



Inside real life. A 360° view.

Reports and Accounts 2015

Welcome to UniCredit Factoring

UniCredit firmly believes that to truly understand real life, we must directly experience it. That way we are more prepared to find sustainable solutions while the world's needs and values constantly change.

For us, helping customers fulfil the basic necessities of modern life is just as important as offering the very best financial and banking products.

This means providing a complete range of services to support families and businesses, fully aware that responding to their needs builds a sustainable future for everyone.

Our products begin with real human insights that help us accompany customers throughout their lives. Because life is full of ups and downs, but it is also full of many other things, like buying a home, getting married, having children and sending them to university, etc.

It's a 360-degree approach that we call Real Life Banking.

Over the following pages, our aim is not just to present data and numbers about our Group's performance. We also want to share stories that show how we have helped people realize their dreams and supported the communities that host our branches.

Because the drive to build a better future is what keeps people going.

And supporting people keeps us going too.

Life is full of ups and downs.
We're there for both.

Welcome to
UniCredit
Factoring

Daddy, are you done working yet?

Let’s talk about lending a hand to entrepreneurs.

Being an entrepreneur often means that the line between work and private life is very thin. Sometimes it just does not exist, as is the case with Matteo and Giacomo’s father: He wants to balance everything by himself, but often he just can’t make that happen.

But help is closer than it looks. When you think about the ways banks can support private businesses, you probably think about financing, or special current accounts for small enterprises.

Our Italian colleagues were able to look beyond that when they created My Business Manager. To help small entrepreneurs in their everyday lives, My Business Manager is an online report that enables them to continuously monitor and forecast flows, transactions, payments, receipts, invoices and credit.

It’s just like having a personal manager who handles the administration while you take care of your business. Easy, isn’t it?

Thanks to this simple interface, entrepreneurs like Matteo and Giacomo’s dad can check their business at a glance and be faster in all of their transactions and, above all, spend more time with their families.

Corporate Officers and General Management

Board of Directors

Roberto Bertola	**Chairman**
Maurizio Guerzoni	**Vice-Chairman**
Renato Martini	**Chief Executive Officer**
Aldo Bulgarelli[1] Alessandro Cataldo Giuseppe Cristiani[1] Pasquale Antonio De Martino[2] Elena Patrizia Goitini Mauro Macchiaverna	**Directors**
Andrea Ernesto Romano	**Secretary**

Board of Statutory Auditors

Vincenzo Nicastro	**Chairman**
Roberto Bianco Federica Bonato	**Standing Statutory Auditors**
Paolo Colombo Massimo Gatto	**Alternate Auditors**

General Management

Renato Martini	**Chief Executive Officer**
Andrea Burchi	**Vice General Manager** **Head of Commercial Department**
Elvio Campagnola	**Vice General Manager** **Head of Marketing**
Marco Lotteri	**Vice General Manager** **Head of Credit and Risks Department**
Silvio Felice Asti	**Head of Planning, Finance and Administration**
Debora Gatti	**Head of Human Resources**
Antonio Moretti	**Head of Organization and Logisitics**
Andrea Ernesto Romano	**Head of Legal Department**
Giancarlo Zaccaro	**Head of Debtor Management Department**
Mauro Zandonà	**Head of International Business**

1. Nominated by the Shareholders' Meeting of April 27, 2015
2. Co-opted on December 11, 2015 following decease on November 5, of Director Antonella Giacobone

UniCredit Factoring S.p.A.
A sole partner company belonging to the Gruppo Bancario UniCredit
(Unicredit Banking Group)
Listed in the Register of Banking Groups code.2008.1
Share capital Euro: 414.348.000 fully paid in
Legal reserve 13.872.472 Euros
Registered offices in Milan - 20122 Milan Via Livio Cambi, 5
Tel. +39 02 366 71181 - Fax +39 02 366 71143
R.E.A. nr. 840973 Enrolled in the Milan Business Register
Tax code and VAT nr. 01462680156
Registered in the general list pursuant toarticle 106 TUB under nr. 28148
and in the special list in conformity with article 107 TUB under nr. 1000005239
e-mail: info.ucfactoring.it@unicreditgroup.eu website www.unicreditfactoring.it
Certified Electronic Mail:: comunicazioni.ucf@pec.unicredit.eu

My ideas are so big, they make me feel small.

Let's talk about realizing your projects.

Stefan runs his family's company in Bucharest. He has designed and built kitchens since he was a boy, and still loves it. But since he also loves to cook, he thinks it would be perfect to combine his passions by opening a special show room that hosts cooking classes and workshops with famous chefs.

A place like that would have some cultural value and give his whole neighborhood a boost, so he thinks he could apply to receive public funds. But he doesn't know where to start. He needs a partner, someone who helps prove the feasibility of the project to the government.

Hey Stefan, why not ask us? We often give advice to customers who want to get grants and other funding. In Romania, for instance, we provide 360° support, from the stage when a client gets an investment idea, to when the client secures funding, until even after that, while the client's use of funding is monitored.

Thanks to our preliminary advice, including guidance on where to apply for funds, and our full range of banking products and attentive monitoring service, Stefan can make his idea a reality. And, who knows, maybe it will also help him become the world's next great artisan-cook.

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I know it's not the best time, but I need to check my finances.

Let's talk about financial advice anywhere, anytime.

Imagine you are in the middle of a ski holiday. Everything is beautiful and the conditions are just right. You feel like you don't have a single worry in the world. But suddenly a thought comes along to disturb your peace: Did you forget to settle your financial business last week?

That's exactly what happened to Nico. During his first romantic holiday with Emma, he realized that this little banking detail was driving him crazy, and spoiling the fun. And he thought to himself: "You know what would be really useful right now? A bank manager I can call or, even better, text."

No sooner said than done.

Thanks to SmartBanking in Austria, it's possible to bring the branch to you. Whether at home with your laptop or on the go with your mobile phone, SmartBanking enables you to manage your finances in the most convenient way for you.

Relationship managers will give advice quickly and conveniently, by any possible method you want, from SMS to video chat. So now answers that you need on every possible financial topic, from taking out a loan to explaining your banking transactions, are at your fingertips.

That means we can help you save for your holiday, and save your holiday.

Agenda of the Ordinary Shareholders' Meeting

UNICREDIT FACTORING S.p.A.
A UniCredit Banking Group Company
Listed in the Register of Banking Groups
Registered Offices in Milan, Via Livio Cambi, 5
Share Capital 414.348.000,00 Euros, fully paid-in
Enrolment number in the Milan Business Register,
Fiscal Code and VAT Number 01462680156, R.E.A. nr. 840973

Our shareholders are convened to the Ordinary General Shareholders' Meeting to be held on **13th April 2016, at 14.30**, at the Company's registered offices in Milan, Via Livio Cambi 5, at first call and, if necessary, at second call on 14th April 2016 at the same time, same place, to deliberate the following:

AGENDA

1. Approval of the Financial Statements for the period ended at 12.31.2015, of the Reports of the Board of Directors, the Board of Auditors and the Independent Audit Company. Relevant resolutions.
2. Nomination of the Directors, subject to the determination of their number, together with definition of the duration of their mandate.
3. Authorization for the performance of competitive activities pursuant to art. 2390 of the Civil Code.
4. Determination pursuant to art. 27 of the Articles of Association, of the fees due to Directors for the activities performed by the latter within the framework of the Board of Directors and the Intra-Board Committees;
5. Nomination of the Board of Auditors, its Chairman and Alternative Auditors, for the periods 2016-2018, with expiry at the date of the Ordinary Shareholders' Meeting summoned for the approval of the 2018 Reports and Accounts.
6. Determination, pursuant to art. 30 of the Articles of Association, of the fees due to the Auditors, for each year of appointment, also with respect to the performance of the functions of the Supervisory Body pursuant to Legislative Decree 231/2001.

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

Milan, 25th March 2016

The Chairman
Roberto Bertola

Ok guys, where's the stage?

Let's talk about getting the goods on time.

Every summer, major music festivals are held in the countryside. The line-ups are announced months in advance, and thousands of people buy tickets to see their favorite bands live. But sometimes ... things can go wrong.

Tens of thousands of goods pass through the customs every day. It's so ordinary that you never even think about it. Until one day, when goods vital to your business operation absolutely must arrive in time.

From concert equipment to spare parts, it can take up to three working days to get your customs payments processed. That is why in Russia we introduced the PayHD card. It speeds up import/export operations and helps our customers avoid bad surprises. With PayHD, goods are always processed quickly, with no extra paper work required.

Now entrepreneurs in Russia can concentrate on their own business and stop worrying about import/export timings.

Directors' Report on operations

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

Directors' Report on operations

Synthesis of results

In 2015, after a three year decline the Italian gross domestic product registered a moderate recovery, sustained, as in the rest of the Eurozone, by domestic demand, in particular by family consumption. On the other hand, the foreign demand suffered from the weakness of worldwide trading, linked to the slowdown in the emerging economies. Bank loans witnessed the beginning of an upturn chiefly involving loans to families, although during the last few months of the year company loans also showed signs of recovery. The factoring sector highlighted a more favourable evolution with a 4.1% growth in turnover and a rise in lending of over 4% compared to the end of the previous year.

In this context our Company, within the framework of Group strategies, managed, in any case, to achieve a further growth in operational levels with a turnover flow of 32.3 billion (+3.7%), substantially in line with the overall performance of the sector, where our second ranking, with a market quota of 17.5%, was consequently confirmed. The end of period lending stood at 8.4 billion, highlighting an upswing in line with the turnover, (+3,5% against the previous end of year figure) and a significant improvement in quality, thanks to a one third reduction in impaired receivables.

The operational structure was further strengthened in order to sustain our business development. Human resources (in terms of Full Time Equivalent) increased by 34 units, rising from the 268 units at end-2014 to 302 at end-2015 (+12.4%), reinforcing, in particular, both Business Management and Credit and Risks Management. At the same time activities aimed at recovering efficiency by improving operational procedures were ongoing.

The financial results suffered from the significant contraction in spreads and unit fees, attributable both to market factors and to the effects of customer breakdown. As a result the brokering margin dropped by 21% against the previous year, also due to lower default interest takings (-17.6% reduction on homogenous bases), despite the growth in the volumes brokered.

This downswing was, however, largely offset by the positive performance of adjustments and provisions, which benefited, not only from the high asset quality, but also from partially unrepeatable writebacks. Net profits, also thanks to the improved fiscal impact, remains slightly higher than 100 million, almost in line with last year's figure.

The principal management indicators confirmed their exellent levels. Cost/income, though increasing, remained at 22.8% and the ROE dropped only slightly (from 17.3% to 15.9%), whereas productivity indicators, although showing a positive trend regarding the volumes handled, suffered from the considerable increase in human resourses and the reduction of margins. Regarding the asset risk indicators there was a marked improvement both in the impact of impaired receivables on the total (from the 0.78% to the 0.61% of the non-performing and from the 4.88% to the 3.16% of the total impaired receivables at balance-sheet value), and in the hedging of the foregoing, which achieved 80% for the non-performing and 42% for the total.

Including profit for the year, 70% of which distributed as dividend, Net Equity rose to 730 million, from the 703 at end 2014. Thanks to the 8.2% reduction in total weighted assets, compared to the 3% upswing in the non-weighted, caused by a significant increase in the State debtor impact on the receivables portfolio and the market decline in impaired receivables (weighted at 150%), the Core Tier 1 rose to 10% against the previous year's 8.76%.

In conclusion, with respect to our prospects for the current year, in a scenario which should confirm the present moderate recovery, even considering the risks associated with the international context, a further, positive development in operating volumes and a recovery of revenue are expected, placing particular reliance on intensified collaboration with the holding's network and on the development of new business opportunities involving reverse factoring and international trading.

Principal Company data

Operating data

(€million)

	PERIOD		CHANGE	
	2015	2014	ABSOLUTE	%
Turnover	32,283	31,142	+1.141	+3.7%
Outstanding	11,107	11,359	-252	-2.2%

Financial data

(€million)

	PERIOD		CHANGE	
	2015	2014	ABSOLUTE	%
Brokering margin	197	249	-52	-21.0%
- net interest	*120*	*169*	*-49*	*-29.0%*
- net commission	*68*	*75*	*-6*	*-8.2%*
Operating costs	-45	-43	-1	+3.2%
Operating income	152	205	-54	-26.1%
Net operating income	147	157	-11	-6.9%
Net profit	**100**	**104**	**-4**	**-3.4%**

Asset and equity data

(€million)

	SITUATION AT		CHANGE	
	12.31.2015	12.31.2014	ABSOLUTE	%
Total assets	8,507	8,249	+258	+3.1%
Receivables	8,426	8,143	+283	+3.5%
Net equity	**730**	**703**	**+27**	**+3.9%**

Structure data

	DATA AT		CHANGE	
	12.31.2015	12.31.2014	ABSOLUTE	%
Number of employees (Full time equivalent)	302	268	+33	+12.4%
Number of trading points	13	13	-	-

Profitablity indexes

	PERIOD		
	2015	2014	CHANGE
ROE [1]	15.9%	17.3%	-1.4
Cost/income	22.8%	17.4%	+5.3

Risk indexes

	DATA AT		
	12.31.2015	12.31.2014	CHANGE
Net non-performing receivables /receivables	0.61%	0.78%	-0.17
Net impaired receivables /receivables	3.16%	4.88%	-1.72

Productivity indexes

(€million)

	PERIOD		CHANGE	
	2015	2014	ABSOLUTE	%
Turnover per employee	113.1	117.2	-4.0	-3.4%
Brokering margin per employee	0.69	0.94	-0.25	-26.4%

Capital ratios

(€million)

	DATA AT		CHANGE	
	12.31.2015	12.31.2014	ABSOLUTE	%
Supervised assets	716	693	+24	3.4%
Total risk-weighted assets	6,594	7,182	-588	-8.2%
Core Tier 1	10.00%	8.76%	1.24%	
Supervised assets/Total weighted assets	10.86%	9.64%	1.22%	

1. The share capital used in the report corresponds to the end - of - year figure (excluding end - of - year profits).

Directors' Report on operations (Continued)

The External Scenario

Macro-economic scenario

During 2015 worldwide economic activites were inconsistent. The advanced enconomies benefited from the stronger purchasing power generated by low oil prices, favourable credit conditions and a considerable improvement in confidence among both consumers and companies. Among the advanced economies, Japan struggled to gain momentum. The prospects of growth relating to the emerging economies were, however, hampered by structural obstacles and macroeconomic imbalances, exacerbated in some cases by the worldwide economic situation and by the collapse of raw materials prices. China's economic expansion shows an ongoing downturn due to the numerous structural challenges which Beijing is forced to face, e.g. excess production and the problematical transitiion towards a growth pattern focussed on domestic demand rather than on exports. Finally, Russia is still struggling to recover from the impact of the financial crisis which engulfed it at the end of 2014.

In the United States, economic growth slowed down in the third quarter by 2% q/q (annualized), after the strong expansion registered in the previous period. Its economic trend benefits from the growing consumer demand, led both by higher nominal salaries and by greater purchasing power encouraged by low oil prices. Signs of weakness appeared chiefly with respect to investment expenditure, as many companies operating in the energy sector reduced their investments due to oil market weakness. As predicted, at December 2015 the monetary policies adopted by the Fed and the ECB began to diverge. For the first time since the crisis, the Central American Bank raised its reference rates by 25pb due to a solid employment scenario and despite weak inflationary pressures.

In the Eurozone, recovery remained moderate. In the third quarter of 2015 the GDP grew by 0.3% on a quarterly basis, caused mainly by private consumption and, to a lesser degree, by investments. The first benefited from the increased consumer purchasing power, the second by improved credit conditions. The external demand, on the contrary, suffered from the weakness of worldwide trade, linked to the slowdown in the emerging economies. The confidence indexes among purchase managers (SMB small and medium businesses) confirmed the expectations of a further, 0.5% GDP expansion in the fourth quarter of 2015, even though the latest real data would seem to anticipate a less favourable picture.

In Italy recovery is progressing gradually too, thanks to the fortification of the domestic demand factor which offset the downturn in exports. The trend in domestic demand benefited from increased household consumption and stocks, whereas the recovery of investments is still intermittent due to the uncertainty affecting foreign demand.

Inflationary dynamics remained low. In December, inflation in the Eurozone stood at 0.2%. This persistent weakness is chiefly attributable to the price of energy commodities. The 'core' component (which excludes commodities whose prices tend to be more volatile, such as energy and foodstuffs) also remained low - around 0.9%. At the December 3rd board meeting, the Central European Bank, (ECB) deemed it necessary to adopt a further monetary incentive in order to raise inflation up again to levels approaching 2%. The rate on deposits at the central bank was reduced by 10pb, to -0.30%, while the securities purchase programme (Quantitative Easing) is to be extended until March 2017, or even further if necessary, though maintaining unchanged the monthly amount of purchases at 60 billion Euros. Furthermore the ECB has decided to include marketable debt instruments, in Euro units, issued by regional and local administrations in the Eurozone, in the list of the assets admissible for regular purchases by the respective national central banks.

The Banking Context

In Italy at the end of 2015, the decline in loans to companies receded, a trend which well supports the expectations for an upturn in such loans during 2016, in line with the predicted recovery of investments. Loans to families were characterized by a net acceleration during the last few months of 2015, also sustained by an increase in consumer credit.

During 2015, the bank loan sector began to recover. In December 2015, the growth rate regarding private loans in the Eurozone stood at around 1% y/y, an expansion confronting the overall decline, even though modest, registered at the end of 2014. The improvement concerned mainly loans to families, though in the last few months of the year there were visible signs of recovery also for loans to companies. In Italy, at end 2015, the contraction in loans to companies slowed down, a trend which well supports the expectations of an upturn in the latter during 2016, in line with the expected recovery in investments. Loans to families showed a net acceleration in the last few months of 2015, also sustained by an increase in consumer credit.

With respect to the performance in the system collection, at the end of 2015, the upswing in bank deposits was confirmed, chiefly supported by an increase in on-demand deposits, to the detriment of the average long-term collection (including bonds), also bearing in mind the low remuneration of alternative investments. In 2015, the highly expansive context of the ECB's monetary policy sustained a further, progressive reduction in bank interest rates, both on loans and on deposits, with bank deposit rates by now not far distant from zero percent. Therefore bank spreads (difference between the average rates regarding loans and deposits) showed a further gradual decline/stabilisation.

The financial market scenario in the Eurozone gradually improved in the last few months of 2015, after a highly volatile phase caused by financial tensions in China. In the last part of the year, stock markets in the Eurozone registered a marked recovery, largely compensating for the downturns observed during the summer and guaranteeing, as a result, a positive closure of the period.

The Factoring Market

While still facing a somewhat critical macroeconomic scenario, the factoring market resisted better than the banking sector. On the basis of the data supplied by the category association Assifact (on a 32 member sample) turnover registered an upturn compared to 2014 (+4.1%), while the outstanding and funded grew, respectively, by 3.0% and 4.5%, despite the higher debt payments by State Organisations, which continued also in 2015.

The market remained highly competitive and concentrated. Indeed, "despite" notwithstanding the entry of new operators, the first four competitors hold a market share of 65.5% of the turnover, a downturn compared to the 66.8% of the previous year. The banking group companies, however, reported a lower increase in turnover (+2.7%) with respect to captive companies (+10.9%) decreasing their market shares to 82.3% against the 83.4% of 2014.

Company Activities

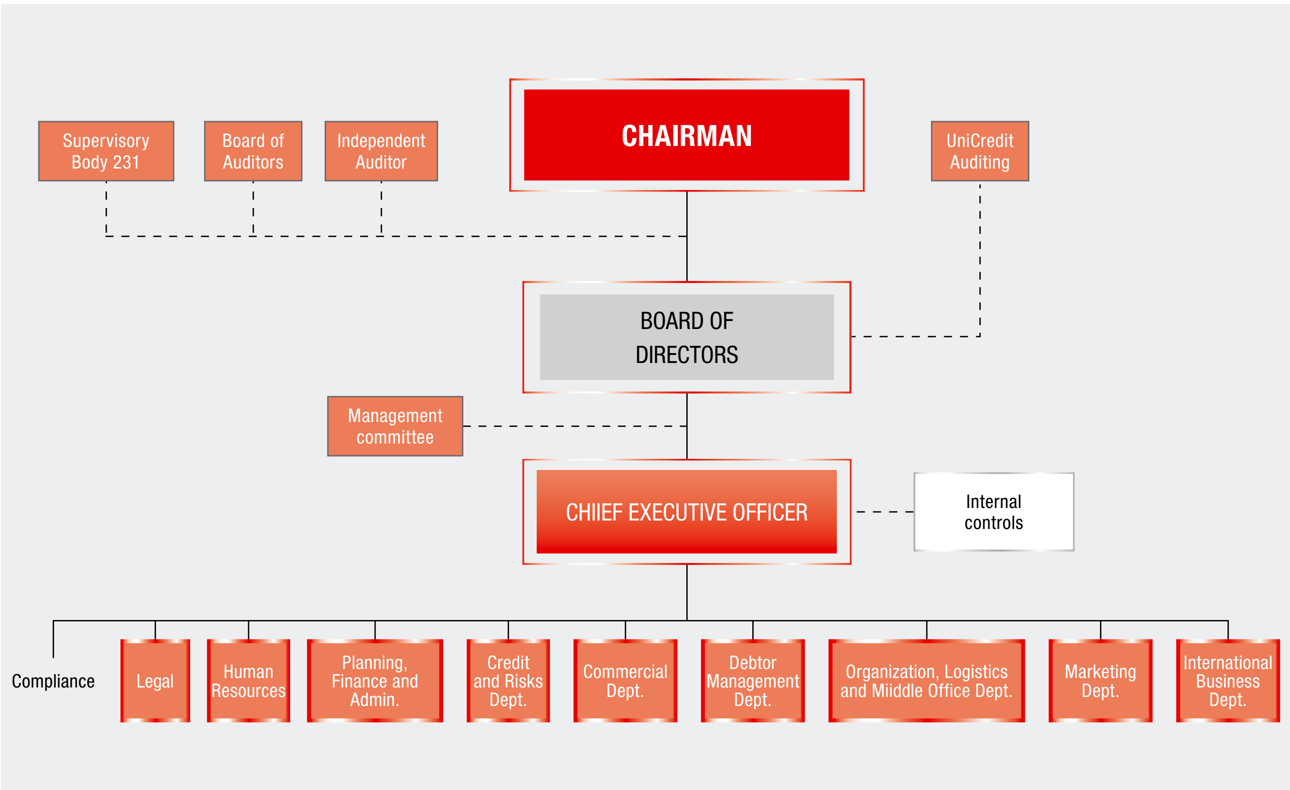
UniCredit Factoring is the Italian company specializing in the non-recourse and with-recourse purchase of trade receivables assigned by its customers which, besides optimizing their equity structure, can make use, for those receivables, of a series of correlated services such as collection, management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

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

The organisational structure

UniCredit Factoring, within the framework of the in-Group organisation, is collocated in the Italian Region whose perimenter encompasses our Group's activities in Italy, with the exception of Corporate & Investment Banking and Asset Management.

With respect to the end of last year, at first report level, our Company's organizational structure, illustrated here below, has not been substantially modified, except for the setting-up of the International Management - implemented in order to promote the development of the factoring product on the import/export markets - whose activities, up to September 2015 were incorporated within the Marketing Division.



Directors' Report on operations (CONTINUED)

Business Management reduced from 8 to 6 the number of territorial areas, as from January 2015, (Lombardy, South and Sicily, North West, North East, Centre and Centre North) in line with the Bank Regions, thus improving cooperation and synergy with the Holding. The Public Sector has also merged with the single territorial Areas, whereas Investment Banking and New Customer Development Areas, already present in the organisational structure adopted in previous years remained unchanged.

Credit and Risks Management includes the following structures: credit management, credit monitoring, special credit and risk management. Moreover, within the Special credit sector, a structure dedicated to the management of positions subject to re-structuring has been created.

The loan granting activity, organised with a view to the business segment pertaining to the legal entities valuated (assignors and/or debtors) up to the end of 2014, has undergone since the beginning of 2015 a organizational change foreseeing a structure dedicated to the assessment of assignors as a business segment function (exclusively for Corporate & and Investment Banking), while for all other counterparts the assessment structures are organized according to geographic area. Debtor assessment is assigned to a single structure on a centralized basis.

The foregoing structural modifications, which reflect the geographic organization of the commercial areas were undertaken in order to render our lending process even more efficient and timely.

With the split-up of International operations from the Marketing Department, the latter has modified its mission as has re-structured its internal organisation, contextually updating the duties and responsibilities of its human resourses.

Furthermore, under the direct control of the Chief Executive Officer, a structure dedicated to Internal Controls has been set up, aimed at increasing supervision regarding "Special Regulations".

Human resources

Skills, commitment and motivation are the essential features underlying the sustainability of the Company and of the Group.

Staffing

At December 31, 2015 UniCredit Factoring's workforce numbered 302 Full Time Equivalent (FTE), 34 more compared to the end of the previous year, with a 12.4% increase over the twelve months. This increase concerned the strengthening of various strategic structures in the Credit and Risks and Commericial Managements aimed at supporting business development plans, also in order to implement new strategic and commercial projects in synergy with the Bank. This fortification was carried out by paying careful and ongoing attention to selection, management, training and development processes in line with Group based models.

Breakdown by age, gender and classification

With reference to distribution by age, an increase was registered in the over-50 group. Consequently the average age of our employees highlighted a slight increase compared to the average reported last year, moving up from around 44 to 45.

Breakdown by age group

	12.31.2015		12.31.2014		CHANGE	
	FTE	BRKDN. %	FTE	BRKDN. %	ABSOLUTE	%
Up to 30 years	7	2.3%	8	3.0%	-1	-12.5%
From 31 to 40 years	85	28.0%	85	31.8%	-1	-1.1%
From 41 to 50 years	122	40.3%	107	39.8%	+15	+13.7%
Over 50 years	89	29.4%	68	25.4%	+21	+30.3%
Total	**302**	**100.0%**	**268**	**100.0%**	**+33**	**+12.4%**

The contractual classification of the Company's human resources showed an increase chiefly in the percent incidence of 3rd and 4th Level executives. This was mainly due to the new appointments of higher-profile professional figures coming from both the Holding and the outside market.

Breakdown by category

	12.31.2015		12.31.2014		CHANGE	
	FTE	BRKDN. %	FTE	BRKDN. %	ABSOLUTE	%
Managers	17	5.6%	16	6.1%	+1	+4.0%
4th and 5th level executives	95	31.4%	78	29.1%	+17	+21.2%
2nd and 3rd level executives	82	27.0%	70	26.2%	+11	+15.9%
Professional profiles	108	35.9%	104	38.6%	+5	+4.7%
Total	**302**	**100.0%**	**268**	**100.0%**	**+33**	**+12.4%**

In conclusion the table here below indicates the breakdown of human resources between women and men.

Breakdown men/women

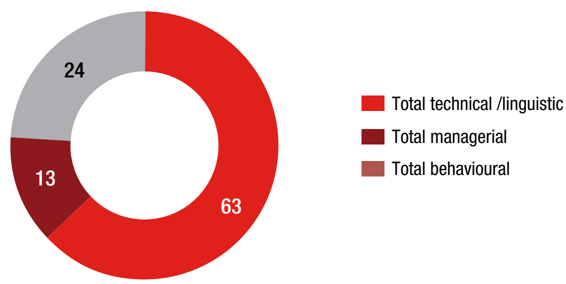
	12.31.2015		12.31.2014		CHANGE	
	FTE	BRKDN. %	FTE	BRKDN. %	ABSOLUTE	%
Women	106	35.1%	98	36.5%	+8	+7.9%
Men	196	64.9%	170	63.5%	+26	+15.0%
Total	**302**	**100.0%**	**268**	**100.0%**	**+33**	**+12.4%**

Management performance

Development and remuneration contribute to the implementation of sustainable performance. To this end, the Management Performance instrument represents, as for the rest of the Group, the basis underlying growth, the definition of career paths and salary choices. Our Company, as already in 2014, continued to render more and more evident its aim to reward performance by improving differentiation based on merit.

We tried to strengthen a more rigorous approach to performance assessment, which takes into account not only of the targets achieved but also of the modes of achievement employed, by contextually defining career plans and personalized development. Moreover, this approach, focuses on attributing increasing control to managers as to decisions regarding their collaborators.

Percent distribution of training hours by typology (%)



Training hours include e-learning and classroom courses. The data has coverage amounting to around 70% of employees.

Development of Human Resources

It is considered vital to ensure leadership qualities and upgrade our employees professional skills.

To this end, in 2015 we aimed at valorizing, during the re-organisation affecting chiefly the Business Network, our best key players, in order to plan concrete career paths by promoting their experience, skills and potential.

In this context, the ongoing attention paid to the 'population of Talents' must be underlined, so as to build plans to upgrade their value and promote initiatives able to enhance their visibility and allow them to compete in challenging situations.

With respect to Training, in 2015 we continued to invest in projects defined according to the principal needs encountered by employees during their professional development.

Training projects developed along three, main guidelines:
• Management;
• Technical/linguistic;
• Behavioural.

In 2015 numerous training projects were prepared and implemented also with the help of means supplied by the "Banks and Insurance Fund" for Management Executives and clerical staff and from the "Fund for Manager Training", aimed at bolstering the continuous updating of specific skills.

In line with our own strategy and that of the Group, whose objective is to render our risk culture more and more concrete, we have invested in programs aimed at significantly upgrading our **risk management** skills.

Among the projects to be emphazised are the **UniCredit Risk Academy** and the **Certification of Credit Skills**.

Indeed, 2015 saw 20 persons participating in the **Risk Academy (Risk Diploma Path)**.

The **Certificate of Credit Skills** represents an important project (comprising four levels) which UniCredit has been implementing since September 2006, in collaboration with the "Facoltà di Finanza Aziendale" of Udine University; Venice University Cà Foscari and SDA Bocconi of Milan.

Directors' Report on operations (Continued)

Route targets:

- Strengthening of customer support and development of the relations through a business contact with wide-ranging expertise;
- Creation of a certified path, both incentivating and growth-based, for each and every colleague involved in credit procedures;
- Valorisation of the basic and advanced expertise/technical skills of all operators in the credit sector through the propagation of an homogenous method.

During 2015 67 resources belonging to the Business Management were involved (as Coordinators, Account Managers and Assistants). 29 First Level certificates were achieved together with 12 First and Second Level ones (in 2016 exams will be sustained to complete the missing 1 level certifications).

Diversity and inclusion

In line with Group commitment in promoting diversity, considered at all levels to be fundamental to the generation of value beneficial to all our employees, customers, comunities and shareholders, our company has endeavoured to encourgage gender balancing, to overcome generation gaps and to support people with disabilities.

In this framework, one of the priorities also pursued in 2015 was our contribution to the Group objective of achieving adequate gender balancing as regards leadership.

We emphasize that within the Company structure, regarding HR projects, specific attention was paid to women HR, pinpointing, with Manager collaboration, a chosen pool of colleagues with indisputable potential to implement training courses, including on-site experience, aimed at maximizing the acquisition of missing skills and encouraging the growth of professional expertise.

Supporting the balance between private and professional lives

A work environment which facilitiates the right balance between their private and professional lives, produces a positive impact on the welfare, motivation and productivity of our employees.

For this reason, our Company, also by sustaining Group initiatives, has encouraged the adoption of effective and flexible solutions for improving the balance between the private and professional lives of our staff.

Marketing

Structural changes

2015 saw important structural changes in the Marketing Management, with the creation of three new units: **Conventions, Product and Offer Development, Market Strategy Pricing & Support**, and the spin-off of **International Business** which became an autonomous, management department.

Customers service and innovative projects

2015 also witnessed the consolidation of our relationship and collaboration with the UniCredit Group and the propagation of the **factoring culture** as a strategic lever, thanks to the offer of quality products and services, which have produced ever increasing interest on the part of our Bank colleagues, who have found in factoring effective solutions to satisfy their more important customers.

The foregoing has been confirmed by the many requests for **training** advanced by the Bank's business area and institutionalized by SSC through the publication of training capsules and instruments sustaining the Bank network. In general, training regarding factoring products supplies considerable support to the commercial development of the Company, together with an efficient communication channel towards the Group.

In 2015 many new agreements were perfected, in particular regarding reverse factoring: the most important was signed with **SMI (Sistema Moda Italia)**. The agreement signed with the category association made possibile the opening of a specific credit channel benefitting the textile and clothing supply chain, which continues to confirm its vital importance regarding the success of the Made in Italy. Also in 2015 the first pilot projects were started up involving top draw companies such as Herno Spa and Ratti Spa belonging to the Marzotto group.

UniCredit Factoring continues to sustain companies claiming receivables from State Organisations. In 2015 existing agreements were renewed, in particular the agreement with AIOP "Associazione Italiana Ospedalità Privata" thus guaranteeing credit, also for 2016, for such a delicate sector.

Our product catalogue was enhanced by the **Assignment of Fiscal Receivables from Direct Taxes**. This new product provides the transfer of fiscal receivables from direct taxes, claimed by assignor companies from the tax authorities, both with recourse and non-recourse bases (also outright) and the eventual payment of the amount due. The introduction of the new product was sealed by the perfecting of an important transaction with a primary Italian Group.

Furthermore, the **Assignment of VAT Receivables** product was significantly reviewed.

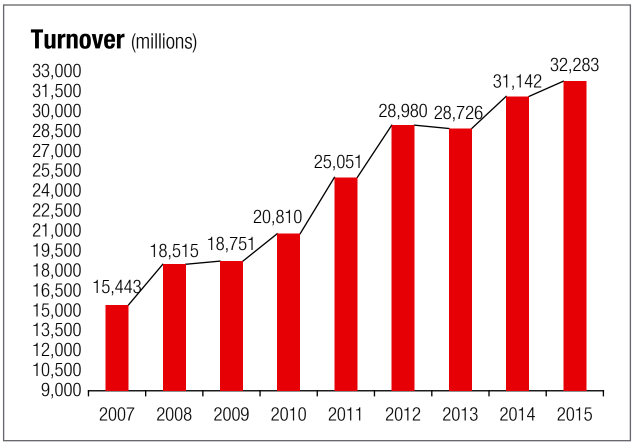
In conclusion, we underline that in 2015 UniCredit Factoring won second place in a prestigious European award: the "European Business Awards" for the title "European Champion" in the category "Customer Focus", with a special mention and a monography published amoung the best cases included in the "Case Study Collection European Business Awards".

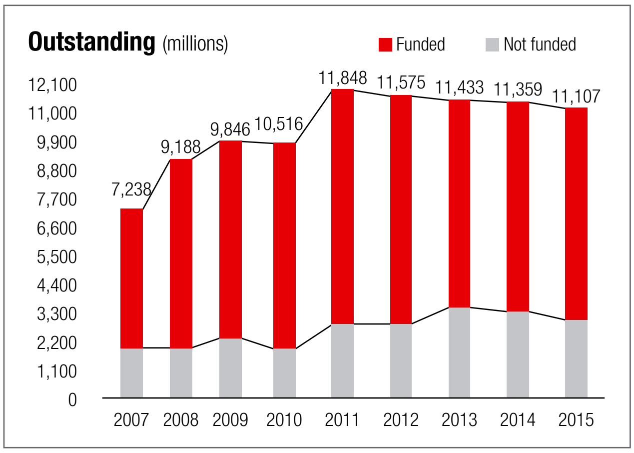
Turnover and total receivables

With respect to 2014, the Company acquired a total turnover flow of 32,283 million, with an 3.7% upswing, in line with the overall market increase. As a result, this was reflected in stable market share, confirmed, also in 2015 at 17.5%, and in the consolidation of our second place in sector ranking.

As highlighted by the following table, with-recourse transactions represented around 55-60 % of the turnover and total receivables. This share decreased in 2015, as regards both turnover, where with-recourse transactions registered a 1.3 % downturn, and outstanding, which dropped by 9.6%, also due to the collection of lump-sum assigned receivables and only marginally to advances to the assignor.

The per product turnover indicates that, alongside traditional transactions, a consistent share is represented by outright receivable purchase transactions, reserved also to assignors claiming receivables from State Administration Organizations, which registered a 13.1% increase compared to the previous year. Guarantee-only transactions also increased (+55.4%), whereas maturity factoring remaining substantially stable (+1.0%).





(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN %	AMOUNT	BRKDN %	ABSOLUTE	%
Turnover	**32,283**	**100.0%**	**31,142**	**100.0%**	**+1,141**	**+3.7%**
- non-recourse	*14,314*	*44.3%*	*12,937*	*41.5%*	*+1,376*	*+10.6%*
- with-recourse	*17,969*	*55.7%*	*18,204*	*58.5%*	*-235*	*-1.3%*
Outstanding	**11,107**	**100.0%**	**11,359**	**100.0%**	**-252**	**-2.2%**
- non-recourse	*4,553*	*41.0%*	*4,111*	*36.2%*	*+442*	*+10.7%*
- with-recourse	*6,553*	*59.0%*	*7,247*	*63.8%*	*-694*	*-9.6%*

(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN %	AMOUNT	BRKDN %	ABSOLUTE	%
Turnover	**32,283**	**100.0%**	**31,142**	**100.0%**	**+1,141**	**+3.7%**
traditional	17,527	54.3%	17,765	57.0%	-238	-1.3%
outright and discounted purchase	9,990	30.9%	8,835	28.4%	+1,155	+13.1%
guarantee only	508	1.6%	327	1.1%	+181	+55.4%
maturity	4,258	13.2%	4,214	13.5%	+44	+1.0%

Directors' Report on operations (Continued)

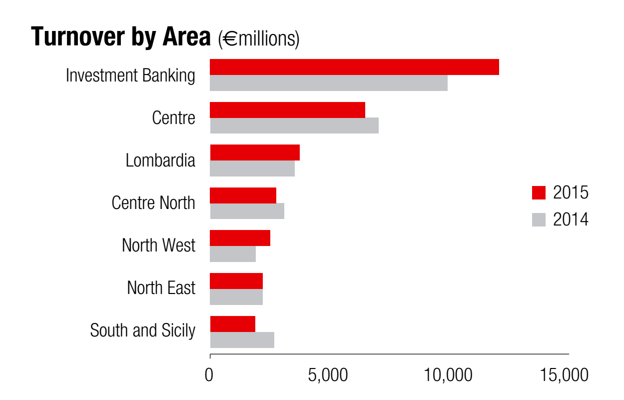
The allocation of turnover between domestic and international indicated a significant increase in the Import/Export component compared to the stability of the domestic item which, therefore, dropped below 90%.

(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN %	AMOUNT	BRKDN %	ABSOLUTE	%
Turnover	**32,283**	**100.0%**	**31,142**	**100.0%**	**+1,141**	**+3.7%**
Domestic	28,879	89.5%	28,858	92.7%	+21	+0.1%
Import	344	1.1%	238	0.8%	+106	+44.3%
Export	3,060	9.5%	2,045	6.6%	+1,015	+49.6%

The development of the Import/Export component benefited from the activities of the new International Business Management which considerably amplified the foreign correspondent Factor network, thus covering also geographic areas such as South America, Asia and China - previously unsupervised. Furthermore an internal International Advisory activity was set up to support all our colleagues belonging to the Commercial Network, allowing us to to perfect complex cross-border operations.

In conclusion, we emphasize that the Investment Banking area alone generated, almost 40% of the overall turnover, on the upturn compared to the previous year. In percent terms, higher than average growths were reported in particular in the North West area.



Concerning Total receivables, substantial stability in the past-due share was registered on an absolute value basis, whereas in proportion it grew only slightly, due to the contraction of the managed outstanding, compared to the previous period. The foregoing result was implemented thanks to the now consolidated efficiency and effectiveness levels achieved by the Debtor Management Department which implemented operations leading to significant results, also market-related, in terms of average collection of receivables.

This occurred by:
- increasing the management and monitoring activities relevant to receivables past-due and due to mature;
- continuing the recognition and analysis of receivables past-due for the longest terms and refining the measures taken;
- amplifying the control levels related to the operational management of the assigned receivables.

The overall activities illustrated here above, implemented by the Debtor Management Department contributed, furthermore, to the reduction of the risk levels inherent to the outstanding portfolio.

In conclusion, the following tables illustrates the sharing of the total receivables by sector and branch of debtor's business activity.

Total receivables by sector of debtor's business activity

(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN%	AMOUNT	BRKDN%	ABSOLUTE	%
state organisations	4,392	39.5%	4,022	39.4%	+370	+9.2%
financial companies	74	0.7%	107	3.2%	-33	-30.5%
non-financial companies	5,428	48.9%	5,963	48.6%	-535	-9.0%
family producers	81	0.7%	107	1.1%	-26	-24.7%
non-profit institutes	28	0.3%	29	0.4%	-1	-3.0%
rest of the world	1,088	9.8%	1,071	7.0%	+17	+1.6%
other	15	0.1%	60	0.3%	-45	-74.9%
Total receivables	**11,107**	**100.0%**	**11,359**	**100.0%**	**-252**	**-2.2%**

The sharing by branch of business activity pertaining to the debtor counterparts indicates only to “non-financial companies” and “family producers”.

Total receivables by unit of debtor’s business activity

(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN%	AMOUNT	BRKDN%	ABSOLUTE	%
agriculture, forestry, fishing	14	0.3%	20	0.3%	-6	-30.0%
energy	549	10.0%	983	16.3%	-434	-44.2%
minerals iron metals and others	218	4.0%	333	5.5%	-115	-34.5%
minerals and non-metal, mineral-based products	59	1.1%	33	0.5%	+26	+78.8%
chemicals	61	1.1%	45	0.7%	+16	+35.6%
metal products exc. machinery and transport means	355	6.4%	326	5.4%	+29	+8.9%
office machines	118	2.1%	138	2.3%	-20	-14.5%
electrical machinery and supplies	70	1.3%	48	0.8%	+22	+45.8%
transport means	937	17.0%	924	15.3%	+13	+1.4%
foodstuffs, beverages, tobacco	177	3.2%	233	3.9%	-56	-24.0%
textiles, leather, shoes, clothing	57	1.0%	47	0.8%	+10	+21.3%
paper, printing products publishing sector	52	0.9%	45	0.7%	+7	+15.6%
rubber, plastic	14	0.3%	23	0.4%	-9	-39.1%
other industrial products	54	1.0%	48	0.8%	+6	+12.5%
building and public works	188	3.4%	214	3.5%	-26	-12.1%
business services, recoveries, remedies	1,590	28.9%	1,419	23.5%	+171	+12.1%
hotel and public agency services	6	0.1%	10	0.2%	-4	-40.0%
internal transport services	147	2.7%	224	3.7%	-77	-34.4%
maritime, air transport services	0	0.0%	1	0.0%	-1	-100.0%
transport-related services	91	1.7%	107	1.8%	-16	-15.0%
communications	304	5.5%	306	5.1%	-2	-0.7%
other sales-based services	448	8.1%	502	8.3%	-54	-10.8%
Total non-financial companies and family businesses	**5,509**	**100.0%**	**6,029**	**100.0%**	**-520**	**-8.6%**

Receivables

The stocks of receivables at balance-sheet value stood at 8,426 million, showing a 3.5% increase compared to the end of the previous year, in line with turnover growth. In annual average terms, lending remained substantially stable at the levels of the previous period due to the abundant liquidity on the market. Within the aggregate the marked decline in receivables from financial agencies was more than offset by the considerable increase in the customer based component.

Receivables

(€million)

	12.31.2015		12.31.2014		CHANGE	
	AMOUNT	BRKDN%	AMOUNT	BRKDN%	ABSOLUTE	%
receivables from credit agencies	146	1.7%	134	1.6%	+13	+9.5%
receivables from financial agencies	421	5.0%	725	8.9%	-304	-41.9%
receivables from customers	7,858	93.3%	7,284	89.5%	+574	+7.9%
Total receivables	**8,426**	**100.0%**	**8,143**	**100.0%**	**+283**	**+3.5%**
comprising:						
with-recourse advances	*1,174*	*13.9%*	*1,406*	*17.3%*	*-232*	*-16.5%*
with-recourse advances(ex-formal non-recourse)	*1,639*	*19.5%*	*1,633*	*20.1%*	*+6*	*+0.3%*
advances on contracts	*338*	*4.0%*	*144*	*1.8%*	*+194*	*+134.0%*
non-recourse advances	*4,281*	*50.8%*	*3,849*	*47.3%*	*+431*	*+11.2%*
deferred receivables	*592*	*7.0%*	*548*	*6.7%*	*+44*	*+8.0%*
impaired receivables	*266*	*3.2%*	*397*	*4.9%*	*-131*	*-33.1%*
other receivables	*137*	*1.6%*	*164*	*2.0%*	*-27*	*-16.5%*

Directors' Report on operations (CONTINUED)

The breakdown by technical form highlighted an increase in non-recourse purchases, both as regards absolute value, and in terms of the total receivables share (from 47.3% to 50.8%). Operations were mainly implemented through outright purchasing, amounting to around 83% of the total non-recourse purchases. With respect to asset quality, impaired receivables at balance-sheet value dropped by around one third, diminishing from the 397 million at end 2014 to 266 million at the end of 2015). This excellent result was achieved due to the contraction of all components.

In particular the non-performing and unlikely to pay registered a cutback of around 20%, while the past due dropped by over 40%. In relation to the total balance-sheet receivables, the impaired rose, therefore, from the 4.88% 2014 figure, to 3.16% at end 2015. Taking into account of the increase in the internal hedging of each impaired receivable category, the ratio between value adjustments, including partial transfers to losses, the face value of the total impaired receivables in the end rose by about 10%, rising from 40.8% to 50.7%.

Impaired receivables

(€million)

	NON-PERFORMING LOANS				TOTAL IMPAIRED	
	BALANCE-SHEET	INCL. TRANSF. TO LOSSES	UNLIKELY TO PAY	PAST DUE LOANS	BALANCE-SHEET	INCL. TRANSF. TO LOSSES
Situation at 12.31.2015						
Face value	187.9	269.0	130.8	140.9	459.7	540.8
impact on total receivables	*2.17%*		*1.51%*	*1.63%*	*5.32%*	
Value adjustment	136.4	217.5	49.2	7.5	193.2	274.3
re face value	*72.59%*	*80.85%*	*37.65%*	*5.33%*	*42.03%*	*50.72%*
Balance-sheet value	51.5	51.5	81.5	133.4	266.5	266.5
impact on total receivables	*0.61%*		*0.97%*	*1.58%*	*3.16%*	
Situation at 12.31.2014						
Face value	196.1	276.6	155.6	239.1	590.8	671.3
impact on total receivables	*2.34%*		*1.86%*	*2.85%*	*7.05%*	
Value adjustment	132.4	212.8	52.0	9.0	193.4	273.8
re face value	*67.49%*	*76.95%*	*33.40%*	*3.78%*	*32.73%*	*40.79%*
Balance-sheet value	63.8	63.8	103.6	230.1	397.4	397.4
impact on total receivables	*0.78%*		*1.27%*	*2.83%*	*4.88%*	

At balance-sheet value the non-performing dropped from the 63.8 million of 2014 to 51.5 million at end 2015, at absolute value and from 0.78% to 0.61% with respect to total receivables. The hedge ratio, taking into consideration adjustments and transfers to partial losses, grew from 76.95% end 2014 to 80.25% in December 2015

During 2015. 50 new positions became non-performing, for an overall of 17.7 million, with provisions amounting to 11.4 million.

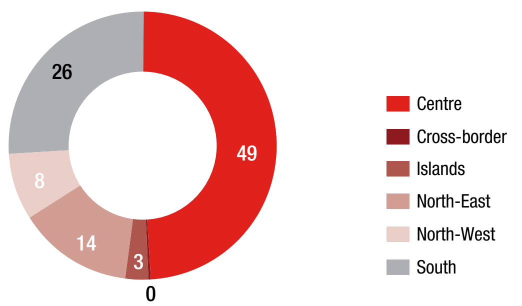
The distribution of the non-performing (net of provisions) by geographic area indicated the prevalence of positions relating to counterparts located in the Centre and South:

The unlikely to pay highlighted a downturn between the end of 2014 and the end of 2015, having dropped from 103.6 million to 81.5 million in absolute value and from 1.27% to 0.97% on a percent ration compared to total net receivables

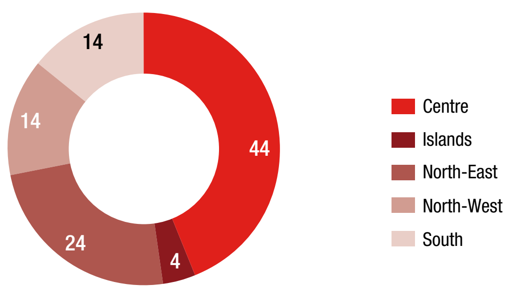
During 2015, 37 new positions were classified in the unlikely to pay category for an overall 15.9 million with provisions amounting to 5.2 million.

The distribution by geographic area of the total gross unlikely to pay showed a decided prevalence of the Centre and North-East.

Non-performing by geographic area (%)



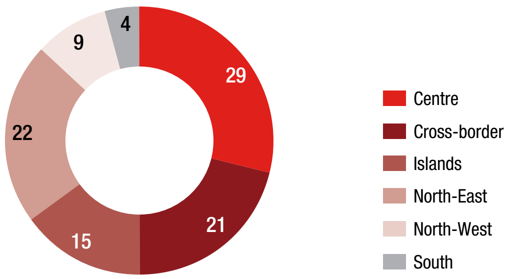
Unlikely to pay by geographic area (%)



The past-due positions amounted to overall nominal values for 133.4 million (230.1 million at end 2014) heged by provisions for 7.5,million.

The distribution of the past-due exposures showed a marked concentration in the North West and Cross-border areas.

Past due by geographic area (%)



Risk management and control methods

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

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

The power to grant loans, attributed to the Board of Directors, is partially delegated to the Loans Committee, the Chief Executive Officer and the Deputy-Director Generals, who supervise a system of sub-delegations entrusted to individual units belonging to Receivables Management and, for limited amounts, to the Commercial Structure.

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

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

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

- periodically updating the variable rates to match the same maturities as the fundings;
- applying fixed rates based on funding costs (outright purchase receivables).

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

In the same context, the liquidity profile is mitigated by associating the maturities of the funding flows with the fund-raising.

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

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

Directors' Report on operations (Continued)

Income Statement and Equity

Income Statement

The Income Statement illustrated here below follows the reclassification outline adopted by the Group, which registers in attachment the reconciliation with the balance-sheet outline. The normalised changes sterilize the impact of the extraordinary interest collected during two periods (5 million in 2014 and 16 million in 2015).

Reclassified income statement

(€million)

	PERIOD		CHANGE		NORMALIZED %
	2015	2014	ABSOLUTE	%	CHANGE
Net interest	120.0	169.0	-49.0	-29.0%	-24.7%
Net commission	68.5	74.6	-6.1	-8.2%	-8.2%
Trading result and hedging	0.2	0.2	0.0	+25.7%	+25.7%
Other income/other expenses	7.9	5.0	2.9	+58.6%	+58.6%
BROKERING MARGIN	**196.5**	**248.7**	**-52.2**	**-21.0%**	**-17.6%**
Human resources costs	-26.8	-23.6	-3.2	+13.8%	+13.8%
Other administrative costs	-17.6	-19.5	1.9	-9.9%	-9.9%
Amortization/Depreciation to/intangible fixed assets	-0.3	-0.3	-0.1	+23.9%	+23.9%
Operating costs	**-44.8**	**-43.4**	**-1.4**	**+3.2%**	**+3.2%**
OPERATING INCOME	**151.7**	**205.3**	**-53.6**	**-26.1%**	**-22.4%**
Net adjustments to receivables	-5.2	-47.9	42.7	-89.2%	-89.2%
NET OPERATING INCOME	**146.6**	**157.5**	**-10.9**	**-6.9%**	**+0.2%**
Net provisions for risks and charges	-3.1	-8.3	5.2	-62.5%	-62.5%
Integration charges	-1.3	0.0	-1.3	-	-
PROFIT BEFORE TAX	**142.2**	**149.2**	**-7.0**	**-4.7%**	**+3.2%**
Income tax for the period	-41.9	-45.4	3.5	-7.6%	+0.0%
NET PROFIT	**100.2**	**103.8**	**-3.5**	**-3.4%**	**+4.6%**

With respect to revenue the significant decline compared to 2014 was essentially due to the pressure exercised on margins by competition and by the low levels of interest rates, also backed by the expansive monetary policies implemented by the CEB, which more than offset the growth in brokering volumes. Added to these market factors was also the effect produced by a portfolio recomposition which deterred a contraction of both spread and average commissions.

Consequently the brokering margin stood at 196.5 million with a 21.0% decline compared to the previous year. A 120.0 million interest margin contributed to this result (-29,0%, but -24,7% net of the extraordinary interest registered over the two periods), together with the 68.5 million net fees (-8,2%).

Regarding costs, expenses for human resources recorded a 13.8% hike compared with an average, annual workforce increase of 7.3%. This gap is by and large explained by the entry of more qualified resources.

Other administration costs registered a 9.9% reduction, chiefly due to cost cutbacks for credit recovery and advice.

Overall operating costs stood at 44.8 million, with a 3.2% increase over the previous year, however, less than proportional compared with the increased work force. The ratio between costs and revenue rose to 22.8% compared to the 17.4% of the previous year while the operating result, 151.7 million also dropped by 26.1% compared to 2014.

Net adjustments to receivables amounted to a mere 5.2 million, diminishing by 42.7 million compared to the previous year, even though, the macroeconomic scenario remained fragile, thanks to concurrence of various, positive factors such as the marked contraction of the past-due, the reduction of the expected loss, resulting both from a more favourable breakdown of the portfolio and from the application of new LGD determined during the period, the limited transfers to non-performing and unlikely to pay which also entailed a considerable releasing of time value. With respect to average lending, adjustments stood at 0.08% compared to the 0.77% of 2014.

Gross profits, bearing in mind net provisions for risks and charges for 3.1 million and integration costs for 1.3 million relating to staff exits foreseen by the plan, amounted to 142.2 million with a 4.7% reduction compared to the previous year (but +3.2% net of extraordinary interest). Taking account, in conclusion, of a more favourable tax impact compared to 2014, net profits stood at 100.2 million, on the upturn and registering only a slight decline with respect to the previous period (-3.4% but + 4.6% in the normalized version).

Net Equity and capital ratios

Net equity rose to 730 million, with a 28 million increase compared to the previous year, substantially equal to the profits for the period (100.2 million) less the dividends distributed with the approval of the 2015 budget (a total 72.7 million). The Supervisory Equity, including hybrid capital instruments and subordinate liabilities for a total 57 million, and taking into account the distribution of around 70% of the net profit gained over the period, stood at 716 million compared to the 693 million of the previous year.

Total weighted assets highlighted an 8.2% decline resulting chiefly from an increase in the public sector burden and an drop in past-due receivables; the core tier 1 ratio rose, therefore, to 10,0% from the 8,76% at end 2014, while the total equity ratio registered 10.86%, compared to the previous year's 9.64% and a 4.5 % allowed minimum.

Net equity and capital ratios

(€million)

	DATA AT		CHANGE	
	12.31.2015	12.31.2014	ABSOLUTE	%
Net equity	730	703	+28	3.9%
Profits distributed	-70	-73	+2	n.d.
Negative/positive features	-1	-1	+0	n.d.
Hybrid instruments and subordinated liabilities	57	63	-7	-10.7%
Supervised equity	716	693	+24	3.4%
Total risk-weighted assets	6,594	7,182	-588	-8.2%
Core Tier 1	10.00%	8.76%	1.24%	
Supervised equity/Total weighted assets	10.86%	9.64%	1.22%	

Further information

Application for enrolment in the new sole Register of financial brokers

On 10.8.2015 an application was forwarded to the Bank of Italy for the enrolment of UniCredit Factoring in the new sole register of financial brokers pursuant to the amended art. 106 TUB. UniCredit Factoring, pending the administrative procedure underlying the foregoing enrolment continues to operate as a financial broker listed in the general register, pursuant to TUB art. 106, previously in force and in the special register, pursuant to art. 107 TUB previously in force.

Auditing

Our company, in line with Group policies governing controls, avails itself of the Internal Auditing Service offered by UniCredit Audit S.p.A., through the Insourced Auditing Services which reports to the Internal Audit of Unicredit S.p.A.[2].

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

In 2015 supervisory activities were ongoing and included adequacy monitoring and compliance with the Organizational and Managerial Model operated by the Supervisory Body (OdV), set up pursuant to D.Lgs nr.231/01 regarding the administrative liability of legal persons, corporations and associations, also lacking judicial status.

The operations carried out by the OdV included. in particular, the following initiatives: start-up of activities aimed at updating the existing Organizational and Management Model, implementation of verifications carried out according to a specific control plan together with training activities relevant to the foregoing.

Business Continuity

As foreseen by the Bank of Italy regulations and in harmony with the indications issued by the Holding, our Company approved and activated the Plan for Business Continuity and management of events and crisis situations, which takes into account the main crisis/disaster scenarios and identifies, as regards each and every, potentially damaging event, the solutions to be adopted to ensure adequate operating continuity in acceptable conditions of deterioration. The principle guidelines indicated by the Plan foresee the distribution, in each prospective case, of the crucial activities pinpointed thoughout the Company's offices (Headquarters in Milan and secondary location in Rome), and the use of the competent resources located therein, periodically updated and equipped with the necessary skills, able to intervene rapidly to replace those units unable to operate in the stricken location.

Environment and work safety

In 2015 too, on the basis of Group guidelines and standards, training activities pursuant to D.Lgs (Legislative Decree) 81/2008

2. Agreement stipulated with UniCredit SpA on July 15, 2015.

Directors' Report on operations (Continued)

were ongoing, in particular with the programme for the formative updating of the human resources appointed to manage fire-fighting and first-aid emergencies, together with the health control programme for video-terminal employees.

Operations with related parties

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

Own shares or Holding shares in portfolio

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

Research and development

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

Financial instruments

At December 31, 2015 the Company owned derivative financial instruments for hedging interest-rate risks. More detailed information on the management policy relating to financial risks and the breakdown of the derivatives portfolio are illustrated in the Notes to the Financial Statements.

The Holding: management and coordination

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

We specify, moreover, that the Company has adhered to the funded fiscal debt adopted by the Group.

Registered Offices

Milan, Via Livio Cambi nr. 5.

Secondary, registered offices

The Company has no secondary, registered offices.

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

Significant events subsequent to closure of the fiscal period

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

Expected evolution of operations

Also in 2016 the United States are expected to continue to be in the forefront of global recovery, while emerging markets will probably still be slowing down with respect to global evolution, even thought their growth rates may be slightly higher than in 2015.

The Eurozone should register an accelerated recovery, with a 1.9% GDP growth. The latter, superior to the potential, will continue to be boosted mainly by internal demand, which should mitigate the difficult external context. Income available to families will continue to benefit from low inflation and an improved job market. With respect to single Eurozone countrues, accelerated growth rates are expected in Germany, France and Italy where a 1.4% rise is foreseen. Private consumption will remain solid in 2016 and also investments will offer their contribution, thanks to the newfound confidence experienced by corporations, to improved profitability and to the significant decline in interest rates on loans. The cyclic improvement, added to the initiatives implemented by the Central European Bank (CEB), have contributed to improving the conditions regulating the supply and demand for loans to companies. A further recovery in lending is expected over the next quarters, sustained by a general improvement in the conditions governing supply and demand.

Inflationary dynamics remained low also because of plummeting oil prices. The “core” component (excluding goods whose prices are more volatile, i.e. energy and foodstuffs) was also contained, around 1.0%. Inflation is unlikely to reach the CEB target of around 2% during this year and the next, therefore, at the January 21 meeting, faced with a further oil price collapse, the CEB indicated its readiness to undertake further, monetary policy initiatives, and already at the March meeting, a further reduction is expected in the rate on central bank deposits, together with the possibility of an ulterior adjustment to the securities purchase programme.

With specific respect to factoring, the expectations of operators in the sector, reported in February are moderately positive. An average 3.9% growth compared to 2014 is predicted for the annual turnover and 2.4% for the end of year outstanding.

In the foregoing scenario the Company is pursuing the its objective, namely, to further develop turnover volumes and to keep lending on an upswing trend, by relying even more on the intensification of our collaboration with the Holding network and on the development of new business opportunities within the framework of reverse factoring and international commerce.

Milan, 25th February 2016

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

Proposals submitted to the ordinary Shareholders meeting

The fiscal year reports and accounts statements, including the Directors' Report, which we submit to your approval, were audited by Deloitte & Touche S.p.A., pursuant to the resolution deliberated by the Shareholders' Meeting of April 18, 2013.

Furthermore we propose the following allocation of the fiscal year profits, amounting to 100.247.256 Euros, as follows:

to the Legal Reserve	5,012,363	Euros
to other Reserves	25,052,693	Euros
to shareholders on the basis of 0.874 per share	70,182,200	Euros

Milan, February 25, 2016

Chief Executive Officer
Renato Martini

For the Board of Directors
The Chairman: Roberto Bertola

Financial Statement

Financial Statement

Statement of financial position

(Euro values)

ASSETS	12.31.2015	12.31.2014
10. Cash and cash equivalents	1,687	1,254
40. Financial assets available for sale	2,210,174	700,173
60. Receivables:	8,425,986,544	8,142,694,864
from banks	146,313,403	133,668,146
from financial institutes	421,480,434	725,119,880
from clients	7,858,192,707	7,283,906,838
70. Hedge derivatives	2,710,467	2,967,373
80. Value adjustment to financial assets subject to standard hedging (+/-)	344,000	660,268
100. Tangible assets	29,491	71,989
110. Intangible assets	545,962	790,697
120. Tax assets	57,873,839	50,711,900
a) current	9,877,447	3,454,544
b) deffered	47,996,392	47,257,356
- at L. 214/2011	37,276,053	36,855,138
140. Other assets	17,525,752	50,140,517
TOTAL ASSETS	**8,507,227,916**	**8,248,739,035**

LIABILITIES AND NET EQUITY	12.31.2015	12.31.2014
10. Payables	7,440,734,966	7,149,997,705
to banks	7,219,631,236	6,995,398,550
to financial institutes	27,660,814	21,650,417
to customers	193,442,916	132,948,738
20. Outstanding securities	77,084,270	77,099,342
50. Hedging derivatives	3,681,614	3,573,765
70. Tax payables	852	-
a) current	-	-
b) deferred	852	-
90. Other liabilities	226,424,642	288,145,944
100. Human resources severance fund	3,489,715	3,343,672
110. Provisions for employee severance payment	25,434,787	23,856,624
b) other provisions	25,434,787	23,856,624
120. Share capital	414,348,000	414,348,000
150. Share premiums	951,314	951,314
160. Reserves	215,156,748	184,033,291
170 Valuation reserves	(326,248)	(405,579)
180. Profit (Loss) for the period	100,247,256	103,794,957
TOTAL LIABILITIES AND NET EQUITY	**8,507,227,916**	**8,248,739,035**

Income statement

(Euro values)

ITEMS	12.31.2015	12.31.2014
10. Receivable interest and similar revenues	133,186,538	191,465,085
20. Payable interest and similar charges	(13,218,081)	(22,458,909)
INTEREST MARGIN	**119,968,457**	**169,006,176**
30. Fee and commission income	78,177,525	82,382,297
40. Fee and commission expenses	(9,720,252)	(7,797,283)
NET FEES	**68,457,273**	**74,585,014**
60. Net result from trading assets	194,002	154,376
BROKERING MARGIN / OPERATING INCOME	**188,619,732**	**243,745,566**
100. Net value adjustments for impairment of:	(5,186,570)	(47,879,303)
a) financial assets	(5,186,570)	(47,879,303)
110. Administration costs:	(45,699,298)	(43,110,355)
a) human resources costs	(28,112,321)	(23,601,735)
b) other administration costs	(17,586,977)	(19,508,620)
120. Net value adjustments/write-backs to tangible assets	(42,498)	(46,865)
130. Net value adjustments/write-backs to intangible assets	(307,085)	(235,305)
150. Net provisions for risks and charges	(3,094,492)	(8,252,654)
160. Other revenues and operating charges	7,905,890	4,986,011
OPERATING RESULT	**142,195,679**	**149,207,095**
PROFIT (LOSS) FROM CURRENT ASSETS BEFORE TAXES	**142,195,679**	**149,207,095**
190. Income tax on financial year revenue from current operations	(41,948,423)	(45,412,138)
PROFIT (LOSS) FROM CURRENT ASSETS AFTER TAXES	**100,247,256**	**103,794,957**
PROFIT (LOSS) FOR THE YEAR	**100,247,256**	**103,794,957**

Statement of comprehensive income

(Euro values)

ITEMS	12.31.2015	12.31.2014
10. Profit (Loss) for the year	**100,247,256**	**103,794,957**
Other comprehensive income net of taxes without reversal to income statement		
20. Tangible assets	-	-
30. Intangible assets	-	-
40. Defined benefit plans	79,331	(286,860)
50. Non-current assets held for sale	-	-
60. Share of valuation reserves of investments valued at equity	-	-
Other comprehensive income net of taxes with reversal to income statement		
70. Foreign investments hedging	-	-
80. Exchange-rate differences	-	-
90. Cash-flow hedging	-	-
100. Financial assets available for sale	-	-
110. Non-current assets held for sale	-	-
120. Share of valuation reserves of investments valued at net equity method	-	-
130. Total other comprehensive income after taxes	**79,331**	**(286,860)**
140. Comprehensive income (Item 10+130)	**100,326,587**	**103,508,097**

Financial Statement (Continued)

Statement of changes in equity at December 31, 2015

(Euro values)

				Allocation previous year results		Changes over year: Operations on net equity							
	Balance at 12.31.2014	Changes in opening balances	Balance at 01.01.2015	Reserves	Dividends and other allocations	Changes in reserves	New shares issue	Own shares purchase	Extraord. distribution dividends	Changes in capital instruments	Other changes	Comprehensive income 12.31.2015	Net equity at 12.31.2015
Share capital	414,348,000	-	414,348,000	-	-	-	-	-	-	-	-	-	414,348,000
Share premiums	951,314	-	951,314	-	-	-	-	-	-	-	-	-	951,314
Reserves													
a) profits	184,033,291	-	184,033,291	31,123,457	-	-	-	-	-	-	-	-	215,156,748
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reserves	(405,579)		(405,579)	-	-		-	-	-	-	-	79,331	(326,248)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	103,794,957	-	103,794,957	(31,123,457)	(72,671,500)	-	-	-	-	-	-	100,247,256	100,247,256
Net equity	**702,721,983**	**-**	**702,721,983**	**-**	**(72,671,500)**	**-**	**-**	**-**	**-**	**-**	**-**	**100,326,587**	**730,377,070**

Statement of changes in equity at December 31, 2014

(Euro values)

				Allocation previous year results		Changes over year: Operations on net equity							
	Balance at 12.31.2013	Changes in opening balances	Balance at 01.01.2014	Reserves	Dividends and other allocations	Changes in reserves	New shares issue	Own shares purchase	Extraord. distribution dividends	Changes in capital instruments	Other changes	Comprehensive income 12.31.2014	Net equity at 12.31.2014
Share capital	414,348,000	-	414,348,000	-	-	-	-	-	-	-	-	-	414,348,000
Share premiums	951,314	-	951,314	-	-	-	-	-	-	-	-	-	951,314
Reserves													
a) profits	162,187,666	-	162,187,666	21,845,625	-	-	-	-	-	-	-	-	184,033,291
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reserves	(118,719)		(118,719)	-	-		-	-	-	-	-	(286,860)	(405,579)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	73,237,625	-	73,237,625	(21,845,625)	(51,392,000)	-	-	-	-	-	-	103,794,957	103,794,957
Net equity	**650,605,886**	**-**	**650,605,886**	**-**	**(51,392,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**103,508,097**	**702,721,983**

Cash-Flow Statement - Direct Method

(Euro values)

	12.31.2015	12.31.2014
A. OPERATING ASSETS		
1. MANAGEMENT	**94,964,870**	**141,319,061**
- interest income collected	125,660,469	180,308,430
- interest paid	(13,218,081)	(22,458,909)
- net fees	68,457,273	74,585,014
- staff costs	(28,112,321)	(23,601,735)
- other costs	(17,586,977)	(19,508,620)
- other revenues	8,874,869	9,514,350
- taxes	(49,110,362)	(57,519,469)
2. CASH-FLOW GENERATED/ABSORBED BY FINANCIAL ASSETS	**(268,478,053)**	**(9,884,796)**
- financial assets available for sale	(1,510,001)	(700,000)
- receivables from banks	(23,548,021)	(93,949,003)
- receivables from financial institutes	303,639,446	91,024,140
- receivables from customers	(580,247,416)	25,940,380
- other assets	33,187,939	(32,200,313)
3. CASH-FLOW GENERATED/ABSORBED BY FINANCIAL LIABILITIES	**235,344,701**	**(69,149,284)**
- payables to banks	224,232,686	10,192,366
- payables to financial institutes	6,010,397	(2,930,946)
- payables to customers	60,494,178	(189,367,316)
- outstanding securities	(15,072)	(14,552)
- other liabilities	(55,377,488)	112,971,164
NET CASH-FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES	**61,831,518**	**62,284,981**
B. INVESTMENT ASSETS		
1. LIQUIDITY GENERATED BY:		
- tangible assets sales	-	-
- intangible assets sales	-	-
- business unit sales	-	-
2. LIQUIDITY ABSORBED BY:		
- tangible assets purchases	-	-
- intangible assets purchases	(62,349)	(382,924)
- business units purchases	-	-
NET LIQUIDITY GENERATED/ABSORBED BY INVESTMENT ASSETS	**(62,349)**	**(382,924)**
C. FUNDING ACTIVITIES		
- own shares issue/purchases	-	-
- equity instruments issue/purchase	-	-
- distribution dividends and other purposes	(72,671,500)	(51,392,000)
NET LIQUIDITY GENERATED/ABSORBED BY FUNDING ASSETS	**(72,671,500)**	**(51,392,000)**
NET LIQUIDITY GENERATED/ABSORBED OVER PERIOD	**(10,902,331)**	**10,510,057**

Reconciliation

	2015 BALANCE	2014 BALANCE
Cash and cash equivalents at start of period	19,717,672	9,207,615
Total liquidity generated/absorbed over period	(10,902,331)	10,510,057
Cash and cash equivalents at end of period	8,815,341	19,717,672

Notes to the Financial Statements

Part A - Accounting standards

Part A - Accounting standards

A.1 - General section

Section 1 - Statement of compliance with International accounting standards

The Reports and Account at December 31, 2015 were drawn up according to international IAS/IFRS accounting standards,issued by the IASB, ratified by European Commission up to December 31, 2015, including the relevant interpretations of the International Financial Reporting Interpretation Committee (IFRIC), as stipulated by Community regulation nr. 1606 of July 19, 2002, applied in Italy by Legislative Decree nr. 38 of 2005

The reports and accounts were prepared on the basis of the outlines illustrated in the instructions attached to the Governor of the Bank of Italy's provision of December 15, 2015 "Instructions for the drafting of the financial statements of Financial Brokers registered in the Special list, of electronic money Institutes (IMEL), of Savings management companies (SGR) and of Securities brokerage companies (SIM)", which have totally replaced the instructions attached to the Regulations of February 14, 2006.

Section 2 - General standards for the preparation of financial statements

The preparation of the reports and accounts at December 31, 2015 pertaining to Uniicredit Factoring S.p.A. was carried out, as Illustrated here above, in compliance with the international accounting standards (IAS/IFRS), ratified by the European Commission. The reports and accounts comprise the following statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash flow Statement, Statement of Net Equity Changes and the Notes to the Financial Statements. They also include the Directors' Report on the ongoing performance of the management. The position was drawn up in Euro units, except for the Notes which were drawn up in Euro thousands, and corresponds to the company accounting which faithfully reflects the transactions undertaken during the period.

Drafting was implemented on an ongoing-concern basis and corresponds to standards of competency, relevance and the significance of the accounting information and of the prevalence of economic substance over legal form. The information relevant to the Cash flow Statement was given according to the cash flow standard.
Costs and revenues, assets and liabilities were not offset one against the other, unless indicated by an accounting standard and/or by the relative interpretation, in order to render the annual statements clearer and more representative.

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

The reports and accounts at December 31, 2015 were drafted clearly and represent, truthfully and faithfully, the asset and liability position, the financial position and economic results pertaining the period, the changes in Net Equity and the Company's cash flows.

No exceptions to the IAS/IFRS accounting standards were applied in the reports and accounts illustrated herein

Risks and uncertainties connected with the use of estimates

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

Estimation procedures were adopted, in particular, to support the registration values.

The foregoing estimates and hypotheses are regularly reviewed. Potential changes resulting from such reviews are reported in the relevant revision period, should the specific review be limited to that period only. If the revision concerns both current and future periods, the variation is registered in the period under review and in the relevant future periods..

The risk of uncertainty in the estimate is substantially inherent to:

- receivables
- severance payments and other benefits owed to employees
- funds for risks and charges
- financial instruments
- deferred tax assets.

Section 3 - Significant events subsequent to the balance sheet date of the financial statements

After the date of period closure no significant events occurred which might tend to alter the information indicated in the reports and accounts at December 2015.

Section 4 - Other matters

The fiscal year reports and accounts, including the Directors' Report, which we submit to your approval, were audited by Deloitte & Touche S.p.A., pursuant to the resolution deliberated by the Shareholders' Meeting of April 18, 2013.

We underline that, pursuant to IAS 10, the date on which the publication of the Reports and Accounts was authorised by the Board of Directors was February 25, 2016.

During 2015 the following accounting standards and interpretations came into force:
- IFRIC21 - Levies (Reg. UE 634/2015); the adoption of this new interpretation did not effect Company's reports and accounts
- Annual cycle of improvements 2011 - 2013 to the international accounting standards (Reg. UE 1361/2015, whose adoption determined the use of the IFRIC 21 interpretation in order to define the accounting handling of the charges linked to the contribution schemes relevant to Deposit Guarantee Schemes (DGS) and the Single Resolution Fund (SRF), introduced by European directives 49 and 59 of 2014 as from 2015. The adoption of the mentioned new interpretation did not effect the company's financial statements.

As from January 2, 2015 the Bank of Italy has reviewed the modes of classification for the regulation and reporting of impaired financial assets (13th update of Circular 217 of August 5 1996 – "Manual for the compilation of the Supervisory reporting for Financial Brokers, payment Institutes and for IME" issued by the Bank of Italy on January 20, 2015) in order to adapt it to the new definitions of financial assets "non-performing exposures" "forborne exposures" established by the European Commission's regulation 2015/227 based on the EBA proposal (EBA/ITS /2013/03//7/2015).
The new classificatation guideline:
- foresees that impaired financial assets are to be shared among the categories of non-performing, unlikely to pay, past-due and/or overdrawn impaired exposures, that the sum of such categories shall correspond to the aggregate "Non-Performing Exposures" pursuant to ITS EBA;
- eliminates the previously applied notions of doubtful exposures and restructured exposures;
- introduces the qualification of "exposures subject to grants".

These new definitions became important with respect to the Group's Accounting Standards for IFRS purposes as from the 2015 Reports and Accounts: for further details kindly consult Item 1. Receivables in Section A.2 Parte referring to the chief balance-sheet items. The coming into force of these new definitions entailed prospective application to credit procedures, in order to update them to the new classification rules.

January 22, 2016 concluded the EBA consultation concerning the definition of default ("Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013" . The outcome of the consultation foresaw that, in future periods, the classification guidelines governing impaired financial assets may be further modified. The effects of such modications will be clarified once the final guidelines have been circulated, also including EBA orientation regarding the value thresholds for measuring past-due exposures, whose consultation process ended on January 31, 2015.

The European Commission ratified the following accounting standards not yet obligatory as regards the drafting of the end of 2015 Reports and Accounts and not applied in advance by the Company:
- Annual cycle of improvements 2010 - 2012 of International accounting standards (EU Reg 28/2015);
- Amendments to IAS 19 - Defined plans and benefits: employees contributions (EU Reg. 29/2015).
- Amendments to IAS 16 and to IAS 41: Agriculture: Fruit plants (Reg. UE 2113/2015);
- Amendments to IFRS 11: Accounting of investments in joint-control (Reg. UE 2173/2015);
- Amendments to IAS 16 and to IAS 38: Clarifications regarding acceptable methods for depreciation (Reg. UE 2231/2015);
- Annual cycle of improvements 2012 - 2015 of International accounting standards (Reg. UE 2343/2015);
- Amendments to IAS 1: Presentation of Reports and Accounts: disclosure initiative (Reg. UE 2406/2015);
- Amendments to IAS 27: Net equity method in separate Reports and Accounts (Reg. UE 2441/2015).

Finally, at December 31 2015, it appeared that IASB had issued the following accounting standards and interpretations or revisions relevant to the foregoing, whose application is however subject to the completion of the ratification process, not yet concluded by the appointed European authorities:
- IFRS 9 - IFRS 9 - Financial Instruments (July 2015);
- IFRS 15 Revenue from agreements with customers (May 2015);

the directors do not expect these modifications to significantly affect the company's financial statements.

In July 2015, IASB issued the new accounting standard IFRS 9 Financial instruments, to be mandatorily applied as from January 1 2018, replacing IAS 39 Financial instruments: reporting and assessment. Ratification by the European authorities is expected within the date of first adoption.

The new standards foresees a revised guideline for the classification and assessment of financial assets, a value reduction model for receivables based on "expected loss" and also innovates the approach to specific hedge accounting.

The new classification and assessment method regarding financial assets foreseen by the IFRS 9 is based on the contractual cash-flow characteristics of the financial asset and, with respect to financial assets whose contractual cash-flows are represented exclusivley by payments of capital and interest on the amount of capital extant ("solely payments of principal and interest" or "SPPI assets"), on the business model adopted by the entity for management purposes. On the foregoing basis the SPPI can be classified as contractual cash-flows "held for collection" (valued at depreciated cost

Part A - Accounting standards (Continued)

and subject to value reduction based on expected losses), “cash-flows held for collection and for sale” (valued at fair value registered in the other income components, assessment reserve, and subject to value reduction based on expected losses) or held for trading (valued at fair value registered in the income statement).

With respect to assessment IASB has developed a new guideline for value reduction, introducing the method regarding expected loss on receivables (“Expected Credit Loss” o “ECL”), in order to determine the advance reporting of losses on receivables compared to IAS 39, which is, on the contrary, based on the existence of entries registering effective value reduction, as required by G20 following the financial crisis.

IFRS 9 requires companies to base the valuation of the provision for the value reduction of credit on the concept of expected loss (ECL) by using a value reduction method articulated in three stages of progressive impairment. The ECL measurement for a specific asset depends, in fact, on its credit risk and on the entity of the increase of the credit risk between the initial reporting and the reference date of the balance-sheet, as indicated here below:
(a) “ECL at 12 months” (Stage 1), to be applied to all exposures (as from initial reporting) in the absence of significant credit risk increase; and
(b) “ECL on residual life” (Stage 2 and Stage 3), to be applied when a significant credit risk increase becomes manifest, regardless of whether it is observed on an individual or collective basis.

The assets allocated to Stages 1 and 2 according to l’IFRS 9 are classified as “not-unimpaired” pursuant to IAS 39 and the amount of the relative provision is valued according to IAS 39 using the losses incurred but not reported approach (or “IBNR”), i.e. the amount of the provision is calculated at the product of the risk factors derived from the parametres used for the purposes of the CRR cautionary requirements (on a 12 months temporal basis): probability of default (PD), loss in case of non-payment (LGD), exposure at the moment of default (EAD) and the loss confirmation interval (LCP), the latter expressed as a portion of the year and diversified according to class of exposures homogenous due to portfolio/segment characteristics. With the transition to IFRS 9, the IBNR approach with IAS 39 will be replaced, respectively, by the ECL at 12 months for assets allocated to Stage 1 and by theECL (with temporal basis equal to the residual life of the asset) for those assets allocated to Stage 2.

For assets allocated to Stage 3 which, according to IAS 39 are impaired, no significant conceptual differences are reported between IAS 39 losses incurred method and the IFRS 9 ECL method, because the same indicators will continue to be applied for reporting the loss and for classifying the receivables in the impaired category foreseen by IAS 39.

Considering the foregoing conceptual differences regarding not impaired asets, at the moment of transition to the new standard, the first application of the ECL method should lead to an increase in provisions for credit losses compared to the present AIA 39 method, even if the amount will be limited, bearing in mind that the duration of the company’s receivables is mainly short-term.

The Group has launched a programme of activities in view of the implementation of the IFRS 9, participated also by our company. At present this programme actively involves the following areas: Group Risk Management, Strategy and Finance, other main Business functions, Organization and Business Integrated Solutions.

After and initial phase involving impact and the definition of high-level method guidelines, these activities are now in the detailed solution planning stage. The current state of activities reflects the fact that, because the account and model-based requirements are new, the reference practice relevant to various key aspects are now at the formation stage, starting from the guidelines recently issued by the Basle Committee and the relevant discussions are in progress at sector level with our external auditors. Consequently the final results may still be subject to change.

As to classification and assessment, the Group will undertake a detailed study of the factors characterizing debt instruments classified at cost, depreciated according to IAS 39, in order to identify the possible assets which, not having passed the so-called SPPI verification, will have to be valued at fair value according to IFRS 9.

Concerning the ECL approach, the Group is currently working on the plan and on the verification of the models, data and systems and has planned to implement, within the mandatory timelines, a detailed assessment of the impact relevant to the value reduction based on IFRS 9, concurrently with the mentioned planning activities

With reference to the first application of the IFRS 15 Revenue from agreements with customers, foreseen as from January 1, 2018, the activities regarding recognition of the impacts will be completed in the course of forthcoming periods.

A.2 - Part relating to the principal items in the financial statements

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

1) Receivables

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

The first registration of a receivable takes place at the date of assignment following the signing of the agreement (in case of non-recourse assignment) and coincides with the date of allocation as regards with-recourse.
The receivable is registered on the basis of its fair-value, amounting to the sum allocated (with-recourse) or the face-value of the receivable purchased, (non recourse).
After the initial registration at fair-value, inclusive of transaction costs, directly chargeable to the acquisition of the financial assets, the receivables are valued at depreciated cost prospectively adjusted in order to take account of reduction and/or writebacks resulting from the assessment process.
Very briefly, factoring operations are characterised by exposures versus assignors, representing loans granted against with-recourse assignments and exposures versus assigned debtors representing the value of the receivables acquired by non-recourse assignments.
Within the framework of IAS 39, the foregoing operations entail, as regards the assignor and factoring companies, the valuation of the existence or not of the conditions required by this international accounting standard governing the implementation of so-called derecognition.
In conformity, in fact, with the general principle of the prevalence of economic substance over legal form, an enterprise may cancel a financial asset from its balance-sheet only if, as a result of an assignment, it has transferred the risks and benefits connected with the instrument assigned.

In actual fact, IAS 39 foresees that an enterprise may cancel a financial asset from its balance-sheet if, and only if:
a) the financial asset is transferred together with substantially all its associated risks and if the contractual rights to the cash flows deriving from the asset expire;
b) the benefits associated with the the ownership of the asset no longer apply.

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

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

The most frequently used forms of assignment of a financial instrument may entail considerably different accounting effects:
- whenever, in relation to a non-recourse assignment (with no guarantee whatever) the assets assigned may be cancelled from the assignor's balance-sheet;
- whenever, in relation to a with-recourse assignment it is probable that in the majority of cases the risk connected with the assigned asset remains with the seller and, as a result, the assignment does not possess the requisites for the cancellation from the accounting records of the instrument sold.
- The Company has registered among its receivables those purchased on a non-recourse basis subject to the verification of the non-existence of contractual clauses impeding the effective, substantial transfer of all the risks and benefits thereto connected. With respect to the portfolio assigned with-recourse, the Receivables are reported and maintained in the balance-sheet exclusively as regards the sums allocated by the assignor as prepayment of the consideration.

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

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

Part A - Accounting standards (CONTINUED)

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

In compliance with the regulations stipulated by the Bank of Italy, impaired exposures are classified according to the following categories:
- **non-performing:** identifing the area comprising formally impaired receivables, made up of exposures versus insolvent customers, even if legally unascertained, or in equivalent situations. Valuation is implemented on an analytic basis (also by means of feedback with hedge levels defined statistically and automatically for some credit portfolios lower than a pre-defined threshold), i.e. in the case of sums not singly significant, on a lump-sum basis for certain types of homogenous exposures.
- **unlikely to pay:** representing cash and off-balance-sheet exposures, for which the debtor cannot be classified as non-performing and for which there is an assessment of unlikelihood which, in the absence of actions such as enforcement of the guarantees, the debtor is able to meet (with principle and/or interest) with its credit obligations in full. Such assessment is implemented regardless of the existence of possible past-due or unpaid sums (or instalments).

Classification among the unlikely to pay is non necessarily linked to the explicit presence of anomalies (failed refund) but linked instead to the existence of factors indicating a non-fulfilment risk situation pertaining to the debtor (e.g., a crisis in the latter's industrial sector).

Unlikely to pay are valuated analytically whenever specific features make it advisable, i.e. by analytically applying lump-sum percents determined according to historical/statistical bases in the remaining cases.
- **Past-due exposures and/or overdrawn impaired**: representing cash exposures, different from those classified among the non-performing or unlikely to pay which, at the reference date are past-due or overdrawn. Past-due and/or overdrawn impaired are determined by reference to the single debtor.
  Past-due exposures and/or overdrawn impaired are valued on a lump-sum basis according to historic/statistic data, by applying wherever available, the risk rate drawn from the appropriate risk factor used for the purposes of (EU) Regulation 575/2013 (CRR) relevant to the cautionary requirements applicable to credit agencies and investment companies ("loss in case of default" or LGD - Loss Given Default).
  The valuation of the performing (in bonis) receivables involves asset portfolios not presenting objective losses. The valuation implemented tends, therefore, to measure losses already sustained at balance-sheet date but not yet manifest, due to the normal delay between the deterioration of the customer's financial position and its classification among the impaired exposures. This delay can be assessed, for factoring activities, as falling between an average 6 to 12 month period. The adjustment to the performing receivables is consequently determined by taking account of the corresponding fraction of the expected annual loss, calculated as produced between loan exposure, the probability of the counterpart's default over one year and the percent loss in case of default.

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

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

Tangible assets are initially reported at cost, comprising the charges needed to put them to use for the asset for which they were purchased (including all costs directly linked to the rendering operational of the asset and to the non-recoverable purchase tax and duties). The foregoing value is subsequently increased by the expenses sustained from which the enjoyment of future benefits is expected. The costs for the ordinary maintenance of the asset are registered in the Income Statement as and when they occur. Conversely, extraordinary maintenance costs from which future benefits are expected, are capitalized as an increase to the value of the assets to which they refer.

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

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

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

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

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

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

3) Intangible assets

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

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

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

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

This item chiefly includes goodwill and software.

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

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

After initial registration, intangible assets with finite useful lives are reported at cost, net of overall depreciation and any value losses which might potentially be incurred.

Depreciation is calculated on a systematic basis over the best estimate of the useful life of the intangible, using the straight line allocation method.

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

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

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

4) Payables and outstanding securities

Payables and subordinate, issued liabilities are initially recorded at fair-value, which generally corresponds to the consideration received, net of the transaction costs directly attributable to the financial liability. After initial recognition, these instruments are measured at depreciated cost, using the effective interest method.

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

Financial liabilities are cancelled from the balance-sheet upon settlement or maturity.

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

Part A - Accounting standards (Continued)

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

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

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

An operation qualifies as hedging and is appropriately recorded in the accounting, only if all the following conditions are met:
- at the start of the hedging operation there is formal designation and documentation of such hedging, of the company objectives relating to risk management and of the strategy underlying the application of the hedge. The foregoing documentation shall include the identification of the hedging instrument, the element or operation hedged, the nature of the risk covered and the method used by the company to valuate the effectiveness of the hedging instrument in offsetting exposure to fair-value changes pertaining to the factor covered;
- the hedging is expected to be highly effective;
- hedging effectiveness can be reliably assessed;
- the hedging is measured on an ongoing basis and is considered highly effective for all the reference periods for which it was planned.

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

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

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

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

ESF quotas, accrued as from 1.1.2007 (date of application of D.lgs. (Legislative Decree) nr. 252) (or from the date falling between 1.1.2007 and 30.06.2007) allocated, at the employee's choice, to supplementary forms of insurance, or left in the company, and transferred by the latter (by companies with more than 50 employees) to the INPS Treasury Fund are, on the contrary, considered as a 'defined contribution' plan.
The costs relating to ESFs matured during the year are registered in the Income Statement and include the interest matured over the year (interest cost) on the obligation, already existing at the date of the reform. The portions matured over the year and transferred to the Supplementary Insurance plan or to the INPS Treasury Fund are reported under the item 'Severance Indemnities'.

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

7) Provisions for risks and charges
Provisions allocated to the Fund for risks and charges are reported in the books if and only if:
- an obligation is in progress (legal or implicit) as a result of a previous Event;
- it is likely that, in order to fulfil an obligation, the use of resources expected to produce financial benefits becomes necessary;
- a reliable estimate of the amount deriving from fulfilment of the obligation can be produced.

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

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

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

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

8) Current and deferred taxation

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

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

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

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

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

9) Share-based payments

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

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

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

10) Revenue

Revenue, as defined by IAS 18, is represented by the gross inflows of economic benefits deriving from a company's ordinary activities and are accounted on the basis of temporal accrual.

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

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

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

11) Foreign currency transactions

Foreign currency transactions are recognised at the exchange-rate current at the date of the transaction.
Monetary assets and liabilities are converted using the exchange-rate current at closure of the period.

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

Part A - Accounting standards (Continued)

12) Further information

Long-term employee benefits

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

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

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

A.4 - Information on fair-value

QUALITATIVE INFORMATION

This section includes the information on fair value as requested by IFRS 13.

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

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

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

With respect to the foregoing instruments, not exchanged on an active market, market to model valuation techniques are applied, using input parameters for which there is an active market.

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

The fair value of the agreement is given by the amount of actualised future cash flows.

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

A.4.2 Valuation: methods and sensitivity

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

A.4.3 Fair value hierarchy

The IFRS 7 standard establishes a fair value hierarchy according to the degree of observability of the inputs of the techniques adopted for the valuations.
The hierarchy Level of the fair value associated with the assets and liabilities is defined as the minimum Level between all the significant inputs employed.

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

In particular, three, specific Levels in are foreseen:

- Level 1: the fair-value of the instruments classified at this level is determined on the basis of the quotation prices observed on active markets;
- Level 2: the fair-value of the instruments classified at this Level is determined on the basis of valuation models using inputs observable on active markets;
- Level 3: the fair-value of the instruments classified at this level is determined on the basis of valuation models mainly using significant inputs not observable on active markets.

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

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

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

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

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

QUANTITATIVE INFORMATION

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

(€ thousands)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
1. Financial assets held for trading	-	-	-	-
2. Financial assets measured at fair value		-	-	-
3. Financial assets available for sale	-	-	2,210	2,210
4. Hedge derivatives	-	2,710	-	2,710
Total assets	**-**	**2,710**	**2,210**	**4,920**
1. Financial liabilities held for trading	-	-	-	-
2. Financial liabilities measured at fair-value	-	-	-	-
4. Hedge derivatives	-	3,682	-	3,682
Total liabilities	**-**	**3,682**	**-**	**3,682**

Part A - Accounting standards (Continued)

TAV A.4.5.2
Annual changes to assets valued at fair value on a recurrent basis (level 3)

(€ thousands)

	FINANCIAL ASSETS HELD FOR TRADING	*FINANCIAL ASSETS MEASURED AT FAIR VALUE*	FINANCIAL ASSETS AVAILABLE FOR SALE	HEDGE DERIVATIVES	TANGIBLE ASSETS	INTANGIBLE ASSETS
1. Initial balance	**-**	**-**	**700**	**-**	**-**	**-**
2. Increases	**-**	**-**	**2.210**	**-**	**-**	**-**
2.1 Purchases	-	-	2.210	-	-	-
2.2 Profits attributed to:	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-
of which: Capital gain	-	-	-	-	-	-
2.2.2 Net equity	-	-	-	-	-	-
2.3 Transfers from other portfolios	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-
3. Decreases	**-**	**-**	**700**	**-**	**-**	**-**
3.1 Sales	-	-	-	-	-	-
3.2 Refunds	-	-	435	-	-	-
3.2 Losses attributed to:	-	-	-	-	-	-
3.2.1 Income statement	-	-	265	-	-	-
of which: Capital losses	-	-	-	-	-	-
3.2.2 Net equity	-	-	-	-	-	-
3.4 Transfers from other portfolios	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-
4 Final balance	**-**	**-**	**2.210**	**-**	**-**	**-**

TAV A.4.5.4
Financial assets and liabities not measured atfair value or measured at fair value on a non-recurrent basis

(€ thousands)

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED ON A NON-RECURRING BASIS	12.31.2015				12.31.2014			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held at maturity	-	-	-	-	-	-	-	-
2. Receivables	8,425,987	-	-	8,426,331	8,142,695	-	-	8,143,355
3. Tangible assets held for investment	-	-	-	-	-	-	-	-
4. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
Total	**8,425,987**	**-**	**-**	**8,426,331**	**8,142,695**	**-**	**-**	**8,143,355**
1. Payables	7,440,735	-	-	7,440,735	7,149,998	-	-	7,149,998
2. Outstanding securities	77,084	-	-	75,621	77,099	-	-	73,712
3. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**7,517,819**	**-**	**-**	**7,516,356**	**7,227,097**	**-**	**-**	**7,223,710**

The fair value of the receivables and payables on demand or short term is registered at equivalent to book value.

Key:
BV = Balance-sheet value
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

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

Part B - Information on Statement of financial position

Part B - Information on Statement of financial position (Amounts in € thousands)

Assets

Section 1 - Cash and cash equivalents - Item 10

Breakdown of Item 10 "Cash and cash equivalents"

(€ thousands)

ITEMS/VALUES	12.31.2015	12.31.2014
1.1 Cash and stamp values	2	1
Total	**2**	**1**

Section 4 - Financial assets available for sale - Item 40

4.1 Breakdown of 40 "Financial assets available for sale"

(€ thousands)

	12.31.2015			12.31.2014		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3 *	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-
2. Capital securities and OICR quotas	-	-	-	-	-	-
3. Loans	-	-	2,210	-	-	700
Total	**-**	**-**	**2,210**	**-**	**-**	**700**

The Company's portfolio includes 20 shares issued by Unicredit Business Integrated Solutions ScpA for 173 euros not quoted and valued at cost. The item loans includes joint ventures with Film Companies for 2,210 thousand Euros.

4.2 Financial assets available for sale: breakdown by debtors/issuers

(€ thousands)

ITEMS/VALUES	12.31.2015	12.31.2014
Financial assets	**2,210**	**700**
a) Governments and central banks	-	-
b) Other public agencies	-	-
c) Banks	-	-
d) Financial agencies	-	-
e) Other issuers	2,210	700
Total	**2,210**	**700**

Section 6 - Receivables - Item 60

6.1 Receivables from banks

(€ thousands)

BREAKDOWN	12.31.2015 BOOK VALUE	12.31.2015 FAIR VALUE L1	12.31.2015 FAIR VALUE L2	12.31.2015 FAIR VALUE L3	12.31.2014 BOOK VALUE	12.31.2014 FAIR VALUE L1	12.31.2014 FAIR VALUE L2	12.31.2014 FAIR VALUE L3
1. Deposits and current accounts	**8,814**	**-**	**-**	**8,814**	**19,716**	**-**	**-**	**19,716**
2. Loans	**131,659**	**-**	**-**	**131,659**	**104,824**	**-**	**-**	**104,824**
2.1 Re-purchase agreements	-	-	-	-	-	-	-	-
2.2 Financial leasing	-	-	-	-	-	-	-	-
2.3 Factoring	131,659	-	-	131,659	104,824	-	-	104,824
- with-recourse	121,327	-	-	121,327	93,328	-	-	93,328
- non-recourse	10,332	-	-	10,332	11,496	-	-	11,496
2.4 Other loans	-	-	-	-	-	-	-	-
3. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-
4. Other assets*	**5,840**	**-**	**-**	**5,840**	**9,128**	**-**	**-**	**9,128**
Total book value	**146,313**	**-**	**-**	**146,313**	**133,668**	**-**	**-**	**133,668**

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

6.2 Receivables from financial agencies

(€ thousands)

BREAKDOWN	12.31.2015 BOOK VALUE PERFORM.	12.31.2015 BOOK VALUE IMPAIRED PURCHASED	12.31.2015 BOOK VALUE IMPAIRED OTHERS	12.31.2015 FAIR VALUE L1	12.31.2015 FAIR VALUE L2	12.31.2015 FAIR VALUE L3	12.31.2014 BOOK VALUE PERFORM.	12.31.2014 BOOK VALUE IMPAIRED PURCHASED	12.31.2014 BOOK VALUE IMPAIRED OTHERS	12.31.2014 FAIR VALUE L1	12.31.2014 FAIR VALUE L2	12.31.2014 FAIR VALUE L3
1. Loans	**420,805**	**-**	**-**	**-**	**-**	**420,805**	**723,255**	**-**	**234**	**-**	**-**	**723,489**
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Financial leasing	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	420,805	-	-	-	-	420,805	723,255	-	234	-	-	723,489
- with-recourse	377,325	-	-	-	-	377,325	692,022	-	-	-	-	692,022
- non-recourse	43,480	-	-	-	-	43,480	31,233	-	234	-	-	31,467
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets*	**675**	**-**	**-**	**-**	**-**	**675**	**1,631**	**-**	**-**	**-**	**-**	**1,631**
Total book-value	**421,480**	**-**	**-**	**-**	**-**	**421,480**	**724,886**	**-**	**234**	**-**	**-**	**725,120**

The fair value of receivables on demand and short term is registered at equivalent to balance-sheet value.
* The item includes receivables from financial agencies participating in pool factoring transactions.

Part B - Information on Statement of financial position - Assets (Continued)

6.3 Receivables from customers

(€ thousands)

	12.31.2015						12.31.2015					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
		IMPAIRED						IMPAIRED				
BREAKDOWN	PERFORM.	PURCHASED	OTHERS	L1	L2	L3	PERFORM.	PURCHASED	OTHERS	L1	L2	L3
1. Loans	**7,591,706**	**-**	**266,488**	**-**	**-**	**7,858,538**	**6,886,678**	**-**	**397,229**	**-**	**-**	**7,284,567**
1. Financial leasing	-	-	-	-	-	-	-	-	-	-	-	-
- without final purchase options	-	-	-	-	-	-	-	-	-	-	-	-
2. Factoring	6,381,696	-	264,021	-	-	6,646,061	6,800,161	-	388,861	-	-	7,189,682
- with-recourse	2,930,779	-	169,569	-	-	3,100,348	2,933,438	-	254,414	-	-	3,187,852
- non-recourse	3,450,917	-	94,452	-	-	3,545,713	3,866,723	-	134,447	-	-	4,001,830
3. Consumer credit (including revolving cards)	-	-	-	-	-	-	-	-	-	-	-	-
4. Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
5. Loans granted for payment services performed	-	-	-	-	-	-	-	-	-	-	-	-
6. Other loans *	1,210,010	-	2,467	-	-	1,212,477	86,517	-	8,368	-	-	94,885
- from execution of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
7. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
8. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total balance sheet value	**7,591,706**	**-**	**266,488**	**-**	**-**	**7,858,538**	**6,886,678**	**-**	**397,229**	**-**	**-**	**7,284,567**

The fair value of the receivables on demand and short term is registered at equivalent to balance-sheet value.

* The other loans are made up of invoices issued for receivables from debtors who have received payment extensions and from loans to debtors of transactions foreseeing payments at maturity and from assignments not contemplated in law 52/91 on Factoring, in particular the purchase of tax receivables.

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

6.4 Receivables - secured assets

(€ thousands)

	12.31.2015					
	RECEIVABLES FROM BANKS		RECEIVABLES FROM FINANCIAL AGENCIES		RECEIVABLES FROM CUSTOMERS	
BREAKDOWN SECURED	VE	VG	VE	VG	VE	VG
1. Performing assets secured by:	**121,327**	**121,327**	**377,325**	**377,325**	**2,934,416**	**2,934,416**
- Financial leasing assets	-	-	-	-	-	-
- Factoring assets *	121,327	121,327	377,325	377,325	2,930,779	2,930,779
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal collateral	-	-			3,637	3,637
- Derivatives on receivables	-	-	-	-	-	-
2. Impaired assets secured by:	**-**	**-**	**-**	**-**	**169,569**	**169,569**
- Financial leasing assets	-	-	-	-	-	-
- Factoring assets *	-	-	-	-	169,569	169,569
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal collateral	-	-	-	-	-	-
- Derivatives on receivables	-	-	-	-	-	-
Total	**121,327**	**121,327**	**377,325**	**377,325**	**3,103,985**	**3,103,985**

BREAKDOWN SECURED	12.31.2014					
	RECEIVABLES FROM BANKS		RECEIVABLES FROM FINANCIAL AGENCIES		RECEIVABLES FROM CUSTOMERS	
	VE	VG	VE	VG	VE	VG
1. Performing assets secured by:	**93,328**	**93,328**	**692,022**	**692,022**	**2,939,205**	**2,939,205**
- Financial leasing assets	-	-	-	-	-	-
- Factoring assets *	93,328	93,328	692,022	692,022	2,933,438	2,933,438
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal collateral	-	-			5,767	5,767
- Derivatives on receivables	-	-	-	-	-	-
2. Impaired assets secured by:	**-**	**-**	**-**	**-**	**254,414**	**254,414**
- Financial leasing assets	-	-	-	-	-	-
- Factoring assets *	-	-	-	-	254,414	254,414
- Mortgages	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-
- Personal collateral	-	-	-	-	-	-
- Derivatives on receivables	-	-	-	-	-	-
Total	**93,328**	**93,328**	**692,022**	**692,022**	**3,193,619**	**3,193,619**

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

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

Section 7 - Hedging derivatives - Item 70

7.1 Breakdown of item 70 'Hedging derivatives'

(€ thousands)

NOTIONAL VALUE/ FAIR VALUE LEVELS	12.31.2015				12.31.2014			
	FAIR VALUE				FAIR VALUE			
	L1	L2	L3	VN	L1	L2	L3	VN
A. Financial derivatives	-	2,710	-	537,003	-	2,967	-	45,169
1. Fair value	-	2,710	-	537,003	-	2,967		45,169
2. Cash-flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
Total A	**-**	**2,710**	**-**	**537,003**	**-**	**2,967**	**-**	**45,169**
B. Credit derivatives	-	-	-	-	-	-	-	-
1. Fair value	-	-	-	-	-	-	-	-
2. Cash-flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**2,710**	**-**	**537,003**	**-**	**2,967**	**-**	**45,169**

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

7.2 Breakdown of item 70 'Hedging derivatives' hedged portfolios and types of hedging

(€ thousands)

TRANSACTION/TYPES OF HEDGING	FAIR VALUE						CASH FLOWS		
	SPECIFIC								
	RATE RISK	EXCHANGE-RATE RISK	CREDIT RISK	PRICE RISK	OTHER RISKS	STANDARD	SPECIFIC	STANDARD	FOREIGN INVESTMENTS
1. Financial assets available for sale	-	-	-	-	-	-	-	-	-
2. Receivables	-	-	-	-		-	-	-	-
3. Financial assets held till maturity	-	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-	2.710	-	-	-
5. Other transactions	-	-	-	-	-	-	-	-	-
Total Assets	**-**	**-**	**-**	**-**	**-**	**2.710**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-
2.Portfolio	-	-	-	-	-	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

Part B - Information on Statement of financial position - Assets (Continued)

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

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

(€ thousands)

VALUE ADJUSTMENT TO HEDGED ASSETS	12.31.2015	12.31.2014
1. Positive adjustment	**344**	**660**
1.1 of specific portfolios:	344	660
a) receivables	344	660
b) financial assets available for sale	-	-
1.2 overall	-	-
2. Negative adjustment	**-**	**-**
2.1 of specific portfolios:	-	-
a) receivables	-	-
b) financial assets available for sale	-	-
2.2 overall	-	-
Total	**344**	**660**

Section 10 - Tangible assets - Item 100

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

(€ thousands)

	12.31.2015	12.31.2014
ITEMS/VALUATION	COST-VALUED ASSETS	COST VALUED ASSETS
1. Owned	**29**	**72**
a) land	-	-
b) buildings	-	-
c) furniture	29	72
d) electronic equipment	-	-
e) others	-	-
2 Acquired in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) others	-	-
Total	**29**	**72**

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

The Company does not hold this type of tangible asset.

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

The Company does not hold this type of tangible asset..

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

The Company does not hold this type of tangible asset.

10.5 Tangible assets: annual changes

(€ thousands)

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHERS	TOTAL
A. Gross initial balance	**-**	**-**	**72**	**-**	**-**	**72**
A.1 Purchases	-	-	-	-	-	-
A.2 Net initial balance	**-**	**-**	**72**	**-**	**-**	**72**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
B.2 Capitalized improvement costs	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive fair value changes attributed to:	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange-rate differences	-	-	-	-	-	-
B.6 Transfer of real estate held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	0
C. Decreases	**-**	**-**	**(43)**	**-**	**-**	**(43)**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	-	(43)		-	(43)
C.3 Impaired value adjustments attributed to:	-	-	-	-	-	0
a) net equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	0
C.4 Negative fair value changes attributed to:	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange-rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net final balance	**-**	**-**	**29**	**-**	**-**	**29**
D.1 Total net value reductions	-	-	-	-	-	-
D. Gross final balance	**-**	**-**	**29**	**-**	**-**	**29**
E. At cost valuation	**-**	**-**	**29**	**-**	**-**	**29**

The depreciation rate used for furniture and fittings is 12%

10.6 Tangible Assets held for investment: annual changes

The Company does not hold this type of tangible asset.

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

The Company has no commitment to purchase tangible assets.

Part B - Information on Statement of financial position - Assets (Continued)

Section 11 - Intangible assets - Item 110

11.1 Breakdown of item 110 'Intangible assets':

(€ thousands)

ITEMS/VALUATION	12.31.2015 ASSETS VALUED AT COST	12.31.2015 ASSETS VALUED AT FAIR VALUE OR REVALUED	12.31.2014 ASSETS VALUED AT COST	12.31.2014 ASSETS VALUED AT FAIR VALUE OR REVALUED
1. Goodwill	-	-	-	-
2. Other intangible assets	-	-	-	-
2.1 owned	546	-	791	-
- internally generated	-	-	-	-
- others	546	-	791	-
2.2 purchased in financial leasing				
Total 2	546	-	791	-
3. Assets refereable to financial leasing	-	-	-	-
3.1 unredeemed goods	-	-	-	-
3.2 goods withdrawn after cancellation	-	-	-	-
3.3 other goods	-	-	-	-
Total 3	-	-	-	-
4. Assets granted in operating leasing	-	-	-	-
Total (1+2+3+4)	546	-	791	-
Total	546	-	791	-

This item includes the costs sustained for developing software with companies outsife the Group.

11.2 Intangible assets: annual changes

(€ thousands)

	TOTAL
A. Opening balance	791
B. Increases	62
B.1 Purchases	62
B.2 Write-backs	-
B.3 Positive changes to fair-value attributed to:	-
a) net equity	-
b) income statement	-
B.4 Other changes	-
C. Decreases	(307)
C.1 Sales	-
C.2 Depreciation	(307)
C.3 Adjustments to impaired value attributed to:	-
a) net equity	-
b) income statement	-
C.4 Negative changes to fair-value attributed to:	-
a) net equity	-
b) income statement	-
C.5 Other changes	-
D. Final balance	546

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

12.1 Breakdown of Item 120 'Fiscal assets: current and deferred'

(€ thousands)

TAX ASSETS	12.31.2015	12.31.2014
a) current*	9,877	3,455
b) deferred	47,996	47,257
Total	**57,873**	**50,712**

12.2 Breakdown of Item 70 'Fiscal liabilities: current and deferred'

(€ thousands)

FISCAL LIABILITIES	12.31.2015	12.31.2014
a) current*		-
b) deferred	1	-
Total	**1**	**-**

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

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

(€ thousands)

	MOVEMENTS	
ITEMS	2015	2014
1. Opening balance	**43,587**	**34,596**
2. Increases	**3,445**	**16,277**
2.1 Prepaid taxes reported in period	3,160	15,848
a) relating to previous periods	-	-
b) due to changed accounting standards	-	-
c) write-backs	-	-
d) others	3,160	15,848
2.2. New taxes or tax rate increases	-	-
2.3 Other increases	285	429
3. Decreases	**(2,655)**	**(7,286)**
3.1 Prepaid taxes annulled in period	(2,344)	(7,286)
a) reversals	(2,081)	(7,286)
b) write-downs due to non-recoverability	-	-
c) due to changed accounting standards	-	-
d) others	(263)	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	(311)	-
a) changed into tax credits ex-Law nr. 214/2011	(311)	-
b) others	-	-
4. Final balance	**44,377**	**43,587**

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

(€ thousands)

	MOVEMENTS	
ITEMS	2015	2014
1. Opening balance	**36,855**	**30,332**
2. Increases	**429**	**12,667**
3. Decreases	**(8)**	**(6,144)**
3.1 reversals	(8)	(5,302)
3.2 changed into tax credits	-	-
a) deriving from operating losses	-	-
a) deriving from tax losses	-	-
3.3 Other decreases	-	(842)
4. Final balance	**37,276**	**36,855**

This table does not include prepaid taxes pursuant to L 214/2011 offset in Net Equity (equal to 4,262.500 euros) whose reversals transfer to Income Statement.

Part B - Information on Statement of financial position - Assets (CONTINUED)

12.4 Changes to deferred taxes (offset in Income Statement)

(€ thousands)

ITEMS	MOVEMENTS 2015	2014
1. Opening balance	**(129)**	**(129)**
2. Increases	**40**	**-**
2.1 Deferred taxes reported in period	40	-
a) relating to previous periods	-	-
b) due to changed accounting standards	-	-
c) others	40	-
2.2. New taxes or increased tax rates	-	-
2.3. Other increases	-	-
3. Decreases	**(39)**	**0**
3.1 Deferred taxes annulled in period	(39)	0
a) reversals	(39)	0
b) due to changed accounting standards	0	-
c) others	0	-
3.2 Tax rate reductions	-	-
3.3 Other Decreases	-	-
4. Final balance	**(128)**	**(129)**

12.5 Changes to deferred taxes (offset in Net Equity)

(€ thousands)

ITEMS	MOVEMENTS 2015	2014
1. Opening balance	**3,670**	**4,009**
2. Increases	**256**	**109**
2.1 Prepaid taxes reported in period	18	-
a) relating to previous periods	18	-
b) due to changed accounting standards	-	-
c) Others	-	-
2.2. New taxes or increased tax rates	-	-
2.3 Other increases	238	109
3. Decreases	**(307)**	**(448)**
3.1 Prepaid taxes cancelled in period	(307)	(448)
a) reversals	(285)	(429)
b) write-downs for non-recoverability	-	0
c) due to changed accounting standards	-	0
d) others	(22)	(19)
3.2 Tax rate reductions	-	0
3.3 Other decreases		0
4. Final balance	**3,619**	**3,670**

12.6 Changes to deferred taxes (offset in Net Equity)

(€ thousands)

ITEMS	MOVEMENTS 2015	MOVEMENTS 2014
1. Opening balance	**129**	**129**
2. Increases	**-**	**-**
2.1 Deferred taxes reported in period	-	-
a) relating to previous periods	-	-
b) due to changed accounting standards	-	-
c) others	-	-
2.2. New taxes or increased tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred taxes annulled in period	-	-
a) reversals	-	-
b) due to changed accounting standards	-	-
c) others	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-	-
4. Final balance	**129**	**129**

Section 14 - Other assets - Item 140

14.1 Breakdown of item 140 'Other assets'

(€ thousands)

ITEMS	12.31.2015	12.31.2014
Bills subject to collection to customers awating bank collection	15,342	48,039
Receivables vs tax authorities (inland revenue)	569	461
Cautionary deposits	114	105
Receivables vs Insurance companies for expected reimboursement	167	283
Transitory entries	126	167
Improvements to third party goods	26	33
IRES tax credit**	786	771
Others***	396	282
Total	**17,526**	**50,141**

* Assets deriving from upon collection accreditation to customers of effects awaiting Bank settlement.
** Benefit against requests for refunds presented pursuant to art. 2, comma 1 of decree nr. 201 of December 2011 relevant to recovery of IRES and IRAP taxes paid with respect to labour costs.
*** The item includes the amounts invoiced in advance by other in-Group companies.

Part B - Information on Statement of financial position - Liabilities (Continued)

Liabilities

Section 1 - Payables - Item 10

1.1 Payables

(€ thousands)

ITEMS	12.31.2015 FROM BANKS	12.31.2015 FROM FINANCIAL AGENCIES	12.31.2015 FROM CUSTOMERS	12.31.2014 FROM BANKS	12.31.2014 FROM FINANCIAL AGENCIES	12.31.2014 FROM CUSTOMERS
1. Loans	7,219,631	-	-	6,995,399	-	-
1.1 Repurchase agreements	-	-	-	-	-	-
1.2 Other loans	7,219,631	-	-	6,995,399	-	-
2. Other payables	-	27,661	193,443	-	21,650	132,949
Total	**7,219,631**	**27,661**	**193,443**	**6,995,399**	**21,650**	**132,949**
Fair Value - level 1	**-**	**-**	**-**	**-**	**-**	**-**
Fair Value - level 2	**-**	**-**	**-**	**-**	**-**	**-**
Fair Value - level 3	**7,219,631**	**27,661**	**193,443**	**6,995,399**	**21,650**	**132,949**

The fair value of on demand and short term payables is registered as equivalent to balance-sheet value.

Payables from banks are chiefly made up of the provision implemented with the Holding. This item includes the loans received for investments with UniCredit S.p.A in pool operations.
Payables from customers ('Other Payables') chiefly represent the difference between total-receivables and the amount of considerations already prepaid to assignors in relation to non-recourse transactions, amounting to 150,262 thousand euros, and the debt exposure regarding customers, amounting to 43,181 thousand euros.

Section 2 - Outstanding securities - Item 20

2.1 Breakdown of item 20 'Outstanding securities'

(€ thousands)

LIABILITIES	12.31.2015 BOOK VALUE	12.31.2015 *FAIR VALUE* L1	12.31.2015 *FAIR VALUE* L2	12.31.2015 *FAIR VALUE* L3	12.31.2014 BOOK VALUE	12.31.2014 *FAIR VALUE* L1	12.31.2014 *FAIR VALUE* L2	12.31.2014 *FAIR VALUE* L3
1. Securities	**77,084**	**-**	**-**	**75,621**	**77,099**	**-**	**-**	**73,712**
- Bonds	77,084	-	-	75,621	77,099	-	-	73,712
- structured	-	-	-	-	-	-	-	-
- others	77,084	-	-	75,621	77,099	-	-	73,712
- Other securities	-	-	-	-	-	-	-	-
- structured	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
Total	**77,084**	**-**	**-**	**75,621**	**77,099**	**-**	**-**	**73,712**

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

2.2 Subordinated securities

Subordinated liabilities have the following characteristics:

		BALANCE AT 01.01.15	REFUNDS AND CHANGES	RESIDUAL AMOUNT AT 31.12.15	MATURITY	RATE
capital	Euro thousands	10,000	-	10,000	30.3.2017	For first 5 years: Euribor at 6 months + 30 bps as from 6th year, if not refunded in advance: Euribor 6 months + 90 bps
interest	Euro thousands	28	(4)	24		
Total	**Euro thousands**	**10,028**	**(4)**	**10,024**		

- Typology: infragroup subordinated liability LOWER TIER II TV;
- Effect: 30.03..2007;
- Six-month, variable rate: for first five years Euribor 6 months + 30 bps and as from sixth year, if not refunded in advance, 6 months + 90 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Advance refund: subject to Bank of Italy authorization, market conditions checked, the Company reserves the right to proceed, once 60 months have elapsed as from the date of allocation of the loan and coinciding with the dates foreseen for interest payment, with the advance refund of all or part of the capital still to be repaid, with prior notice of at least one month;

- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the payable will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- The subordinated bond was subscribed by UniCredit Bank Ireland p.l.c.

		BALANCE AT 01.01.15	REFUNDS AND CHANGES	RESIDUAL AMOUNT AT 31.12.15	MATURITY	RATE
capital	Euro thousands	15,000	-	15,000	30.3.2017	Euribor at 6 months + 53 bps
interest	Euro thousands	27	(6)	21		
Total	**Euro thousands**	**15,027**	**(6)**	**15,021**		

- Typology: infragroup, hybrid, capitalization instrument UPPER TIER II TV;
- Effect: 30.03.2007
- Six-month, variable rate: Euribor 6 months + 53 bps
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the payable will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- Loss hedging clause: in case of balance-sheet losses determining decline in paid-in capital and of provisions lower than the minimum level of capital foreseen for registration in the general List, pursuant to art. 106 TUB, the sums deriving from the loan and the interest matured may be used to offset losses to allow the Company to continue its business activities;
- In case of negative performance of the Company, the right to remuneration may be suspended to the extent needed to avoid or limit as far as possible the emergence of losses;
- The subordinated bond was subscribed by UniCredit Bank Ireland p.l.c.

		BALANCE AT 01.01.15	REFUNDS AND CHANGES	RESIDUAL AMOUNT AT 31.12.15	MATURITY	RATE
capital	Euro thousands	24,000	-	24,000	14.12.2017	For 1st 5 yrs: Euribor 6 months+ 100 bps from 6th year, if not refunded in advance: Euribor 6 months + 160 bps
interest	Euro thousands	20	(2)	18		
Total	**Euro thousands**	**24,020**	**(2)**	**24,018**		

- Typology: infragroup subordinated liability LOWER TIER II TV;
- Effect: 14.12.2007;
- Six-month, variable rate: for the first five years Euribor 6 months + 100 bps and as from sixth year, if not refunded in advance, Euribor 6 months + 160 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Advance refund: subject to Bank of Italy authorization, market conditions checked, the Company reserves the right to proceed, as from 14/12/2012 and coinciding with the dates foreseen for the payment of interest, with the advance refund of all or part of the capital still to be repaid, with prior notice of at least one month;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the payable will be refunded only after all the other creditors, not equally subordinated, have been satisfied.
- The subordinated bond was subscribed by the Holding.

		BALANCE AT 01.01.15	REFUNDS AND CHANGES	RESIDUAL AMOUNT AT 31.12.15	MATURITY	RATE
capital	Euro thousands	28,000	-	28.000	14.12.2017	Euribor at 6 months + 165 bps
interest	Euro thousands	24	(3)	21		
Total	**Euro thousands**	**28.024**	**(3)**	**28.021**		

- Typology: infragroup, hybrid, capitalization instrument UPPER TIER II TV;
- Effect: 14.12.2007;
- Six-month, variable rate: Euribor 6 months + 165 bps;
- Refund: full capital refund at maturity, subject to prior, Bank of Italy consent;
- Subordination clause: in case of liquidation of the Company or subjection to insolvency proceedings, the payable will be refunded only after all the other creditors, not equally subordinated, have been satisified.
- Loss hedging clause: in case of balance-sheet losses determining decrease of capital paid-in and of provisions under the minimum Level of capital foreseen for registration in the general List, pursuant to art. 106 TUB, the sums deriving from the loan and the interest matured may be used to face losses to allow the Company to continue its business activities;
- In case of adverse performance of the Company, the right to remuneration may be suspended to the extent needed to avoid or limit as far as possible the emergence of losses;
- The loan was subscribed by the Holding.

Part B - Information on Statement of financial position - Liabilities (Continued)

Section 5 - Hedge derivatives - Item 50

5.1 Breakdown of item 50 'Hedge derivatives'

(€ thousands)

NOTIONAL VALUE/ FAIR-VALUE LEVELS	12.31.2015				12.31.2014			
	FAIR VALUE				*FAIR VALUE*			
	L1	L2	L3	VN	L1	L2	L3	VN
A. Financial derivatives	-	3,682	-	347,859	-	3,574	-	102,666
1. Fair value	-	3,682		347,859	-	3,574	-	102,666
2. Cash-flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
Total A	**-**	**3,682**	**-**	**347,859**	**-**	**3,574**	**-**	**102,666**
B. Credit derivatives	-	-	-	-	-	-	-	-
1. Fair value	-	-	-	-	-	-	-	-
2. Cash-flows	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**3,682**	**-**	**347,859**	**-**	**3,574**	**-**	**102,666**

L1= Level 1
L2= Level 2
L3= Level 3
NV = Nominal value

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

(€ thousands)

TRANSACTION/TYPES OF HEDGING	*FAIR VALUE*						CASH FLOWS		FOREIGN INVESTMENTS
	SPECIFIC								
	RATE RISK	EXCHANGE-RATE RISK	CREDIT RISK	PRICE RISK	OTHER RISKS	GENERICA	SPECIFIC	STANDARD	
1. Financial assets available for sale	-	-	-	-	-	-	-	-	-
2. Receivables		-	-	-	-	-	-	-	-
3. Financial assets held till maturity	-	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-		-	-	-
5. Other transactions	-	-	-	-	-	-	-	-	-
Total Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-
2.Portfolio	-	-	-	-	-	3.682	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**	**-**	**3.682**			
1. Expected transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

Section 7 - Tax liabilities - Item 70

For this item see Section 12 – Tax assets and liabilities

Section 9 - Other liabilities - Item 90

9.1 Breakdown of item 90 'Other liabilities'

(€ thousands)

ITEMS	12.31.2015	12.31.2014
Payables for Equity Settled Share Based Payments	545	383
Payables vs employees	2,751	2,659
Payables vs other human resources	1,616	1,090
Payables vs Directors and Auditors	196	194
Sums available to be acknowledged to third parties*	184,812	248,640
Entries still being registered	12,080	19,606
Payables vs suppliers	3,300	1,494
Other current liabilities	9,342	10,996
Other tax entries	834	890
Transitory entries to be allocated	10,949	2,194
Total	**226,425**	**288,146**

* The item includes takings collected from debtors, to be re-allocated to their respective credit positions.

Section 10 - Provision for employee severance pay - Item 100

10.1 'Provision for employee severance pay': annual changes

(€ thousands)

	MOVEMENTS	
ITEMS	2015	2014
A. Opening balance	**3,344**	**2,758**
B. Increases	**395**	**671**
B.1 Provisions for the period	53	90
B.2 Other increase changes	342	581
C. Decreases	**(249)**	**(85)**
C.1 Liquidations implemented	(86)	-
C.2 Other decrease changes	(163)	(85)
D. Final balance	**3,490**	**3,344**

10.2 Further information

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

DESCRIPTION OF CHIEF ACTUARIAL HYPOTHESES	2015	2014
Actualization rate	1.75%	1.60%
Expected inflation rate	1.00%	1.10%

€ thousand values

RECONCILIATION, BETWEEN CURRENT VALUE OF FUNDS, CURRENT VALUE OF SERVICE PLAN ASSETS + ASSETS AND LIABILITIES REPORTED IN BALANCE-SHEET	2015	2014
Current value of defined benefits plan - ESF (=TFR) EMPLOYEE SEVERANCE FUND	3,490	3,344
Unreported actuarial profits (losses)	-	-
Net liabilities	3,490	3,344

The provision for employee severance pay (ESP) can considered as a 'post-employment, defined benefit payment'. Consequently, its acknowledgment in the balance-sheet required the estimate - using actuarial methods - of the amount of benefits accrued by employees together with the relevant discounting. The determination of such benefits was implemented by a non-Group actuary using the 'Unitary Credit Projection Method.
Following the supplementary insurance reform pursuant to Legislative Decree nr. 252 of December 5. 2005, the ESF portions accrued up to 12.31.2006 remained with the company, whereas the ESF portions accrued as from January 1, 2007 were, on an employee's-choice basis (exercised within 06.30.2007), allocated to forms of supplementary insurance or to the INPS Treasury Fund.

Part B - Information on Statement of financial position - Liabilities (Continued)

As a result:
The ESF Fund accrued up to 12.31.2006 (or as from the date of choice - made between 01.01.2007 and 06.30.2007 - by the employee, relating to allocation of his/her ESF to Supplementary Insurance) continues to be a 'defined benefit' plan and consequently subject to actuarial valuation, although based on simplified actuarial hypotheses which no longer comprise forecasts on expected remuneration increases
The portions accrued at 01.01.2007 (or as from the date of choice - made between 01.01.2007 and 06.30.2007 - by the employee relating to allocation of his/her ESF to Supplementary Insurance) were considered as a 'defined contribution plan' (because the Company's obligation ceases when the ESF portions accrued are transferred to the fund chosen by the employee) and, therefore, the relevant cost entailed, pertaining to the period, amounted to the sums transferred to the Supplementary Insurance or to the INPS Treasury Fund.
The costs relating to the ESF accrued over the year were registered in the Income Statement under Item 110 a) 'Human Resources Costs' and include the interest accrued during the year (interest cost) on the obligation already extant at the date of the Reform, together with the portions accrued over the year and transferred to the Supplementary Insurance or to the INPS Treasury Fund.
The actuarial profits/losses, defined as the difference between the balance-sheet value of the liability and the current value of the obligation at end-of-period, were registered in Net Equity within the framework of the Valuation Reserves
A variation of -25 basis points in the actualisation rate would entail 85,525 Euros (+2,45%) increase in liability; an equivalent rate increase, on the other hand, a liability reduction of 82,501 Euros (-2,36%). The variation of -25 basis points in the inflation rate would entail a liability reduction of 50,033 Euros (-1,43%); and equivalent increase of the rate, on the other hand, a liability increase of 50,992 (+1,46%).

Section 11 - Provisions for risks and charges - Item 110

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

(€ thousands)

ITEMS	12.31.2015	12.31.2014
Fund for clawback actions	4,622	5,240
Fund for legal disputes	13,706	9,694
Fund for staff claims	4,700	3,807
Other risks funds	2,407	5,116
Total	**25,435**	**23,857**

The Company is currently involved in legal disputes and clawback claims for an overall, maximum risk amounting to 65.9 million Euros (58 million at end 2014), hedged by provisions for 18.3 million which represents the best estimate of the costs our Company expects to sustain to cover the foregoing risks.

The Fund for Staff Charges refers to the variable, discretional portion of the remuneration.

The reduction of the Item Other risk funds is mainly due to the use of 2.5 million for the transaction relating to the counterpart Impresa Spa..

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

(€ thousands)

ITEMS	12.31.2015	12.31.2014
1. Opening balance	**23,857**	**16,556**
2. Increases	**8,922**	**13,736**
Fund for clawback actions	952	3,245
Fund for legal disputes	4,246	4,218
Fund for staff charges	3,710	3,707
Other risks funds	14	2,566
3. Decreases	**(7,344)**	**(6,435)**
Fund for clawback actions	(1,570)	(2,718)
Fund for legal disputes	(234)	(912)
Fund for staff charges	(2,817)	(2,560)
Other risks funds	(2,723)	(245)
4. Final balance	**25,435**	**23,857**

Section 12 - Net equity - Items 120, 150 and 160

12.1 Breakdown of item 120 'Capital'

(€ thousands)

TYPOLOGIES	12.31.2015	12.31.2014
1. Capital	**414,348**	**414,348**
1.1 Ordinary shares	414,348	414,348
1.2 Other shares	-	-

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

12.4 Breakdown of item 150 'Share premium'

(€ thousands)

TYPOLOGIES	12.31.2015	12.31.2014
1. Share premiums	**951**	**951**
1.1 Premium deriving from 1997 capital increase	951	951

12.5 Further information

(€ thousands)

ITEMS	LEGAL RESERVE	PROFITS CARRIED FORWARD	STATUTORY RESERVE	OTHER RESERVES	TOTAL
A. Opening balance	**17,534**	**118**	**185**	**165,790**	**183,627**
B. Increases	**5,190**	**-**	**-**	**26,014**	**31,204**
B.1 Allocations of Profits	5,190		-	25,935	31,125
B.2 Other increase changes	-	-	-	79	79
C. Decreases	**-**	**-**	**-**	**-**	**-**
C.1 Uses	-	-	-	-	-
- losses hedged	-	-	-	-	-
- distribution	-	-	-	-	-
- transfer to capital	-	-	-	-	-
C.2 Other decrease changes	-	-	-	-	-
D. Final balance	**22,724**	**118**	**185**	**191,804**	**214,831**

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

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

(€ thousands)

NATURE/DESCRIPTION	AMOUNT	POSSIBLE USE	PORTION AVAILABLE	SUMMARY OF USES IMPLEMENTED OVER 3 PREVIOUS PERIODS	
				FOR HEDGING LOSSES	FOR OTHER REASONS
Capital	**414,348**		**-**		
Capital reserve:	**951**		**-**		
- Share premiums	951	B	-		
Profits reserve	**214,831**		**192,528**		
- Statutory reserve	185	A, B, C	185		
- Legal reserve	22,724	B	-		
- FTA reserve	(447)		-		
- Other reserves *	192,251	A, B, C	192,225		
- Previous period profit	118	A, B, C	118		
Profit for the period	**100,247**		**-**		
Total	**730,377**	**-**	**192,528**		

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

* Pursuant to OIC 28 and to art. 2426 comma 5 of the civil code, the unavailable quota regards the amount of installation and enlargement costs reported in the item 'Other Assets', for 2015 it amounted to 26 thousand Euros.

Part C - Information on Income Statement

Part C - Information on Income Statement (Amounts in € thousands)

Section 1 - Interest - Items 10 and 20

1.1 Breakdown of item 10 'Receivable interest and similar revenue'

(€ thousands)

ITEMS/TECHNICAL TYPES	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2015	2014
1. Financial assets held for trading	-	-	-	-	-
2. Financial assets at fair-value	-	-	-	-	-
3. Financial assets available for sale	-	-	-	-	-
4. Financial assets held till maturity	-	-	-	-	-
5. Receivables	-	133,187	-	133,187	191,465
5.1 Receivables from banks	-	322	-	322	1,199
5.2 Receivables from financial agencies	-	5,732	-	5,732	14,519
5.3 Receivables from customers	-	127,133	-	127,133	175,747
6. Other assets	-	-	-	-	-
7. Hedge derivatives	-	-	-	-	-
Total	**-**	**133,187**	**-**	**133,187**	**191,465**

Receivable interest, different from the interest reported in the item 'Write-backs', matured in the 2015 period against exposures classified in Impaired Receivables at December 31, amounted to 7.2 million.

1.3 Breakdown of item 20 'Payable interest and similar charges'

(€ thousands)

ITEMS/TECHNICAL TYPES	LOANS	SECURITIES	OTHER	2015	2014
1. Payables to banks	(11,348)	-	-	(11,348)	(20,880)
2. Payables to financial agencies	-	-	-	-	-
3. Payables to customers	(1)	-	-	(1)	(3)
4. Outstanding securities	-	(1,109)	-	(1,109)	(1,297)
5. Financial trading payables	-	-	-	-	-
6. Financial payables valued at fair-value	-	-	-	-	-
7. Other liabilities	-	-	-	-	-
8. Hedge derivatives	-	-	(760)	(760)	(279)
Total	**(11,349)**	**(1,109)**	**(760)**	**(13,218)**	**(22,459)**

The decrease in receivable and payable interest is explained by the reduction in rates, whenever there is substantial stability in the average volumes employed.

Section 2 - Fees - Items 30 and 40

2.1 Breakdown of Item 30 'Fee and commission income'

(€ thousands)

DETAIL	2015	2014
1. financial leasing transactions	-	-
2. factoring transactions	76,223	80,725
3. consumer credit	-	-
4. merchant banking assets	-	-
5. guarantees released	-	-
6. services for:	-	-
- third party fund management	-	-
- foreign exchange brokering	-	-
- product distribution	-	-
- others	-	-
7. collection and payment services	146	116
8. servicing in securitization operations	-	-
9. Other fees: cost recovery from customers for preparation credit-line files, account keeping costs etc.	1,809	1,541
Total	**78,178**	**82,382**

2.2 Breakdown of 40 'Fee and commission expenses'

(€ thousands)

DETAIL	2015	2014
1. guarantees received	(1,639)	(512)
2. distribution of third party services	-	-
3. collection and payment services	(501)	(363)
4. other fees	(7,580)	(6,922)
4.1 commissions	(4,584)	(4,343)
4.2 costs for re-insurance receivables	(2,996)	(2,579)
Total	**(9,720)**	**(7,797)**

Section 4 - Net result from trading operations - Item 60

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

(€ thousands)

	2015				
ITEMS/INCOME EARNING COMPS.	CAPITAL GAINS	TRADING PROFITS	CAPITAL LOSSES	TRADING LOSSES	NET RESULT
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Capital securities and OICR quotas	-	-	-	-	-
1.3 Loans	-	-	-	-	-
1.4 Other assets	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-
3. Financial assets and liabilities: exchange-rate differences	**-**	**194**	**-**	**-**	**194**
4. Financial derivatives		**-**	**-**	**-**	**-**
5. Derivatives on receivables		**-**	**-**	**-**	**-**
Total		**194**	**-**	**-**	**194**

Section 8 - Net adjustments/write-backs for impairment - Item 100

8.1 'Net adjustments/write-backs for impairment of assets'

(€ thousands)

	VALUE ADJUSTMENTS		WRITE-BACKS			
ITEMS/ADJUSTMENTS	SPECIFIC	PORTFOLIO	SPECIFIC	PORTFOLIO	2015	2014
1. Receivables from banks	**-**	**-**	**-**	**-**	**-**	**-**
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
2. Receivables from fin. agencies	**-**	**-**	**-**	**-**	**-**	**-**
Impaired receivables purchased	-	-	-	-	-	-
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
3. Receivables from customers	**(42,393)**	**-**	**23,549**	**13,657**	**(5,187)**	**(47,879)**
Impaired receivables purchased	-	-	-	-	-	-
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
Other receivables	(42,393)	-	23,549	13,657	(5,187)	(47,879)
- for leasing	-	-	-	-	-	-
- for factoring*	(42,393)	-	23,549	13,657	(5,187)	(47,879)
- for consumer credit	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
Total	**(42,393)**	**-**	**23,549**	**13,657**	**(5,187)**	**(47,879)**

* Specific value adjustments also include transfers to losses without using provisions.

The portfolio writebacks are attributable to the decrease in past-due, to a more favourable breakdown in performing receivables and to the application of the new management LGD.

Part C - Information on Income Statement (Continued)

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

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

Section 9 - Administrative costs - Item 110

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

(€ thousands)

ITEMS/SECTORS	2015	2014
1. Employees	**(24,377)**	**(21,367)**
a) salaries and wages	(16,029)	(15,076)
b) social security charges	(4,781)	(4,222)
c) severance indemnities	(149)	(133)
d) insurance costs	-	-
e) reserve for employee severance bonuses	(66)	(94)
f) reserve for retirement and similar obligations	-	-
- defined contribution	-	-
- defined benefits	-	-
transfer to external complementary insurance funds	(799)	(738)
- defined contribution	(799)	(738)
- defined benefits	-	-
h) other costs	(2,553)	(1,104)
2. Other human resources	**(5)**	**(3)**
3. Directors and auditors	**(202)**	**(176)**
4. Retirees	**-**	**-**
5. Cost recovery for employees seconded to other companies	**125**	**169**
6. Cost refunds for employees seconded to the Company *	**(3,653)**	**(2,225)**
Total	**(28,112)**	**(23,602)**

* The item 'Cost refunds for employees seconded to the Company' chiefly refers to costs pertaining to seconded staff.
The increase in Directors' and Auditors' fees is attributable to the setting up of the Audit Committee.

9.2 Average number of human resources by category

BY CATEGORY	2015	2014
Managers	10,8	12,0
Managerial executives	150,8	132,8
Remaining staff	97,8	103,8
Total subordinate staff	**259,4**	**248,6**
Third party staff	28,9	16,1
Other	0,3	0,0
Total	**288,7**	**264,7**

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

(€ thousands)

BY CATEGORY	2015	2014
1) Indirect duties and taxes	**793**	**1,172**
1a. Paid:	793	1,172
1b. Unpaid:	-	-
2) Miscellaneous costs and expenses	**16,794**	**18,337**
a) Advertizing, marketing, communication costs	**198**	**200**
b) Credit risk expenses	**2,645**	**4,268**
c) Indirect staff-based expenses	**1,049**	**1,349**
d) Information Communication Technology expenses	**5,338**	**5,202**
Hardware expenses: rentals and maintenance	-	-
Software expenses: rentals and maintenance	-	-
ICT communication systems	289	302
ICT service: external staff/outsourced services	5,049	4,900
Financial interproviders	-	-
e) Consulting and professional services expenses	**964**	**668**
Consulting	850	570
Legal costs	114	98
f) Real estate costs	**2,189**	**2,279**
Rentals payable for property leasing	1,664	1,642
Utilities	317	376
Other real estate expenses	208	261
g) Operating costs	**4,411**	**4,371**
Security and surveillance services	-	-
Transport and counting of values	-	-
Insurance	107	70
Mailing expenses and document transport	340	438
Printouts and stationary	62	73
Administration and logistics services	3,835	3,688
Rights, quotas and contributions to category associations and protection funds	66	86
Other administration costs - Others	1	16
Total (1+2)	**17,587**	**19,509**

The reduction in administration costs compared with the previous year was caused chiefly by the decrease in costs relating to the credit risk and to indirect levies and taxes.

Part C - Information on Income Statement (Continued)

Section 10 - Net value adjustments write-backs to tangible assets - Item 120

10.1 Breakdown of item 120 'Net adjustments/write-backs to tangible assets'

(€ thousands)

ITEMS/ADJUSTMENTS/ WRITE-BACKS	2015				2014			
	DEPRECIATION (a)	VALUE ADJUSTMENTS FOR IMPAIRMENT (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	DEPRECIATION (a)	VALUE ADJUSTMENTS FOR IMPAIRMENT (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
1. Functional use assets	**(42)**	**-**	**-**	**(42)**	**(47)**	**-**	**-**	**(47)**
1.1 owned	(42)	-	-	(42)	(47)	-	-	(47)
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
c) furniture	(42)	-	-	(42)	(47)	-	-	(47)
d) equipment	-	-	-	-	-	-	-	-
e) other	-	-	-	-	-	-	-	-
1.2 purchased in financial leasing	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-	-	-
d) equipment	-	-	-	-	-	-	-	-
e) other	-	-	-	-	-	-	-	-
3. Assets held for investment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- granted in operating leasing	-	-	-	-	-	-	-	-
Total	**(42)**	**-**	**-**	**(42)**	**(47)**	**-**	**-**	**(47)**

Section 11 - Net value adjustment write-backs to intangible assets - Item 130

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

(€ thousands)

ITEMS/ADJUSTMENTS/ WRITE-BACKS	2015				2014			
	DEPRECIATION (a)	VALUE ADJUSTMENTS FOR IMPAIRMENT (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)	DEPRECIATION (a)	VALUE ADJUSTMENTS FOR IMPAIRMENT (b)	WRITE-BACKS (c)	NET RESULT (a+b-c)
1. Goodwill	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Other intangible assets	**(307)**	**-**	**-**	**(307)**	**(235)**	**-**	**-**	**(235)**
2.1 owned	(307)	-	-	(307)	(235)	-	-	(235)
2.2 purchased in financial leasing	-	-	-	-	-	-	-	-
3. Assets referable to financial leasing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4. Assets granted in operating leasing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**(307)**	**-**	**-**	**(307)**	**(235)**	**-**	**-**	**(235)**

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

13 Breakdown of item 150 'Net provisions for risks and charges'

(€ thousands)

PROVISIONS FOR RISKS AND CHARGES	2015	2014
- Provision for clawback lawsuits	(952)	(3,206)
- Provision for legal disputes	(4,016)	(3,306)
- Other provisions for risks fund	(5)	(2,573)
- Write-backs on fund for risks and charges	1,879	832
Total	**(3,094)**	**(8,253)**

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

Section 14 - Other revenue and operating charges - Item 160

14.1 Breakdown of item 160 'Other revenue and operating charges

(€ thousands)

ITEMS/OTHER REVENUE AND OPERATING CHARGES	2015	2014
- customers' legal expenses	1,265	1,144
- dual-purpose use of company cars	60	69
- receivable rentals	6	3
- insurance indemnity	5,702	677
- miscellaneous revenue	1,786	3,209
Total other operating revenue	**8,819**	**5,102**
- Other operating costs *	(913)	(116)
Total other operating costs	**(913)**	**(116)**
Total other revenue and operating costs	**7,906**	**4,986**

Section 17 - Income tax of financial year revenue from current transactions - Item 190

17.1 Breakdown of item 190 'Income tax of financial year revenue from current transactions'

(€ thousands)

ITEMS/ADJUSTMENTS AND WRITE-BACKS	2015	2014
1. Current taxes	(44,438)	(55,892)
2. Changes in current taxes compared to previous periods	1,699	1,918
3. Reduction in taxes current for the period	-	-
3.bis Reduction in current taxes for period for tax receivables ex-law nr.214/2011	-	-
4. Changes to prepaid taxes	790	8,562
5. Changes to deferred taxes	1	0
Taxes for the period	**(41,948)**	**(45,412)**

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

(€ thousands)

ITEMS/ADJUSTMENTS AND WRITE-BACKS	2015	2014
Profit (Loss) in current transactions before tax	**142,196**	**149,207**
Theoretic imposable tax rate	27.5%	27.5%
Theoretic taxes	(39,104)	(41,033)
Fiscal effects deriving from:		
+ non-taxable revenue - permanent differences	-	-
- non-deductible tax costs -permanent differences	(464)	(3,778)
- IRAP	(7,865)	(10,901)
+ registration of assets for prepaid and deferred taxes	-	-
+/- other differences	5,485	10,300
Income tax registered in Income Statement	**(41,948)**	**(45,412)**
Income tax for the period on current transactions	**(41,948)**	**(45,412)**
Difference	**-**	**-**

The effective 2015 tax rate was 29.5% compared to the 30.44% of the previous year. This decrease is to be attributed mainly to the change in the tax legislation governing the IRAP deductibility of the cost of labor, Law nr.190 of December 23 2015 (i.e. Stability Law for 2015, to the positive effect of ACE and to the Tax Credit from the funding of film productions.

Part C - Information on Income Statement (Continued)

Section 19 - Income Statement: Further information

19.1 Breakdown of receivable income and fees

(€ thousands)

	RECEIVABLE INTEREST			RECEIVABLE FEES				
	BANKS	FINANCIAL AGENCIES	CUSTOMERS	BANKS	FINANCIAL AGENCIES	CUSTOMERS	2015	2014
1. Financial Leasing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- real estate	-	-	-	-	-	-	-	-
- movables assets	-	-	-	-	-	-	-	-
- equipment	-	-	-	-	-	-	-	-
- intangibles assets	-	-	-	-	-	-	-	-
2. Factoring	**322**	**5,732**	**127,133**	**306**	**1,421**	**76,451**	**211,365**	**273,847**
- on current receivables	-	-	-	-	-	-	-	-
- on future receivables	-	875	5,657	-	228	2,881	9,641	7,509
- on outright purchase receivables	78	-	39,225	-	-	16,460	55,763	62,886
- on receivables purchased at less than original value	-	-	-	-	-	-	-	-
- for other loans	244	4,857	82,251	306	1,193	57,110	145,961	203,452
3. Consumer credit	**-**	**-**	**-**	**-**		**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- purpose loans	-	-	-	-	-	-	-	-
- assign. 1/5 remuneration	-	-	-	-	-	-	-	-
4. Guarantees/commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	**322**	**5,732**	**127,133**	**306**	**1,421**	**76,451**	**211,365**	**273,847**

Part D - Further Information

Part D - Further Information

Section 1 - Specific references to operations performed

B. Factoring and assignment of receivables

B.1 Gross value and balance-sheet value

B.1.1 Factoring transactions

(€ thousands)

ITEMS/VALUES	12.31.2015 GROSS VALUE	12.31.2015 VALUE ADJUSTMENTS	12.31.2015 NET VALUE	12.31.2014 GROSS VALUE	12.31.2014 VALUE ADJUSTMENT	12.31.2014 NET VALUE
1. Performing assets	**6,960,887**	**26,727**	**6,934,160**	**7,669,479**	**41,239**	**7,628,240**
- exposures vs assignors (with-recourse)	3,449,139	19,708	3,429,431	3,738,384	19,596	3,718,788
- assignments of future receivables	*339,590*	*1,801*	*337,789*	*145,793*	*1,370*	*144,423*
- others	*3,109,549*	*17,907*	*3,091,642*	*3,592,591*	*18,226*	*3,574,365*
- exposures vs assigned debtors (non-recourse)	3,511,748	7,019	3,504,729	3,931,095	21,643	3,909,452
2. Impaired assets	**455,898**	**191,877**	**264,021**	**582,470**	**193,375**	**389,095**
2.1 non-performing	**187,762**	**136,434**	**51,328**	**195,902**	**132,368**	**63,534**
- exposures vs assignors (with-recourse)	173,599	126,330	47,269	178,007	120,161	57,846
- assignments of future receivables	*10,169*	*5,373*	*4,796*	*12,881*	*5,570*	*7,311*
- others	*163,430*	*120,957*	*42,473*	*165,126*	*114,591*	*50,535*
- exposures vs assigned debtors (non-recourse)	14,163	10,104	4,059	17,895	12,207	5,688
- purchases below face-value	-	-	-	-	-	-
- others	*14,163*	*10,104*	*4,060*	*17,895*	*12,207*	*5,688*
2.2 Unlikely to pay	**128,073**	**47,931**	**80,142**	**196,118**	**55,077**	**141,041**
- exposures vs assignors (with-recourse)	96,963	35,494	61,469	146,159	35,919	110,240
- assignments of future receivables	*2,917*	*1,308*	*1,608*	*3,891*	*1,098*	*2,793*
- others	*94,046*	*34,186*	*59,861*	*142,268*	*34,821*	*107,447*
- exposures vs assigned debtors (non-recourse)	31,110	12,437	18,673	49,959	19,158	30,801
- purchases below face-value	-	-	-	*0*	*0*	-
- others	*31,110*	*12,437*	*18,673*	*49,959*	*19,158*	*30,801*
2.3 Past-due exposures	**140,063**	**7,512**	**132,551**	**190,450**	**5,930**	**184,520**
- exposures vs assignors (with-recourse)	64,256	3,425	60,831	88,997	2,669	86,328
- assignments of future receivables	55	3	52	114	3	111
- others	64,201	3,422	60,779	88,883	2,666	86,217
- exposures vs assigned debtors (non-recourse)	75,807	4,087	71,720	101,453	3,261	98,192
- purchases below face-value	-	-	-	-	-	-
- others	**75,807**	**4,087**	**71,720**	**101,453**	**3,261**	**98,192**
Total	7,416,785	218,604	7,198,181	8,251,949	234,614	8,017,335

Other assignments

(€ thousands)

ITEMS/VALUES	12.31.2015 GROSS VALUE	12.31.2015 VALUE ADJUSTMENTS	12.31.2015 NET VALUE	12.31.2014 GROSS VALUE	12.31.2014 VALUE ADJUSTMENT	12.31.2014 NET VALUE
1. Performing assets	**1,016,062**	**890**	**1,015,172**	**-**	**-**	**-**
- exposures vs assignors (with-recourse)	139,320	620	138,700	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	*139,320*	*620*	*138,700*	-	-	-
- exposures vs assigned debtors (non-recourse)	876,742	270	876,472	-	-	-
2. Impaired assets					**-**	**-**
2.1 Non-performing	**2,132**	**1,310**	**822**	**-**	**-**	**-**
- exposures vs assignors (with-recourse)	-	-	-	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	-	-	-	-	-	-
- exposures vs assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below face-value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.2 Unlikely to pay	2,132	1,310	822	**-**	**-**	**-**
- exposures vs assignors (with-recourse)	*2,132*	*1,310*	*822*	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	*2,132*	*1,310*	*822*	-	-	-
- exposures vs assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below face-value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.3 Past-due exposures	**-**	**-**	**-**	**-**	**-**	**-**
- exposures vs assignors (with-recourse)	-	-	-	-	-	-
- assignments of future receivables	-	-	-	-	-	-
- others	-	-	-	-	-	-
- exposures vs assigned debtors (non-recourse)	-	-	-	-	-	-
- purchases below face-value	-	-	-	-	-	-
- others	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1,018,194**	**2,200**	**1,015,994**	**-**	**-**	**-**

B.1.2 Purchase transactions for non-factoring impaired receivables

Our Company does not perform this type of transaction.

Part D - Further information (Continued)

B.2 Allocation by residual life

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

B.2.1 With-recourse factoring transactions: prepayments and 'total-receivables.

(€ thousands)

TIME FRAMES	PREPAYMENTS 12.31.2015	PREPAYMENTS 12.31.2014	TOTAL-RECEIVABLES 12.31.2015	TOTAL-RECEIVABLES 12.31.2014
- on demand	1,097,130	1,221,715	2,201,037	2,534,922
- up to 3 months	1,370,955	1,407,834	2,595,855	2,544,122
- over 3 months up to 6 months	488,898	577,148	820,305	1,119,053
- from 6 months to 1 year	358,440	333,070	428,059	447,167
- over 1 year	283,577	433,435	325,205	561,690
- unspecified duration	-	-	-	-
Total	**3,599,000**	**3,973,202**	**6,370,461**	**7,206,954**

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

Other assignments

(€ thousands)

TIME FRAMES	PREPAYMENTS 12.31.2015	PREPAYMENTS 12.31.2014	TOTAL-RECEIVABLES 12.31.2015	TOTAL-RECEIVABLES 12.31.2014
- on demand	1,081	-	27,626	-
- up to 3 months	-	-	-	-
- over 3 months up to 6 months	1,044	-	2,954	-
- from 6 months to 1 year	110,328	-	108,316	-
- over 1 year	27,069	-	27,069	-
- unspecified duration	-	-	-	-
Total	**139,522**	**-**	**165,965**	**-**

B.2.2 Non-recourse factoring transactions: exposures

(€ thousands)

TIME-FRAMES	EXPOSURES 12.31.2015	EXPOSURES 12.31.2014
- on demand	905,140	615,387
- up to 3 months	1,815,206	2,474,236
- over 3 months up to 6 months	391,356	436,848
- from 6 months to 1 year	212,363	255,040
- over 1 year	275,116	262,622
- unspecified duration	-	-
Total	**3,599,181**	**4,044,133**

Other assignments

(€ thousands)

TIME INTERNALS	EXPOSURES 12.31.2015	EXPOSURES 12.31.2014
- on demand	14,038	-
- up to 3 months	19	-
- over 3 months up to 6 months	12,552	-
- from 6 months to 1 year	193,317	-
- over 1 year	656,546	-
- unspecified duration	-	-
Total	**876,472**	**-**

B.2.3 Purchase transactions for non-factoring impaired receivables

Our Company does not perform this type of transaction.

B.3 Ongoing progress of value adjustments

B.3.1 Factoring transactions

(€ thousands)

ITEM	INITIAL VALUE ADJUSTS.	INCREASES: VALUE ADJUSTS.	INCREASES: ASSIGNMENT LOSSES	INCREASES: TRAS. FROM OTHER STATUS	INCREASES: OTHER POSITIVE CHANGES	DECREASES: WRITE-BACKS	DECREASES: PROFITS FROM SALE	DECREASES: TRANSF. FROM OTHER STATUS	DECREASES: CANC.	DECREASES: OTHER NEGATIVE CHANGES	FINAL VALUE AJDUSTS.
Specifications on impaired assets	**193,375**	**40,818**	**-**	**8,136**	**71**	**23,549**	**-**	**8,136**	**18,838**	**-**	**191,877**
Exposures vs assignors	158,749	26,776	-	4,345	71	14,059	-	4,345	6,288	-	165,249
- non-performing	120,161	13,289		4,345	71	5,335	-	-	6,201	-	126,330
- unlikely to pay	32,868	10,396	-	-	-	3,338	-	4,345	87	-	35,494
- past-due impaired	5,720	3,091	-	-	-	5,386	-	-	-	-	3,425
Exposures vs assigned debtors	34,626	14,042	-	3,791	-	9,490	-	3,791	12,550	-	26,628
- non-performing	12,207	8,558		3,791	-	2,338	-	-	12,114	-	10,104
- unlikely to pay	19,103	1,622	-	-	-	4,061	-	3,791	436	-	12,437
- past-due impaired	3,316	3,862	-	-	-	3,091	-	-	-	-	4,087
Portfolio other assets	**41,305**	**112**	**-**	**-**	**-**	**14,690**	**-**	**-**	**-**	**-**	**26,727**
- exposures vs assignors	19,596	112	-	-	-	-	-	-	-	-	19,708
- exposures vs assigned debtors	21,709	-	-	-	-	14,690	-	-	-	-	7,019
Total	**234,680**	**40,930**	**-**	**8,136**	**71**	**38,239**	**-**	**8,136**	**18,838**	**-**	**218,604**

Other assignments

(€ thousands)

ITEM	INITIAL VALUE ADJUSTS.	INCREASES: VALUE ADJUSTS.	INCREASES: ASSIGNMENT LOSSES	INCREASES: TRAS. FROM OTHER STATUS	INCREASES: OTHER POSITIVE CHANGES	DECREASES: WRITE-BACKS	DECREASES: PROFITS FROM SALE	DECREASES: TRANSF. FROM OTHER STATUS	DECREASES: CANC.	DECREASES: OTHER NEGATIVE CHANGES	FINAL VALUE AJDUSTS.
Specifications on impaired assets	**-**	**1,310**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,310**
Exposures vs assignors	-	1,310	-	-	-	-	-	-	-	-	1,310
- non-performing	-	-	-	-	-	-	-	-	-		-
- unlikely to pay exposures	-	1,310	-	-	-	-	-	-	-	-	1,310
- past-due impaired	-	-	-	-	-	-	-	-	-	-	-
Exposures vs assigned debtors	-	-	-	-	-	-	-	-	-	-	-
- non-performing	-	-	-	-	-	-	-	-	-	-	-
- unlikely to pay exposures	-	-	-	-	-	-	-	-	-	-	-
- past-due impaired	-	-	-	-	-	-	-	-	-	-	-
Portfolio other assets	**-**	**890**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**890**
- exposures vs assignors	-	620	-	-	-	-	-	-	-	-	620
- exposures vs assigned debtors	-	270	-	-	-	-	-	-	-	-	270
Total	**-**	**2,200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,200**

B.3.2 Purchase transactions for non-factoring impaired receivables

Our Company does not perform this type of transaction.

Part D - Further information (Continued)

B.4 Further information

B.4.1 Turnover of receivables subject to factoring transactions

(€ thousands)

ITEM	12.31.2015	12.31.2014
1. Non-recourse transactions	13,331,726	12,937,459
- purchases below face-value	-	-
2. With-recourse transactions *	17,969,492	18,204,385
Total	**31,301,218**	**31,141,844**

* The entry includes 6,276,784 euro/thousands for 2014 and 6,521,570 euro/thousands for 2014 regarding non-recourse agreements which did not pass the IAS 39 recognition test.

Turnover relevant to the other assignments amounts to 982.096 euro/thousands.

B.4.2 Collection services

There are no receivables requiring collection services only.

B.4.3 Face value of purchase agreements for future receivables

(€ thousands)

ITEM	12.31.2015	12.31.2014
Future receivables purchase agreements: flow over period	5,559,694	3,416,970
Total agreements extant at period closure	10,086,154	7,226,575

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

ITEM	12.31.2015	12.31.2014
Margin	2,915,985	2,591,938

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

D. Guarantees issued and commitments

D.1 Value of guarantees issued and commitments

(€ thousands)

TRANSACTIONS	12.31.2015	12.31.2014
1) Financial guarantees issued at first request	-	-
a) Banks	-	-
b) Financial agencies	-	-
c) Customers	-	-
2) Other financial guarantees issued	48	48
a) Banks	-	-
b) Financial agencies	-	-
c) Customers	48	48
3) Commercial guarantees issued	-	-
a) Banks*	-	-
b) Financial agencies	-	-
c) Customers	-	-
4) Irrevocable committments to allocate funds	492,518	407,440
a) Banks	-	-
i) certain use	-	-
ii) uncertain use	-	-
b) Financial agencies	-	-
i) certain use	-	-
ii) uncertain use	-	-
c) Customers	492,518	407,440
i) certain use	154,970	72,002
ii) uncertain use	337,548	335,438
5) Commitments underlying derivatives on receivables: protection sales	-	-
6) Assets as guarantees for third party obligations	-	-
7) Other irrevocable commitments	-	-
Total	**492,566**	**407,488**

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

D.2 Loans registered in balance-sheet for perfected enforcement.
Item not present.

Section 3 - Information on risks and relevant hedging policies

3.1 Credit risks

QUALITATIVE INFORMATION

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

The credit risk assumed by the Factor possesses only a few features in common with the credit risk typical of the banking activity. Whereas in banking operations, advances on invoices, as an assimilable technique, is implemented only when cash credit is granted, chiefly on the basis of the customer's credit-worthiness, factoring operations are also based on the characteristics of the receivables to be purchased, on the quality of the single debtors and on the relevant operating modes.
At the moment, when the factoring company assumes a risk it valuates both counterparts, the assignor supplier and the assigned debtor. Both of them are analysed to assess their credit-worthiness; the assumption of risk on the foregoing counterparts can assume different operating profiles in relation to the type of product required by the customer/assignor assessed.
When the factor advances the receivables to the assignor, it is subject to cash exposure for an amount equal to the advance granted, which, in general, does not exceed a specific percent of the total-receivables assigned.
In non-recourse agreements, the factoring company guarantees the assignor against the assigned debtor's default, with the exception of cases expressly regulated by the agreement. The factor undertakes to pay the amount pertaining to the assigned receivables once a pre-established period of days has elapsed since the receivables became payable, apart from outright purchase operations where payment (discount) occurs at the same time as the assignment.

With respect to the operating modes adopted, the factoring company is more protected if the purchase transaction relating to the receivables is accompanied by:
- notification to debtors of the perfected assignment of the receivable;
- debtors' recognition of the perfected assignment of the receivable;
- certification of the assigned receivable by State Administration Organisations;
- purchase of trade receivables as against other types of receivables;
- purchase of payable or vesting receivables with respect to funding of future receivables;
- existence of escrow accounts in transactions not-notified on an ongoing basis.

In with-recourse agreements the risk is diversified. The factor becomes owner of the receivable claimed from the assigned debtor, which represents the main source of refunding but, in case of debtor's default, the factor may request payment from the assignor (right of recourse).

The non-recourse agreement, with performance of funding and/or guarantee services, entails for the factor the exposure to the credit risk regarding the assigned debtors.

When the factor supplies exclusively management services, it is not subject to any type of risk exposure.

In general, when the factor performs the funding and/or securing services, the possibility of incurring losses is determined, first of all, by the decline in counterpart credit-worthiness, with the resulting emergence of the assigned debtor's default risk (in both non-recourse and with-recourse transactions) or of the risk of non-refund of the considerations advanced by the assignor in with-recourse transactions.
To be more specific, because the factor performs its services within the framework of pre-existing business relations (between assignor and debtor), the credit risk is characterised mainly by the following, debtor-orientated factors:
- the risk of dilution when the debtor refuses to pay, due to events relating to the performance of the underlying supply relations (by way of example we underline offsetting, allowances, disputes regarding product quality and promotional discounts);
- the risk of delayed payment as regards real or conventional maturity (maturity negotiated at purchase of trade receivables) of the purchased receivable currently linked to critical economic situations or to various Italian State Administration Organisations; the delayed payment risk scenario also includes the risk of administrative quashing of funds. This occurs when the sums allocated in the State budjet are not spent by State Organisations within a definite time-frame;
- the offsetting risk is particularly high in transactions with State Organisations which reserve the right to offset between their own receivables and payables.

Part D - Further information (Continued)

2. Credit risk management policies

2.1 Organisational aspects

The regulation of credit risks is based on structures and processes consolidated over time and entrusted to skilled and expert resources.
The initiation process starts off with the Commercial Department, responsible for developing and managing business relations with assignors through the ongoing monitoring of the relevant progress with direct visits and the use of remote instruments. In this sense, one of the tasks is to perceive possible signs of credit-worthiness deterioration relating to the assignor counterpart and therefore to prevent potential losses deriving from such deterioration.
Valuation of the assignor and debtor counterparts is carried out using Group methods comprising the analysis of reports and accounts, the risk centre, trade information and information available to the UniCredit Group. Unicredit Factoring does not, however, have its own rating models for customers shared with the UniCredit Group and counterpart rating, calculated by the Holding and supplemented in the assignors' and debtors' electronic files, constitutes a fundamental support feature as regards the assessment process.
When assuming assignor and debtor risks, the credit risk is assessed by the Credit Operations Department which operates through distinctive structures relating to allocation to assigners and debtors.

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

The Receivables Department also comprises:

- the Credit Monitoring Office, which guarantees maintenance of portfolio quality through ongoing monitoring activities permitting systematic intervention whenever impairment of both assignor/ assigned debtor risk profiles emerge. This activity is performed during the phase previous to the appearance of the default, when there is still a chance that the counterpart (assignor/debtor) may be able to respect its commitments and provide for the transfer of the state of risk associated with the position for improved management protection;
- the Special Credit office ensures the management and monitoring of the unlikely to pay and non-performing components and those subject to re-structuring plans, by identifying and adopting the most effective solutions to maximise recovery and by proposing the necessary provisions as regards loss forecasts;
- the Risk Management Office, which ensures:
  - analysis, assessment, measuring and monitoring of the typical risks inherent to company activities (loan-based, operational and market–based) in order to determine the relevant financial and Equity impact);
  - support for the implementation of Group policies;
  - systematic reporting for Senior Management and the Board of Directors;
  - stipulation and monitoring, together with the Holding and in compliance with the latter's guidelines, the risk-level the Company is willing to assume ('Risk Appetite') in order to pursue its strategic and business plan goals, bearing in mind its customers' and shareholders's interests and compatibly with the available financial resources ('Risk Taking Capacity'), the capital requirements imposed by the first pillar as well as the other requirements.
  - bearing in mind its customers' and shareholders's interests and compatibly with the available financial resources ('Risk Taking Capacity'), the capital requirements imposed by the first pillar as well as all other requirements.
  - support for the management in the measuring and management of cost risks.

2.2. Management, measuring and control systems

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

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

- the 'Credit Tableau de Bord' presented to the Board of Directiors containing the analysis of: i) Total-receivables and their underlying uses with particular focus on the relevant breakdowns (type of assignment, existence of notification and recognition, etc.) defining risk - level and relevant progress; ii) credit quality and provisions for hedging losses risks; iii) concentration risk;
- the 'credit monitoring' and 'Risk Appetite Framework' submitted to the Risk Committee which permit the assessment of the evolution of the credit risks assumed by the Company and the potential definition of corrective actions in case of moving towards or exceeding the threshold limits defined in the Framework of 'risk propensity' and/or of the guidelines indicated in the credit and business strategies whose targets and cautionary restrictions are preventively approved by the Board of Directors;
- the monitoring control panel relating to assignors and debtors including anomaly tracing.

2.3 Credit risk mitigation techniques

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

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

UniCredit Factoring's credit exposures concern chiefly company counterparts and can be secured by 'personal collateral' type guarantees (usually: performance guarantees from private persons or companies) and, less frequently, by 'real' type guarantees (usually: pledges on sums or receivables) issued by natural and legal persons (owners, family members, holding).
Personal guarantees are released, in general, by owners of companies making use of credit-lines, or by their family members.

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

Concentration risks and considerable exposures
Concentration risk indicates the risk deriving from significant exposure versus single counterparts, groups of connected counterparts or those exercising the same activity or belonging to the same geographic area. The foregoing risk must be contained and monitored, with respect to capital, total assets or the overall risk level, in order to avoid threats to the company's stability or its capacity to carry out the regular performance of its characteristic management.
The issue is dealt with, on a normative basis by both the first and second pillars of the Basle II Agreements. The first pillar includes the regulations relating to the so-called 'greater exposures' referring to total exposures (cash-based and off balance-sheet – weighted with specific capital ratios towards a single customer or group of connected customers exceeding 10% of the supervised equity of the agency. For 'greater exposures' 2 limits are established: i) alone they may not exceed 25% of the E.V. (the limit is raised to 40% for supervised brokers consolidated in bank groups subject to the 25% limit) ii) globally they may not exceed 8 times the supervised equity value.
The second pillar includes measuring, management and monitoring of the 'concentration risks', both sector-based and single name.

First of all, the Holding of the consolidated group and the single Unicredit group companies, implement a self-assessment of the minimum financial resources deemed necessary for the Group/company to be able face the risks it is taking on. The assessment is based on a series of elements such as: situation and forecasts regarding the domestic and International economic scenarios, at macro-economic level and regarding single activity sectors; concentration of the exposures. The ratio between financial resources effectively available (Available Financial Resources) and inside capital defines the so-called 'Risk Taking Capacity', which is the essential feature of the Risk Appetite Framework and of the definition of credit strategies.

In addition to the credit strategies, to avoid excessive concentrations with high risk impacts, group level restrictions are defined, each and every time on both sectorial and individual bases.

With respect to individual risk concentration, the quantitative limits restricting credit exposures are calculated using the Economic Capital approach and for the most part reflect the counterpart's risk rating or the economic group it belongs to. Compliance with such restrictions is monitored by Holding structures, in collaboration with the CRO structures belonging to the Legal Entities.

To guarantee the timely control of risk concentration at Group Level, specific guidelines have been established for the management of the Larger Credit-lines. A 'Larger Credit-line' indicates any credit commitment whatever (direct and indirect) requiring at least one of the following conditions:
- exclusively for direct risks, the total amount of applicant's commitments (single counterpart/financial group) versus all the in-Group Entities, exceeds the amount thresholds defined by the Holding and approved by the competent Bodies of the Entities; for UniCredit Factoring, the foregoing threshold is fixed at 75 million Euros in the case of overall risks in the 'Italy region' of the UniCredit Group or at individual level at 10% of the supervised equity;
- the applicant is included in a specific list of counterparts, distributed and regularly updated by the Holding's CRO Function.

2.4 Impaired financial assets
The Company makes use of appropriate regulations, governing the definition regarding both the various states of risk for assignors and debtors (performing, monitored, re-entering, in debt recovery, past-due, unlikely to pay, non-performing, with possible indications of "forborne" exposures), and the faculties correlated with the changes pertaining to them, together with the legal faculties linked to the implementation of provisions and transfers to losses. These regulations also govern the faculties connected with the approval of re-entry plans proposed by assigned debtors and with the acquisition of new guarantees.

Part D - Further information (Continued)

QUANTITIVE INFORMATION

1 - Distribution of credit exposures by owned portfolios and credit quality

(€ thousands)

PORTFOLIO/QUALITY	NON-PERFORMING	UNLIKELY TO PAY	IMPAIRED PAST-DUE EXPOSURES	NOT IMPAIRED PAST-DUE EXPOSURES	OTHER NOT IMPAIRED EXPOSURES	TOTAL
1. Financial assets held for trading	-	-	-	-	2,210	2,210
2. Financial assets valued at fair-value	-	-	-	-	-	-
3. Financial assets available for sale	-	-	-	-	146,313	146,313
4. Financial assets held to maturity	-	-	-	-	421,480	421,480
5. Receivables from banks	51,515	81,542	133,431	484,943	7,106,762	7,858,193
6. Receivables from fin. agencies	-	-	-	-	-	-
7. Receivables from customers	-	-	-	-	-	-
Total at 12.31.2015	**51,515**	**81,542**	**133,431**	**484,943**	**7,676,765**	**8,428,196**
Total at 12.31.2014	**63,753**	**141,944**	**191,765**	**777,202**	**6,971,698**	**8,146,362**

(€ thousands)

PORTFOLIOS/QUALITY	EVIDENT LOW CREDITWORTHY ASSETS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-
2. Hedge derivates	-	2,710	2,710
Total at 12.31.2015	**-**	**2,710**	**2,710**
Total at 12.31.2014	**-**	**2,967**	**2,967**

2 - Credit Exposures

2.1 Credit exposures versus customers: gross and net values

(€ thousands)

	GROSS EXPOSURE							
	IMPAIRED ASSETS							
TYPOLOGIES: EXPOSURES/VALUES	UP TO 3 MONTHS	OVER 3 MONTHS UP TO 6 MONTHS	OVER 6 MONTHS UP TO 1 YEAR	OVER 1 YEAR	NOT IMPAIRED ASSETS	SPECIFIC VALUE ADJUSTMENTS	ADJUSTMENTS TO PORTFOLIO VALUE	NET EXPOSURE
A. CASH EXPOSURES								
a) Non-performing	-	-	-	187,520	-	136,057	-	51,463
- exposures subject to grants	-	-	-	-	-	-	-	-
b) Unlikelly to pay	-	-	13,164	114,593	-	49,241	-	78,516
- exposures subject to grants	-	-	-	38,820	-	1,442	-	37,378
c) past-due impaired exposures	-	138,811	-	-	-	7,512	-	131,299
- exposures subject to grants	-	-	-	-	-	-	-	-
d) past-due not impaired exposures	-	-	-	-	861,732	-	3,476	858,256
- exposures subject to grants	-	-	-	-	-	-	-	-
e) Other not impaired exposures	-	-	-	-	6,606,845	-	23,155	6,583,690
- exposures subject to grants	-	-	-	-	-	-	-	-
TOTAL A	**-**	**138,811**	**13,164**	**302,113**	**7,468,577**	**192,810**	**26,631**	**7,703,224**
B. OFF BALANCE-SHEET EXPOSURES								
a) Impaired	-	3,111	-	4,464	-	-	-	7,575
b) Not impaired	-	-	-	-	484,943	-	-	484,943
TOTAL B	**-**	**3,111**	**-**	**4,464**	**484,943**	**-**	**-**	**492,518**
TOTAL (A+B)	**-**	**141,922**	**13,164**	**306,577**	**7,953,520**	**192,810**	**26,631**	**8,195,742**

The off-balance-sheet exposures include commitments to allocate funds along formal non-recourse lines.

The total amount of partial cancellation relating to impaired assets at December 31, 2015 stood at 81.09 million, entirely applied to non-performing positions

Here below in detail the non-impaired, past-due exposures, by time-frame, pertinent to the 'performing' portfolio.

(data in € thousands)
past-due up to 3 months: 631,261;
past-due from 3 months to 6 months: 68,401;
past-due from 6 months to 1 year: 67,538;
past-due over 1 year: 161,711.

2.2 Credit exposures vs banks and financial agencies: gross and net values

(€ thousands)

TYPOLOGIES: EXPOSURES/VALUES	GROSS EXPOSURE					SPECIAL VALUE ADJUSTMENTS	ADJUSTMENTS TO PORTFOLIO VALUE	NET EXPOSURE
	IMPAIRED ASSETS				NOT IMPAIRED ASSETS			
	UP TO 3 MONTHS	OVER 3 MONTHS UP TO 6 MONTHS	OVER 6 MONTHS UP TO 1 YEAR	OVER 1 YEAR				
A. CASH EXPOSURES								
a) Non-performing	-	-	-	376	-	376	-	-
- exposures subject to grants	-	-	-	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-	-	-	-
- exposures subject to grants	-	-	-	-	-	-	-	-
c) past-due impaired exposures	-	-	-	-	-	-	-	-
- exposures subject to grants	-	-	-	-	-	-	-	-
d) past-due not impaired exposures	-	-	-	-	67,180	-	313	66,867
- exposures subject to grants	-	-	-	-	-	-	-	-
e) Other not impaired exposures	-	-	-	-	501,630	-	704	500,926
- exposures subject to grants	-	-	-	-	-	-	-	-
TOTAL A	**-**	**-**	**-**	**376**	**568,810**	**376**	**1,017**	**567,793**
B. OFF BALANCE-SHEET EXPOSURES								
a) Impaired	-	-	-	-	-	-	-	-
b) Not impaired	-	-	-	-	-	-	-	-
TOTAL B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B)	**-**	**-**	**-**	**376**	**568,810**	**376**	**1,017**	**567,793**

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

(€ thousands)

EXPOSURES	RATING CATEGORIES						NO RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. Cash exposure	-	19,582	368,807	38,488	19,112	-	7,825,028	8,271,017
B. Derivatives	-	-	-	-	-	-	-	-
C. Issued guarantees	-	-	-	-	-	-	-	-
D. Commitments to allocate funds	-	-	-	-	-	-	492,518	492,518
E. Others	-	-	-	-	-	-	-	-
TOTAL	**-**	**19,582**	**368,807**	**38,488**	**19,112**	**-**	**8,317,546**	**8,763,535**

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

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

Part D - Further information (Continued)

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

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

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

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

3 - Loan concentration

3.1 Distribution of cash and and off-balance-sheet exposures by counterpart's sector of financial activity

(€ thousands)

	TOTAL
GOVERNMENTS	1,653,605
OTHER STATE AGENCIES	624,313
NON-FINANCIAL FIRMS	5,522,957
FINANCIAL FIRMS	567,309
INSURANCE	484
OTHERS	57,319
TOTAL	**8,425,987**

3.2 Distribution of cash and off-balance-sheet exposures by counterpart's geographic area

(€ thousands)

	TOTAL
GOVERNMENTS	2,933,069
OTHER STATE AGENCIES	1,127,241
NON-FINANCIAL FIRMS	3,222,139
FINANCIAL FIRMS	443,795
INSURANCE	131,710
OTHERS	568,033
TOTAL	**8,425,987**

Greater risks

(€ thousands)

a) Nominal amount	2,518,235
b) Weighted amount	2,215,975
c) Number	13

4 - Models and other methods for credit risk management and measurement

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

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

3.2 Market risks

3.2.1 Interest-rate risk

QUALITATIVE INFORMATION

1. General

In compliance with Group guidelines, in December 2012 our Company adopted a specific policy regarding the banking book interest-rate risk, to define the standards, responsibilities and methodologies for the management of the such risks.

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

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

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

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

On the whole:

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

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

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

Part D - Further information (Continued)

QUANTITATIVE INFORMATION

1. Distribution by residual duration (re-pricing date) of financial assets and liabilities

(€ thousands)

ITEMS/RESIDUAL DURATION	ON DEMAND	UP TO 3 MONTHS	FROM OVER 3 MTHS UP TO 6 MTHS	FROM OVER 6 MTHS UP TO 1 YR	FROM OVER 1 YR UP TO 5 YRS	FROM OVER 5 YRS UP TO 10 YRS	OVER 10 YRS	UNSPEC. DURATION
1. Assets	**4,852,972**	**1,645,493**	**154,725**	**362,208**	**893,780**	**201,549**	**26,374**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.3 Receivables	4,852,972	1,645,493	154,725	362,208	893,780	201,549	26,374	
1.4 Other assets	-	-	-	-	-	-	-	
2. Liabilities	**4,419,674**	**2,249,670**	**322,225**	**236,529**	**3,429**	**-**	**-**	**-**
3.1 Payables	4,419,674	2,249,670	270,186	211,484	3,429	-	-	-
3.2 Debt securities	-	-	52,039	25,045	-	-	-	-
3.3 Other liabilities	-	-	-	-	-	-	-	
3. Financial derivatives options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives								
3.3 Long positions	-	884,861	-	-	-	-	-	-
3.4 Short positions	-	3,665	7,275	22,571	698,603	152,747	-	-

Other currencies

(€ thousands)

ITEMS/RESIDUAL DURATION	ON DEMAND	UP TO 3 MONTHS	FROM OVER 3 MTHS UP TO 6 MTHS	FROM OVER 6 MTHS UP TO 1 YR	FROM OVER 1 YR UP TO 5 YRS	FROM OVER 5 YRS UP TO 10 YRS	OVER 10 YRS	UNSPEC. DURATION
1. Assets	**166,378**	**88,019**	**33,406**	**-**	**-**	**1,082**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.3 Receivables	166,378	88,019	33,406	-	-	1,082	-	-
1.4 Other assets	-	-	-	-	-	-	-	
2. Liabilities	**67,178**	**198,251**	**20,730**	**133**	**-**	**-**	**-**	**-**
3.1 Payables	67,178	198,251	20,730	133	-	-	-	-
3.2 Debt securities	-	-	-	-	-	-	-	-
3.3 Other liabilities	-	-	-	-	-	-	-	
3. Financial derivatives options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives								
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

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

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

Sensitivity analysis

At December 31, 2015 the sensitivity of the interest margin to an instant and parallel change in the +100 pbs rates amounted to 5 million.
Sensitivity to an instant and parallel change in the +200 pbs rates of the financial value of shareholders' equity at December 31, 2014 amounted to -14.5 million, substantially attributable to the change in the current value of the non-performing.

3.2.2 Price risk

QUALITATIVE INFORMATION

1. General

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

3.2.3 Exchange-rate risk

QUALITATIVE INFORMATION

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

Company policy relating to the exchange-rate risk foresees that receivables assigned in foreign currency are advanced and funded in the same currency.
With respect to advances in Euros, potential differences or conversion costs inherent to the provision are governed by specific agreements with customers, stipulating that the possible exchange-rate risk is to be charged to the latter.
The Equity hedging needed to cover the exchange-rate risk is determined by applying to the net open position in the exchange-rates an 8% co-efficient, reduced by 25% for companies belonging to a banking group. At December 31, 2015 the open positions with respect to exchange-rates did not determine any capital uptake.

QUANTITATIVE INFORMATION

Distribution by currency of denomination of assets, liabilities and derivatives

(€ thousands)

	CURRENCIES					
ITEMS	US DOLLARS	POUNDS STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
1. Financial assets	**201,743**	**15,214**	**65,236**	**2,755**	**3,912**	**66**
1.1 Debt securities	-	-	-	-	-	-
1.2 Capital securities	-	-	-	-	-	-
1.3 Receivables	53,013	5,721	-	-	-	
1.4 Other financial assets	148,730	9,493	65,236	2,755	3,912	66
2. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities	**198,903**	**15,270**	**63,940**	**2,727**	**3,845**	**7**
3.1 Payables	767	3,056	-	-	-	
3.2 Debt securities	-	-	-	-	-	-
3.3 Other financial liabilities	198,136	12,214	63,940	2,727	3,845	7
4. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**
5. Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
5.1 Long positions	-	-	-	-	-	-
5.2 Short positions	-	-	-	-	-	-
Total Assets	**201,743**	**15,214**	**65,236**	**2,755**	**3,912**	**66**
Total Liabilities	**198,903**	**15,270**	**63,940**	**2,727**	**3,845**	**7**
Imbalance (+/-)	**2,840**	**(56)**	**1,296**	**28**	**67**	**59**

3.3 Operating risks

QUALITATIVE INFORMATION

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

Operating events can stem from inadequate or disregarded internal procedures, human resources, informative systems or telecommunications, systemic events or other external events, internal or external fraud, inadequate work practices or workplace safety, customers' complaints, product distribution, fines or penalties for failure to comply with provisions or legislative fulfilments, damage to company assets, interruption of informative or communications systems, performance of procedures.
To measure and manage the operating risk, UCF operates in pursuance of the following objectives:
- mapping Company processes (including the mappings required by regulations - Law. 262/2005);
- implementation of computer-based procedures with automatic controls and anomaly-management systems;
- supplying human resources with information needed to identify such operating risks;
- utilisation of Group methods and instruments for Disaster Recovery, Business Continuity and Insurance Policies;
- collection of operating loss events through registration in the Group-based application process;
- calculation of the equity requisite with respect to the operating risk, using the "Basic method" or applying a regulation ratio equal to 15% of the average brokering margin of the last three periods.

Part D - Further information (Continued)

QUANTITATIVE INFORMATION

The equity consumption quantified according to the basic method, corresponding to 15% of the average brokerage margin of the last three periods, amounted to 34.4 million at end 2015, against the 35 million at the end of the previous year.

3.4 Liquidity risk

QUALITATIVE INFORMATION

1. General aspects, management processes and measuring methods pertaining to the liquidity risk

The Company's 'liquidity policy', already adopted since January 2010, was integrated in December 2012 with respect to Governance and to the responsibilities of the single functions.

We remind you that UniCredit Factoring implements its provisioning exclusively through the Holding, which also monitors our Company as regards the liquidity risk. Our Company belongs, in fact, to the perimeter of the Regional Liquidity Centre Italy which manages liquidity risks at centralised level and accesses capital markets also on behalf of banks/product companies belonging to their own perimeter.

Provisioning is carried out according to the following modes, within the framework of a credit-line periodically reviewed in relation to approved budgets and development plans, also bearing in mind the characteristics of the loans to be funded:
- **Accessory current account:** this is the chief source for provisions and finances the most stable portion of the revolving lending. It is normally moved on a monthly basis according to the tendential level of such lending;
- **Maturity deposits (at one month or more):** these are the natural type of provision for transactions relating to outright purchase receivables;
- **Very brief maturity deposits (from overnight to 2 weeks):** these are instruments used to cover daily liquidity needs and to finance short-term loan fluctuations;
- **Subordinated liabilities:** together with capital they constitute the main funding source transactions with over one year maturities;
- **Current account:** the current bank account is the channel through which all UCF's operating activities (allocations, takings, creation and extinction of deposits, changes to accessory accounts etc.) are channelled. The unused credit margin constitutes a ready-to-use liquidity reserve also for hedging sudden cash requirements.

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

QUANTITATIVE INFORMATION

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

(€ thousands)

ITEMS/RESIDUAL DURATION	ON DEMAND	FROM OVER 1 DAY UP TO 7 DAYS	FROM OVER 7 DAYS UP TO 15 DAYS	FROM OVER 15 DAYS UP TO 1 MONTH	FROM OVER 1 MONTH UP TO 3 MONTHS	FROM OVER 3 MONTHS UP TO 6 MONTHS	FROM OVER 6 MONTHS UP TO 1 YEAR	FROM OVER 1 YEAR UP TO 3 YEARS	FROM OVER 3 YEARS UP TO 5 YEARS	OVER 5 YEARS	UNSPEC. DURATION
Cash assets	**1,897,369**	**215,855**	**441,609**	**998,095**	**1,438,621**	**829,760**	**884,463**	**783,144**	**388,238**	**259,907**	**-**
A.1 State securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	1,897,369	215,855	441,609	998,095	1,438,621	829,760	884,463	783,144	388,238	259,907	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**1,899,906**	**300,783**	**310,524**	**1,044,252**	**1,438,621**	**829,760**	**591,268**	**538,584**	**175,429**	**104,000**	**-**
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- banks	1,812,992	300,000	308,000	1,015,713	1,398,298	778,574	589,284	458,071	175,429	104,000	-
- financial agencies	27,661	-	-	-	-	-	-	-	-	-	-
- customers	59,253	783	2,524	28,539	40,323	51,186	1,984	3,429	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	77,084	-	-	-
B.3 Other liabilities	-										
Off balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.2 Financial derivatives without capital exchange											
- Positive differentials	-	(884,861)	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	3,665	7,275	22,571	459,646	238,957	152,747	-
C.4 Irrevocable commitments to grant loans											
- Long positions	-	-	-	-	(492,518)	-	-	-	-	-	-
- Short positions	-	-	-	-	492,518	-	-	-	-	-	-

The accessory current account opened with the Holding, amounting to 4.2 billion at December 31, was divided over the single time-frames according to the guidelines used for allocating lending, privileging substance, purposes of the provision, over form, on demand.

OTHER CURRENCIES

(€ thousands)

ITEMS/RESIDUAL DURATION	ON DEMAND	FROM OVER 1 DAY UP TO 7 DAYS	FROM OVER 7 DAYS UP TO 15 DAYS	FROM OVER 15 DAYS UP TO 1 MONTH	FROM OVER 1 MONTH UP TO 3 MONTHS	FROM OVER 3 MONTHS UP TO 6 MONTHS	FROM OVER 6 MONTHS UP TO 1 YEAR	FROM OVER 1 YEAR UP TO 3 YEARS	FROM OVER 3 YEARS UP TO 5 YEARS	OVER 5 YEARS	UNSPEC. DURATION
Cash assets	**73,045**	**6,160**	**53,329**	**36,376**	**45,745**	**69,472**	**3,713**	**1,086**	**-**	**-**	**-**
A.1 State securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	73,045	6,160	53,329	36,376	45,745	69,472	3,713	1,086	-	-	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**65,578**	**-**	**24,956**	**68,908**	**104,387**	**20,730**	**133**	**-**	**-**	**-**	**-**
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- banks	61,045	-	24,956	68,800	104,372	20,097	-	-	-	-	-
- financial agencies	-	-	-	-	-	-	-	-	-	-	-
- customers	4,533	-	-	108	15	633	133	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.2 Financial derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to grant loans	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-

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

Section 4 - Information on Equity

4.1 Company Equity

4.1.1 QUALITATIVE INFORMATION

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

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

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

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

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

Part D - Further information (Continued)

4.1.2 QUANTITATIVE INFORMATION

4.1.2.1 Corporate equity: breakdown

(€ thousands)

VALUES/ITEMS	12.31.2015	12.31.2014
1. capital	414,348	414,348
2. Share premiums	951	951
3. Reserves	215,157	184,033
- profits	215,157	184,033
a) legal	22,724	17,534
b) statutory	185	185
c) own shares	-	-
d) others *	192,248	166,314
- others	-	-
4. (Own shares)	-	-
5. Valuation reserves	(326)	(406)
- Financial assets available for sale	-	-
- Tangible assets	-	-
- Intangible assets	-	-
- Foreign investments hedging	-	-
- Cash-flows hedging	-	-
- Exchange-rate differences	-	-
- Not current assets and groups of assets held for sale	-	-
- Special revaluation laws	-	-
- Actuarial profits/losses relating to defined benefit insurance plans	(326)	(406)
- Share of valuation reserves relating to shareholdings valued at net equity	-	-
6. Capital instruments	-	-
7. Profit (loss) for the period	100,247	103,795
Total	**730,377**	**702,721**

* The item 'Other provisions' includes undistributed profits.

4.2 Company Equity and Supervisory ratios

4.2.1 Supervisory equity

4.2.1.1 QUALITATIVE INFORMATION

At December 31, 2015 the supervisory equity was determined in conformity with the regulations stipulated by the Bank of Italy in circular nr. 216 relevant to the 'Instructions for the compilation of the reports on Supervisory Equity and equity ratios'.

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

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

4.2.1.2 QUANTITATIVE INFORMATION

(€ thousands)

VALUES/ITEMS	12.31.2015	12.31.2014
A Basic equity before cautionary filters	**660,195**	**630,050**
B. Basic equity cautionary filters:	**(244)**	**406**
B.1 Positive IAS/IFRS cautionary filters (+)	-	406
B.2 Negative IAS/IFRS cautionary filters (-)	(244)	-
C. Basic equity gross of items to be deducted (A + B)	**659,951**	**630,456**
D. Items to be deducted from basic equity	**220**	**1,193**
E. Total basic equity (TIER 1) (C – D)	**659,731**	**629,263**
F. Supplementary equity before cautionary filters	**56,600**	**63,400**
G. Supplementary equity cautionary filters:	**-**	**-**
G.1 Positive IAS/IFRS cautionary filters (+)	-	-
G.2 Negative IAS/IFRS cautionary filters (-)	-	-
H. Supplementary equity gross of items to be deducted (F + G)	**56,600**	**63,400**
I. Items to be deducted from supplementary equity	**-**	**-**
L. Total supplementary equity (TIER 2) (H – I)	**56,600**	**63,400**
M. Items to be deducted from total basic and supplementary equity	**-**	**-**
N. Supervisory equity (E + L – M)	**716,331**	**692,663**
O. Third level equity (TIER 3)	**-**	**-**
P. Supervisory equity Including TIER 3 (N+O)	**716,331**	**692,663**

4.2.2 Adequacy of equity

4.2.2.1 QUALITATIVE INFORMATION

The level of equity adequacy is monitored regularly:

- at final balance, each end of month, by applying to the letter all the rules governing the drafting of the quarterly reports addressed to the Supervisory body;
- prospectively, usually every quarter, according to the evolution and expected Breakdown of Receivables and Equity.

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

Part D - Further information (Continued)

4.2.2.2 QUANTITATIVE INFORMATION

(€ thousands)

CATEGORY/VALUES	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUISITES	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
A. Risk bearing assets				
A.1 Credit and counterpart risk	**9,595,015**	**9,463,800**	**6,164,347**	**6,756,569**
1. Standardized method	9,595,015	9,463,800	6,164,347	6,756,569
2. Internal rating method	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitizations	-	-	-	-
B. SUPERVISORY EQUITY REQUISITES				
B.1 Credit and counterpart risk			**369,861**	**405,394**
B.2 MARKET RISKS			**-**	**-**
1. Standardized method			-	-
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operating risk			**34,363**	**35,003**
1. Basic method			34,363	35,003
1. Standardized method			-	-
3. Advanced method			-	-
B.4 Other cautionary requisites			**-**	**-**
B.5 Other calculation features			**(101,056)**	**(110,099)**
B.6 Total cautionary requisites			**303,168**	**330,298**
C. RISK-BEARING ASSETS AND SUPERVISORY COEFF.				
C.1 Weighted risk assets			5,053,811	5,506,068
C.2 Basic equity/weighted risk assets (Tier 1 capital ratio)			13.05%	11.43%
C.3 Supervisory equity includingTIER 3/weighted risk assets(Total capital ratio)			14.17%	12.58%

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

Section 5 - Analytical Comprehensive Income

(€ thousands)

ITEMS	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10. Profit (Loss) for the period	**142,196**	**(41,948)**	**100,248**
Other income producing components			
20. Tangible assets	**-**	**-**	**-**
30. Intangible assets	**-**	**-**	**-**
40. Defined benefit plans	**108**	**(29)**	**79**
50. Non-current assets held for sale	**-**	**-**	**-**
60. Quota of valuation reserves of net equity valued stock	**-**	**-**	**-**
Other income items with reversal to income statement			
70. Foreign investments hedging:	**-**	**-**	**-**
a) fair-value changes	-	-	-
b) reversal to Income Statement	-	-	-
c) other changes	-	-	-
80. Exchange-rate differences:	**-**	**-**	**-**
a) fair-value changes	-	-	-
b) reversal to Income Statement	-	-	-
c) other changes	-	-	-
90. Cash-flow hedging:	**-**	**-**	**-**
a) fair-value changes	-	-	-
b) reversal to Income Statement	-	-	-
c) other changes	-	-	-
100. Financial assets available for sale:	**-**	**-**	**-**
a) value changes	-	-	-
b) reversal to income statement	-	-	-
- impairment adjustments	-	-	-
- profits/losses on disposals	-	-	-
c) other changes	-	-	-
110. Non-current assets held for sale:	**-**	**-**	**-**
a) fair-value changes	-	-	-
b) reversal to Income Statement	-	-	-
c) other changes	-	-	-
120. Quota of reserves from valuation of net equity valued stock	**-**	**-**	**-**
a) fair-value changes	-	-	-
b) reversal to Income Statement	-	-	-
- adjustments from impairments	-	-	-
- profits/losses on disposals	-	-	-
c) other changes	-	-	-
130. Total other income-producing components	**-**	**-**	**-**
140. Comprehensive income (Item 10+110)	**142,304**	**(41,977)**	**100,327**

Section 6 - Transactions with related parties

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

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

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

Part D - Further information (Continued)

6.1 Information on remuneration for managers with strategic responsibilities

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

REMUNERATION FOR MANAGERS WITH STRATEGIC RESPONSIBILITIES	2015	2014
a) short-term benefits for employees	1,616	1,914
b) benefits after work relations	-	-
relevant to defined services plans	-	-
relevant to defined contributions plans	-	-
c) other long-term benefits	-	-
d) retirement indemnitiies	-	-
e) stock options	-	-
Total	**1,616**	**1,914**

6.2 Receivables and Guarantees issued in favour of Directors and Auditors

The Company has issued no receivables and guarantees in favour of Directors and Auditors.

6.3 Information on transactions with related parties

To ensure ongoing compliance with the legislation and regulations currently in force regarding company information on transactions with related parties, UniCredit Factoring identifies the transactions in question.

Within this framework, in agreement with the instructions stipulated by the Holding, guidelines for identifying transactions concluded with related parties have been defined in conformity with Consob indications.
The transactions in question were usually performed under the same conditions as those applied for transactions concluded with independent, third-party entities.

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

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

The following synergies were activated and are producing positive effects:

- the premises situated in Milan, Via Livio Cambi 5, headquarters of the Company, were leased from UniCredit Business Integrated Solutions S.C.p.A., service line Real Estate, which also performs the relevant ordinary and extraordinary maintenance;
- UniCredit S.p.A. branch offices perform development activities on behalf of the Company according to the convention signed in 2011 between UniCredit Factoring S.p.A. and the CIB and CCI divisions;
- the Holding manages human resources administration, purchasing activities, mailing and soft collection, for the recovery of past-due and unpaid receivables and back office activities with the service line Business Transformation, the in-Group Company, UniCredit Business Integrated Solutions S.c.p.A, supplies technological outsourcing and acts as Internet Provider, as well as implementing all the operating activities relating to human resources and purchasing. The pooling of these activities encouraged the use of specific levels of expertise;
- according to Group policy, auditing is entrusted to the Insourced Auditing Services (UniCredit S.p.A Internal Audit) in compliance with a detailed service agreement, signed between UniCredit Factoring SpA and UniCredit SpA). A referent of Insourced Auditing Services, co-adjuvated by three other resources, operates within the Company on an exclusive basis.

The following table indicates the assets, liabilities, guarantees and commitments extant at December 31, 2015, together with the financial data relating to the period, identified separately by the different types of related parties. The principle item is represented by loans and current accounts in euros and other currencies for provisioning operations.

Transactions with related parties

(€ thousands)

	STOCKS AT 12.31.2015			
	HOLDING	HOLDING CONTROLLED COMPANIES	MANAGERS WITH STRATEGIC RESPONSIBILITIES	OTHER RELATED PARTIES
EQUITY ITEMS				
Financial assets available for sale (shareholdings)	-	-	-	-
Financial assets held till maturity	-	-	-	-
Receivables from credit agencies	6,388	2,400	-	-
Receivables from financial agencies	-	-		-
Receivables from customers	-	-	-	-
Stock	-	-	-	-
Other asset items	44,326	2,710	-	-
Total assets	**50,714**	**5,110**	**-**	**-**
Payables vs credit agencies	7,183,761	-	-	-
Securities and financial liabilities	52,039	25,045	-	-
Other liability items	4,703	4,593	-	-
Total liabilities	**7,240,503**	**29,638**	**-**	**-**
Guarantees issued and commitments				
FINANCIAL ITEMS				
Interest earned and assimilated revenue	25	-	-	-
Interest paid and assimilated charges	(12,261)	(956)	-	-
Fees earned	-	3	-	-
Fees paid	(3,574)	(305)	-	-
Administrative costs: other costs for human resources	(3,948)	(293)	(1,193)	-
Administrative costs: other administration costs	(2,944)	(6,929)	-	-
Other operating revenue	-	-	-	-
Total income statement	**(22,702)**	**(8,480)**	**(1,193)**	**-**

In conclusion we underline, in compliance with the provisions currently in force, that during the 2015 fiscal period no atypical and/or unusual operations were performed, either with related parties or with legal entities different from the latter, which, as regards significance/importance, might cause doubts regarding the protection of Company Equity.

Section 7 - Further information

Part I) Payment agreements based on own equity instruments

A. Qualitative information

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

1.1 Outstanding instruments

Within the framework of the long/medium term incentivising plans addressed to Company resources, the following types of instruments are identifiable:

- Equity-Settled Share Based Payments foreseeing the payment of shares;
- Cash Settled Share Based Payments foreseeing the payment of cash[3].

Alla prima categoria sono riconducibili le assegnazioni di:

- **Stock Options** assigned to selected beneficiaries belonging to Top and Senior Management and Key Group resources, represented by subscription rights for UniCredit shares;
- **Performance Stock Options** attributed to selected beneficiaries belonging to Top and Senior Management and Key Resources, represented respectively by UniCredit subscription rights which the Holding undertakes to assign, subject tò the achievement of the performance targets stipulated by the Holding's Board of Directors;
- **Share Plan for Talent** offering to selected, talented resources free UniCredit shares which the Holding undertakes to assign, subject to the achievement of the performance targets stipulated by the Holdings' Board of Directors;
- **In-Group Executive Incentive** System which offers to selected Group Executives a variable remuneration profile with payment implemented within five years. The beneficiaries will receive a payment in cash and/or shares in relation to compliance with individual and in-Group performances (different from market conditions) according to the regulations governing the Plans;
- **In-Group Executive Incentive System (Bonus Pool)** offered to selected in-group Executives and to significant resources identified on the basis of normative requirements, a bonus structure which will comprise immediate payments (following assessment of performance) and deferred payments, in cash and ordinary UniCredit shares over a time-frame between 1 and 6 years. This payment structure guarantees alignment with the shareholders' interests and is subject to the verification of malus clauses (applied if specific thresholds of profitability, capital and liquidity are not reached both at Group level and at Country/Division levels) and of clawbacks (inasmuch as legally applicable) according to the stipulations of the plan (both representing vesting conditions different from market conditions);

3. Proportional to the financial value of the instruments representing the Net Equity of in-Group companies.

Part D - Further information (Continued)

- **Employee Share Ownership Plan (ESOP)** which offers to Group employees, possessing the requisites, the opportunity to purchase ordinary UniCredit shares with the following advantages: assignment of a number of free shares ('free shares or rights to receive them) measured on the number of shares purchased by each participant (Investment Shares) during the "Subscription period". The assignment of the free shares is subject to compliance with the "vesting" conditions (different from market conditions) established by the Regulations governing the Plan;

The second category includes assignments comparable to the Share Appreciation Rights linked to share value and to the performance results of various Group[4] companies (ONLY FOR PIONEER SUB-GROUP)

1.2 Valuation model
1.2.1 Stock options and Performance Stock Options
To estimate the financial value of the Stock Options and the Performance Stock Options the Hull and White model was applied.
This model is based on a trinomial tree price distribution, determined according to Boyle's algorithm, and estimates the probability of early exercise on the basis of a deterministic model connected to:
- the achievement of a Market Value equal to a multiple (M) of the price value inherent to the period;
- the assignees' tendency to anticipate exit (E) once the vesting period has expired.

The financial and equity-based effects of the plan will be reported in during the vesting period pertaining to the instruments. In 2015 no new Stock Option and/or Performance Stock Option plans were assigned.

1.2.2 Share Plan for Talent
The Plan offers, to selected beneficiaries, free UniCredit shares to be paid in installments, each with annual vesting. The financial value of one share is equivalent to the market price of the share reduced by the current value of unassigned dividends in the period between the date of promise and the future delivery of the share. The parameters were estimated on the same bases as those used for regulating stock options.

The financial and equity-based effects of the plan will be recorded during the the vesting period pertaining to the instruments. In 2015 no new plans were assigned.

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

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

In-Group Executive Incentive "Bonus Pool 2014" - Shares
The financial value of the shares assigned amounted to the market price per share reduced by the current value of the dividends unassigned during the period between the date of promise and the future allocation of the share.

The plan is structured in clusters, each of which may present from two to three payment instalments in shares, deferred according to the time interval defined by the regulations governing the plan.

	SHARE ASSIGNED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2015			
	INSTALMENT (2017)	INSTALMENT (2018)	INSTALMENT (2018)	INSTALMENT (2020)
Date of assignment Financial Value Bonus Opportunity	21-Jan-2015	21-Jan-2015	21-Jan-2015	21-Jan-2015
Date of definition number of Shares–Date Board resolution	09-Apr-2015	09-Apr-2015	09-Apr-2015	09-Apr-2015
Start of Vesting period	1-Jan-2015	1-Jan-2015	1-Jan-2015	1-Jan-2015
Maturity of Vesting period	31-Dec-2016	31-Dec-2017	31-Dec-2018	31-Dec-2019
Market price UniCredit share [€]	6.269	6.269	6.269	6.269
Financial value of vesting condions [€]	-0.240	-0.430	-0.710	1.069
Unit value Performance Share at promise [€]	**6.029**	**5.839**	**5.559**	**5.200**

Group Executive Incentive System 2015 (Bonus Pool)
The new 2015 incentivating system is based on a pool bonus approach, aligned to legislative requirements and market practices, which define:
- sustainability, through direct connection with company results and alignment to significant risk categories, by using specific indicators reflecting the reference scenario for risk propensity. (Risk appetite framework);
- the link between the bonuses and our organizational structure by classifying pool bonuses at Country/Division level with further revision at Group level;

4. Pioneer Global Asset Management. (ONLY FOR PIONEER SUB-GROUP).

- the allocation of bonuses to beneficiaries identified as Executives and to other more significant resources, identified on the basis of the guidelines supplied by the Regulations of the European Banking Association (EBA), and to other specific roles, on the basis of local, normative requirements;
- payment structure over a 6 year time-frame and made up of a mix between cash and shares, aligned to the most recent normative requirements expressed by directive 2013/36/UE (CRD IV).

The financial and equity effects will be recognized during the vesting period of the instruments.

1.2.4 Employee Share Ownership Plan 2015 Let's Share plan

The following tables illustrate the parameters relevant to the Free Shares (or rights to receive them) linked to the 'Employee Share Ownership Plan' approved in 2015.

Valuation Free Share ESOP for 2015

	FREE SHARE 1ST PERIOD SUBSCRIPTION	FREE SHARE 2ND PERIOD SUBSCRIPTION
Date of assignment of Free Shares to Group employees	30-Jan-2015	31-Jul-2015
Start of Vesting period	30-Jan-2015	31-Jul-2015
Maturity of Vesting Period	30-Jan-2016	31-Jul-2016
Unitary fair value of Free Shares [€]	**5.280**	**6.078**

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

The 2015 Let's Share plan foresees the use of shares to be purchased on the market. To this end the Participants confer mandate on a broker (inside or outside the UniCredit Group) to buy the shares to be deposited in an account held by the latter.

QUANTITATIVE INFORMATION

2. Further information

2016 (ex 2015) Share Participation Plan for UniCredit Group employees (Let's Share Plan for 2016)

In May 2015 the Ordinary General Meeting of UniCredit Shareholders approved the "2015 Plan for the Share Participation of UniCredit Group Employees (Let's Share for 2016) offering Group Employees, possessing the requisites, the opportunity to purchase ordinary UniCredit shares at favourable conditions, in order to strengthen their perception of belonging to the Group, as well as increasing motivation for achieving company targets.

With reference to the Let's Share plan 2016, UniCredit may, at its own discretion, foresee two subscription periods:
- 1st subscription period: by the end of the first semester 2016;
- 2nd subscription period: by the end of the second semester 2016.

The 2016 Let's Share plan forsees that:
- during the "Subscription Period", to be notified to Participants, the latter may may purchase ordinary UniCredit shares ("Investment Shares") on a monthly basis, or in one, sole solution ("one-off" mode);
- at the start of the Subscription Period, each Participant will receive, in shares ("Free Share") a 25% discount on the total shares purchased; Participants will be forbidden to sell the Free Shares for one year ('Holding Period or "Restriction Period") and will lose ownership if he/she ceases to be a UniCredit Group employee before the end of the Restriction Period, unless his/her service ceases, due to reasons permitted by Plan Regulations. For fiscal motives, in various countries it is not possible to assign Free Shares at closure of the Subscription Period: therefore an alternative structure has been foreseen acknowledging to Participants of those countries the right to receive Free Shares at closure of the Holding period ('Alternative Structure');
- during the "Restriction period" the Participants may sell, at any moment, their 'purchased' Investment Shares, but will lose the corresponding Free Shares (or the right to receive them).

The Free Shares can be qualified as "Equity Settled Share-based Payments" because the Participants will receive Net Equity instruments issued by UniCredit as remuneration for the financial value of their services performed in favour of the employer company. For Free Shares (or the right to receive them) the unitary value will be measured at closure of the Subscription Period on the basis of the average price paid by the Participants to buy the first portion of Investment Shares on the market.
Each and Every financial and equity effect relating to the 2016 Let's Share Plan will be book-registered during the four-year Holding period.
The 2016 Let's Share plan produced no effect whatever on the 2015 Financial Statements.

Effects produced on financial result

The application of the regulations included all Share-Based Payments assigned after November 7, 2002 with closure of vesting period subsequent to January 1, 2005.

Attachments to the Financial Statements

Attachment 1

UniCredit S.p.A.

Reclassified Statement of Financial position at 12.31.2014

Values in Euro millions

Assets	
Cash in bank and at hand	2,325
Financial assets for trading	16,166
Receivables from banks	21,866
Receivables from customers	220,649
Financial investments	108,026
Hedging	10,468
Tangible assets	2,583
Goodwill	0
Other intangible assets	1
Fiscal assets	12,047
Non-current assets and groups of assets under divestment	55,00
Other assets	4,627
Total assets	**398,813**
Liabilities and net equity	
Payables to banks	31,703
Takings from customers and securities	282,099
Financial liabilities from negotiation	13,020
Hedging	11,455
Provisions for risks and charges	2,047
Tax liabilities	224
Other liabilities	10,092
Net equity:	48,173
- capital and reserves	*47,369*
- reserves for valuation assets availale for sale and cash-flow hedging	*724*
- net loss	*80*
Total liabilities and net equity	**398,813**

Reclassified Income Statement for 2014

Values in Euro millions

Net interest	4,350
Dividends and other revenue on stock	1,381
Net fees	3,746
Net trading, hedging and fair value income	439
Balance other income/charges	8
BROKERING MARGIN	**9,924**
Human resources costs	-3,158
Other administrative costs	-2,883
Cost recoveries	602
Value adjustments to tangibles and intangibles	-134
Operating costs	**-5,573**
OPERATING INCOME	**4,351**
Net adjustments to receivables and reserves for guarantees and commitments	-2,796
NET OPERATING INCOME	**1,555**
Net provisions for risks and charges	-132
Integration charges	17
Net profits from investments	-939
GROSS PROFITS ON CURRENT TRANSACTIONS	**501**
Taxes on fiscal period income	-421
Adjustments to goodwill value	0
NET PROFIT	**80**

Attachment 2

Reconciliation between Income Statement and reclassified Income Statement items

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

Attachment 3

Disclosure of the Independent Auditors' remuneration

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

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

The considerations illustrated in the table, pertaining to the 2015 period, are those stipulated in the agreement, comprising potential indexing (excluding out-of-pocket expenses, possible supervisory contributions and VAT).

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

(€ thousands)

TYPE OF SERVICE	LEGAL PERSON PERFORMING SERVICE	SERVICE RECEIVER	FEES (EUROS)
Auditing:			
- Financial statements	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	66
- Limitated verification procedures re six-monthly accounting situation	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	16
Certification	Deloitte & Touche S.p.A.	Unicredit Factoring S.p.A.	18
Fiscal advice	KPMG S.p.A.	Unicredit Factoring S.p.A.	0
Others			0
Total			**100**

Auditors’ Report

Auditors' Report

Board of Auditors' Report to the Shareholders' Meeting pursuant toart. 2429 of the Civil Code

To the Shareholders,
during the fiscal period ended at December 31, 2015 we performed the supervisory activities foreseen by law, in compliance with the standards of behaviour of the Board of Auditors, recommended by the National Councils of Chartered Accountants and Accounting Experts.

Pursuant to the provisions of art. 2429 of the C.C., we submit to you the supervisory activity implemented in the course of the period ended at December 31, 2015, specifying that the Board of Auditors performed verifications regarding administration, ex-ex art. 2403, co. 1 C.C., whereas the auditing activities, ex- art. 2409 bis C.C. was assigned to DELOITTE & TOUCHE S.p.a.

We specify in particular:

Compliance with the Law and the Articles of Association – Compliance with the standard of proper administration
- We monitored compliance with the law and the articles of association, i.e. conformity with the statutory regulations governing the functioning of the company bodies and the latter's relations with institutional agencies;
- Our participation in the meetings of the Board of Directors was ongoing and, on the basis of the information acquired we did not become aware of any transaction undertaken during the period which did not conform to the standards of proper administration, resolved and implemented in disregard of the law and of the Articles of Association, in contrast with the resolutions voted by the Shareholders' Meeting, manifestly imprudent or hazardous, lacking the necessary information in case of the existence of Directors' interests, or such that they might compromise the integrity of the company equity.

Adequacy of the organizational, administrative and accounting structures
- We acquired the relevant knowledge and monitored, also pursuant to the provisions of art. 19 Legislative Decree Nr. 39/2010, the organisational structure of the company and the internal and administrative-accounting control systems adopted, both to be considered adequate and reliable, for the purposes of the efficient government of management factors and their proper representation, not only by means of the information obtained from the persons responsible for the various company functions but also during the verifications regularly performed during the year, integrated by the analyses of company documents and of the work performed by the auditors,
- we reported the non-existence of atypical or unusual operations with in-group companies, third parties or related parties. The Board of Auditors, in its Report on Management, supplied an exhaustive illustration of the most significant economic, financial and equity-based transactions undertaken with related parties, of the relevant modes of determination and amount of considerations paid.
- we held formal meetings with DELOITTE & TOUCHE S.p.a., appointed to execute the legal audit of the accounts, whose representatives illustrated the quarterly controls performed and their relevant outcomes, the auditing strategy and the fundamental issues emerging during their activities. The audit discovered no reprehensible facts nor aspects requiring specific in-depth examination.
- the auditors DELOITTE & TOUCHE S.p.a., during 2015, performed on an exclusive basis, the legal auditing of the accounts and issued a statement, pursuant to art. 17 Legislative Decree 39/2010 concerning the non-existence of situations which might compromise its independence or lead to causes for incompatibility.
  Bearing in mind the statement issued by the legal Audit Company, the Board deems that no critical aspects regarding the independence of DELOITTE & TOUCHE S.p.a. exists.

Reports and Accounts

With respect to the Reports and Accounts for the year ended 12.31.2015, which indicated a 100,247.256 Euro profit, as we were not appointed to audit the accounts, we monitored the general layout given to the Reports and Accounts and their compliance with the law as regards their drafting and structure and thus refer the following:

- we analyzed and verified the application of the accounting standards and underline that these Reports and Accounts were drafted in conformity with the IAS/IFRS accounting standards issued by the IASB, ratified by the European Commission, and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC).
- we supervised the general layout given to the foregoing and their conformity with the law in relation to layout and structure;
- we verified compliance with the legal provisions inherent to the preparation of the Report on Management;
- we verified the correspondence of the Reports and Accounts to the events and information we became aware of during the implementation of our duties;
- we acknowledged the activities carried out by the company appointed to execute the legal audit - DELOITTE & TOUCHE S.p.a. -, aimed at ascertaining the proper drafting of the Reports and Accounts for the fiscal year, according to the stipulations of the law and on the basis of the analyses of the operations implemented during the period. During the performance of the supervisory activities, illustrated here above, no events were found to warrant mention in this report.

Further information

- No indictments ex art. 2408 C.C. nor third party complaints were received.
- We periodically obtained information regarding the activities performed by the Company's Supervisory Body and received information concerning the organizational and procedural activities implemented pursuant to D.Lgs. 231/2001.

We have been made aware that from the verification conducted by the Company's Supervisory Body no behaviour profiles emerged which were not in line or in conformity with the principles and provisions indicated in the foregoing Model;

We acknowledge that on 26.11.2015 the Board of Directors resolved to identify and nominate as members of the Supervisory Body the members of the Board of Auditors, as from the shareholders' meeting summoned to approve the Reports and Accounts at December 31, 2015 and to renew the Corporate Bodies.

In this latter respect, bearing in mind that the mandate of the Board of Auditors will expire with the approval of the Reports and Accounts relevant to the 2015 period, the shareholders' meeting was, among other things, summoned to vote on the nomination of the statutory auditors, including therein the Chairman of the Board of Auditors and the Alternative Auditors for the three-year period 2016/2018 and to determine their fees.

We furthermore inform you that the supervisory activity illustrated here above was performed during 11 meetings of the Board of Auditors and with participation in 15 meetings of the Board of Directors;

In view of all the foregoing and having acknowledged that the mentioned Independent Auditing Company has released the obligatory auditing report, pursuant to art. 14 of Legislative Decree 39/2010, without significant comments nor requests for information, on the basis of our expertise we express no objections regarding the approval of the Reports and Accounts for the period closed at December 31, 2015 and the allocation of the profits earned, as proposed by the Board of Directors.

Milan, 03.29.2016

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

Independent Auditors’ Report

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

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

Report on the Financial Statements

We have audited the financial statements of UniCredit Factoring S.p.A., which comprise the statement of financial position as at December 31, 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of UniCredit Factoring S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of UniCredit Factoring S.p.A., with the financial statements of UniCredit Factoring S.p.A as at December 31, 2015. In our opinion the report on operations is consistent with the financial statements of UniCredit Factoring S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Michele Masini
Partner

Milan, Italy
March 29, 2016

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

Resolutions of the Ordinary Shareholders' Meeting

Resolutions of the Ordinary Shareholders' Meeting

The Meeting, pursuant to the favourable vote expressed by the sole shareholder, UniCredit S.p.A, thus resolved:

- to approve the balance-sheet at 12.31.2015 within the terms envisaged;
- to approve the allocation of the 2015 profits, amounting to 100,247,256, Euros according to the following terms:
  - Euros 5,012,363 to the legal reserve
  - Euros 25,052,693 to the replenishment of other reserves
  - Euros 68,182,200 to the shareholders
  - Euros 1,200,000 to UniCredit & Universities Foscolo Foundation, as corporate donation
  - Euros 800,000 to UniCredit Foundation, as corporate donation
- to determine as seven (7) the number of members of the Board of Directors;
- to nominate as directors for the periods 2016 – 2017 e 2018 and, therefore, up to the Shareholders' meeting for the approval of the Reports and Accounts at December 31, 2018, the following:
  Alessandro Cataldo appointed as Chairman
  Maurizio Guerzoni
  Renato Martini
  Pasquale Antonio De Martino
  Lucio Izzi
  Renzo Ivo Signorini

- to authorize, pursuant to art. 2930 of the civil code the performance, by the appointed Directors, of potentially competitive activities, without prejudice to the application of art. 36 of Law Decree nr. 2011 of December 6, 2011, converted with amendments by Law nr. 214 of December 22, 2011, which forbids the holders of office in management, supervisory and control bodies as well as top level functionaries of companies or groups of companies operating in the credit, insurance and financial markets, to assume or carry out equivalent appointments in competitor companies or groups of companies, without prejudice to the faculty pertaining to the holder of incompatible offices to choose within 90 of his/her nomination;
- to determine the annual, global remuneration to be paid to the Board of Directors, for the activities performed therein and for those linked to the activities of intra-Board committees, as follows;
- 95,000 Euros (ninetyfivethousand) as gross annual remuneration fee to be paid to the Board of Directors, together with the additional benefit represented by the D&O Policy – Directors' Insurance for Civil Liability. Payment of the relevant premium will be borne by the Company and only the effects of the pro-quota tax impact of the foregoing premium, wherever foreseen, will be charged to the representatives;
  - 200.00 (twohundred) Euros gross, the attendance token to be paid to each Director for each and every sitting of the Board.
  - 15,000 (fifteenthousand) Euros and (tenthousand) Euros as gross annual fee to be paid, respectively to the Chairman and to each component of the Audit Committee, wherever nominated;
  - to nominate as members of the Board of Auditors for the period 2016 -2017 and 2018 and, therefore, up to the Shareholders' meeting for the approval of the Reports and Accounts at December 31, 2018, the following:

  Vincenzo Nicastro appointed as Chairman;
  Roberto Bianco (Statutory Auditor)
  Federica Bonato (Statutory Auditor)
  Paolo Colombo (Alternative Auditor)
  Massimo Gatto (Alternative Auditor)
- to determine as:
  - 30,000 (thirtythousand) Euros and 20,000 (twentythousand) the gross annual fee to be paid, respectively, to the Chairman of the Board of Auditors and to each Statutory Auditor, together with the additional benefit represented by the D&O Policy – Directors' Insurance for Civil Liability. Payment of the relevant premium will be borne by the Company and only the effects of the pro-quota tax impact of the foregoing premium, wherever foreseen, will be charged to the representatives;
  - 200.00 (two hundred) Euros gross, the token to be paid to each member of the Board of Auditors for his/her participation in each and every sitting of the Board or of the Shareholders' meeting, which does not include in the agenda the approval of the annual financial statements pertaining to the period and of the Executive Committee, wherever existing, as well as for his/her participation in each and every sitting of the Board of Auditors, with the exception of those summoned for periodic meetings, aimed at supervising extraordinary company operations, at the examination of indictments pursuant to art. 2408 of the civil code or, in any case, requested by a member of the administrative body, or by other company bodies, other agencies or Authorities;
  - 7,000 (seventhousand) Euros and 4,000 (fourthousand)Euros the gross annual fee to be paid respectively, to the Chairman of the Board of Auditorsand to each Statutory Auditor for the performance of the functions of Supervisory Body pursuant to Legislative Decree 231/2001.

Our products

Our products

Domestic Non-Recourse Factoring

UniCredit Factoring provides for the definition and granting of a revolving Credit-line (plafond) for each and every debtor proposed by the assignor company, with **possible hedging up to a maximum 100%** of the assigned receivables.
The granting of the credit-line takes place following the assessment of the credit-worthiness of the assigned Companies on the basis of which the **non-recourse guarantee** percent is established.

UniCredit Factoring receives from the assignor the transfer of the receivables claimed from the agreed debtors, manages them at administrative level through notification and takes care of collection. In case of debtor's insolvency in law or in fact (de jure or de facto) **payment under guarantee** is performed after a specific number of days as from the maturity of the receivable, usually at 180/210 Days.

With-Recourse Domestic Factoring

This product is addressed to Companies **registering an upturn in their trade receivables**, needing to lighten their administrative load and **also to receive advance payments of the receivables** combined with the relevant management, thus improving collection times and reducing internal management costs.
UniCredit Factoring receives from the Assignor company the transfer of the receivables claimed from its customers (previously assessed and assigned), manages them and takes care of collection. The assignable receivables derive from supplies of goods and services with maturities between 1 and 18 months; an indispensible condition is that the receivables may not be untransferable. The **Assignor guarantees the existence of the assigned receivables** and, should the debtors fail to pay, must refund to the Factor the amounts advanced as consideration for the assigned receivables, in addition to previously agreed interest, expenses and fees.

Maturity Factoring

The Maturity Factoring service consists in the accreditation to the supplier/assignor of the **consideration assigned at a pre-established and certain date,** usually at the maturity of the mentioned, assigned receivable, potentially extended by a few days. The transaction may be perfected on a with-recourse and/or non-recourse basis. Whenever requested, UniCredit Factoring may grant to the assigned Customer/Debtor, an **extension regarding the payment terms agreed** during the business negotiations with the Supplier. Extended payment terms is a service which permits the supplier/assignor to grant to its customers/debtors a further extension without having to sustain the relative financial costs.

Agreements with Groups of Debtors (Reverse Factoring)

This product is addressed to high **standing Companies** intending to optimize their business relations with suppliers, by guaranteeing overall administrative assistance regarding supply payables, and dynamically upgrading outflow management efficiency, with specific reference to the recent, new legislation governing payment terms (ex. Art. 62 and D.L. 192/2012).
With Reverse Factoring, the **Company adhering to this Agreement** has the possibility of negotiating and extending payment terms regarding purchases by offering to its Suppliers, through UniCredit Factoring, a **specialized management of the receivable** and the opportunity to access the foregoing service at competitive conditions.
Such companies can make use of a **dedicated credit-line**, with-recourse and/or non-recourse, to an extent permitting - in a "captive logic" - ongoing activities within the framework of a service presented as a characteristic feature of the business relations between supplier and customer. Pre-payments can be made up to 100% (VAT included) of the receivables contemplated in the assignment.

Maturity Payment Service

This service is adapted to transactions foreseeing a **sole-solution payment at maturity of the receivables**, as in the case of Companies operating in the agricultural/foodstuffs sector which are subject to the provisions of art. 62 D.L. 1/2012.
The product is characterized by the sole-solution payment implemented by the Factor in favour of the assignor, at the maturity of the receivable, **thus releasing the Supplier from the existing risk** which is shifted onto the assigned Debtor. The product, up to maturity, can be set up on either a **Non-Recourse or a With-Recourse** basis, with notification of the assignment of the receivable and, in the case of ongoing assignment, notification of the LIR (Letter of Inception of Relations), together with possible prepayment of the assigned receivables. It is particularly effective if set up in the context of Reverse Factoring transactions, with the perfecting of a previous agreement with the assigned Debtor, which will indicate the names of suppliers to be acquired.

Management and Divestment of Receivables from State Organisations

UniCredit Factoring offers an **assessment service** for the non-recourse/with-recourse purchase of receivables claimed by companies from State Administration Organizations regarding agreements relating to the supplies of goods or services.
The service foresees, concerning Public Agencies, as the assigned debtors: the transfer formalized by "public deed"; adherence to **"outline agreements"** as well as an advisory service for the Debtor for the stipulation of agreements aimed at standardizing funding conditions between suppliers and sector associations; funding products using also the granting of a **payment extension** through **interest rate facilitations**.

Assignment of annual VAT receivables

The assignment of a receivable may be either **with-recourse or non-recourse**, in which case UniCredit Factoring can provide for the definition and granting of a revolving Credit-limit (Plafond) with hedging up to 100% of the assigned receivables. The assignment of receivables must be formalized by **notarial deed** and/or private deed authenticated by a Notary and notified to the Agenzia delle Entrate (Tax Bureau) by Court Bailiff, including, through the assignor, the express acceptance of the **assignment of the receivable** by the debtor administration, with explicit reference to the non-existence of default situations pertaining to the assignor. UniCredit Factoring may also advance the consideration for the assigned receivables, whose allocation is always subject to reception of the **notification report** regarding the assignment and to Equitalia's declaration of the non-existence of default situations pertaining to the assignor.

Outright purchase of receivables

The product is addressed to **high standing** companies, whose Financial Statements are **subject to IAS accounting standards**, companies wishing to **optimize the management of their treasury** and **improve their budgetary indicators**:
The assignments of receivables are mainly **notified** and refer to receivables with maximum durations of 150/180 days.
UniCredit Factoring purchases the assigned receivables at 100%, net of fees, interest and potential accessory costs, on the basis of a contractual plan permitting the Assignor **the substantial transfer of the risks** (credit, liquidity, interest-rate, exchange-rate etc) and benefits to UniCredit Factoring. Consequently, the **Assignor**, **according** to accounting standard IAS 39 can divert from its Financial Statements the financial assets assigned (**derecognition**).

Export/Import Factoring

This product is addressed to Companies which **import/export goods and/or services,** with consolidated business relations towards foreign entities with well-known standings; they intend to secure themselves from the **insolvency risk** pertaining to their customers (export) or to offer different guarantee forms to their suppliers (import); they are entering **new markets**, which already use forms of credit insurance and are sensitive to the improvement of company ratios.
The activity performed is carried out within the framework of the chain of correspondents belonging to **Factor Chain International** (FCI) in over 80 Countries or developed in EEC markets in collaboration with the Factors belonging to UniCredit Group, operating in the mentioned countries. The data transmission processes are managed through an integrated system permitting a real-time informative flow.

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