are adjusted, to reflect changes in the risk (increase or reduction);
- credit insurance policies to mitigate the credit risk resulting from a default by a private debtor assigned on a non-recourse basis;
- guarantees given by banks.

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

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

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

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

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

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

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

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

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

Part D - Other information (Continued)

QUANTITATIVE INFORMATION

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

(thousands of euros)

PORTFOLIOS/QUALITY	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets measured at amortised cost	34,931	39,606	99,060	1,069,770	11,244,944	12,488,311
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value						-
4. Other financial assets mandatorily at FV					1,104	1,104
5. Financial instruments classified as held for sale						-
Total as at 12.31.2019	**34,931**	**39,606**	**99,060**	**1,069,770**	**11,246,048**	**12,489,415**
Total as at 12.31.2018	**41,282**	**40,657**	**102,834**	**1,470,744**	**11,820,752**	**13,476,269**

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

(thousands of euros)

	IMPAIRED				PERFORMING		
PORTFOLIOS/QUALITY	GROSS EXPOSURE	ADJUSTMENTS TO TOTAL VALUE	NET EXPOSURE	PARTIAL TOTAL WRITE-OFFS	GROSS EXPOSURE	ADJUSTMENTS TO TOTAL VALUE	NET EXPOSURE
1. Financial assets measured at amortised cost	349,247	175,588	173,659	126,966	12,328,036	13,384	12,314,652
2. financial assets measured at fair value through other comprehensive income	-	-	-	-		-	-
3. Financial assets designated at fair value	-	-	-	-	-	-	-
4. Other financial assets mandatorily at FV	-	-	-	-	1,104	-	1,104
5. Financial instruments classified as held for sale	-	-	-	-	-	-	-
Total as at 12.31.2019	**349,247**	**175,588**	**173,659**	**126,966**	**12,329,140**	**13,384**	**12,315,756**
Total as at 12.31.2018	**376,677**	**191,903**	**184,774**	**114,574**	**13,308,246**	**16,750**	**13,291,496**

	LOW CREDIT QUALITY ASSETS			
PORTFOLIOS/QUALITY	ACCUMULATED UNREALISED LOSSES	NET EXPOSURE	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-
2. Hedging derivatives	-	-	17	17
Total as at 12.31.2019	**-**	**-**	**17**	**17**
Total as at 12.31.2018			**399**	**399**

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

(thousands of euros)

	FIRST STAGE			SECOND STAGE			THIRD STAGE		
PORTFOLIOS/QUALITY	FROM 1 DAY TO 30 DAYS	FROM 30 TO 90 DAYS	OVER 90 DAYS	FROM 1 DAY TO 30 DAYS	FROM 30 TO 90 DAYS	OVER 90 DAYS	FROM 1 DAY TO 30 DAYS	FROM 30 TO 90 DAYS	OVER 90 DAYS
1. Financial assets measured at amortised cost	318,784	61,886	98,270	62,505	271,011	257,316	100,203	10,901	62,512
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total as at 12.31.2019	**318,784**	**61,886**	**98,270**	**62,505**	**271,011**	**257,316**	**100,203**	**10,901**	**62,512**
Total as at 12.31.2018	**608,734**	**48,978**	**27,433**	**109,378**	**346,345**	**329,876**	**106,642**	**11,602**	**66,529**

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

(thousands of euros)

CAUSATIONS/RISK STAGES	ADJUSTMENTS TO TOTAL VALUE													TOTAL PROVISIONS FOR COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED			TOTAL
	FIRST STAGE ASSETS				SECOND STAGE ASSETS				THIRD STAGE ASSETS								
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	- FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OF WHICH: INDIVIDUAL IMPAIRMENTS	OF WHICH: COLLECTIVE IMPAIRMENTS	FINANCIAL ASSETS MEASURED AT AMORTISED COST	- FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OF WHICH: INDIVIDUAL IMPAIRMENTS	OF WHICH: COLLECTIVE IMPAIRMENTS	FINANCIAL ASSETS MEASURED AT AMORTISED COST	- FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OF WHICH: INDIVIDUAL IMPAIRMENTS	OF WHICH: COLLECTIVE IMPAIRMENTS	OF WHICH: IMPAIRED FINANCIAL ASSETS ACQUIRED OR ARISING	FIRST STAGE	SECOND STAGE	THIRD STAGE	
Opening balance	7,357	-	-	7,357	9,393	-	-	9,393	191,903	-	191,903	-	-	2,130	183	-	210,966
Increases from financial assets acquired or originated																	-
Cancellations other than write-offs																	-
Net adjustments/writebacks for credit risk (+/-)	815			815	(4,181)			(4,181)	19,781		19,781			(1,060)	(152)	-	15,203
Contract changes without cancellation																	-
Changes in estimation methodology																	-
Write-off									(34,688)		(34,688)						(34,688)
Other changes					-			-	(1,408)		(1,408)						(1,408)
Closing balance	8,172	-	-	8,172	5,212	-	-	5,212	175,588	-	175,588	-	-	1,070	31	-	190,073
Withdrawals from write-offs on financial assets																	-
Write-offs recognized directly in the income statement																	-

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

(thousands of euros)

PORTFOLIOS/RISK STAGES	GROSS VALUES / NOMINAL VALUE					
	TRANSFERS BETWEEN FIRST AND SECOND STAGE		TRANSFERS BETWEEN SECOND AND THIRD STAGE		TRANSFERS BETWEEN FIRST AND THIRD STAGE	
	FROM FIRST STAGE TO SECOND STAGE	FROM SECOND STAGE TO FIRST STAGE	FROM SECOND STAGE TO THIRD STAGE	FROM THIRD STAGE TO SECOND STAGE	FROM FIRST STAGE TO THIRD STAGE	FROM THIRD STAGE TO FIRST STAGE
1. Financial assets measured at amortised cost	739,375	687,100	25,494	15,226	80,200	29,714
2. Financial assets measured at fair value through other comprehensive income						
3. Commitments to lend funds and financial guarantees given	27,512	118,173	1,055	480	14,260	4,696
Total as at 12.31.2019	**766,887**	**805,273**	**26,549**	**15,706**	**94,460**	**34,410**
Total as at 12.31.2018	**1,747,855**	**235,027**	**21,788**	**27,943**	**163,677**	**16,629**

Part D - Other information (Continued)

6 - Credit exposures to customers, banks and finance companies

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

(thousands of euros)

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE NON-PERFORMING ASSETS	GROSS EXPOSURE PERFORMING ASSETS	TOTAL WRITE-DOWNS	NET EXPOSURE	PARTIAL AND TOTAL WRITE-OFFS
A. ON-BALANCE-SHEET EXPOSURES:					
a) Bad loans	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
c) Non-Performing past due	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
d) Performing past-due	-	4,875	1	4,874	-
- of which: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	744,718	1,159	743,559	-
- of which: forborne exposures	-	-	-	-	-
Total A	**-**	**749,593**	**1,160**	**748,433**	**-**
B. OFF-BALANCE SHEET EXPOSURES	**-**	**-**	**-**	**-**	**-**
a) Non-Performing	-	-	-	-	-
b) Performing	-	1,253,540	912	1,252,628	-
Total B	**-**	**1,253,540**	**912**	**1,252,628**	**-**
Total (A+B)	**-**	**2,003,133**	**2,072**	**2,001,061**	**-**

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

6.2 - On-balance sheet exposures to banks and finance companies: gross change in impaired exposures

(thousands of euros)

CAUSES - CATEGORIES	BAD LOANS	UNLIKELY TO PAY OTHER THAN BAD	NON PERFORMING PAST-DUE EXPOSURES
A. Opening gross exposure		**123**	**119**
- of which: exposures sold and not derecognised:			
B. Increases	**-**	**-**	**119**
B.1 transfers from Performing loans	-	-	-
B.2 entries from impaired financial assets acquired or originated			
B.3 transfers from other Non-Performing exposure	-		
B.4 contractual amendments without cancellation			
B.5 other increases	-	-	-
C. Decreases	**-**	**(123)**	**(119)**
C.1 transfers to Performing loans		-	-
C.2 write-off	-	(123)	
C.3 receipts	-	-	(119)
C.4 gains on disposal		-	
C.5 losses on disposals			
C.6 transfers to other Non-Performing exposures		-	
C.7 contractual amendments without cancellation			
C.8 other reductions	-	-	-
D. Final Gross Exposure	**-**	**-**	**-**
- of which: exposures sold and not derecognised:			

6.2a - On-balance sheet exposures to banks and finance companies: gross changes by credit quality in forborne exposures

There are no exposures of this type.

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

(thousands of euros)

CAUSES - CATEGORIES	BAD LOANS		UTP		PAST DUE EXPOSURES	
	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Initial overall adjustments			**105**		**6**	
- of which: exposures sold and not derecognised:						
B. Increases	**-**	**-**	**-**	**-**	**18**	**-**
B.1 value adjustments from impaired financial assets acquired or originated		X		X		X
B.2 other value adjustments					18	
B.3 losses on disposal						
B.4 transfers from other Non-Performing exposure						
B.5 contractual amendments without cancellation		X		X		X
B.6 other increases						
C. Decreases	**-**	**-**	**(105)**	**-**	**(24)**	**-**
C.1. write-backs from valuation						
C.2 write-backs from recoveries					(6)	
C.3 gains on disposal						
C.4 write-off			(105)		(18)	
C.5 transfers to other categories of impaired exposures						
C.6 contractual amendments without cancellation		X		X		X
C.7 other decreases						
D. Final overall adjustments	**-**	**-**	**-**	**-**	**-**	**-**
- of which: exposures sold and not derecognised			-			

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

(thousands of euros)

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE		TOTAL WRITE-DOWNS	NET EXPOSURE	PARTIAL AND TOTAL WRITE-OFFS
	NON-PERFORMING ASSETS	PERFORMING ASSETS			
A. ON-BALANCE-SHEET EXPOSURES:					
a) Bad loans	117,942	-	82,949	34,993	-
- of which: forborne exposures	3,129	-	3,052	78	-
b) Unlikely to pay	127,031	-	87,426	39,606	-
- of which: forborne exposures	77,995	-	56,642	21,354	-
c) Non-Performing past due	104,274	-	5,214	99,060	-
- of which: forborne exposures	-	-	-	-	-
d) Performing past-due	-	1,066,572	1,676	1,064,896	-
- of which: forborne exposures	-	584	11	574	-
e) Other performing exposures	-	10,511,888	10,548	10,501,340	-
- of which: forborne exposures	-	1,001	1	1,000	-
Total A	**349,247**	**11,578,460**	**187,812**	**11,739,894**	**-**
B. OFF-BALANCE SHEET EXPOSURES	**-**	**-**	**-**	**-**	**-**
a) Non-Performing	4,047	-	-	4,047	-
b) Performing	-	403,814	190	403,624	-
Total B	**4,047**	**403,814**	**190**	**407,671**	**-**
Total (A+B)	**353,294**	**11,982,273**	**188,002**	**12,147,565**	**-**

Part D - Other information (CONTINUED)

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

(thousands of euros)

CAUSES - CATEGORIES	BAD LOANS	UTP	NON PERFORMING PAST-DUE EXPOSURES
A. Opening gross exposure	**151,356**	**117,074**	**108,247**
- of which: exposures sold and not derecognised:			
B. Increases	**7,885**	**28,027**	**97,717**
B.1 transfers from Performing loans	280	21,890	92,957
B.2 entries from impaired financial assets acquired or originated			
B.3 transfers from other Non-Performing exposure	6,805	3,117	943
B.4 contractual amendments without cancellation			
B.5 other increases	800	3,020	3,817
C. Decreases	**(41,299)**	**(18,070)**	**(101,690)**
C.1 transfers to Performing loans		(403)	(50,456)
C.2 write-off	(34,202)	(484)	
C.3 receipts	(6,954)	(7,325)	(48,029)
C.4 gains on disposal			
C.5 losses on disposals			
C.6 transfers to other Non-Performing exposures		(7,661)	(3,204)
C.7 contractual amendments without cancellation			
C.8 other reductions	(143)	(2,197)	(1)
D. Final Gross Exposure	**117,942**	**127,031**	**104,274**
- of which: exposures sold and not derecognised:			

6.5 bis - On-balance-sheet exposures to customers: gross changes by credit quality in forborne exposures

(thousands of euros)

CAUSES - QUALITY	NON PERFORMING FORBORNE EXPOSURES	PERFORMING FORBORNE EXPOSURES
A. Opening gross exposure	**71,643**	**9,123**
- of which: exposures sold and not derecognised:		
B. Increases	**15,317**	**1,754**
B.1 transfers from Performing not forborne	12,959	1,585
B.2 transfers from Performing forborne		x
B.3 transfers from Non performing forborne exposures	x	
B.4 other increases	2,358	169
C. Decreases	**(5,835)**	**(9,292)**
C.1 transfers to Performing not forborne	x	(6,494)
C.2 transfers to Performing forborne		x
C.3 Transfers to Non performing forborne exposures	x	
C.4 write-off	(830)	(2,798)
C.5 recoveries		
C.6 sales proceeds		
C.7 losses on disposal		
C.8 other reductions	(5,005)	0
D. Final Gross Exposure	**81,125**	**1,585**
- of which: exposures sold and not derecognised:		

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

(thousands of euros)

CAUSES - CATEGORIES	BAD LOANS		UTP		NON PERFORMING PAST-DUE EXPOSURES	
	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Initial overall adjustments	**110,074**	**822**	**76,416**	**51,298**	**5,412**	
- of which: exposures sold and not derecognised						
B. Increases	**10,139**	**2,963**	**18,747**	**8,991**	**4,886**	**-**
B.1 value adjustments from impaired financial assets acquired or originated		x		x		x
B.2 other value adjustments	4,783		18,747	8,991	4,886	
B.3 losses on disposal						
B.4 transfers from other Non-Performing exposure	5,356	2,963				
B.5 contractual amendments without cancellation		x		x		x
B.6 other increases		0				
C. Decreases	**(37,264)**	**(733)**	**(7,737)**	**(3,648)**	**(5,084)**	**0**
C.1. write-backs from valuation	(1,770)	(2)	(1,780)	(467)	(5,084)	
C.2 write-backs from recoveries						
C.3 Gains on disposal						
C.4 write-off	(34,204)	(730)	(484)	(100)		
C.5 transfers to other categories of impaired exposures			(5,355)	(2,963)		
C.6 contractual amendments without cancellation		x		x		x
C.7 other decreases	(1,290)	(1)	(118)	(118)		
D. Final overall adjustments	**82,949**	**3,052**	**87,426**	**56,641**	**5,214**	**0**
- of which: exposures sold and not derecognised:						

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

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

(thousands of euros)

EXPOSURES	RATING CLASS							
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	WITHOUT RATING	TOTAL
A. Financial assets measured at amortised cost	**5,947**	**29,795**	**683,508**	**173,797**	**32,192**	**1**	**11,752,042**	**12,677,282**
- First stage	5,947	26,989	612,078	172,540	6,504	1	9,766,588	10,590,647
- Second stage	-	2,806	64,226	1,257	25,688		1,643,411	1,737,388
- Third stage			7,204			-	342,043	349,247
B. Financial assets measured at fair value through other comprehensive income								
- First stage								
- Second stage								
- Third stage								
Total (A+B)	**5,947**	**29,795**	**683,508**	**173,797**	**32,192**	**1**	**11,752,042**	**12,677,282**
of which: impaired financial assets acquired or arising								
C. Commitments to lend funds and financial guarantees given	**-**	**-**	**187,105**	**675**	**-**	**-**	**2,361,976**	**2,549,756**
- First stage	-	-	183,363	675	-	-	2,303,299	2,487,337
- Second stage			3,742	-	-		40,264	44,006
- Third stage					-		18,413	18,413
Total (C)	**-**	**-**	**187,105**	**675**	**-**	**-**	**2,361,976**	**2,549,756**
Total (A + B + C)	**5,947**	**29,795**	**870,613**	**174,472**	**32,192**	**1**	**14,114,018**	**15,227,038**

The following rating agencies are used: Standard & Poor's, Moody's and Fitch.

Part D - Other information (Continued)

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

The classification of rating classes for the 3 rating agencies used, is as follows:

RATING 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

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

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

9 - Concentration of credit

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

(thousands of euros)

	TOTAL
GOVERNMENTS	1,995,676
OTHER PUBLIC ENTITIES	313,242
NON-FINANCIAL COMPANIES	9,047,840
FINANCIAL COMPANIES	2,024,090
OTHERS	1,656,134
TOTAL	**15,036,982**

9.2 Breakdown of on-balance sheet and off-balance sheet credit exposures by counterparty's geographical area

(thousands of euros)

	TOTAL
NORTH WEST	6,201,027
NORTH EAST	2,129,472
CENTRAL	4,490,282
SOUTH	745,389
ISLANDS	264,310
OUTSIDE ITALY	1,206,502
TOTAL	**15,036,982**

9.3 Large risks

(thousands of euros)

	TOTAL
a) Nominal amount:	7,613,174
b) Amount post CRM and extensions ex Art. 400 CRR	3,638,285
c) Number	28

10 - Credit Risk Measurement and Management models and methods

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

3.2 Market risks

3.2.1 Interest rate risk

QUALITATIVE INFORMATION

1. General Aspects

In line with the Group guidelines, in 2012 the company adopted a specific policy to cover interest rate risk for the banking book. It defines the principles, responsibilities and methodologies used to manage this risk.

The two main measurements used to monitor interest rate risk and to set limits, are the following:
- "Net Interest Income Sensitivity", which measures the change in the interest rate over the next 12 months in the absence of new operations, with a variation of 100 basis points in the interest rates;
- "Basis Point Value Sensitivity", which measures the change in the current value of interest rate positions resulting from an instant shock of 1bp of interest rates. It considers the current value of all future cash flows generated from assets, liabilities and existing derivatives.

For the purposes of managing liquidity and interest rate risk, the various technical forms of investment relate to the following two main types of operation:
- discounted or definitive acquisitions of receivables: these are fixed-rate operations with a defined duration, even if uncertain, as the expiry date includes an estimated delay for the collection of the invoices, after their natural due date;
- standard operations (with recourse and without recourse): these are revolving exposures, usually revocable under certain conditions, and they are usually regulated at variable rates determined monthly, based on the average values for the month, and are settled monthly or quarterly.

In principle:
- the first case is financed with fixed-term deposits;
- the second case is financed through a credit line that is periodically adapted to the amount and is regulated at a rate that reflects the contractual rate charged to the customer.

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

Various interest rate swap contracts have also been agreed with the Group *Investment Bank* to convert the interest rate on definitive acquisitions with an original duration beyond the short-term, from fixed to variable.

Part D - Other information (CONTINUED)

QUANTITATIVE INFORMATION

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

Euro

(thousands of euros)

ITEM/RESIDUAL MATURITY	SIGHT	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	FROM 5 YEARS TO 10 YEARS	10 YEARS OR MORE	INDETERMINATE DURATION
1. Assets	**593,888**	**10,207,742**	**331,877**	**246,098**	**205,127**	**112,398**	**5,678**	**-**
1.1 Debt securities		-	-	-	-	-	-	-
1.2 Loans	593,888	10,207,742	331,877	246,098	205,127	112,398	5,678	-
1.3 Other assets		-	-	-	-	-	-	
2. Liabilities	**296,870**	**9,283,784**	**962,369**	**170,532**	**73,413**	**86,212**	**-**	**-**
2.1 Payables	296,870	9,283,784	962,369	170,532	73,413	86,212	-	-
2.2 Debt securities in issue		-	-	-	-	-	-	-
2.3 Other liabilities		-	-	-	-	-	-	
3. Financial derivatives								
options								
3.1 Long positions		-	-	-	-	-	-	-
3.2 Short positions		-	-	-	-	-	-	-
other derivatives								
3.3 Long positions		322,045	-	-	-	-	-	-
3.4 Short positions		34,100	-	42,797	181,434	63,714	-	-

Other currencies

(thousands of euros)

ITEM/RESIDUAL MATURITY	SIGHT	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	FROM 5 YEARS TO 10 YEARS	10 YEARS OR MORE	INDETERMINATE DURATION
1. Assets	**68,484**	**303,377**	**31,001**	**-**	**23,153**	**18,797**	**-**	**-**
1.1 Debt securities		-	-	-	-	-	-	-
1.2 Loans	68,484	303,377	31,001	-	23,153	18,797	-	-
1.3 Other assets		-	-	-	-	-	-	
2. Liabilities	**7,581**	**385,951**	**33,616**	**1,762**	**21,542**	**-**	**-**	**-**
2.1 Payables	7,581	385,951	33,616	1,762	21,542		-	-
2.2 Debt securities in issue				-	-	-	-	-
2.3 Other liabilities		-	-	-	-	-	-	
3. Financial derivatives								
options								
3.1 Long positions		-	-	-	-	-	-	-
3.2 Short positions		-	-	-	-	-	-	-
other derivatives								
3.3 Long positions		-					-	-
3.4 Short positions		-	-	-	-		-	-

Non-performing loans are classified according to the expected date of collection.

2. Interest rate risk measurement and management models and methods

Sensitivity analysis

At 31 December 2019, the sensitivity of interest income to an immediate and parallel shift of +100bps was approximately – 0.366 million.

The sensitivity of the economic value of shareholders' equity to an immediate and parallel shift of +200bps in interest rates was approximately -29.9 million at 31 December 2019.

3.2.2 Price risk

QUALITATIVE INFORMATION

1. General Aspects

The Company does not hold nor has it issued financial instruments exposed to price risk.

3.2.3 Exchange rate risk

QUALITATIVE INFORMATION

1. General Aspects
The exchange risk expresses the risk of incurring losses due to fluctuations in currency rates and the price of gold.

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

The asset coverage required for exchange risk is determined by applying a coefficient of 8% to the net open position in exchange foreign currencies, reduced by 25% for companies in a banking group. On 31 December 2019 the company's open exchange positions did not lead to any absorption of capital.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euros)

	CURRENCIES							
ITEMS	USD	GBP STERLING	CANADIAN DOLLARS	CZECH REPUBLIC KORUNA	KUWAITI DINAR	PLN	RUSSIAN RUBBLE	OTHER CURRENCIES
1. Financial assets	**331,149**	**19,345**	**17,720**	**13,126**	**7,981**	**37,578**	**12,321**	**7,228**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-	-	-	-
1.3 Loans	331,149	18,828	17,415	13,126	1,769	37,578	8,436	6,480
1.4 Other financial assets	-	517	305	-	6,212	-	3,885	748
2. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3. Financial assets	**333,621**	**18,754**	**16,283**	**13,023**	**7,845**	**37,492**	**12,250**	**7,159**
3.1 Payables	2,330	1,124	-	24	-	-	-	85
3.2 Debt securities in issue			-	-	-	-	-	-
3.3 Other financial liabilities	331,291	17,630	16,283	12,999	7,845	37,492	12,250	7,074
4. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5.1 Long positions	-	-	-	-	-	-	-	-
5.2 Short positions	-	-	-	-	-	-	-	-
Total assets	**331,149**	**19,345**	**17,720**	**13,126**	**7,981**	**37,578**	**12,321**	**7,228**
Total liabilities	**333,621**	**18,754**	**16,283**	**13,023**	**7,845**	**37,492**	**12,250**	**7,159**
Difference (+/-)	**(2,472)**	**591**	**1,437**	**103**	**136**	**86**	**71**	**69**

3.3 Operational risks

QUALITATIVE INFORMATION

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

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

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

Part D - Other information (CONTINUED)

QUANTITATIVE INFORMATION

The capital absorption quantified using the Base method, corresponding to 15% of the average intermediation margin over the past three years was 27.5 million at the end of 2019, compared to 27.8 million at the end of the previous year.

Systemic threats associated with the coronavirus epidemic
As for the coronavirus epidemic, UniCredit is continuing to monitor the situation carefully and taking precautions in line with the recommendations of the World Health Organization and local authorities. It cannot be ruled out that a slowdown in the economy may emerge from this situation, including in the eurozone, with potential effects – not yet estimable as at 4 February 2020 – on the company's profitability, mainly in terms of operating income and the cost of risk.

3.4 Liquidity risk

QUALITATIVE INFORMATION

1. General aspects, management processes and measurement methods for liquidity risk
The company's liquidity policy, which has been in place since January 2010, was amended in 2019 with regard to the Governance aspects, and the responsibilities of individual departments.

UniCredit Factoring is only funded through the parent company, which also carries out liquidity risk monitoring. The Company falls within the Italy Regional Liquidity Center, which manages liquidity risk at central level, and accesses the capital markets on behalf of the banks and private companies within its perimeter.

Funding is carried out through the following methods, as part of an endowment and is periodically reviewed depending on the approved budgets and development plans, also taking into account the type of finance to be provided:
- **Ancillary account:** this is the main source of funding and finances the most stable part of the revolving commitments. It normally changes on a monthly basis, depending on the trend in these assets;
- **Term deposits (one month or beyond)**: this is the natural form of funding for definitive acquisitions of receivables;
- **Very short-term deposits (overnight or up to 2 weeks):** these are the tools used to meet the daily liquidity requirements and to finance short-term fluctuations in invested assets;
- **Subordinate liabilities**: these supplement the capital and represent a source of financing for operations of more than one year;
- **Current account**: the current account with the bank is the channel through which all the company's operations are channelled (finance, receipts, deposits opened or closed, changes in the ancillary account etc.). The unused credit margin is a readily available liquidity reserve which can also be used to cover unexpected liquidity requirements.

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

QUANTITATIVE INFORMATION

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

Euro

(thousands of euros)

ITEM/RESIDUAL MATURITY	SIGHT	FROM 1 DAY TO 7 DAYS	FROM 7 DAYS TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM OVER 1 MONTH TO 3 MONTHS	FROM OVER 3 MONTHS TO 6 MONTHS	FROM OVER 6 MONTHS TO 1 YEAR	FROM OVER 1 YEAR TO 3 YEARS	OVER 3 YEARS TO 5 YEARS	5 YEARS OR MORE	UNDETERMINED DURATION
On-balance sheet assets	**2,781,535**	**514,953**	**2,339,049**	**1,623,772**	**2,283,856**	**932,018**	**626,514**	**285,555**	**195,344**	**133,005**	**-**
A.1 Government securities	-	-	-	-	-	-	-				
A.2 Other debt securities						-	-				
A.3 Loans	2,781,535	514,953	2,339,049	1,623,772	2,283,856	932,018	626,514	285,555	195,344	133,005	
A.4 Other assets											
On-balance-sheet liabilities	**1,813,920**	**752,560**	**3,311,215**	**1,698,958**	**1,938,071**	**1,014,285**	**183,536**	**38,419**	**36,000**	**86,217**	**-**
B.1 Liabilities with					-	-	-				
- banks	1,744,438	751,000	3,239,000	1,654,400	1,874,580	962,000	170,000	36,000	36,000	86,200	
- financial institutions	45,273		45,283								
- deposits from customers	24,209	1,560	26,932	44,558	63,491	52,285	13,536	2,419	-	17	
B.2 Debt securities	-				-		-	-			
B.3 Other liabilities											
Off-balance sheet transactions			**-**	**-**	**-**	**-**	**-**				
C.1 Physically settled financial derivatives											
- Long positions	-	-	-	-	-	-	-				
- Short positions	-	-	-	-	-	-	-				
C.2 Cash settled financial derivatives											
- Positive differentials	-	-	-	-	(15,090)						-
- Negative differentials	-		-		1,202	-	627	4,029	3,438	5,794	
C.3 Loans to receive											
- Long positions	-	-	-	-	-	-	-				
- Short positions	-	-	-	-	-	-	-				
C.4 Irrevocable commitments to disburse funds											
- Long positions					(1,661,402)						
- Short positions					1,661,402						
C.5 Financial guarantees issued	495,858			1,591,115	314,158	752,518	200	3,201,500	27,595	1,366,850	
C.6 Financial guarantees received											

Part D - Other information (Continued)

Other currencies

(thousands of euros)

ITEM/RESIDUAL MATURITY	SIGHT	FROM 1 DAY TO 7 DAYS	FROM 7 DAYS TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM OVER 1 MONTH TO 3 MONTHS	FROM OVER 3 MONTHS TO 6 MONTHS	FROM OVER 6 MONTHS TO 1 YEAR	FROM OVER 1 YEAR TO 3 YEARS	OVER 3 YEARS TO 5 YEARS	5 YEARS OR MORE	UNDETERMINED DURATION
On-balance sheet assets	**103,059**	**8,896**	**13,328**	**130,518**	**77,769**	**63,717**	**6,134**	**11,592**	**11,593**	**18,797**	**-**
A.1 Government securities	-	-	-	-	-	-	-				
A.2 Other debt securities						-	-				
A.3 Loans	103,059	8,896	13,328	130,518	77,769	63,717	6,134	11,592	11,593	18,797	
A.4 Other assets											
On-balance-sheet liabilities	**21,868**	**139,878**	**22,821**	**97,950**	**109,946**	**34,584**	**1,863**	**21,542**	**-**	**-**	**-**
B.1 Liabilities with					-	-	-				
- banks	16,049	139,701	22,821	97,782	109,598	33,616	1,762	21,542	-		
- financial institutions											
- deposits from customers	5,819	177	-	168	348	968	101	-			
B.2 Debt securities											
B.3 Other liabilities											
Off-balance sheet transactions			**-**	**-**	**-**	**-**	**-**				
C.2 Cash settled financial derivatives											
- Positive differentials											
- Negative differentials											
C.4 Irrevocable commitments to disburse funds											
- Long positions											
- Short positions											
C.5 Financial guarantees issued											

Foreign currency accounts, which are held with the parent company, are distributed among time bands depending on the criteria used for the distribution of loans, favouring the substance – the purpose of the funding – over the form.

Section 4 - Information on Equity

4.1 The Company's shareholders' equity

4.1.1 QUALITATIVE INFORMATION

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

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

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

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

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

4.1.2 QUANTITATIVE INFORMATION

4.1.2.1 The Company's equity: composition

(thousands of euros)

VALUE/ITEM	12.31.2019	12.31.2018
1. Capital	414,348	414,348
2. Share premium	951	951
3. Reserves	294,068	286,353
- from profits	294,068	286,353
a) legal	36,581	35,111
b) statutory	185	185
c) treasury quotas	-	-
d) other *	257,302	251,057
- other	-	-
4. (Treasury quotas)	-	-
5. Valuation reserves	(522)	(1,445)
- Equity securities designated at fair value with impact on comprehensive income	-	(1,046)
- Hedging of equity securities designated at fair value with impact on comprehensive income	-	-
- Financial assets (other than securities) valued at fair value with impact on comprehensive income	-	-
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash-flow hedges	-	-
- Hedging instruments (non-designated items)		
- Exchange-rate differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (change in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains (losses) on defined benefit plans	(522)	(399)
- Portion of valuation reserves for equity investments valued using the equity method	-	-
6. Equity instruments	-	-
7. Net Profit (Loss) for the year	85,757	29,399
Total	**794,602**	**729,606**

* "Other Reserves" are mainly undistributed profits.

Part D - Other information (Continued)

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

(thousands of euros)

ASSETS/VALUES	12.31.2019 POSITIVE RESERVE	12.31.2019 NEGATIVE RESERVE	12.31.2018 POSITIVE RESERVE	12.31.2018 NEGATIVE RESERVE
1. Debt securities				
2. Equity securities				0
3. Loans		0		(1,046)
Total	**0**	**0**	**0**	**(1,046)**

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

(thousands of euros)

	DEBT SECURITIES	EQUITY SECURITIES	LOANS
Opening balance			**(1,046)**
2. Increases	**-**	**-**	**1,046**
2.1 Increases in fair value		x	
2.2 Value adjustments for credit risk		x	586
2.3 Reversal to profit and loss of negative reserves from disposals			
2.4 Transfers to other components of shareholders' equity (equity securities)			
2.5 Other changes			460
3. Decreases	**-**	**-**	**-**
3.1 Decreases in fair value			
3.2 Write-backs for credit risk			
3.3 Transfer to the income statement from positive reserves from disposals		x	
3.4 Transfers to other components of shareholders' equity (equity securities)			
3.5 Other changes			
4. Closing balance	**-**	**0**	**0**

4.2 Own funds and risk capital ratios

For quantitative information refer to consolidated Pillar III.

4.2.1 Own Funds

4.2.1.1 QUALITATIVE INFORMATION

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

The own funds as at 31 December 2019 were determined in accordance with Regulation EU 575/2013 of 26 June 2013 (CRR) and by the Bank of Italy in Circular 288 of 3 April 2015 as updated, on the "Regulatory Provisions for Financial Intermediaries".

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

Tier 2 capital is the hybrid capitalisation instruments calculated net of the amortisation shares in accordance with Regulation EU No. 575/2013 of 26 June 2013 (CRR).

4.2.2 Capital adequacy

4.2.2.1 QUALITATIVE INFORMATION

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

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

(thousands of euros)

	NON WEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUIREMENTS	
ASSETS/VALUES	12.31.2019	12.31.2018	12.31.2019	12.31.2018
A. RISK ASSETS				
A.1 Credit and counterparty risk	**15,191,901**	**16,472,143**	**7,964,820**	**8,568,153**
1. Standardised approach	15,191,901	16,472,143	7,964,820	8,568,153
2. IRB approaches	-	-		-
2.1 Basic	-	-		-
2.2 Advanced	-	-		-
3. Securisation	-	-		-
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**477,889**	**514,089**
B.2 Risk of adjustment of value of receivable				
B.3 Regulatory risk				
B.4 Market Risk				**-**
1. Standard approach			-	-
2. Internal models				-
3. Concentration risk				-
B.5 Operational risk			**27,524**	**27,837**
1. Basic indicator approach (BIA)			27,524	27,837
2. Traditional standardised approach (TSA)			-	-
3. Advanced measurement approach (AMA)			-	-
B.6 Other capital requirements			**-**	**-**
B.7 Other calculation items			**-**	**-**
B.8 Total capital requirements			**505,413**	**541,926**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk weighted assets			8,425,238	9,033,909
C.2 Class 1 primary capital/risk weighted assets (CET 1 capital ratio)			8.71%	7.84%
C.3 Class 1 capital/risk weighted assets (Tier 1 capital ratio)			8.71%	7.84%
C.4 Total own fund/risk weighted assets (Total capital ratio)			8.71%	7.84%

Part D - Other information (Continued)

Section 5 - Breakdown of comprehensive income

(thousands of euros)

ITEM		12.31.2019	12.31.2018
10.	**Profit (loss) for the year**	85,757	29,399
	Other comprehensive income not reclassified to profit or loss		
20.	**Equity securities designated at fair value with impact on overall profitability:**		
	a) changes in fair value		(59)
	b) transfers to other equity components		
30.	**Financial liabilities designated at fair value through profit or loss (changes in creditworthiness):**		
	a) change in fair value		
	b) transfers to other equity components		
40.	**Hedging of equity securities designated at fair value with impact on other income components:**		
	a) change in fair value (hedged instrument)		
	b) change in fair value (hedging instrument)		
50.	**Property, equipment and investment property**		
60.	**Intangible assets**		
70.	**Defined benefit plans**	(123)	(31)
80.	**Non current assets and disposal groups classified as held for sale**		
90.	**Share of valuation reserves of equity investments accounted for using equity method**		
100.	**Income taxes relating to other comprehensive income without reversal to the income statement**		14
	Other comprehensive income that may be reclassified to profit or loss		
110.	**Hedging of foreign investments:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
120.	**Exchange differences:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
130.	**Cash flow hedges:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
	of which: net position result		
140.	**Hedging tools (non-designated items):**		
	a) changes in value		
	b) reclassification through profit or loss		
	c) other changes		
150.	**Financial assets (other than securities) valued at fair value with impact on comprehensive income:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	- impairment write-downs		
	- realised gains/losses		
	c) other changes		
160.	**Non-current assets and asset groups held for sale:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
170.	**Portion of valuation reserve from investments valued at equity:**		
	a) fair value changes		
	b) reclassification through profit or loss		
	- impairment write-downs		
	- realised gains/losses		
	c) other changes		
180.	**Income taxes relating to other comprehensive income without reversal to the income statement**		
190.	**Total other income components**	(123)	(76)
200.	**Total comprehensive income (Item 10+190)**	85,634	29,323

Section 6 - Related-party transactions

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

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

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

6.1 Information on remuneration of officers with strategic responsibilities

Below is the information about the remuneration paid to key management personnel of UniCredit Factoring, as required by IAS 24, in line with the Bank of Italy instructions which require the inclusion of fees paid to members of the Board of Statutory Auditors.

(thousands of euros)

COMPENSATION OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	2019	2018
a) short-term employee benefits	600	928
b) post-retirement benefits	-	-
of which: under defined benefit plans	-	-
of which: under defined contribution plans	-	-
c) other long-term benefits	-	-
d) termination benefits	-	-
e) share-based payments	-	-
Total	**600**	**928**

6.2 Loans and Guarantees to Directors and Statutory Auditors

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

6.3. Information on Related parties Transactions

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

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

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

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

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

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

- the premises at Via Livio Cambi 5 in Milan, the company's head office, were leased from UniCredit Business Integrated Solutions S.c.p.A., Real Estate service line, which also carries out ordinary and extraordinary maintenance for the property;
- the branches of UniCredit S.p.A. carry out business development on the company's behalf, based on the agreement signed in 2011 and subsequently extended in 2013, made between UniCredit Factoring S.p.A. and the CIB and CCI Divisions;
- the parent company manages personnel administration, mailing, activities related to special laws with an internal contact, the soft collection of outstanding, overdue receivables, and back-office activities with the Business Transformation service line. UniCredit Business Integrated Solutions S.c.p.a. provides technological outsourcing and operational services relating to acquisitions. The sharing of these activities has allowed the company to benefit from specific levels of professional expertise.

Part D - Other information (Continued)

The following table shows the outstanding assets, liabilities, guarantees and commitments as at 31 December 2019, as well as the key financial data for the year, for each group of related parties. The main item is represented by the loans and current accounts in euros and other foreign currencies, for funding operations.

Related-parties transaction

(thousands of euros)

	AMOUNTS AS AT 12.31.2019			
	ULTIMATE PARENT	SUBSIDIARIES OF THE PARENT COMPANY	MANAGERS WITH STRATEGIC RESPONSIBILITY	OTHER RELATED PARTIES
BALANCE SHEET AMOUNTS				
Financial assets valued at amortised cost with credit institutions	22,918	15,637	-	-
Financial assets valued at amortised cost with financial companies	-	-		-
Financial assets measured at amortised cost with Customers	-	-	-	-
Other assets	3,869	1,118	-	-
Total assets	**26,786**	**16,755**	**-**	**-**
Payables to credit agencies	10,957,578	24	-	-
Securities and financial liabilities	-	-	-	-
Other liabilities	3,767	18,543	-	-
Total liabilities	**10,961,345**	**18,567**	**-**	**-**
Guarantees given and commitments				
INCOME STATEMENT				
Interest and similar income	11,587		-	-
Interest expense and similar charges	(10,725)	(3,159)	-	-
Fees and commissions income	-	14,95	-	-
Fees and commissions expenses	(10,759)	(297)	-	-
Administrative costs: other staff costs	(5,389)	(269)	(351)	-
Administrative costs: others expenses - other	(2,809)	(7,535)	-	-
other operating income	-			
Total income statement	**(18,447)**	**(11,245)**	**(552)**	**-**

For the purposes of the current provisions, in 2019 it should be noted that there were no atypical and/or unusual operations with related parties or non-related parties, whose significance could give rise to any doubt as to the security of the company's assets.

Section 7 - Leasing (Lessee)

QUALITATIVE INFORMATION

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

These contracts are accounted for in accordance with the provisions of IFRS16, further detailed in Part A "Accounting Policies", Part A.2, relating to the main financial statement items to refer to.
The rights of use deriving from these leasing contracts are mainly used for the provision of services or for administrative purposes and accounted for using the cost method.

As permitted by the accounting principle, the Company has decided not to record any rights of use or lease payables for:
- short-term leasing of less than 12 months; and
- leasing of assets with a low unit value. In this regard, an asset is considered to have a modest unit value if its fair value when new is less than or equal to 5,000 euros. This category mainly includes office machines (e.g. PCs, monitors, tablets, etc.) as well as fixed and mobile phones.

Lease payments arising from this type of activity are recorded under item 160 "Administrative expenses" on an accrual basis.

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

During the year, these rights of use led to the recognition of depreciation and amortisation of 1.6 million of which:
• 1.5 million relating to buildings;
• 0.1 million relating to cars.

With reference to leasing liabilities, the related book value is shown in part B - Information on the balance sheet - Liabilities - Section 1 - Financial liabilities carried at amortised cost - Liability item 10 of the Notes to the financial statements, to which reference should be made.
During the year, these lease payables resulted in the recognition of interest expense shown in Part C - Information on the Income Statement - Section 1 - Interest - Items 10 and 20 of the Income Statement in the Notes to the Financial Statements.

With reference to short-term leases and assets with a modest unit value, it should be noted that during the financial year lease payments of 0.3 million euros were recorded. It should be noted that this amount also includes VAT on lease payments not included in the calculation of the lease payable.

For the purposes of determining the duration of the lease, the Company considers the non-cancellable period, established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable certainty of renewal. In particular, with reference to contracts that provide for the lessee's right to tacitly renew the lease at the end of an initial period, the duration of the lease is determined taking into account elements such as the duration of the first period, the existence of any business plans for the disposal of the leased assets as well as any other circumstance indicative of the existence of reasonable certainty of renewal.
Therefore, the amount of cash flows not reflected in the calculation of lease payables, to which the Company is potentially exposed, is essentially due to the possible renewal of lease contracts and the consequent extension of the lease term not included in the original calculation of lease liabilities taking into account the information available and expectations existing at 1 January 2019 (date of first application of IFRS 16) or at the start of the lease.

Section 8 - Other disclosures

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

A. QUALITATIVE INFORMATION

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments

As part of the medium/long-term incentive plans for employees of Group companies, Equity-Settled Share Based Payment plans are used.

The category refers to the allocation of the following instruments:
• **Stock options** allocated to selected top & senior managers and key talents of the Group and represented by subscription rights of UniCredit shares;
• **Group executive incentive systems** which offer eligible Group executives remuneration paid within five years. The beneficiaries receive a payment in cash and/or shares, in relation to the achievement of performance conditions (other than market conditions) as stated in the Plan Rules;
• **Group executive incentive systems (Bonus Pool)** which offers eligible Group executives and key personnel, identified in accordance with the regulatory requirements, a bonus structure consisting of instant payments (following performance appraisals) and deferred payments made in cash or ordinary UniCredit shares, over a period of 1-6 years. This payment structure is aligned to shareholder interests, and is subject to checks on company malus clauses (where specific profitability, capital and liquidity thresholds are not met at both Group and country/division level), and to individual malus/clawback conditions (where legally enforceable), according to the plan rules (both represent non-market vesting conditions);
• **Employee share ownership plan (ESOP - Let's share)** which offers eligible Group employees the opportunity to buy ordinary UniCredit shares with the advantage of allowing the allocation of a number of free shares or rights to shares, measured on the basis of the quantity of investment shares acquired by each participant during the enrolment period. The granting of free ordinary shares is subordinated to the plan rules;
• **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, according to the plan rules. The plan is structured on a three-year performance period, aligned to the new UniCredit strategic plan and provides for the allocation of an award based on gateway conditions linked to profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019.

In line with the Bank of Italy's circular 285 (update 20, dated 22 November 2017, on remuneration policies and practices), equity-settled share-based payments, represented by deferred payments in UniCredit ordinary shares, are used for the settlement of the golden parachute (severance pay) for key personnel.

Part D - Other information (Continued)

1.2 Measurement model

1.2.1 Stock options

The Hull and White model has been adopted to measure the economic value of stock options.
This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:

- achievement of a market value equal to a multiple (M) of the exercise price;
- the probability of beneficiaries' early exit (E) when the vesting period has expired.

Economic and equity effects will be recognised on a basis of instrument vesting period.
No new stock option plans were granted in 2019.

1.2.2 Group Executive Incentive System

The amount of the incentive is determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. Specifically, the overall evaluation is expressed as a percentage, from a minimum of 0% to a maximum of 150% (non-market vesting conditions).
This percentage, adjusted by the application of a risk/opportunity factor – Group Gate – at first payment and multiplied by the incentive, determines the actual amount that will be paid to the beneficiary.
The financial and economic effects are distributed on the basis of the duration of the Plans.

1.2.3 Group Executive Incentive System (Bonus Pool)

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

The financial and economic effects will be distributed on the basis of the duration of the Plans.

Group Executive Incentive System "Bonus Pool 2015" – Shares

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

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2018			
	INSTALMENT (2021)	INSTALMENT (2022)	INSTALMENT (2023)	INSTALMENT (2024)
Bonus Opportunity Economic Value Grant Date	07-Feb-2018	07-Feb-2018	07-Feb-2018	07-Feb-2018
Date of resolution of the Board (definition of number of shares)	07-Mar-2019	07-Mar-2019	07-Mar-2019	07-Mar-2019
Beginning of vesting period	01-Jan-2018	01-Jan-2018	01-Jan-2018	01-Jan-2018
End of vesting period	31-Dec-2018	31-Dec-2020	31-Dec-2021	31-Dec-2022
UniCredit share market price [€]	11.015	11.015	11.015	11.015
Economic value of vesting conditions [€]	-0.908	-1.557	-2.329	-3.237
Value of single performance shares at grant date [€](*)	**10.107**	**9.458**	**8.686**	**7.778**

(*) The same fair values per unit are used for the quantification of costs connected to share-based payment agreements for the golden parachute.

Group Executive Incentive System 2019 (Bonus Pool)

The new Group Incentive System 2019 is based on a *bonus pool* approach, aligned with regulatory requirements and market practices, which defines:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the risk appetite framework;
- link between bonuses and organisation structure, defining the pool at country/division level with further review at Group level;
- the allocation of bonuses to beneficiaries identified as executives and other key personnel on the basis of criteria laid down in the European Banking Authority's (EBA) regulation, and to other specific roles, based on local regulatory requirements;
- a mixed shares/cash payment structure has been defined in accordance with the regulatory provisions of Directive 2013/36/EU (CRD IV) and will be distributed in a period of 6 years.

All profit and loss and net equity effects related to the plan will be booked during the vesting period.

1.2.4 Long-Term Incentive Plan 2017-2019

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

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

QUANTITATIVE INFORMATION

2. Other information

Effects on Profit and Loss

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

Annexes to the Notes

Annex 1

UniCredit S.p.A.

Balance sheet as at 31.12.2018

(Amounts in millions of euro)

Assets	
Cash and cash balances	7,461
Financial assets held for trading	11,834
Loans and receivables with banks	28,635
Loans and receivables with customers	222,591
Financial investments	112,294
Hedging instruments	5,853
Property, equipment and investment property	2,246
Goodwill	-
Other intangible assets	4
Tax assets	10,704
Non current assets and disposal groups classified as held for sale	117
Other assets	3,877
Total assets	**405,616**
Liabilities and equity	
Liabilities to banks	58,995
Deposits from customers and debt securities in issue	211,872
Financial liabilities held for trading	52,969
Financial liabilities designated at fair value	10,384
Hedging instruments	3,535
Provisions for risks and charges	6,295
Tax liabilities	2
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	10,728
Shareholders' Equity:	50,836
- capital and reserves	*48,378*
- net profit (loss)	*2,458*
Total liabilities and equity	**405,616**

Reclassified Income Statement 2018

(Amounts in millions of euro)

Net interest	4,166
Dividends and other income from equity investments	2,630
Net fees and commissions	3,839
Net trading, hedging and fair value income	78
Net other expenses/income	-94
OPERATING INCOME	**10,619**
Payroll costs	-2,866
Other administrative costs	-2,465
Recovery of expenses	508
Amortisation, depreciation and impairment losses on intangible and tangible assets	-137
Operating costs	**-4,960**
OPERATING PROFIT (LOSS)	**5,659**
Net write-downs on loans and provisions for guarantees and commitments	-1,986
NET OPERATING PROFIT (LOSS)	**3,673**
Net provisions for risks and charges	-786
Integration costs	-3
Net income from investments	-1,582
PROFIT BEFORE TAX	**1,302**
Income tax for the year	1,156
NET PROFIT (LOSS)	**2,458**
Profit (loss) after tax from discontinued operations	0
Goodwill impairment	0
NET PROFIT (LOSS)	**6,236**

Annex 2

Reconciliation of Income Statement and Reclassified Income Statement

	ITEMS OF THE BALANCE VALUE
Net interest	Net interest margin
Dividends and other income from equity investments	item 50
Net fees and commissions	Net fees and commissions
Result from trading and hedging	item 60
Net other expenses/income	item 160
OPERATING INCOME	**Sum**
Payroll costs	item 110 a) excluding integration charges
Other administrative costs	item 110 b)
Impairment/write-backs on intangible and tangible assets	item 120
Operating costs	**Sum**
OPERATING PROFIT (LOSS)	**Sum**
Net write-downs on loans	item 100 a)
NET OPERATING PROFIT (LOSS)	**Sum**
Net provisions for risks and charges	item 150
Integration costs	of which item 110 a)
Profit before taxes	**Sum**
Income tax for the year	item 190
NET PROFIT	**Sum**

Annex 3

Disclosure of independent auditors' fees

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

1. Auditing services including:
   - Auditing the businesses' annual accounts and providing a professional opinion;
   - Auditing the interim accounts;
   - Quarterly account audits.

2. Certification services, including services in which the independent auditor assesses a specific element, determined by another party that is responsible for it, according to appropriate criteria, in order to express an opinion which can give the recipient a degree of assurance in relation to that specific element.

3. Other services, including secondary tasks which must be adequately specified. These services include but are not limited to: Accounting, tax, legal and administrative due diligence, agreed procedures and advisory services to the Financial Reporting Officer, assistance with new projects.

The amounts shown in the table, pertaining to 2019, are the contractualized values including any indexing (they do not include out-of-pocket expenses, regulatory contributions if necessary, and VAT).

(thousands of euros)

SERVICE TYPE	SERVICE PROVIDER	SERVICE RECIPIENT	COMPENSATION (EURO)
Audit:			
-Financial Statement	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	88
-Limited review procedures on the half-yearly financial statements	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	17
Certification services*	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	39
Tax consultancy services	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	-
Other services			-
Total			**144**

* These relate to the auditing of the Reporting Package for the purposes of including the company's figures in the interim statements of the UniCredit group as at 31 March and 30 September 2019.

Report of the Board of Statutory Auditors

UNICREDIT FACTORING S.p.A.

Single-member company subject to management and coordination by UniCredit S.p.A.

Share capital 414,348,000.00 euros paid in full

Milan Company Register no., Tax code and VAT no. 01462680156

Milan Economic Administrative Register (REA) no. 840973

Registered offices at Via Livio Cambi, 5, Milan

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

Pursuant to and for the purposes of Article 2429 of the Italian Civil Code, we hereby report to you on the supervisory activities carried out during the year ended 31 December 2019, specifying that the Board of Statutory Auditors carried out auditing activities on the administration, pursuant to Article 2403, paragraph 1, of the Italian Civil Code, while the task of auditing the accounts, pursuant to Article 2409-bis of the Italian Civil Code, was entrusted to the auditing firm Deloitte & Touche S.p.A. (Deloitte).

During the year we carried out the supervisory activities required by law.

Specifically, we point out that:

- we monitored compliance with the law and the Articles of Association, as well as compliance with the provisions of the Bylaws governing the functioning of the Company's bodies;
- we attended the meetings of the Board of Directors and obtained information on these occasions that enables us to certify the correct performance of the company's activities. We can therefore assure that the transactions approved and carried out during the year comply with the law and the Bylaws and are not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;
- with the information obtained from the heads of the various company departments and the auditing firm, both in the form of written communication and on the occasion of the audits carried out during the year, as well as from the examination of company documents, we have acquired knowledge of and supervised the company's organisational structure and the internal control,

administrative and accounting systems adopted, both of which are to be considered adequate and reliable for the purposes of effective management and their correct representation;

- there were no atypical or unusual transactions with Group companies, third parties or related parties. The Notes confirm that during the year transactions with significant related parties were carried out but concluded at market conditions;
- we were able to verify the statutory audit activity through meetings with representatives of Deloitte, who explained the audits carried out and their results. The audit did not reveal any censurable facts or aspects for which it was necessary to proceed with specific investigations;
- we carried out the functions of Supervisory Body pursuant to Legislative Decree no. 231/2001. We have verified that no conduct has emerged that is not in line or inconsistent with the principles and requirements contained in the 231 Model.

With regard to the Financial Statements for the year ended 12/31/2019, which show a profit for the year of 85,756,965 euros, we report that, since we are not responsible for auditing the accounts, we oversaw the general approach given to the financial statements and their compliance with the law with regard to formation and structure and we report the following:

- we have analysed and checked the application of the accounting standards and we specify that these financial statements have been prepared in accordance with the IAS/IFRS international accounting standards issued by the IASB, endorsed by the European Commission, and the relevant interpretations of the International Financial Reporting Interpretation Committee (IFRIC);
- we monitored the general approach given to it and its general compliance with the law with regard to its formation and structure, both as regards the Notes and the Directors' Report on Operations;
- we have verified that the financial statements correspond to the facts and information of which we are aware as a result of the performance of our duties;
- we have taken note of the activity carried out by the Company appointed to audit the accounts (Deloitte), aimed at ascertaining the correct preparation of the financial statements for the year, in accordance with the law and on the basis of the recording of the transactions carried out during the year;

In the course of the supervisory activity described above, no events were detected that would require mention in this report.

We acknowledge that on March 18, 2020 Deloitte issued, pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010, the "Report of the Independent Auditors" on the audit of the financial statements, expressing an unqualified opinion on these financial statements. In the

Report, the Independent Auditors also confirmed their independence with respect to the Company, in accordance with the rules and principles of ethics and independence applicable in the Italian legal system to the audit of the financial statements and also formulated, pursuant to Article 14, paragraph 2, letter e), of the above mentioned Legislative Decree, an opinion without remarks on the consistency of the Directors' Report on Operations with the financial statements and its compliance with the law.

We also inform you that:

- no complaints have been received pursuant to Article 2408 of the Italian Civil Code, nor have any complaints been filed by third parties;
- we have had no knowledge from Deloitte of other facts to bring to the attention of the Shareholders' Meeting.

On the basis of the foregoing and having noted that the aforesaid Independent Auditors issued the prescribed "Report of the Independent Auditors" without remarks pursuant to Article 14 of Legislative Decree no. 39/2010, from the point of view of our competence, there are no reasons preventing the approval of the Financial Statements as at 31 December 2019 and the proposal for allocation of the profit for the year formulated by the Board of Directors.

Milan, 19 March 2020

The Board of Statutory Auditors

Vincenzo Nicastro	(Chairman)
Elisa Menicucci	(Statutory Auditor)
Cecilia Andreoli	(Statutory Auditor)

External Auditors' Report

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INDEPENDENT AUDITORS' REPORT
PURSUANT TO ARTICLES 14 AND 19-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholder of
UniCredit Factoring S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of UniCredit Factoring S.p.A. (the Company), which comprise the balance sheet as at December 31, 2019, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the accounts.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance 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. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of UniCredit Factoring S.p.A. are responsible for the preparation of the report on operations of UniCredit Factoring S.p.A. as at December 31, 2019 including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of UniCredit Factoring S.p.A. as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the financial statements of UniCredit Factoring S.p.A. as at December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
March 18, 2020

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

Resolutions of the Ordinary Shareholders' Meeting

Resolutions of the Ordinary Shareholders' Meeting

The Shareholders' Meeting, with a vote expressed by the sole shareholder in an oral form, has decided

1. to approve the financial statements for the year ended December 31, 2019 in the terms envisaged and to approve the allocation of the 2019 net profit, equal to 85,756,965.00 euros in the following terms:
   - 4,287,848.00 euros to the Legal Reserve;
   - 21,404,717.00 euros to Other Reserves;
   - 58,056,900.00 to shareholders, at 0.723 euros per share;
   - 2,007,500.00 euros to the UniCredit Foundation, as a donation;
2. to add a further member of the Board of Directors by appointing Simone Del Guerra as Director, with a mandate that will expire together with that of the other Directors in office and therefore with the approval of the financial statements at 31 December 2021.

Our products

Our products

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

Assignment on a Without Recourse basis
The product is aimed at companies that wish to demobilize their trade receivables, transferring them to a specialised operator, which assumes the risk of debtors' insolvency.
In its non-recourse assignments, UniCredit Factoring acquires trade receivables due to the assignor from its debtors, taking care of the administration and collection. It bears the risk of the debtor's insolvency, under the conditions and limits stipulated in the contract. At the assignor's request, UniCredit Factoring can pay an advance on the amount due.
In this type of operation however, the risk of insolvency of the debtor is transferred to UniCredit Factoring.

Maturity Assignment
The product is aimed at companies that wish to optimise their cash management by regularising incoming flows.
In maturity assignments, UniCredit Factoring receives the trade receivables claimed by the assignor from its debtors, manages their administration, takes care of their collection and credits the assignor with the amount due on predetermined dates. At the assignor's request and if the receivable has been recognised, UniCredit Factoring may advance the consideration for the assigned receivables.
If required, UniCredit Factoring can also grant the debtor extended terms of payment without the cost being passed to the assignor.
With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Reverse factoring
The product is aimed at large companies ("Buyers") with a substantial and fragmented supplier portfolio who wish to streamline and rationalise the management of their purchasing cycle.
Reverse factoring allows:
- the Buyer's suppliers to access special lines of credit under special conditions, also benefiting from the Buyer's credit rating;
- the Buyer to benefit from greater loyalty among its suppliers, thus improving the quality and punctuality of consignments from its trade partners. The Buyer can also rely on standardised, simplified administration procedures for the payment of suppliers, by using UniCredit Factoring as a single partner for every phase of the process.

If required, UniCredit Factoring can also grant the Buyer extended terms of payment without the cost being passed to the assignor.

Confirming
The product is aimed at medium and large companies ("Buyers") who wish to consolidate relations with the production chain and support it financially.
Confirming allows:
- the "Buyer" to benefit from a greater loyalty of its production chain and to simplify the management of payments to its suppliers thanks to the use of a highly digitalized platform;
- suppliers to access the electronic platform and request the discounting of receivables uploaded by the "Buyer".

Assignment of receivables to public bodies
The product is aimed at companies that wish to liquidate their trade receivables from debtors belonging to the public administration sector.
UniCredit Factoring receives receivables from the assignor, manages them administratively and takes care of their collection.
At the assignor's request, UniCredit Factoring can pay an advance on the amount due.
With this type of operation the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Assignment of import/export receivables

The product is aimed at companies that wish to obtain support with the management of their receivables from foreign counterparties.
With Export Factoring, UniCredit Factoring acquires the trade receivables of the Italian assignor, due from some of its foreign debtors, and takes care of the administration and collection.
With Import Factoring, UniCredit Factoring acquires the trade receivables of the foreign assignor, due from some of its Italian debtors, and takes care of the administration and collection. If required, the debtor may be granted extended terms of payment.
With both these types of operation, UniCredit Factoring provide its customers with its experience in the rating of foreign counterparties.
With both import and export operations, the risk of the debtor's insolvency may remain with the assigning company (recourse) or be borne by UniCredit Factoring (non-recourse). At the assignor's request, UniCredit Factoring can also pay an advance on the amount due.
These operations are global. The activity can be carried out either with the collaboration of factoring companies in the UniCredit Group, or through the corresponding companies in the Factors Chain International (FCI) network.

Final acquisition of receivables

The product is aimed at medium/large companies wishing to improve their net financial position, using a service that allows the deconsolidation of receivables from the financial statements in compliance with IAS standards.
In this type of operation, the risk of insolvency of the debtor is transferred to UniCredit Factoring.
If required, UniCredit Factoring can also grant the debtor extended terms of payment without the cost being passed to the assignor.

Payment on maturity

The product is aimed at companies that want to regularise their cash flows and optimise management of their treasuries.
With transactions for payment on maturity, UniCredit Factoring receives the trade receivables claimed by the assignor from some of its debtors and, on the original due date of the receivable and on the debtor's recognition, makes the solvency payment to the assignor.
The special characteristic of this product is the transfer of the insolvency risk to UniCredit Factoring, thanks to the solvency payment. The risk of insolvency of debtors in the period prior to the solvency payment is transferred to UniCredit Factoring (non-recourse).
This product is particularly suited to companies that are subject to mandatory payment terms such as those in the agricultural or food industry, and which are subject to the rules of Article 62 of Decree Law 1/2012 (Law 27/2012).

Disposal of indirect tax credits

The product is aimed at companies that wish to release tax credits from indirect taxes claimed for reimbursement, whose payment times are generally longer than normal commercial practice.
UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection.
At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.
With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Disposal of direct tax credits

The product is aimed at companies that wish to liquidate tax credits from direct taxes, such as Ires and Robin Hood tax, requested for reimbursement from the Revenue Agency, whose payment times are generally longer than normal commercial practice.
UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection.
At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.
With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Assignment of credits from incentives paid under Ministerial Decree of 6 July 2012

The product is aimed at companies wishing to liquidate receivables represented by the incentives regulated by the Ministerial Decree of 6 July 2012, provided by Gestore dei Servizi Energetici (GSE) for the production of electricity from renewable sources other than photovoltaics.
UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.
With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Our products (Continued)

White certificates

The product is aimed at distributors of electricity and natural gas, with more than 50,000 end customers who wish to liquidate receivables represented by the so-called “White Certificates”, recognized by Gestore dei Servizi Energetici (GSE) against the achievement of energy efficiency objectives.
UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor’s request, UniCredit Factoring can also pay an advance on the amount due or go ahead with acquiring them.
With this type of operation, the risk of the debtor’s insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Condominiums energy redevelopment

The product is aimed at companies that carry out energy efficiency work for condominiums and who wish to benefit from the advance of tax credits related to Ecobonus and Sismabonus.
UniCredit Factoring receives the amount of the tax credit deriving from expenses incurred by condominiums for energy efficiency or earthquake-proofing work. At the request of the assignor, UniCredit Factoring can also assess whether to advance the consideration of the assigned receivables or proceed with their purchase.
With this type of operation, the risk of the debtor’s insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

Cover and introduction design: UniCredit S.p.A.

Design, graphic development and Composition:
MERCURIO GP© - Milan

June 2020

Solutions that matter.

UniCredit Factoring

www.unicreditfactoring.it