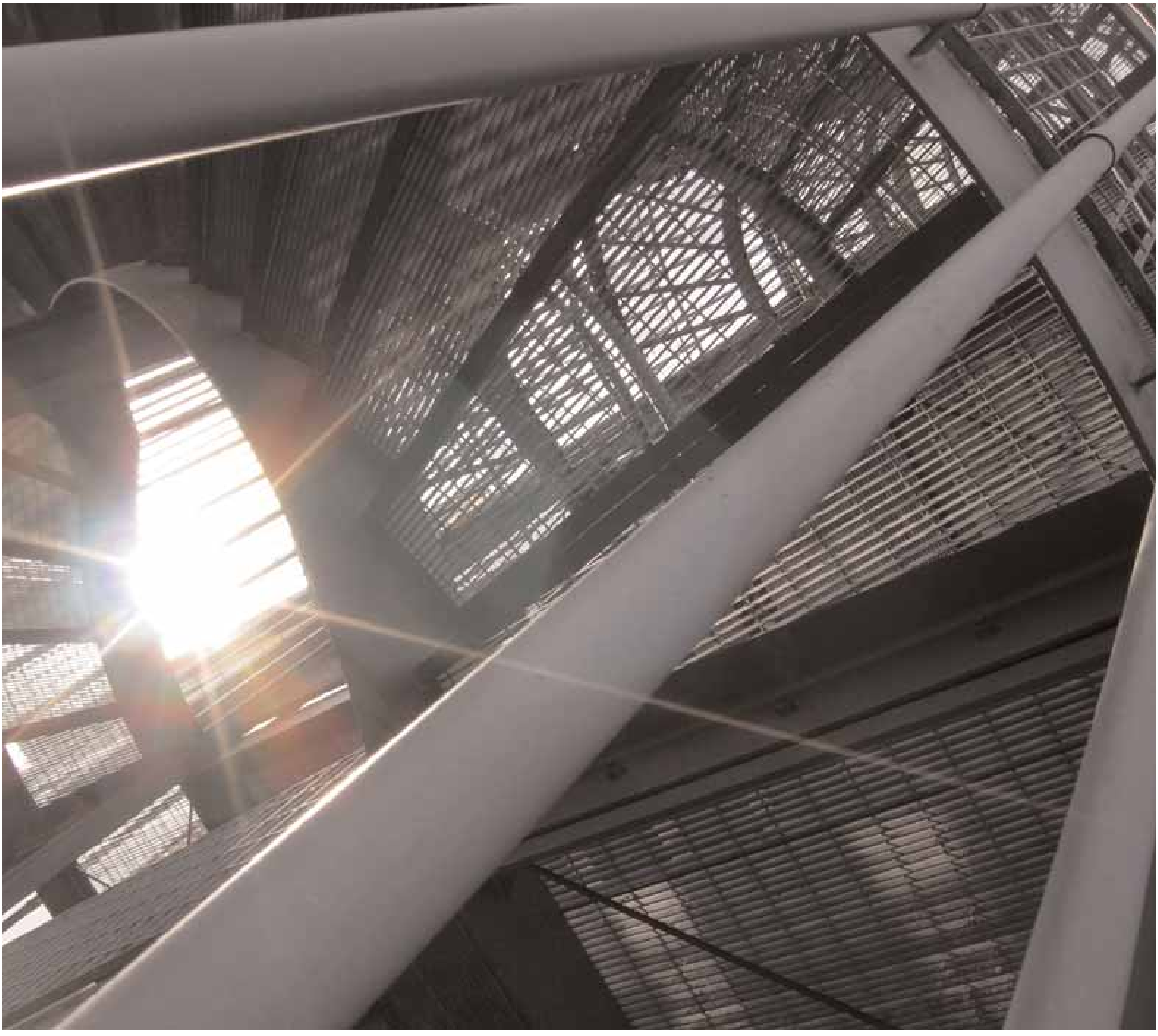
FACTORIT
(FORMERLY ITALEASE FACTORIT)

# 2007
# REPORTS AND FINANCIAL STATEMENTS



FACTORIT

# 2007
# REPORTS
# AND FINANCIAL STATEMENTS

**Factorit S.p.A. (previously Italease Factorit S.p.A.)**

Registered office Via Cino del Duca, 12 – 20122 Milan – Tel. (02) 7765.1 – Fax (02) 58150.205
General Management and Headquarters Via Tortona, 7 – 20144 Milan – Tel. (02) 58150.1 – Fax (02) 58150.205
Company subject to the management and coordination of the sole shareholder Banca Italease S.p.A. Banca Italease S.p.A. banking group
Share capital 85,000,000 euro fully paid up – Registered in the Registry of Companies of Milan, Tax identification and VAT no. 04797080969
General IEO (Italian Exchange Office) List no. 36643 – Special List of the Bank of Italy, no. 33042

Member of
Factors Chain International

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# ADMINISTRATIVE AND CONTROL BODIES

**Board of Directors**

| | |
|---|---|
| Chairman | Antonio De Martini (*) |
| Vice Chairman | Ernesto Tansini (*) |
| Directors | Annunzio Bacis |
| | Marco Cappelletto |
| | Massimoluca Mattioli |

**Board of Statutory Auditors**

| | |
|---|---|
| Chairman | Flavio Dezzani |
| Statutory Auditors | Attilio Guardone |
| | Vincenzo Mosca |
| Substitute Auditors | Alberto Balestreri |
| | Francesco Cimmino Gibellini |

**Auditing Company**

Deloitte & Touche S.p.A.

(*) Members of the Executive Committee.

# 2007

# Reports and Financial Statements

# Report on Operations

# of the Board of Directors

To the Shareholders,

the Company closed its second full year of operations on 31 December 2007 following its entry within the Banca Italease Group.

Results were essentially in line with forecasted growth plans and, particularly in the first part of the year, benefited from the growth which had characterized the year 2006; in the second half of the year, the company was also negatively affected by the tensions deriving from the crisis characterizing the global financial system.

During the course of 2007, Factorit again combined its development of commercial activities with a constant focus on the transformation of markets as part of a rigorous credit strategy characterized by socially responsible behaviors which are the natural outcome of the guiding values of the Group.

During the course of the year, the global economic environment was characterized by two different phases. The first phase — in the first half of the year and characterized by growth in all areas and in all major countries with an atmosphere of optimism — was followed by a second phase characterized by a slowdown due to a highly uncertain atmosphere caused by the obvious signs of a slowdown in the US economy and of the primary industrialized economies in Europe and Japan.

The fall of the US real estate market has certainly contributed towards the revision of growth estimates and an increase in inflation rates, thereby profoundly affected the economic growth and turbulence of financial markets.

The Federal Reserve has been forced to respond to these market tensions by implementing gradual cuts in interest rates which further contributed towards the depreciation of the dollar with respect to other currencies.

In the Euro area, trend indicators have confirmed the growth of productive activity due to an increase in internal demand fueled by investments of companies and of internal and foreign consumption; signs of a slowdown in the fourth quarter, however, are increasing within the prospects of a general recession.

With regards to Italy, GDP growth — estimated at circa 1.5% per year — slowed during the course of the year, reporting a decrease with respect to 2006 (+1.8%).

Demand for financing remains strong within the banking credit market — both with respect to families as well as companies despite continuing high rate levels, even after the numerous injections of liquidity by the ECB during the month of December.

The growth forecast for the Italian economy in 2008 is even more limited, falling from 1.5% in 2007 to 0.6% due to an uncertain economic environment but particularly due to the decrease in disposable income on the part of families; this is associated with a weakening of the dollar which does not favor exports of Italian companies.

## FACTORING MARKET AND COMPANY PERFORMANCE

Within this economic environment, the factoring market has again confirmed in 2007 the recovery phase which had characterized the year 2006 following a number of years of reduced growth; the latter has again been shown to be closely linked to the dynamics of the country's economic trends.

In detail (Assifact estimates), the volume of credit transferred with respect to parties adhering to the Trade Association was estimated to be 114.684 million Euro for 2007, an increase of circa 2.3% compared to the previous year.

Within the realm of this scenario — characterized by a supply of products that is increasingly concentrated within a few large market players, also due to the most recent significant bank mergers — your company reported a growth rate of 9.07%, exceeding the rate reported for the sector and confirming its second position within national rankings while also increasing its market share (circa 15.8%).

The overall volume of credit transfers, in fact, exceeded 18,141 million Euro compared to the 16,663 million Euro of 2006; these results were attained as part of a product strategy which ranks the company as having one of the top performances in terms of rotation of traded receivables (94 days in 2007), a significant increase with respect to the previous year (107 days).

This important result — despite being attained in a difficult period for our Group — was attained through the rigorous application of now consolidated principles on the part of our Company, involving the offer of a highly qualified product as well as a search for an optimal risk/return equilibrium.

The commercial activities of your company, in fact, developed across two very distinct phases: a first half-year which, following the growth rates of 2006, reported a progressive and significant increase in market share followed by a second half of the year characterized by a marked loss of competitiveness which resulted in a decrease of turnover volumes compared to previous years and a decrease in loans to top companies of the corporate sector.

The contribution to turnover volumes of clientele which was developed through the commercial network of Popular Banks with stipulated agreements was equal to 6,468 million, 35.65% of total sales. The increase with respect to the previous year was equal to 4.38%.

Direct activities, on the other hand, reported a growth rate of 10.75%.

The total amount of credit transfers relative to the credit guarantee service exceeded 11,788 million Euro, equal to 64.98% of the total and a 63.60% increase with respect to the previous year. The growth in volumes of receivables acquired without recourse was positively influenced by the effect of the new IAS/IFRS principles which caused an increase in demand for compliant operations for the purposes of de-recognizing transferred receivables within the financial statements of the transferring companies, particularly in the large corporate sector.

With regards to the qualitative distribution of turnover, the maturity sector (DDay) reported the highest figures in terms of transfers, equal to 6,628 million Euro and representing 36% of the overall total amount of factoring products issued from the Company. The guaranteed quota of transfers of only the DDay product was equal to 4,935 million Euro, a value essentially in line with the previous year, thereby confirming the competitiveness of the company within the market as well as its operational capacity in offering products to clientele which combine several service components.

An analysis of the territorial distribution of operational volumes reveals the following: domestic activity totaled 89.67% of operations while international operations grew significantly with a total volume of transferred receivables equal to 1,874 million Euro; of the latter, 1.517 million Euro were relative to the export market while 357 million Euro were related to the import market.

International operations were developed either directly as well as through correspondents which belong to the Factors Chain International; our company is ranked as the top Italian firm within the latter in terms of volumes dealt with correspondents.

2007 results have again confirmed certain specific elements relative to the service component: more than 4.4 million invoices issued to a group of clients transferring 2,349 asset units of heterogeneous standing (corporate, large corporate and small to medium-sized firms).

## TOTAL RECEIVABLES AND LOANS

The total amount of receivables for factoring operations with and without recourse — with regards to non-outstanding relations — as of 31 December 2007 was equal to 4,593 million Euro, a decrease with respect to the value relative to the end of 2006, totaling 4,801 million Euro, in confirmation of that which was previously stated with regards to the credit management performance of your company.

Capital loans — which reached a total of 2,552 million Euro as of 31 December 2007 — also fell slightly with respect to the value reported on 31 December 2006, equal to 2,678 million Euro (–4.70%).

## ECONOMIC AND PROFITABILITY TRENDS

The company closed the year with net income of 21.2 million Euro after having allocated adjustments for risks on receivables for a total of 26.6 million Euro as well as additional allocations referring to risks relative to trial payables and/or rescindments for 6.8 million Euro. In addition, value re-instatements totaling 6.7 million Euro were recorded during the course of the year.

In order to more clearly illustrate the economic performance of the company, the following tables compare results and several primary indicators for the year with the data of the previous year.

(thousands of Euro)

| | 2007 Factorit S.p.A. | 2006 Italease Factorit S.p.A. |
|---|---|---|
| Proceeds for: | | |
| Net commissions | 44,493 | 42,685 |
| Net financial proceeds | 38,736 | 35,048 |
| **Gross margin** | **83,229** | **77,733** |
| **Total net operating costs** | **16,732** | **17,769** |
| **Gross operating income** | **66,497** | **58,965** |
| **Net operating income** | **39,848** | **54,193** |

| | 2007 Factorit S.p.A. | 2006 Italease Factorit S.p.A. |
|---|---|---|
| Cost Income | 20.10% | 22.86% |
| Annualized Roe | 20.34% | 35.54% |
| Spread/earning margin | 46.54% | 45.09% |
| Service margin/earning margin | 53.46% | 54.91% |

Operating income results highlight the fact that the Company has continued its cost reduction policy in conjunction with an improvement on margins.

## CORPORATE STRUCTURE

The company's organizational model includes a General Manager that directly reports to the Board of Directors and which is delegated with preparing and regulating the "Business" and "Receivables" areas as well as the "Legal Services & Disputes" department.

The General Manager also avails him(her)self of the organizational structure of the parent company, loaning personnel which are specialized in control, administrative (general and personal accounting, treasury activities), organization, corporate and auditing activities.

The Risk Control Center is also located within the parent company while a department for the maintenance and development of IT applications has been allocated within a company of the Group.

## RISKS LINKED TO CORPORATE ACTIVITY

Given the characteristics of factoring — which include specific elements such as the management, guarantee and financing of commercial receivables, typically short-term — the Company does not face particularly significant interest rate and liquidity risks.

Any loans which are granted — primarily of auto-liquidating nature — typically have a short residual life that is directly connected to the collection times of transferred trade receivables.

Exchange rate risks are also limited given that operations in foreign currency are marginal with respect to the volumes of transferred receivables and the use of foreign currency is implemented in conjunction with provisions of the same currency.

## CREDIT RISK TRENDS

During the course of the year 2007, credit risk trends did not include any particularly significant critical elements which could compromise the overall quality of the currently held portfolio.

As of 31 December 2007, outstanding receivables, gross of adjustments, were equal to 1.78% of overall capital loans while net doubtful debts were equal to 0.39% of these.

With regards to the dispute Contal S.r.l. in A.S. — Parmalat Group — a settlement was completed in the month of March with Ifitalia S.p.A., the head of the factoring pool; Ifitalia itself has withdrawn its claim for liability compensation with respect to Factorit. In the meantime, Ifitalia has disbursed a payment to Factorit as a settlement for the claims; this sum was previously deducted or is deducible on the part of Factorit itself due to the previous pool relationship.

With regards to the exposure of Parmalat S.p.A. in A.S. and due to the bankruptcy rescinding trial, attempts are now being implemented in order to explore the feasibility of some form of definitive conciliation.

As of 31 December 2007, losses in relation to current risks were recorded for a total of 4.8 million Euro. In detail, these included 1.1 million Euro for exposure with respect to transferring parties, 3.1 million Euro for receivables without recourse with respect to debtors, 0.1 million Euro for commissions and various receivables of lower value and finally 0.5 million Euro for transactions relative to trial payables and/or rescindments. The booked amount was completely covered by the relative allocations.

## RISK CONCENTRATION AND REGULATORY CAPITAL

During the course of 2007, operations were implemented for the purposes of supervising over compliance with the parameters established by currently effective norms; this was also due to the elevated amount of loans.

A careful risk diversification policy has allowed us to limit the number of positions which fall under the "Large Individual Risks" to eleven.

With regards to the increased position of "Individual Risk" with respect to a major industrial Group, the parent company Banca Italease S.p.A. has renewed the guarantee that was granted up until 30 June 2008 in addition to committing to strengthening the assets of the company in accordance with strategic positioning.

## FORESEEABLE TRENDS IN OPERATIONS

Forecasts for the current year — confirmed by trends in initial months — reflect the strategic choices which were defined in the second half of the previous year and include the primary objective of rationalizing available financial resources as well as leveraging those factoring products with the greatest margins and greatest service content.

Current trends are characterized by selective re-sizing of loans, particularly in reference to major risks; although this implies a reduction in turnover volumes, it allows production flows to stabilize at levels which allow the Company to maintain its position as a market leader.

In order to preserve its relationship with the market and to sustain customer demand — particularly in reference to customers of high standing and that relative to our banking partners — the Company has proposed and completed certain factoring operations through pooling, allocating a significant part of the loan to the latter.

## OTHER INFORMATION

The employees of your company totaled 149 units as of 31 December 2007, of which 11 are part-time and 13 are temporarily transferred to the parent company.

The Security Planning Document, pursuant to Article 34, paragraph 1, letter g) of Legislative Decree no. 196 of 30/06/2003, "Personal Data Protection Code", has been drafted in accordance with the modalities of Rule 19 of the Technical Specifications, attachment B of Legislative Decree no. 196/2003. Further updates will be completed within the deadlines required by law.

As of today's date, there are not operational or credit risks which significantly affect the results of the year.

Current operations continue in accordance with the strategic lines that were developed in synergy the with directives of the parent company.

For more details on the items of the financial statements, please refer to the Explanatory Notes which are part and parcel of these statements.

The financial statements for the year 2007, hereby presented for your approval, closed with a net income of the year totaling Euro 21,248,682.

The information required in accordance with paragraph 2, point 2 of Article 2428 of the Italian Civil Code is reported in the section relative to other information within the Explanatory Notes.

With regards to the information required by paragraph 2, points 3 and 4 of Article 2428 of the Italian Civil Code, it should be noted that the company does not own treasury shares or shares of the parent company, even through trust companies or third parties. It should also be noted that no treasury shares or shares of the parent company were acquired or sold during the course of the year.

Your company does not have secondary branch offices.

During the course of the year, your company has not implemented R&D activities.

As of 13 April 2007, Mr. Massimo Faenza resigned from his office as the Chairman of the Board of Directors; on the same date, the Board of Directors appointed the director, Mr. Domenico Cambriani, as the Chairman of the Board.

On 27 July 2007, Mr. Domenico Cambriani resigned from his office as the Chairman of the Board of Directors. Following an operational period in which the Vice Chairman, Mr. Ernesto Tansini, executed the functions of the Chairman, in accordance with the articles of association, the Board of Directors coopted Mr. Antonio De Martini as the Chairman of the Board of Directors on 22 January 2008 while appointing Mr. Marziano Bosio as the general manager.

In this same meeting, the directors Mr. Massimoluca Mattioli, Mr. Annunzio Bacis and Mr. Marco Cappelletto were appointed as directors in replacement of Mr. Graziano Gioia, Mr. Francesco Trogu and Mr. Giuseppe Filippa; Mr. Ernesto Tansini was confirmed as the Vice Chairman.

With regards to the Board of Statutory Auditors, Attilio Guardone was appointed as a statutory auditor in replacement of Alfio Poli who has unfortunately passed away; we will always cherish his memory.

Alberto Balestreri and Francesco Cimino Gibellini were appointed as substitute auditors.

The meeting of the Board of Directors held on 22 January 2008 resolved in favor of a change in the company's name; the new name, Factorit S.p.A., became effective as of 28 January 2008.

*To the Shareholders,*

We hereby recommend that you approve the financial statements of the year ended on 31 December 2007 as well as the following allocation of net income:

| | | |
|---|---|---|
| • Net income of the year | Euro | 21,248,682 |
| • Net income from previous years carried forward | Euro | 1,311,201 |
| • Net income to allocate | Euro | 22,559,883 |
| • 5% to the legal reserve | Euro | 1,062,434 |
| • Dividend of Euro 0.125 for each of the 85,000,000 shares issued | Euro | 10,625,000 |
| • Net income allocated to the extraordinary reserve | Euro | 10,625,000 |
| • Net income carried forward | Euro | 247,449 |

We therefore call upon you to approve the financial statements as well as the proposal for the allocation of the net income of the year.

We would also like to take the opportunity to thank the Shareholder for all activities implemented during the course of the year for Factorit.

In addition, we are grateful to the Board of Statutory Auditors for the continual and intense work implemented during the course of the year as well the Personnel which actively contributed towards the development of corporate activities, the Banks with which we have stipulated agreements, the agents adhering to Factors Chain International and the bodies of the Assifact trade association.

Milan, 11 March 2008

on behalf of the Board of Directors

The Chairman

Antonio De Martini

# Financial Statements

# as of 31 December 2007

## CONTENT OF THE FINANCIAL STATEMENTS

The financial statements of Factorit S.p.A. (previously Italease Factorit S.p.A.), drafted in compliance with Legislative Decree no. 28 dated 28.02.2005, is composed of a balance sheet, income statement, statement of changes in shareholders' equity, a cash flow statement and explanatory notes in addition to a report on operations by the directors — as required by IAS/IFRS accounting principles and the instructions for drafting financial statements of Financial Dealers registered within the special list of the Bank of Italy, dated 14 February 2006 and issued in compliance with Article 9 of the abovementioned Legislative Decree.

The financial statements of the Company have been prepared with clarity, and provide a true and fair view of the Bank's capital, financial position, and earnings results for the year.

The notes to the financial statements illustrate and analyze the financial statement data, and in some cases, provide supplemental information. These notes contain the information required by the instructions for drafting financial statements of Financial Dealers, issued on 14 February 2006. Additional information has been supplied when deemed necessary in order to provide a true and fair representation.

# BALANCE SHEET

(euro)

| Asset items | 31.12.2007 | 31.12.2006 | Change |
|---|---|---|---|
| 10. Cash and cash equivalents | 3,368 | 3,811 | (443) |
| 60. Receivables | 2,624,813,963 | 2,709,760,013 | (84,946,050) |
| 100. Tangible assets | 382,277 | 489,764 | (107,487) |
| 110. Intangible assets | 1,164,319 | 1,198,658 | (34,339) |
| 120. Tax assets | 1,834,265 | | 1,834,265 |
| *b) advance* | *1,834,265* | | *1,834,265* |
| 140. Other assets | 8,342,245 | 3,152,434 | 5,189,811 |
| **TOTAL ASSETS** | **2,636,540,437** | **2,714,604,680** | **(78,064,243)** |

(euro)

| Liabilities and Shareholders' Equity items | 31.12.2007 | 31.12.2006 | Change |
|---|---|---|---|
| 10. Payables | 2,361,592,587 | 2,455,365,652 | (93,773,065) |
| 20. Issued Securities | 44,148,252 | 60,206,079 | (16,057,827) |
| 70. Tax Liabilities | 19,826,145 | 21,131,617 | (1,305,472) |
| *a) current* | *19,826,145* | *17,173,391* | *2,652,754* |
| *b) deferred* | | *3,958,226* | *(3,958,226)* |
| 90. Other liabilities | 77,396,745 | 40,235,939 | 37,160,806 |
| 100. Employee termination indemnities | 2,046,223 | 2,791,990 | (745,767) |
| 110. Provisions for risks and charges | 5,804,148 | 1,182,055 | 4,622,093 |
| *b) other provisions* | *5,804,148* | *1,182,055* | *4,622,093* |
| 120. Share capital | 85,000,000 | 85,000,000 | |
| 150. Issue price premiums | 11,030,364 | 11,030,364 | |
| 160. Reserves | 8,447,291 | 4,967,286 | 3,480,005 |
| 180. Net income (loss) for the year | 21,248,682 | 32,693,698 | (11,445,016) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **2,636,540,437** | **2,714,604,680** | **(78,064,243)** |

## INCOME STATEMENT

(euro)

| Items | | 31.12.2007 | 31.12.2006 | Change |
|---|---|---|---|---|
| 10. | Receivable interest and comparable proceeds | 129,050,908 | 87,080,922 | 41,969,986 |
| 20. | Payable interest and comparable charges | (90,314,960) | (52,032,562) | (38,282,398) |
| | **Spread** | **38,735,948** | **35,048,360** | **3,687,588** |
| 30. | Receivable commissions | 58,751,364 | 55,029,282 | 3,722,082 |
| 40. | Payable commissions | (14,197,379) | (12,262,634) | (1,934,745) |
| | **Net commissions** | **44,553,985** | **42,766,648** | **1,787,337** |
| 60. | Net result from trading | (60,814) | 2,293 | (63,107) |
| | **Earning margin** | **83,229,119** | **77,817,301** | **5,411,818** |
| 110. | Net value adjustments for impairment of: | (21,565,200) | (3,176,527) | (18,388,673) |
| | *a) receivables* | *(19,841,889)* | *(3,176,527)* | *(16,665,362)* |
| | *d) other financial assets* | *(1,723,311)* | | *(1,723,311)* |
| 120. | Administrative expenses | (16,874,003) | (17,997,540) | 1,123,537 |
| | *a) personnel expenses* | *(12,394,345)* | *(13,049,412)* | *655,067* |
| | *b) other administrative expenses* | *(4,479,658)* | *(4,948,128)* | *468,470* |
| 130. | Net value adjustments on tangible assets | (208,136) | (291,654) | 83,518 |
| 140. | Net value adjustments on intangible assets | (34,338) | (37,403) | 3,065 |
| 160. | Net allocations to provisions for risks and charges | (5,083,392) | (2,594,832) | (2,488,560) |
| 170. | Other operating costs | (552,595) | (36,178) | (516,417) |
| 180. | Other operating proceeds | 936,892 | 510,311 | 426,581 |
| | **Operating income** | **39,848,347** | **54,193,478** | **(14,345,131)** |
| 200. | Net income (loss) from the transfer of investments | 615 | 36,812 | (36,197) |
| | **Net income (loss) from continuing operations, gross of tax** | **39,848,962** | **54,230,290** | **(14,381,328)** |
| 210. | Income taxes for the year on continuing operations | (18,600,280) | (21,536,592) | 2,936,312 |
| | **Net income (loss) from continuing operations, net of tax** | **21,248,682** | **32,693,698** | **(11,445,016)** |
| | **NET INCOME (LOSS) FOR THE YEAR** | **21,248,682** | **32,693,698** | **(11,445,016)** |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### as of 31December 2006

(euro)

| | Balances as of 31.12.2005 | Change in opening balances | Balances as of 01.01.2006 | Allocation of net income from previous year | | Changes during the year | | | | | | | Profit (loss) 31.12.2006 | Shareholders' equity as of 31.12.2006 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Operations on shareholders' equity | | | | | | | |
| | | | | Reserves | Dividends and other allocations | Changes in reserves | Issue of new shares | Purchase of treasury shares | Extraordinary distribution of dividends | Changes in capital instruments | Other changes | | | |
| **Share capital** | **34,140,000** | **0** | **34,140,000** | **0** | **0** | **0** | **50,860,000** | **0** | **0** | **0** | **0** | **0** | **85,000,000** |
| **Issue premiums** | **11,030,364** | **0** | **11,030,364** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **11,030,364** |
| **Reserves** | | | | | | | | | | | | | |
| a) of net income | 0 | 0 | 0 | 630,291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 630,291 |
| b) other | 4,473,810 | 0 | 4,473,810 | 0 | 0 | (206,567) | 0 | 0 | 0 | 0 | 69,752 | 0 | 4,336,995 |
| **Valuation reserves** | | | | | | | | | | | | | |
| **Capital instruments** | | | | | | | | | | | | | |
| **Treasury shares** | | | | | | | | | | | | | |
| **Profit (loss) for the year** | **11,555,089** | **0** | **11,555,089** | **(630,291)** | **(10,924,800)** | **0** | **0** | **0** | **0** | **0** | **0** | **32,693,698** | **32,693,698** |
| **Shareholders' equity** | **61,199,263** | **0** | **61,199,263** | **0** | **(10,924,800)** | **(206,567)** | **50,860,000** | **0** | **0** | **0** | **69,752** | **32,693,698** | **133,691,348** |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### as of 31December 2007

(euro)

| | Balances as of 31.12.2006 | Change in opening balances | Balances as of 01.01.2007 | Allocation of net income from previous year | | Changes during the year | | | | | | Profit (loss) 31.12.2007 | Shareholders' equity as of 31.12.2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Operations on shareholders' equity | | | | | | |
| | | | | Reserves | Dividends and other allocations | Changes in reserves | Issue of new shares | Purchase of treasury shares | Extraordinary distribution of dividends | Changes in capital instruments | Other changes | | |
| **Share capital** | **85,000,000** | | **85,000,000** | | | | | | | | | | **85,000,000** |
| **Issue premiums** | **11,030,364** | | **11,030,364** | | | | | | | | | | **11,030,364** |
| **Reserves** | | | | | | | | | | | | | |
| a) of net income | 630,291 | | 630,291 | 2,943,698 | | | | | | | | | 3,573,989 |
| b) other | 4,336,995 | | 4,336,995 | | | 400,255 | | | | | 136,052 | | 4,873,302 |
| **Valuation reserves** | | | | | | | | | | | | | |
| **Capital instruments** | | | | | | | | | | | | | |
| **Treasury shares** | | | | | | | | | | | | | |
| **Profit (loss) for the year** | **32,693,698** | | **32,693,698** | **(2,943,698)** | **(29,750,000)** | | | | | | | **21,248,682** | **21,248,682** |
| **Shareholders' equity** | **133,691,348** | | **133,691,348** | | **(29,750,000)** | **400,255** | | | | | **136,052** | **21,248,682** | **125,726,337** |

## CASH FLOW STATEMENT

(euro)

| | 31.12.2007 | 31.12.2006 |
|---|---|---|
| **A. Operational activities** | | |
| **1. Management** | **26,574,548** | **35,617,587** |
| – result of the year (+/–) | 21,248,682 | 32,693,698 |
| – adjustments/value re-instatements of tangible and intangible fixed assets (+/–) | 242,474 | 329,057 |
| – net allocation to provisions for risks and charges and other costs/ revenues (+/–) | 5,083,392 | 2,594,832 |
| **2. Liquidity generated/absorbed by financial assets** | **116,522,455** | **(581,435,668)** |
| – receivables due from banks: other receivables | (970,197) | (3,741,680) |
| – receivables due from customers | 132,458,067 | (573,661,781) |
| – other assets | (14,965,415) | (4,032,207) |
| **3. Liquidity generated/absorbed by financial liabilities** | **(61,923,927)** | **496,742,211** |
| – payables due to banks: on demand | (307,970,369) | 302,132,565 |
| – payables due to banks: other payables | 214,464,936 | 148,133,421 |
| – payables due to customers | (267,632) | 19,582,303 |
| – issued securities | (16,057,827) | 15,012,438 |
| – other liabilities | 47,906,965 | 11,881,484 |
| **Net liquidity generated/absorbed by operational activities** | **81,173,076** | **(49,075,870)** |
| **B. Investment activities** | | |
| **1. Generated liquidity** | **(100,650)** | **(214,477)** |
| – sale of tangible assets | (100,650) | (214,477) |
| **2. Absorbed liquidity** | **0** | **0** |
| **Net liquidity generated/absorbed by investment activities** | **(100,650)** | **(214,477)** |
| **C. Funding activities** | | |
| – issue/purchase of treasury shares | 0 | 50,860,000 |
| – distribution of dividends and other purposes | (29,595,766) | (11,061,614) |
| **Net liquidity generated/absorbed by funding activities** | **(29,595,766)** | **39,798,386** |
| **NET LIQUIDITY GENERATED/ABSORBED DURING THE YEAR** | **51,476,660** | **(9,491,961)** |

## RECONCILIATION

(euro)

| Financial statement items | 31.12.2007 | 31.12.2006 |
|---|---|---|
| Cash and liquid funds at the start of the year | 7,611,579 | 17,103,539 |
| Total net liquidity generated/absorbed during the year | 51,476,660 | (9,491,961) |
| Cash and liquid funds: effect of changes in exchange rates | | |
| **Cash and liquid funds available at year end** | **59,088,239** | **7,611,579** |

# Explanatory Notes to the Financial Statements

# as of 31 December 2007

# PARTE A – ACCOUNTING POLICIES

## A.1 – GENERAL DISCUSSION

### Section 1 – Declaration of compliance with International Accounting Principles

Factorit S.p.A., a company subject to management and coordination on the part of the sole shareholder Banca Italease S.p.A., declares that the financial statements for the year have been prepared in compliance with all the international accounting principles (IAS/IFRS) issued by the International Accounting Standard Board and the interpretations thereof effected by the International Financial Reporting Interpretation Committee, in effect as of 31 December 2007 and ratified by the European Commission in accordance with the procedures set forth in EU Regulation n. 1606/2002.

### Section 2 – General principles for the preparation of the financial statements

This report, with its data denominated in units of Euros, is based on the application of the following general principles for the preparation of financial statements as established by IAS 1:

1) Going concern. The financial statements were drafted in light of a going concern; as a result, assets, liabilities and operations that are "external" to the financial statements are valuated according to their functional values.
2) Accrual of revenues and costs. Revenues and costs are reported, regardless of the date of their monetary settlement, during the period in which they are respectively earned and incurred, and according to the criterion of correlation.
3) Consistent presentation. The presentation and classification of items remains consistent over time in order to ensure the comparability of the information. Changes in the presentation and classification may be made when required by an international accounting principle or an interpretation thereof, or when the change makes the representation of the values more appropriate in terms of significance or reliability. Should a criterion for presentation or classification be changed, the new criterion shall be applied — whenever possible — on a retroactive basis; in such case, the nature and the reason for the change shall be indicated, as well as the accounts affected by the change. The formats prepared by the Bank of Italy for financial statements of Financial Dealers registered within the "special list" of 14 February 2006 were adopted for the presentation and classification of the items.
4) Aggregation and significance. All significant groupings of accounts with a similar nature or function are reported separately. Items of a different nature or function, if significant, are presented apart.
5) Exclusion of offset. There is no offsetting of assets and liabilities or of revenues and costs, except where required or permitted by an international accounting principle or the interpretation thereof, or as provided by the formats prepared by the Bank of Italy for the financial statements of Financial Dealers registered within the "special list".
6) Comparability of information. The comparable information for the preceding period is reported for all data contained in the financial statements, unless otherwise provided or permitted by an international accounting principle or an interpretation thereof. Information of a descriptive nature or commentary is also included whenever it is useful for understanding the data.

### Section 3 – Events subsequent to the date of reference

No events occurred subsequent to the date of reference for which the accounting principles would have required disclosure in these explanatory notes.

The draft financial statements have been approved by the Board of Directors on 11 March 2008.

## A.2 – SECTION RELATIVE TO THE PRIMARY AGGREGATE DATA OF THE FINANCIAL STATEMENTS

### Section 6 – Receivables

#### 6.1 Classification criteria

The receivables portfolio includes all balance-sheet receivables (regardless of their form) due from banks, financial institutions and customers, as well as unlisted debt securities which the Company does not intend to sell in the short term.

#### 6.2 Criteria for booking and cancellation

Receivables and securities are booked to the receivables portfolio at the time of disbursement or purchase, and may not be transferred to other portfolios thereafter. Similarly, the financial instruments held in other portfolios may not be transferred to the receivables portfolio.

Receivables must also include advances that are disbursed in connection with transfers of receivables with recourse or those transferred without recourse and without the substantial transfer of risks and benefits.

Receivables transferred to the company and recorded with respect to the transferred debtor — for whom a substantial transfer of risks and benefits has been implemented with respect to the cessionary Company — are also included.

If subject to transfers to third parties, receivables and securities are only cancelled from accounting records if all risks and benefits are substantially transferred or if no control is retained over them.

#### 6.3 Valuation criteria

At the time of their disbursement or purchase, receivables or securities are booked at their fair value; the latter is comparable to the disbursed amount or the purchase price, including any potential transaction costs or revenues that are specifically attributable to each receivable or security in the case of receivables or securities with a duration that is more than short-term (defined as a time period of more than 18 months from the date of purchase of the financial instrument with respect to its effective date of maturity).

Thereafter, valuations are based on the principle of amortized cost, with the receivables and securities subject to an impairment test whenever there is any evidence of the deterioration of the solvency of the debtors or of the issuers. The amortized cost method is not utilized for short-term receivables for which the discounting effects appear to be negligible. The impairment test for the receivables is implemented in two phases:

1) individual valuations, for the purpose of identifying single, impaired receivables and the computation of the relative losses of value;
2) group valuations for the purposes of identifying — in accordance with the incurred losses portfolio model — performing impaired loans as well as the lump-sum recording of losses relative to the latter.

Based on the criteria specified by the Bank of Italy, the impaired receivables subject to individual valuation are:

a) non-performing receivables;
b) watchlist receivables;
c) restructured receivables;
d) receivables that have expired for more than 180 days.

The losses of value attributable to each impaired receivable are equal to the difference between their recoverable value and the relative amortized cost. The recoverable value corresponds to the present value of expected cash flows, calculated as a function of the following elements:

a) the contractual value of the cash flows, net of the expected losses, which are estimated by taking into account both the debtor's specific capacity to meet the obligations undertaken and the realizable value of any unsecured or secured guarantees;
b) the expected recovery period, which is estimated on the basis of the proceedings under way to recover the receivable;
c) the internal rate of return.

The computation of the impairment on individual positions was implemented in accordance with the provisions of accounting principle IAS 39 by discounting the estimated realizable values of the receivables in relation to the expected recovery periods.

More specifically,

– in the case of non-performing positions, the following calculation parameters were used:
    a) recovery forecasts drawn up by the managers of the positions;
    b) expected timing for the recovery, estimated on the basis of historical-statistical data;
    c) "historical" discount rates represented by the contractual rates at the time of classification of the position subject to litigation.

In the case of watchlist positions, the following parameters were used:

a) recovery forecasts drawn up by the managers of the positions;
b) expected timing for the recovery, estimated on the basis of historical-statistical data;
c) "historical" discount rates represented by the contractual rates at the time of classification of the position subject to litigation.

Given the recording of the disbursed advance — which does not by definition have a duration — no expired positions were recorded.

With reference to group valuations of performing receivables, groups of similar receivables presenting appreciable signs of the qualitative deterioration of the debtors (impaired portfolios) are identified whenever there is evidence of increases in the estimated probability of default (the "proxy-PD") and of the LGD (a parameter representing the rate of loss in the case of default) of receivables within the same portfolio.

The group valuations of performing receivables were implemented by:

a) segmenting performing receivables on the basis of the characteristics of the specific risk typology of the commercial product offered to the debtor counterparty and the latter's territorial location;
b) statistically estimating the probability of performing receivables becoming watchlist/non-performing receivables (the so-called default rates);
c) computing the rates of loss in the event of insolvency on the basis of historical-statistical data, with the use of a file of non-performing positions.

### 6.4 Criteria for the booking of income items

The allocation of income items to the relevant items of the income statement is based on the following.

a) receivable interest from receivables and securities are allocated under the item "comparable interest and proceeds";
b) losses from impairment and value reinstatements with respect to receivables and securities are allocated to "Net valuation adjustments for the impairment of receivables".

## Section 10 – Tangible fixed assets

### 10.1 Classification criteria

This item includes goods of functional use (furnishings, furniture, facilities, hardware and motor vehicles).

### 10.2 Criteria for booking and cancellation

Tangible fixed assets are initially booked at their purchase cost, including any accessory costs which were sustained and directly ascribable to the start-up of operations of the good or the improvement of its productive capacity. Ordinary maintenance costs are booked within the income statement on an accruals basis.

Tangible assets are cancelled from the financial statements at the time of their disinvestment or when they have fully exhausted their economic functionality and no future economic benefits are expected.

### 10.3 Valuation criteria

Any subsequent bookings with the financial statements following the initial booked are implemented at cost, decreased by the shares of depreciation and potential lasting value losses. Depreciation is equal to the duration of the useful life of the goods. If recurring evidence is present with regards to the existence of lasting value losses, tangible assets are subjected to impairment tests and any potential value losses are recorded. Any subsequent recovery of value may not exceed the amount of any previously recorded losses from impairment tests.

### 10.4 Criteria for the booking of income components

The allocation to the income statement of the income and expenses in relation to payables and securities outstanding is based on the following.

a) periodic depreciation charges, permanent losses of value, and value reinstatements are allocated to "Net value adjustments to tangible fixed assets";
b) profits and losses arising from sale transactions are allocated to "Income (losses) from sale of investments".

## Section 11 – Intangible fixed assets

### 11.1 Classification criteria

This item includes intangible production assets of multi-year utility which are represented, in particular, by software and goodwill.

### 11.2 Criteria for booking and cancellation

Intangible fixed assets are recorded at purchase cost, inclusive of any accessory charges, and increased by any expenses sustained to increase the initial value or productive capacity of the assets. Goodwill is equal to the positive difference between the expenditures for the acquisition of basic company units, and the fair value of the assets and liabilities acquired, with respect to the quota thereof acquired.

Intangible fixed assets are eliminated from the balance sheet at the conclusion of their useful economic lives.

### 11.3 Valuation criteria

Intangible fixed assets are recorded at cost and decreased by amortization and any potential value losses.

Amortization is computed with respect to the term of the useful life of the assets to be amortized, and is charged on a straight-line basis. In the presence of any evidence of the existence of permanent losses, the intangible fixed assets are subject to an impairment test, in order to verify and book any losses of value; any subsequent recovery of value may not exceed the amount of any previously recorded losses from impairment.

Goodwill is not subject to amortization, but is instead periodically subject to an impairment test. Losses from impairment consist of any negative difference between the recoverable value of the sector of the Group’s activity to which specific amount of goodwill is associated, and the carrying value of the shareholders’ equity of such sector. Any subsequent recovery of value may not be recognized.

### 11.4 Criteria for the booking of income components

The allocation to the income statement of the income and expenses in relation to payables and securities outstanding is based on the following:

a) periodic depreciation charges, permanent losses of value, and value reinstatements are allocated to “Net value adjustments to intangible fixed assets”.

## Section 12 – Tax assets and liabilities

### 12.1 Classification criteria

The items include current and advance tax assets as well as current and deferred tax liabilities.

Current tax assets include tax prepayments (current assets) and taxes payable (current liabilities) in relation to the income tax position for the current period.

Deferred tax accounts instead represent either income taxes recoverable in future periods in relation to deductible timing differences (deferred tax assets) or income taxes payable in future periods as a result of taxable timing differences (deferred tax liabilities).

### 12.2 Criteria for booking, cancellation and valuation

Deferred tax assets are reported in accordance with the balance-sheet liability method only if the Group has the capacity of fully offsetting the deductible timing differences by future taxable income, while deferred tax liabilities are always booked as a rule.

### 12.3 Criteria for the valuation of income components

Tax assets and liabilities are booked within the income statement under the item, “income taxes for the year on operating income” unless they are derived from operations whose effects are directly attributable to Shareholders’ Equity.

## LIABILITIES

### Sezioni 1 – Payables

#### 1.1 Classification criteria

Payables due to banks include all financial liabilities other than trading liabilities which are part of the typical funding operations of the Company.

Payables due to financial entities and clientele include the value of compensation that must still be acknowledged with respect to the transferor during transfer operations for receivables which include a commitment for the transfer of risks and benefits to the transferee company.

#### 1.2 Criteria for registration and cancellation

The abovementioned financial payables are booked at the time of their settlement for their current value which typically corresponds — for payables due to banks — to the value collected from the Company and — for those due to financial institutions and clients — to the amount of the debt, given the short-term duration of the relative operations.

Financial liabilities are cancelled from the financial statements when the relative contractual rights expire or are redeemed.

#### 1.3 Accounting Policies

Following their initial booking, financial liabilities are booked for their collected value or for the original value of the debt, given the short-term duration.

#### 1.4 Criteria for the reporting of income and expenses

The allocation to the income statement of the income and expenses in relation to payables and securities outstanding is based on the following:

a) payable interest is allocated within the item, "payable interest and comparable charges".

### Section 2 – Securities issued

#### 2.1 Classification criteria

Securities issued include debt financial liabilities other than those relative to trading and which represent funding tools for the Company.

#### 2.2 Criteria for booking and cancellation

The abovementioned financial liabilities are booked at their time of issue, in accordance with the principle of the date of settlement.

Their initial booking is recorded at fair value, which corresponds to the value of collected funds — also given the typically short-term duration of the issued securities.

Their cancellation occurs at the time of expiration of the contractual rights or at their time of redemption.

### 2.3 Valuation criteria

Following the initial booking, financial liabilities are valuated in accordance with the principle of amortized cost.

In the case that the amortized cost calculation results in values that are comparable to collection figures — also given the typically short-term duration of the debt — financial liabilities are booked at their value of collection.

### 2.4 Criteria for the booking of income components

The allocation to the income statement of the income and expenses in relation to payables and securities outstanding is based on the following:

a) payable interest is allocated within the item, "payable interest and comparable charges".

## Section 10 – Provisions for employment termination indemnities

### 10.1 Classification criteria

This item reflects liabilities with respect to employees in relation to indemnities that are due at the time of termination of the employment relationship.

### 10.2 Valuation criteria

Employment termination indemnities (ETI) are subject to booking on the basis of estimates created by independent actuaries with values that are discounted in accordance with the projected unit credit method, as required by IAS 19 for defined benefit plans given that the abovementioned indemnities fall under this category.

Actuarial gains and losses are booked directly with an offsetting entry to shareholders' equity.

### 10.3 Criteria for the booking of income components

The allocation of income and expense items to the income statement is based on the following:

a) allocations which accrue over time with respect to personnel ETI's are booked within the income statement under administrative expenses;

b) actuarial gains and losses deriving from adjustments in actuarial estimates are booked as counterbalances to shareholders' equity;

c) the effects of the new social security regulations have been booked within the income statement under administrative expenses (see section 10, item 100 of liabilities).

## Section 11 – Provisions for risks and charges

### 11.1 Classification criteria

Provisions for risks and charges include provisions for liabilities that are certain or probable but whose date of settlement or amount are not precisely known.

### 11.2 Criteria for booking, cancellation and valuation

In the case that the effect of the present value of money becomes relevant, the allocated amount is reported as the present value of charges which are expected to be sustained to redeem the obligation.

Provisions are cancelled in the case of their utilization or if the conditions required for their maintenance cease to exist.

### 11.3 Criteria for the booking of income components

The allocation of income and expense items to the income statement is based on the following:

a) provisions for risks and charges are allocated to "Net provisions to provisions for risks and charges".

## Operations denominated in a foreign currency

### Classification criteria

Transactions in foreign currency are made up of all assets and liabilities denominated in currencies other than the Euro.

### Criteria for booking and cancellation

The aforementioned assets and liabilities denominated in foreign currency are initially converted into Euros on the basis of spot exchange rates in effect as of the date of each transaction.

### Accounting Policies

The conversion of the assets and liabilities denominated in foreign currency is effected as of the date of reference of the accounting position on the basis of the spot rates in effect on this date.

### Criteria for the booking of income components

Operations in currencies other than the Euro are, moreover, marginal with respect to overall activities; in addition, an investment operation in foreign currency is typically implemented against provisions in a similar currency in order to not generate exchange rate risk.

Potential exchange rate differences — which are, moreover, marginal — are booked within the income statement item "Net income from trading activities".

### Section 12 – Costs and revenues

Costs and revenues are booked and reported within the financial statements in accordance with the accruals principle. Revenues are recorded when the economic benefits deriving from the operations are probable and when their amount can be reliably valuated. They are valuated at the fair value of the compensation that is due.

Costs are recorded within the income statement when future economic benefits are expected to decrease, resulting in a decrease in assets or an increase in liabilities which can be reliably valuated.

### Section 13 – Stock options

With reference to the accounting treatment of stock option plans, the costs of such plans are booked to personnel expense in the income statement. Such costs are determined in accordance with the fair value of the stock options as of the grant date and in proportion to the fraction of the vesting period elapsed and the number of the stock options presumed (on the basis of an estimation of the probability of the vesting condition being realized) to accrue in favor of the beneficiaries as of the vesting date. Such entries are offset by a corresponding increase in balance sheet reserves.

# PART B – INFORMATION ON THE BALANCE SHEET

## ASSETS

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

#### 10.1 Composition of item 10, "Cash and cash equivalents"

This section amounts to a total of Euro 3,368. As of 31 December 2006, the value was equal to Euro 3,811.

### Section 2 – Financial assets held for trading

This section does not include any reported amounts.

### Section 3 – Financial assets at fair value

This section does not include any reported amounts.

### Section 4 – Financial assets available for sale

This section does not include any reported amounts.

### Section 5 – Financial assets held to maturity

This section does not include any reported amounts.

## Section 6 – Receivables - Item 60

### 6.1 Amounts due from banks

| Composition | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Deposits and bank accounts | 59,032,982 | 7,607,769 |
| 2. Repurchase agreements | | |
| 3. Financing | | |
| 3.1 From finance leases | | |
| 3.2 From factoring activities | | |
| – receivables due from transferors | | |
| – receivables due from transferred debtors | 995,408 | 1,999,848 |
| 3.3 Other financing | 27,419,013 | 21,989,363 |
| 4. Debt securities | 345,448 | 416,882 |
| 5. Other assets | 4,283,379 | 7,666,958 |
| 6. Non-cancelled transferred assets | | |
| 6.1 Fully booked | | |
| 6.2 Partially booked | | |
| 7. Impaired assets | | |
| 7.1 From finance leases | | |
| 7.2 From factoring activities | | |
| 7.3 Other financing | | |
| **Total value in financial statements** | **92,076,230** | **39,680,820** |
| **Total at fair value** | **92,076,230** | **39,680,820** |

The fair value of receivables due from banks is recorded as the nominal value given that these are short-term financial assets on demand. Debt securities are booked at cost given that their fair value can not be reliably valuated.

The amount totaling Euro 59,032,982, under item "Deposits and bank accounts", represents occasional and temporary deposits within Bank Institutions that originated from significant cash inflows at the end of the year.

Item 3.3, "Other Financing", is composed of sums paid to transferors in advance on behalf of Bank Institutions within the realm of pooled factoring operations.

Debt securities include the following:

- Italfondiario (now Centrobanca) series A.06 – 3.25% 01/01/1999-01/01/2013 Euro 330,797;
- BPN – Division for Credit on Land and for Public Works 3.25% 2000-2009 Euro 3,777.

The difference, equal to Euro 10,874, is relative to coupons nearing maturity.

Item 5, "Other Assets", is composed of receivables due from Banca Italease and, more specifically:

- Euro 3,753,602 for tax consolidation;
- Euro 513,577 for outsourced staff;
- Euro 16,200 for services.

### 6.3 Receivables due from financial entities

| Composition | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Repurchase agreements | | |
| 2. Financing | | |
| 2.1 From finance leases | | |
| 2.2 From factoring activities | | |
| – receivables due from transferors | 24,613,690 | 33,904,579 |
| – receivables due from transferred debtors | | |
| 2.3 Other financing | | |
| 3. Securities | | |
| 4. Other assets | 1,213,665 | 245,164 |
| 5. Non-cancelled transferred assets | | |
| 5.1 Fully booked | | |
| 5.2 Partially booked | | |
| 6. Impaired assets | | |
| 6.1 From finance leases | | |
| 6.2 From factoring activities | | |
| 6.3 Other financing | | |
| **Total value in financial statements** | **25,827,355** | **34,149,743** |
| **Total at fair value** | **25,827,355** | **34,149,743** |

The fair value of receivables due from financial entities is recorded as the nominal value given that these are short-term financial assets on demand.

Item 4, "Other assets" includes:

- Euro 765,974 for invoices to be issued to financial entities for pooling operations where Factorit assumed the role of non-leading participant;
- Euro 447,691 for balances of bank accounts with Poste Italiane (Italian postal company).

### 6.5 Due from customers

| Composition | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Finance leases | | |
| 1.1 Receivables for goods subject to finance leases | | |
| *including those without a final purchase option* | | |
| 1.2 Other receivables | | |
| 2. Factoring | | |
| – receivables due from transferors | 2,115,179,093 | 2,320,064,127 |
| – receivables due from transferred debtors | 351,685,082 | 279,695,758 |
| 3. Consumer credit (including revolving cards) | | |
| 4. Credit cards | | |
| 5. Other financing | 13,731,892 | 22,912,491 |
| *including enforcement of guarantees and commitments* | | |
| 6. Securities | | |
| 7. Other assets | 2,002 | 342,858 |
| 8. Non-cancelled transferred assets | | |
| 8.1 Fully booked | | |
| 8.2 Partially booked | | |
| 9. Impaired assets | | |
| – Finance leases | | |
| – Factoring | 25,186,463 | 12,907,021 |
| – Consumer credit (including revolving cards) | | |
| – Credit cards | | |
| – Other financing | 1,125,846 | 7,195 |
| **Total** | **2,506,910,378** | **2,635,929,450** |
| **Total at fair value** | **2,506,910,378** | **2,635,929,450** |

The fair value of receivables due from customers is recorded as the nominal value given that these are short-term financial assets on demand.

Impaired assets are booked at their recovery values.

## 6.7 Receivables: guaranteed assets

| | Total 31.12.2007 | | | Total 31.12.2006 | | |
|---|---|---|---|---|---|---|
| | Receivables due from banks | Receivables due from financial institutions | Receivables due from customers | Receivables due from banks | Receivables due from financial institutions | Receivables due from customers |
| **1. Performing assets guaranteed by:** | | | | | | |
| – Goods subject to finance leases | | | | | | |
| – Receivables due from transferred debtors | 10,864,565 | 8,550,329 | 4,070,892,814 | 6,844,326 | 8,889,940 | 4,244,624,754 |
| – Mortgages | | | | | | |
| – Pledges | | | 2,150,000 | | | |
| – Personal guarantees | 89,913,937 | 10,632,424 | 1,050,099,222 | 70,873,937 | 24,467,390 | 859,459,699 |
| – Derivatives on receivables | | | | | | |
| **2. Impaired assets guaranteed by:** | | | | | | |
| – Goods subject to finance leases | | | | | | |
| – Receivables due from transferred debtors | | | 82,355,311 | | | 58,238,988 |
| – Mortgages | | | 3,522,322 | | | 2,785,097 |
| – Pledges | | | 2,065,828 | | | 7,810,924 |
| – Personal guarantees | 92,000 | | 46,118,151 | 102,000 | | 36,416,578 |
| – Derivatives on receivables | | | | | | |
| **Total** | | **5,377,256,903** | | | **5,320,513,633** | |

The table above illustrates guarantees received in connection with performing and impaired assets.

The item, "receivables due from transferred debtors", reports the amount of receivables underlying the advances paid to transferors during receivable transfer operations.

## Section 7 – Hedging derivatives

This section does not include any reported amounts.

## Section 8 – Value adjustments of financial assets subject to generic hedging

This section does not include any reported amounts.

## Section 9 – Shareholdings

This section does not include any reported amounts.

## Section 10 – Tangible fixed assets - Item 100

### 10.1 Composition of item 100, "Tangible fixed assets"

| Items/Valuation | Total 31.12.2007 | | Total 31.12.2006 | |
|---|---|---|---|---|
| | Assets valuated at cost | Assets valuated at fair value or revaluated | Assets valuated at cost | Assets valuated at fair value or revaluated |
| **1. Functional assets** | | | | |
| 1.1 Properties | | | | |
| a) land | | | | |
| b) buildings | | | | |
| c) furniture | 145,020 | | 161,486 | |
| d) instrumental goods | 107,725 | | 139,834 | |
| e) other | 129,532 | | 188,444 | |
| 1.2 Acquired with finance leases | | | | |
| a) land | | | | |
| b) buildings | | | | |
| c) furniture | | | | |
| d) instrumental goods | | | | |
| e) other | | | | |
| **Total 1** | **382,277** | | **489,764** | |
| **2. Assets referable to finance leases** | | | | |
| 2.1 Unopted goods | | | | |
| 2.2 Goods withdrawn following resolutions | | | | |
| 2.3 Other goods | | | | |
| **Total 2** | | | | |
| **3. Assets held for investment purposes** | | | | |
| including those granted with operating leases | | | | |
| **Total 3** | | | | |
| **Total (1 + 2 + 3)** | **382,277** | | **489,764** | |
| **Total (assets at cost and revaluated)** | **382,277** | | **489,764** | |

### 10.2 Tangible fixed assets: annual changes

| | Land | Buildings | Furniture | Instrumental Goods | Other | Total |
|---|---|---|---|---|---|---|
| **A. Initial balances** | | | **161,486** | **139,834** | **188,444** | **489,764** |
| **B. Increases** | | | **28,388** | **63,471** | **8,790** | **100,649** |
| B.1 Purchases | | | 28,388 | 63,471 | 8,790 | 100,649 |
| a) other changes | | | 28,388 | 63,471 | 8,790 | 100,649 |
| b) acquisitions from mergers, incorporations, company branch transfers | | | | | | |
| B.2 Capitalized expenses for improvements | | | | | | |
| B.3 Positive changes in fair value booked under | | | | | | |
| a) shareholders' equity | | | | | | |
| b) income statement | | | | | | |
| B.4 Other changes | | | | | | |
| **C. Decreases** | | | **44,854** | **95,580** | **67,702** | **208,136** |
| C.1 Sales | | | | | | |
| a) other changes | | | | | | |
| b) sale of company branch | | | | | | |
| C.2 Depreciation | | | 44,854 | 95,580 | 67,702 | 208,136 |
| C.3 Value adjustments from impairment booked under | | | | | | |
| a) shareholders' equity | | | | | | |
| b) income statement | | | | | | |
| C.4 Negative changes in fair value booked under | | | | | | |
| a) shareholders' equity | | | | | | |
| b) income statement | | | | | | |
| C.5 Other changes | | | | | | |
| **D. Final balances** | | | **145,020** | **107,725** | **129,532** | **382,277** |

## Section 11 – Intangible fixed assets - Item 110

### 11.1 Composition of item 100, "Intangible fixed assets"

| | Total 31.12.2007 | | Total 31.12.2006 | |
|---|---|---|---|---|
| | Assets valuated at cost | Assets valuated at fair value | Assets valuated at cost | Assets valuated at fair value |
| **1. Goodwill** | **1,111,626** | | **1,111,626** | |
| **2. Other intangible assets:** | | | | |
| 2.1 Properties | | | | |
| – internally generated | | | | |
| – other | 52,693 | | 87,032 | |
| 2.2 Acquired through finance leases | | | | |
| **Total 2** | **52,693** | | **87,032** | |
| **3. Assets referable to finance leases:** | | | | |
| 3.1 Unopted goods | | | | |
| 3.2 Goods withdrawn following resolutions | | | | |
| 3.3 Other goods | | | | |
| **Total 3** | | | | |
| **4. Assets granted under operating leases** | | | | |
| **Total (1 + 2 + 3 + 4)** | **1,164,319** | | **1,198,658** | |
| **Total (assets at cost and at fair value)** | **1,164,319** | | **1,198,658** | |

### 11.2 Intangible fixed assets: annual changes

| | Total |
|---|---|
| **A. Initial balances** | **1,198,658** |
| **B. Increases** | |
| B.1 Purchases | |
| a) purchases | |
| b) acquisitions from mergers, incorporations, company branch transfers | |
| B.2 Value re-instatements | |
| B.3 Positive changes in fair value booked under | |
| – shareholders' equity | |
| – income statement | |
| B.4 Other changes | |
| **C. Decreases** | **34,339** |
| C.1 Sales | |
| a) sales | |
| b) sale of company branch | |
| C.2 Amortization | 34,339 |
| C.3 Value adjustments | |
| – shareholders' equity | |
| – income statement | |
| C.4 Negative changes in fair value | |
| – shareholders' equity | |
| – income statement | |
| C.5 Other changes | |
| **D. Final balances** | **1,164,319** |

## Section 12 – Tax assets and liabilities

The company has offset current tax assets against current tax liabilities as provided by the right existing under prevailing tax regulations to offset such amounts and in consideration of the single payment to be made to settle the income taxes due.

Deferred tax assets and deferred tax liabilities have been computed by using the balance-sheet liability method required by IAS 12, in compliance with the specific instructions issued by the Bank of Italy.

Given the existence of the prerequisites set out in IAS 12, the company has also offset deferred tax assets against deferred tax liabilities.

The table below reports the compensation of deferred tax assets and their relative movement, as reported in the balance sheet.

### 12.1 Composition of item 120, “Tax assets: current and deferred”

| Names | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Advance tax assets - Counterbalance of shareholders’ equity | 195,306 | 0 |
| Advance tax assets - Counterbalance of income statement | 1,638,959 | 0 |
| **Total** | **1,834,265** | **0** |

### 12.2 Composition of item 70, “Tax liabilities: current and deferred”

| Names | Total 31.12.2007 | Total 31.12.2006 | Change |
|---|---|---|---|
| Current tax liabilities (counterbalance of shareholders’ equity) | 0 | 0 | 0 |
| Current tax liabilities (counterbalance of income statement) | 19,826,145 | 17,173,391 | 2,652,754 |
| Deferred tax liabilities (counterbalance of shareholders’ equity) | 0 | (289,017) | 289,017 |
| Deferred tax liabilities (counterbalance of income statement) | 0 | 4,247,243 | (4,247,243) |
| **Total** | **19,826,145** | **21,131,617** | **(1,305,472)** |

### 12.3 Changes in advance taxes with offsetting entry to income statement

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **1. Initial balances** | **4,247,243** | **2,447,841** |
| **2. Increases** | **(5,887,177)** | **1,473,840** |
| 2.1 Deferred taxes booked during the year | (5,887,177) | 1,473,840 |
| a) relative to previous years | | |
| b) due to changes in accounting criteria | | |
| c) other | (5,887,177) | 1,473,840 |
| 2.2 New taxes or increases in tax rates | | |
| 2.3 Other increases | | |
| a) other increases | | |
| b) acquisitions from mergers, incorporations, company branch transfers | | |
| **3. Decreases** | **(975)** | **325,562** |
| 3.1 Deferred taxes cancelled during the year | | 325,562 |
| a) transfers | | 325,562 |
| b) due to changes in accounting criteria | | |
| c) other | | |
| 3.2 Reductions in tax rates | (975) | |
| 3.3 Other decreases | | |
| a) other decreases | | |
| b) transfer of company branch | | |
| **4. Final balance** | **(1,638,959)** | **4,247,243** |

### 12.5 Changes in deferred taxes with offsetting entry to shareholders' equity

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **1. Initial balances** | **(289,017)** | **(243,476)** |
| **2. Increases** | | **(45,541)** |
| 2.1 Deferred taxes booked during the year | | (45,541) |
| 2.2 New taxes or increases in tax rates | | |
| 2.3 Other increases | | |
| a) other increases | | |
| b) acquisitions from mergers, incorporations, company branch transfers | | |
| **3. Decreases** | **93,711** | |
| 3.1 Deferred taxes cancelled during the year | 86,814 | |
| a) transfers | 86,814 | |
| b) due to changes in accounting criteria | | |
| c) other | | |
| 3.2 Reductions in tax rates | 6,897 | |
| 3.3 Other decreases | | |
| a) other decreases | | |
| b) transfer of company branch | | |
| **4. Final balance** | **(195,306)** | **(289,017)** |

It is also deemed useful to provide the breakdown and movements for deferred tax assets and deferred tax liabilities as booked by the Company and reviewed in sections 12.1 *bis* to 12.5 *bis* below.

### 12.1 *bis* Composition of item 120, "Tax assets: advance"

| Names | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Advance tax assets - Counterbalance of shareholders' equity | 195,306 | 289,017 |
| Advance tax assets - Counterbalance of income statement | 5,388,851 | 491,013 |
| **Total** | **5,584,157** | **780,030** |

Assets refer to advance taxes generated from costs which were booked as counterbalances within the income statement and the balance sheet and whose deductibility is deferred to future years, in accordance with the provisions of currently effective tax regulations; these primarily include allocations to generic risk funds and changes in actuarial gains/losses of social security funds.

### 12.2 *bis* Deferred tax liabilities: composition

| Names | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Deferred tax liabilities (counterbalance of shareholders' equity) | 0 | 0 |
| Deferred tax liabilities (counterbalance of income statement) | 3,749,892 | 4,738,256 |
| **Total** | **3,749,892** | **4,738,256** |

Liabilities primarily include deferred taxes which are generated by the revaluation of receivables for IAS purposes and which are taxable in subsequent years.

### 12.3 *bis* Changes in advance taxes with offsetting entry to income statement

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **1. Initial balances** | **(491,013)** | **(111,837)** |
| **2. Increases** | **(5,651,462)** | **(704,737)** |
| 2.1 Advance taxes booked during the year | (5,651,462) | (704,737) |
| a) relative to previous years | 0 | 0 |
| b) due to changes in accounting criteria | 0 | 0 |
| c) value re-instatements | 0 | 0 |
| d) other | (5,651,462) | (704,737) |
| 2.2 New taxes or increases in tax rates | 0 | 0 |
| 2.3 Other increases | 0 | 0 |
| a) other increases | 0 | 0 |
| b) acquisitions from mergers, incorporations, company branch transfers | 0 | 0 |
| **3. Decreases** | **753,624** | **325,561** |
| 3.1 Advance taxes cancelled during the year | 752,649 | 325,561 |
| a) transfers | 752,649 | 325,561 |
| b) due to changes in accounting criteria | 0 | 0 |
| c) other | 0 | 0 |
| 3.2 Reductions in tax rates | 975 | 0 |
| 3.3 Other decreases | 0 | 0 |
| a) other decreases | 0 | 0 |
| b) transfer of company branch | 0 | 0 |
| **4. Final balance** | **(5,388,851)** | **(491,013)** |

Advance taxes recorded during the year (2.1) refer to advance taxes which emerged during the year and primarily include quotas of allowances for doubtful accounts which are deductible by ninths in future years as well as allocations to generic risk funds.

Advance taxes cancelled during the year (3.1) refer to the quota of advance taxes which emerged in previous years and which were deducted during the current year; they primarily include allocations to generic risk funds.

### 12.4 *bis* Changes in deferred taxes with offsetting entry to income statement

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **1. Initial balances** | **4,738,256** | **2,559,678** |
| **2. Increases** | **3,648,508** | **2,178,578** |
| 2.1 Deferred taxes booked during the year | 3,648,508 | 2,178,578 |
| a) relative to previous years | | |
| b) due to changes in accounting criteria | | |
| c) other | 3,648,508 | 2,178,578 |
| 2.2 New taxes or increases in tax rates | | |
| 2.3 Other increases | | |
| a) other increases | | |
| b) acquisitions from mergers, incorporations, company branch transfers | | |
| **3. Decreases** | **4,636,872** | |
| 3.1 Deferred taxes cancelled during the year | 4,636,872 | |
| a) transfers | 4,636,872 | |
| b) due to changes in accounting criteria | | |
| c) other | | |
| 3.2 Reductions in tax rates | | |
| 3.3 Other decreases | | |
| a) other decreases | | |
| b) transfer of company branch | | |
| **4. Final balance** | **3,749,892** | **4,738,256** |

Advance taxes recorded during the year (2.1) refer to advance taxes which emerged during the year and which primarily refer to changes in actuarial gains/losses of social security funds.

### 12.5 *bis* Changes in advance taxes with offsetting entry to shareholders' equity

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **1. Initial balances** | **(289,017)** | **(243,476)** |
| **2. Increases** | | **(45,541)** |
| 2.1 Deferred taxes booked during the year | | (45,541) |
| 2.2 New taxes or increases in tax rates | | |
| 2.3 Other increases | | |
| a) other increases | | |
| b) acquisitions from mergers, incorporations, company branch transfers | | |
| **3. Decreases** | **93,711** | |
| 3.1 Deferred taxes cancelled during the year | 86,814 | |
| a) transfers | 86,814 | |
| b) due to changes in accounting criteria | | |
| c) other | | |
| 3.2 Reductions in tax rates | 6,897 | |
| 3.3 Other decreases | | |
| a) other decreases | | |
| b) transfer of company branch | | |
| **4. Final balance** | **(195,306)** | **(289,017)** |

Liabilities which arose during the year (2.1) include deferred taxes generated from the revaluation of receivables for IAS purposes.

## Section 13 – Non-current assets, groups of assets being divested and associated liabilities

This section does not include any reported amounts.

## Section 14 – Other assets - Item 140

### 14.1 Composition of item 140, “Other assets”

| Items/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| VAT from tax authorities | 486 | |
| Items in progress | 7,130,753 | 2,200,369 |
| Other | 1,211,006 | 952,065 |
| **Total** | **8,342,245** | **3,152,434** |

The item, “Items in progress”, include the amount of Euro 7,065,028 which refers to items that will be collected through bills and whose amount has already been recognized to the transferor subject to collection but for which the Bank has not yet received the relative crediting note.

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Section 1 – Payables - Item 10

#### 1.1 Amounts owed to banks

| Items | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Repurchase agreements | | |
| 2. Financing | 2,313,766,072 | 2,411,302,797 |
| 3. Other payables | 12,466,465 | 8,435,173 |
| **Total** | **2,326,232,537** | **2,419,737,970** |
| ***Fair value*** | **2,326,232,537** | **2,419,737,970** |

The fair value of payables due to bank corporations is recorded as the nominal value given that these are short-term financial liabilities on demand.

The operations include the following:

| Technical form | Amount |
|---|---|
| Bank account exposures on demand | 125,729,619 |
| Advances subject to collection on cash orders or direct debits | 186,100,798 |
| Overdraft facility received with the exception of a revocation within 48 hours | 101,500,000 |
| Expiring overdraft facility | 1,797,500,000 |
| Advances in foreign currency | 98,155,190 |
| Payable commissions | 4,978,379 |
| Supplier invoices to be received | 5,857,470 |
| Payables due to the parent company | 1,615,142 |
| Accrued liabilites on overdraft facilities | 4,780,466 |
| Payables due to the mandators | 15,473 |
| **Total** | **2,326,232,537** |

#### 1.2 Amounts due to financial entities

| Items | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Repurchase agreements | | |
| 2. Financing | 31,188 | |
| 3. Other payables | 203,584 | 185,144 |
| **Total** | **234,772** | **185,144** |
| ***Fair value*** | **234,772** | **185,144** |

The fair value of payables due to financial entities is recorded as the nominal value given that these are short-term financial liabilities on demand.

The amount of Euro 31,188 refers to payables due to mandators.

The amount equal to Euro 203,584 is composed as follows:

– Euro 62,040 for factoring payables;

– Euro 141,544 for payables due to companies of the Banca Italease group.

### 1.3 Payables due to customers

| Items | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Repurchase agreements | | |
| 2. Financing | | |
| 3. Other payables | 35,125,278 | 35,442,538 |
| **Total** | **35,125,278** | **35,442,538** |
| ***Fair value*** | **35,125,278** | **35,442,538** |

The fair value of payables due to customers is recorded as the nominal value given that these are short-term financial liabilities on demand.

"Other payables" refers to:
- Euro 1,054,974 for payables due to companies of the Banca Italease group;
- Euro 34,070,304 for factoring payables due to customers.

## Section 2 – Securities issued - Item 20

### 2.1 Composition of item 20, "Securities issued"

| Liabilities | Total 31.12.2007 | | Total 31.12.2006 | |
|---|---|---|---|---|
| | Book value | *Fair value* | Book value | *Fair value* |
| **1. Listed securities** | | | | |
| – bonds | | | | |
| – other securities | | | | |
| **2. Non-listed securities** | **44,148,252** | **44,348,166** | **60,206,079** | **61,384,327** |
| – bonds | 37,926,800 | 38,126,714 | 37,714,388 | 38,892,636 |
| – other securities | 6,221,452 | 6,221,452 | 22,491,691 | 22,491,691 |
| **Total** | **44,148,252** | **44,348,166** | **60,206,079** | **61,384,327** |

The item, "Non-listed securities – Other securities" include financing received through the issue of trade receivable policies.

### 2.2 Subordinated securities

| Liabilities | Total 31.12.2007 | | Total 31.12.2006 | |
|---|---|---|---|---|
| | Book value | *Fair value* | Book value | *Fair value* |
| **1. Listed securities** | | | | |
| – bonds | | | | |
| – other securities | | | | |
| **2. Non-listed securities** | **37,926,800** | **38,126,714** | **37,714,388** | **38,892,636** |
| – bonds | 37,926,800 | 38,126,714 | 37,714,388 | 38,892,636 |
| – other securities | | | | |
| **Total** | **37,926,800** | **38,126,714** | **37,714,388** | **38,892,636** |

This item include Euro 37,500,000 for a subordinated debenture loan composed of 7,500 bonds with a nominal value of 5,000 Euro each (duration of five year – 3-month Euribor rate, +2%, reimbursable in a lump sum on 15.01.2009.

This security is booked at its amortized cost; its fair value is equal to the present vale of expected cash flows.

### Section 3 – Financial liabilities for trading

This section does not include any reported amounts.

### Section 4 – Financial liabilities at fair value

This section does not include any reported amounts.

### Section 5 – Hedging derivatives

This section does not include any reported amounts.

### Section 6 – Value adjustments of financial liabilities subject to generic hedging

This section does not include any reported amounts.

### Section 7 – Tax liabilities - Item 70

See Section 12 of the Assets.

### Section 8 – Liabilities associated with assets being divested

This section does not include any reported amounts.

### Section 9 – Other Liabilities - Item 90

#### 9.1 Composition of item 90, "Other liabilities"

| Items/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Payables due for social security charges | 407,913 | 392,662 |
| Payables due tax authorities | 328,964 | 341,517 |
| Payables due for collections in progress | 68,269,259 | 33,740,845 |
| Other payables | 8,390,609 | 5,760,915 |
| **Total** | **77,396,745** | **40,235,939** |

The item, "Payables for cash inflows in progress", includes the following:

– Euro 51,546,484 for direct transfers which have been received but which have not yet been booked in relevant items;
– Euro 16,722,775 for bills yet to be credited.

The item "Other payables" includes provisions for guarantees and commitments totalling Euro 1,723,311.

## Section 10 – Employee termination indemnities - Item 100

### 10.1 Provisions for employment termination indemnities: annual changes

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **A. Initial balances** | **2,791,990** | **2,397,584** |
| **B. Increases** | **(297,079)** | **673,249** |
| B.1 Allocations for the year | (309,501) | 364,944 |
| B.2 Other increases | | 308,305 |
| B.3 Transfers from companies of the Group | 12,422 | |
| **C. Decreases** | **448,688** | **278,843** |
| C.1 Implemented liquidations | 252,271 | 171,146 |
| C.2 Other decreases | 191,939 | 107,697 |
| C.3 Transfers to companies of the Group | 4,478 | |
| **D. Final balances** | **2,046,223** | **2,791,990** |

The provisions for employment termination indemnities qualify as defined-benefit plans under IAS 19 and have thus been valued by using the projected unit credit method.

In compliance with Law no. 296 of 27 December 2006 (2007 Financial Act), companies with at least 50 employees pay quotas of Employee Termination Indemnities (ETI) which have accrued after 1 January 2007 on a monthly and mandatory basis, in accordance with the selection made by the employee; these quotas are paid to the complementary Social Security Funds pursuant to Legislative Decree 252/05 or to a specific fund for the disbursement of ETI to employees of the private sector, in compliance with Article 2120 of the Italian Civil Code (henceforth Treasury Fund). This fund was established within INPS (Italian Social Security Institution).

Given the above, the following two situations may occur:

- ETI is structured as a defined contribution plan when accruing as of 1 January 2007 for employees who have opted for the Treasury Fund, and as of the subsequent month for those who have opted for complementary social security; an actuarial calculation is not required. The same structure is also applicable for the ETI of all employees hired after 31 December 2006, regardless of the selection made in terms of ETI allocation;
- ETI which has accrued on the dates specified in the preceding points, on the other hand, remains a fixed salary scheme even if fully accrued. As a result, an actuarial recalculation of the ETI value on 31 December 2006 was necessary for the purposes of taking into account the cancellation of the pro-rata method of the provided benefit given that the benefits being valuated can be considered entirely accrued.

The differences deriving from this re-instatement are handled in accordance with the rules applicable to curtailment operations, in accordance with paragraphs 109-115 of IAS 19 which require direct booking to the income statement.

Given the situation described above, the abovementioned regulatory changes have produced a positive effect on the income statement of 31 December 2007, including lower personnel costs equal to Euro 696,275.

## Section 11 – Provisions for risks and charges - Item 110

### 11.1 Composition of item 110, "Provisions for risks and charges"

| Items/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Company retirement fund | | |
| 2. Other provisions for risks and charges | 5,804,148 | 1,182,055 |
| 2.1 Legal disputes | 5,804,148 | 1,182,055 |
| 2.2 Personnel charges | | |
| 2.3 Other | | |
| **Total** | **5,804,148** | **1,182,055** |

The item, "Legal disputes", includes the following:
- Rescindments Euro 2,591,717;
- Trial payables Euro 3,212,431.

### 11.2 Changes during the year under item 110, "Provisions for risks and charges"

| | Retirement funds | Other funds | Total 31.12.2007 |
|---|---|---|---|
| **A. Initial balances** | | **1,182,055** | **1,182,055** |
| **B. Increases** | **50,123** | **5,083,392** | **5,133,515** |
| B.1 Allocations during the year | 50,123 | 5,159,000 | 5,209,123 |
| B.2 Changes due to passing of time | | (75,608) | (75,608) |
| B.3 Changes due to fluctuations in discount rate | | | |
| B.4 Other increases | | | |
| a) other changes | | | |
| b) acquisitions from mergers, incorporations, company branch transfers | | | |
| **C. Decreases** | **50,123** | **461,299** | **511,422** |
| C.1 Utilization during the year | | 461,299 | 461,299 |
| C.2 Changes due to fluctuations in discount rate | | | |
| C.3 Other decreases | 50,123 | | 50,123 |
| a) other changes | 50,123 | | 50,123 |
| b) sale of company branches | | | |
| **D. Final balance** | | **5,804,148** | **5,804,148** |

## Section 12 – Assets - Items 120, 130, 140, 150, 160 and 170

### 12.1 Composition of item 120, "Share capital"

| Typologies | Amount |
|---|---|
| 1. Share capital | |
| 1.1 Ordinary shares | 85,000,000 |
| 1.2 Other shares | |

Share capital is composed of 85,000,000 shares with a nominal value of 1 Euro.

During the course of the year, share capital did not change.

### 12.2 Composition of item 130, "Treasury shares"

As of 31 December 2007 and 31 December 2006, Factorit S.p.A. did not own treasury shares.

### 12.3 Composition of item 140, "Capital instruments"

As of 31 December 2007 and 31 December 2006, Factorit S.p.A. did not book amounts under the item, "Capital Instruments".

### 12.4 Composition of item 150, "Issue premiums"

This reserve is equal to Euro 11,030,364.

### 12.5 Composition and changes in item 160, "Reserves"

| | Legal reserve | Net income carried forward | Other | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable income | Statutory reserve | Extraordinary reserve | Fta Reserve | Stock Option Reserve | Reserve for treasury shares | Merger surplus | Other | |
| **A. Initial balance** | 575,105 | | 55,186 | | | 313,807 | 69,752 | | | 3,953,436 | 4,967,286 |
| **B. Increases** | | | | | | | | | | | |
| B.1 Allocation of net income | 1,634,684 | | 1,309,014 | | | | | | | | 2,943,698 |
| B.2 Other changes | | | | | | | 136,052 | | | 400,255 | 536,307 |
| **C. Decreases** | | | | | | | | | | | |
| C.1 Utilization | | | | | | | | | | | |
| – coverage of losses | | | | | | | | | | | |
| – distribution | | | | | | | | | | | |
| – transfer to capital | | | | | | | | | | | |
| C.2 Other changes | | | | | | | | | | | |
| **D. Final balances** | **2,209,789** | | **1,364,200** | | | **313,807** | **205,804** | | | **4,353,691** | **8,447,291** |

Availability and distributabilty of shareholders' equity items.

| Type | Amount | Possibility of utilization | Available quota | Summary of utilization in previous years | |
|---|---|---|---|---|---|
| | | | | For coverage of losses | For other reasons |
| **Share capital** | **85,000,000** | | | | |
| **Capital reserves** | **–** | | | | |
| **Net income reserves:** | | | | | |
| – Legal Reserve | 2,209,789 | B | – | | |
| – Share price premium reserve | 11,030,364 | A, B, C | 11,030,364 | | |
| – Other reserves | 4,873,302 | A, B, C | – | | |
| – Net income carried forward | 1,364,200 | A, B, C | 1,364,200 | | |
| **Total** | | | **12,394,564** | | |
| **Non-distributable quota** | | | **11,030,364** | | |
| **Residual distributable quota** | | | **1,364,200** | | |

Legend:
A: for share capital increases.
B: for coverage of losses.
C: available for distribution to shareholders.

### 12.6 Composition and changes in item 170, "Valuation reserves"

This item does not include any reported amounts.

# PARTE C – INFORMATION ON THE INCOME STATEMENT

## Section 1 - Interest – Items 10 and 20

### 1.1 Composition of item 10, "Receivable interest and comparable proceeds"

| Items/Technical Forms | Debt instruments | Financing | Impaired assets | Other | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|---|---|---|---|
| 1. Financial assets held for trading | | | | | | |
| 2. Financial assets at fair value | | | | | | |
| 3. Financial assets available for sale | | | | | | |
| 4. Financial assets held until maturity | | | | | | |
| 5. Receivables | | | | | | |
| 5.1 Receivables due from banks | | | | | | |
| – for finance leases | | | | | | |
| – for factoring | | | | | | |
| – for guarantees and commitments | | | | | | |
| – for other receivables | 10,874 | 1,184,966 | | | 1,195,840 | 465,617 |
| 5.2 Receivables due from financial institutions | | | | | | |
| – for finance leases | | | | | | |
| – for factoring | | 10,720,567 | | | 10,720,567 | 2,599,811 |
| – for guarantees and commitments | | | | | | |
| – for other receivables | | | | | | |
| 5.3 Receivables due from customers | | | | | | |
| – for finance leases | | | | | | |
| – for factoring | | 101,918,971 | 1,669,150 | | 103,588,121 | 75,852,348 |
| – for consumer credit | | | | | | |
| – for guarantees and commitments | | | | | | |
| – for other receivables | | 13,418,139 | | 128,241 | 13,546,380 | 8,163,146 |
| 6. Other assets | | | | | | |
| 7. Hedging derivatives | | | | | | |
| **Total** | **10,874** | **127,242,643** | **1,669,150** | **128,241** | **129,050,908** | **87,080,922** |

### 1.2 Receivable interest and comparable proceeds: other information

| Items/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Interest receivable from financial assets in foreign currency | 4,780,116 | 603,225 |

The significant increase in receivable interest is due to the growth of financial assets denominated in foreign currency. Given that assets denominated in foreign currency are utilized in connection with provisions of the same currency, payable interest also increased significantly: Euro 416,524 in 2006 versus Euro 4,069,372 in the current year.

### 1.3 Composition of item 20, "Payable interest and comparable charges"

| Items/Technical forms | Financing | Securities | Other | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|---|---|---|
| 1. Payables due to banks | (87,271,954) | | | (87,271,954) | (49,565,451) |
| 2. Payables due to financial institutions | | | | | |
| 3. Payables due to customers | (4,276) | | | (4,276) | |
| 4. Issued securities | | (3,038,730) | | (3,038,730) | (2,467,111) |
| 5. Financial liabilities from trading | | | | | |
| 6. Financial liabilities at fair value | | | | | |
| 7. Other liabilities | | | | | |
| 8. Hedging derivatives | | | | | |
| **Total** | **(87,276,230)** | **(3,038,730)** | | **(90,314,960)** | **(52,032,562)** |

## Section 2 – Commissions - Items 30 and 40

### 2.1 Composition of item 30, "Receivable commissions"

| Detail | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Finance lease operations | | |
| 2. Factoring operations | 58,645,214 | 54,711,247 |
| 3. Consumer credit | | |
| 4. Merchant banking activities | | |
| 5. Issued guarantees | 52,150 | 264,035 |
| 6. Services relative to: | | |
| – fund management for third parties | | |
| – exchange rate trading | | |
| – distribution of products | | |
| – other | | |
| 7. Collection and payment services | | |
| 8. *Servicing* for securitization operations | | |
| 9. Other commissions including: | | |
| – for assets based on O.T.C. derivative financial instruments | | |
| – for loaned assets | | |
| – other | 54,000 | 54,000 |
| **Total** | **58,751,364** | **55,029,282** |

### 2.2 Composition of item 40, "Payable commissions"

| Detail/Sectors | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Received guarantees | (268,448) | (108,035) |
| 2. Distribution of services from third parties | | |
| 3. Collection and payment services | | |
| 4. Other commissions including: | | |
| – for assets based on O.T.C. derivative financial instruments | | |
| – for factoring activities | (13,928,931) | (12,154,599) |
| – for leased assets | | |
| – for loaned assets | | |
| – other | | |
| **Total** | **(14,197,379)** | **(12,262,634)** |

## Section 3 – Dividends and Comparable Proceeds - Item 50

This section does not include any reported amounts.

## Section 4 – Net profit (loss) from trading - Item 60

### 4.1 Composition of item 60, "Net profit (loss) from trading"

| Items/Income components | Capital gains | Trading profits | Capital losses | Trading losses | Net Result |
|---|---|---|---|---|---|
| **1. Financial assets:** | | | | | **(60,814)** |
| 1.1 Debt securities | | | | | |
| 1.2 Capital securities | | | | | |
| 1.3 Shares of CIU's | | | | | |
| 1.4 Financing | | | | | |
| 1.5 Other assets | | | | | (60,814) |
| **2. Financial liabilities:** | | | | | |
| 2.1 Issued securities | | | | | |
| 2.2 Other liabilities | | | | | |
| **3. Derivatives** | | | | | |
| **Total** | | | | | **(60,814)** |

## Section 5 – Net profit (loss) from hedging activities - Item 70

This section does not include any reported amounts.

## Section 6 – Net profit (loss) from financial assets at fair value - Item 80

This section does not include any reported amounts.

## Section 7 – Net profit (loss) from financial liabilities at fair value - Item 90

This section does not include any reported amounts.

## Section 8 – Profit (loss) from sale or repurchase - Item 100

This section does not include any reported amounts.

## Section 9 – Net impairment-related value adjustments - Item 110

### 9.1 Composition of sub-item 110.a, "Net impairment-related value adjustments on receivables"

| Items/Adjustments | Value adjustments | | Value re-instatements | | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|---|---|---|---|
| | Specific | Portfolio | Specific | Portfolio | | |
| 1. Receivables due from banks | | | | | | |
| – for leases | | | | | | |
| – for factoring | | | | | | |
| – for guarantees and commitments | | | | | | |
| – for other receivables | | | | | | |
| 2. Receivables due from financial institutions | | | | | | |
| – for leases | | | | | | |
| – for factoring | | | | | | |
| – for guarantees and commitments | | | | | | |
| – for other receivables | | | | | | |
| 3. Receivables due from customers | | | | | | |
| – for leases | | | | | | |
| – for factoring | (26,031,492) | | 1,933,813 | 4,874,548 | (19,223,131) | (3,030,652) |
| – for consumer credit | | | | | | |
| – for guarantees and commitments | | | | | | |
| – for other receivables | (618,758) | | | | (618,758) | (145,875) |
| **Total** | **(26,650,250)** | | **1,933,813** | **4,874,548** | **(19,841,889)** | **(3,176,527)** |

The increase is largely due to adjustments resulting from certain new risk positions.

### 9.4 Composition of sub-item 110.d, "Net impairment-related value adjustments on other financial operations"

| Items/Adjustments | Value adjustments | Value reinstatements | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|---|---|
| 1. Issued guarantees | (1,723,311) | | (1,723,311) | |
| 2. Derivatives on receivables | | | | |
| 3. Commitments to issue funds | | | | |
| 4. Other operations | | | | |
| **Total** | **(1,723,311)** | | **(1,723,311)** | |

## Section 10 – Administrative expenses - Item 120

### 10.1 Composition of item 120.a, "Personnel expenses"

| Items/Sectors | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Employees: | | |
| a) salaries and wages and similar charges | (6,955,912) | (6,716,123) |
| b) social security charges | (2,128,207) | (2,197,112) |
| c) termination indemnities | | |
| d) social security expenses | | |
| e) allocations to termination indemnities | 309,501 | (364,944) |
| f) other expenses | (762,676) | (517,253) |
| 2. Other personnel | (2,778,354) | (3,170,007) |
| 3. Directors | (78,697) | (83,973) |
| **Total** | **(12,394,345)** | **(13,049,412)** |

In accordance with the guidelines of the Bank of Italy Circular of 14 February 2006, personnel expenses include:

- remuneration of Directors;
- the recovery of expenses for company employees assigned to subsidiary companies;
- compensation paid to companies of the Group for their personnel assigned to the company and personnel loans.

The subitem, "Other expenses", includes Euro 101,696 relative to the stock option plan drafted by the parent company as an incentive for top management.

### 10.2 Composition of item 120.b, "Other administrative expenses"

| Expense typology/Sectors | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| – Compensation to auditors | (79,541) | (74,541) |
| – Professional compensation | (216,731) | (336,708) |
| – Rental and maintenance of devices | (56,017) | (138,864) |
| – EDP rental and maintenance | (428,256) | (511,035) |
| – maintenance expenses of tangible Goods | (17,473) | (28,513) |
| – Document delivery expenses | (390,203) | (374,904) |
| – Insurance premium expenses | (264,485) | (339,730) |
| – Charges for indirect duties and taxes | (26,161) | (31,852) |
| – Charges for payable rents | (422,017) | (398,278) |
| – Charges for utilites and management of properties | (167,862) | (311,559) |
| – Motor vehicle rental and maintenance expenses | (459,820) | (506,697) |
| – Telephone expenses | (196,176) | (229,312) |
| – Postal and fax expenses | (630,745) | (520,190) |
| – IT services | | |
| – Other administrative charges | (1,124,171) | (1,145,945) |
| **Total** | **(4,479,658)** | **(4,948,128)** |

### Section 11 – Net value adjustments on tangible assets - Item 130

#### 11.1 Composition of item 130, "Net value adjustments on tangible assets"

| Items/Adjustments | Depreciation | Value adjustments for impairment | Value re-instatements | Net result |
|---|---|---|---|---|
| 1. Functional assets | | | | |
| 1.1 Properties | | | | |
| a) land | | | | |
| b) buildings | | | | |
| c) furniture | (44,854) | | | (44,854) |
| d) instrumental goods | (95,580) | | | (95,580) |
| e) other | (67,702) | | | (67,702) |
| 1.2 Acquired with finance leases | | | | |
| a) land | | | | |
| b) buildings | | | | |
| c) furniture | | | | |
| d) instrumental goods | | | | |
| e) other | | | | |
| 2. Assets referable to finance leases | | | | |
| 3. Assets held for investment purposes | | | | |
| *including those granted with operating leases* | | | | |
| **Total** | **(208,136)** | | | **(208,136)** |

### Section 12 – Net value adjustments on intangible assets - Item 140

#### 12.1 Composition of item 140, "Net value adjustments on intangible assets"

| Items/Adjustments | Depreciation | Value adjustments for impairment | Value re-instatements | Net result |
|---|---|---|---|---|
| 1. Goodwill | | | | |
| 2. Other intangible assets | | | | |
| 2.1 properties | (34,338) | | | (34,338) |
| 2.2 acquired with finance leases | | | | |
| 3. Assets referable to finance leases | | | | |
| 4. Assets granted with operating leases | | | | |
| **Total** | **(34,338)** | | | **(34,338)** |

### Section 13 – Net profit (loss) from the fair value valuation of tangible and intangible assets - Item 150

This section does not include any reported amounts.

## Section 14 – Net allocations to the provisions for risks and charges - Item 160

### 14.1 Composition of item 160, "Net allocations to the provisions for risks and charges"

| Expense typology/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Other provisions | (5,083,392) | (2,594,832) |
| – Legal disputes | | |
| – Personnel charges | | |
| – Other | | |
| **Total** | **(5,083,392)** | **(2,594,832)** |

The increased allocation is largely due to a specific valuation relative to a rescindment trial that is undergoing the settlement phase.

## Section 15 – Other operating expenses - Item 170

### 15.1 Composition of item 170, "Other operating expenses"

| Expense typology/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Other operating charges | (552,595) | (36,178) |

## Section 16 – Other operating proceeds - Item 180

### 16.1 Composition of item 180, "Other operating proceeds"

| Expense typology/Values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| Other operating proceeds | | |
| – Services and expense collections from subsidiaries and affiliated companies | | |
| – Receivable rents | | |
| – Other proceeds | 936,892 | 510,311 |
| **Total** | **936,892** | **510,311** |

## Section 17 – Income (loss) on equity investments - Item 190

This section does not include any reported amounts.

## Section 18 – Income (loss) from the sale of investments - Item 200

| Items | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Real estate | | |
| 1.1 Net income from sales | | |
| 1.2 Losses from sales | | |
| 2. Other assets | 615 | 36,812 |
| 2.1 Net income from sales | 615 | 36,812 |
| 2.2 Net income from losses | | |
| **Net Result** | **615** | **36,812** |

### Section 19 - Income taxes from continuing operations - Item 210

During fiscal 2007, the Banca Italease Group exercised the option provided by Articles 117-129 of the Fiscal Consolidation Act to prepare a consolidated tax return for a group of participating companies.

This option, which is valid for the tax years from 2005 to 2007, was jointly exercised by the parent company and the following companies of the Group, which have satisfied the requirements of the aforementioned regulations:

– ITALEASE NETWORK S.p.A.
– MERCANTILE LEASING S.p.A.
– ESSEGIBI FINANZIARIA S.p.A. formerly UNICO LEASING
– FACTORIT S.p.A.
– ITALEASE GESTIONE BENI S.p.A.
– ITACA SERVICE S.p.A.
– ITALEASING
– LEASING IMPRESA S.p.A.
– ITALEASE AGENCY S.r.l.

The advantages derived from exercising the option to prepare a consolidated national income tax return primarily include the following: the possibility to offset the losses of one or more of the participating companies with the earnings of the other companies; the total exemption from taxes of dividends distributed between the Group companies and the income similar to dividends ("thin capitalization"); and the possibility of offsetting tax liabilities and tax credits between the different companies.

Given each subsidiary company's responsibility for the amounts declared in their respective tax returns, the parent and subsidiary companies are jointly liable to the tax authorities for any tax liabilities arising as a result of possible tax audits and tax assessments.

The taxes accrued for the year represent a reasonable estimate of the tax burden for the year, determined on the basis of prevailing fiscal regulations. The components of income taxes are shown in the table below:

### 19.1 Composition of item 210, "Income taxes for the year on current operations"

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Current taxes | (24,486,482) | (19,787,416) |
| 2. Changes in current taxes from previous years | | |
| 3. Reduction in current taxes of the year | | |
| 4. Change in advance taxes | 4,897,838 | 750,142 |
| 5. Change in deferred taxes | 988,364 | (2,499,318) |
| **Income taxes of the year** | **(18,600,280)** | **(21,536,592)** |

### 19.2 Reconciliation between fiscal charges as shown in the Financial Statements and theoretical fiscal charges

| | IRES | Rates | IRAP | Rates |
|---|---|---|---|---|
| Taxes on gross income of the year | 13,150,157 | 33.00% | 2,092,070 | 5.25% |
| Dividends | 0 | 0.00% | 0 | 0.00% |
| Other tax-exempt income | 0 | 0.00% | 0 | 0.00% |
| Personnel expenses | 0 | 0.00% | 0 | 0.00% |
| Payable interest | 0 | 0.00% | 655,732 | 1.65% |
| Adjustments on receivables | 0 | 0.00% | 1,132,173 | 2.85% |
| Other adjustments of net income for IRES purposes | 1,387,959 | 3.48% | 0 | 0.00% |
| Other adjustments of net income for IRAP purposes | | 0.00% | 182,189 | 0.46% |
| **Total changes in taxes with respect to those calculated on gross income** | **1,387,959** | **3.48%** | **1,970,093** | **4.95%** |
| **Income taxes of the year and actual tax rate** | **14,538,116** | **36.48%** | **4,062,164** | **10.20%** |
| **Total TAXES** | **18,600,280** | **46.68%** | | |

## Section 20 – Profit (loss) from groups of assets being divested, net of tax - Item 220

This section does not include any reported amounts.

## Section 21 – Income statement: Other Information

### 21.1 Analytical Composition of receivable interest and commissions

| Items/Counterbalances | Receivable interest | | | Receivable commisssions | | | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|---|---|---|---|---|---|
| | Banks | Financial institutions | Clientele | Banks | Financial institutions | Clientele | | |
| 1. Finance leases | | | | | | | | |
| – real estate | | | | | | | | |
| – movable goods | | | | | | | | |
| – instrumental goods | | | | | | | | |
| – intangible goods | | | | | | | | |
| 2. Factoring | | | | | | | | |
| – on current receivables | | 10,437,356 | 85,435,550 | | 955,040 | 55,785,819 | 156,613,765 | 123,033,306 |
| – on future receivables | | | 2,855,394 | | | 506,181 | 3,361,575 | 1,410,239 |
| – on receivables acquired as definitive payment | | | | | | | | |
| – on receivables acquired for less than their original value | | | | | | | | |
| – for other financing | | 283,211 | 11,297,177 | | | 1,398,174 | 12,978,562 | 8,719,861 |
| 3. Consumer Credit | | | | | | | | |
| – personal loans | | | | | | | | |
| – targeted loans | | | | | | | | |
| – assignment of a fifth of salary | | | | | | | | |
| 4. Guarantees and commitments | | | | | | | | |
| – of commercial nature | | | | | | 52,150 | 52,150 | 264,035 |
| – of financial nature | | | | | | | | |
| Total | | 10,720,567 | 103,588,121 | | 955,040 | 57,742,324 | 173,006,052 | 133,427,441 |

### 21.2 Other information

Analytical Composition of payable interest and comparable charges.

| Technical form | Amount |
|---|---|
| Bank account overdrafts | 3,223,412 |
| Advances subject to collection | 5,901,634 |
| Overdraft facilities | 73,660,878 |
| Advances in foreign currency | 4,069,372 |
| Commercial credit policies | 604,443 |
| Debenture loans | 2,434,287 |
| Contingent liabilities from bank interest | 3,218 |
| Bank expenses and commissions | 413,440 |
| Misc. payable interest | 4,276 |
| **Total** | **90,314,960** |

# PART D – OTHER INFORMATION

## Section 1 – Details of activities carried out

### B. Factoring and transfer of receivables

### B.1 Financial statement values

| Item | Total 31.12.2007 | | | Total 31.12.2006 | | |
|---|---|---|---|---|---|---|
| | Gross value | Value adjustments | Net value | Gross value | Value adjustments | Net value |
| **1. Performing assets** | | | | | | |
| – Receivables due from transferors | 2,153,806,817 | 14,014,034 | 2,139,792,783 | 2,371,905,558 | 17,936,852 | 2,353,968,706 |
| – Receivables due from transferred debtors | 352,738,942 | 58,452 | 352,680,490 | 282,705,788 | 1,010,182 | 281,695,606 |
| **2. Impaired assets** | | | | | | |
| 2.1 Non-performing | | | | | | |
| – Receivables due from transferors | 42,772,603 | 32,946,112 | 9,826,491 | 20,084,921 | 13,643,880 | 6,441,041 |
| – Receivables due from transferred debtors | 2,481,321 | 2,481,321 | | 2,606,923 | 2,606,923 | |
| 2.2 Watchlist | | | | | | |
| – Receivables due from transferors | 13,637,144 | 3,815,161 | 9,821,983 | 6,662,599 | 1,418,475 | 5,244,124 |
| – Receivables due from transferred debtors | 2,607,802 | 965,631 | 1,642,171 | 1,980,960 | 781,183 | 1,199,777 |
| 2.3 Restructured | | | | | | |
| – Receivables due from transferors | | | | | | |
| – Receivables due from transferred debtors | | | | | | |
| 2.4 Overdue | | | | | | |
| – Receivables due from transferors | | | | | | |
| – Receivables due from transferred debtors | 3,918,321 | 22,503 | 3,895,818 | 22,079 | | 22,079 |
| **Total** | **2,571,962,950** | **54,303,214** | **2,517,659,736** | **2,685,968,828** | **37,397,495** | **2,648,571,333** |

The table above provides details on the value of receivables booked under item 60 of the Assets section, with reference to the specific activity of factoring.

Receivables are subdivided into performing and impaired receivables and are classified according to the typology of their counterparty: transferor and transferred debtor.

Registration of a receivable within the category "due from transferred debtors" implies that the transfer of the receivables resulted in the actual transfer of all risks and benefits to the factor. In the case that this does not occur, the factor may only book receivables as assets if they are due from the transferor for advances disbursed to the latter. As a result, advances disbursed in connection with both receivables that were transferred with recourse as well as receivables transferred without recourse are therefore classified as receivables due from transferors; this is only applicable within the realm of contracts in which risk mitigation clauses did not effectively result in the substantive transfer of all risks and benefits, or actual control of the receivables, to the factor.

## B.2 Classification of advances and compensation by typology of operation

### *B.2.1 Advances*

| Item | Total 31.12.2007 | | | Total 31.12.2006 | | |
|---|---|---|---|---|---|---|
| | Gross value | Value adjustments | Net value | Gross value | Value adjustments | Net value |
| **1. Performing assets** | | | | | | |
| – on factoring with recourse | 905,284,073 | 7,260,969 | 898,023,104 | 874,857,941 | 8,032,165 | 866,825,776 |
| – on factoring without recourse | 1,176,919,306 | 5,770,093 | 1,171,149,213 | 1,450,919,067 | 9,600,815 | 1,441,318,252 |
| – on transfers of future receivables | 71,603,438 | 982,972 | 70,620,466 | 46,128,550 | 303,872 | 45,824,678 |
| – relative to other financing | | | | | | |
| **2. Impaired assets** | | | | | | |
| 2.1 Non-performing | | | | | | |
| – on factoring with recourse | 41,220,043 | 31,631,133 | 9,588,910 | 19,816,031 | 13,504,658 | 6,311,373 |
| – on factoring without recourse | | | | | | |
| – on transfers of future receivables | 1,552,560 | 1,314,979 | 237,581 | 268,890 | 139,222 | 129,668 |
| – relative to other financing | | | | | | |
| 2.2 Watchlist | | | | | | |
| – on factoring with recourse | 13,637,144 | 3,815,161 | 9,821,983 | 6,662,599 | 1,418,475 | 5,244,124 |
| – on factoring without recourse | | | | | | |
| – on transfers of future receivables | | | | | | |
| – relative to other financing | | | | | | |
| 2.3 Restructured | | | | | | |
| – on factoring with recourse | | | | | | |
| – on factoring without recourse | | | | | | |
| – on transfers of future receivables | | | | | | |
| – relative to other financing | | | | | | |
| 2.4 Overdue | | | | | | |
| – on factoring with recourse | | | | | | |
| – on factoring without recourse | | | | | | |
| – on transfers of future receivables | | | | | | |
| – relative to other financing | | | | | | |
| **Total** | **2,210,216,564** | **50,775,307** | **2,159,441,257** | **2,398,653,078** | **32,999,207** | **2,365,653,871** |

The table above provides details on the values reported in the preceding table B.1, with sole reference to receivables due from transferors.

While maintaining the distinction between performing and impaired assets, disbursed advances are distinguished on the basis of the underlying factoring contract.

### *B.2.2 Compensation*

| Item | Total 31.12.2007 | | | | Total 31.12.2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Disbursed compensation | Overall exposure | | | Disbursed compensation | Overall exposure | | |
| | | Gross value | Value adjustments | Net value | | Gross value | Value adjustments | Net value |
| **FACTORING WITHOUT RECOURSE** | | | | | | | | |
| **1. Performing assets** | 332,531,465 | 351,119,605 | 58,452 | 351,061,153 | 260,575,371 | 280,339,776 | 1,010,182 | 279,329,594 |
| **2. Impaired assets** | | | | | | | | |
| 2.1 Non-performing | | | | | | | | |
| 2.2 Watchlist | 140,450 | 145,555 | 4,813 | 140,742 | | | | |
| 2.3 Restructured | | | | | | | | |
| 2.4 Overdue | 2,738,769 | 2,744,076 | | 2,744,076 | | | | |
| **OTHER TRANSFERS** | | | | | | | | |
| **1. Performing assets** | | | | | | | | |
| – on receivables acquired as definitive payment | 1,619,337 | 1,619,337 | | 1,619,337 | 2,366,012 | 2,366,012 | | 2,366,012 |
| **2. Impaired assets** | | | | | | | | |
| 2.1 Non-performing | | | | | | | | |
| – receivables acquired as definitive payment | 2,481,321 | 2,481,321 | 2,481,321 | | 2,606,923 | 2,606,923 | 2,606,923 | |
| – receivables acquired for less than their original value | | | | | | | | |
| 2.2 Watchlist | | | | | | | | |
| – receivables acquired as definitive payment | 2,462,246 | 2,462,246 | 960,817 | 1,501,429 | 1,980,959 | 1,980,960 | 781,183 | 1,199,777 |
| – receivables acquired for less than their original value | | | | | | | | |
| 2.3 Restructured | | | | | | | | |
| – receivables acquired as definitive payment | | | | | | | | |
| – receivables acquired for less than their original value | | | | | | | | |
| 2.4 Overdue | | | | | | | | |
| – receivables acquired as definitive payment | 1,163,271 | 1,163,270 | 22,503 | 1,140,767 | | | | |
| – receivables acquired for less than their original value | 10,975 | 10,975 | | 10,975 | 22,079 | 22,079 | | 22,079 |
| **General Total** | **343,147,834** | **361,746,385** | **3,527,906** | **358,218,479** | **267,551,344** | **287,315,750** | **4,398,288** | **282,917,462** |

The table above provides details on the values reported in the preceding table B.1, with sole reference to receivables due from transferred debtors.

While maintaining the distinction between performing and impaired assets, booked receivables are distinguished on the basis of the underlying factoring contract. In particular, note should be made of receivables purchased without recourse through factoring contracts; given that the latter do not include risk mitigation clauses, they results in the substantive transfer of all risks and benefits to the factor.

The value of the Compensation issued on the date of the financial statements is also specified in connection with the receivables booked under Assets within the Balance Sheet (overall Exposure); the difference between the Exposure and the disbursed Compensation is equal to the debt owed by the Factor with respect to the transferors for the amounts still due in connection with receivables that were transferred and booked within the financial statements.

With regards to factoring and performing receivables transferred without recourse, it should be noted that the amount expired for a period of 1 to 90 days was equal to Euro 69,360,035 (as of

29 February 2008: Euro 24,012,150) while that expired for a period of 91 to 180 days was equal to Euro 10,775,811 (as of 29 February 2008: Euro 4,210,364).

## B.3 Classification of overdue loans

### *B.3.1 Receivables transferred for factoring with recourse*

| Item | Banks | | Financial institutions | | Clientele | |
|---|---|---|---|---|---|---|
| | Total 31.12.2007 | Total 31.12.2006 | Total 31.12.2007 | Total 31.12.2006 | Total 31.12.2007 | Total 31.12.2006 |
| *Amounts* | *9,294,706* | *4,988,021* | *2,258,858* | *1,263,204* | *2,373,252,463* | *2,373,115,933* |
| **Duration periods** | | | | | | |
| Up to three months | 2,327,003 | 812,484 | 1,112,753 | 282,886 | 911,792,173 | 838,098,407 |
| From three months to one year | | 3,092,310 | 107,061 | 702,000 | 418,137,408 | 399,210,010 |
| From one to five years | | | | | 110,147,026 | 119,921,106 |
| Beyond five years | | | | | 16,109,192 | 161,231,737 |
| Indefinite duration | 6,967,703 | 1,083,227 | 1,039,044 | 278,318 | 917,066,664 | 854,654,673 |
| **Total** | **9,294,706** | **4,988,021** | **2,258,858** | **1,263,204** | **2,373,252,463** | **2,373,115,933** |

The table above illustrates details of outstanding receivables in which the factor has become a transferee while maintaining the guarantee of the transferor in relation to the solvency of the transferred debtor.

Amounts are provided by residual duration and by typology of transferred debtor: banks, financial institutions and customers. Expired receivables are classified within the category, “Indefinite duration”.

### *B.3.2 Receivables transferred for factoring without recourse and other transfers*

| | Banks | | Financial institutions | | Clientele | |
|---|---|---|---|---|---|---|
| | Total 31.12.2007 | Total 31.12.2006 | Total 31.12.2007 | Total 31.12.2006 | Total 31.12.2007 | Total 31.12.2006 |
| **Type** | | | | | | |
| – factoring without recourse | 1,773 | 2,496,071 | 8,204,888 | 5,195,698 | 2,289,734,959 | 2,482,173,653 |
| – receivables acquired as definitive payment | 995,408 | 2,495,082 | | | 6,730,767 | 8,872,648 |
| – receivables acquired for less than their original value | | | | | 10,974 | 22,079 |
| **Total** | **997,181** | **4,991,153** | **8,204,888** | **5,195,698** | **2,296,476,700** | **2,491,068,380** |
| **Duration periods** | | | | | | |
| Up to three months | 897 | 2,328,898 | 1,334,979 | 5,050,430 | 1,327,386,523 | 1,547,639,187 |
| From three months to one year | | 165,000 | 257,280 | 130,000 | 262,201,489 | 372,081,846 |
| From one to five years | | | | | 10,866,255 | 18,971,607 |
| Beyond five years | | | | | 6,861,463 | 6,861,463 |
| Indefinite duration | 996,284 | 2,497,255 | 6,612,629 | 15,268 | 689,160,970 | 545,514,277 |
| **Total** | **997,181** | **4,991,153** | **8,204,888** | **5,195,698** | **2,296,476,700** | **2,491,068,380** |

The table above illustrates details of outstanding receivables — subdivided into those transferred without recourse and other transfers — in which the factor has become the transferee by assuming the risk for the potential insolvency of the transferred debtor. The specified values also include receivables that are not booked within the financial statements as result of risk mitigation clauses.

Amounts are provided by residual duration and by typology of transferred debtor: banks, financial institutions and customers. Expired receivables are classified within the category, “Indefinite duration”.

## B.4 Value adjustments

| Item | Balance as of 31.12.2006 | Increases | Decreases | Balance as of 31.12.2007 |
|---|---|---|---|---|
| **1. Specific** | | | | |
| 1.1 On performing assets | | | | |
| – receivables due from transferors | | | | |
| – receivables due from transferred debtors | | | | |
| 1.2 On impaired assets | | | | |
| *Receivables due from transferors* | | | | |
| – non-performing | 13,643,880 | 21,004,969 | 1,702,737 | 32,946,112 |
| – restructured | | | | |
| – other | 1,418,475 | 3,493,609 | 1,096,923 | 3,815,161 |
| *Receivables due from transferred debtors* | | | | |
| – non-performing | 2,606,923 | 1,315,517 | 1,441,119 | 2,481,321 |
| – restructured | | | | |
| – other | 781,183 | 795,202 | 588,251 | 988,134 |
| **2. Portfolio** | | | | |
| 2.1 On performing assets | | | | |
| – receivables due from transferors | 17,936,852 | | 3,922,818 | 14,014,034 |
| – receivables due from transferred debtors | 1,010,182 | | 951,730 | 58,452 |
| 2.2 On impaired assets | | | | |
| *Receivables due from transferors* | | | | |
| – non-performing | | | | |
| – restructured | | | | |
| – other | | | | |
| *Receivables due from transferred debtors* | | | | |
| – non-performing | | | | |
| – restructured | | | | |
| – other | | | | |
| **Total** | **37,397,495** | **26,609,297** | **9,703,578** | **54,303,214** |

## B.5 Other Information

### *B.5.1 Turnover of transferred receivables*

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. For factoring with recourse | 6,353,338,390 | 6,057,424,880 |
| 2. For factoring without recourse and other transfers | | |
| – Factoring without recourse | 11,788,483,356 | 10,575,483,736 |
| – Receivables acquired as definitive payment | | |
| – Receivables acquired for less than their original value | | |
| **Total** | **18,141,821,746** | **16,632,908,616** |

The table above illustrates the turnover of transferred receivables, distinguishing operations on the basis of whether the transferor has assumed a guarantee in relation to the solvency of the transferred debtor.

### B.5.2 Sole collection services

The company did not perform sole collection services in the years 2006 and 2007.

### B.5.3 Original value of receivables acquired "below their original value"

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| – Receivables acquired for less than their original value | 891,694 | 1,027,381 |

### B.5.4 Value of transfer contracts relative to future receivables

| | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| 1. Turnover of transfer contracts for future receivables | 801,594,704 | 631,142,752 |
| 2. Present value of transfer contracts for future receivables | 833,297,089 | 501,219,159 |

The table reports the values relative to factoring activities implemented during the course of the year in reference to the transfer of future receivables. As a result, both the turnover of the year — as well as the residual value of contracts still open on the closing date of the financial statements — are reported.

### B.5.5 Receivables for factoring without recourse and with risk mitigation clauses

| | Original value of receivables transferred with factoring without recourse | | Original value of receivables transferred with factoring without recourse with risk mitigation clauses | |
|---|---|---|---|---|
| | | including those booked within the financial statements | | including those booked within the financial statements |
| Credit risk - deductibles | 1,470,273,501 | 354,009,236 | 1,116,264,265 | 734,676,878 |
| Credit risk - limitation of assumption of initial risk | 14,623,961 | | 14,623,961 | 13,985,048 |
| Liquidity risk - delayed payment on the part of the transferor | 233,979,347 | | 233,979,347 | 702,475 |
| Other risks | 579,064,810 | | 579,064,810 | 421,784,812 |
| **Total** | **2,297,941,619** | **354,009,236** | **1,943,932,383** | **1,171,149,213** |

The total reported in the table corresponds to the outstanding amount without recourse as of 31 December 2007.

This overall amount is classified by typology of risk mitigation clause, utilizing the primary clause of each contract as a reference. Given that each clause is ascribable to the type of mitigated risk, the table highlights the fact that the contractual terms which were adopted by the company are primarily designed for mitigating credit risk, the primary risk in factoring operations.

The company has therefore proceeded with valuating each contract while verifying — in light of the adopted mitigation clauses — the effective transfer of all risks and benefits to the factor.

The numbers specified in the table highlight the efficacy of the clauses in containing the risks assumed by the company (only 15.41% of receivables transferred without recourse were booked within the financial statements).

The application of risk mitigation clauses therefore results in the handling of receivables transferred without recourse in an analogous manner to those transferred with recourse; only the receivable which is due from the transferor for disbursed advances is booked within the financial statements.

## D. Guarantees and Commitments

### D.1 Value of Guarantees and Commitments

| | Total 31.12.2007 | | | | | | Total 31.12.2006 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Overall values | Book values | | | | | Overall values | Book values | | | | |
| | | Original value | Changes | | | Book value | | Original value | Changes | | | Book value |
| | | | | Including value adjustments: | | | | | | Including value adjustments: | | |
| | | | | Specific | Portfolio | | | | | Specific | Portfolio | |
| **1. Guarantees** | | | | | | | | | | | | |
| a) Of financial nature | 54,430,000 | 54,430,000 | | | | 54,430,000 | 63,602,310 | 63,602,310 | | | | 63,602,310 |
| – Banks | | | | | | | | | | | | |
| – Financial institutions | | | | | | | | | | | | |
| – Clientele | 54,430,000 | 54,430,000 | | | | 54,430,000 | 63,602,310 | 63,602,310 | | | | 63,602,310 |
| b) Of commercial nature | | | | | | | | | | | | |
| – Banks | | | | | | | | | | | | |
| – Financial institutions | | | | | | | | | | | | |
| – Clientele | | | | | | | | | | | | |
| **2. Commitments** | | | | | | | | | | | | |
| a) to issue (irrevocable) funds | | | | | | | | | | | | |
| – Banks | | | | | | | | | | | | |
| – Financial institutions | | | | | | | | | | | | |
| *including for: definite utilization* | | | | | | | | | | | | |
| – Clientele | | | | | | | | | | | | |
| *including for: definite utilization* | | | | | | | | | | | | |
| b) Other | 742,432,915 | 2,402,347,222 | | | | 742,432,915 | 733,062,211 | 2,489,836,091 | | | | 733,062,211 |
| – Banks | | | | | | | | | | | | |
| – Financial institutions | | | | | | | | | | | | |
| – Clientele | 742,432,915 | 2,402,347,222 | | | | 742,432,915 | 733,062,211 | 2,489,836,091 | | | | 733,062,211 |
| **Total** | **796,862,915** | **2,456,777,222** | | | | **796,862,915** | **796,664,521** | **2,553,438,401** | | | | **796,664,521** |

The item, “Issued Guarantees of Financial Nature” therefore represent the guarantees issued to customers.

The amounts specified under the item, “Other Commitments” (total values), include guarantees issued by the Company with respect to transferred debtors (without recourse), relative to the part which has not yet generated a financial outflow in favor of the transferor.

The original value, on the other hand, refers to the total risk limits assumed with respect to transferred debtors (without recourse).

The amounts specified in the table refer to both relations booked without recourse as well as those booked with recourse due to the effect of risk mitigation clauses.

## D.2 Guarantees and commitments currently in effect with respect to customers with impaired exposures

| | Total 31.12.2007 | | | | | | Total 31.12.2006 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Overall values | Book values | | | | | Overall values | Book values | | | | |
| | | Original value | Changes | | | Book value | | Original value | Changes | | | Book value |
| | | | | Including value adjustments | | | | | | Including value adjustments | | |
| | | | | Specific | Portfolio | | | | | Specific | Portfolio | |
| **1. . Guarantees** | | | | | | | | | | | | |
| a) Of financial nature | | | | | | | | | | | | |
| b) Of commercial nature | | | | | | | | | | | | |
| **2. Commitments** | | | | | | | | | | | | |
| a) To issue (irrevocable) funds | | | | | | | | | | | | |
| *including for: definite utilization* | | | | | | | | | | | | |
| b) Other | *1,723,311* | *5,092,005* | *1,723,311* | *1,723,311* | | | *400,104* | *1,244,374* | | | | *400,174* |
| **Total** | **1,723,311** | **5,092,005** | **1,723,311** | **1,723,311** | | | **400,104** | **1,244,374** | | | | **400,174** |

## D.3 Receivables booked within the financial statements as a result of enforcement

No amounts are reported.

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

### 3.1 Credit risk

### Qualitative information

### 1. General information

Credit risk is the primary type of risk which characterizes the activities of Factorit.

The constant renewal of the credit disbursement, management and monitoring process allows the company to contain this type of risk.

Control over credit quality occurs through the monitoring of both specific counterparty risk as well as portfolio risk.

With regard to specific types of credit risk, the procedures currently used are capable of assessing a risk profile with respect to an individual customer (transferor and transferred debtor(s)) and a group of related customers, by quantifying the potential risk related to the parties financed.

With regards to the portfolio credit risk component, an analysis of the entire portfolio of both Factorit as well as of the Banca Italease Group was implemented. A special emphasis has been placed on concentration risk, namely, the extent of exposure to given economic and/or legal groups.

### 2. Credit risk management policies

### 2.1 Organizational elements

The credit process is regulated by the Credit Regulations which have been significantly updated during the course of the year.

Following are the phases of the process:
- credit policy;
- evaluation of the creditworthiness of the applicants;
- approval of the credit facilities;
- control of credit performance;
- management of doubtful receivables;
- measurement and control of credit risks.

***CREDIT POLICY***

The objective of the credit policy is the implementation of short- and long-term strategies, in order to determine the volume of financial resources to be earmarked for the credit business. In particular, this volume is established on the basis of the following factors:
- external environment;
- the socio-economic setting and its predictable evolution;
- the geographical area in which the company operates;
- market positioning;

– competition;
– clientele segmentation;
– sectors requiring or not requiring incentives.

The corporate body which is responsible for formulating strategic credit policy lines for the company is the Board of Directors. The Board of Directors avails itself of delegated bodies which implement the guidelines of the credit policy on the basis of acquired information, thereby defining the forecasted trends of the credit portfolios.

***EVALUATION OF THE CREDITWORTHINESS OF APPLICANTS***

Evaluating the creditworthiness of applicants aims to ascertain the applicants' current and future capacity to repay amounts disbursed under credit facilities as well as the existing compatibility between the individual applications for credit and the choices concerning the magnitude and composition of the receivables portfolio. The evaluation is aimed at quantifying the level of business risk in relation to the probability of future debtor's insolvency as well as the financial risk in relation to the possibility of payments on the credit facilities not being made as of the due dates agreed.

The departments responsible for the evaluation of creditworthiness implement the activities described above. In particular, the department in charge of evaluating the creditworthiness of clientele:
– gathers the documentation needed for examining the applicant's earnings, assets and financial position;
– verifies the reliability of the documentation and of the information as well as the data reported in the same;
– drafts a summary of the evaluations in relation to the applicant's creditworthiness or lack thereof, formulating an assessment to present to the deliberating corporate body.

***APPROVAL OF THE CREDIT FACILITIES***

Approval of credit lines is implemented by evaluating:
1. nature and technical form of the credit line;
2. historical and forecasted economic/asset trends of the requesting party and of the group to which the party belongs;
3. potential supporting guarantees.

The Deliberating Corporate Body of competence is determined on the basis of the global risk level for the company.

Each department involved in the credit approval process is the party to propose the credit to the next level of authority, in accordance with the terms outlined within the Credit Regulations.

***CONTROL OF CREDIT PERFORMANCE***

The receivables deemed doubtful are classified, with reference to level of the risk detected, in the risk categories provided at the level of the Banca Italease Group, and in accordance with the general principles established by the regulatory authorities.

The departments responsible for reviewing the performance of receivables implement the following activities:

a. the departments responsible for reviewing the performance of receivables are charged with monitoring the outstanding receivables on a continuous basis as well as managing the renewal of the credit facilities on the basis of updated elements for evaluation. These departments are also responsible for proposing the transfer of credits to the risk categories provided at the level of the company (watchlist and non-performing positions);
b. the head-office department responsible for managing watchlist, restructured and/or past-due receivables examines the proposed transfer of the positions to the risk categories, as formulated by local departments, and makes any relative decisions.

***MANAGEMENT OF DOUBTFUL ACCOUNTS***

The management of doubtful accounts (non-performing, watchlist, restructured and/or past-due receivables) must involve the initiatives and measures necessary to restore the receivables to performing positions or to recover the amounts due when situations exist that would impede the continuation of the relationship.

In particular, the guidelines of these operations are implemented in accordance with:

1. the criteria and methodologies for the management of irregularly performing receivables;
2. an effective and efficient process for the recovery of receivables which are, in any case, in a state of default either directly and/or through attorneys/external companies, minimizing the risks and costs of disputes that are underway;
3. company criteria for the periodical verification of trends in expired receivables for the purposes of classifying clientele within specific risk categories (in compliance with supervisory provisions issued by the Bank of Italy) and for the formulation of forecasts relative to losses on the previously mentioned positions, in accordance with currently effective decision-making systems;
4. compliance with the credit policies outlined by the Board of Directors and by delegated departments.

The departments responsible for managing receivables classified as uncollected or past-due and those classified as restructured, watchlist and non-performing receivables manage the following activities:

a. <u>Preliminary management of default positions</u> — distinction between "technical" and effective default positions, i.e. the definition of specific management modalities for verifying — by means of preventive audits - states of default which could result from the specific structure of the operations or the result of misalignments that are ascribable to Factorit or to the parties to which the payments are domiciled; these positions must preferably be managed without requesting payment from customers and guarantors.
b. <u>Credit collection</u> — activities that are certainly implemented for other default positions as well as expired exposures and restructured positions; such activities initially involve an internal request by phone or mail and subsequent utilization of external credit collection agencies (home collection agencies or phone collection for contained risk levels). The primary potential outcomes of collection activities are managed or monitored: settlement of positions, payment extensions.
c. <u>Disputes</u> — activities implemented for watchlist and non-performing positions for which a decision has been made to proceed with legal or extra-judicial actions, including positions subject to insolvency proceedings. Individual legal/executive actions are carried out for the payment of any due amount (injunction and payment precept). Enforcement of guarantees is also implemented and, finally, the verification of circumstances through which the receivable could be transferred to losses as a transaction, renunciation, remission or other credit provisions.

***MEASUREMENT AND CONTROL OF CREDIT RISKS***

The measurement of credit risk must be implemented in compliance with currently effective statutory norms and Supervisory Guidelines as well as in relation to internal managerial requirements, particularly in reference to risk management, budgeting and capital allocation phases. In particular, actual and potential losses on receivables are to be distinguished as:

- losses on specific positions or on the portfolio resulting from the valuation of doubtful receivables;
- losses on the portfolio resulting from the valuation of performing receivables and positions involving country risk;
- unexpected losses arising from the variability of the rates of counterparty insolvency and the rates of recovery in the event of insolvency of the counterparties, as well as from the diversification of the receivables portfolio.

The departments responsible for measuring and controlling the risk carry out the activities outlined above. In particular:

a) the department responsible for measuring risks provides for the implementation of models and internal methodologies (in addition to the validation of any such models coming from external sources) in order to estimate the risk parameters which are relevant for regulatory purposes (financial statements and auditing) and internal managerial purposes;
b) the departments responsible for valuating irregularly performing receivables and performing receivables will regularly monitor the portfolio of competence.

### 2.2 Management, measurement and control systems

As part of the credit process and its specific phases, the Bank uses appropriate internal systems for identifying, measuring, managing and controlling credit risk.

Current risks related to irregularly performing receivables are carefully evaluated based on the individual position, with the company monitoring its exposure to receivables classified as uncollected or past-due, restructured, watchlist, or non-performing. Such monitoring is effected not only with reference to the trend of the aforementioned aggregates, but also by checking the extent to which the risks inherent to such positions are covered by risk provisions.

The evaluation of a credit applicant's creditworthiness is based on the information in Banca Italease's possession at the time the lines of credit are granted and/or renewed. The information is procured directly from the applicant and indirectly, through databases available within the banking system and/or through third-party information providers. Some of this information generates an automatic rating produced by an internal system, which is supplemented by qualitative information derived from the valuating party or from external credit bureaus.

The deliberating process is implemented in accordance with the powers delegated by the Board of Directors.

Concentration risk is managed in accordance with prevailing regulations applicable to risk concentration, which provide that:

- positions in an amount equal to or greater than 15 percent of regulatory capital are considered "material risks";
- the aggregate amount of the material risks is to remain within the limit of eight times' regulatory capital;

– each risk position is to remain within the limit of 40 percent.

The performance review contemplates:

a. the continuous monitoring of outstanding receivables with reference to the outcome of past-due receivables, and to the debtor's actions in managing the debtor's own credit relationships;
b. the continuous classification of the receivables in the risk categories (uncollected or past-due, restructured, watchlist, non-performing).

The aforementioned activities are carried out by determining the technical performance of all receivables not classified as non-performing, watchlist, restructured, uncollected and/or past-due. The technical performance of the individual relationships where there is usage of the credit facilities is indicated with the construction of specific indicators of technical irregularity. When irregularities are actually detected, other information is procured regarding the earnings, financial position and net assets for the respective customers. Following an analysis of this information and the related receivables, the receivables are classified as either "performing" or "irregularly performing".

The detection of technical anomalies and the relative selection of which receivables to evaluate and classify is implemented through the utilization of expert performance rating systems which perform early-warning functions; these systems detect technical anomalies and direct the attention of evaluating parties to phenomena which could indicate the impairment of the creditworthiness and solvency of the counterparties affected by these phenomena.

The performance review also includes an overall assessment of performing receivables.

The following aspects are considered in the process of measuring and controlling credit risk:

a. the valuation of credit risk for financial reporting purposes and for the purpose of the other periodic disclosures of information to the market, with reference to the identification of:
   - the expected collection period, in the case of the valuation of non-performing and watchlist credits as well as uncollected or past-due receivables;
   - the factors involved in restoring the receivables to performing status, in the case of the valuation of watchlist credits and uncollected or past-due receivables;
b. the periodic control over compliance with the prudential limits set by the regulatory authorities and other regulations with reference to the solvency coefficient, material risks, and the concentration risk.

### 2.3 Credit-risk mitigation techniques

Given the parameters of factoring transactions (numerous debtors and the transfer of trade receivables), it is possible to structure the factoring credit facilities so as to ensure the best instrument for mitigating the risks assumed by the company.

The first type of risk mitigation is the assumption of the assignor's guarantee about the solvency of the receivables transferred (transfer with recourse), However, for transfers without recourse, there are numerous clauses that can be written into the contracts in order to mitigate the factoring company's risk, including:

– the limitation of credit risk assumed with respect to each debtor;
– the application of deductibles;
– the limitation of the risk in relation to the volumes of assets and thus, the limitation on the profitability of the relationship (maximum annual ceiling);

– the transferor’s transfer obligations.

The efficacy of these clauses is demonstrated by the outcome for the analysis conducted with respect to transfer contracts without recourse; this analysis was implemented for the purposes of verifying whether all risks and benefits linked to the transferred receivables were transferred to the factor. This fact is essential for recording receivables within the financial statements. The analysis, in fact, highlighted that this transfer only occurred in 15.41% of outstanding receivables transferred without recourse which were effective on 31 December 2007.

The different technical forms for utilizing credit also allows the issue of advances to be subordinated to the acquisition of documents which demonstrate the existence of credit and a commitment to payment on the part of the transferred debtor. These clauses increase the collection efforts of the factor in the case of impairment of the positions, thereby reducing expected = loss given default (LGD).

Another tool for mitigating risk is through the diversification of the numbers of debtors transferred.

Re-insurance to cover the risks assumed with reference to non-recourse transactions is also frequently used.

## 2.4 Impaired financial assets

The technical and organizational procedures involved in managing and controlling impaired receivables are defined according to the degree of impairment.

With regard to watchlist credits, restructured receivables and uncollected or past-due receivables, a performance review is implemented for the purposes of:

- verifying whether or not the counterparties’ financial/business difficulties can be reversed;
- transferring the positions to internal and external recovery experts, for phone solicitation and script collection, and collection of taxes;
- evaluating the re-entry plans presented by the debtors with reference to the debtors’ capacity to pay the amounts due within the timeframe provided by the plans, including in consideration of the requests for concessions to the conditions applicable to the positions;
- examining the outcome of initiatives undertaken to normalize/recover the receivables (re-entry plans, review and possible changes to the technical form of usage, etc.) and the reasons for the possible failure of such initiatives;
- computing the related loss projections for the individual watchlist and restructured positions, and for uncollected or past-due receivables on a lump-sum basis.

With regard to the non-performing receivables, the risks are controlled through the following actions:

- contractual cancellation/revocation of credit facilities for newly classified positions and communications to the debtors to solicit the settlement of their positions;
- the assignment of responsibility for the newly classified positions to in-house and/or external counsel in order to initiate more rigorous proceedings against the debtors and any guarantors;
- in the case of positions which were previously classified as subject to collection, the verification that the debtors have honored their commitments;
- the estimation of the losses expected on a case-by-case basis;

– the periodic verification of the adequacy of the loss projections, and of the conditions for credit recovery.

Positions are generally classified under the watchlist category on the basis of the length of time from the expiration date while the classification as "non-performing" is required whenever it is believed that the state of insolvency is not temporary and may not be remedied in a reasonable period of time:

The following fall into this class:
- "objective non-performing receivables";
- non-performing positions that have led to insolvency proceedings;
- default positions for which the factor has filed a bankruptcy petition;
- "subjective non-performing receivables";
- default positions that have prompted the company to decide to embark on the execution of actions to recover the asset, together with the manifest state of default or unavailability of the counterparty;
- other default positions which, although not involving the situations outlined above, are deemed serious enough to classify as "non-performing"; for example, the clients which are present within the IT flows from the Bank of Italy are analyzed in relation to parties that are not performing with respect to other credit institutions rather than the factor (increasing with respect to the previous month).

Uncollected /over-due positions may become performing if the expired amount is paid; with regards to watchlist and non-performing receivables, on the other hand, the manager must also evaluate whether the classification change should occur in addition to the due amount being paid.

The lists of positions relative to non-performing, watchlist, restructured and uncollected/overdue receivables are analyzed each month in terms of the time period from expiration in order to assess the adequacy of the classification and of the relative adjustments.

## QUANTITATIVE INFORMATION

### 1. Distribution of financial assets by portfolio and by credit quality (book values)

| Portfolios/Quality | Non-performing | Watchlist assets | Restructured assets | Overdue assets | Other assets | Total |
|---|---|---|---|---|---|---|
| 1. Financial assets held for trading | | | | | | |
| 2. Financial assets at fair value | | | | | | |
| 3. Financial assets available for sale | | | | | | |
| 4. Financial assets held until maturity | | | | | | |
| 5. Receivables due from banks | | | | | 92,076,230 | 92,076,230 |
| 6. Receivables due from financial institutions | | | | | 25,827,355 | 25,827,355 |
| 7. Receivables due from clientele | 9,826,491 | 11,564,081 | | 4,921,737 | 2,480,598,069 | 2,506,910,378 |
| 8. Other assets | | | | | 8,342,245 | 8,342,245 |
| 9. Hedging derivatives | | | | | | |
| **Total 31.12.2007** | **9,826,491** | **11,564,081** | | **4,921,737** | **2,606,843,899** | **2,633,156,208** |
| **Total 31.12.2006** | **6,441,041** | **6,451,096** | | **22,079** | **2,699,998,231** | **2,712,912,447** |
| **Change** | **3,385,450** | **5,112,985** | | **4,899,658** | **(93,154,332)** | **(79,756,239)** |

## 2. Customer exposures

### 2.1 Exposures: gross and net values

| Type of exposure/Values | Gross exposure | Specific value adjustments | Portfolio value adjustments | Net exposure |
|---|---|---|---|---|
| **A. Impaired assets** | | | | |
| 1) Non-performing | | | | |
| – Financing | 45,310,632 | 35,484,141 | | 9,826,491 |
| – Securities | | | | |
| – Endorsement loans | | | | |
| – Commitments to issue funds | | | | |
| – Other assets | | | | |
| 2) Watchlist | | | | |
| – Financing | 16,683,644 | 5,119,563 | | 11,564,081 |
| – Securities | | | | |
| – Endorsement loans | | | | |
| – Commitments to issue funds | | | | |
| – Other assets | | | | |
| 3) Restructured | | | | |
| – Financing | | | | |
| – Securities | | | | |
| – Endorsement loans | | | | |
| – Commitments to issue funds | | | | |
| – Other assets | | | | |
| 4) Overdue | | | | |
| – Financing | 5,456,589 | 534,852 | | 4,921,737 |
| – Securities | | | | |
| – Endorsement loans | | | | |
| – Commitments to issue funds | | | | |
| – Other assets | | | | |
| **Total A** | **67,450,865** | **41,138,556** | | **26,312,309** |
| **B. Performing assets** | | | | |
| – Financing | 2,495,429,483 | | 14,833,416 | 2,480,596,067 |
| – Securities | | | | |
| – Endorsement loans | | | | |
| – Commitments to issue funds | | | | |
| – Other assets | 2,002 | | | 2,002 |
| **Total B** | **2,495,431,485** | | **14,833,416** | **2,480,598,069** |
| **Total (A + B)** | **2,562,882,350** | **41,138,556** | **14,833,416** | **2,506,910,378** |

## 3. Concentration of credit

### 3.1 Distribution of financing to companies

| Branch of economic activity | |
|---|---|
| Commercial services: recovery and repairs | 748,978,459 |
| Other sales services | 261,729,949 |
| Construction and public works | 175,603,016 |
| Metal products | 123,659,444 |
| Agricultural and industrial machinery | 158,034,470 |
| Other branches | 710,887,976 |
| **Total** | **2,178,893,314** |

### 3.2 Major Risks

| | Amount |
|---|---|
| a) amount | 338,405,160 |
| b) number | 11 |

### 4) Models and other methodologies for the measurement and management of credit risk

Refer to that previously illustrated in section 3.2.

### 3.2 Market risks

Factorit does not retain products within its portfolio that expose the company to elevated market risks. Banking book interest rate risk is the only form of market risk that affects its activities.

#### *3.2.1 Interest-rate risk*

**Qualitative information**

#### 1. General information

Interest-rate risk is caused by differences in the dates on which assets and liabilities come due, as well as differences in the interest-rate repricing dates for the assets and liabilities. Given these differences, changes in interest rates cause both a change in the expected interest margin as well as a change in the value of assets and liabilities and therefore a change in the value of shareholders' equity.

Factorit uses an asset-and-liability management (ALM) system for measuring, controlling and managing its financial flows in an integrated manner, both in a static environment (with valuations about the current portfolio mix) and by simulating the prospective developments with respect to the current situation.

The objective of the ALM system is to evaluate the impact of pre-defined changes in interest rates on the expected interest margin and on shareholders' equity, so as to identify the appropriate actions that will allow for controlling the Company's exposure to this type of risk.

The measurement of the market risk entails the construction of a measure indicative of the risk arising from the banking book's mix, structure and characteristics.

The structural interest-rate risk (risk that expected and unexpected changes in market interest rates will have a negative impact on the interest margin and on the asset/liability portfolio) is measured through the maturity gap and the duration gap. The maturity gap — which is given by the difference between rate-sensitive assets and rate-sensitive liabilities — must measure the interest margin's exposure to interest-rate risk. The duration gap, which is given by the difference between the average duration of the assets and the average duration of the liabilities, must measure the asset/liability portfolio's exposure (in terms of market value) to interest-rate risk. Therefore, while the maturity-gap techniques measure the impact of a change in interest rates on the interest margin, the duration-based techniques estimate the impact of a change in interest rates on the market value of the assets and liabilities.

The measurement of the risk is done on a continuous basis by the risk management unit of the parent company which also produces the reports sent to the company's corporate bodies and to the departments of the parent company and any affected subsidiaries involved in managing structural interest-rate risk and liquidity risk.

Other controls over risks are also periodically implemented by the risk management unit and the departments involved in managing structural rate risk and liquidity risk in order to verify the adequacy and functionality of the financial process as well as the potential presence of critical elements that require prompt removal.

The ALM system utilized by the Banca Italease Group is aimed at measuring exposure to structural rate risk.

Exposure to interest-rate risk in the near term is periodically estimated with the current earnings approach (gap analysis), whereas the exposure over the medium/long term is estimated in relation to the economic value of shareholders' equity, using simulations of +/– 100 bps and +/– 200 bps changes in interest rates.

The gap analysis generates an estimate of the impact on the Group's risk-sensitive assets and rate-sensitive liabilities (with a maturity or repricing data included in the 12-month gapping period) resulting from a change in interest rates.

The duration gap and sensitivity analysis generate an estimate of the impact of an unexpected change in interest rates on the market value of shareholders' equity.

**Quantitative information**

With the ALM system, the company is able to measure — on a monthly basis — the sensitivity of the value of shareholders' equity and of the interest margin to different shocks on the interest-rate curve.

| | +100 bps | –100 bps |
|---|---|---|
| Impact on spread | 5,555,859 | (4,769,251) |
| Impact on present value of assets | 748,611 | (744,028) |

Sensitivity analysis of the interest margin measures the impact of a change in rates on the expected interest margin, i.e. that obtained in the subsequent 12 months. The analysis was implemented on the basis of the following assumptions:

– that market volumes and conditions remain constant (static analysis);
– that a parallel shift in the interest-rate curve of 100 base points occurs.

The sensitivity analysis of the economic value aims to assess the impact of a change in rates on the so-called "reporting gap", defined as the difference between the current value of asset items and the current value of liability items reduced by own means.

**2. Models and other methodologies for the measurement and management of interest rate risk**

Refer to that previously noted in section 3.2.1.

### *3.2.2 Price risk*

**Qualitative information**

The Company is not exposed to price fluctuation risks.

### *3.2.3 Exchange rate risk*

Factorit's exchange-rate risk is marginal, given the Bank's policy of systematically matching accounts denominated in foreign currency: Assets denominated in foreign currency are utilized in connection with provisions of the same currency.

Such risk exists mainly with regard to the following, though the volumes thereof are limited:
- the accrual and portion of interest income not offset by interest expense in currencies other than the euro;
- guarantees denominated in foreign currency which back euro-denominated transactions.

**Quantitative information**

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

| Items | Currencies as of 31.12.2007 | | | | | |
|---|---|---|---|---|---|---|
| | US Dollars | Pounds | Yen | Canadian Dollars | Swiss Francs | Other Currencies |
| **1. Financial assets** | **66,825,290** | | | | | **31,095,427** |
| 1.1 Debt securities | | | | | | |
| 1.2 Capital securities | | | | | | |
| 1.3 Receivables | 66,825,290 | | | | | 31,095,427 |
| 1.4 Other financial assets | | | | | | |
| **2. Other assets** | | | | | | |
| **3. Financial liabilities** | **66,675,659** | | | | | **31,044,938** |
| 3.1 Payables | 66,675,659 | | | | | 31,044,938 |
| 3.2 Debt securities | | | | | | |
| 3.3 Other financial liabilities | | | | | | |
| **4. Other liabilities** | | | | | | |
| **5. Derivatives** | | | | | | |
| **Total assets** | **66,825,290** | | | | | **31,095,427** |
| **Total liabilities** | **66,675,659** | | | | | **31,044,938** |
| **Excess/Deficit (+/–)** | **149,631** | | | | | **50,489** |

**2. Models and other methodologies for the measurement and management of exchange rate risk**

Refer to that previously illustrated in section 3.2.3.

### 3. Other quantitative information relative to exchange rate risk

It should also be noted that there is an exchange rate risk for assets and liabilities in foreign currency not included within the financial statements totaling Euro 3,687,097 for approvals that were issued and not financed.

## 3.3 Operational risk

### Qualitative information

### 1. General information, management processes and methods for the measurement of operational risk

Consistent with the changes in regulations and the growing awareness of the issues relative to evaluating, monitoring and managing risks, the company has placed increasing emphasis on operational risks.

Operational risk is caused by many factors which are due to external events or internal inadequacies. This type of risk therefore includes losses from fraud, human errors, inadequacies, or dysfunctions of procedures or of the internal system as well as from contractual default or non-compliance with norms.

In particular, the initial mapping of business processes at the level of the Group has been initiated. The mapping is functional to the activity of the internal audit department, particularly with reference to off-site controls and to the preparation of first-level controls to govern risks. The mapping will also be used for the self assessment of risks, i.e. for the implementation of a structured system for the identification, measurement and management of the risks described above as well as the related system for reporting data to top corporate bodies. This mapping — which was initially provided for the parent company — will be gradually applied to each company of the Group.

Revision, integration and enhancement phases relative to the mapping of the business processes are now being implemented — following significant changes which affected the managerial and organizational structure of the Company — so as to identify risk factors and implement controls over the latter; the risk factors will be evaluated by utilizing qualitative self risk assessment methodologies. Loss events will also be identified and data loss collection activities will be initiated in order to quantitatively assess these losses.

The collection of loss data will also be implemented for the purposes of providing input to various industry databases.

With regards to the estimate of asset requirements in connection with the exposure to Operational Risks, the Basic Indicator Approach will be utilized while gradually moving towards use of the standard method.

The abovementioned activities — which originally were part of operational risks within the realm of the more general Basilea 2 Project that was initiated by the Group — are currently managed by a specific department named, “Operational Risks” which has recently been created within the Risk Management Service; this department is specifically entrusted with the identification, measurement, management and monitoring of this typology of risks. With regards to compliance risks (included within the operational risks category), the department implements its activities in close collaboration with the recently established Compliance Office.

## Section 4 – Related party transactions

### 4.1 Information relating to the remuneration of directors and managers

Director compensation: Euro 78,697. No other cost of the year is ascribable to directors.
Auditors' compensation: Euro 79,541.
Executives: compensation of Euro 1,107,922 (of which Euro 101,696 relative to stock option plans).

### 4.2 Receivables and guarantees granted to directors and statutory auditors

No amounts are reported.

### 4.3 Information on transactions with correlated parties

#### *4.3.1 Transactions with the Shareholders of Reference*

**Agreements**

Factorit has stipulated an "Operational Agreement for Factoring" with certain banks at market conditions.
The table below shows turnover volumes as well as the percentage of these volumes to total turnover, as acknowledged for the period by the Factor with respect to banks with stipulated agreements and, amongst the latter, to shareholders of reference.

| | 31.12.2007 |
|---|---|
| Turnover volumes – bank channels | 6,467,959,859 |
| *% Incidence of bank channel on total turnover* | 35.7% |
| Commissions acknowledged to banks | 4,676,348 |
| *of which to "related parties"* | |
| Banco Popolare | 1,992,153 |
| Banca Popolare dell'Emilia Romagna | 635,209 |
| Reale Mutua Assicurazioni | 0 |
| Banca Antonveneta | 253,666 |
| Banca Popolare di Sondrio | 67,982 |
| Banca Popolare di Milano | 1,005,124 |
| **Total "related parties"** | **3,954,134** |
| *% Incidence of commissions to "related parties"* | 84.6% |

## Funding

The table below provides a summary of the Factorit's bank debt with regard to "Shareholders of Reference". Such debt transactions have been finalized at market conditions.

Transactions with related parties – Funding.

| | 31.12.2007 | |
|---|---|---|
| **Total payables due to banks** | | **2,326,232,537** |
| Banco Popolare | 10.68% | 248,331,644 |
| Banca Popolare dell'Emilia Romagna | 5.95% | 138,479,174 |
| Reale Mutua Assicurazioni | | 0 |
| Banca Antonveneta | 0.01% | 259,769 |
| Banca Popolare di Sondrio | 6.21% | 144,435,492 |
| Banca Popolare di Milano | 8.05% | 187,179,895 |
| **Total payables due to "related parties"** | **30.89%** | **718,685,974** |

Transactions with Shareholders of Reference – funding: payable interest.

| | 31.12.2007 | |
|---|---|---|
| **Total payable interest due to banks** | | **(87,271,956)** |
| Banco Popolare | 29.25% | (25,527,097) |
| Banca Popolare dell'Emilia Romagna | 6.68% | (5,826,620) |
| Reale Mutua Assicurazioni | 0.00% | 0 |
| Banca Antonveneta | 0.77% | (668,003) |
| Banca Popolare di Sondrio | 8.38% | (7,317,686) |
| Banca Popolare di Milano | 12.69% | (11,074,973) |
| **Total payable interest due to "related parties"** | **57.77%** | **(50,414,379)** |

## Loans

Summary Table

The table below summarizes the financial relationships and economic components accruing as of 31 December 2007 in relation to operations with "Shareholders of Reference" which were described in detail above.

| | 31.12.2007 |
|---|---|
| Payables due to banks | 718,685,974 |
| **Total liability items** | **718,685,974** |
| Payable interest and comparable charges | (50,414,379) |
| Payable commissions | (3,954,134) |
| **Total income statement items** | **(54,368,513)** |

### *4.3.2 Operations with companies of the Banca Italease Group (the so-called "Intragroup" relationships)*

**Amounts receivable from credit institutions**

| Banca Italease | Amount |
|---|---|
| Tax consolidation | 3,753,602 |
| Outsourced personnel | 513,577 |
| Aosta Factor Service | 16,200 |
| **Total** | **4,283,379** |

**Amounts due to credit institutions**

| Banca Italease | Amount |
|---|---|
| Overdraft facility | 1,260,000,000 |
| Accrued liability on overdraft facility | 2,366,003 |
| Commissions to book | 35,020 |
| Supplier invoices | 169,294 |
| Personnel loans | 1,252,494 |
| Outsourced personnel | 193,354 |
| **Total** | **1,264,016,165** |

**Costs – credit institutions**

| Banca Italease | Amount |
|---|---|
| Payable interest and comparable charges | 33,975,526 |
| Commissions payable on received guarantees | 150,000 |
| Commissions | 344,812 |
| Supplier invoices | 1,252,494 |
| Personnel loans | 193,354 |
| Compenso ad amministratori | 46,545 |
| Other administrative expenses | 21,460 |
| Other administrative charges | 299,623 |
| **Total** | **36,283,814** |

**Revenues – credit institutions**

| Banca Italease | Amount |
|---|---|
| Outsourced personnel | 513,577 |
| Aosta Factor Service | 54,000 |
| **Total** | **567,577** |

**Payables due to financial institutions**

| | | Amount |
|---|---|---|
| Mercantile leasing | For commissions to book | 74,863 |
| Italease Network | For commissions to book | 64,121 |
| Italease Network | For rents | 2,560 |
| **Total** | | **141,544** |

### Costs – financial institutions

| | | Amount |
|---|---|---|
| Mercantile Leasing | Commissions | 206,867 |
| Italease Network | Commissions | 159,089 |
| Italease Network | For rents | 5,998 |
| **Total** | | **371,954** |

### Receivables due from customers

| | | Amount |
|---|---|---|
| Italease Gestione Beni | Deferred expenses | 1,813 |
| Itaca Service S.p.A. | Deferred expenses | 80 |
| **Total** | | **1,893** |

### Payables due to customers

| | | Amount |
|---|---|---|
| Itaca Service S.p.A. | Personnel loans | 1,044,693 |
| Itaca Service S.p.A. | Supplier invoices | 5,222 |
| Italease Gestione Beni | Supplier invoices | 5,059 |
| **Total** | | **1,054,974** |

### Costs – customers

| | | Amount |
|---|---|---|
| Itaca Service S.p.A. | Personnel loans | 1,044,694 |
| Itaca Service S.p.A. | Other administrative expenses | 36,345 |
| Italease Gestione Beni | Charges for payable rents | 338,213 |
| Italease Gestione Beni | Professional compensation | 26,179 |
| Italease Gestione Beni | Other administrative charges | 189 |
| **Total** | | **1,445,620** |

## Section 5 – Other detailed information

### 5.1 Average number of employees by category

| Employees per category/values | Total 31.12.2007 | Total 31.12.2006 |
|---|---|---|
| **5.1 Full-time employees:** | **135** | **148** |
| a) executives | 4 | 4 |
| b) total mid-level managers | 66 | 67 |
| – of which those of 3rd and 4th level | 45 | 45 |
| c) remaining employee personnel | 65 | 77 |
| **5.2 Other personnel** | **41** | **40** |

Item 5.2 “Other Personnel”, includes the value relative to the temporary transfer of personnel.

As a result, this item was modified as of 31 December 2006 in order to render the values comparable.

***Other***

In compliance with the informational disclosure requirements pursuant to Article 2497-*bis* of the Italian Civil Code, the essential data of the most recently approved financial statements of the parent company, Banca Italease, are presented below.

## FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2006

| Asset items | 31.12.2006 |
|---|---|
| 10. Cash and liquid funds | 8,477 |
| 20. Financial assets held for trading | 455,149,111 |
| 40. Financial assets available for sale | 1,028,753 |
| 50. Financial assets held until maturity | 1,416,829 |
| 60. Receivables due from banks | 271,879,888 |
| 70. Receivables due from customers | 16,238,773,485 |
| 80. Hedging derivatives | 56,227,459 |
| 100. Shareholdings | 506,586,714 |
| 110. Tangible assets | 675,786,490 |
| 120. Intangible assets | 207,823,685 |
| *including:* | |
| *– goodwill* | *200,389,008* |
| 130. Fiscal assets | 25,885,858 |
| a) current | 13,007,338 |
| b) advanced | 12,878,520 |
| 150. Other assets | 601,930,066 |
| **TOTAL ASSETS** | **19,042,496,815** |

| Liabilities and Shareholders' Equity items | 31.12.2006 |
|---|---|
| 10. Payables due to banks | 3,881,945,070 |
| 20. Payables due to customers | 5,277,275,963 |
| 30. Issued securities | 8,005,553,964 |
| 40. Financial liabilities from trading | 459,150,277 |
| 60. Hedging derivatives | 289,436,618 |
| 80. Fiscal liabilities | |
| *a) current* | |
| 100. Other liabilities | 56,350,744 |
| 110. Employee termination indemnities | 5,963,919 |
| 120. Provisions for risks and charges | 26,191,993 |
| *a) retirement and similar obligations* | *24,279,275* |
| *b) other provisions* | *1,912,718* |
| 130. Valuation reserves | 3,741,010 |
| 160. Reserves | 102,828,983 |
| 170. Issue price premiums | 384,969,908 |
| 180. Share capital | 431,211,535 |
| 190. Treasury shares (–) | (26,471) |
| 200. Profit (loss) of the year (+/–) | 117,903,302 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **19,042,496,815** |

| Income Statement | | 31.12.2006 |
|---|---|---|
| 10. | Receivable interest and comparable proceeds | 527,439,291 |
| 20. | Payable interest and comparable charges | (393,068,261) |
| **30.** | **Spread** | **134,371,030** |
| 40. | Receivable commissions | 227,000,572 |
| 50. | Payable commissions | (102,922,293) |
| **60.** | **Net commissions** | **124,078,279** |
| 70. | Dividends and similar proceeds | 32,397,893 |
| 80. | Net result from trading | (25,024,669) |
| 90. | Net result from hedging activities | 328,225 |
| 100. | Profits (losses) from the transfer or buyback of: | 1,386,782 |
| | *b) financial assets available for sale* | |
| | *d) financial liabilities* | *1,386,782* |
| **120.** | **Earning margin** | **267,537,540** |
| 130. | Net value adjustments/re-instatements for impairment of: | (27,957,210) |
| | *a) receivables* | *(27,957,210)* |
| **140.** | **Net result from financial management** | **239,580,330** |
| 150. | Administrative expenses | (77,710,543) |
| | *a) personnel expenses* | *(40,962,142)* |
| | *b) other administrative expenses* | *(36,748,401)* |
| 160. | Net allocations to provisions for risks and charges | (251,810) |
| 170. | Net value adjustments/re-instatements on tangible assets | (1,027,189) |
| 180. | Net value adjustments/re-instatements on intangible assets | (3,446,326) |
| 190. | Other operating costs/proceeds | 6,835,912 |
| **200.** | **Operating costs** | **(75,599,956)** |
| 210. | Profit (loss) from shareholdings | 237,000 |
| 230. | Value adjustments to goodwill | |
| 240. | Net income (loss) from the transfer of investments | 1,813,795 |
| **250.** | **Net income (loss) from continuing operations, gross of tax** | **166,031,169** |
| 260. | Income taxes for the year on continuing operations | (48,127,867) |
| **270.** | **Net income (loss) from continuing operations, net of tax** | **117,903,302** |
| **290.** | **NET INCOME (LOSS) FOR THE YEAR** | **117,903,302** |

In compliance with Article 149-*duodecies* of the Consob Issuers Regulations, the statement reporting compensation levels for the year is hereby attached; this compensation is provided for the services provided by the following parties:

– auditing services provided by the auditing company.

| Typology of service | Party performing the service | Accruing in 2007 |
|---|---|---|
| Auditing | Deloitte & Touche S.p.A. | 39,900 |
| Quarterly audits | Deloitte & Touche S.p.A. | 7,300 |
| Half-year reporting | Deloitte & Touche S.p.A. | 10,300 |
| Other services | Deloitte & Touche S.p.A. | |
| including: | | |
| Preparation of tax returns (770-Unico) | | 7,500 |

# Report of the
# Board of Statutory Auditors

## REPORT OF THE BOARD OF STATUTORY AUDITORS FOR THE FINANCIAL STATEMENTS OF 31 DECEMBER 2007

To the Shareholders,

Our auditing activities during the financial year closed at 31 December 2007 was carried out in compliance with the principles of due diligence of the Board of Statutory Auditors recommended by the Italian Accounting Profession ("*Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*").

We have reviewed the financial statements for the year closed on 31 December 2007 and hereby note the following:

- given that we have not been entrusted with the task of auditing the financial statements in detail, we have supervised over the general format of the statements as well as their compliance with the law in terms of format and structure and we have no particular observations to report;
- We verified compliance with the provisions of law relating to the preparation and presentation of the Directors' Report on Operations and its consistency with the resolutions approved by the Board of Directors as well as with the data reported in the financial statements of the year. To the best of our knowledge, the Directors did not depart from the provisions of law, pursuant to Article 2423, paragraph 4 of the Italian Civil Code when preparing and presenting the Report on Operations and the Explanatory Notes;
- we have verified the compliance of the Financial Statements with information of which we became aware following the undertaking of our duties and have no particular observations to report.

No complaints pursuant to Article 2408 of the Italian Civil Code were received by the Board of Statutory Auditors.

The Board of Statutory Auditors attended one Shareholders' Assembly, 10 meetings of the Board of Directors and three meetings of the Executive Committee, these meetings were held in compliance with both the articles of association as well as with the legislative and regulatory norms that regulate their functioning; we can assure that resolutions were approved in compliance with the law and the articles of association.

During the course of 2007, we have supervised over company management and risk trends with 22 audits a in addition to one meeting with the Independent Auditors in order to exchange information of reciprocal interest, one meeting with the Boards of Statutory Auditors of other subsidiaries and two meetings with the Auditing Managers of the parent company.

Some areas of weakness were noted and we have requested that the Directors implement any opportune adjustments, particularly in the following areas:

- Organizational Model pursuant to Legislative Decree no. 231 of 2001;
- receivables and risk concentration — management and control of the latter;
- updating of company Regulations.

The organizational review, in any case, has already been initiated and the relative delays have been caused by the well-known events which affected the parent company.

Specifically, the following facts should be mentioned:

1) with regards to the Parmalat Group, the situation as of 31 December 2007 is as follows:
    a) with regards to the exposure of Parmalat S.p.A. in A.S. and due to the bankruptcy rescinding trial that is currently underway, attempts are now being implemented in order to explore the feasibility of some form of definitive settlement;

   b) with regards to the CONTAL S.r.l. — Parmalat Group dispute, closure was attained in the month of March by means of a settlement in connection with the well-known claims relative to the pooling relationship with Ifitalia S.p.A.;

2) the evolution of the relationship relative to the receivables — acquired by S.G.C. S.p.A. "Società Gestione Crediti" through a transfer as of December 2005 — is as follows:
   a) receivables due from B.N.L./S.A.C.F. total Euro 1,932,216 at year end, a decrease of Euro 305,448 with respect to the previous year. The adjustment fund remains unchanged, totaling Euro 1,194,227;
   b) FONSPA receivables — entrusted for management to Pirelli Re Credit Servicing (formerly Servizi Immobiliari Banche SIB S.p.A.) which manages their collection on the basis of the agreement stipulated on 23 October 2001 — totaled Euro 3,810,010 at the end of the year following collections totaling Euro 441,227. The adjustment fund remains unchanged, totaling Euro 3,219,609;
3) allocations and adjustments totaling Euro 28,373 million, of which Euro 26,650 are net value adjustments for impairment of receivables and Euro 1,723 million for adjustments to the provisions for guarantees and commitments. Allocations and increased adjustments primarily refer to certain positions such as A.T.R. S.r.l. — ENTERPISE DIGITAL ARCHITECTS S.p.A. — NUOVA PULICENTER 2000 S.r.l. — HOTEL DEL MARINAIO S.r.l. — TELECOMUNICATION & SYSTEM S.p.A. — C.N.F. CANTIERE NAVALE FERRARI S.p.A. which generally highlight the need for improved oversight with respect to management of the transferor department;
4) provisions for Risks and Charges at year end totaled Euro 5,804,148. This sum was allocated to cover certain potential risks relating to rescindments and trial payables.

To the Shareholders,

having noted the results of the activities implemented by the auditing body — contained within the relative report accompanying the financial statements in question — we hereby propose that the Assembly approves the financial statements of the year closing on 31 December 2007, as drafted by the Directors, and agree with the proposal of the latter relative to the allocation of net income.

To conclude, we would like to join voices with the Board of Directors in noting the premature passing of the statutory auditor, Mr. Alfio Poli, whose elevated professionalism and his valuable and effective collaboration were dedicated to the company in a spirit of self-denial and integrity.

Particular thanks are due to the General Manager, Mr. Antonio De Martini, as well as all personnel — of all degrees and levels — for their collaboration. We also wish the best for Mr. Marziano Bosio, the new General Manager, who has held this office as of 22 January 2008.

Milan, 14 March 2008

THE BOARD OF STATUTORY AUDITORS

Flavio Dezzani, Chairman

Vincenzo Mosca

Attilio Guardone

# Report of the Auditing Company

Deloitte.

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**AUDITORS' REPORT PURSUANT TO ARTT. 156 AND 165**
**OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998**

**To the Shareholder of**
**FACTORIT S.p.A. (formerly ITALEASE FACTORIT S.p.A.)**

1. We have audited the financial statements of Factorit S.p.A., which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 26, 2007.

3. In our opinion, the financial statements present fairly the financial position of Factorit S.p.A. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with IFRS as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Umberto Lombardini
Partner

Milan, Italy
March 31, 2008

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

FACTORIT

2007 REPORTS AND FINANCIAL STATEMENTS

FACTORIT