

# Unlocking transformation, together.

For our clients, our people,  
and our communities.



# **Report and Financial Statements 2023**

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# Corporate Officers and General Management

## Board of Directors

Ezio Bassi	Chairman
Nadia Maria Mastore	Vice Chairman
Daniela Ferrari <sup>(1)</sup>	Chief Executive Officer
Pietro Campagna	Directors
Erminio Chiappelli	
Valeria De Mori	
Elena Grisi <sup>(2)</sup>	
Massimiliano Cifalinò	Secretary to the Board of Directors

## Board of Statutory Auditors

Andrea Grosso	Chairman
Cecilia Andreoli	Standing Auditors
Elisa Menicucci	
Alberto Caprari	Alternate Auditors
Michele Paolillo	

## General Management

Alfredo Bresciani <sup>(3)</sup>	Acting General Manager and Head of the Sales & Marketing structure
Giuseppe Collo	Head of the Business Services & Process Excellence structure
Alessia Grosso	Head of the Risk Management structure
Antonio Mangini	Head of the Finance structure
Gianfranco Cascino	Head of the People & Culture structure
Massimiliano Cifalinò	Head of the Legal structure
Stefano Sala	Head of the Internal Controls structure
Antonio Russo	Head of the Compliance structure

KPMG S.p.A.	Independent Auditor
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- (1) Appointed by the Ordinary Shareholders' Meeting of UniCredit Factoring SpA on November 24, 2023 and with the office of Chief Executive Officer with effect from January 26, 2024
- (2) Appointed by the Ordinary Shareholders' Meeting of UniCredit Factoring SpA on June 29, 2023
- (3) As of February 1, 2024, Luca Alfonso Maria Milanesi took over as Head of the Sales & Marketing structure

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: 50,470,191 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 e-mail: comunicazioni.ucf@pec.unicredit.eu

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## **Directors' Report on Operations**

## Results summary

The Italian economy slowed down in the year just ended compared to 2022. GDP is expected to grow by 0.7% but to slow down compared to 2022. The increase in GDP is supported by the contribution of domestic demand net of inventories, against a marginally negative contribution from net external demand. Domestic demand is driven by private consumption supported by decelerating inflation, a gradual recovery in wages and employment growth. Investments are expected to slow down significantly compared to the previous two years.

The growth of bank lending to the private sector in the euro area decelerated sharply in 2023, with the year-on-year growth rate standing at 0.5% in December, compared to an increase of about 5.5% y/y in December 2022. Loans to businesses were also particularly weak in Italy, as lending rates continued to rise, with the rate of contraction rising to around -7% y/y in September, before settling at around -4% y/y at the end of the year. The factoring sector grew slightly compared to 2022 with a cumulative turnover of around 289.8bn euros (+0.9% year-on-year) and outstanding amounts of 70.3bn euros (+ 1.2% year-on-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 second market position in shares both of turnover (18.9%) and in that of total receivables (estimated 19%). Turnover was 54.6 billion euros, a decrease of 13%, as were period-end receivables, which amounted to 11.4 billion euros, down from the previous year (-7.3%), also in line with corporate strategies.

The year-end workforce amounted to 253 full-time equivalents, a decrease (-19 FTE) since the end of the previous year. This net change is the combined effect of 14 entries and 33 exits.

The scenario described resulted, in economic terms, in an increased level of revenues compared to 2022. Net operating income amounted to 167.6 million, an increase of -9.9% compared to the previous year. Operating costs, down compared to 2022, further improve the cost/income ratio which stands at 27.6% for the current year. The net adjustments for bad debts and the positive balance of the provision for risks and charges bring the gross profit to 112.1 million while the net profit, after tax of 34.7 million, is equal to 77.4 million, compared to 64.4 million in the previous year (+20.2%).

The main profitability indicators, like the cost/income ratio mentioned above, reflect a significant P&L performance considering the background scenario, with ROAC growing significantly and standing at 16.8% compared to 13.6% in the previous year. As regards the risk indexes of assets, there was a decrease in the incidence of non-performing loans on the total, which affected all categories of these loans. In detail, non-performing loans went from 0.05% to 0.02%, unlikely to pay went from 0.16% to 0.08% and past-due loans went from 0.84% to 0.64%. Hedging is confirmed to be particularly high and increasing both for non-performing loans (98.11%) also considering the partial write-offs, and for probable defaults (78.08%).

Shareholders' equity stood at 867 million. After deducting 70% of the profit to be distributed as dividends, representing Tier 1 capital of 812 million, up by 2.6% in December 2022. Considering that total risk-weighted assets decreased by 7.1%, the company's CET 1 ratio increased from 18.81% to 20.78%.

# Directors' Report on Operations

## Main Company data

### OPERATING DATA

(€ million)

	Financial year		Amount	
	2023	2022	change	%
Turnover	54,617	62,796	-8,179	-13.0%
Outstanding	13,382	14,385	-1,003	-7.0%

### INCOME STATEMENT

(€ million)

	Financial year		Amount	
	2023	2022	change	%
Operating income	168	152	+15	+9.9%
of which: - net interest	120	119	+1	+1.0%
- net fees and commissions	40	31	+9	+28.2%
Operating costs	-46	-47	+1	-2.3%
Operating profit (loss)	121	105	+16	+15.5%
Net operating profit (loss)	114	97	+17	+18.0%
Net profit	77	64	+13	+20.2%

### BALANCE SHEET AMOUNTS

(€ million)

	Amounts as at		Amount	
	12.31.2023	12.31.2022	change	%
Total assets	11,611	12,578	-967	-7.7%
Loans	11,504	12,416	-912	-7.3%
Equity	867	837	+30	+3.6%

### OPERATING STRUCTURE

	Data as at		Amount	
	12.31.2023	12.31.2022	change	%
Number of employees (Full Time Equivalent)	253	272	-19	-7.0%
Number of trading points	13	13	-	-

### PROFITABILITY INDICES

	Financial year		Amount	
	2023	2022	change	%
ROE <sup>1</sup>	9.8%	8.3%	+1.5	
Cost/Income	27.6%	31.0%	-3.5	

### RISK INDICES

	Data as at		Amount	
	12.31.2023	12.31.2022	change	%
Net bad loans / Receivables	0.02%	0.05%	-0.02	
Net non-performing loans / Loans	0.74%	1.05%	-0.31	

### PRODUCTIVITY INDICES

(€ million)

	Financial year		Amount	
	2023	2022	change	%
Turnover per employee	204.3	227.0	-22.7	-10.0%
Operating income per employee	0.63	0.55	0.08	+13.8%

### CAPITAL RATIOS

(€ million)

	Data as at		Amount	
	12.31.2023	12.31.2022	change	%
Tier 1 capital	812	792	+20	2.6%
Total RWA	3,910	4,210	-300	-7.1%
CET 1	20.78%	18.81%	1.96%	



## External scenario

### Macroeconomic picture

In 2023, the growth of global economic activity moderated due to the support of private consumption and the resilience of the labor market. In the second half of the year, however, growth lost momentum due to stagnation in the Eurozone and the slowdown of economic activity in China. Core inflation continued to make significant progress towards the 2% target in all advanced economies, leading investors to anticipate gradual interest rate cuts by major central banks over the course of 2024. The outbreak of war between Israel and Hamas at the beginning of October caused brief volatility in the markets, which affected energy commodities in particular.

Economic activity in the Eurozone stagnated significantly in the second half of 2023 as the impact of higher interest rates spread across all sectors, global demand remained weak, weakness in manufacturing increasingly spread to services, and the stimulus from reopening economies faded. Real GDP stabilized in the last quarter of the year, after a slight contraction in the third quarter. The fall in energy prices, amplified by base effects, helped reduce inflationary pressures in the Eurozone, driving consumer inflation down to 2.9% in December, the lowest level since mid-2021.

With the inflation rate still above the 2% target, the European Central Bank (ECB) continued to raise its benchmark deposit rate at the central bank to a peak of 4%.

Disinflationary pressures intensified in the second half of the year, reflecting weaker demand in a tighter monetary policy environment, the reorganization of supply chains in the global manufacturing sector and the easing of supply-demand imbalances in contact-intensive sectors. A decline in core inflation was observed - the 'core' rate fell to 3.4% in December - in a context where the persistence of services inflation prevented a more significant decline.

### Banking

The growth of bank lending to the private sector in the euro area decelerated sharply in 2023, with the year-on-year growth rate standing at 0.5% in December, compared to an increase of about 5.5% y/y in December 2022. In a context of high interest rates, tighter credit conditions and a gradual slowdown in investment, both household and business lending weakened. Towards the end of 2023, however, a stabilisation at modest growth was observed, avoiding a further deterioration into negative territory.

Loans to businesses were particularly weak in Italy, however, as lending rates continued to rise, with the rate of contraction rising to around -7% y/y in September, before settling at around -4% y/y at the end of the year. A deceleration also affected loans to households in Italy, with year-on-year contraction continuing to intensify towards the end of 2023, standing at -1.3% y/y, compared to growth of more than 3% y/y in December 2022.

On the funding side, both corporate and household deposit growth in the euro area showed slowing dynamics in 2023, with differences between the main reference countries of the group. In particular, in Italy, the growth of household and corporate deposits peaked in mid-2022 and has been on a gradual decline since then, fuelled by the trend, especially among households, to diversify financial asset portfolios in a favourable yield environment.

Bank lending rates rose in all three major countries in the group in 2023, reflecting the ECB's particularly restrictive monetary policy stance. Interest rates on bank loans to non-financial corporations rose above 5% in all of UniCredit Group's reference countries, in particular above 5.5% in Italy, an increase of about 2 percentage points compared to the end of 2022. Interest rates on bank loans to households, and in particular on loans for house purchases, have been progressively revised upwards, reaching over 4% by the end of 2023 in all three of the Group's main reference countries, with relatively higher levels in Italy. Given a more gradual increase in bank deposit rates for companies and households in all the Group's reference countries, the banking spread (i.e. the difference between the average lending rate and the average deposit rate) showed a gradual upward dynamic during 2023, which continued until the end of the year.

Expectations about the behavior of central banks and the gradual increase in key interest rates to ensure that inflation returns to the 2% target were the main drivers of financial market dynamics in 2023. The growing expectation of high central bank rates for a longer period of time (than initially expected) fuelled a climate of risk aversion in the market, particularly in September and October, with a significant rise in yields. Market sentiment improved as expectations of a monetary policy reversal towards the end of 2023 increased in the course of 2024.

## The factoring market

The turnover trend on the Italian factoring market as at December 31, 2023 shows a slight increase of +0.9% compared to the same period of 2022. In 2023, companies' financing needs were in line with those of 2022 in terms of working capital support requirements.

In recent years, the dynamics of sales volumes have followed the trend of GDP, to which they are linked by a stable ratio of around 15%. The upward trend in interest rates led to an increase in the turnover of assigned invoice portfolios, effectively shortening the implied duration of receivables. In this context of inflation and interest rates governed by restrictive monetary policies and a deteriorating growth scenario, in which access to bank credit is becoming particularly difficult for both healthy companies and those in difficult or even pre-crisis situations, factoring becomes a solution for accessing new liquidity and diversifying the risk assumed by the lender to entities with a better risk profile.

The Italian factoring market remains highly competitive and concentrated in 2023, with the top three competitors holding a market share on turnover of around 56.5%.

## Company activities

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

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

## Organizational structure

During 2023, the Company's organizational structure was changed with the aim of making business relationships with customers more effective and optimising and streamlining activities and processes. In particular, international sales activities have been allocated to the structures Large Corporate & International WoCa Sales (direct operations) and WoCa Digital Account Management & Small Corporate WoCa Sales (operations through Factors Chain International - FCI), resulting in the elimination of the International WoCa Sales structure.

Other relevant initiatives include:

- the integration into the organizational structure of the role of General Manager ad interim, effective from June 1, with defined duties and powers, following the resignation of former CEO Simone Del Guerra, who left the group on May 31;
- the establishment of an 'ESG Competence Center' within the 'Products Development' structure, reporting to the 'Marketing' structure;

in line with guidelines and authorizations received from the Parent Company.

With regard to the main ICT initiatives to support the organizational structure, we would like to highlight the continuation of the measures to modernize the IT platform as part of the Digital Factoring programme; In particular, an upgrade of the underwriting application (PEF) was launched in 2023 with the introduction of the Group's scoring engine and the automation of the credit application approval process and the determination of proxies through integration with internal/external information systems.

Underwriting work is expected to be completed by 2024, with expected benefits of optimising customer and after-sales processes, together with increased business volumes and market share.

Over the next few years, the back-end of the IT platform will be upgraded to optimize core processes and reduce operational risk associated with obsolescence.

## Workforce

UniCredit Factoring's workforce stood at 253 Full Time Equivalents (FTEs) at December 31, 2023, a decrease of 19 FTEs compared to the end of the previous year.

Specifically, against 11 new entries from the Group and 3 entries from the external market, 33 members of staff left. A rigorous search continued for staff with the professional skills and potential to replace, in part, the departures envisaged by the UniCredit Unlocked Plan continued, so as to guarantee sustainability and operational continuity as well as full achievement of corporate objectives.

# Directors' Report on Operations

## Breakdown by age, category and gender

In terms of age distribution, there is a constant number in the under-30 age group compared to 2022, as investment continues to be made in young people with high potential. The remaining age groups showed a decline in line with the overall reduction in the number of FTEs in the company. The average age of the population remains 48.7 years.

### BREAKDOWN BY AGE GROUP

	12.31.2023		12.31.2022		Amount	
	FTE	Comp. %	FTE	Comp. %	change	%
Up to 30 years	5	2.0%	5	1.7%	+1	+11.1%
From 31 to 40 years	25	9.9%	33	12.1%	-8	-24.2%
From 41 to 50 years	103	40.7%	110	40.6%	-7	-6.7%
Over 50 years	120	47.4%	124	45.6%	-4	-3.3%
<b>Total</b>	<b>253</b>	<b>100.0%</b>	<b>272</b>	<b>100.0%</b>	<b>-19</b>	<b>-7.0%</b>

In terms of contractual classification across the Company, there was a decrease in all categories in line with the FTE trend.

### BREAKDOWN BY CATEGORY

	12.31.2023		12.31.2022		Amount	
	FTE	Comp. %	FTE	Comp. %	change	%
Executives	11	4.3%	13	4.8%	-2	-15.8%
Management - 3rd and 4th grade	81	32.0%	89	32.7%	-8	-8.9%
Management - 1st and 2nd grade	75	29.6%	80	29.4%	-5	-6.3%
Professional areas	86	34.0%	90	33.1%	-4	-4.4%
<b>Total</b>	<b>253</b>	<b>100.0%</b>	<b>272</b>	<b>100.0%</b>	<b>-19</b>	<b>-7.0%</b>

As regards the composition by activity of the personnel of the entire Company, there was a reduction in particular in the staff dedicated to Core Activity (-7.8% compared to 2022).

### BREAKDOWN MEN/WOMEN

	12.31.2023		12.31.2022		Amount	
	FTE	Comp. %	FTE	Comp. %	change	%
Women	100	39.5%	103	37.9%	-3	-3.0%
Men	153	60.5%	169	62.1%	-16	-9.4%
<b>Total</b>	<b>253</b>	<b>100.0%</b>	<b>272</b>	<b>100.0%</b>	<b>-19</b>	<b>-7.0%</b>

Finally, the gender composition of the staff is shown, with a greater decrease in the male population (-9.4% compared to 2022) than in the female population (-3% compared to 2022), in line with the selection process that led to the recruitment of more women.

### BREAKDOWN BY CATEGORY

	12.31.2023		12.31.2022		Amount	
	FTE	Comp. %	FTE	Comp. %	change	%
Business	88	34.8%	93	34.4%	-5	-5.8%
Core Activity	165	65.2%	179	65.6%	-14	-7.6%
<b>Total</b>	<b>253</b>	<b>100.0%</b>	<b>272</b>	<b>100.0%</b>	<b>-19</b>	<b>-7.0%</b>

## Performance management

At UniCredit Factoring, people are our greatest asset and we aim to create a positive and inclusive environment where people can develop their potential and excel in their work. In this context, we continued to recommend a rigorous approach to the 'appraisal process' and focus on feedback, which are fundamental to assessing and monitoring individual and team performance against pre-defined behavioral expectations and performance targets, based on our corporate values of integrity, responsibility and attention to people.

## Employee development

The focus on protecting and strengthening people's skills remains a fundamental pillar of the company's strategy, which is why in 2023 the company will continue to invest in training with the aim of:

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

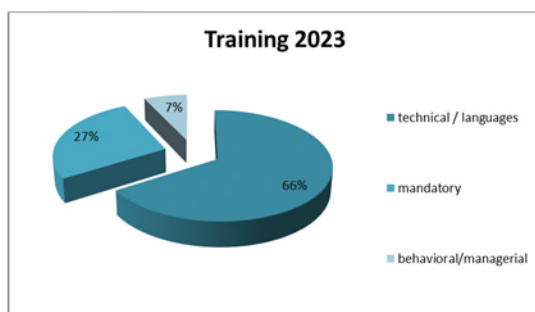
Various opportunities were made available to staff: language training with the goFLUENT language school, industry courses (in cooperation with partners such as Assifact), managerial development initiatives (e.g. Mentoring Program) and Knowledge Sharing sessions on topics related to Corporate Strategy, Culture, as well as more specialized content (e.g. Anti Money Laundering & Financial Sanctions).

Other notable activities include the launch of some training courses: the 'Risk Management Learning Path', a path for people in the Risk Management structure with the aim of expanding knowledge and professionalism on topics such as ESG, Digital and Core skills; 'The Fundamentals of Credit Risk Assessment', from the Group's Lending Certificate, intended for the staff in the Sales & Marketing Structure with the aim of strengthening risk skills and culture. Finally, in 2023 we continued to invest in ESG training, involving UniCredit Factoring management and the Board of Directors in a specialized course on the ESG regulatory framework, delivered by Assifact in collaboration with PricewaterhouseCoopers, with a focus on the Bank of Italy's supervisory expectations and the action plan to be formalized for the purposes of the SREP assessment.

In synergy with the Client Solutions perimeter, staff involvement continued in the 'Client Solutions Learning Architecture' training program: a package of training curricula in English for all employees to enhance their Core Banking Skills, Effective Communication, Managerial Skills and ESG. In addition, training and development initiatives were implemented for new recruits, through the Graduate Program, and for talented individuals.

Below is a percentage distribution of the hours of training, which has risen sharply since 2022, divided between:

- Behavioral/Managerial: 7%
- Compulsory: 27%
- Specialization/Linguistics: 66%



## Diversity and inclusion

In line with the Group's commitment to promoting Diversity, Equity and Inclusion, essential for creating value for our people, customers, communities and shareholders, the process aimed at fostering a work environment with equal opportunities for people of all ages, genders and cultural backgrounds.

In line with our Group-wide commitment to reduce the gender pay gap, we also focused on the gender pay gap in 2023.

## Flexibility and 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. For this reason, the Company has continued to focus on the personal and family needs of its employees, ensuring maximum availability and flexibility to meet their needs wherever possible.

Specifically, during 2023, four part-time contracts that had expired were renewed and three requests for new part-time contracts were accepted.

In line with the Group, staff were also given the option of two smart working days per week in 2023, as per the Agile Working Agreement.

## Marketing

As in the previous year, during 2023, ad hoc Supply Chain Finance operations were developed with high-profile customers to support supply chains by facilitating their access to credit. In particular, a number of tailor-made transactions were structured with first-class companies, also by working with Fintech companies.

During the year, Smart Factor, UniCredit Factoring's digital platform launched in 2022 and dedicated to customers to monitor their factoring position and carry out dispositive transactions in a digital and automated way, was integrated with new features that improve customers' user experience and management autonomy.

In 2023, a communication campaign will be carried out to make customers aware of the benefits of Smart Factor, with methods and content in continuity with the campaign carried out in 2022 for the launch of the platform. The communication campaign was mainly carried out through banner ads on digital channels, but also through traditional media such as 'Il Sole24Ore' and Radio24 (with a spot), with the aim of publicizing the new features available and using the memory of Smart Factor to confirm UniCredit Factoring as a trustworthy and digitally advanced financial partner.

During the year, a listening survey was conducted among UniCredit Factoring customers using the Instant Feedback methodology. Short general questions were selected to understand the level of customer satisfaction with the UniCredit Smart Factor platform. During the survey, customers were also asked a number of questions to test their level of satisfaction with our company. The NPS (Net Promoter Score) index was stable, positive and in line with that of the main competitors.

2023 also saw the return of in-person events, organized to encourage meetings with customers. Two events took place on UniCredit premises: one aimed at emphasizing the service model, in partnership with some FinTechs, and the other, in collaboration with AITI (Italian Association of Corporate Treasurers), dedicated to payments and working capital.

Furthermore, on November 30, UniCredit Factoring hosted the presentation of the study Factoring as a tool for relaunching companies in crisis', carried out by Assifact.

UniCredit Factoring was also present on a Group stand at two important industry events: The AITI Treasury & Finance Forum Day held in Bologna in mid-September and Eurofinance, the most important international event dedicated to treasury issues, held in Barcelona at the end of September.

In addition to the events, the synergy with UniCredit was also strengthened through an intense training activity for the corporate sales structures, involving 6 regions and over 1,000 colleagues, focusing mainly on the common service model between UniCredit Factoring and the UniCredit network.

## Turnover and total receivables

Based on the data provided by the Assifact trade association, both the cumulative turnover and total receivables of the sector increased by 0.53% and 0.51% respectively compared to the same period of 2022.

The market is proving to be highly competitive and concentrated. Indeed, the top four competitors have a market share of 62.8% of turnover.

In total, the Company acquired a turnover of 54.6 billion lire during the year, a decrease of 13%, however, in line with the company's strategies with respect to 2022, maintaining second place in the industry ranking with a market share (November) of 19.01%.

# Directors' Report on Operations

In terms of outstanding, however, the company ranks first in the sector despite a decrease of 7% compared to the end of 2022, with a market share (November) of 18.85%.

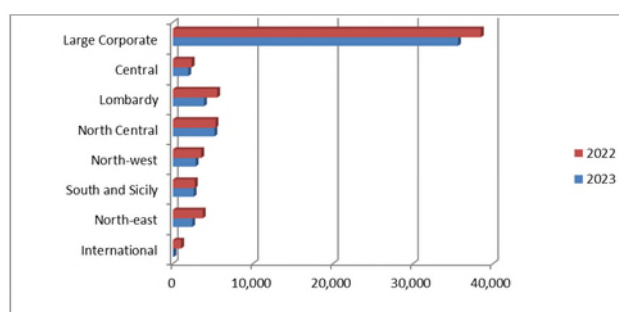
As can be seen from the following table, the component of non-recourse transactions in 2023 increased in terms of turnover settling at 90.3% of the total, while it was in line in terms of outstanding (91.3% of the total). Conversely, with-recourse transactions decreased in terms of turnover, representing 9.7% of the total, and in terms of outstanding, representing 8.7% of the total. In absolute terms, the change in turnover saw a decrease of 7,018 million in non-recourse assignments and 1,162 million in with recourse assignments.

	12.31.2023		12.31.2022		Amount	
	amount	comp. %	amount	comp. %	change	%
<b>Turnover</b>	<b>54,617</b>	<b>100.0%</b>	<b>62,796</b>	<b>100.0%</b>	<b>-8,179</b>	<b>-13.0%</b>
of which without recourse	49,341	90.3%	50,503	80.4%	-1,162	-2.3%
of which with recourse	5,275	9.7%	12,293	19.6%	-7,018	-57.1%
<b>Outstanding</b>	<b>13,382</b>	<b>100.0%</b>	<b>14,385</b>	<b>100.0%</b>	<b>-1,003</b>	<b>-7.0%</b>
of which without recourse	12,218	91.3%	12,987	90.3%	-768	-5.9%
of which with recourse	1,163	8.7%	1,398	9.7%	-235	-16.8%

The share of turnover on Domestic operations decreased (-14.4%). The export component, on the other hand, increased to 3,355 million, which in terms of share corresponds to 6.1% of the total.

	12.31.2023		12.31.2022		Amount	
	amount	comp. %	amount	comp. %	change	%
<b>Turnover</b>	<b>54,617</b>	<b>100.0%</b>	<b>62,796</b>	<b>100.0%</b>	<b>-8,179</b>	<b>-13.0%</b>
Domestic	50,572	92.6%	59,114	94.1%	-8,542	-14.4%
Import	689	1.3%	449	0.7%	+240	+53.6%
Export	3,355	6.1%	3,233	5.1%	+122	+3.8%

Lastly, all areas saw a decrease compared to the previous year, with the Large Corporate Area alone accounting for 65.2% of total turnover.



In terms of total outstanding, there was a decrease of 631 million in the past overdue portion (5% of the total).



# Directors' Report on Operations

This positive result was achieved by Debtors Management, with the close cooperation and synergy of the Sales&Marketing Structure, thanks to actions that have yielded significant results on the market in terms of average collection times, through:

- expanding the management and monitoring of due and past-due loans,
- continuing the recognition and analysis of longer past-due loans by fine-tuning recovery actions (Old Credit Project)
- extending the controls on the operational management of assigned receivables,
- control and management of past due for more than 90 days, with the aim of preventing them from deteriorating,
- continuous and careful monitoring, as well as recovery of significant tax credit positions.

All of these actions, as implemented by the Debtors Management structure, have also reduced the risk levels on the outstanding portfolio also thanks to:

- a consolidated and more effective synergy and collaboration developed with the other corporate structures and Control Functions,
- the use of control and guidance tools/Reports (Factoring Risk Review, Dashboard, Past Due exclusion reasons, New Definition of Default Report, Revenue Agency Report).

Below is a breakdown of outstanding by sector and area of debtor activity. The reduction in receivables related to general government accounts for the largest share in absolute value (-825 million).

## TOTAL OUTSTANDING BY BUSINESS SECTOR OF BORROWER

(€ million)

	12.31.2023		12.31.2022		Amount	
		comp. %	amount	comp. %	change	%
GENERAL GOVERNMENT	2,972	22.2%	3,797	26.4%	-825	-21.7%
FINANCIAL COMPANIES	1,949	14.6%	1,956	13.6%	-7	-0.4%
NON-FINANCIAL COMPANIES	7,179	53.7%	7,147	49.7%	+32	+0.4%
HOUSEHOLDS	8	0.1%	10	0.1%	-1	-13.3%
NON-PROFITS FOR HOUSEHOLDS	47	0.4%	56	0.4%	-9	-15.7%
REST OF THE WORLD	1,226	9.2%	1,412	9.8%	-186	-13.2%
OTHER	0	0.0%	0	0.0%	+0	
<b>Total loans</b>	<b>13,381</b>	<b>100%</b>	<b>14,377</b>	<b>100.0%</b>	<b>-996</b>	<b>-6.9%</b>

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

# Directors' Report on Operations

## TOTAL OUTSTANDING BY BUSINESS BRANCH OF BORROWER

(€ million)

	12.31.2023		12.31.2022		Amount	
	amount	comp. %	amount	comp. %	change	%
AGRI. PROD,FORESTRY,FISHING	15	0.21%	40	0.56%	-25	-61.7%
ENERGY	797	11.08%	744	10.39%	+53	+7.1%
MINERALS,IRON METALS AND OTHERS	216	3.00%	277	3.87%	-61	-22.2%
MINERALS AND NON-METAL, MINERAL-BASED PRODUCTS	108	1.50%	98	1.37%	+10	+9.8%
CHEMICALS	74	1.03%	103	1.44%	-29	-28.2%
METAL PRODUCTS EXC. MACHINERY	451	6.27%	513	7.16%	-62	-12.1%
ELECTRICAL MACHINERY AND SUPPLIES	95	1.33%	92	1.28%	+4	+4.0%
TRANSPORT MEANS	1,388	19.31%	1,345	18.79%	+43	+3.2%
FOODSTUFFS, BEVERAGES, TOBACCO	324	4.51%	377	5.27%	-53	-14.0%
TEXTILES, LEATHER, FOOTWEAR, CLOTHING	59	0.82%	76	1.06%	-17	-22.4%
PAPER, PRINTING PRODUCTS, PUBLISHING SECTOR	98	1.36%	179	2.50%	-82	-45.5%
RUBBER, PLASTIC	26	0.37%	61	0.85%	-35	-57.1%
OTHER INDUSTRIAL PRODUCTS	47	0.66%	59	0.82%	-11	-19.5%
BUILDING AND PUBLIC WORKS	126	1.75%	142	1.98%	-16	-11.2%
COMMERCIAL SERVICES, RECOVERIES, REPAIRS	2,100	29.22%	1,857	25.95%	+243	+13.1%
HOTEL AND PUBLIC AGENCY SERVICES	7	0.09%	10	0.13%	-3	-30.0%
INTERNAL TRANSPORT SERVICES	138	1.92%	274	3.83%	-136	-49.7%
TRANSPORT-RELATED SERVICES	368	5.12%	348	4.86%	+21	+5.9%
COMMUNICATIONS	278	3.86%	112	1.56%	+166	+148.1%
OTHER SALES-BASED SERVICES	457	6.36%	440	6.15%	+17	+3.8%
<b>TOTAL NON-FINANCIAL CORPORATIONS AND PRODUCER HOUSEHOLDS</b>	<b>7,388</b>	<b>100.00%</b>	<b>7,157</b>	<b>100.00%</b>	<b>+31</b>	<b>+0.4%</b>

## Receivables

Receivables at book value amounted to 11,504 million euro, down 7.3% since the end of the previous year. Loans and advances to customers accounted for 98.9% of the total, while loans and advances to financial institutions decreased to 0.9% and 0.2% respectively.

LOANS <span style="float: right;">(€ million)</span>								
	12.31.2023		06.30.2023		12.31.2022		Change vs. 12.31.2022	
	amount	comp. %	amount	comp. %	amount	comp. %	change	%
receivables from credit institutions	27	0.2%	24	0.2%	47	0.4%	-19	-41.5%
receivables from financial institutions	103	0.9%	155	1.5%	168	1.4%	-64	-38.4%
loans and receivables with customers	11,374	98.9%	10,383	98.3%	12,202	98.3%	-828	-6.8%
<b>Total loans</b>	<b>11,504</b>	<b>100.0%</b>	<b>10,563</b>	<b>100.0%</b>	<b>12,416</b>	<b>100.0%</b>	<b>-912</b>	<b>-7.3%</b>
<i>of which:</i>								
with-recourse advances	437	3.8%	511	4.8%	602	4.8%	-165	-27.4%
with-recourse advances (ex-formal non-recourse)	1,167	10.1%	957	9.1%	1,057	8.5%	+110	+10.4%
advances on contracts	84	0.7%	79	0.7%	99	0.8%	-16	-15.9%
non-recourse receivables	8,778	76.3%	7,932	75.1%	9,549	76.9%	-771	-8.1%
deferred receivables + debtor financing	883	7.7%	945	8.9%	899	7.2%	-16	-1.8%
Non-Performing loans	85	0.7%	63	0.6%	130	1.0%	-45	-34.7%
other loans and receivables	71	0.6%	76	0.7%	80	1.5%	-9	-10.7%

Advance with recourse decreased both in absolute terms (-165 million) and in terms of share (-27.4 points) compared to last year. The non-recourse component of receivables decreased in absolute terms (-771 million) but remained almost constant in terms of share at 76.3% compared to 76.9% last year. On the other hand, the component of formal non-recourse advances increased both in absolute terms (+110 million) and in share from 8.5% in 2022 to 10.1% in 2023. The other components of receivables are essentially stable compared to the previous year: the share of deferred receivables and debtor financing stood at 7.7% compared to 7.2% in the previous year, advances on contracts decreased to 0.7% compared to 0.8% in the previous year, and other receivables decreased to 0.6%. There was a decrease both in absolute terms (-45 million) and in percentage terms (-34.7%) in non-performing loans, which amounted to 85 million.

The decrease affected all categories of non-performing loans in particular, net past due loans represented the largest portion and went from 104.9 million in December 2022 to 73.4 million in December 2023, net bad loans went from 6 million in December 2022 to 2.8 million euro in December 2023, and finally, net likely to default loans went from 19.3 million in December 2022 to 8.9 million in December 2023. As a proportion of total loans on the balance sheet, non-performing loans thus decreased to 0.74% from 1.05% at the end of 2022.

The distribution of loans by geographical area shows a prevalence of counterparties located in the north-west and center

GEOGRAPHICAL AREA	AMOUNT
NORTH WEST	4,173,772
NORTH EAST	1,382,268
CENTRAL	4,247,808
SOUTH	534,931
ISLANDS	165,105
OUTSIDE ITALY	1,000,485
<b>TOTAL</b>	<b>11,504,369</b>

# Directors' Report on Operations

The coverage ratio of value adjustments, including transitions to loss, increased (from 62.97% to 67.93%). In particular, the coverage ratios of both non-performing loans and unlikely to pay recorded an increase, reaching 98.11% and 78.08% respectively against 96.34% and 74.74% in December 2022, while the coverage ratio of past due positions remained constant, going from 5.35% in 2022 to 5.68% in 2023.

## NON-PERFORMING LOANS

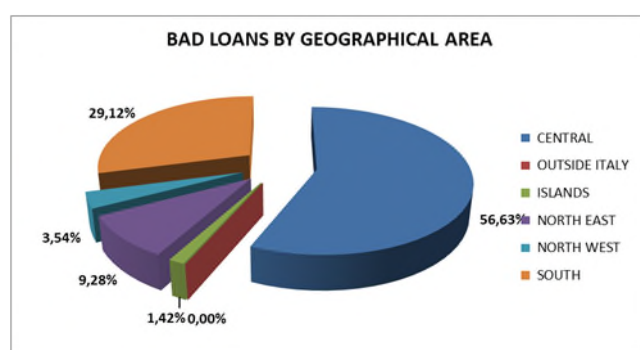
(€ million)

	Bad loans		unlikely	Past-due	Total non-performing	
	book value	incl. write-offs	to pay	loans	book value	incl. write-offs
<b>As at 12.31.2023</b>						
Nominal value	63.2	146.9	40.5	77.8	181.5	265.2
as a percentage of total loans	0.54%		0.35%	0.67%	1.56%	
Write-downs	60.4	144.1	31.6	4.4	96.5	180.2
as a percentage of face value	95.61%	98.11%	78.08%	5.68%	53.14%	67.93%
Book value	2.8	2.8	8.9	73.4	85.0	85.0
as a percentage of total loans	0.02%		0.08%	0.64%	0.74%	
<b>As at 12.31.2022</b>						
Nominal value	79.0	164.5	76.4	110.8	266.2	351.7
as a percentage of total loans	0.63%		0.61%	0.88%	2.12%	
Write-downs	72.9	158.4	57.1	5.9	136	221.5
as a percentage of face value	92.37%	96.34%	74.74%	5.35%	51.08%	62.97%
Book value	6.0	6.0	19.3	104.9	130.2	130.2
as a percentage of total loans	0.05%		0.16%	0.84%	1.05%	

Bad loans at book value fell from 0.05% to 0.02% in relation to the total receivables.

In 2023, 10 new positions were transferred to bad loan status, totalling 3.236 million euros, with provisions of around 1,457 million euros being made.

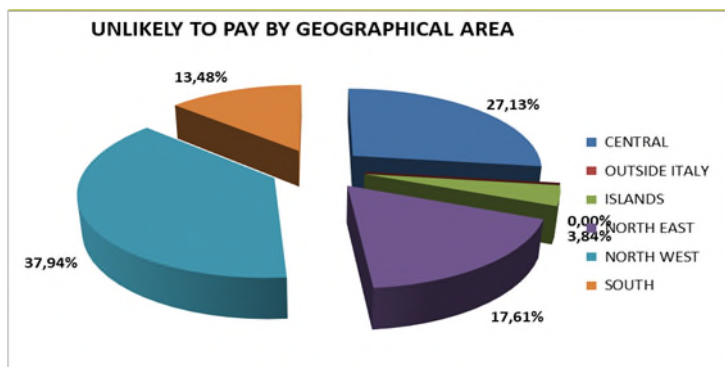
The breakdown of bad loans (inclusive of provisions) by geographical area shows a prevalence of positions with parties in Central and Southern Italy Areas:



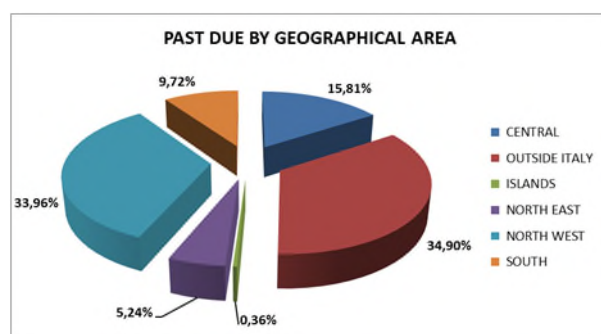
Unlikely-to-pay positions fell between the end of 2022 and the end of 2023 from 0.15% to 0.08% in relation to total net receivables.

# Directors' Report on Operations

In 2023, 8 new positions were transferred to unlikely to pay status, totalling 5.8 million. The breakdown of gross unlikely-to-pay loans by geographical area shows a clear prevalence in North-West and Central Italy.



Gross impaired past-due loans showed a slight reduction between the end of 2022 and the end of 2023, from 110.8 million to 77.8 million in absolute terms, standing at 0.68% of the total net receivables, compared to 0.85% at the end of the previous year. Past-due loans by geographical area show a clear predominance in North-West Italy and Abroad.



## Risk management and control methods

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

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

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

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

With regard to market risk, the characteristics of its products and its modus operandi means that risk is kept at limited levels.

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

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

The rates risk relating to definitive acquisitions beyond the short-term is usually hedged by funding transactions with the same duration. For some transactions, derivative instruments were entered into in the past to hedge interest rate risk. Since July 2018, no OTC derivative contracts have been entered into to hedge interest rate risk.

In the same way, the liquidity profile is managed using the maturity matching approach of lending and funding flows.

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

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

## Income Statement and Shareholders' Equity

### Income statement

The Income Statement set out below follows the reclassification scheme adopted by the Group. In this scheme, integration charges, which are included in personnel costs, are highlighted in a specific item under operating profit.

Net operating income amounted to 167.6 million, an increase of 9.9% compared to 2022. Contributing to this result was the net interest margin, at 120.2 million (+1%), net commission at 40.2 million (+28.2%).

#### CONDENSED INCOME STATEMENT

(€ million)

	Financial year		Amount	
	12/31/2023	12/31/2022	change	%
Net interest	120.2	119.0	1.2	+1.0%
Net fees and commissions	40.2	31.3	8.8	+28.2%
Net result from trading and hedging	0.8	-0.8	1.6	n.s.
Net other expenses/income	6.4	2.8	3.5	+124.5%
<b>OPERATING INCOME</b>	<b>167.6</b>	<b>152.4</b>	<b>15.2</b>	<b>+9.9%</b>
Personnel costs	-26.6	-27.2	0.6	-2.2%
Other administrative expenses	-18.7	-18.8	0.1	-0.5%
Impairment/write-backs on intangible and tangible assets	-0.9	-1.3	0.4	-30.3%
<b>Operating costs</b>	<b>-46.2</b>	<b>-47.3</b>	<b>1.1</b>	<b>-2.3%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>121.4</b>	<b>105.1</b>	<b>16.3</b>	<b>+15.5%</b>
Net write-downs on loans	-7.2	-8.4	1.2	-14.0%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>114.2</b>	<b>96.7</b>	<b>17.4</b>	<b>+18.0%</b>
Net provisions for risks and charges	0.1	2.0	-1.9	-96.3%
Integration costs	-2.1	-4.2	2.1	-49.4%
<b>PROFIT BEFORE TAXES</b>	<b>112.1</b>	<b>94.5</b>	<b>17.6</b>	<b>+18.6%</b>
Income tax for the year	-34.7	-30.1	-4.5	+15.1%
<b>NET PROFIT</b>	<b>77.4</b>	<b>64.4</b>	<b>13.0</b>	<b>+20.2%</b>

Other income increased by around 3.5 million to 6.4 million.

On the cost side, personnel costs decreased by 2.2% with an average workforce of 14 FTE lower than in the same period of 2022. Other administrative expenses are in line with the previous year's levels. Overall, operating costs amounted to 46.2 million, a decrease of 2.3%. The operating result increased by 16.3 million in absolute value (+15.5%), and the ratio between costs and revenues stood at 27.6%.

Net adjustments to loans amounted to 7.2 million, down by 1.2 million in absolute value compared to 2022.

Profit before taxes, taking into account the release of the provision for risks and charges in the amount of 0.1 million, amounted to 112.1 million, compared to 94.5 million in the previous year, an increase of 18.6%.

Net profit for the year amounted to 77.4 million, an increase of 13 million compared to that of 2022.

## Equity and capital ratios

Equity, taking into account the profit for the period and the dividends that will be proposed for distribution, rose to 867 million, compared to 837 million at the end of 2022. Own Funds, after deducting 70% of the net profit to be distributed, stood at 812 million, compared to 792 million in December 2022.

Total risk-weighted assets showed a decrease of 7.1% compared to December 2022 due to the combined effect of the reduction in lending volumes and a different portfolio mix brought about by the decrease in exposures to the Public Administration; The CET 1 ratio, which also coincides with the Total Capital ratio, was on the rise and stood at 20.78% from 18.81% in December 2022, compared to a minimum of 6.0%.

### EQUITY AND CAPITAL RATIOS

(€ million)

	data as at		Change vs. 12.31.2022	
	12/31/2023	12/31/2022	change	%
Equity	867	837	+29	3.5%
Period profit to distribute (-)	54	45	+9	20.3%
Negative/positive features	0	0	+0	-100.0%
Common Equity Tier 1 Capital	812	792	+20	2.6%
Total own funds	812	792	+20	2.6%
Total RWA	3,910	4,210	-300	-7.1%
CET 1*	20.78%	18.81%	2.0%	10.4%
Total Capital ratio	20.78%	18.81%	2.0%	10.4%

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



## Other information

### Application for registration on the new Single Register of Financial Intermediaries

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

### Auditing

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

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

### Corporate responsibility: Italian Legislative Decree no. 231/2001

In 2023, the Supervisory Body continued its work on supervising adequacy and compliance with the Organizational and Management Model, which was set up in accordance with Decree 231/01 regarding the corporate responsibility of companies, legal entities and associations including those without legal status. The supervisory body performed its activities with the collaboration of Internal Audit.

### Environment and health and safety at work

Also for 2023, the company continued its risk assessment activities, in line with the Group, by applying specific policies to ensure the protection of personnel in all workplaces.

Through an effective corporate system for the identification, assessment, prevention, protection against and timely elimination of risks and hazards, all elements are continuously monitored and analyzed, as follows:

- compliance with technical and structural regulations on equipment, workplaces, chemical, physical and biological agents
- risk assessment activities and preparation of any necessary prevention and protection measures
- organizational activities related to emergency management, first aid, contract management, regular safety meetings, consultation with worker safety representatives (RLS), and formal joint management-worker committees
- health surveillance activities, through the carrying out of fitness examinations by specially appointed company doctors, and the drafting of health protocols

- information and training activities through specific training modules on health and safety, emergency management, first aid and work-related stress

- supervising employees' compliance with safe working procedures and instructions

All employees have various channels (e.g. e-mail, ticket remedy tool) to report any hazards/malfunctions at work. The reports are then managed by the competent function.

Also for the year 2023, we were able to continue to guarantee the measures aimed at the health and safety of our employees and customers in connection with the management of the COVID -19 emergency:

- support for all colleagues from competent doctors through a dedicated channel
- availability of personal protective equipment to guarantee maximum protection and prevention for colleagues

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

## Related-party transactions

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

## Treasury shares and parent-company shares in the portfolio

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

## Research and development

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

## Financial Instruments

As of December 31, 2023 the company does have hedging derivatives to cover interest rate risk. More information about the policy of managing financial risks and the composition of the derivatives portfolio can be found in the Notes.

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

## Management and coordination by the Parent Company

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

The Company has joined the Group tax consolidation scheme.

## Registered offices

Via Livio Cambi, 5, Milan.

## Secondary offices

The Company does not have any secondary offices.

## 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

The Bank of Italy estimates that growth in Italy was close to zero at the end of 2023, held back by tighter credit conditions and still-high energy prices; there was stagnation in consumption and investment contracted. Activity fell again in manufacturing, while it stabilized in services; it increased in construction, which continued to benefit from tax incentives. In the projections made as part of the coordinated Eurosystem exercise, GDP is expected to grow by 0.6% in 2024 (compared to an estimated 0.7% in 2023). The labor market showed signs of resilience, employment continued to grow, albeit at a slower pace than in the first part of the year. Profit margins, which remained above pre-pandemic levels despite the recent slight downturn, and falling input costs could allow companies to absorb wage pressures without leading to new price increases. The decline in inflation became more pronounced and spread to non-energy industrial goods and services. For 2024, the increase in consumer prices will be reduced to 1.9% (from 5.9% in 2023). Lending dynamics still reflect the marked weakness in demand for loans and the rigidity of supply criteria, consistent with the restrictive stance of monetary policy. Past rises in official rates continue to affect the cost of corporate credit more intensely than the historical cyclicity of the phenomena suggests. Monetary tightening is also leading to a decline in bank lending. Profitability is improving, loan deterioration rate remains low and bank capitalisation levels are increasing

As far as the factoring sector in particular is concerned, the expectations of operators are positive, forecasting a growth rate of around 3.4% for both turnover and lending in 2024.

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

Milan, February 28, 2024

The Chief Executive Officer

Daniela Ferrari

For the Board of Directors

Chairman: Ezio Bassi

## **Proposals to the Shareholders' Meeting**

# Directors' Report on Operations

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

We also propose the distribution of profits for the year, of 77,407,566 euros, as follows:

legal reserve (5%)	3,870,378 euros
other reserves	19,334,688 euros
to shareholders at the rate of 0.675 euros per share	54,202,500 euros.

Milan, February 28, 2024

The Chief Executive Officer  
Daniela Ferrari

For the Board of Directors  
Chairman: Ezio Bassi

# Proposals to the Shareholders' Meeting

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# **Financial Statements**



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## Balance Sheet

Assets	12/31/2023	12/31/2022
Cash and cash balances	8,469,927	32,155,672
Financial assets measured at fair value through profit or loss	2,079,599	2,676,332
c) other financial assets mandatorily at FV	2,079,599	2,676,332
Financial assets measured at fair value through other comprehensive income	7,280,539	11,558,795
Financial assets measured at amortized cost	11,504,369,254	12,416,043,181
a) loans and receivables with banks	27,351,416	46,758,604
b) receivables from financial companies	103,405,438	167,731,306
c) loans and receivables with customers	11,373,612,400	12,201,553,271
Hedging derivatives	1,610,628	4,816,307
Changes in fair value of portfolio hedged items (+/-)	-3,787,777	-8,129,880
Property, plant and equipment	8,172,228	4,377,981
Intangible assets	0	116,955
Tax assets	26,250,132	36,472,666
a) current	-	0
b) deferred	26,250,132	36,472,666
Other assets	56,999,522	78,021,798
<b>Total assets</b>	<b>11,611,444,052</b>	<b>12,578,109,807</b>

Liabilities and equity	12/31/2023	12/31/2022
Financial liabilities measured at amortized cost	10,456,414,344	11,413,134,151
a) payables	10,456,414,344	11,413,134,151
Hedging derivatives	1,828,888	2,063,706
Tax liabilities	14,815,209	16,582,966
a) current	14,815,209	16,582,966
Other liabilities	237,383,892	269,858,450
Provisions for employee severance pay	1,308,382	1,685,438
Provisions for risks and charges:	33,165,122	37,677,091
a) commitments and guarantees given	264,162	385,140
b) post-retirement benefit obligations	796,610	4,018,188
c) other provisions for risks and charges	32,104,350	33,273,763
Capital	414,348,000	414,348,000
Share premium	951,314	951,314
Reserves	377,737,647	358,414,280
Valuation reserves	(3,916,312)	(977,255)
Profit (Loss) for the period (+/-)	77,407,566	64,371,666
<b>Total liabilities and equity</b>	<b>11,611,444,052</b>	<b>12,578,109,807</b>

[Euro]

## Income Statement

ITEMS	31/12/2023	31/12/2022
10. Interest and similar income	355,898,666	156,106,885
of which interest income calculated using the effective interest method	347,853,114	144,525,059
20. Interest expense and similar charges	(235,675,345)	(37,077,505)
30. <b>NET INTEREST MARGIN</b>	<b>120,223,321</b>	<b>119,029,380</b>
40. Fees and commissions income	71,003,727	69,520,012
50. Fees and commissions expenses	(30,834,342)	(38,190,346)
60. <b>NET FEES AND COMMISSIONS</b>	<b>40,169,385</b>	<b>31,329,666</b>
70. Dividends and similar income	108,500	104,694
80. Net profit (loss) from trading	(98,261)	294,193
Gains and losses on financial assets/liabilities at fair value through profit or loss	831,223	(1,163,234)
b) other financial assets mandatorily at FV	831,223	(1,163,234)
120. <b>OPERATING INCOME</b>	<b>161,234,168</b>	<b>149,594,699</b>
130. Net adjustments/writebacks for credit risk of:	(7,195,747)	(8,367,951)
a) financial assets measured at amortized cost	(7,195,747)	(8,367,951)
150. <b>NET RESULT OF FINANCIAL MANAGEMENT</b>	<b>154,038,421</b>	<b>141,226,748</b>
160. Administrative costs:	(47,459,824)	(50,249,506)
a) personnel costs	(28,712,765)	(31,415,414)
b) other administrative expenses	(18,747,059)	(18,834,092)
170. Net provisions for risks and charges	74,062	2,018,405
a) commitments and guarantees given	120,978	688,555
b) other net provisions	(46,916)	1,329,850
180. Net value adjustments/write-backs on property, plant and equipment	(795,293)	(1,072,097)
190. Net value adjustments/write-backs on intangible assets	(116,955)	(235,848)
200. Other income and operating expenses	6,359,624	2,833,164
210. <b>OPERATING COSTS</b>	<b>(41,938,386)</b>	<b>(46,705,882)</b>
260. <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES</b>	<b>112,100,035</b>	<b>94,520,866</b>
270. Income tax expense on continuing operations	(34,692,469)	(30,149,200)
280. <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER TAXES</b>	<b>77,407,566</b>	<b>64,371,666</b>
300. <b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>77,407,566</b>	<b>64,371,666</b>

[Euro]

## Statement of comprehensive income

ITEMS	31/12/2023	31/12/2022
10. <b>Profit (Loss) for the period</b>	77,407,566	64,371,666
<b>Other comprehensive income after tax not reclassified to profit or loss</b>	-	-
20. Equity instruments at fair value through other comprehensive income	(2,863,436)	(150,707)
Financial liabilities measured at fair value through profit or loss		
30. (changes in own credit rating)	-	-
Hedging of equity instruments at fair value through other		
40. comprehensive income	-	-
50. Property, plant and equipment	-	-
60. Intangible assets	-	-
70. Defined benefit plans	(75,621)	273,233
80. Non-current assets held for sale	-	-
Portion of valuation reserve for equity investments valued using the		
90. equity method	-	-
<b>Other comprehensive income after tax that may be reclassified to profit or loss</b>		
100. Hedges of foreign investments	-	-
110. Exchange rate differences	-	-
120. Cash-flow hedges	-	-
130. Hedging instruments (not designated)		
140. Financial assets (other than securities) measured at fair value with impact on comprehensive income	-	-
150. Non current assets and disposal groups classified as held for sale	-	-
160. Share of valuation reserves of equity investments accounted for using equity method	-	-
170. <b>Total other income components after tax</b>	<b>(2,939,057)</b>	<b>122,526</b>
180. <b>Total comprehensive income (Item 10+170)</b>	<b>74,468,509</b>	<b>64,494,192</b>

[Euro]

## Statement of Changes in Equity as at December 31, 2023

	BALANCE AS AT 31.12.2022	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2023	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	CHANGES DURING THE YEAR							COMPREHENSIVE INCOME 12.31.2023	SHAREHOLDERS' EQUITY 12.31. 2023
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	SHAREHOLDERS' EQUITY TRANSACTIONS							
						CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES		
Capital	414,348,000	-	414,348,000	-	-	-	-	-	-	-	-	414,348,000	
Share premium	951,314	-	951,314	-	-	-	-	-	-	-	-	951,314	
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	
a) income	358,414,280	-	358,414,280	19,323,367	-	-	-	-	-	-	-	377,737,647	
b) others	-	-	-	-	-	-	-	-	-	-	-	-	
Valuation reserves	(977,255)	-	(977,255)	-	-	-	-	-	-	-	(2,939,057)	(3,916,312)	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	
Income (loss) for the period	64,371,666	-	64,371,666	(19,323,367)	(45,048,299)	-	-	-	-	-	77,407,566	77,407,566	
Equity	837,108,005	-	837,108,005	-	(45,048,299)	-	-	-	-	-	74,468,509	866,528,315	

[Euro]

## Statement of Changes in Equity as at December 31, 2022

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

[Euro]

## Cash Flow Statement - Direct Method

	12.31.2023	12.31.2022
<b>A. OPERATING ACTIVITIES</b>		
<b>1. OPERATIONS</b>	<b>159,752,418</b>	<b>118,471,993</b>
- interest income collected	377,763,935	178,321,655
- interest expense paid	(235,675,345)	(37,077,505)
- net fees and commissions	39,031,702	31,524,892
- personnel costs	(26,571,881)	(27,190,452)
- other costs	(18,845,320)	(19,997,326)
- other revenues	48,519,262	20,929,299
- taxes and duties	(24,469,935)	(28,038,570)
- costs/income related to group assets classified as held for sale and net tax effects		
<b>2. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ASSETS</b>	<b>888,019,106</b>	<b>277,889,678</b>
- other financial assets mandatorily at FV	596,733	1,163,234
- financial assets measured at fair value through other comprehensive income	4,278,256	225,344
- financial assets measured at amortized cost	863,258,265	201,210,332
- other assets	19,885,852	75,290,768
<b>3. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES</b>	<b>(1,026,408,970)</b>	<b>(361,719,788)</b>
- financial liabilities measured at amortized cost	(956,719,807)	(243,339,016)
- Debt securities in issue	-	-
- other liabilities	(69,689,163)	(118,380,772)
<b>NET CASH GENERATED/ABSORBED BY OPERATING ACTIVITIES</b>	<b>21,362,554</b>	<b>34,641,883</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. CASH GENERATED BY:</b>		
- sales of property, plant and equipment		
- sales of intangible assets	-	-
- sales of business units	-	-
<b>2. CASH ABSORBED BY:</b>		
- purchases of property, plant and equipment	0	(49,378)
- purchase of intangible assets	-	-
- purchases of business units	-	-
<b>NET CASH GENERATED/ABSORBED BY INVESTMENT ACTIVITIES</b>	<b>-</b>	<b>(49,378)</b>
<b>C. FUNDING ACTIVITIES</b>		
- issue/purchase of own shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other allocations	(45,048,299)	(49,063,300)
<b>NET CASH GENERATED/ABSORBED BY FINANCING ACTIVITIES</b>	<b>(45,048,299)</b>	<b>(49,063,300)</b>
<b>NET CASH GENERATED/ABSORBED DURING THE YEAR</b>	<b>(23,685,745)</b>	<b>(14,470,795)</b>

[Euro]

## Reconciliation

	12.31.2023	12.31.2022
Cash and cash equivalents at the beginning of the period	32,155,672	46,626,467
Total net cash generated/absorbed during period	(23,685,745)	(14,470,795)
Cash and cash equivalents at the end of period	8,469,927	32,155,672

## **Notes to the Financial Statements**



# Notes to the Financial Statements

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## **Part A - Accounting policies**

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## A.1 - General information

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

These financial statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, endorsed by the European Commission up to December 31, 2023, as required by European Union Regulation no. 1606/2002, transposed in Italy by Legislative Decree 38 of February 28, 2005.

The financial statements were prepared according to the models in the Bank of Italy's measure of November 17, 2022, 'Financial statements of IFRS intermediaries other than banking intermediaries', which fully replaced the guidelines annexed to the instructions in its measure of October 29, 2021.

### Section 2 - Preparation Criteria

The financial statements of UniCredit Factoring S.p.A. at December 31, 2023 were prepared, as indicated above, in conformity with the International Accounting Standards (IAS/IFRS) endorsed by the European Union.

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

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

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

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

The financial statements to December 31, 2023 have been drafted clearly and provide a true and fair representation of the Company's assets, financial position, economic result for the year, shareholders' equity and cash flow.

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

### Risk and uncertainty relating to the use of estimates

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

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

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

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

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

## Section 3 - Subsequent Events

No significant events have occurred after the reporting date that would make it necessary to change any of the information given in the Accounts as at December 31, 2023.

## Section 4 - Other aspects

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

The draft financial statements of the Company were approved and authorized for publication by the Board of Directors on February 28, 2024.

Below are the accounting standards, issued by the IASB and endorsed by the EU to be compulsorily adopted as of the financial statements for financial years beginning on January 1, 2023:

IFRS 17 - Insurance Contracts (including amendments published in June 2020): issue date May 2017 and June 2020, EU Regulation 2021/2036 publication date November 23, 2021;

First-time application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17): issue date December 2021, EU Regulation 2022/1491 publication date September 9, 2022;

Definition of Accounting Estimates (Amendments to IAS 8): issue date February 2021, EU Regulation 2022/357 publication date March 3, 2022;

Disclosure of Accounting Policies (Amendments to IAS 1): issue date February 2021, EU Regulation 2022/357 publication date March 3, 2022;

Deferred taxes on assets and liabilities arising from a single transaction (Amendments to IAS 12): issue date May 2021, EU Regulation 2022/1392 publication date August 12, 2022;

International Tax Reform - Second Pillar Model Rules (Amendments to IAS 12): issue date May 2023, EU Regulation 2022/2468 publication date November 8, 2023;

Below are IAS/IFRS and related IFRIC interpretations applicable to financial statements for financial years beginning after January 1, 2023:

Lease Liabilities in a Sale and leaseback transaction (Amendments to IFRS 16): issue date September 2022, EU Regulation 2023/2579 publication date November 20, 2023, entry into force date January 1, 2024;

## *Amendment to IFRS 16*

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

## A.2 - Main Items of the Financial Statements

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

### 1) Cash and cash balances

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

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

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

#### a) Financial assets held for trading

A financial asset is classified as held for trading if:

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

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

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

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

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

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (usually called the 'underlying');

- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

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

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

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

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

## *b) Financial assets designated at fair value*

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

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

## *c) Other financial assets mandatorily at FV*

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

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

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



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

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

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

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

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

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

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

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

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

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

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

This item may also include cash credit exposures that are impaired upon initial recognition. These exposures are classified as 'Purchased Originated Credit Impaired' (POCI).

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

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

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

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

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

#### 4) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

More specifically:

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

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

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

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

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

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

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

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

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

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

## 5) Property, plant and equipment

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

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

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

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

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

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

- the period of time for which it is expected that an asset can be used by the company;

- the quantity of products or similar items that the company expects to obtain from using the asset.

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

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

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

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

## 6) Intangible assets

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

The asset is identifiable if:

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

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

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

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

The item mainly includes software.

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

The cost of an intangible asset includes:

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

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

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

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

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

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

## **7) Liabilities and Securities in Issue**

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

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

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

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

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

## **8) Hedging operations**

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

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

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

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

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

## 9) Employee severance pay provision

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

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

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

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

The introduction of 19R from January 1, 2013, relating to the treatment of 'post-employment benefits including severance pay' resulted in the elimination of the 'corridor method' optional accounting treatment, with the Defined Benefit Obligations being presented on the balance sheet based on the relative actuarial valuation and recognition of related actuarial gains and losses in a contra entry of valuation reserve.

## 10) Provisions for risks and charges

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

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

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

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

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

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

## 11) Current and deferred taxation

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

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

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

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



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

## 12) Share-based payments

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

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

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

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

## 13) Revenues

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

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

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

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

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

## 14) Foreign currency transactions

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

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

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

## A.4 - Information on fair value

### Qualitative information

This section presents a disclosure on fair value as required by IFRS 13.

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

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

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

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

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

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

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

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

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

### A.4.2 Valuation processes and sensitivity

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

## A.4.3 - Fair value hierarchy

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

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

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

Specifically, three levels are envisaged:

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

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

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

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

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

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

## Quantitative information

### TAV A.4.5.1

Financial assets and liabilities measured at fair value on a recurring basis: fair value levels breakdown

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	12/31/2023				12/31/2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>1. Financial assets measured at fair value through profit or loss</b>	2,080	-	-	2,080	2,676	-	-	2,676
a. Financial assets designated at fair value	-	-	-	-	-	-	-	-
b. Financial assets measured at fair value	-	-	-	-	-	-	-	-
c. other financial assets mandatorily at FV	2,080	-	-	2,080	2,676	-	-	2,676
<b>2. Financial assets measured at fair value through other comprehensive income</b>	-	-	7,281	7,281	-	-	11,559	11,559
<b>3. Hedging derivatives</b>	-	1,611	-	1,611	-	4,816	-	4,816
<b>4. Property, plant and equipment</b>	-	-	-	-	-	-	-	-
<b>5. Intangible assets</b>	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>2,080</b>	<b>1,611</b>	<b>7,281</b>	<b>10,971</b>	<b>2,676</b>	<b>4,816</b>	<b>11,559</b>	<b>19,051</b>
1. Financial liabilities held for trading	-	-	-	-	-	-	-	-
2. Financial liabilities at fair value	-	-	-	-	-	-	-	-
3. Hedging derivatives	-	1,829	-	1,829	-	2,064	-	2,064
<b>Total liabilities</b>	<b>-</b>	<b>1,829</b>	<b>-</b>	<b>1,829</b>	<b>-</b>	<b>2,064</b>	<b>-</b>	<b>2,064</b>

### TAV A.4.5.2

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) Financial assets designated at fair	of which: c) other financial				
<b>1 Opening balance</b>	2,676	-	-	2,676	11,559	4,816	4,378	-
<b>2. Increases</b>	840	-	-	840	-	-	3,794	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognized in:	840	-	-	840	-	-	-	-
2.2.1 Income Statement	840	-	-	840	-	-	-	-
of which: Capital gain	361	-	-	361	-	-	-	-
2.2.2 Equity	-	-	-	-	-	-	-	-
2.3. Transfers from other portfolios	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	3,794	-
<b>3 Decreases</b>	1,437	-	-	1,437	4,278	3,206	-	-
3.1. Sales	1,437	-	-	1,437	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.2. Losses recognized in:	-	-	-	-	-	-	-	-
3.2.1 Income Statement	-	-	-	-	-	-	-	-
of which: Capital loss	-	-	-	-	-	-	-	-
3.2.2 Shareholders' Equity	-	-	-	-	4,278	-	-	-
3.4. Transfers from other portfolios	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	3,206	-	-
<b>4 Closing balance</b>	<b>2,080</b>	<b>-</b>	<b>-</b>	<b>2,080</b>	<b>7,281</b>	<b>1,611</b>	<b>8,172</b>	<b>-</b>

## TAV A.4.5.3

Annual changes in financial liabilities at fair value (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	hedging derivatives
<b>1 Opening balance</b>	-	-	<b>2,064</b>
<b>2. Increases</b>	-	-	-
2.1. Issues	-	-	-
2.2. Losses recognized in:	-	-	-
2.2.1 Income Statement	-	-	-
of which: Capital loss	-	-	-
2.2.2 Equity	-	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
<b>3 Decreases</b>	-	-	<b>235</b>
3.1. Redemptions	-	-	-
3.2. Buybacks	-	-	-
3.3. Profits recognized in:	-	-	-
3.3.1 Income Statement	-	-	-
of which: Capital gain	-	-	-
3.3.2 Shareholders' Equity	-	-	-
3.4. Transfers from other portfolios	-	-	-
3.5. Other decreases	-	-	235
<b>4 Closing balance</b>	-	-	<b>1,829</b>

## TAV A.4.5.4

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

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	12.31.2023				12.31.2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Assets measured at amortized cost	11,504,369	-	-	11,504,369	12,416,043	-	-	12,416,043
2. Shareholdings in subsidiaries, jointly controlled entities and associates	-	-	-	-	-	-	-	-
3. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,504,369</b>	-	-	<b>11,504,369</b>	<b>12,416,043</b>	-	-	<b>12,416,043</b>
1. Financial liabilities measured at amortized cost	10,456,414	-	-	10,456,414	11,413,134	-	-	11,413,134
2. Liabilities referable to disposal groups classified as held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,456,414</b>	-	-	<b>10,456,414</b>	<b>11,413,134</b>	-	-	<b>11,413,134</b>

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**



# Part B - Information on the Balance Sheet

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## Assets

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

#### Composition of Item 10 "Cash and cash liabilities"

ITEMS/VALUES	31.12.2023	31.12.2022
1.1 Cash and cash balances	8,470	32,156
a) Cash	-	-
b) Current accounts and on demand deposits with central banks	-	-
c) Current accounts and on demand deposits with banks	8,470	32,156
<b>Total</b>	<b>8,470</b>	<b>32,156</b>

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

#### 2.6 - Other financial assets mandatorily at FV: product composition

Items/Values	31.12.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
<b>1. Debt securities in issue</b>	-	-	-	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
<b>2. Equity securities</b>	-	-	-	-	-	-
<b>3. Units in investment funds</b>						
<b>4. Loans*</b>	2,080	-	-	2,676	-	-
4.1 Reverse repos	-	-	-			-
4.2 Other	2,080	-	-			-
<b>Total</b>	<b>2,080</b>	-	-	<b>2,676</b>	-	-

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

Items/Values	31.12.2023	31.12.2022
1. Debt securities in issue	-	-
2. Equity securities	2,080	2,676
a) general government entities	-	-
b) banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial corporations	2,080	2,676
3. Units in investment funds	-	-
4. Loans	-	-
<b>Total</b>	<b>2,080</b>	<b>2,676</b>

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

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

Items/Values	12.31.2023			12.31.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities in issue	-	-	-	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	7,281	-	-	11,559
3. Loans	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,281</b>	<b>-</b>	<b>-</b>	<b>11,559</b>

The portfolio consists of participatory financial instruments that the composition procedure of a Company that is our client assigned to the company following its recognition as an unsecured creditor.

# Part B - Information on the Balance Sheet

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

Items/Values	12.31.2023	12.31.2022
<b>1. Debt securities in issue</b>	-	-
<b>2. Equity securities</b>	<b>7,281</b>	<b>11,559</b>
a) general government entities	-	-
b) banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial corporations	7,281	11,559
<b>3. Loans</b>	-	-
a) general government entities	-	-
b) banks	-	-
c) other financial companies of which: insurance companies	-	-
d) non-financial corporations	-	-
e) Households	-	-
<b>Total</b>	<b>7,281</b>	<b>11,559</b>

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

Items/Values	Gross amount				Total value adjustments			Total partial write-offs (disclosure purposes)
			Second stage	Third stage	First stage	Second stage	Third stage	
	First stage	of which: Low credit-risk instruments						
Debt securities	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total (12.31.2023)	7,281.00	-	-	-	-	-	-	-
Total (12.31.2022)	11,559.00	-	-	-	-	-	-	-
of which: purchased or originated impaired financial assets	-	-	-	-	-	-	-	-

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

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

COMPOSITION	12/31/2023						12.31.2022					
	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	L1	L2	L3
1. Deposits and current accounts	-	-	-	-	-	-	-	-	-	-	-	-
2. Loans	22,096	-	-	-	-	22,096	40,066	-	-	-	-	40,066
2.1 Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	22,096	-	-	-	-	22,096	40,066	-	-	-	-	40,066
- with recourse	2,135	-	-	-	-	2,135	4	-	-	-	-	4
- without recourse	19,961	-	-	-	-	19,961	40,062	-	-	-	-	40,062
2.4 other loans	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-	-	-	-	-	-	-
- Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets *	5,255	-	-	-	-	5,255	6,693	-	-	-	-	6,693
Total book value	27,351	-	-	-	-	27,351	46,759	-	-	-	-	46,759

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

# Part B - Information on the Balance Sheet

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

COMPOSITION	12.31.2023						12.31.2022					
	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
<b>1. Loans</b>	<b>103,366</b>	-	-	-	-	<b>103,366</b>	<b>249,637</b>	-	-	-	-	<b>249,637</b>
1.1 Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	103,366	-	-	-	-	103,366	249,637	-	-	-	-	249,637
- with recourse	90,587	-	-	-	-	90,587	211,832	-	-	-	-	211,832
- without recourse	12,779	-	-	-	-	12,779	37,806	-	-	-	-	37,806
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Debt securities in issue</b>	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
<b>3. Other assets *</b>	<b>39</b>	-	-	-	-	<b>39</b>	<b>5,051</b>	-	-	-	-	<b>5,051</b>
<b>Total book value</b>	<b>103,405</b>	-	-	-	-	<b>103,405</b>	<b>254,688</b>	-	-	-	-	<b>254,688</b>

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

COMPOSITION	12.31.2023						12.31.2022					
	Book value			Fair value			Book value			Fair value		
	PERFORMING	NON-PERFORMING PURCHASED OTHER		L1	L2	L3	PERFORMING	NON-PERFORMING PURCHASED OTHER		L1	L2	L3
1. Loans	11,288,540	-	85,043	-	-	11,369,795	12,071,292	130,231	-	-	-	12,193,394
1.1 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without the option of final purchase	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	9,887,773	-	81,292	-	-	9,965,278	10,132,393	119,493	-	-	-	10,243,756
- with recourse	2,111,214	-	17,492	-	-	2,128,706	2,129,728	21,028	-	-	-	2,150,756
- without recourse	7,776,559	-	63,800	-	-	7,836,572	8,002,665	98,465	-	-	-	8,093,001
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 *	1,400,767	-	3,751	-	-	1,404,517	1,938,899	10,738	-	-	-	1,949,638
of which: from the enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities in issue	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	29	-	-	-	-	29	29	-	-	-	-	29
Total book value	11,288,569	-	85,043	-	-	11,369,824	12,071,321	130,231	-	-	-	12,193,423

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

TYPE OF TRANSACTIONS/VALUES	12.31.2023			12.31.2022		
	Book value			Book value		
	First and second stage	Third stage	Of which: purchased or originated impaired	First and second stage	Third stage	Of which: purchased or originated impaired
<b>1. Debt securities in issue</b>	-	-	-	-	-	-
<b>2. Loans to</b>	<b>11,391,906</b>	<b>85,043</b>	-	<b>12,071,292</b>	<b>130,231</b>	-
a) General government entities	2,122,676	24,061	-	2,976,400	33,983	-
c) Other financial companies	103,337	-	-	167,702	-	-
c) of which insurance companies	1,479	-	-	289	-	-
d) Non-financial corporations	7,628,807	60,787	-	7,618,710	95,843	-
e) Households	1,537,086	195	-	1,476,182	405	-
<b>3. Other assets</b>	<b>68</b>	-	-	<b>29</b>	-	-
<b>Total</b>	<b>11,288,637</b>	<b>85,043</b>	-	<b>12,071,321</b>	<b>130,231</b>	-

# Part B - Information on the Balance Sheet

## 4.5 Financial assets valued at amortized cost gross value and total value adjustments

Items/Values	Gross amount					Total value adjustments				Total partial write-offs (disclosure purpose)
	First stage	of which: Low credit-risk instruments	Second stage	Third stage	purchased or originated impaired	First stage	Second stage	Third stage	purchased or originated impaired	
Debt securities										
Loans	10,392,275		1,032,249	181,496	-	2,996	2,203	96,453	-	85,498
<b>Total (12.31.2023)</b>	<b>10,392,275</b>	<b>-</b>	<b>1,032,249</b>	<b>181,496</b>	<b>-</b>	<b>2,996</b>	<b>2,203</b>	<b>96,453</b>	<b>-</b>	<b>85,498</b>
<b>Total (12.31.2022)</b>	<b>11,644,045</b>	<b>-</b>	<b>651,131</b>	<b>266,218</b>	<b>-</b>	<b>3,923</b>	<b>5,442</b>	<b>135,987</b>	<b>-</b>	<b>85,498</b>
of which: purchased or originated impaired financial assets	x	x				x				

## 4.6 - Financial assets measured at amortized cost guaranteed assets

COMPOSITION		12.31.2023					
GUARANTEED		LOANS AND RECEIVABLES WITH BANKS		RECEIVABLES FROM FINANCIAL COMPANIES		LOANS AND RECEIVABLES WITH CUSTOMERS	
		CA	VG	CA	VG	CA	VG
<b>1. Performing assets guaranteed by:</b>		<b>2,730</b>	<b>2,730</b>	<b>89,239</b>	<b>89,239</b>	<b>7,570,146</b>	<b>7,570,146</b>
- Assets held under finance lease		-	-	-	-	-	-
- Receivables for factoring *		2,135	2,135	82,675	82,675	2,111,214	2,111,214
- Mortgages		-	-	-	-	-	-
- Collateral		-	-	-	-	-	-
- Personal guarantees		595	595	6,564	6,564	5,458,932	5,458,932
- Credit derivatives		-	-	-	-	-	-
<b>2. Non-performing assets guaranteed by:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,492</b>	<b>17,492</b>
- Assets held under finance lease		-	-	-	-	-	-
- Receivables for factoring *		-	-	-	-	17,492	17,492
- Mortgages		-	-	-	-	-	-
- Collateral		-	-	-	-	-	-
- Personal guarantees		-	-	-	-	-	-
- Credit derivatives		-	-	-	-	-	-
<b>Total</b>		<b>2,730</b>	<b>2,730</b>	<b>89,239</b>	<b>89,239</b>	<b>7,587,638</b>	<b>7,587,638</b>

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

CA = carrying amount of exposures

VG = guarantees' fair value

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

## Section 5 – Hedging derivatives – Item 50

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

Notional value/Fair value levels	12.31.2023				12.31.2022			
	Fair value			NA	Fair value			NA
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	-	1,611	-	60,733	-	4,816	-	68,190
1 Fair value	-	1,611	-	60,733	-	4,816	-	68,190
2 Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
<b>Total A</b>	-	<b>1,611</b>	-	<b>60,733</b>	-	<b>4,816</b>	-	<b>68,190</b>
B Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,611</b>	-	<b>60,733</b>	-	<b>4,816</b>	-	<b>68,190</b>

### 5.2 - Composition of item 50 'Hedging derivatives': hedged portfolios and hedge types

Transactions/Type of hedge	Fair value							Cash flows		Net investment in foreign subsidiaries
	Specific						Generic	Specific	Generic	
	Debt securities and interest rates	Equity securities and share indexes	currencies and gold	credit	goods	others				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	
2. Financial assets valued at amortized cost	-	-	-	-	-	-	-	-	-	
3. Portfolio	-	-	-	-	-	-	1,611	-	-	
4. Other transactions	-	-	-	-	-	-	-	-	-	
<b>Total assets</b>	-	-	-	-	-	-	<b>1,611</b>	-	-	
1. Financial liabilities	-	-	-	-	-	-	-	-	-	
2. Portfolio	-	-	-	-	-	-	-	-	-	
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	-	
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 portfolios

CHANGES IN VALUE OF HEDGED ASSETS	12.31.2023	12.31.2022
<b>1. Positive adjustments</b>	-	-
1.1 of specific portfolios:	-	-
a) financial assets measured at amortized cost	-	-
b) Financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
<b>2. Negative adjustments</b>	(3,788)	(8,130)
2.1 of specific portfolios:	(3,788)	(8,130)
a) financial assets measured at amortized cost	(3,788)	(8,130)
b) Financial assets measured at fair value through other comprehensive income	-	0
2.2 total	-	0
<b>Total</b>	<b>(3,788)</b>	<b>(8,130)</b>

## Section 8 – Property, plant and equipment – Item 80

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

Assets/values	12.31.2023	12.31.2022
<b>1. Owned</b>	-	4
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	-	4
d) electrical plant	-	-
e) other	-	-
<b>2 Rights of use purchased under leasing</b>	8,172	4,374
a) land	-	-
b) buildings	7,909	4,265
c) office furniture and fittings	-	-
d) electrical plant	-	-
e) other	263	109
<b>Total</b>	<b>8,172</b>	<b>4,378</b>

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

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

# Part B - Information on the Balance Sheet

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

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

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

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

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

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

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

	Land	Buildings	Furniture	Electrical plant	Others	Total
<b>A. Gross opening balance</b>	-	4,264	4	-	110	4,378
A.1 Total net reduction in value	-	-	-	-	-	-
Settlement of opening balances (gross values)	-	-	-	-	-	-
<b>A.2 Net opening balance</b>	-	4,264	4	-	110	4,378
<b>B. Increases</b>	-	6,803	-	-	263	7,066
B.1 Purchases	-	0	-	-	-	-
B.2 Capitalized expenses for improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other increases	-	6,803	-	-	263	7,066
<b>C. Decreases</b>	-	(3,158)	(4)	-	(110)	(3,272)
C.1 Sales	-	0	-	-	-	0
C.2 Amortization	-	(682)	(4)	-	(110)	(796)
C.3 Impairment write-downs recognized through:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Reduction of fair value:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	(2,476)	-	-	-	(2,476)
<b>D. Closing net balance</b>	-	7,909	-	-	263	8,172
D.1 Net total value decrease	-	-	-	-	-	-
<b>D.2 Closing gross balance</b>	-	7,909	-	-	263	8,172
<b>E. Measurement at cost</b>	-	7,909	-	-	263	8,172

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

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

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

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

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

## 8.9 - Commitments to purchase property, plant and equipment

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

## Section 9 – Intangible assets – Item 90

### 9.1 - Intangible assets: Composition

ITEMS/VALUATION	12.31.2023		12.31.2022	
	Assets measured at cost	Assets designated at fair value or remeasured	Assets measured at cost	Assets designated at fair value
1. Goodwill	-	-	-	-
of which software				
2. Other intangible assets	-	-	-	-
2.1 owned	-	-	117	-
- generated internally	-	-	-	-
- others	-	-	117	-
2.2 purchased under finance lease				
Total 2	-	-	117	-
3. Assets under finance lease	-	-	-	-
3.1 unopted assets	-	-	-	-
3.2 property withdrawn following resolution	-	-	-	-
3.3 other property	-	-	-	-
Total 3	-	-	-	-
Total	-	-	117	-

## 9.2 - 'Intangible assets': change for the year

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

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

### 10.1 - Composition of item 100 'Tax assets: current and deferred'

TAX ASSETS	12.31.2023	12.31.2022
a) current*	-	-
b) deferred	26,250	36,473
<b>Total</b>	<b>26,250</b>	<b>36,473</b>

### 10.2 - Composition of item 60 'Tax liabilities: current and deferred'

TAX LIABILITIES	12.31.2023	12.31.2022
a) current *	14,815	16,583
IRAP payments on account	(5,324)	(6,005)
IRES payments on account	(2,954)	(3,307)
Others	(231)	(20)
Provisions for IRES	19,764	22,330
Provisions for IRAP	5,242	5,267
Positive tax effect FTA IFRS 9 and 15	(1,682)	(1,682)
b) deferred	-	-
<b>Total</b>	<b>14,815</b>	<b>16,583</b>

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)

ITEMS	changes in	
	2023	2022
<b>1. Opening balance</b>	<b>36,369</b>	<b>38,375</b>
<b>2. Increases</b>	<b>854</b>	<b>3,600</b>
2.1 Deferred tax assets recognized during the year	854	3,600
a) for prior years	8	3,313
b) due to changes in accounting policies	-	-
c) writebacks	-	-
d) other	846	287
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>	<b>(11,105)</b>	<b>(5,606)</b>
3.1 Deferred tax assets cancelled in the year	(11,105)	(5,606)
a) reversals	(11,105)	(5,606)
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	0	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	0	0
a) transformation into tax credits pursuant to Law No.214/2011	-	0
b) others	-	-
<b>4. Closing balance</b>	<b>26,118</b>	<b>36,369</b>

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

ITEMS	changes in	
	2023	2022
<b>1. Opening balance</b>	<b>25,272</b>	<b>27,651</b>
<b>2. Increases</b>		
<b>3. Decreases</b>	<b>(8,584)</b>	<b>(2,379)</b>
3.1 Reversals	(7,398)	(2,379)
3.2 Transformations into tax credits	-	-
a) arising from losses for the period	-	-
(a) arising from tax losses	-	-
3.3 Other decreases	(1,186)	-
<b>4. Closing balance</b>	<b>16,688</b>	<b>25,272</b>

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

The company has no deferred taxes.

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

ITEMS	changes in	
	2023	2022
<b>1. Opening balance</b>	<b>104</b>	<b>208</b>
<b>2. Increases</b>	<b>28</b>	<b>-</b>
2.1 Deferred tax assets recognized during the year	28	-
a) for prior years		
b) due to changes in accounting policies	-	-
c) other	28	
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		
<b>3. Decreases</b>	<b>-</b>	<b>104.00</b>
3.1 Deferred tax assets cancelled in the year	-	-
a) reversals	-	-
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other		
3.2 Decrease in tax rates	-	-
3.3 Other decreases		(104)
<b>4. Closing balance</b>	<b>132</b>	<b>104</b>

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

The company has no deferred taxes.

## Section 12 – Other assets – Item 120

### 12.1 - Composition of item 120 'Other assets'

ITEMS	12.31.2023	12.31.2022
Effects credited to customers awaiting bank collection *	8,671	13,177
Receivables from tax authorities	37	342
Guarantee deposits	114	114
Transitory items	1,382	1,777
Leasehold improvements	-	-
Credit amount IRES**	-	443
Items deemed not attributable to other items***	28,316	49,291
Other****	18,480	12,878
<b>Total</b>	<b>57,000</b>	<b>78,022</b>

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

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

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

\*\*\*\* This item includes amounts invoiced in advance both by other Group companies and by third parties.

## Liabilities

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

#### 1.1 - Composition by groups of payables

ITEMS	12.31.2023			12.31.2022		
	WITH BANKS	WITH FINANCIAL COMPANIES	WITH CUSTOMERS	WITH BANKS	WITH FINANCIAL COMPANIES	WITH CUSTOMERS
1. Loans	9,804,508	-	-	10,929,860	-	-
1.1 Reverse repos	-	-	-	-	-	-
1.2 Other loans	9,804,508	-	-	10,929,860	-	-
2. Lease payables	7,192	-	591	3,805	-	313
3. Other liabilities	14,359	205,973	423,791	18,685	120,870	339,601
<b>Total</b>	<b>9,826,059</b>	<b>205,973</b>	<b>424,382</b>	<b>10,952,350</b>	<b>120,870</b>	<b>339,914</b>
<i>Fair Value - level 1</i>	-	-	-	-	-	-
<i>Fair Value - level 2</i>	-	-	-	-	-	-
<i>Fair Value - level 3</i>	<b>9,826,059</b>	<b>205,973</b>	<b>424,382</b>	<b>10,952,350</b>	<b>120,870</b>	<b>339,914</b>
<b>Total Fair Value</b>	<b>9,826,059</b>	<b>205,973</b>	<b>424,382</b>	<b>10,952,350</b>	<b>120,870</b>	<b>339,914</b>

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

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

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

#### 1.5 - Evidence of lease payables

maturity ranges	12.31.2023	12.31.2022
Up to 1 year	894	181
From over 1 year to 2 years	51	901
From over 2 years to 3 years	4	82
From over 3 years to 4 years	445	1,995
From over 4 years to 5 years	417	297
Over 5 years	7,027	759
Total payments to be made for the Lease	8,839	4,215
	-	-
Non accrued financial gains (-) (Discount effect)	(1,056)	(97)
	-	-
<b>LEASE PAYABLES</b>	<b>7,783</b>	<b>4,118</b>

## Section 4 - Hedging derivatives - Item 40

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

Notional value/Fair value levels	12.31.2023				12.31.2022			
	Fair value			NA	Fair value			NA
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	-	1,829	-	24,470	-	2,064	-	61,399
1 Fair value	-	1,829	-	24,470	-	2,064	-	61,399
2 Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
<b>Total A</b>	-	<b>1,829</b>	-	<b>24,470</b>	-	<b>2,064</b>	-	<b>61,399</b>
B Credit Derivatives	-	-	-	-	-	-	-	-
1 Fair value	-	-	-	-	-	-	-	-
2 Cash flows	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,829</b>	-	<b>24,470</b>	-	<b>2,064</b>	-	<b>61,399</b>

### 4.2 - Composition of item 50 'Hedging derivatives': hedged portfolios and hedge types

Transactions/Type of hedge	Fair value							Cash flow s			Net investment in foreign subsidiaries
	Specific						Generic	Specific	Generic		
	Debt securities and interest rates	Equity securities and share indexes	currencies and gold	credit	goods	others					
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	
2. Loans and receivables	-	-	-	-	-	-	-	-	-	-	
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-	-	
4. Portfolio	-	-	-	-	-	-	-	-	-	-	
5. Other transactions	-	-	-	-	-	-	-	-	-	-	
<b>Total assets</b>	-	-	-	-	-	-	-	-	-	-	
1. Financial liabilities	-	-	-	-	-	-	-	-	-	-	
2. Portfolio	-	-	-	-	-	-	1,829	-	-	-	
<b>Total liabilities</b>	-	-	-	-	-	-	<b>1,829</b>	-	-	-	
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'

ITEMS	12.31.2023	12.31.2022
Liabilities for Equity Settled Share Based Payments	365	473
Payables due to employees	15,613	11,382
Payables due to other staff	1,985	2,292
Payables due to Directors and Statutory Auditors	339	290
Available amounts to be paid to others*	190,764	226,003
Items being manufactured		
Trade payables	3,129	5,289
Other current liabilities	20,693	21,400
Other tax entries	364	565
Outstanding transitory items	4,132	2,164
<b>Total</b>	<b>237,384</b>	<b>269,858</b>

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

## Section 9 – Severance pay – Item 90

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

ITEMS	changes in	
	2023	2022
<b>A. Opening balance</b>	1,685	2,244
<b>B. Increases</b>	192	154
B1. Allocation in the year	62	16
B2. Other increases	130	138
<b>C. Decreases</b>	(569)	(713)
C1. Severance payments	(558)	(140)
C2. Other decreases	(11)	(573)
<b>D. Final balance</b>	<b>1,308</b>	<b>1,685</b>

## 9.2 - Other Information

The provision for severance pay is included in defined benefit plans 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	2023	2022
Discount rate for determining the defined benefit obligation	3.45%	3.80%
Expected inflation rate for determining the defined benefit obligation	1.75%	2.15%

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	2023	2022
Present value of defined benefit obligations – SEVERANCE PAY	1,308	1,685
Unrecognized actuarial gains (losses)	-	-
Net liability	1,308	1,685

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

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

The result is that:

- the severance pay provision accrued up to 12.31.2006 (or until the date of the option – falling between 01.01.2007 and 06.30.2007 – adopted by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund) continues to be a 'defined-benefit' plan and therefore subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises,
- the amounts accrued from 01.01.2007 (or from the date of the option – falling between 01.01.2007 and 06.30.2007 – by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund), were considered as a 'defined-contribution' plan (as the Company's liability ceases at the time it pays the employee severance pay provision accrued to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund or the INPS Treasury fund,
- the costs of severance pay accruing during the year are entered on the income statement in item 110 a) 'Personnel costs', and include interest accrued in the year (interest cost) on the obligation already existing as at the date of the Reform and the accrued instalments for the year paid into the supplementary pension scheme or to the Treasury Fund of INPS,
- actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the obligation at the end of the period, are recognized in equity as part of the valuation reserves,
- a change of -25 basis points in the discount rate would result in an increase in liabilities of 33,990 euro (+2.60%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of 33,051 euros (-2.53%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of 20,938 euro (-1.60%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of 21,245 euro (+1.62%).

## Section 10 – Provisions for risks and charges – Item 100

### 10.1 - Provisions for risks and charges: composition

Items / Values	12.31.2023	12.31.2022
1. Provisions for credit risk relating to commitments and financial guarantees given	264	385
2. Provisions relating to other commitments and guarantees issued		
3. Provisions for company pension	171	4,818
4. Other provisions for risks and charges	32,730	32,474
4.1 legal and tax disputes	30,736	30,689
4.2 personnel expenses	1,994	1,785
4.3 other		
<b>Total</b>	<b>33,165</b>	<b>37,677</b>

The Company is currently involved in lawsuits and revocation proceedings for a total risk of approximately 105.8 million euros, which is covered by provisions of 30.7 million euros. This amount represents the best estimate of the costs that the Company, having consulted its lawyers, expects to incur in the event of litigation, where the loss in court is estimated to be probable. The Provision for personnel costs relates to the variable discretionary pay component.

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

	Provisions relating to Other commitments and guarantees issued	Company pension funds	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	385	4,818	32,474	37,677
<b>B. Increases</b>	-	38	2,491	2,529
B.1 Allocation in the year			2,447	2,447
B.2 Changes due to passage of time		38	44	82
B.3 Changes due to changes in discount rate				-
B.4 Other increases			-	-
<b>C. Decreases</b>	(121)	(4,685)	(2,235)	(7,041)
C.1 Amounts used in the year		(4,685)	(1,533)	(6,218)
C.2 Changes due to changes in discount rate				-
C.3 Other changes	(121)		(702)	(823)
<b>D. Closing balance</b>	<b>264</b>	<b>171</b>	<b>32,730</b>	<b>33,165</b>

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

	Provisions for credit risk relating to commitments and financial guarantees given			
	First stage	Second stage	Third stage	Total
1. Other commitments to disburse funds	264	-		264
2. Financial guarantees issued				-
<b>Total</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>264</b>

## 10.5 - Pensions and post-retirement defined-benefit obligations

ITEMS	12.31.2023	12.31.2022
Provisions for company pension - Executive leaving incentive	171	4,818
<b>Total</b>	<b>171</b>	<b>4,818</b>

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

The company does not have this type of provision for risks and charges.

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

### 11.1 - Composition of item 110 'Share Capital'

TYPE	12/31/2023	12/31/2022
<b>1. Capital</b>	<b>414,348</b>	<b>414,348</b>
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'

TYPE	12/31/2023	12/31/2022
1. Share premium reserve	951	951
1.1 Share Premiums from the capital increase of 1997	951	951

### 11.5 - Other Information

ITEMS	LEGAL RESERVE	RETAINED EARNINGS	STATUTORY RESERVE	OTHER RESERVES	TOTAL
<b>A. Opening balance</b>	47,252	118	185	309,882	357,437
<b>B. Increases</b>	3,218	-	-	16,105	19,323
B1. Profit attribution	3,218	-	-	16,105	19,323
B2. Other increases	-	-	-	-	-
<b>C. Decreases</b>	-	-	-	(2,938)	(2,938)
C1. Uses	-	-	-	-	-
- to cover losses	-	-	-	-	-
- distribution	-	-	-	-	-
- capitalization	-	-	-	-	-
C2. Other decreases	-	-	-	(2,938)	(2,938)
<b>D. Closing balance</b>	<b>50,470</b>	<b>118</b>	<b>185</b>	<b>323,049</b>	<b>373,822</b>

'Other Reserves' are mainly forms of undistributed profits.

# Part B - Information on the Balance Sheet

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

OVERVIEW OF USES OF THE THREE				
NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	PREVIOUS YEARS
				TO COVER LOSSES FOR OTHER REASONS
<b>Capital</b>	<b>414,348</b>		-	
<b>Capital reserve:</b>	<b>951</b>		-	
- Share premium	951	B	-	
<b>Profit reserve</b>	<b>373,822</b>		<b>323,799</b>	
- Statutory reserve	185	A, B, C	185	
- Legal reserve	50,470	B	-	
- FTA reserve	(447)		-	
- Other reserves *	323,496	A, B, C	323,496	
- Previous year profits	118	A, B, C	118	
<b>Profit for the year</b>	<b>77,408</b>		-	
<b>Total</b>	<b>866,528</b>	-	<b>323,799</b>	

Key:

A: for Capital increase

B: to cover losses

C: for dividend distributions

## Other information

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

ITEMS	NOMINAL VALUE OF COMMITMENTS AND GUARANTEES GIVEN				12/31/2023	12/31/2022
	FIRST STAGE	SECOND STAGE	THIRD STAGE	TOTAL	TOTAL	TOTAL
<b>1. Other commitments to disburse</b>	<b>3,382,266</b>	<b>2,714</b>	<b>20,465</b>	<b>3,405,445</b>	<b>3,209,263</b>	
a) General government entities	217,694	-	18,019	235,713	196,680	
b) Banks	4,405			4,405	27,216	
c) other financial companies	1,313,222	-		1,313,222	1,386,489	
d) Non-financial corporations	1,845,601	2,714	2,396	1,850,711	1,593,000	
e) Households	1,344	-	50	1,394	5,878	
<b>2. Financial guarantees issued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
a) General government entities	-	-	-	-	-	
b) Banks	-	-	-	-	-	
c) other financial companies	-	-	-	-	-	
d) Non-financial corporations	-	-	-	-	-	
e) Households	-	-	-	-	-	

[Millions of euros]

## **Part C - Information on the Income Statement**

# Part C - Information on the Income Statement

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## Section 1 - Interest - Items 10 and 20

### 1.1 - Composition of item 10 'Interest and similar income'

ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2023	2022
<b>1. Financial assets measured at fair value through P&amp;L</b>					
1.1 Financial assets held for trading	-	-	-	-	-
1.2. Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily at FV	-	-	-	-	-
<b>2. Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-	-
<b>3. Financial assets valued at amortized cost</b>	-	<b>355,899</b>	-	<b>355,899</b>	<b>156,107</b>
3.1 Loans and receivables with banks	-	5,290	-	5,290	17,684
3.2 Loans and receivables with financial institutions	-	69,292	-	69,292	18,893
3.3 Loans and receivables with customers	-	281,317	-	281,317	119,530
<b>4. Hedging derivatives</b>	-	-	-	-	-
<b>5. Other assets</b>	-	-	-	-	-
<b>6. Financial liabilities</b>	-	-	-	-	-
<b>Total</b>	-	<b>355,899</b>	-	<b>355,899</b>	<b>156,107</b>
<b>of which: interest income on impaired financial assets</b>	-	-	-	887	958

Interest income other than that recognized in the item Write-backs, accruing in 2023 against exposure classified in non-performing loans amounted to 0.9 million euros as at December 31.

The increase in interest income partly reflects the generalized increase in interest rates following the change in the monetary policy of the European Central Bank, which from the second half of 2022, in order to contain the strong inflationary recovery after many stable years, has continued to raise the refinancing rate to 450 bps in 2023, and partly the increase in the average commercial spread as a result of targeted repricing policies.

### 1.3 - Composition of item 20 'Interest expenses and similar charges'

ITEMS/TYPE	LOANS	SECURITIES	OTHER	2023	2022
<b>1. Financial liabilities measured at amortized cost</b>					
1.1 Liabilities to banks	(234,517)	-	-	(234,517)	(35,926)
1.2. Deposits from financial institutions	-	-	-	-	-
1.3. Deposits from customers	0	-	-	-	-
1.4. debt securities in issue	-	0	-	-	-
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
<b>3. Financial liabilities designated at fair value</b>	-	-	-	-	-
<b>4 Other liabilities</b>	-	-	(221)	(221)	(45)
<b>5. Hedging derivatives</b>	-	-	(937)	(937)	(1,107)
<b>6. Financial assets</b>	-	-	-	-	-
<b>Total</b>	<b>(234,517)</b>	<b>0</b>	<b>(1,158)</b>	<b>(235,675)</b>	<b>(37,078)</b>
<b>of which: interest expense on leases</b>	-	-	(221)	(221)	(45)

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





## Section 2 - Commission - Items 40 and 50

### 2.1 - Composition of item 40 'Fee and commission income'

BREAKDOWN	2023	2022
1. Financial leasing operations	-	-
2. Factoring transactions	69,500	67,976
3. Consumer loans	-	-
4. Guarantees given	-	-
5. Services of:	-	-
- fund management for third parties	-	-
- foreign exchange intermediation	-	-
- product distribution	-	-
- other	-	-
6. Collection and payment services	-	0
7. Servicing securitization transactions	-	-
8. Other fees and commissions: recovery client expenses credit preparation, account fees etc.	1,504	1,544
<b>Total</b>	<b>71,004</b>	<b>69,520</b>

### 2.2 - Composition of item 50 'Fee and commission expense'

BREAKDOWN	2023	2022
1. Guarantees received	(20,396)	(25,361)
2. Distribution of third-party services	-	-
3. Collection and payment services	(680)	(760)
4. Other fees and commissions	(9,758)	(12,069)
4.1 Commissions	(1,096)	(2,360)
4.2 Cost of credit reinsurance	(8,662)	(9,709)
<b>Total</b>	<b>(30,834)</b>	<b>(38,190)</b>

The decrease in commission expense was mainly due to a lower utilisation of guarantees provided by the parent company to contain concentration risk, lower commissions paid and a reduction in the insurance premium.

## Section 3 – Dividends and similar income – Item 70

### 3.1 - Composition of dividends and similar income

Items/Proceeds	2023		2022	
	Dividends	Similar proceeds	Dividends	Similar proceeds
A Financial assets held for trading	-	-	-	-
B Other financial assets mandatorily measured at fair value	109	-	105	-
C Financial assets measured at fair value through other comprehensive income	-	-	-	-
D Shareholdings	-	-	-	-
<b>Total</b>	<b>109</b>	<b>-</b>	<b>105</b>	<b>-</b>

## Section 4 – Net trading result – Item 80

### 4.1 - Composition of item 80 'Net trading result'

Transaction/Income item	2023			
	Gains (A)	Trading profits (B)	Losses (C)	Trading losses (D)
<b>1. Financial assets</b>	-	-	-	-
1.1 Debt securities in issue	-	-	-	-
1.2 Equities	-	-	-	-
1.3 Units in investments funds	-	-	-	-
1.4 Loans	-	-	-	-
1.5 Other assets	-	-	-	-
<b>2. Financial liabilities</b>	-	-	-	-
2.1 Debt securities in issue	-	-	-	-
2.2 Payables	-	-	-	-
2.3 Other liabilities	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	-	(98)	-	-
<b>4. Derivative instruments</b>	-	-	-	-
4.1 Financial derivatives	-	-	-	-
4.2 Credit derivatives	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(98)</b>	<b>0</b>	<b>(98)</b>

## Section 7 - Gains and losses on other financial assets/liabilities at fair value through profit or loss - Item 110

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

Transaction/Income item	2023				
	Gains (A)	Trading profits (B)	Losses (C)	Trading losses (D)	Net profit (loss) [(A+B) - (C+D)]
<b>1. Financial assets</b>	-	831	-	-	831
1.1 Debt securities in issue	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Units in investments funds	-	-	-	-	-
1.4 Loans	-	831	-	0	831
<b>2. Financial assets and liabilities: exchange differences</b>	-	0	-	-	-
<b>Total</b>	-	<b>831</b>	<b>0</b>	<b>0</b>	<b>831</b>

## Section 8 - Net adjustments/Writebacks for credit risk - Item 130

### 8.1 - 'Impairment losses/write-downs on loans and receivables'

ITEMS/IMPAIRMENT	Write-downs						Writebacks						2023	2022
	First stage	second stage	Third stage		purchased or originated		First stage	second stage	Third stage		purchased or originated			
			Write Off	Others	Write Off	Others			Write Off	Others	Write Off	Others		
1. Loans and receivables with banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables purchased or originated impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Receivables from financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables purchased or originated impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans and receivables with customers	(1,128)	(1,003)	(4,285)	(13,949)	-	-	5,903	394	-	6,872	-	-	(7,196)	(8,368)
Receivables purchased or originated impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	0	-	-	-	-	-	-	-	-	-	-	-	-	-
other loans and receivables	(1,128)	(1,003)	(4,285)	(13,949)	-	-	5,903	394	-	6,872	-	-	(7,196)	(8,368)
- for leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring*	(1,128)	(1,003)	(4,285)	(13,949)	-	-	5,903	394	-	6,872	-	-	(7,196)	(8,368)
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-	0	-
- pledge loans	-	-	-	-	-	-	-	-	-	-	-	-	0	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	(1,128)	(1,003)	(4,285)	(13,949)	-	-	5,903	394	-	6,872	-	-	(7,196)	(8,368)

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

ITEM/SECTOR	2023	2022
<b>1. Employees</b>	<b>(23,875)</b>	<b>(26,758)</b>
a) salaries and wages	(14,938)	(14,731)
b) social security costs	(4,851)	(4,964)
c) staff severance pay	(105)	(99)
d) pensions	-	-
e) allocation to staff severance pay	(98)	(52)
f) provisions for retirements and similar provisions	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds	(770)	(1,330)
- defined contribution	(770)	(1,330)
- defined benefit	-	-
h) other employee benefits	(3,113)	(5,582)
<b>2. Other working staff</b>	<b>-</b>	<b>-</b>
<b>3. Directors and Statutory Auditors</b>	<b>(372)</b>	<b>(384)</b>
<b>4. Employees on sabbatical</b>	<b>-</b>	<b>-</b>
<b>5. Recovery of expenses for employees seconded to other companies</b>	<b>859</b>	<b>842</b>
<b>6. recovery of expenses for employees seconded to the companies *</b>	<b>(5,325)</b>	<b>(5,115)</b>
<b>Total</b>	<b>(28,713)</b>	<b>(31,415)</b>

\* The item 'Recovery of expenses for employees seconded to the Company' mainly relates to the cost of seconded personnel.

Personnel costs net of the component relating to the extraordinary cost deriving from the extension of the redundancy incentive plan decreased due to the average reduction in FTE from 277 in 2022 to 267 in 2023.

# Part C - Information on the Income Statement

## 10.2 Average number of employees by category

Employees	2023	2022
Executives	3.2	5.3
Middle managers	137.0	147.7
Remaining employees	79.0	84.1
<b>Total employees</b>	<b>219.2</b>	<b>237.1</b>
Other personnel	50.9	51.3
<b>Total</b>	<b>270.1</b>	<b>288.4</b>

Secondments are included in the other staff.

## 10.3 - Other administrative expenses – Breakdown

CATEGORIES OF COSTS	2023	2022
<b>1) Indirect taxes and duties</b>	<b>(560)</b>	<b>(502)</b>
1a. Paid:	(560)	(502)
1b. Not paid:	-	-
<b>2) Guarantee fee for DTA conversion</b>	<b>(190)</b>	<b>(212)</b>
<b>3) Miscellaneous costs and expenses</b>	<b>(17,997)</b>	<b>(18,120)</b>
a) advertising marketing and communication	(209)	(185)
b) expenses related to credit risk	(2,506)	(2,554)
c) indirect expenses related to personnel	(356)	(255)
<b>d) Information &amp; Communication Technology expenses</b>	<b>(6,380)</b>	<b>(5,701)</b>
Hardware costs: equipment and maintenance	(16)	(176)
Software expenses: equipment and maintenance	-	-
ICT communication systems	(308)	(218)
ICT services: external personnel/outsourced services	(6,014)	(5,254)
Financial information providers	(42)	(53)
<b>e) consulting and professionals services</b>	<b>(343)</b>	<b>(325)</b>
Consulting	(167)	(129)
Legal expenses	(176)	(196)
<b>f) real estate expenses</b>	<b>(818)</b>	<b>(1,028)</b>
Premises rentals	(30)	(40)
Users	(202)	(115)
Other real estate expenses	(586)	(873)
<b>g) operating costs</b>	<b>(7,385)</b>	<b>(8,072)</b>
Surveillance and security services	(83)	(78)
Money counting services and transport	-	-
Insurance Companies	(157)	(145)
Postage and transport of documents	(75)	(167)
Printing and stationery	0	(39)
Administrative and logistic services	(6,963)	(7,551)
Association dues and fees	(106)	(90)
Other administrative expenses - Other	(1)	(2)
<b>Total (1+2)</b>	<b>(18,747)</b>	<b>(18,834)</b>

Compared to the previous year, administrative expenses remain substantially stable: the increase in expenditure on information communication technology offsets a decrease in expenditure on administrative and logistics services.

## 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

PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES GIVEN	2023	2022
- Provisions for commitments on committed lines	0	0
- Write-backs on provisions for risks and charges commitments	121	689
<b>Total</b>	<b>121</b>	<b>689</b>

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

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

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

NET OTHER PROVISIONS FOR RISKS AND CHARGES	2023	2022
- Provisions for clawbacks	7	0
- Provisions for lawsuits	(5)	(2,792)
- Other provisions	(744)	0
- Write-backs on provision for risks and charges	695	4,122
<b>Total</b>	<b>(47)</b>	<b>1,330</b>

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

Asset/income item	2023				2022			
	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
<b>A. Property plant and equipment</b>	(795)	-	-	(795)	(1,072)	-	-	(1,072)
A.1 Owned	(4)	-	-	(4)	(1,072)	-	-	(1,072)
- for operations	(4)	-	-	(4)	(4)	-	-	(4)
- for investment	-	-	-	-	(1,068)	-	-	(1,068)
- inventories	-	-	-	-	-	-	-	-
A.2 Purchased under finance lease	(791)	-	-	(791)	0	-	-	0
- for operations	(791)	-	-	(791)	-	-	-	0
- for investment	-	-	-	-	-	-	-	-
A.3 Granted under operating leases	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(795)</b>	<b>-</b>	<b>-</b>	<b>(795)</b>	<b>(1,072)</b>	<b>-</b>	<b>-</b>	<b>(1,072)</b>

## 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'

ITEM/WRITE-DOWNS AND WRITE-BACKS	2023				2022			
	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	AMORTIZATION (a)	IMPAIRMENT LOSSES (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
<b>1. Other intangible assets</b>	(117)	-	-	(117)	(236)	-	-	(236)
1.1 owned	(117)	-	-	(117)	(236)	-	-	(236)
1.2 Purchased under finance lease	-	-	-	-	-	-	-	-
<b>2. Assets related to finance leases</b>	-	-	-	-	-	-	-	-
<b>3. Assets held under operating leases</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(117)</b>	<b>-</b>	<b>-</b>	<b>(117)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>(236)</b>

## Section 14 - Other operating income and expenses - Item 200

### 14.1 - Other operating expenses: breakdown

Other operating expenses composition	2023	2022
- miscellaneous losses	-	-
- management charges	(562)	(2,007)
<b>Total other operating expenses</b>	<b>(562)</b>	<b>(2,007)</b>

### 14.2 Other operating income: breakdown

OTHER OPERATING INCOME	2023	2022
- customer legal costs	197	479
- mixed use company car	40	53
- rental income	0	1
- insurance indemnity	227	133
- misc. income	6,458	4,174
<b>Total other operating income</b>	<b>6,922</b>	<b>4,840</b>

## 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'

ITEM/WRITE-DOWNS AND WRITE-BACKS	2023	2022
1. Current tax	(26,421)	(27,671)
2. Adjustment to current tax of prior years	1,980	(472)
3. Reduction of current tax for the year	-	-
3.bis Reduction of current tax for the year for tax credits according to Law No. 214/2011	(7,398)	(2,379)
4. Change in deferred tax assets	(2,853)	373
5. Change in deferred tax liabilities	-	0
<b>Taxes pertaining to the year</b>	<b>(34,692)</b>	<b>(30,149)</b>

### 19.2 Reconciliation between theoretical tax charges and effective expense

ITEM/WRITE-DOWNS AND WRITE-BACKS	2023	2022
<b>Profit (Loss) before tax from continuing operations</b>	<b>112,100</b>	<b>94,521</b>
Theoretical applicable tax rate	27.5%	27.5%
Theoretical tax	(30,828)	(25,993)
<b>Tax effects derived from:</b>		
+ Non-taxable income - permanent differences	38	2,092
- Non-deductible costs for tax purposes - permanent differences	796	(566)
- IRAP TAX	(5,242)	(5,280)
+ Recognition of deferred tax assets	(1,120)	(219)
+/- Other differences	1,662	(183)
<b>Income tax posted to the income statement</b>	<b>(34,692)</b>	<b>(30,149)</b>
<b>Income tax expense on continuing operations</b>	<b>(34,692)</b>	<b>(30,149)</b>
<b>Difference</b>	<b>-</b>	<b>-</b>

The effective tax rate in 2023 was 30.9% compared to 31.9% in the previous year.

## Section 21 - Income statement - Other information

### 21.1 Breakdown of interest income and commission income

ITEM/COUNTERPARTY	INTEREST INCOME			FEES AND COMMISSIONS INCOME			2023	2022
	BANK	FINANCIAL COMPANIES	CUSTOMERS	BANK	FINANCIAL COMPANIES	CUSTOMERS		
<b>1. Finance leases</b>	-	-	-	-	-	-	-	-
- fixed assets	-	-	-	-	-	-	-	-
- movable property	-	-	-	-	-	-	-	-
- capital goods	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
<b>2. Factoring</b>	<b>5,290</b>	<b>69,292</b>	<b>281,317</b>	<b>328</b>	<b>7,187</b>	<b>63,489</b>	<b>426,903</b>	<b>225,627</b>
- on current receivables	5,169	1,652	84,697	305	2,364	34,410	128,597	97,052
- on future receivables	-	-	4,653	-	45	2,123	6,821	4,672
- on receivables acquired on a permanent basis	86	63,361	136,708	23	3,906	16,828	220,912	94,296
- receivables purchased below original value	-	-	-	-	-	-	-	-
- for other financing	35	4,279	55,259	-	872	10,128	70,573	29,607
<b>3. Consumer loans</b>	-	-	-	-	-	-	-	-
- personal loans	-	-	-	-	-	-	-	-
- special-purpose loans	-	-	-	-	-	-	-	-
- loans against wages	-	-	-	-	-	-	-	-
<b>4. Pledge loans</b>	-	-	-	-	-	-	-	-
<b>5. Guarantees and commitments</b>	-	-	-	-	-	-	-	-
- trade	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,290</b>	<b>69,292</b>	<b>281,317</b>	<b>328</b>	<b>7,187</b>	<b>63,489</b>	<b>426,903</b>	<b>225,627</b>

## **Part D - Other information**

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## Section 1 - Specific references to activities carried out

### B. Factoring and assignment of receivables

#### B.1 Gross value and book value

##### B.1.1 Factoring operations

ITEMS/VALUES	12.31.2023			12.31.2022		
	GROSS AMOUNT	WRITE-DOWNS	NET VALUE	GROSS AMOUNT	WRITE-DOWNS	NET VALUE
<b>1. Performing exposures</b>	<b>10,018,212</b>	<b>4,978</b>	<b>10,013,234</b>	<b>10,343,355</b>	<b>9,200</b>	<b>10,334,155</b>
- exposure to assignors (with recourse)	2,206,902	2,966	2,203,936	2,265,342	7,389	2,257,953
- assignments of future receivables	91,704	262	91,442	108,517	387	108,130
- others	2,115,198	2,704	2,112,494	2,156,825	7,002	2,149,823
- exposures to assigned debtors (non-recourse)	7,811,310	2,012	7,809,298	8,078,013	1,811	8,076,202
<b>2. Non-performing assets</b>	<b>166,952</b>	<b>85,660</b>	<b>81,292</b>	<b>217,527</b>	<b>98,035</b>	<b>119,492</b>
<b>2.1 Bad loans</b>	<b>59,261</b>	<b>56,572</b>	<b>2,689</b>	<b>77,045</b>	<b>71,090</b>	<b>5,955</b>
- exposure to assignors (with recourse)	54,973	52,534	2,439	71,613	66,445	5,168
- assignments of future receivables	5,333	5,262	71	5,689	5,094	595
- others	49,640	47,272	2,368	65,924	61,351	4,573
- exposures to assigned debtors (non-recourse)	4,288	4,038	250	5,432	4,645	787
- purchases below nominal value	-	-	-	-	-	-
- others	4,288	4,038	250	5,432	4,645	787
<b>2.2 Unlikely to pay</b>	<b>30,902</b>	<b>24,719</b>	<b>6,183</b>	<b>30,601</b>	<b>21,066</b>	<b>9,535</b>
- exposure to assignors (with recourse)	19,550	16,648	2,902	22,125	15,074	7,051
- assignments of future receivables	813	474	339	591	452	139
- others	18,737	16,174	2,563	21,534	14,622	6,912
- exposures to assigned debtors (non-recourse)	11,352	8,071	3,281	8,476	5,992	2,484
- purchases below nominal value	-	-	-	-	-	-
- others	11,352	8,071	3,281	8,476	5,992	2,484
<b>2.3 Non-performing past due exposures</b>	<b>76,789</b>	<b>4,369</b>	<b>72,420</b>	<b>109,881</b>	<b>5,879</b>	<b>104,002</b>
- exposure to assignors (with recourse)	13,349	1,199	12,150	9,677	869	8,808
- assignments of future receivables	-	-	-	-	-	-
- others	13,349	1,199	12,150	9,677	869	8,808
- exposures to assigned debtors (non-recourse)	63,440	3,170	60,270	100,204	5,010	95,194
- purchases below nominal value	-	-	-	-	-	-
- others	63,440	3,170	60,270	100,204	5,010	95,194
<b>Total</b>	<b>10,185,164</b>	<b>90,638</b>	<b>10,094,526</b>	<b>10,560,882</b>	<b>107,235</b>	<b>10,453,647</b>

## Other assignments

ITEMS/VALUES	12.31.2023			12.31.2022		
	GROSS AMOUNT	WRITE-DOWNS	NET VALUE	GROSS AMOUNT	WRITE-DOWNS	NET VALUE
<b>1. Performing exposures</b>	<b>985,288</b>	<b>35</b>	<b>985,253</b>	<b>1,504,211</b>	<b>93</b>	<b>1,504,118</b>
- exposure to assignors (with recourse)	9,718	20	9,698	5,346	25	5,321
- assignments of future receivables	-	-	-	-	-	-
- others	9,718	20	9,698	5,346	25	5,321
- exposures to assigned debtors	975,570	15	975,555	1,498,865	68	1,498,797
<b>2. Non-performing assets</b>	<b>1,740</b>	<b>1,704</b>	<b>36</b>	<b>1,753</b>	<b>1,704</b>	<b>48</b>
<b>2.1 Bad loans</b>	<b>1,740</b>	<b>1,704</b>	<b>36</b>	<b>1,740</b>	<b>1,703</b>	<b>37</b>
- exposure to assignors (with recourse)	1,740	1,704	36	1,740	1,703	37
- assignments of future receivables	-	-	-	-	-	-
- others	1,740	1,704	36	1,740	1,703	37
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>2.2 Unlikely to pay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- exposure to assignors (with recourse)	-	-	-	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	-	-	-	-	-	-
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>2.3 Restructured exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- exposure to assignors (with recourse)	-	-	-	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	-	-	-	-	-	-
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>2.3 Non-performing past due exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>1</b>	<b>11</b>
- exposure to assignors (with recourse)	-	-	-	13	1	11
- assignments of future receivables	-	-	-	13	1	11
- others	-	-	-	-	-	-
- exposures to assigned debtors	-	-	-	-	-	-
- purchases below nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>Total</b>	<b>987,028</b>	<b>1,739</b>	<b>985,289</b>	<b>1,505,964</b>	<b>1,797</b>	<b>1,504,166</b>

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

The Company does not carry out this type of operation.

### B.2 Distribution according to residual life

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

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

MATURITY RANGES	ADVANCES		TOTAL RECEIVABLES	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
- on demand	506,375	519,494	1,082,193	1,174,664
- up to 3 months	553,150	567,481	1,837,315	2,076,959
- from 3 to 6 months	692,232	710,166	471,781	570,282
- from 6 months to 1 year	398,126	408,441	351,914	298,235
- over 1 year	71,544	73,398	250,608	91,574
- indeterminate duration				
<b>Total</b>	<b>2,221,427</b>	<b>2,278,980</b>	<b>3,993,811</b>	<b>4,211,714</b>

Other assignments

MATURITY RANGES	ADVANCES		TOTAL RECEIVABLES	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
- on demand	9,734	5,369	10,515	7,368
<b>Total</b>	<b>9,734</b>	<b>5,369</b>	<b>10,515</b>	<b>7,368</b>

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

## B.2.2 Without-recourse factoring operations: exposures

MATURITY RANGES	EXPOSURES	
	12.31.2023	12.31.2022
- on demand	641,514	689,445
- up to 3 months	4,658,111	5,373,869
- from 3 to 6 months	725,386	688,074
- from 6 months to 1 year	658,895	271,147
- over 1 year	1,189,193	1,152,132
- indeterminate duration		
<b>Total</b>	<b>7,873,099</b>	<b>8,174,667</b>

Other assignments

MATURITY RANGES	EXPOSURES	
	12.31.2023	12.31.2022
- on demand	975,555	1,498,797
<b>Total</b>	<b>975,555</b>	<b>1,498,797</b>

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

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

The Company does not carry out this type of operation.



## B.3 Other information

### B.3.1 Turnover of receivables in factoring operations

ITEM	12.31.2023	12.31.2022
<b>1. Non-recourse transactions</b>	42,273,810	42,549,362
- of which purchases below nominal value		
<b>2. With recourse transactions*</b>	12,342,729	20,246,575
<b>TOTAL</b>	<b>54,616,539</b>	<b>62,795,938</b>

\* This figure includes 7,067,301 thousand euros for 2023 and 7,943,562 thousand euros for 2022, for non-recourse contracts that did not pass the IFRS 9 recognition test.

The turnover from other assignments was 839,858 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

ITEM	12.31.2023	12.31.2022
Flow of contracts for purchase of future receivables for the year	21,551,245	22,980,688
Amount of existing contracts at the closing date of year	14,563,379	16,324,584

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

ITEM	12.31.2023	12.31.2022
Margin	1,166,321	1,759,480

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.

## D. Guarantees given and commitments

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

TRANSACTIONS	12.31.2023	12.31.2022
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	1,823,035	1,997,177
a) Banks	-	-
ii) certain to be called on	-	-
ii) not certain to be called on	-	-
b) Financial institutions	1,310,197	1,384,589
ii) certain to be called on	1,309,721	1,383,856
ii) not certain to be called on	476	733
c) Customers	512,838	612,588
ii) certain to be called on	104,553	249,278
ii) not certain to be called on	408,285	363,310
5) Underlying obligations for credit derivatives: sales of protection	-	-
6) Assets used to guarantee others' obligations	-	-
7) Other irrevocable commitments		
a) to issue guarantees		
b) others	-	-
<b>Total</b>	<b>1,823,035</b>	<b>1,997,177</b>

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

### D.2 - Loans recognized after enforcement

Not Present.

## Section 3 - Information on risks and relative hedging policies

### 3.1 - Credit risk

#### QUALITATIVE INFORMATION

##### 1. General information

Factoring offers multiple services to meet businesses' needs for cash flow management, to guarantee assigned trade receivables and finance them 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 analyzed; The acceptance of risk on these parties may take various configurations, depending on the type of product requested and the assessment of 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 without-recourse contract with the provision of finance and/or guarantee services, exposes the factor to credit risk, against the assigned debtors.

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

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

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

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

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

## 2. Credit Risk Management Policies

### a) General information

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

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

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

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

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

The Risk Management Division also incorporates:

- Credit Monitoring, which maintains the quality of the finance portfolio by carrying out regular monitoring so that systematic intervention can take place if there is any deterioration in the risk profile of an assignor or a debtor. This activity is done before the default arises, when there is still a possibility that the assignor or debtor will be able to meet their commitments, and when the position is transferred to the appropriate risk status to ensure better management;

- Special Credit, which is responsible for ensuring the management and monitoring of accounts such as Unlikely to Pay, Bad Loan and accounts covered by restructuring plans. It identifies and implements the most effective solutions to maximize the recovery of the debt, and proposes the necessary provisions to cover forecast losses;
- the Credit, Financial & Non-Financial Risks Office, with the task of:
  - analyze, assess, measure and monitor the typical risks of the company's activities (credit, operational, reputational and market-related) in order to determine their economic and financial impact;
  - support the implementation of Group policies;
  - provide systematic reports to Top Management and the Board of Directors;
  - establish and monitor the 'Risk Appetite', together with the Parent Company and its guidelines, to ensure the company can pursue its strategic objectives and business plan, taking into account the interests of its customers and shareholders; compatibly with its Risk-Taking Capacity and it also sets the Tier 1 capital requirements and other requirements;
  - support Management in measuring and managing the cost of risk;
  - carry out second level checks.

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

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

The most important of these reports are the following:

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

c) Methods of measurement of expected losses

PD, LGD and EAD and calibration of internal models.

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

In this regard regarding:

- exposure at Default (EAD) no internal model is used (Standardized approach);

- the Probability of Default (PD), the Company uses the same models and parameters as UniCredit S.p.A. for shared customers; for non-shared customers, the Company uses Cluster PDs (medium), differentiated on the basis of the type of counterparty (Large Corporate, Multinational, Banks, Corporate, Small Business, Other);
- Loss Given Default (LGD), the Company uses the same parameters as UniCredit S.p.a for both central and local Public Administration counterparties, while it has adopted a managerial model for remaining counterparties, in order to make the risk parameter more consistent with the business model, which focuses on two main categories of counterparties: Assignor and Debtor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The guarantees acquired by the Company also include:

- guarantees given by the parent company to cover exposures to assignors or debtors for amounts exceeding 25% of the company's regulatory capital, in order to respect the legal limits on 'large risks' (see following paragraph). The Company will periodically review the guaranteed positions and ensures that the guarantees are adjusted, to reflect changes in the risk (increase or reduction);
- credit insurance policies to mitigate the credit risk resulting from a default by a private debtor assigned on a non-recourse basis; as of 2021, this instrument has been enhanced by entering into a contract that, in addition to expanding the scope of insured debtors, provides for the insurance company's Risk Weight to replace that of the assigned debtor up to the ceiling granted to it. The company was therefore able to benefit from a Risk Weight of 20% for a significant share of the without recourse portfolio. The same policy was renewed for 12 months in November 2023;
- guarantees given by banks.

### Concentration and large exposure risk

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

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

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

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

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



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

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

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

### *2.3 Methods of measuring expected losses*

With regard to the classification process from Stage 1 to Stage 2, the classification triggers have been expanded in agreement with the Parent Company to make the staging process even more sensitive to deterioration in the creditworthiness of the customer portfolio. In addition, in relation to the ECL calculation process, the changes, in alignment with the Parent Company, mainly concerned the adjustment of the forward-looking scenarios. Furthermore, with regard to Stage 2 classification, the concept of a probation period was introduced whereby, in order to avoid undue volatility in the allocation of staging (due to an early transfer to Stage 1), transactions may only return to Stage 1 three months after the conditions for Stage 2 allocation have ceased to apply. This treatment applies to both quantitative and qualitative staging, with the exception of Forborne cases for which there is a dedicated regulatory trial period.

During 2023, some requests to extend the deferment period continued; these requests are part of the normal operations of a factoring company and are granted following a specific request by the assigned debtor.

A total, for 2023, 37 requests were granted for a total amount of 246 million euros: 16% of these were further extensions of up to 30 days, 14% between 31 days and 60 days, and 70% over 60 days. A total, since the beginning of the pandemic (March 2020), 415 requests were granted for a total amount of 734.9 million euro: 21% of these were further extensions of up to 30 days, 21% between 31 days and 60 days, and 58% over 60 days.

As at December 31, 2023, 13 positions with a residual amount of 21.1 million euros were still outstanding and were mostly regularly repaid.

### *3. Impaired receivables*

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

## QUANTITATIVE INFORMATION

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

PORTFOLIOS/RISK STAGES	BAD LOANS	UNLIKELY TO PAY	NON PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets valued at amortized cost	2,771	8,879	73,393	596,340	10,822,986	11,504,369
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	7,281	7,281
3. Financial assets designated at fair value						-
4. Other financial assets mandatorily at FV					2,080	2,080
5. Financial instruments classified as held for sale						-
Total as at 12/31/2023	2,771	8,879	73,393	596,340	10,832,347	11,513,730
Total as at 12/31/2022	6,028	19,311	104,893	635,716	11,664,330	12,430,278

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

PORTFOLIOS/RISK STAGES	Non-Performing				Performing		
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs	Gross exposure	Total value adjustments	Net exposure
1. Financial assets valued at amortized cost	181,496	96,453	85,043	83,714	11,424,524	5,199	11,419,325
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	7,281	-	7,281
3. Financial assets designated at fair value	-	-	-	-	-	-	-
4. Other financial assets mandatorily at FV	-	-	-	-	2,080	-	2,080
5. Financial instruments classified as held for sale	-	-	-	-	-	-	-
Total as at 12/31/2023	181,496	96,453	85,043	83,714	11,433,885	5,199	11,428,686
Total as at 12/31/2022	266,218	135,987	130,231	85,498	12,309,412	9,365	12,300,047

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

PORTFOLIOS/RISK STAGES	First stage			Second stage			Third stage		
	From 1 day to 30 days	From 30 to 90 days	More than 90 days	From 1 day to 30 days	From 30 to 90 days	More than 90 days	From 1 day to 30 days	From 30 to 90 days	More than 90 days
1. Financial assets valued at amortized cost	270,169	51,658	16,256	34,984	134,129	89,145	58,237	2,713	24,093
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total as at 12/31/2023	270,169	51,658	16,256	34,984	134,129	89,145	58,237	2,713	24,093
Total as at 12/31/2022	277,135	87,312	65,817	57,897	72,399	75,156	-	-	130,231

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

CAUSATIONS/RISK STAGES	Total value adjustments													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 amortized cost	Financial assets measured at fair value through comprehensive income other	of which: individual impairments	of which: collective impairments	Financial assets measured at amortized cost	Financial assets measured at fair value through comprehensive income	of which: individual impairments	of which: collective impairments	Financial assets measured at amortized cost	Financial assets measured at fair value through 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	3,923	-	-	3,923	5,442	-	-	5,442	135,986	-	135,986	-	-	384	0	-	0	145,736
Increases from financial assets acquired or originated																		-
Cancellations other than write-offs																		-
Net adjustments/writebacks for credit risk (+/-)	(927)			(927)	(3,240)			(3,240)	12,149		12,149			(121)	(0)	-		7,861
Contract changes without cancellation																		-
Changes in estimation methodology																		-
Write-off									(50,857)		(50,857)							(50,857)
Other changes					-			-	(825)		(825)							(825)
Closing balances	2,996	-	-	2,996	2,202	-	-	2,202	96,453	-	96,453	-	-	263	0	-	0	101,915
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)

Portfolios/risk stages	Gross values / nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets valued at amortized cost	588,482	227,035	53,309	40,406	-	-
2. Financial assets measured at fair value through other comprehensive income						
3. Commitments to lend funds and financial guarantees given						
<b>Total as at 12/31/2023</b>	<b>588,482</b>	<b>227,035</b>	<b>53,309</b>	<b>40,406</b>	<b>-</b>	<b>-</b>
<b>Total as at 12/31/2022</b>	<b>181,968</b>	<b>79,303</b>	<b>87,786</b>	<b>40,433</b>	<b>-</b>	<b>-</b>

## 6 - Loans to customers, banks and financial companies

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

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE		TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	PARTIAL AND TOTAL WRITE-OFFS
	NON-PERFORMING ASSETS	PERFORMING ASSETS			
<b>A. ON-BALANCE-SHEET EXPOSURES:</b>					
a) Bad loans	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
d) Performing past-due exposures	-	5,665	1	5,664	-
-of which: forbore exposures	-	-	-	-	-
e) Other performing exposures	-	125,216	123	125,093	-
-of which: forbore exposures	-	-	-	-	-
<b>Total A</b>	<b>-</b>	<b>130,881</b>	<b>124</b>	<b>130,757</b>	<b>-</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Non-Performing	-	-	-	-	-
b) Performing	-	1,309,720	162	1,309,558	-
<b>Total B</b>	<b>-</b>	<b>1,309,720</b>	<b>162</b>	<b>1,309,558</b>	<b>-</b>
<b>Total (A+B)</b>	<b>-</b>	<b>1,440,601</b>	<b>286</b>	<b>1,440,315</b>	<b>-</b>

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

There are no exposures of this type.

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

There are no exposures of this type.

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

There are no exposures of this type.

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

EXPOSURE TYPES/AMOUNTS	GROSS EXPOSURE		TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	PARTIAL AND TOTAL WRITE-OFFS
	NON-PERFORMING ASSETS	PERFORMING ASSETS			
<b>A. ON-BALANCE-SHEET EXPOSURES:</b>					
a) Bad loans	63,182	-	60,410	2,771	-
-of which: forbome exposures	436	-	435	1	-
b) Unlikely to pay	40,502	-	31,623	8,879	-
-of which: forbome exposures	18,200	-	14,850	3,351	-
c) Non-performing past due exposures	77,813	-	4,420	73,393	-
-of which: forbome exposures	-	-	-	-	-
d) Performing past-due exposures	-	592,048	1,372	590,676	-
-of which: forbome exposures	-	1,852	8	1,845	-
e) Other performing exposures	-	10,701,596	3,703	10,697,893	-
-of which: forbome exposures	-	1,598	6	1,592	-
<b>Total A</b>	<b>181,496</b>	<b>11,293,644</b>	<b>101,528</b>	<b>11,373,612</b>	<b>-</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>	-	-	-	-	-
a) Non-Performing	364	-	-	364	-
b) Performing	-	2,095,360	102	2,095,258	-
<b>Total B</b>	<b>364</b>	<b>2,095,360</b>	<b>102</b>	<b>2,095,622</b>	<b>-</b>
<b>Total (A+B)</b>	<b>181,860</b>	<b>13,389,004</b>	<b>101,630</b>	<b>13,469,235</b>	<b>-</b>

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

Breakdown - Category	Bad loans	Unlikely to pay	Non-Performing past due
<b>A. Opening gross exposure</b>	<b>78,957</b>	<b>76,442</b>	<b>110,819</b>
- of which: exposures sold and not derecognised			
<b>B. Increases</b>	<b>2,640</b>	<b>11,254</b>	<b>46,239</b>
B.1 transfers from Performing loans	680	8,163	44,466
B.2 entries from impaired financial assets acquired or originated			
B.3 transfers from other Non-Performing exposure	399	-	-
B.4 contractual amendments without cancellation			
B.5 other increases	1,561	3,091	1,773
<b>C. Decreases</b>	<b>(18,381)</b>	<b>(47,194)</b>	<b>(79,280)</b>
C.1 transfers to Performing loans		(3)	(40,406)
C.2 write-off	(17,094)	(33,763)	
C.3 receipts	(1,287)	(13,029)	(38,874)
C.4 gains on disposal			
C.5 losses on disposals			
C.6 transfers to other Non-Performing exposures		(399)	
C.7 contractual amendments without cancellation			
C.8 other reductions			
<b>D. Final Gross Exposure</b>	<b>63,216</b>	<b>40,502</b>	<b>77,778</b>
- of which: exposures sold and not derecognised			

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

Breakdown - Quality	Forborne exposures: non-performing	Forborne exposures: PERFORMING
<b>A. Opening gross exposure</b>	<b>17,847</b>	<b>28</b>
- of which: exposures sold and not derecognised		
<b>B. Increases</b>	<b>7,385</b>	<b>3,451</b>
B.1 transfers from Performing not forborne	2,133	-
B.2 transfers from Performing forborne		x
B.3 transfers from Non performing forborne exposures	x	100
B.4 other increases	5,252	3,351
<b>C. Decreases</b>	<b>(2,495)</b>	<b>(28)</b>
C.1 transfers to Performing not forborne	x	(28)
C.2 transfers to Performing forborne	(100)	x
C.3 Transfers to Non performing forborne exposures	x	
C.4 write-off	(1,483)	-
C.5 recoveries	(804)	
C.6 sales proceeds		
C.7 losses on disposal		
C.8 other reductions	(108)	-
<b>D. Final Gross Exposure</b>	<b>22,737</b>	<b>3,451</b>
- of which: exposures sold and not derecognised		

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

Breakdown - Category	Bad loans		Unlikely to pay		Non-Performing past due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
<b>A. Initial overall adjustments</b>	<b>72,929</b>	<b>556</b>	<b>57,131</b>	<b>13,808</b>	<b>5,927</b>	<b>-</b>
- of which: exposures sold and not derecognised						
<b>B. Increases</b>	<b>5,745</b>	<b>20</b>	<b>10,437</b>	<b>5,796</b>	<b>2,839</b>	<b>-</b>
B.1 value adjustments from impaired financial assets acquired or originated		x		x		x
B.2 other value adjustments	5,385	12	10,010	5,796	2,839	
B.3 losses on disposal						
B.4 transfers from other Non-Performing exposure	360	8				
B.5 contractual amendments without cancellation		x		x		x
B.6 other increases		0	427			
<b>C. Decreases</b>	<b>(18,264)</b>	<b>(142)</b>	<b>(35,945)</b>	<b>(2,831)</b>	<b>(4,346)</b>	<b>-</b>
C.1. write-backs from valuation	(988)	(64)	(1,538)	(1,256)	(4,346)	
C.2 write-backs from recoveries						
C.3 Gains on disposal						
C.4 write-off	(17,094)	0	(33,763)	(1,483)		
C.5 transfers to other categories of impaired exposures			(360)	(8)		
C.6 contractual amendments without cancellation		x		x		x
C.7 other decreases	(182)	(78)	(284)	(84)		
<b>D. Final overall adjustments</b>	<b>60,410</b>	<b>434</b>	<b>31,623</b>	<b>16,773</b>	<b>4,420</b>	<b>-</b>
- 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)

Exposures	Rating classes						Without rating	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
<b>A. financial assets measured at amortized cost</b>	<b>262,747</b>	<b>1,966,888</b>	<b>1,570,942</b>	<b>1,029,288</b>	<b>135,159</b>	<b>39,354</b>	<b>6,601,642</b>	<b>11,606,020</b>
- First stage	192,162	1,772,204	1,217,474	868,964	94,852	22,232	6,224,387	10,392,275
- Second stage	70,585	193,098	351,654	137,885	35,307	17,122	226,598	1,032,249
- Third stage		1,586	1,814	22,439	5,000	-	150,657	181,496
<b>B. Financial assets measured at fair value through other comprehensive income</b>								
- First stage								
- Second stage								
- Third stage								
<b>Total (A+B)</b>	<b>262,747</b>	<b>1,966,888</b>	<b>1,570,942</b>	<b>1,029,288</b>	<b>135,159</b>	<b>39,354</b>	<b>6,601,642</b>	<b>11,606,020</b>
of which: impaired financial assets acquired or arising								
<b>C. Commitments to lend funds and financial guarantees given</b>	<b>104,727</b>	<b>235,657</b>	<b>510,180</b>	<b>181,962</b>	<b>19,997</b>	<b>36,394</b>	<b>2,316,529</b>	<b>3,405,446</b>
- First stage	104,727	235,657	510,180	181,962	19,997	36,394	2,293,350	3,382,267
- Second stage			-	-	-		2,714	2,714
- Third stage							20,465	20,465
<b>Total (C)</b>	<b>104,727</b>	<b>235,657</b>	<b>510,180</b>	<b>181,962</b>	<b>19,997</b>	<b>36,394</b>	<b>2,316,529</b>	<b>3,405,446</b>
<b>Total (A + B + C)</b>	<b>367,474</b>	<b>2,202,545</b>	<b>2,081,122</b>	<b>1,211,250</b>	<b>155,156</b>	<b>75,748</b>	<b>8,918,171</b>	<b>15,011,466</b>

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

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

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

Rating class	Standard & Poor's	Fitch	Cerved
1	from AAA to AA-	from AAA to AA-	
2	from A+ to A-	from A+ to A-	from A1.1 to A3.1
3	from BBB+ to BBB-	from BBB+ to BBB-	B 1.1
4	from BB+ to BB-	from BB+ to BB-	from B1.2 to B2.2
5	from B+ to B-	from B+ to B-	C 1.1
6	CCC+ and lower	CCC+ and lower	from C1.2 to C2.1

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

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

## 9 - Concentration of credit

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

	TOTAL
GOVERNMENTS AND OTHER PUBLIC BODIES	2,146,738
CREDIT INSTITUTIONS	27,351
NON-FINANCIAL COMPANIES	8,201,585
FINANCIAL COMPANIES	1,413,125
OTHER	1,538,605
<b>total</b>	<b>13,327,404</b>

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

	TOTAL
NORTH WEST	5,009,698
NORTH EAST	1,604,861
CENTRAL	4,809,528
SOUTH	630,210
ISLANDS	245,740
OUTSIDE ITALY	1,027,367
<b>TOTAL</b>	<b>13,327,404</b>

### 9.3 - Large risks

a) Nominal amount:	15,490,754
b) amount post CRM and extensions ex Art. 400 CRR :	3,060,102
c) Number:	30



## 10 - Credit Risk Measurement and Management models and methods

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

### 3.2 Market risks

#### 3.2.1 Interest rate risk

## QUALITATIVE INFORMATION

### 1. General information

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

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

- 'Net Interest Income Sensitivity', which measures the change in the interest rate over the next 12 months in the absence of new operations, as forward interest rates for major currencies change in a range between +100bps and -100bps.
- 'Basis Point Value Sensitivity', which measures the change in the current value of interest rate positions resulting from an instant shock of 1bp of interest rates. It considers the current value of all future cash flows generated from assets, liabilities and existing derivatives.
- 'Economic Value Sensitivity' which monitors how interest rate change scenarios (scenarios with changes of +200 bp and -200 bp, rising short-term rates and falling long-term rates and vice versa, rising rates higher on the short-term side, falling rates higher on the short-term side.) affect the value of assets, liabilities and off-balance sheet instruments by affecting the economic value of future cash flows.

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

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

In principle:

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

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

## QUANTITATIVE INFORMATION

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

Item/Residual maturity	On demand	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	more than 10 years	Indeterminate duration
<b>1. Assets</b>	408,768	8,843,450	345,499	317,096	739,024	344,469	50,705	-
1.1 Debt securities in issue	-	-	-	-	-	-	-	-
1.2 Loans and receivables	408,768	8,843,450	345,499	317,096	739,024	344,469	50,705	-
1.3 Other assets	-	-	-	-	-	-	-	-
<b>2. Liabilities</b>	858,630	5,639,695	1,655,032	952,788	662,471	340,845	54,232	-
2.1 Payables	858,630	5,639,695	1,655,032	952,788	662,471	340,845	54,232	-
2.2 Debt securities in issue	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
other derivatives								
3.3 Long positions	-	85,204	-	-	-	-	-	-
3.4 Short positions	-	-	-	21,490	62,714	1,000	-	-

Other currencies								
Item/Residual maturity	On demand	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	more than 10 years	Indeterminate duration
<b>1. Assets</b>	113,935	170,663	5,739	76	427	-	-	-
1.1 Debt securities in issue	-	-	-	-	-	-	-	-
1.2 Loans and receivables	113,935	170,663	5,739	76	427	-	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
<b>2. Liabilities</b>	41,206	236,682	14,833	-	-	-	-	-
2.1 Payables	41,206	236,682	14,833	-	-	-	-	-
2.2 Debt securities in issue	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
other derivatives								
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

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

### 2 - Interest rate risk measurement and management models and methods

#### Sensitivity analysis

At December 31, 2023, the sensitivity of interest income to an immediate and parallel shift in forward rates and for major currencies is approximately +7.2 million (parallel up), and is approximately -7.2 million (parallel down).

The sensitivity of the economic value (according to the EBA) of shareholders' equity at December 31, 2023 to an immediate and parallel shift of +200bps in interest rates was approximately 3.4 million, while a shift of -200bp was equal to around -6.1 million.

## 3.2.2 - Price Risk

### QUALITATIVE INFORMATION

#### 1. General information

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

## 3.2.3 - Exchange rate risk

### QUALITATIVE INFORMATION

#### 1. General information

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

The Company's policy on exchange risk provides that accounts assigned in foreign currencies must be advanced and financed in the same currency.

The asset coverage required for exchange risk is determined by applying a coefficient of 8% to the net open position in exchange foreign currencies, reduced by 25% for companies in a banking group. On December 31, 2023, 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

ITEMS	CURRENCIES						
	USD	GBP STERLING	CANADIAN DOLLARS	SWEDISH KRONES	ROMANIAN	NORWEGIAN KRONER	OTHER CURRENCIES
<b>1. Financial assets</b>	265,306	17,602	8,984	1,070	1,995	508	141
1.1 Debt securities in issue	-	-	-	-	-	-	-
1.2 Equities	-	-	-	-	-	-	-
1.3 Loans and receivables	265,306	17,602	8,984	1,070	1,995	508	84
1.4 Other financial assets	-	-	-	-	-	-	57
<b>2. Other assets</b>	-	-	-	-	-	-	-
<b>3. Financial liabilities</b>	263,947	17,456	9,164	1,019	1,909	494	141
3.1 Payables	866	2,171	-	-	-	-	-
3.2 Debt securities in issue	-	-	-	-	-	-	-
3.3 Other financial liabilities	263,081	15,285	9,164	1,019	1,909	494	141
<b>4 Other liabilities</b>	-	-	-	-	-	-	-
<b>5. Derivatives</b>	-	-	-	-	-	-	-
5.1 Long positions	-	-	-	-	-	-	-
5.2 Short positions	-	-	-	-	-	-	-
<b>Total assets</b>	<b>265,306</b>	<b>17,602</b>	<b>8,984</b>	<b>1,070</b>	<b>1,995</b>	<b>508</b>	<b>141</b>
<b>Total liabilities</b>	<b>263,947</b>	<b>17,456</b>	<b>9,164</b>	<b>1,019</b>	<b>1,909</b>	<b>494</b>	<b>141</b>
<b>Difference (+/-)</b>	<b>1,359</b>	<b>146</b>	<b>(180)</b>	<b>51</b>	<b>86</b>	<b>14</b>	<b>0</b>

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

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

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

### QUANTITATIVE INFORMATION

The capital absorption quantified using the Base method, corresponding to 15% of the average operating income over the past three years was 23.8 million at the end of 2023, in line with the previous year.

## 3.4 - Liquidity Risk

### QUALITATIVE INFORMATION

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

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

UniCredit Factoring is only funded through the parent company, which also carries out liquidity risk monitoring, especially using the Maturity Match Gap metric. 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:

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

# Part D - Other information

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

## QUANTITATIVE INFORMATION

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

#### EURO

Item/Residual maturity	On demand	Between 1 and 7 days	from 7 to 15 days	between 15 days and 1 month	between 1 and 3 months	between 3 and 6 months	between 6 months and 1 year	from 1 year to 3 years	from 3 years to 5 years	more than 5 years	indeterminate duration
<b>On-balance sheet assets</b>	1,153,923	345,809	2,118,486	1,507,559	2,233,911	1,162,634	1,101,504	520,071	512,790	395,767	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	1,153,923	345,809	2,118,486	1,507,559	2,233,911	1,162,634	1,101,504	520,071	512,790	395,767	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
<b>On-balance-sheet liabilities</b>	485,113	1,204,795	2,406,141	1,207,880	1,077,809	1,753,311	969,326	331,415	331,415	395,080	-
B.1 Liabilities with	-	-	-	-	-	-	-	-	-	-	-
- banks	392,155	1,198,591	2,285,500	1,080,000	950,000	1,655,000	952,783	331,232	331,232	395,075	-
- financial institutions	-	-	102,986	102,987	-	-	-	-	-	-	-
- customers	92,958	6,204	17,655	24,893	127,809	98,311	16,543	183	183	5	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet transactions</b>	-	-	-	-	-	-	-	-	-	-	-
C.2 Cash settled financial derivatives	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	(133)	-	(287)	(57)	(103)	-	-
- Negative differentials	-	-	-	-	-	-	580	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	(1,823,035)	-	-	-	-	-	-
- Short positions	-	-	-	-	1,823,035	-	-	-	-	-	-
C.5 Financial guarantees issued	1,892,980	-	-	-	3,021,641	-	3,669,339	3,144,000	440,788	144,003	-
C.5 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

#### OTHER CURRENCIES

Item/Residual maturity	On demand	Between 1 and 7 days	from 7 to 15 days	between 15 days and 1 month	between 1 and 3 months	between 3 and 6 months	between 6 months and 1 year	from 1 year to 3 years	from 3 years to 5 years	more than 5 years	indeterminate duration
<b>On-balance sheet assets</b>	24,575	120,698	13,298	19,275	43,287	66,638	2,750	1,038	1,038	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	24,575	120,698	13,298	19,275	43,287	66,638	2,750	1,038	1,038	-	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
<b>On-balance-sheet liabilities</b>	2,226	140,397	25,355	38,195	35,731	52,189	37	-	-	-	-
B.1 Liabilities with	-	-	-	-	-	-	-	-	-	-	-
- banks	1,567	140,397	25,289	38,118	34,287	14,833	-	-	-	-	-
- financial institutions	-	-	-	-	-	-	-	-	-	-	-
- customers	659	-	66	77	1,444	37,356	37	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet transactions</b>	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-

## Quantitative information

### 3.5.2 Hedging derivatives: end-of-period notional values

UNDERLYING / RESIDING LIFE OF DERIVATIVES	FINANCIAL YEAR 31.12.2023				FINANCIAL YEAR 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANIZED MARKETS	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANIZED MARKETS
		WITH OFFSET AGREEMENTS	WITHOUT OFFSET AGREEMENTS			WITH OFFSET AGREEMENTS	WITHOUT OFFSET AGREEMENTS	
<b>1. Debt securities and interest rates</b>			<b>85,203</b>				<b>129,589</b>	
a) Options								
b) Swaps			85,203				129,589	
c) Forward								
d) Futures								
e) Other								
<b>2. Equity securities and share indexes</b>								
a) Options								
b) Swaps								
c) Forward								
d) Futures								
e) Other								
<b>3. Currencies and gold</b>								
a) Options								
b) Swaps								
c) Forward								
d) Futures								
e) Other								
<b>4. Goods</b>								
<b>5. Others</b>								
<b>Total</b>			<b>85,203</b>				<b>129,589</b>	

### 3.5.3 Residual life of hedging derivatives: notional values

(amounts in € thousands)

UNDERLYING / RESIDING LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEARS		TOTAL
		OVER 1 YEAR	OVER 5 YEARS	
A.1 Financial derivatives on debt securities and interest rates	21,490	62,713	1,000	85,203
A.2 Financial derivatives on equity securities and share indexes				
A.3 Financial derivatives on currencies and gold				
A.4 Financial derivatives on goods				
A.5 Other financial derivatives				
<b>Total 12.31.2023</b>	<b>21,490</b>	<b>62,713</b>	<b>1,000</b>	<b>85,203</b>
<b>Total 12.31.2022</b>	<b>44,385</b>	<b>74,683</b>	<b>10,520</b>	<b>129,588</b>

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

There is no data to report in this section

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

There is no data to report in this section

### 3.5.6 Hedging Instruments: Fair value hedges

(amounts in € thousands)

	Specific hedges						"Generic hedges: Book value"
	Book value	"Net positions: book value of assets or liabilities (before offsetting IFRS 9, 6.6.1)"	Cumulative value of changes in the fair value of the hedged instrument	Hedging reserves	Termination of hedging: cumulative value of residual changes in fair value	Termination of hedging: cumulative residual value of hedging reserves (IFRS 7, paragraph 24C, letter b, iv)	Change in value used to calculate effectiveness (IFRS 7, paragraph 24B, letter a), iv)
<b>FAIR VALUE HEDGES</b>							
<b>ASSETS</b>		-					<b>218</b>
Financial assets measured at fair value with impact on other income components - hedging of							
Debt securities and interest rates							
Equity securities and share indexes							
Exchange rates and gold							
Credit							
Commodity							
Other values							
Financial assets valued at amortized cost - hedging of							
Debt securities and interest rates		-					<b>218</b>
Equity securities and share indexes							
Exchange rates and gold							
Credit							
Commodity							
Other values							
<b>LIABILITIES</b>							
Financial liabilities measured at amortized cost - hedging of							
Debt securities and interest rates							
Equity securities and share indexes							
Exchange rates and gold							
Credit							
Commodity							
Other values							
<b>CASH FLOW HEDGES</b>							
<b>Assets</b>		-					-
Debt securities and interest rates		-					
Equity securities and share indexes							
Exchange rates and gold							
Credit							
Commodity							
Other values							
<b>Liabilities</b>							-
Debt securities and interest rates							
Equity securities and share indexes							
Exchange rates and gold							
Credit							
Commodity							
Other values							
<b>HEDGING OF FOREIGN INVESTMENTS</b>							
<b>Portfolio - Assets</b>							
<b>Portfolio - Liabilities</b>							

## Section 4 - Information on Equity

### 4.1 - The Company's shareholders' equity

#### 4.1.1 - QUALITATIVE INFORMATION

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

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

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

From an organizational viewpoint, the monitoring of equity coefficients is done each month by the Finance 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 possible issue of subordinate loans and primary capital securities, 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

VALUE/ITEM	12/31/2023	12/31/2022
1. Capital	414,348	414,348
2. Share premium	951	951
3. Reserves	377,738	358,414
- from profits	377,738	358,414
a) legal	50,470	47,252
b) statutory	185	185
c) treasury shares	-	-
d) other *	327,083	310,977
- others	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	(3,916)	(977)
- Equity securities designated at fair value with impact on overall profitability	(3,916)	(977)
- Hedging of equity instruments at fair value through other comprehensive income	-	-
- Financial assets (other than securities) measured at fair value with impact on comprehensive income	-	-
- Property plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	-	-
- Hedging tools (non-designated items)	-	-
- Exchange differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (change in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains (losses) on defined benefit plans	-	0
- Portion of valuation reserves for equity investments valued using the equity method	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	77,408	64,372
<b>Total</b>	<b>866,529</b>	<b>837,108</b>

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

ASSETS/VALUES	12/31/2023		12/31/2022	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities in issue				0
2. Equity securities				0
3. Loans		(3,916)		(977)
<b>Total</b>	<b>0</b>	<b>(3,916)</b>	<b>0</b>	<b>(977)</b>

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

	Debt securities	Equity securities	Loans
<b>Opening balance</b>			(977)
<b>2. Increases</b>	-	-	-
2.1 Increases in fair value		x	
2.2 Value adjustments for credit risk		x	
2.3 Reversal to profit and loss of negative reserves from disposals			
2.4 Transfers to other components of equity (equity securities)			
2.5 Other changes			
<b>3. Decreases</b>	-	-	(2,939)
3.1 Decreases in fair value			
3.2 Write-backs for credit risk			
3.3 Transfer to the income statement from positive reserves from disposals		x	
3.4 Transfers to other components of equity (equity securities)			
3.5 Other changes			(2,939)
<b>4. Closing balance</b>	-	0	(3,916)

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

The own funds as at December 31, 2023 were determined in accordance with Regulation EU 575/2013 of June 26, 2013 (CRR) and by the Bank of Italy in Circular 288 of April 3, 2015 as updated, on the 'Regulatory Provisions for Financial Intermediaries'.

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

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

#### 4.2.1.2 - QUANTITATIVE INFORMATION

	12.31.2023	12.31.2022
<b>A. Tier 1 capital before the application of prudential filters</b>	<b>791,943</b>	<b>791,943</b>
B. Prudential filters of Tier 1 capital:		
B.1 Positive IAS/IFRS prudential filters (+)		
B.2 Negative IAS/IFRS prudential filters (-)		
<b>C. Tier 1 capital gross of elements to be deducted (A + B)</b>	<b>812,326</b>	<b>791,943</b>
D. Items to be deducted from Tier 1 capital		
<b>E. Total Tier 1 capital (TIER 1) (C – D)</b>	<b>812,326</b>	<b>791,943</b>
<b>F. Tier 2 capital before the application of prudential filters</b>		
G. Prudential filters of Tier 2 capital:		
G.1 Positive IAS/IFRS prudential filters (+)		
G.2 Negative IAS/IFRS prudential filters (-)		
<b>H. Tier 2 capital gross of elements to be deducted (F + G)</b>	<b>-</b>	<b>-</b>
I. Items to be deducted from Tier 2 capital		
<b>L. Total Tier 2 capital (TIER 2) (H – I)</b>	<b>-</b>	<b>-</b>
M. Elements to be deducted from the total Tier 1 and Tier 2 capital		
<b>N. Regulatory capital (E + L – M)</b>	<b>812,326</b>	<b>791,943</b>

## 4.2.2 - Capital adequacy

### 4.2.2.1 - QUALITATIVE INFORMATION

The level of capital adequacy is regularly monitored:

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

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

### 4.2.2.2 - QUANTITATIVE INFORMATION

CATEGORY/VALUES	NON WEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUIREMENTS	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
<b>A. RISK ASSETS</b>				
A.1 Credit and counterparty risk	15,132,793	15,808,497	3,512,125	3,812,323
<b>B. CAPITAL REQUIREMENTS</b>				
B.1 Credit and counterparty risk			210,727	228,739
B.2 Requirement for the provision of payment services				
B.3 Requirement for issuing electronic money				
B.4 Specific prudential requirements				
B.5 Total prudential requirements			210,727	228,739
<b>C. RISK ASSETS AND CAPITAL RATIOS</b>				
C.1 Risk weighted assets			3,512,827	3,813,085
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			23.12%	20.77%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)			23.12%	20.77%

### Section 5 - Breakdown of comprehensive income

ITEMS		12/31/2023	12/31/2022
10.	<b>Net profit (loss)</b>	77,408	64,372
<b>Other comprehensive income not reclassified to profit or loss</b>			
20.	<b>Equity securities designated at fair value with impact on overall profitability:</b> a) fair value changes b) transfers to other equity components	(2,863)	(151)
30.	<b>Financial liabilities designated at fair value through profit or loss (changes in creditworthiness):</b> a) fair value changes b) transfers to other equity components		
40.	<b>Hedging of equity securities designated at fair value with impact on other income components:</b> a) change in fair value (hedged instrument) b) change in fair value (hedging instrument)		
50.	<b>Property, plant and equipment</b>		
60.	<b>Intangible assets</b>		
70.	<b>Defined benefit plans</b>	(76)	273
80.	<b>Non current assets and disposal groups classified as held for sale</b>		
90.	<b>Share of valuation reserves of equity investments accounted for using equity method</b>		
100.	<b>Income taxes relating to other comprehensive income without reversal to the income statement</b>		0
<b>Other comprehensive income that may be reclassified to profit or loss</b>			
110.	<b>Hedging of foreign investments:</b> a) fair value changes b) reclassification through profit or loss c) other changes		
120.	<b>Exchange differences:</b> a) fair value changes b) reclassification through profit or loss c) other changes		
130.	<b>Cash flow hedges:</b> a) fair value changes b) reclassification through profit or loss c) other changes of which: net position result		
140.	<b>Hedging tools (non-designated items):</b> a) changes in value b) reclassification through profit or loss c) other changes		
150.	<b>Financial assets (other than securities) measured at fair value with impact on comprehensive income:</b> a) fair value changes b) reclassification through profit or loss - impairment write-downs - realized gains/losses c) other changes		
160.	<b>Non-current assets and asset groups held for sale:</b> a) fair value changes b) reclassification through profit or loss c) other changes		
170.	<b>Portion of valuation reserve from investments valued at equity:</b> a) fair value changes b) reclassification through profit or loss - impairment write-downs - realized gains/losses c) other changes		
180.	<b>Income taxes relating to other comprehensive income with reversal to the income statement</b>		
190.	<b>Total other income components</b>	(2,939)	122
200.	<b>Total comprehensive income (Item 10+190)</b>	74,469	64,494

## Section 6 - Related-party transactions

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

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

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

### 6.1 - Information on remuneration of key management personnel

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

Compensation of key management personnel	2023	2022
a) short-term employee benefits	786	705
b) post-retirement benefits	-	-
<i>of which: under defined benefit plans</i>	-	-
<i>of which: under defined contribution plans</i>	-	-
c) other long-term benefits	-	-
d) termination benefits	-	-
e) share-based payments	-	-
<b>Total</b>	<b>786</b>	<b>705</b>

### 6.2 - Loans and Guarantees to Directors and Statutory Auditors

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

### 6.3 - Information on transactions with related parties

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

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

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

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

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

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

- the premises at Via Livio Cambi 5 in Milan, the company's head office, were leased from UniCredit, which also carries out ordinary and extraordinary maintenance for the property;
- the branches of UniCredit S.p.A. carry out business development on the company's behalf, based on the agreement signed in 2011 and subsequently extended in 2018, made between UniCredit Factoring S.p.A. and UniCredit S.p.A.;
- the Parent Company manages personnel administration, tax consultancy, activities relating to mailing, activities relating to legal and regulatory compliance and third-level controls, the soft collection of outstanding, overdue receivables, and back-office activities, technological outsourcing and operational services relating to acquisitions.

The sharing of these activities has allowed the company to benefit from specific levels of professional expertise.

The following table shows the outstanding assets, liabilities, guarantees and commitments as at December 31, 2023, 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

	Amounts as at 12.31.2023			
	Parent company	Subsidiaries of the parent company	Managers with strategic responsibility	other related parties
<b>BALANCE SHEET AMOUNTS</b>				
Cash and cash balances	8,470			
Financial assets valued at amortized cost with credit institutions	526	-	-	-
Financial assets valued at amortized cost with financial companies	-	-	-	-
Financial assets measured at amortized cost with Customers	-	-	-	-
Other assets	3,341	1,611	-	-
<b>Total assets</b>	<b>12,337</b>	<b>1,611</b>	<b>-</b>	<b>-</b>
Payables to credit agencies	9,814,484	200	-	-
Securities and financial liabilities	-	-	-	-
Other liabilities	22,077	2,315	-	-
<b>Total liabilities</b>	<b>9,836,562</b>	<b>2,515</b>	<b>-</b>	<b>-</b>
<b>Guarantees given and commitments</b>				
<b>INCOME STATEMENT</b>				
Interest and similar income	489	4,152	-	-
Interest expense and similar charges	(234,684)	(978)	-	-
Fees and commissions income	-	9.42	-	-
Fees and commissions expenses	(21,663)	(27)	-	-
Administrative costs: other personnel costs	(3,522)	(70)	(786)	-
Administrative costs: other administrative expenses	(10,375)	(326)	-	-
other operating income	-	0	-	-
<b>Total income statement</b>	<b>(269,756)</b>	<b>2,760</b>	<b>(786)</b>	<b>-</b>

For the purposes of the current provisions, in 2023 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 IFRS 16, further detailed in Part A - Accounting Policies - Part A.2, relating to the main financial statement items to refer to.

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

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

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

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

### QUANTITATIVE INFORMATION

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

During the year, these rights of use led to the recognition of depreciation and amortization of 0.8 million of which:

- 0.7 million related to buildings;
- 0.1 million relating to cars.

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

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

With reference to short-term leases and assets with a modest unit value, it should be noted that during the financial year lease payments of 0.1 million euros were recorded. It should be noted that this amount also includes VAT on lease payments not included in the calculation of the lease payable.

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

the duration of the first period, the existence of any business plans for the disposal of the leased assets as well as any other circumstance indicative of the existence of reasonable certainty of renewal.

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

## Section 8 - Other disclosures

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

#### QUALITATIVE INFORMATION

#### 1. Description of payment agreements based on own equity instruments

##### 1.1 Outstanding instruments

As part of the medium/long-term incentive plans for employees of Group companies, Equity-Settled Share Based Payment plans are used. The category, Equity-Settled SBPs, includes the following allocations of:

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

In line with the Bank of Italy's circular 285 (dated December 17, 2013 and subsequent updates on the subject of 'Remuneration policies and practices'), equity-settled share-based payments, represented by deferred payments in UniCredit ordinary shares, are used for the settlement of the golden parachute (severance pay) for key personnel.

## 1.2 - Measurement model

### 1.2.1 - Group Executive Incentive System (Bonus pool)

The economic value of performance shares, for the Equity-Settled SBP category, 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 2023' – Shares

The new Group Incentive System 2023 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;
- the definition of a Group-wide bonus pool, with subdivision according to the segments reported in the financial disclosure, based on the actual performance of each division adjusted according to quality and risk indicators and cost of capital;
- the allocation of bonuses to beneficiaries identified as executives and other key personnel on the basis of criteria laid down by the regulatory provisions of CRD V and Delegated Regulation (EU) 923/2021 of March 25, 2021, 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) as amended and will be distributed in a period of up to 7 years.

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

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

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2023					
	INSTALLMENT (2025)	INSTALLMENT (2026)	INSTALLMENT (2027)	INSTALLMENT (2028)	INSTALLMENT (2029)	INSTALLMENT (2030)
Date of bonus opportunity economic value granting	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023
Date of Board resolution (to determine number of shares)	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
Vesting period start date	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023
Vesting period end date	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-2026	31-Dec-2027	31-Dec-2028
UniCredit share market price [€]	17.675	17.675	17.675	17.675	17.675	17.675
Economic value of vesting conditions [€]	-2.211	-3.733	-5.391	-7.006	-8.577	-10.107
Performance shares' fair value per unit at grant date [€]	15.464	13.942	12.284	10.669	9.098	7.568

## Long Term Incentive Plan 2017-2019

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

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

## Long Term Incentive Plan 2020-2023

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

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

## QUANTITATIVE INFORMATION

### 2. OTHER INFORMATION

	Amounts as at 12.31.2023			
	Parent company	Subsidiaries of the parent company	Managers with strategic responsibility	other related parties
<b>BALANCE SHEET AMOUNTS</b>				
Attività finanziarie detenute per la negoziazione				
Attività finanziarie valutate al fair value				
Attività finanziarie disponibili per la vendita (partecipazioni)	-	-	-	-
Attività finanziarie detenute fino alla scadenza	-	-	-	-
Cash and cash balances	8,470			
Financial assets valued at amortized cost with credit institutions	526	-	-	-
Financial assets valued at amortized cost with financial companies	-	-	-	-
Financial assets measured at amortized cost with Customers	-	-	-	-
Partecipazioni	-	-	-	-
Other assets	3,341	1,611	-	-
<b>Total assets</b>	<b>12,337</b>	<b>1,611</b>	<b>-</b>	<b>-</b>
Payables to credit agencies	9,814,484	200	-	-
Debiti verso Enti finanziari		-		
Debiti verso Clientela		-		
Securities and financial liabilities	-	-	-	-
Other liabilities	22,077	2,315	-	-
<b>Total liabilities</b>	<b>9,836,562</b>	<b>2,515</b>	<b>-</b>	<b>-</b>
<b>Guarantees given and commitments</b>				
<b>INCOME STATEMENT</b>				
Interest and similar income	489	4,152	-	-
Interest expense and similar charges	(234,684)	(978)	-	-
Fees and commissions income	-	9,42	-	-
Fees and commissions expenses	(21,663)	(27)	-	-
Administrative costs: other personnel costs	(3,522)	(70)	(786)	-
Administrative costs: other administrative expenses	(10,375)	(326)	-	-
Other operating income	-	0		
<b>Total income statement</b>	<b>(269,756)</b>	<b>2,760</b>	<b>(786)</b>	<b>-</b>

All Share-Based Payments granted after November 7, 2002 whose vesting period ends after January 1, 2005 are included within the scope of the IFRS 2.

## **Annexes to the Notes**

# UniCredit S.p.A.

## Reclassified Balance Sheet as at 12.31.2022

<b>Assets</b>	
Cash and cash balances	54,713
Financial assets held for trading	18,785
Loans and receivables with banks	17,008
Loans and receivables with customers	191,959
Other financial assets	120,940
Hedging instruments	9,780
Property, plant and equipment	3,911
Goodwill	-
Other intangible assets	1,641
Tax assets	10,597
Non current assets and disposal groups classified as held for sale	233
Other assets	6,631
<b>Total assets</b>	<b>436,198</b>
<b>Liabilities and equity</b>	
Liabilities to banks	74,606
Deposits from customers	217,322
Debt securities in issue	47,063
Financial liabilities held for trading	20,719
Financial liabilities designated at fair value	6,367
Hedging instruments	3,489
Tax liabilities	19
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,251
Equity:	57,362
- capital and reserves	54,255
- net profit	3,107
<b>Total liabilities and equity</b>	<b>436,198</b>

# UniCredit S.p.A.

## Reclassified Income Statement - Year 2022

Net interest	3,829
Dividends and other income from equity investments	1,404
Net fees and commissions	4,157
Net trading, hedging and fair value income	54
Net other expenses/income	471
<b>OPERATING INCOME</b>	<b>9,915</b>
Personnel costs	-3,048
Other administrative expenses	-1,844
Recovery of expenses	458
Amortization, depreciation and impairment losses on intangible and tangible assets	-734
<b>Operating costs</b>	<b>-5,168</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>4,747</b>
Net write-downs on loans and provisions for guarantees and commitments	-1,055
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,692</b>
Net provisions for risks and charges	-440
of which: systemic expenses	-526
Integration costs	-249
Net income from investments	135
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>3,138</b>
Income tax for the year	-31
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>3,107</b>
Profit (loss) after tax from discontinued operations	0
Goodwill impairment	0
<b>NET PROFIT (LOSS)</b>	<b>3,107</b>



## Reconciliation of Income Statement and Reclassified Income Statement

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

### Disclosure of independent auditors' fees

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

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

The amounts shown in the table, pertaining to 2023, are the contractualized values including any indexing (they do not include out-of-pocket expenses, regulatory contributions if necessary, and VAT).

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

\* The certification services refer to the auditing of the Reporting Package for the purpose of the inclusion of the company's data in the UniCredit Group's interim report as at September 30, 2023, for the signing of tax returns, and to the translation of the audit report for inclusion in English translation of the financial statements.

# **Report of the Board of Statutory Auditors**

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**Report of the Board of Statutory Auditors  
to the Financial Statements as at December 31, 2023  
pursuant to Article 2429, paragraph 2 of the Italian Civil Code  
Ordinary Shareholders' Meeting of April 4, 2024**

Dear Shareholder,

in accordance with and pursuant to Article 2429, paragraph 2 of the Italian Civil Code, we report on the supervisory activity carried out during the financial year ended December 31, 2023, recalling that the statutory audit was carried out by KPMG S.p.A., by virtue of the mandate conferred by resolution of the Shareholders' Meeting of April 14, 2021 for the nine-year period 2022-2030 and that this Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of April 7, 2022 for the three-year period 2022-2024.

**Summary and results of the supervisory activity performed**

During the 2023 financial year:

- we supervised compliance with the law, statutory provisions and observance of the principles of correct administration;
  - we attended all the meetings of the Board of Directors and obtained information from the Directors on the general management and its outlook, on the existing risks and on the main transactions carried out by UniCredit Factoring S.p.A.. We can therefore confirm that the transactions of major economic, financial and equity significance approved and implemented during the year comply with the law and the Articles of Association and were not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;
  - the Board of Directors met regularly and, after preliminary review by the Audit Committee, reviewed the reports of the control functions (Compliance, Risk Management and Internal Audit) on matters within its remit in order to assess the functioning of the internal control system;
  - we held 12 meetings, one of which jointly with the Audit Committee, whose meetings we always attended;
  - within the scope of our competence, we acquired knowledge and supervised the Company's organizational structure and its functioning, which proved to be appropriate for the Company's size and business model in the various stages of its development;
  - we found that the Company subjected the Internal Control System on Financial Reporting to the analyses and checks required by the regulatory provisions pursuant to Law 262/2005. We have therefore taken note of the Reports on the status of the Internal Control System on Financial Reporting of UniCredit Factoring S.p.A., most recently for the reference period July 1, 2023 - December 31, 2023, in which the Financial Reporting Officer believes that, on the basis of the checks carried out, the administrative and accounting procedures were adequate and effectively applied;
  - we have monitored, within the limits of our competence, the adequacy and functioning of the administrative and accounting systems, as well as the reliability of the latter in presenting the management events correctly, by obtaining information from the heads of the functions and from the Independent Auditors appointed for the legal audit of the accounts, and have no observations to report;
  - during the period under review, we maintained a continuous and effective exchange of information with Internal Audit. In particular, we received and discussed the audit reports issued by the Internal Audit function and were regularly updated on the implementation of corrective actions. Based on the information acquired and the results of the Internal Audit activity carried out in 2023, included in the annual report of the Function (Integrated Audit
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Report 2023), the overall assessment of the Internal Control System (ICS) is confirmed by the Internal Audit Function as Mostly Adequate.

#### Outcome of the Board of Statutory Auditors' self-assessment exercise - 2022 - 2023

In 2023, in accordance with the provisions of the Rules of Organisation and Operation of the Board of Statutory Auditors of the Company, approved on October 18, 2022, the Board of Statutory Auditors carried out for the first time the self-assessment exercise, which it decided to undertake on a voluntary basis, given the nature of the Company, also taking into account best practices in the industry.

The review of the composition of the Board of Statutory Auditors was carried out both on an individual basis, to assess the availability of time to perform the task and the existence of the independence requirement, and on an overall basis, to assess the adequacy of the degree of diversification in terms of various elements.

The diverse professional skills of the members of the Board of Statutory Auditors enable it to make an appropriate contribution to the Board's oversight activities and to promote a plurality of approaches and perspectives in analysing problems and making decisions.

With regard to the activities carried out in the two-year period 2022 - 2023, the exercise shows that the Statutory Auditors carried out their duties effectively, autonomously and independently, with a view to assessing the adequacy of their supervisory activities.

#### Organizational Structure, Workforce and ICT

In terms of key ICT initiatives to support the organizational structure, in order to strengthen the consistency of core platforms and achieve process effectiveness and organizational efficiency, we highlight the continuation of interventions aimed at modernising the IT platform under the Digital Factoring program.

In particular, the Board of Statutory Auditors noted that in 2023, an upgrade of the underwriting application (PEF) was launched with the introduction of the Group's scoring engine and the automation of the credit application approval process and the determination of proxies through integration with internal and external information systems. In addition to the creation of a new contract file, activities in 2023 were devoted to some structural work on the current K4F 1.0 back-end, with a view to improving performance and preparing the application for future developments. In this regard, the internal sharing activity with all the Company's workforce on the measures taken and the future development of the application continues, through specific informative sessions.

Underwriting work is expected to be completed by 2024, with expected benefits of optimising customer and after-sales processes, together with increased business volumes and market share. Over the next few years, the back-end of the IT platform will be upgraded to optimize core processes and reduce operational risk associated with obsolescence.

The completion of this project is also expected to have a positive impact on the internal control system. In this context, the Board of Statutory Auditors constantly monitored the evolution of the Digital Factoring project, not only with dedicated meetings with the Project Leader and the Head of Business Services & Process Excellence of Unicredit Factoring S.p.A., but also, following due escalation in the Board of Directors, with updates from the Chief Executive Officer on the subject of risks.

The Company's operating structure consisted of a workforce of 253 *full-time equivalent*- FTEs at the end of 2023 (272 at 12.31.2022), a decrease of -19 FTEs in addition to the -9 FTEs of the previous year. This further net change, reflecting the entry of 14 FTEs against 33 exits, continues to guarantee the adequacy of the organizational structure, in relation to the level of professionalism of the workforce and the achievement of the efficiency objectives set out in the

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multi-year plan, although it requires continuous and careful monitoring in terms of workloads, also associated with the ongoing digitization process, especially in certain operational structures.

The Notes to the Financial Statements confirm that:

- the Company has not granted loans or guarantees to Directors and Statutory Auditors;
- for the purposes of the current provisions, in 2023 there were no atypical or unusual operations with related parties or non-related parties, whose significance could give rise to any doubt as to the security of the company's assets.

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

In 2023, no complaints were received pursuant to Article 2408 of the Italian Civil Code, nor exposed by third parties.

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

We carried out the functions of Supervisory Body pursuant to Legislative Decree no. 231/2001. The Board of Directors reported on the activities carried out during the financial year ended December 31, 2023, without reporting any critical issues, highlighting an overall satisfactory situation and substantial compliance with the provisions of the Company's Organizational, Management and Control Model.

## **Financial Statements**

We have examined the draft financial statements for the year ended December 31, 2023 prepared by the administrative body, which are made up of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, the Notes to the Financial Statements and accompanied by the Directors' Report on Operations, presented in accordance with Article 2429 of the Italian Civil Code and approved by the Board of Directors at its meeting on February 28, 2024. The draft financial statements show a profit for the year of 77,407,566 euros (64,371,666 as at 12.31.2022) and shareholders' equity of 866,528,215 euros (837,108,005 as at 12.31.2022).

The Board of Directors proposes to allocate the net profit for the year with the allocation of 3,870,378 euros to the legal reserve, 19,334,688 euros to other reserves and 54,202,500 euros to the shareholder at a rate of 0.675 euros per share.

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

In particular, we note that:

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

In respect of the financial statements as at December 31, 2023, KPMG S.p.A. issued on March 8, 2024 the "External Auditors' Report" pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010 (the "Report"), in which it is confirmed that the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union. In the Report, the Independent Auditors also confirmed their independence with respect to the Company, in accordance with the rules and principles on ethics and independence applicable to the audit of the financial statements in the Italian legal system and also expressed an opinion on the consistency of the Directors' Report on Operations with the financial statements as at December 31, 2023 pursuant to Article 14, paragraph 2, letter e), of Legislative Decree no. 39/2010.

### **Conclusions**

Also taking into account the report of the independent auditors KPMG S.p.A., which expressed an unqualified opinion on the financial statements, we have no observations to make to the Ordinary Shareholders' Meeting regarding the approval of the financial statements for the year ended December 31, 2023 as drawn up by the Board of Directors and the proposal for the allocation of the profit for the year drawn up by the Board of Directors.

Milan, Italy, March 11, 2024

For the Board of Statutory Auditors:

The Chairman

Andrea Grosso

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# **External Auditors' Report**





KPMG S.p.A.  
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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

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

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of UniCredit Factoring S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of UniCredit Factoring S.p.A. as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136/15.

#### *Basis for opinion*

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

#### *Other matter*

##### *Management and coordination*

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



**UniCredit Factoring S.p.A.**

*Independent auditors' report*

31 December 2023

### ***Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements***

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

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

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

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

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

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



**UniCredit Factoring S.p.A.**

*Independent auditors' report*

*31 December 2023*

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

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

## **Report on other legal and regulatory requirements**

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

The company's directors are responsible for the preparation of a directors' report at 31 December 2023 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 December 2023 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2023 and has been prepared in compliance with the applicable law.

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

Milan, 8 March 2024

KPMG S.p.A.

(signed on the original)

Francesco Pizzutilo  
Director of Audit

# **Resolution of Ordinary Shareholders' Meeting**

# Resolution of Ordinary Shareholders' Meeting

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

- to approve the financial statements as at 12.31.2023 as proposed
- to approve the allocation of the profit for 2023, equal to € 77,407,566, in the following terms:
  - € 3,870,378 to the Legal Reserve;
  - € 19,334,688 to the Other Reserves;
  - € 54,202,500 to shareholders at the rate of € 0.675 per share.

## **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 debtor insolvency. In its recourse assignments, UniCredit Factoring acquires trade receivables due to the assignor from its debtors, taking care of their administration and collection. At the assignor's request, UniCredit Factoring can pay an advance on the amount due.

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

## Assignment on a Without Recourse basis

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

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

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

## Maturity Assignment

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

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

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

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

## Reverse factoring

The product is aimed at large companies ('Buyers') with a substantial and fragmented supplier portfolio who wish to streamline and rationalize the management of their purchasing cycle.

Reverse factoring allows:

- the Buyer's suppliers to access special lines of credit under special conditions, also benefiting from the Buyer's credit rating;
- the Buyer to benefit from greater loyalty among its suppliers, thus improving the quality and punctuality of consignments from its trade partners. The Buyer can also rely on standardized, simplified administration procedures for the payment of suppliers, by using UniCredit Factoring as a single partner for every phase of the process.

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

## Confirming

The product is aimed at medium and large companies ('Buyers') who wish to consolidate relations with the production chain and support it financially.

Confirming allows:

- the 'Buyer' to benefit from a greater loyalty of its production chain and to simplify the management of payments to its suppliers thanks to the use of a highly digitalized platform;
- suppliers to access the electronic platform and request the discounting of receivables uploaded by the 'Buyer'.

## Assignment of receivables to public bodies

The product is aimed at companies that wish to liquidate their trade receivables from debtors belonging to the public administration sector.

UniCredit Factoring receives receivables from the assignor, manages them administratively and takes care of their collection.

At the assignor's request, UniCredit Factoring can pay an advance on the amount due.

With this type of operation the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

## Assignment of import/export receivables

The product is aimed at companies that wish to obtain support with the management of their receivables from foreign counterparties.

With Export Factoring, UniCredit Factoring acquires the trade receivables of the Italian assignor, due from some of its foreign debtors, and takes care of the administration and collection.

With Import Factoring, UniCredit Factoring acquires the trade receivables of the foreign assignor, due from some of its Italian debtors, and takes care of the administration and collection. If required, the debtor may be granted extended terms of payment.

With both these types of operation, UniCredit Factoring provide its customers with its experience in the rating of foreign counterparties.

With both import and export operations, the risk of the debtor's insolvency may remain with the assigning company (recourse) or be borne by UniCredit Factoring (non-recourse). At the assignor's request, UniCredit Factoring can also pay an advance on the amount due.

These operations are global. The activity can be carried out either with the collaboration of factoring companies in the UniCredit Group, or through the corresponding companies in the Factors Chain International (FCI) network.



## Outright purchase of receivables

The product is aimed at medium/large companies wishing to improve their net financial position, using a service that allows the deconsolidation of receivables from the financial statements in compliance with international accounting standards.

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

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

## Payment on maturity

The product is aimed at companies that want to regularize their cash flows and optimize management of their treasuries.

With transactions for payment on maturity, UniCredit Factoring receives the trade receivables claimed by the assignor from some of its debtors and, on the original due date of the receivable and on the debtor's recognition, makes the solvency payment to the assignor.

The special characteristic of this product is the transfer of the insolvency risk to UniCredit Factoring, thanks to the solvency payment. The risk of insolvency of debtors in the period prior to the solvency payment is transferred to UniCredit Factoring (non-recourse).

This product is particularly suited to companies that are subject to mandatory payment terms such as those in the agricultural or food industry, and which are subject to the rules of Article 62 of Decree Law 1/2012 (Law 27/2012).

## Disposal of indirect tax credits

The product is aimed at companies that wish to release tax credits from indirect taxes claimed for reimbursement, whose payment times are generally longer than normal commercial practice.

UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

## Disposal of direct tax credits

The product is aimed at companies that wish to liquidate tax credits from direct taxes, such as IRES and Robin Hood tax, requested for reimbursement from the Revenue Agency, whose payment times are generally longer than normal commercial practice.

UniCredit Factoring receives this kind of receivable, due to the assignor from the Revenue Agency, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

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

The product is aimed at companies wishing to liquidate receivables represented by the incentives regulated by the Ministerial Decree of July 6, 2012, provided by Gestore dei Servizi Energetici (GSE) for the production of electricity from renewable sources other than photovoltaics.

UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring, normally upon receipt of the notification report, may also advance the consideration for the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

## White certificates

The product is aimed at distributors of electricity and natural gas, with more than 50,000 end customers who wish to liquidate receivables represented by the so-called 'White Certificates', recognized by Gestore dei Servizi Energetici (GSE) against the achievement of energy efficiency objectives.

UniCredit Factoring acquires the credits due to the assignor from the GSE, and takes care of their administration and collection. At the assignor's request, UniCredit Factoring can also pay an advance on the amount due or go ahead with acquiring them.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

## Condominiums energy redevelopment

The product is aimed at companies that carry out energy efficiency work for condominiums and who wish to benefit from the advance of tax credits related to Ecobonus, Sismabonus and Sismabonus 110%.

UniCredit Factoring receives the amount of the tax credit deriving from expenses incurred by condominiums for energy efficiency or earthquake-proofing work. At the request of the assignor, UniCredit Factoring can also assess whether to advance the consideration of the assigned receivables or proceed with their purchase.

With this type of operation, the risk of the debtor's insolvency may remain with the assigning company (with-recourse) or be borne by UniCredit Factoring (without-recourse).

» **unicreditfactoring.it**