REPORTS AND FINANCIAL STATEMENTS OF THE YEAR 2008

Factorit S.p.A.
Registered office
Via Cino del Duca, 12 – 20122 Milan
Tel. (02) 7765.1 – Fax (02) 58150.205

General Management and Operational Headquarters
Via Tortona, 7 – 20144 Milan
Tel. (02) 58150.1 – Fax (02) 58150.205

www.factorit.it

Company subject to management and coordination on the part of the sole shareholder Banca Italease S.p.A., Banca Italease S.p.A. Banking Group

Share capital Euro 85,000,000 fully paid-up

Registration no. within the Registry of Companies of Milan, tax identification and VAT no. 04797080969
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Member of Factors Chain International

FACTORIT

Reports and Financial Statements of the Year 2008

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Administrative and Control Bodies, General Management [1]

Board of Directors

Chairman

Antonio De Martini [2]

Directors

Annunzio Bacis [2]
Paolo Franco Croci [2]
Marco Cappelletto
Massimoluca Mattioli

Board of Statutory Auditors

Chairman

Flavio Dezzani

Statutory Auditors

Attilio Guardone
Flavia Minutillo

Alternate Auditors

Alberto Balestreri
Francesco Cimmino Gibellini

General Management

Marziano Bosio

Auditing Company

Deloitte & Touche S.p.A.

(1) Authorities as per decision of the Meeting on 23/04/2008
(2) Members of the Executive Committee

Report on Operations
of the Board of Directors

Report on Operations

To the Shareholders,

as of 31 December 2008, the company closed its 30th year of operations and its third full year since its incorporation within the Banca Italease Group; it has profitably developed its operations and it has improved its net income despite a macroeconomic environment characterized by a crisis that is without precedent in recent history.

The results of the year – from a commercial perspective – were characterized by the gradual worsening of the market crisis and the growing structural difficulties caused by the latter and which also served as challenges for the parent company, Banca Italease.

For the first time since its incorporation within the Banca Italease Group, production volume have decreased with respect to the previous year. This decrease was profoundly affected by management's need to actively govern – within the realm of a worsening crisis – available resources, with particular concern for returns and the quality of the risk profile; in any case, commercial actions continued with the aim of guaranteeing a completed and qualified offer of products for the reference market.

The year 2008 was characterized by a profound and progressive worsening of the conditions of international financial markets, resulting in a global economic slowdown that caused a recession in many countries.
In almost all industrial countries, consumer and company confidence crumbled and there was a worrying decrease in industrial production, negative GDP growth rates and rising unemployment.

In 2008, the GDP of our country was estimated to have fallen by 0.6% over the year, with an inflation rate valuated at 3.5%. On the other hand, the GDP in the Euro area and in the US grew respectively by 1.2% and 0.8% while the inflation rates were respectively equal to 3.9% and 3.3%.

With regards to financial markets, the international crisis – which had already begun in the second half of 2007 - rapidly deepened and reached critical levels towards the end of the third quarter of the year, causing bankruptcies and high-profile bailouts (public and private) of prestigious companies in the financial and credit insurance sectors.
Financial institutions – which had oriented their operations towards highly speculative activities over time – were subject to the crisis as a result of a change in perceived risk on the part of economic operators; the latter abandoned certain activities and certain markets, thereby resulting in a net flow from more high-risk products (structured products, funds, leveraged operations) towards those considered to be more secure (government securities, deposits).

The general decrease in confidence generated a squeeze in interbank transactions (with serious financing difficulties for dealers), the dramatic fall of stock prices and the widening of bond spreads from public and private issuers.

Given the clear worsening of the macroeconomic conditions and the incapacity of the markets to emerge from the crisis, governments intervened through loose monetary policy by entering within the share capital of institutions in difficulty as well as by sustaining economic departments that were particularly affected (the automotive sector in particular) and by intervening on income policies.
*Central banks drastically reduced the interest rates of reference, even adopting quantitative loosening measures in certain cases (*Federal Reserve *e* Bank of Japan*). Rates were zeroed out in America and Japan (respectively 0.0%-0.25% and 0,1%) and reached the historical minimum in England (1.5%) and Europe (the*

reference rate of the BCE was reduced by 225 base points since last October, thereby bringing the Euribor below 2%).
In addition, measures in support of the financial system were introduced in order to inject liquidity and unblock the credit crunch in the markets.

With regards to our country, a two-year period of extraordinary interventions is planned for the years 2008 and 2009. For the first time since the Second World War, in fact, there has been a fall in GDP for two consecutive years due to the negative cycle in exports, investments, employment and consumption. These recessionary dynamics will continue at least for the first half of 2009, similarly to the highly rapid deceleration in price growth (from 3.3% in 2008 to 0.9% in 2009).

The factoring market and company performance

The Italian factoring market – despite the recession – has reacted well, reporting growth in turnover volumes and financing for firms due to the flexibility and complementary nature of offered services.

The domestic market, in fact, appears to be characterized by a high level of competitiveness where market players distinguish themselves through their heterogeneous behaviors. In particular, the factoring companies of individual banking groups have been operating by following corporate policies (commercial, credit and operational ones) which are strongly shared with the parent company of reference by aiming to acquire market shares through vigorous growth in specific sectors or product sectors, even during this period of recession and generalized lack of confidence.

In addition, the evolution of the factoring market in Italy continues to be spurred on by the widespread use of commercial transactions involving extended payments which therefore continues to correspond with a high level of credit for which companies request disinvestment.
One of the sectors which, in past years, has assumed a fundamental role in the growth of the sector is that relative to receivables due from companies with respect to public entities (particularly for healthcare); this is the primary growth sector for certain leading companies within the factoring market.

Receivables sold to factoring companies were equal to circa 11% of the trade receivables of companies and, on average, represent 9% of GDP.

As a result, the *credit crunch* seems to favor the development of factoring which is traditionally a non-cyclic product, particularly in the initial periods of economic recessions; the first estimates of the Trade Association, in fact, reported a 6.38% growth in Turnover in 2008 (source: Assifact). The volume of transferred receivables is overall equal to 121,936 million Euro, of which 2/3 without recourse (source: Assifact), with a concentration of improved performances in certain large players of banking origin. The Italian factoring market remains, according to estimates, the second largest market after the UK and it has been characterized over the past few years by the leadership of a few important companies.
Even data (source: Assifact) relative to stocks of receivables (*Outstanding*) within the Italian market reported a significant increase (+11.81%), similarly to financing for advances and disbursements which grew by 20.13%; this was partly due to the trend in extending payment periods of trade receivables.

Despite the difficult, discontinuous and highly competitive environment, your company has remained a leader within its sector and has distinguished itself within the market – as it has traditionally done – with an offer of products characterized by a highly service oriented connotation where the majority quota is factoring without recourse; the products are more structured (maturity) and offer traditional technical forms (old factoring with only a guarantee).

The overall value of transferred receivables was equal to 13,661 million on 31 December, a decrease of 24.70%. The reduction in turnover volumes was characterized by a decreased and weighted concentration of counterparty risk, primarily in reference to the gradual disengagement from certain sectors that are particularly critical and with intensified risk monitoring actions and a circumspect assessment of new development opportunities.

The commercial data of the company fully reflect the difficulties associated with the general economic environment and the situation of uncertainty affecting the parent company, Banca Italease, with specific reference to the increase in funding costs and the difficulty in accessing available resources.

Despite the progressive difficulties in sustaining commercial production, company activities have been, however, balanced from an economic perspective due to the consolidation of the financial spread applied to clientele and the strong stability of service margins (commissions); this was also due to the periodical and immediate actions taken to adjust to market conditions for the purposes of supporting the increase in funding costs.

It has therefore not been possible to take advantage of growth opportunities offered by the market; in 2008, the company has developed its activities in accordance with the following primary policies:

- A necessary and planned reduction of loans, limiting operations of primarily financial nature or with a slow rotation of receivables.
- Careful and immediate actions for re-pricing the portfolio in order to mitigate the risk of increasing funding costs and containing any effects on margins.
- Risk diversification by rationalizing positions falling under "major individual risks" in favor of clientele interested in more service-oriented product typologies in order to increase the margins of invested capital.
- Paying attention to the quality of the risk profile.
- Revitalization and strengthening of commercial relations, particularly with banking partners.

The primary operational data are summarized below:

Table 1 – Operational Data (in millions of euro)

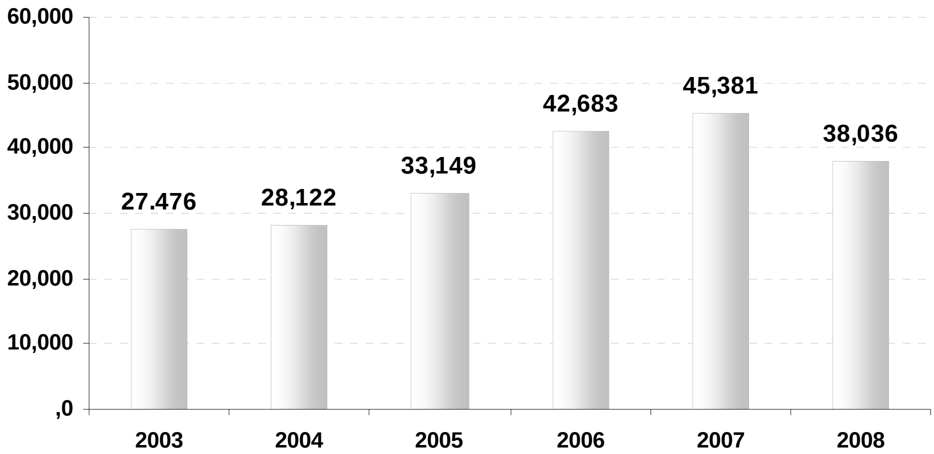
Factorit S.p.A.	Year 2008	Year 2007	Difference 2008/2007
Turnover	**13,661**	**18,142**	**-24.7%**
Without recourse	*8,495*	*11,789*	*-27.9%*
With recourse	*5,166*	*6,353*	*-18.7%*
Net commissions (%)	**0.278**	**0.250**	**0.028 BPS**
Loans (Stock) as of 31/12	1,539	2,552	-39.7%
Average Loans	1,834	2,312	-20.7%
Outstanding	**3,133**	**4,670**	**-32.9%**
Without recourse	*1,222*	*2,296*	*-46.8%*
With recourse	*1,911*	*2,374*	*-19.5%*
No. of processed invoices	**3,800,000**	**4,400,000**	-13.6%

The reduction in turnover affected both the segment of transfer without and with recourse.
The flow of transfers without recourse was prevalent, with a percentage of total transfers equal to 62.18% compared to 64.98% in 2007.
During the course of the year, however, the number of acquisitions of transfers without recourse relative to operations characterized by an elevated financial component decreased; market demand for these operations was primarily significant and concentrated in the end of the period within companies of the large corporate sector in order to render their current assets more efficient.

In addition, a moderate amount of activity has been maintained with respect to receivables due to companies from the public administration even if market demand – in particular within the healthcare department – has contributed significantly to growth in the factoring sector in 2008, particularly with reference to certain competitors.

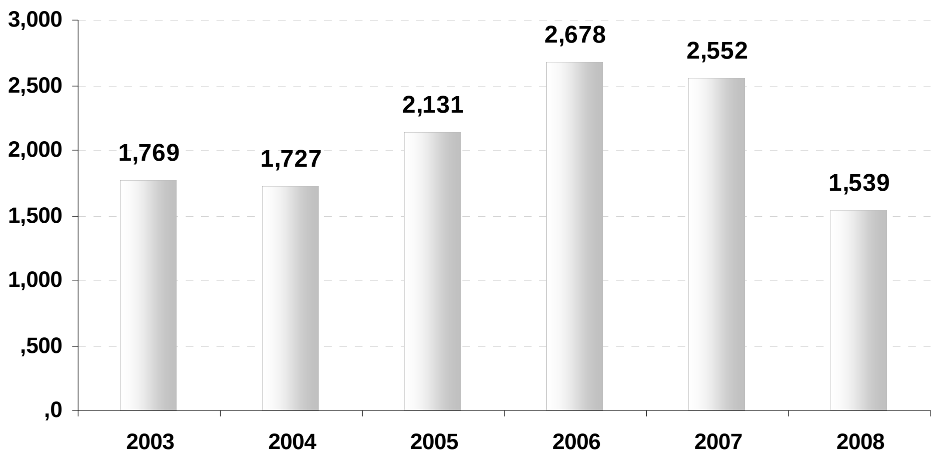
Net commissions (Graphic 1) were lower than those of the previous year (-16.19%) but not to a degree that was proportional to the decrease in turnover for the year (-24.70%). The growth in value of **average net commissions** (Table 1) – which contributed towards sustaining margins despite the decrease in turnover – was also attained due to the greater incidence on sales of products with greater service content.

Graph 1 – Trend in Commissions
(values in millions of Euro)



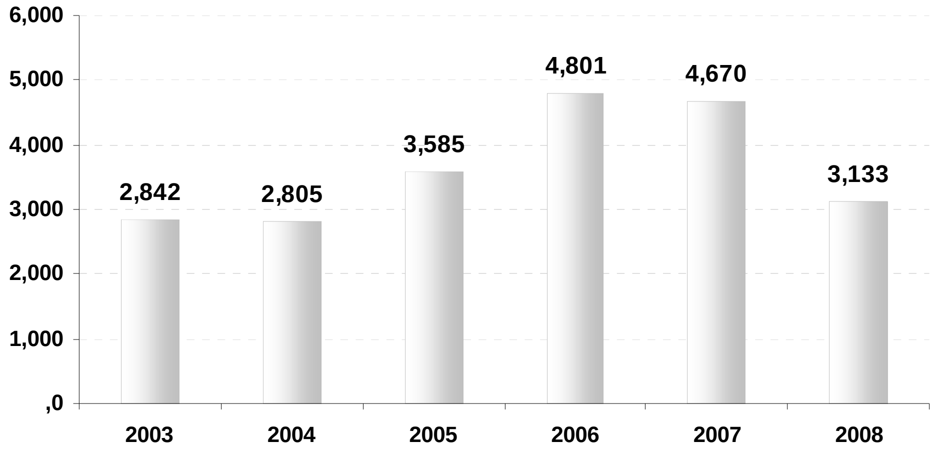
The exact amount of loans as of december 31 (Table 2) was, on the other hand, a significant decrease, similarly to the average amount for the year; this was a direct consequence of the need to proceed with a rigorous and selective reduction of products with a primarily financial component.

Graph 2 – Trend in Lending
(values in millions of Euro)



The stock of receivables *(Table 3)* refers to performing loans also reported a decrease with respect to the same period of 2007 while outstanding loans – despite the extraordinarily complexity of the abovementioned crisis – were maintained at tolerable levels; this was also due to the intensified monitoring activities of systems and services dedicated to the management of debtors and timely audits on the part of control bodies.

Graph 3 – Total Current Receivables
(values in millions of Euro)



Within the realm of such a complex framework, the company has, however, maintained and improved its top ranking – among its primary competitors – for its efficiency in the turnover of traded receivables by optimizing the utilization of capital through an average turnover of collections that is less than 90 days.

Even the data relative to the number of processed invoices – equal to 3.8 million, despite the decrease in volumes – confirms that the company has maintained its recognized ability in offering the market a panel of products that is strongly oriented towards the administration of receivables and efficiency in its services.

The number of transferors has decreased due to both the competitive dynamics of the market where – as a result of the cited supply costs – the company has been subject to strong competition on products with a greater financial component as well as due to the rigorous qualitative selection of the transferor portfolio which aims to reduce risks subject to potential deterioration.

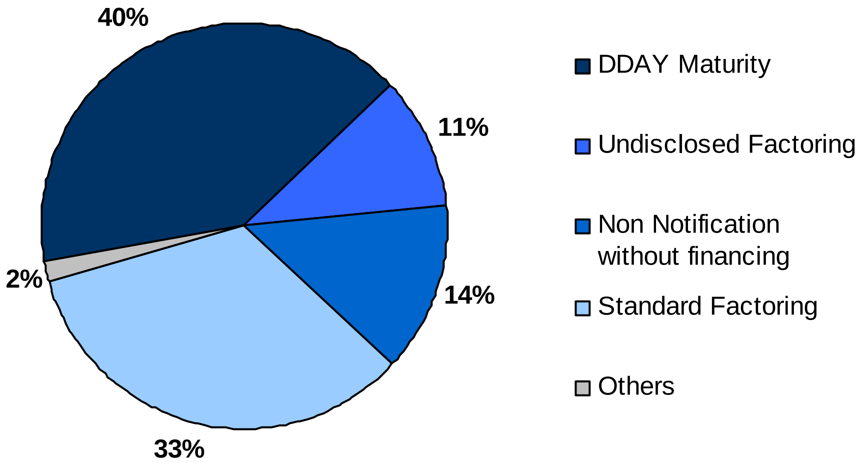
With regards to the acquisition of new clientele, 434 accounts have been activated in 2008 with a total number of active clients (Table 2) equal to 1,709 units (-27%); these clients are of mixed standing and size, strongly repositioning the company within the *mid corporate* sector.

Table 2 – Number of transferors and turnover (in millions of Euro)

Factorit S.p.A.	Year 2008	Year 2007	Difference 2008/2007
No. of active transferors	**1,709**	**2,349**	**-27.3%**
Total Turnover	**13,661**	**18,142**	**-24.7%**
of which: Domestic	*12,153*	*16,268*	*-25.3%*
Export	*1,277*	*1,518*	*-15.8%*
Import	*231*	*356*	*-35.2%*
of which: Without recourse	*8,495*	*11,789*	*-27.9%*
With recourse	*5,166*	*6,353*	*-18.7%*

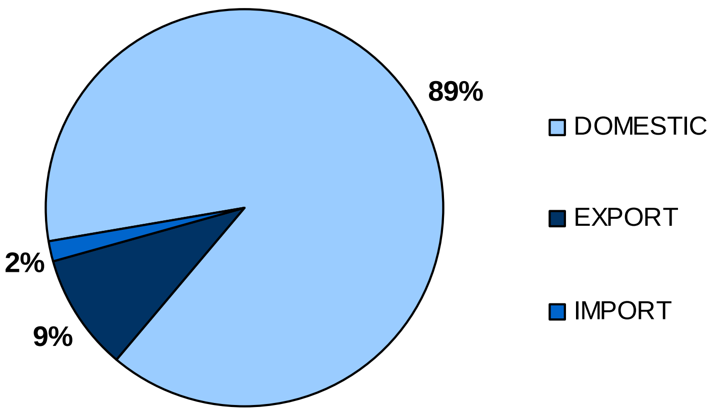
With regards to the **qualitative composition of turnover** (Table 4), transfers of receivables within the maturity segment (DDAY) – equal to 5,551 million Euro – occupy a primary position; these receivables represent 40% of the factoring products issued by the company and demonstrate the company's targeted offer which aims to satisfy the most specialized needs of the market for both transferors and debtors. The incidence of the DDAY product alone with respect to total transfers without recourse was equal to 29.9%; this was greater than the previous year, in confirmation of the flexibility of the company in positioning itself with respect to products which – due to the need to rationalize loans and operations of financial nature – can, in any case, maintain profitability, thereby improving the margins of invested capital.

Graph 4 – Qualitative breakdown: Turnover by Product



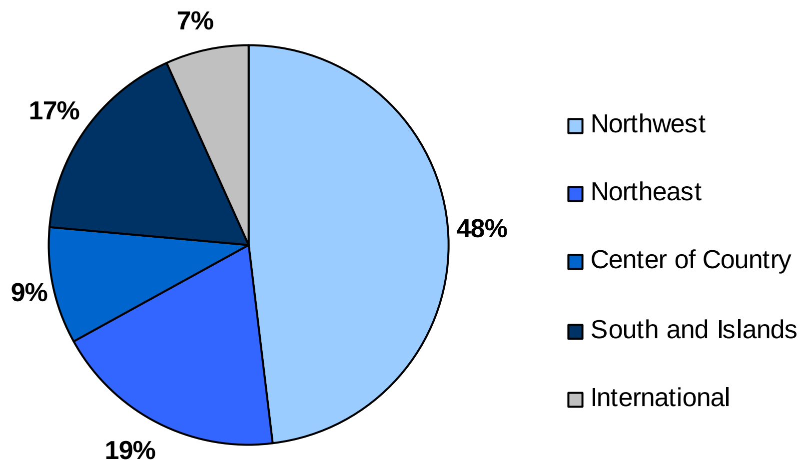
A review of the **territorial distribution of volumes** (Table 5) notes the prevalence of domestic turnover which totals 89%, in accordance with the characteristics of the factoring market. During the course of the year, international activities decreased by 19.5% with an overall turnover of 1,508 million, including 231 million (-35.1%) relative to imports and 1,227 million (-15.8%) relative to the exports market.
The volumes generated by international activities decreased, particularly within the import factoring sector, due to continuing suspended relations with our company on the part of important foreign corresponding firms of the FCI *Factor Chain International* which, despite acknowledging our high levels of qualitative excellence, have definitely suspended activities while awaiting for positive developments in the structure of our parent company.

Graph 5 – Territorial Distribution of Turnover



The **breakdown of turnover by geographical origin of the transferor** (*Table 6*) reflects the indicators reported in the market: about half of clientele (48%) is located in the northwest (Lombardy is the top-ranking region with a quota of circa 33.6% of the total), followed by the northeast (19%), the south and the islands (17%) and the central area of the country (9%). The turnover generated by transferors with registered offices abroad was equal to 7% of the total.

Graph 6 – Breakdown of Turnover by Geographical Origin of the Transferor*



With regards to the distribution by "Introducer" channel (Table 1) and given the decrease in volumes, the reduction on turnover had less of an effect on the channel of Popular Banks with Stipulated Agreements (whose volumes fell by 17.5%); this demonstrates the strong link between banking networks and the strategic intention to support product development through this network which - despite the period of uncertainty and difficulties, primarily due to the recession - remains fundamental for the development of factoring relations with corporate markets.
During the course of the month of March, Banca Antonveneta expressed its intention to withdraw from the agreement stipulated with our company and, as of 28.04.08, suspended the flow of its clientele to our company.

Within the realm of the distribution agreements in force with the Banca Popolare dell'Emilia Group, the factoring operational agreement was also extended to the subsidiaries Banco di Sardegna, Banca di Sassari and Eurobanca del Trentino. The operational agreements were stipulated in the second half of the year.

Table 3 – Distribution of turnover by channel (in millions of Euro)

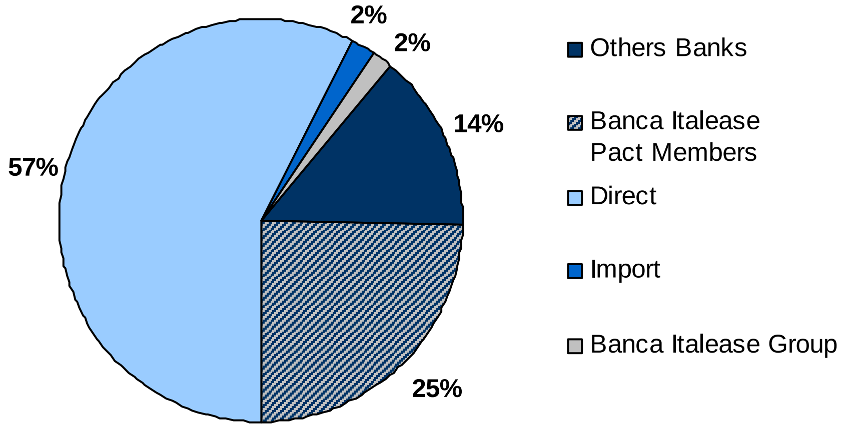
Factorit S.p.A.	Year 2008	Year 2007	Difference 2008/2007
Totale Turnover	**13,661**	**18,142**	**-24.7%**
Banks	5,330	6,463	-17.5%
of which part of agreement:	*3,395*	*3,873*	*-12.3%*
Direct	7,854	10,859	-27.7%
Foreign correspondents	231	356	-35.2%
BANCA ITALEASE GROUP	246	464	-46.8%

The turnover channeled solely by the banks adhering to the Shareholders' Agreement of Banca Italease (Banco Popolare Group, Banca Popolare dell'Emilia Romagna Group, Banca Popolare di Milano and Banca

* The breakdown of Italian regions into geographical regions is based on the Istat breakdown.

Popolare di Sondrio,) reported an incidence of 25% on the total compared to the 21.3% of the previous year *(Table 7)*.

Graph 7 – Turnover Distribution by Introducer Channel



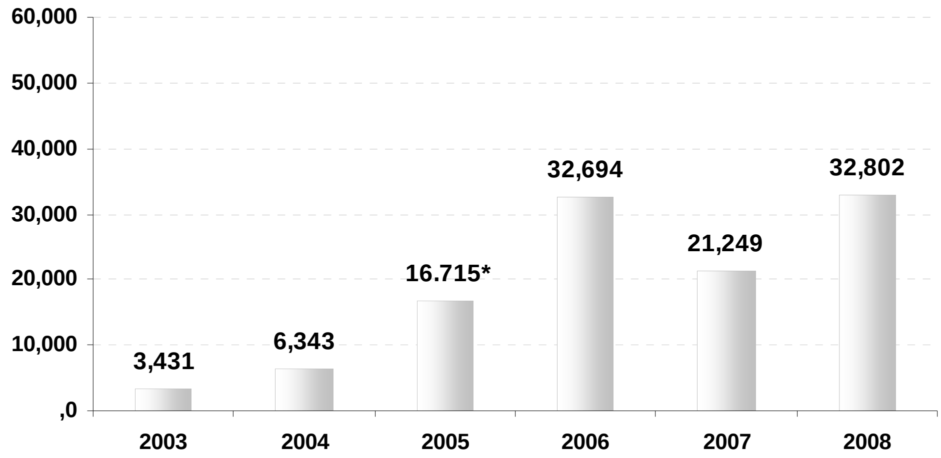
With respect to banks with stipulated agreements, actions supporting and strengthening operational relations have been intensified in order to sustain the relationship with the market of reference.
The recession and the crisis in the capital markets during 2008 have, moreover, decreased opportunities for banking partners to utilize pool factoring services, a technique which is highly appreciated for its joint intervention on receivables of companies which, in the recent past, had strongly supported production from the banking channel.

Within the realm of the strategic activities conducted in synergy with the parent company and similarly to that which occurred for leasing activities, new commercial agreements for the distribution of factoring products were stipulated with BANCO POPOLARE – with a five-year duration – and with BPER and BANCA POPOLARE DI SONDRIO, for a three-year duration. The historical commercial agreement with Banca Popolare di Milano and the banks of the group is still in force.

With regards to the territorial presence of the company in the market, distribution is implemented through: six branch offices, three commercial offices, 8,000 counters within banks subject to agreements; with regards to international activities, business is developed through the 240 foreign correspondents within FCI chain.

Economic and profitability trends

Table 4 – Historical trend of Net Income
(values in thousands of Euro)



* Year 2005 – Pro forma Net Income

The company closed the year with net income equal to Euro 32,801,604, after having allocated amounts for adjustments on receivable risks totaling Euro 16,903,043 and additional allocations relative to risks for passive or revocatory trials totaling Euro 822,646. During the course of the year, value reinstatements totaling Euro 5,189,609 were implemented.

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.

Table 5 – Primary re-classified economic data (in thousands of Euro)

	2008 Factorit	2007 Factorit
Income relative to:		
Fees and commissions, net	38,036	45,381
Net financial income	43,397	38,736
Net profit (loss) from trading activity	-1	-61
Gross Operating Margin	**81,432**	**84,056**
Total net operating costs	**16,011**	**17,613**
Gross operating profit	**65,421**	**66,443**
Net operating profit	**50,717**	**39,848**

	2008 Factorit	2007 Factorit
Cost income	19.66%	20.95%
ROE	22.19%	16.90%
Interest margin/brokerage margin	53.29%	46.08%
Service margin/brokerage margin	46.71%	53.99%

Shareholding structure

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

During the month of June, the process for changing the organizational structure was completed; this process was initiated in January following the appointment of the new General Manager. A new organizational chart was defined with the aid of the competent departments of the parent company. This structure is more consistent with a more effective *governance structure*.

The General Manager utilizes the organizational structure of the parent company by means of an outsourcing contract for the following activities: Administration and Financial Statements, Finance, Human Resources, General Affairs, Organization, General Services, Planning and Control and Risk Management, Cost Control, Marketing, Communications and Public Relations, *Compliance*, *Internal Auditing;* another company of the Group is entrusted with maintaining and developing the IT applications.
The outsourcing contract with the parent company was undersigned in June 2008; the compensation includes the utilization of areas for the exercising of company activities.

The IT system is worth noting given that it allows the company to provide a valid service to clientele and to promptly acquire any information needed for an in-depth analysis of overall company and individual client performances.

The most notable novelties relative to changes in the organizational structure concern the appointment of the Deputy General Manager and the new Commercial Services Manager (from the parent company) as well as the strengthening of the Risk Control Department which reports to General Management but also operates in relation to the parent company (*Risk Management*).

Within the realm of internal control systems, an Internal Control Committee was appointed in May 2008 and is composed of two independent directors as well as an executive from the parent company, Banca Italease. The Committee was established in order to assist the Board of Directors in its specific assessments that are regulated by the Supervisory Instructions.

Risks linked to corporate activity

Trends in interest rate and liquidity risks

“Refer to Section 3 of the Explanatory Notes - Information on risks and related hedging policies”.
With regards to liquidity risks, the management of the latter is implemented by the parent company which guarantees any liquidity required for the implementation of the company’s operations.

Credit risk trends

With regards to credit risk trends, the year 2008 – particularly in the second part of the year – was characterized by the emergence of certain potential critical factors which are correlated with the crisis; these factors do not, however, risk compromising the overall portfolio quality.

As of 31 December 2008, non-performing receivables, gross of adjustments, totaled 39.9 million Euro and correspond to 2.60% of all capital loans (1.78% in 2007).
Non-performing loans, net of adjustments, totaled 8.18 million Euro, equal to 0.53% of loans (0.39% in 2007).
The increase in percentages – despite the reduction in value of the non-performing loans – was due to the amount of the loans which fell from 2,552 million Euro in 2007 to 1,539 million Euro in 2008.

Gross positions of impaired loans (customers in temporary difficulty) as of 31/12/2008 were equal to 38.7 million Euro; net of adjustments, these were equal to 26.7 million Euro.

As of 31 December 2008, overall losses of 15.93 million Euro were booked (4.8 million Euro in 2007).
In detail: 9.4 million Euro for exposure with respect to transferors, 3.7 million Euro for receivables transferred without recourse with respect to debtors, 0.03 million Euro for commissions and various receivables of lower value and finally 2.8 million Euro for transactions relative to trial payables and/or rescindments.
The booked amount was completely covered by the relative allocations.

During the course of 2008, a dispute relative to the bankruptcy rescindment – put forth by Parmalat SpA, subject to extraordinary administration – was settled. The dispute involved the disbursement of 2.5 million Euro from Factorit; this amount was fully allocated in the year 2007.
The sentence of the bankruptcy rescindment – put forth by ITEA S.p.A., subject to extraordinary administration – is still pending while the trial initiated by MAS S.p.A. with respect to our company has been closed.

Risk concentration and regulatory capital

During the course of 2008, operations were implemented for the purposes of supervising over compliance with the parameters established by currently effective norms.
As of 31/12/2008, there were only three units falling under the positions defined as "Large Individual Risks".

During the course of 2008, substantial modifications to the Supervisory Reports were introduced: your company has provided for the completion of the requested changes, in compliance with the deadlines.

New prudential regulations

The new prudential regulations of banks and financial dealers have been systematically reviewed following the modifications applied to international regulations in order to take into account the evolution of risk management methodologies used by dealers.

The new structure of prudential regulations, as is known, is based on three fundamental principles:

1. The first principle introduces a capital asset requirement to manage the typical risks of banking and financial activities (credit, counterparty, market, exchange rate and operational risks); for this purpose, alternative methodologies for the calculation of capital asset requirements are provided for different levels of complexity in order to measure risks as well as organizational and control requirements.
2. The second principle requires that financial dealers create a strategy and process for verifying current and future capital asset adequacy while entrusting the Supervisory Authority with the task of verifying the reliability and consistency of the relative results and adopting, where necessary, any opportune corrective measures.
3. The third principle introduces informational disclosure obligations to the public with regards to capital asset adequacy, exposure to risks and the general characteristics of the relative management and control systems.

For the purposes of the first principle, the company has chosen to utilize a standard method and has identified Fitch Ratings for the ECAI to use in the determination of the risk-weighted assets relative to exposures with respect to central administrations, territorial entities, non-profit entities, public sector entities and supervised dealers.
With regards to operating risk, Factorit has adopted a basic methodology for the relative calculation.

For the purposes of the second principle, the Board of Directors has approved the document which outlines the guidelines of the Group in relation to its internal process for determining capital asset adequacy (“ICAAP”): this organizational process is implemented at a consolidated level and requires the involvement of multiple company structures and departments within both the parent company and the companies of the Group.

Foreseeable trends in operations

Forecasts on trends in the current year are, first of all, associated with the general situation of the economy and the actual probability that the crisis will slow down but, in particular, depend on overcoming difficulties that are specifically ascribable to financial stability and funding costs.

In order to meet these financial requirements and equip the Company with the means required to sustain production and business development – in accordance with the provisions and with the coordination of the parent company – a plan for the securitization of receivables from factoring operations is currently in an advanced stage of analysis, in accordance with Law 130 of 30 April 1999. The operation aims to generate securities which can be utilized as eligible collateral in operations within the open market.
The securitization would be realized through the assistance of primary counterparties with proven experience in the sector.

These factors will be decisive for the effective re-launching of commercial activities and will allow us to extend our collaboration with banking partners with the aim of revitalizing production as well as volumes through sales campaigns that are dedicated to factoring products in order to increase the portfolio of new clientele.

The normalization of events which affected the Group may allow the company to focus on those sectors that present the most profitable business opportunities: areas of operation will be selected by exploiting the positive effect which the financial crisis can create in the factoring market; this will be implemented in a professional manner by optimizing the strategies of product offer, prices and sales.

A greater degree of opening to the public administration market will also be selectively evaluated; in this specific period, this sector seems to offer more room for growth with broad-scale competition.

The oversight and positive management of all distribution channels have allowed and will allow the relationship with the market to be preserved, thereby defending and re-launching the company’s image and involving the parent company in an investment project and a strengthening of the company's organization and corporate structure, particularly with regards to the commercial area.

A series of meetings will be planned with primary foreign correspondents belonging to the FCI chain in order to decisively re-launch international operations in which the company has always played a leadership role amongst Italian factoring companies. All of this will be facilitated by the positive assessment of markets with respect to solutions that will be adopted for the definitive restructuring of the Group.

Market indicators, in any case, leave room for cautious optimism with respect to product growth; the strategic choice of management, however, is confirmed and aims to preserve a satisfactory level of return on invested capital through a tenacious defense of the client portfolio with greatest profitability. The structure and completeness of the range of products offered by the company are capable of satisfying highly competitive market demand. The mix of supplied products will, in the long term, tend to favor those with the greatest profitability (maturity without and with recourse as well as traditional factoring with recourse), thereby aiming to counter, at least in part, the commercial actions of competitors on the company’s portfolio.

Going concern

Directors have noted the explicit declaration received from the parent company Banca Italease for financial support during at least this year and the next.
The directors are also aware of the fact that the Banca Italease Group is interested in a complex operation for re-organization and restructuring (refer to the press releases published by Banco Popolare, Banca Popolare dell’Emilia Romagna, Banca Popolare di Sondrio and Banca Popolare di Milano on 15 March 2009); its shareholders have reiterated their determination to financially support the Group.
Stated that and given that the company does not, in any case, present capitalization problems and has a history of useful products, the directors positively assessed the renewed financial support received from the parent company and declare the requirement of a going concern to be satisfied.
Assets, liabilities and off-balance-sheet transactions are valuated in accordance with the operating Bank value, inasmuch as the Bank is expected to continue doing business over time.

Other information

- The employees of your company totaled 128 individuals, of which 10 are part-time and 11 are temporarily transferred to the parent company. Nine staff members are, on the other hand, temporarily outsourced from the parent company to Factorit. Employees are subdivided as follows: 2 executives, 56 managers, 70 office employees.

- Activities relative to the re-organization and improved efficiency of the entire Group have allowed certain resources to adhere to the Solidarity Fund and to benefit from the opportunities offered by the retirement incentives. The human resources which adhered to the initiatives includes the Legal Services Manager, the Sales Manager of the Center-South Area as well as the Large Corporate Sector Manager.

- Reductions in staff with respect to the previous year are due to the departure of certain qualified staff members, particularly within the sales and operational departments; these have only been partially replaced with colleagues from the parent company. During the course of the year, there have been 28 resignations, including three staff members allocated to companies of the Group, while hired staff members were nine in total, including eight from companies of the Group. The average number of employees for the year was equal to 132.

- 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 2008, hereby presented for your approval, closed with a net income of the year totaling Euro 32,801,604.

- As of today's date, there were no notable significant which significantly affected the results of the year.

- 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.

- With regards to information on risks pursuant to paragraph 6 of Article 2428 of the Italian Civil Code, refer to that reported within the Explanatory Notes – Part D.

- Your company does not have secondary branch offices.

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

To the Shareholders,

We hereby recommend that you approve the financial statements of the year ended on 31/12/2008 as well as the following allocation of net income:

• *Net profit for the period*:	€ 32,801,604
• Profits brought forward	€ 247,449
• share to be allocated	€ 33,049,053
• 5% to the legal reserve	€ 1,640,080
• Dividend of € 0.184 to each of the 85,000,000 shares in circulation	€ 15,640,000
• Allocation to extraordinary reserve	€ 15,640,000
• Retained earnings	€ 128,973

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 support provided to the company during the course of the year as well to 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, 24 March 2009

For the Board of Directors

The Chairman
Antonio De Martini

Financial Statements as of 31/12/2008

CONTENT OF THE FINANCIAL STATEMENTS

The financial statements of Factorit SpA, drafted in compliance with IAS/IFRS international accounting principles, 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 Legislative Decree no. 38 of 28/02/2005.

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

(values in Euro)

	Asset items	31/12/2008	31/12/2007	CHANGE
10.	Cash and cash equivalents	2,363	3,368	(1,005)
60.	Receivables	1,577,602,947	2,624,813,963	(1,047,211,016)
100.	Tangible fixed assets.	247,331	382,277	(134,946)
110.	Intangible fixed assets	1,157,739	1,164,319	(6,580)
120.	Tax assets	5,912,128	1,834,265	4,077,863
	b) advance	*5,912,128*	*1,834,265*	*4,077,863*
140.	Other assets	5,775,069	8,342,245	(2,567,176)
	TOTAL ASSETS	1,590,697,577	2,636,540,437	(1,045,842,860)

	Total shareholders' equity and liabilities	31/12/2008	31/12/2007	CHANGE
10.	Payables	1,273,838,023	2,351,526,842	(1,077,688,819)
20.	Securities in circulation	66,256,825	44,148,252	22,108,573
70.	Tax liabilities	16,844,274	19,826,145	(2,981,871)
	a) current	*16,844,274*	*19,826,145*	(2,981,871)
90.	Other liabilities	78,062,642	87,462,490	(9,399,848)
100.	- staff severance indemnities	1,856,019	2,046,223	(190,204)
110.	Provisions forn Risks and Charges	5,987,616	5,804,148	183,468
	b) other provisions	*5,987,616*	*5,804,148*	*183,468*
120.	Share capital	85,000,000	85,000,000	
150.	Issue premiums	11,030,364	11,030,364	
160.	Reserves	19,020,210	8,447,291	10,572,919
180.	Net profit (loss) for the year	32,801,604	21,248,682	11,552,922
	TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	1,590,697,577	2,636,540,437	(1,045,842,860)

The amount of payables and other liabilities as of 31 December 2007 has been modified in order to more appropriately re-classify the items. In particular, the credit balance of transferor customers for factoring operations has been moved from the item "payables" to the item "other liabilities".

INCOME STATEMENT

(values in Euro)

	Items	31/12/2008	31/12/2007	CHANGE
10.	Receivable interest and similar proceeds	120,179,016	129,050,908	(8,871,892)
20.	Payable interest and similar proceeds	(76,781,668)	(90,314,960)	13,533,292
	INTEREST MARGIN	43,397,348	38,735,948	4,661,400
30.	Receivable commissions	49,415,087	58,697,364	(9,282,277)
40.	Payable commissions	(11,378,867)	(13,316,594)	1,937,727
	NET COMMISSIONS	38,036,220	45,380,770	(7,344,550)
60.	Net profit (loss) from trading activity	(1,617)	(60,814)	59,197
	BROKERAGE MARGIN	81,431,951	84,055,904	(2,623,953)
110.	Net impairment-related value adjustments on	(12,536,080)	(21,565,200)	9,029,120
	a) receivables	*(11,713,434)*	*(19,841,889)*	*8,128,455*
	d) other financial assets	*(822,646)*	*(1,723,311)*	*900,665*
120.	Administrative expenses	(17,650,084)	(17,754,788)	104,704
	a) staff expenses	*(10,372,223)*	*(12,473,886)*	*2,101,663*
	b) other administrative expenses	*(7,277,861)*	*(5,280,902)*	*(1,996,959)*
130.	Net valuation adjustments on tangible fixed assets	(131,363)	(208,136)	76,773
140.	Net valuation adjustments on intangible fixed assets	(35,608)	(34,338)	(1,270)
160.	Net allocations to provisions for risks and charges	(2,167,073)	(5,083,392)	2,916,319
170.	Other overheads	(37,120)	(552,595)	515,475
180.	Other operating proceeds	1,842,824	990,892	851,932
	FUNDS GENERATED BY OPERATIONS	50,717,447	39,848,347	10,869,100
200.	Income (loss) from sale of investments	15,439	615	14,824
	OPERATING INCOME BEFORE TAX	50,732,886	39,848,962	10,883,924
210.	Taxes on income from continuing operations	(17,931,282)	(18,600,280)	668,998
	OPERATING INCOME AFTER TAX	32,801,604	21,248,682	11,552,922
	PROFIT (LOSS) FOR THE FINANCIAL YEAR	32,801,604	21,248,682	11,552,922

The amount of receivable and payable commissions as well as administrative expenses and other operating charges relative to 31 December 2007 has been modified in order to more appropriately re-classify the items. In particular, non-deductible VAT on supplier invoices has been partially transferred to the item “Other administrative expenses" from the item "payables commissions"; revenues relative to the recovery of services invoiced to the parent company for the service provided to Aosta Factor SpA were transferred from the item "Receivable commissions" to the item "Other operating proceeds; personnel expenses, on the other hand, include the compensation of the Board of Statutory Auditors, in compliance with the requirements of the supervisory body.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31/12/2008

(values in Euro)

	As of 31/12/2007	Change in opening balances	Balance as of 01/01/2008	Allocation of result of previous year		Changes during the FY						Profit (loss) for the year 2008	Shareholders' equity as at 31/12/2008
						Changes in reserves	Operations on shareholders' equity						
				Reserves	Dividends and other allocations		Issue of new shares	Own shares	Distributed as dividends	Change in capital instruments	Other variations		
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 shareholdings	3,573,989		3,573,989	10,623,682									14,197,671
b) other	4,873,302		4,873,302			(119,056)					68,293		4,822,539
Valuation reserves													
Capital instruments													
OWN SHARES													
Profit/(Loss) for the year	21,248,682		21,248,682	(10,623,682)	(10,625,000)							32,801,604	32,801,604
Shareholders' equity	125,726,337		125,726,337		(10,625,000)	(119,056)					68,293	32,801,604	147,852,178

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31/12/2007

(values in Euro)

	As of 31/12/2006	Change in opening balances	Balance as of 01/01/2007	Allocation of result of previous year		Changes during the FY						Profit (loss) for the year 2007	Shareholders' equity as at 31/12/2007
						Changes in reserves	Operations on shareholders' equity						
				Reserves	Dividends and other allocations		Issue of new shares	Own shares	Distributed as dividends	Change in capital instruments	Other variations		
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 shareholdings	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													
OWN 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

(Amounts stated units of Euros)

	31/12/2008	31/12/2007
A. OPERATING ACTIVITIES		
1. - ASSET MANAGEMENT	35,135,649	26,574,548
Profit (loss) for the year	*32,801,604*	*21,248,682*
Value adjustments to tangible and intangible fixed assets	*166,972*	*242,474*
- net allocations to provisions for risks and charges and other costs/revenues (+/-)	*2,167,073*	*5,083,392*
2. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ASSETS	1,011,095,481	116,624,801
Receivables due from banks: other receivables	*10,107,232*	*(970,197)*
Receivables due from customers	*998,421,074*	*132,458,067*
- other receivables	*2,567,175*	*(14,863,069)*
3. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	(1,074,270,443)	(61,923,928)
Amounts owed to banks on demand	*(302,646,682)*	*(307,970,369)*
Amounts owed to banks: Other payables	*(773,958,974)*	*214,464,936*
Payables due to customers	*(1,083,163)*	*(267,632)*
3.1 Securities issued:	*22,108,573*	*(16,057,827)*
Other liabilities	*(18,690,197)*	*47,906,964*
NET LIQUIDITY GENERATED/ABSORBED BY OPERATING ACTIVITIES	(28,039,313)	81,275,421
Investment activities		
1. GENERATED LIQUIDITY	(19,402)	(100,650)
- Sales of tangible assets	*(19,402)*	*(100,650)*
2. ABSORBED LIQUIDITY	0	0
NET LIQUIDITY GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	(19,402)	(100,650)
C. SUPPLY ACTIVITIES		
- distribution of dividends and other purposes	*(10,625,000)*	*(29,750,000)*
NET LIQUIDITY GENERATED/ABSORBED BY SUPPLY ACTIVITIES	(10,625,000)	(29,750,000)
NET LIQUIDITY GENERATED/ABSORBED DURING THE YEAR	(38,683,715)	51,424,771

Reconciliations	31/12/2008	31/12/2007
Account items		
Cash and banks at the beginning of the period	*59,036,350*	*7,611,579*
Total net liquidity absorbed/generated during the year	*(38,683,715)*	*51,424,771*
Cash and liquid funds at the end of the period	20,352,635	59,036,350

Explanatory Notes
as of 31/12/2008

PART 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 31/12/2008 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, on an accruals basis.
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 and its subsequent amendments 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 24/03/2009.

Section 4 – Other items

Certain items of the previous year were opportunely re-classified in order to ensure their consistency with the data reported in the 2008 financial statements.

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 unless provided for by the amendments to IAS 39 and IFRS 7 in 2008 on the part of the IAS.
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) impaired 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 impaired 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 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. On a periodical basis, an assessment is implemented in order to verify whether the original conditions were substantially changed, thereby requiring modification of the initial amortization plans. 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 of income items to the income statement 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 by 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. On a periodical basis, an assessment is implemented in order to verify whether the original conditions were substantially changed, thereby requiring modification of the initial amortization plans. 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 of income items to the income statement 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

Section 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 Valuation Criteria

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 booking of income items

The allocation of income items to the income statement 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 of income items to the income statement 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

Employee termination indemnities ("TFR"), and defined-benefit and defined-contribution employee pension plans are computed on the basis of the estimates of independent actuaries and are reported at present values, in accordance with the projected unit credit method provided by IAS 19 for defined benefit plans (considering the aforementioned provisions and pension plans fall within 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) provisions for employee termination indemnities ("TFR"), seniority bonuses, and supplemental employee pension plans, and payments into a defined-contribution plan are allocated to "Administrative expenses - personnel expenses"; as employee termination indemnities accrued, they are booked within the income statement under administrative expenses.
b) Actuarial gains and losses are booked directly with an offsetting entry to shareholders' equity.

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:

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.

Valuation Criteria

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 items

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 avoid 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

Composition of item 10, “Cash and cash equivalents”

This section amounts to a total of Euro 2,363. As of 31/12/2007, the value was equal to Euro 3,368.

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 31/12/2008	Total 31/12/2007
1. Deposits and bank accounts	20,350,272	59,032,982
2. Repurchase agreements		
3. Financing		
3.1 from finance leases		
3.2 from factoring activities		
-receivables due from transferrors		
-receivables due from transferred debtors	260,960	995,408
3.3. Other financing	13,838,059	27,419,013
4. Debt securities	277,600	345,448
5. Other assets	8,559,397	4,283,379
6. Financial assets transferred and not cancelled		
6.1 fully booked		
6.2 partially booked		
7. Impaired financial assets		
7.1 from finance leases		
7.2 from factoring activities		
7.3 other financing		
Total value in financial statements	43,286,288	92,076,230
fair value	43,286,288	92,076,230

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 20,350,272, under item "Deposits and bank accounts", represents occasional and temporary deposits within Bank Institutions 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% 01/01/99-01/01/2013 Euro 266,943;
- Bpn – Division for Credit on Land and for Public Works 3.25% 2000-2009 Euro 1,919.

The difference, equal to Euro 8,738, is relative to coupons nearing maturity.
Item 5, "Other Assets", is composed of receivables due from Banca Italease and, more specifically:

- Euro 7,806,860 for tax consolidation;
- Euro 551,640 for outsourced staff;
- Euro 33,736 for the transfer of personnel;
- Euro 167,161 for the reimbursement of Fondo Forte (fund).

6.3 Receivables due from financial entities

Composition	Total 31/12/2008	Total 31/12/2007
1. Repurchase agreements		
2. Financing		
2.1 from finance leases		
2.2 from factoring activities		
- receivables due from transferrors	2,668,741	24,613,690
- receivables due from transferred debtors		
3. Securities		
4. Other assets	3,015,047	1,213,665
5. Financial assets transferred and not cancelled		
5.1 fully booked		
5.2 partially booked		
6. Impaired financial assets		
6.1 from finance leases		
6.2 from factoring activities		
6.3 other financing		
Total value in financial statements	5,683,788	25,827,355
fair value	5,683,788	25,827,355

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 505,202 for invoices to be issued to financial entities for pooling operations where Factorit assumed the role of non-leading participant;
- Euro 110,473 for balances of bank accounts with Poste Italiane (Italian postal company);
- Euro 2,393,710 is composed of sums paid to transferors in advance on behalf of Bank Institutions within the realm of pooled factoring operations;
- Euro 5,662 for receivables due to companies of the Banca Italease group.

6.5 Due from customers

Composition	Total 31/12/2008	Total 31/12/2007
1. Finance leases		
1.1 Receivables for goods subject to finance leases		
of which: with final purchase option		
of which: without final purchase option		
1.2 Other receivables		
2. Factoring		
- receivables due from transferors	1,338,088,842	2,115,179,093
- receivables due from transferred debtors	142,923,285	351,685,082
3. Consumer credit (including *revolving credit*)		
4. credit cards		
5. Other financing	5,447,536	13,731,892
of which: from enforcement of guarantees and commitments		
6. Securities		
7. Other assets	82,149	2,003
8. Financial assets transferred and not cancelled		
8.1. fully booked		
8.2. partially booked		
9. Impaired financial assets		
- Finance leases		
- Factoring	39,938,312	25,186,463
- Consumer credit (including *revolving credit*)		
- Credit cards		
- Other financing	2,152,747	1,125,846
Total	1,528,632,871	2,506,910,378
fair value	1,528,632,871	2,506,910,378

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

The item “other financing” includes competencies accrued with respect to transferred debtors on payment extensions granted to the latter.

Impaired assets are booked at their estimated recovery values.

6.7 Receivables: guaranteed assets

Items/Valuations	Total 31/12/2008			Total 31/12/2007		
	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	3,697,830	2,116,958	2,751,777,434	10,864,565	8,550,329	4,070,892,814
- Mortgages						
- Liens			400,000			2,150,000
- Personal loans	4,801,915		1,004,478,918	89,913,937	10,632,424	1,050,099,222
- Credit derivatives						
2. Impaired assets guaranteed by:						
- Goods subject to finance leases						
- Receivables due from transferred debtors		35,750	83,638,982			82,355,311
- Mortgages			1,237,244			3,522,322
- Liens			2,065,828			2,065,828
- Personal loans	1,565,000		59,218,831	92,000		46,118,151
- Credit derivatives						
Total	3,915,034,690			5,377,256,903		

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.
Amounts are classified by type of guarantee and by sector of economic activity of the guarantor.

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/Valuations	Total 31/12/2008		Total 31/12/2007	
	Assets booked at cost	Assets booked at fair value or revaluated	Assets booked at cost	Assets booked at fair value or revaluated
1. Assets with functional uses				
1.1 owned by the company				
a) land				
b) buildings				
c) furniture	106,717		145,020	
d) instrumental goods	65,861		107,725	
e) other	74,753		129,532	
1.2 Acquired with finance leases				
a) land				
b) buildings				
c) furniture				
d) instrumental goods				
e) other				
Total item 1	247,331		382,277	
2. Assets referring to finance leases				
2.1 Unopted goods				
2.2 Goods withdrawn following termination				
2.3. Other assets				
Total item 2				
3. Assets held for investment purposes				
of which: subject to operating leases				
Total item 3				
Total	247,331		382,277	
Total (assets valuated at cost or revaluated)	247,331		382,277	

10.2 Tangible fixed assets: annual changes

	Land	Buildings	Furniture	Instrumental	Other	Total
A. Initial holdings			145,020	107,725	129,532	382,277
B. Increases						
B1. Purchases						
a) Other changes						
b) Investments acquired through mergers, incorporations, and the transfer of business units						
B2. Value re-adjustments						
B3. Positive changes in fair value booked to:						
a) Shareholders' equity						
b) Income statement						
B.4 Other variations						
C. Decreases			38,303	41,864	54,779	134,947
C.1 Sales					3,583	3,583
a) Other changes					3,583	3,583
b) Rental of business unit						
C.2 Depreciation/amortisation			38,303	41,864	51,196	131,363
C.3 Value adjustments due to impairment booked to						
a) Shareholders' equity						
b) Income statement						
C.4 Negative changes in fair value booked to:						
a) Shareholders' equity						
b) Income statement						
C.5 Other variations						
D. Final inventories			106,717	65,861	74,753	247,331

Section 11 – Intangible fixed assets – Item 110

11.1 Composition of item 110, "Intangible fixed assets"

	Total 31/12/2008		Total 31/12/2007	
	Assets booked at cost	Assets booked at fair value	Assets booked at cost	Assets booked at fair value
1. Goodwill	1,111,626		1,111,626	
2. Other intangible fixed assets				
2.1 owned by the company				
- generated internally				
- other	46,113		52,693	
2.2 acquired with finance leases				
Total item 2	46,113		52,693	
3. Assets subject to finance leases				
3.1 Unopted goods				
3.2 Goods withdrawn following termination				
3.3 other assets				
Total item 3				
4. Assets subject to operating leases				
Total	1,157,739		1,164,319	
Total (Assets valuated at cost or assets at fair value)	1,157,739		1,164,319	

The total amount of Euro 1,157,739 includes the residual value of goodwill of In Factor S.p.A. totaling Euro 1,111,626.

11.2 Intangible fixed assets: annual changes

	Total
A. Initial balances	1,164,319
B. Increases	29,028
B.1 Purchases	29,028
a) Acquisitions	29,028
b) investments acquired through mergers, incorporations, and the transfer of business units	
B.2 Value re-adjustments	
B.3 Positive changes in fair value	
- shareholders' equity	
- income statement	
B.4 Other variations	
C. Decreases	35,608
C.1 Sales	
a) Sales	
b) Transfer of company branch	
C.2 Depreciation/amortization	35,608
C.3 Value adjustments	
- shareholders' equity	
- income statement	
C.4 Positive changes in fair value	
- shareholders' equity	
- income statement	
C.5 Other variations	
D. Final inventories	1,157,739

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”

Name	Total 31/12/2008	Total 31/12/2007
Advance tax assets-contra entry in shareholders’ equity	207,217	195,306
Advance tax assets-contra entry in income statement	5,704,911	1,638,959
Total	5,912,128	1,834,265

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

Name	Total 31/12/2008	Total 31/12/2007
Current tax liabilities (contra entry in shareholders’ equity)		
Current tax liabilities (contra entry in income statement)	16,844,274	19,826,145
Deferred tax liabilities (contra entry in shareholders’ equity)		
Deferred tax liabilities (contra entry in income statement)		
Total	16,844,274	19,826,145

12.3 Changes in advance taxes with offsetting entry to income statement

	Total 31/12/2008	Total 31/12/2007
1. Initial balance	(1,638,959)	4,247,243
2. Increases	(3,460,470)	(5,887,177)
2.1 Tax paid in advance in the year	*(3,460,470)*	*(5,587,177)*
a) relative to previous years	(181,393)	
b) due to changes in accounting criteria		
c) other	(3,279,077)	(5,887,177)
2.2 New taxes or increases of tax rates		
2.3 Other increases		
a) Other increases		
b) investments acquired through mergers, incorporations, and the transfer of business units		
3. Decreases	(605,482)	(975)
3.1 Prepaid taxes cancelled during the year	*(700,248)*	
a) transfers	(700,248)	
b) due to changes in accounting criteria		
c) other		
3.2 Reductions in tax rates		(975)
3.3 Other decreases	*94,766*	
a) Other decreases	94,766	
b) Transfer of company branch		
4. Final balance	(5,704,911)	(1,638,959)

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

	Total 31/12/2008	Total 31/12/2007
1. Initial balance	(195,306)	(289,017)
2. Increases	(69,928)	
2.1 Tax paid in advance in the year	(69,928)	
a) relative to previous years	(69,928)	
b) due to changes in accounting criteria		
c) other		
2.2 New taxes or increases of tax rates		
2.3 Other increases		
a) Other increases		
b) investments acquired through mergers, incorporations, and the transfer of business units		
3. Decreases	58,017	93,711
3.1 Prepaid 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	58,017	
a) Other decreases	58,017	
b) Transfer of company branch		
4. Final balance	(207,217)	(195,306)

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 12.1BIS to 12.6.6BIS below.

12.1 bis Composition of item 120, “Tax assets: advance”

Name	Total 31/12/2008	Total 31/12/2007
Advance tax assets-contra entry in shareholders’ equity	207,217	195,306
Advance tax assets-contra entry in income statement	7,727,458	5,388,851
Total	7,934,675	5,584,157

These assets refer to advance taxes generated from costs booked as offsetting entries within the income statement and balance sheet and whose deductibility is deferred to future years, in accordance with prevailing fiscal regulations. Such charges primarily include the writedown of receivables in excess of the deductible limit – in accordance with Article 106, paragraph three of the Consolidated Income Tax Act, allocations to provisions for generic risks and changes in actuarial net income/losses of retirement funds.
These assets were booked based on the reasonable probability of their recovery in relation to the capacity to generate taxable income in the future.

12.2 bis Deferred tax liabilities: composition

Name	Total 31/12/2008	Total 31/12/2007
Deferred tax liabilities (contra entry in shareholders' equity)		
Deferred tax liabilities (contra entry in income statement)	2,022,548	3,749,892
Total	2,022,548	3,749,892

Liabilities primarily include deferred taxes which are generated from the revaluation of receivables for IAS purposes and which are taxable in subsequent years in addition to originating from the amortization of goodwill which was deducted for solely fiscal purposes.

The average tax rates for deferred taxes are: 27,5% for IRES and 4,82% for IRAP; these rates were established with the approval of Law no. 244 of 24 December 2007 published within Ordinary Supplement no. 285 of Official Gazzette no. 300 of 28 December 2007.

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

	Total 31/12/2008	Total 31/12/2007
1. Initial balance	(5,388,851)	(491,013)
2. Increases	(3,506,188)	(5,651,462)
2.1 Tax paid in advance in the year	*(3,506,188)*	*(5,651,462)*
a) relative to previous years	(181,393)	
b) due to changes in accounting criteria		
c) due to value reinstatements		
d) other	(3,324,795)	(5,651,462)
2.2 New taxes or increases of tax rates		
2.3 Other increases		
a) Other increases		
b) investments acquired through mergers, incorporations, and the transfer of business units		
3. Decreases	1,167,581	753,624
3.1 Prepaid taxes cancelled during the year	*1,072,815*	*752,649*
a) transfers	1,072,815	752,649
b) write-downs due to irrecoverability		
c) due to changes in accounting criteria		
3.2 Reductions in tax rates		975
3.3 Other decreases	*94,766*	
a) Other decreases	94,766	
b) Transfer of company branch		
4. Final balance	(7,727,458)	(5,388,851)

Advance taxes recorded during the year (2) refer to advance taxes which emerged during the year and primarily include quotas of allowances for doubtful accounts exceeding the deductible quota pursuant to Article 106, paragraph three, of the Consolidated Income Tax Act as well as allocations to provisions for generic risks and changes in actuarial net income/losses of retirement funds during the year.

Advance taxes cancelled during the year (3) 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 the allowances for doubtful accounts of previous years – in accordance with Article 106, paragraph three, of the Consolidated Income Tax Act – as well as allocations to provisions for generic risks of previous years.

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

	Total 31/12/2008	Total 31/12/2007
1. Initial balance	3,749,892	4,738,256
2. Increases	45,719	3,648,508
2.1 Deferred taxes paid in advance in the year	45,719	3,648,508
a) Relative to previous years		
b) Due to changes in accounting criteria		
c) Other	45,719	3,648,508
2.2 New taxes or increases of tax rates		
2.3 Other increases		
a) Other increases		
b) Investments acquired through mergers, incorporations, and the transfer of business units		
3. Decreases	1,773,063	4,636,872
3.1 Deferred taxes cancelled during the year	1,773,063	4,636,872
a) Transfers	1,773,063	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	2,022,548	3,749,892

Deferred taxes recorded during the year (2) refer to deferred taxes which emerged during the year and which primarily refer to changes in the amortization of goodwill which was deducted for solely fiscal purposes.

Deferred taxes cancelled during the year (3) primarily refer to the cancellation of the misalignment between statutory and fiscal values of allowances for doubtful accounts which were deducted in previous years, in accordance with Article 109, paragraph 4, letter b, of the Consolidated Income Tax Act, and therefore by exercising the option rights pursuant to Article 1, paragraphs 33, 34 and 48 of Law 24/12/2007.

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

	Total 31/12/2008	Total 31/12/2007
1. Initial balance	(195,306)	(289,017)
2. Increases	(69,928)	
2.1 Deferred taxes booked during the year	(69,928)	
a) Relative to previuos years		
b) Due to changes in accountig criteria	(69,928)	
2.2 New taxes or increases in tax rates		
2.3 Other increases		
a) Other increases		
b) Investments acquired through mergers, incorporations, and the transfer of business units		
3. Decreases	58,017	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	58,017	
a) Other decreases	58,017	
b) Transfer of company branch		
4. Final balance	(207,217)	(195,306)

Liabilities which arose and were cancelled during the year (2 and 3) include deferred taxes generated from changes in actuarial net income/losses of retirement funds.

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 31/12/2008	Total 31/12/2007
Due to VAT tax authorities	3,678	486
Items being processed	4,081,646	7,130,753
Other	1,689,745	1,211,006
Total	5,775,069	8,342,245

The item, "Items in progress", includes the amount of Euro 4,015,545 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 Due to banks

Items	Total 31/12/2008	Total 31/12/2007
1. Repurchase agreements		
2. Loans	1,219,930,193	2,313,766,072
3. Other payables	19,630,943	12,466,465
Total	1,239,561,136	2,326,232,537
Fair value	*1,239,561,136*	*2,326,232,537*

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 report	Short-term
Bank account exposures on demand	70,734,455
Advances subject to collection on cash order or automatic withdrawals	39,949,280
Expired overdraft facility	571,000,000
Advances in foreign currency	21,621,852
Payable commissions	4,163,285
Trade payables and supplier invoices to be received	5,633,977
Payables due to the parent company	516,378,308
Accrued liabilities on overdraft facility	757,316
Payables due to mandate holders	9,322,663
Total	1,239,561,136

1.2 Amounts due to financial entities

Items	Total 31/12/2008	Total 31/12/2007
1. Repurchase agreements		
2. Loans		31,188
3. Other payables	946,875	203,584
Total	946,875	234,772
Fair value	*946,875*	*234,772*

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 equal to Euro 946,875 is composed as follows:

- Euro 833,235 for factoring payables;
- Euro 50,186 for payables due to companies of the Banca Italease group;
- Euro 63.454 for supplier invoices.

1.3 Payables due to customers

Items	Total 31/12/2008	Total 31/12/2007
1. Repurchase agreements		
2. Loans		
3. Other payables	33,330,012	25,059,533
Total	33,330,012	25,059,533
Fair value	*33,330,012*	*25,059,533*

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" refer to factoring payables due to clientele totaling Euro 33,329,994 and refer to payables due to transferred debtors booked in the financial statements for the unpaid amount.

For comparative purposes with the financial statements of the year, the amount of Euro 10,065,745 relative to the balance of year-end receivables of transferred customers was re-classified on 31/12/07 under the item "Other liabilities – other payables".

Section 2 – Securities issued – Item 20

2.1 Composition of item 20, "Securities issued"

Liabilities	Total 31/12/2008		Total 31/12/2007	
	Book value	*Fair value*	Book value	*Fair value*
1. Listed securities				
- bonds				
- other securities				
2. Unlisted securities	66,256,825	66,256,825	44,148,252	44,348,166
- bonds	38,088,456	38,088,456	37,926,800	38,126,714
- other securities	28,168,369	28,168,369	6,221,452	6,221,452
Total	66,256,825	66,256,825	44,148,252	44,348,166

The item, "Non-listed securities – Other securities" include financing received through the issue of trade receivable policies.
The fair value of issued securities is assumed to be equal to their nominal value given that these securities are compensated at variable market rates.

2.2 Subordinated securities

Liabilities	Total 31/12/2008		Total 31/12/2007	
	Book value	*Fair value*	Book value	*Fair value*
1. Listed securities				
- bonds				
- other securities				
2. Unlisted securities	38,088,456	38,088,456	37,926,800	38,126,714
- bonds	38,088,456	38,088,456	37,926,800	38,126,714
- other securities				
Total	38,088,456	38,088,456	37,926,800	38,126,714

This item refers to 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 years - Euribor rate three months + 2%) and reimbursable in a lump-sum payment on 15.01.2009.

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 31/12/2008	Total 31/12/2007
Payables due for social security charges	382,976	407,913
Payables due to tax authorities	821,064	328,964
Payables due for collections in progress	58,731,024	68,269,259
Other payables	18,127,578	18,456,354
Total	78,062,642	87,462,490

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

- Euro 34,921,094 for direct transfers which have been received but which have not yet been booked in relevant items;
- Euro 23,809,930 for bills yet to be credited.

The item "Other payables" includes provisions for guarantees and commitments totalling Euro 2,545,957.

For comparative purposes with the financial statements of the year, the amount of Euro 10,065,745 relative to the balance of year-end receivables of transferred customers was re-classified on 31/12/07 under the item "Other liabilities – other payables" from the item "Payables due to customer – other payables".

Section 10 – Employee termination indemnities – Item 100

10.1 Provisions for employment termination indemnities: annual changes

	Total 31/12/2008	Total 31/12/2007
A. Initial balance	2,046,223	2,791,990
B. Increases	329,527	(297,079)
B.1 Allocations for the financial year	142,094	(309,501)
B.2 Other increases	164,215	
B.3 Transfer from companies of the group	23,218	12,422
C. Decreases	519,731	448,688
C. 1 Liquidations	502,472	252,271
C. 2 Other decreases	13,361	191,939
C. 3 Transfers to companies of the group	3,898	4,478
D. Closing balances	1,856,019	2,046,223

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 benefits plan* even if fully accrued.

Section 11 – Provisions for risks and charges – Item 110

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

Items/Values	Total 31/12/2008	Total 31/12/2007
1. Company retirement funds		
2. Other provisions for risks and charges	5,987,616	5,804,148
2.1 Legal disputes	5,172,443	5,804,148
2.2 Personnel charges	815,173	
2.3 Other		
Total	5,987,616	5,804,148

The item, "Legal disputes", includes the following:

- Rescindments Euro 1,802,000;
- Trial payables Euro 3,370,443.

11.2 Changes during the year under item 110, “Provisions for risks and charges”

	Retirement funds	Other provisions	Total at 31/12/200
A. Initial balance		5,804,148	5,804,148
B. Increases	82,477	2,982,246	3,064,723
B.1 Allocations of the year	82,477	2,952,951	3,035,428
B.2 Changes due to time value of money		29,295	29,295
B.3 Changes due to discount rate fluctuations			
B.4 Other increases			
a) Other increases			
b) investments acquired through mergers, incorporations, and the transfer of business units			
C. Decreases	82,477	2,798,778	2,881,255
C.1 Utilization in the year		2,798,778	2,798,778
C.2 Changes due to discount rate fluctuations			
C.3 Other decreases	*82,477*		*82,477*
a) Other changes	82,477		82,477
b) Transfer of company branch			
D. Final balance		5,987,616	5,987,616

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

12.1 Composition of item 120, “Share capital”

Type	Short-term
1. Share capital	
1.1 Ordinary shares	85,000,000
1.2 Other assets	

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 2008 and 31 December 2007, Factorit S.p.A. did not own treasury shares.

12.3 Composition of item 140, “Capital instruments”.

As of 31 December 2008 and 31 December 2007, 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	Retained earnings	Non distributable share	Statutory reserve	Extraordinary reserve	Fta reserve	Stock Option Reserve	Reserve for treasury shares	Merger surplus	Other	Total
A. Initial balance	2,209,789	1,364,200				313,807	205,804			4,353,691	8,447,291
B. Increases											
B.1 Allocations of net income	1,062,434				10,625,000						11,687,434
B.2 Other changes							68,293				68,293
C. Decreases											
C.1 Utilization											
- coverage of losses											
- distribution		(1,063,752)									(1,063,752)
- transfer to share capital											
C.2 Other changes										(119,056)	(119,056)
D. Final balance	3,272,223	300,448			10,625,000	313,807	274,097			4,234,635	19,020,210

Availability and distributability of shareholders' equity items.

Nature	Amount	Possible utilisation	Amount available	Summary of utilization in previous years	
				to cover losses	For other reasons
Share capital	85,000,000				
Reserves of capital	-				
Reserves of profits					
Legal Reserve	3,272,223	B	-		
Share premium reserve	11,030,364	A,B	11,030,364		
Other reserves	15,447,539	A,B,C	-		51,299,800
Retained earnings	300,448	A,B,C	300,448		
Total			11,330,812		
Non distributable share			11,030,364		
Remaining distributable share			300,448		

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.

Part 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	Debt securities	Loans	Impaired assets	Other	Total 31/12/2008	Total 31/12/2007
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Receivables						
5.1 Amounts due from banks						
- for finance leases						
- for factoring						
- for guarantees and commitments						
- for other receivables	8,738	612,457			621,195	1,195,840
5.2 – Receivables due from financial entities						
- for finance leases						
- for factoring		1,310,698			1,310,698	10,720,567
- for guarantees and commitments						
- for other receivables						
5.3 - Due from customers						
- for finance leases						
- for factoring		95,746,577	3,442,045		99,188,622	103,588,120
- for consumer credit						
- for guarantees and commitments						
- for other receivables		18,852,787		205,714	19,058,501	13,546,381
6. Other assets						
7. Hedging derivatives						
Total	8,738	116,522,519	3,442,045	205,714	120,179,016	129,050,908

1.2 Receivable interest and comparable proceeds: other information

Items/Values	Total 31/12/2008	Total 31/12/2007
Interest earned on financial assets denominated in foreign currency	2,028,235	4,780,116

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

Items	Loans	Securities	Other	Total 31/12/2008	Total 31/12/2007
1. Payables due to banks	(73,390,105)			(73,390,105)	(87,271,954)
2. Amounts due to financial entities					
3. Payables due to customers	(8,419)			(8,419)	(4,276)
4. Securities issued		(3,383,144)		(3,383,144)	(3,038,730)
5. Financial liabilities held for trading					
6. Financial liabilities at fair value					
7. Other liabilities					
8. Hedging derivatives					
Total	(73,398,524)	(3,383,144)		(76,781,668)	(90,314,960)

Section 2 – Commissions – Items 30 and 40

2.1 Composition of item 30, "Receivable Commissions"

Details	Total 31/12/2008	Total 31/12/2007
1. Finance lease operations.		
2. Factoring operations	49,309,210	58,645,214
3. Consumer credit		
4. Merchant banking activities		
5. Issued guarantees	105,877	52,150
6. Services of:		
- asset management on behalf of third parties		
- currency trading		
- distribution of products		
- other		
7. Payment and collection services		
8. Servicing of securitisation operations		
9. Other commissions including:		
- for transactions in over-the-counter financial derivatives		
- for lending activities		
- other		
Total	49,415,087	58,697,364

The revenue relative to the recovery of services invoiced to the parent company for the services to Aosta Factor SpA, totaling € 54,000, has been reclassified in 2007 to the item "Other Operating Proceeds - other".

2.2 Composition of item 40, "Payable commissions"

Details/Values	Total 31/12/2008	Total 31/12/2007
1. Guarantees received	(151,458)	(268,448)
2. Distribution of third party services		
3. Payment and collection services		
4. Other commissions including:		
- for transactions involving OTC derivatives		
- for factoring activities	(11,227,409)	(13,048,146)
- for leasing activities		
- for lending activities		
- other		
Total	(11,378,867)	(13,316,594)

For purposes of comparison with the financial statements of the year, the cost relative to non-deductible VAT on invoices for other administrative expenses, totaling € 880,785, was re-classified on 31/12/2007 to the item "Administrative Expenses- other administrative charges".

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 items	Capital gains	Trading income	Capital losses	Trading losses	Net profit
1. Financial assets					(1,617)
1.1 Debt securities					
1.2 Equities					
1.3 Quotas of CIU's					
1.4 Financing					
1.5 Other assets					(1,617)
2. Current financial liabilities					
2.1 Securities issued					
2.2 "Other liabilities"					
3. Derivatives					
Total					(1,617)

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-adjustments		Total 31/12/2008	Total 31/12/2007
	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	(15,858,030)		743,326	4,446,283	(10,668,421)	(19,223,131)
- for consumer credit						
- for guarantees and commitments						
- for other receivables	(1,045,013)				(1,045,013)	(618,758)
Total	(16,903,043)		743,326	4,446,283	(11,713,434)	(19,841,889)

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 31/12/2008	Total 31/12/2007
1. Guarantees granted	(822,646)		(822,646)	(1,723,311)
2. Derivatives on receivables				
3. Commitments to issue funds				
4. Other transactions				
Total	(822,646)		(822,646)	(1,723,311)

Section 10 – Administrative expenses – Item 120

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

Items/Sectors	Total 31/12/2008	Total 31/12/2007
1. Staff costs	(9,544,481)	(9,537,294)
a) Wages and salaries	(5,887,535)	(6,955,911)
b) Social security charges	(1,854,693)	(2,128,207)
c) Employee Severance Indemnities		
d) Social security expenses		
e) Allocation to severance indemnities	(142,094)	476,267
f) Other expenses	(1,025,457)	(929,443)
g) Expenses for staff on leave	(634,702)	
2. Other personnel	(633,262)	(2,778,354)
3. Directors	(194,480)	(158,238)
Total	(10,372,223)	(12,473,886)

By means of its communication notice dated 31 December 2008, the Bank of Italy introduced certain changes within the classification of the items "Personnel expenses" and "Other administrative expenses".

In particular, the following changes were required:

a) "*specify, as an autonomous sub-item, the expenses sustained for staff on leave*": as a result, sub-item "1-g) expenses for staff on leave" was inserted; this item refers to the allocation relative to the Solidarity Fund for credit personnel which the company utilized in 2008. The amount booked in the financial statements of the year is equal to a discounted value of Euro 634,702 and a nominal value of Euro 708,858;

b) "*conventionally insert the compensation paid to auditors of the company within the sub-item relative to compensation paid to directors";* the sub-item "3) Directors" therefore includes Euro 122,091 relative to compensation to directors and Euro 72,389 relative to compensation to members of the Board of Statutory Auditors; for comparative purposes, the latter was re-classified for 2007 when it was equal to Euro 79,541 and previously entered under "Other administrative expenses";

c) conventionally book the contributions to the provisions for severance indemnities which were made directly to INPS under the sub-item "other expenses": for comparative purposes, the value as of 31 December 2007, equal to Euro 166,767 and previously entered under the sub-item “e) provisions for severance indemnities” was re-classified.

In addition to that specified above, personnel expenses include:

- expenses relative to atypical employment contracts;
- the recovery of expenses for company employees assigned to subsidiary companies totaling Euro 551,639;
- amounts paid to subsidiary companies for their personnel assigned to the company (Euro 440,787).

The sub-item, "Other expenses", includes Euro 68,293 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/Sector Type	Total 31/12/2008	Total 31/12/2007
- Professional fees	(202,510)	(216,731)
- Device rentals and maintenance	(56,208)	(56,017)
- EDP rentals and maintenance	(388,193)	(428,256)
- Maintenance expense for tangible assets	(10,250)	(17,473)
- Document delivery expenses	(220,815)	(390,203)
- Insurance premiums	(196,284)	(264,485)
- Indirect taxes	(27,981)	(26,161)
- Payable rents	(317,293)	(422,017)
- Charges for utilities and management of real estate	(185,795)	(167,862)
- Motor vehicle rental and management expenses	(403,725)	(459,820)
- Telephone expenses	(151,288)	(196,176)
- Postal and telex expenses	(551,111)	(630,745)
- Other administrative expenses	(4,566,408)	(2,004,956)
Total	(7,277,861)	(5,280,902)

For purposes of comparison with the financial statements of the year, the cost relative to non-deductible VAT on invoices for other administrative expenses, totaling € 880,785, was re-classified on 31/12/2007 from the item “Payable commissions- other commissions for factoring activities".

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

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

Value adjustment and reinstatements	Depreciation	Value adjustments for impairment	Value re-reinstatements	Net profit
1. Assets used in the business				
1.1 owned by the companies of the Group				
a) land				
b) buildings				
c) furniture	(38,303)			(38,303)
d) instrumental goods	(41,864)			(41,864)
e) other	(51,196)			(51,196)
1.2 Acquired with finance leases				
a) land				
b) buildings				
c) furniture				
d) instrumental goods				
e) other				
2. Assets referring to finance leases				
3. Assets held for investment purposes				
For operating leases				
Total	(131,363)			(131,363)

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

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

Value adjustment and reinstatements	Depreciation	Value adjustments for impairment	Value re-reinstatements	Net profit
1. Goodwill				
2. Intangible fixed assets				
2.1 owned by the companies of the Group	(35,608)			(35,608)
2.2 acquired with finance leases				
3. Assets referring to finance leases				
4. Assets granted with operating leases				
Total	(35,608)			(35,608)

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”

Type of expenses/values	Total 31/12/2008	Total 31/12/2007
Other funds - legal disputes	(2,167,073)	(5,083,392)
Total	(2,167,073)	(5,083,392)

Section 15 – Other operating expenses – Item 170

15.1 Composition of item 170, “Other operating expenses”

Type of expenses/values	Total 31/12/2008	Total 31/12/2007
Other operating charges	(37,120)	(552,595)

Section 16 – Other operating proceeds – Item 180

16.1 Composition of item 180 – “Other operating proceeds”

Type of expenses/values	Total 31/12/2008	Total 31/12/2007
Other operating proceeds		
- Services and recovery of expenses from subsidiaries and affiliated companies		
- Rental income		
- Other proceeds	1,842,824	990,892
Total	1,842,824	990,892

The revenue relative to the recovery of services invoiced to the parent company for the services to Aosta Factor SpA, totaling € 54,000, has been reclassified in 2007 to the item 9 “Receivable Commissions – other".

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 31/12/2008	Total 31/12/2007
1. Property		
1.1 Profits from sales		
1.2 Losses from sales		
2. Other assets	15,439	615
2.1 Profits from sales	15,439	615
2.2 Losses from sales		
Net profit	15,439	615

Section 19 – Income taxes from continuing operations – Item 210

During fiscal 2008, 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 2008 to 2010, 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 SpA
MERCANTILE LEASING SpA
ESSEGIBI FINANZIARIA (previously UNICO LEASING SpA)
FACTORIT SpA
ITALEASE GESTIONE BENI SpA
ITACA SERVICE SpA
ITALEASING SpA (now incorporated in BANCA ITALEASE SpA following the merger of 10/12/2008)
LEASIMPRESA SpA (now incorporated in BANCA ITALEASE SpA following the merger of 10/12/2008)
ITALEASE AGENCY Srl (company liquidated on 22/12/2008)
CORTE DEL NAVIGLIO Srl
HLL Srl
HGP Srl
INDUSTRIAL 1 Srl
LA GRILLA Srl

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 and the possibility of offsetting tax payables and receivables 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.

During the course of the year, the company exercised the option pursuant to Article 1, paragraph 48 of Law no. 244/2007 which allows for – following the payment of a substitute tax which ranges from 12% to 16% -

the cancellation of differences between statutory and fiscal values which are generated by the application of social security norms pursuant to Article 109, paragraph 4, of the Consolidated Income Tax Act (non-accounting cost deduction). In addition and in accordance with Article 1, paragraph 34 of Law no. 244/2007, the constraint on distributability relative to reserves qualifying for holdover and generated by the application of Article 109, paragraph 4, was cancelled, following the payment of a substitute tax of 1%.

Income taxes of the year are therefore composed as follows:

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

	Total 31/12/2008	Total 31/12/2007
1. Current income taxes	(21,997,233)	(24,486,482)
2. Changes in prior year current taxes		
3. Reduction in current year taxes		
4. Change in prepaid tax	2,338,607	4,897,838
5. Change in deferred tax	1,727,344	988,364
Year's income tax	(17,931,282)	(18,600,280)

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

	Corporate Income Tax (IRES)		IRAP (local income tax)	
INCOME TAXES ON GROSS INCOME OF THE YEAR	13,951,544	27.50%	2,445,325	4.82%
DIVIDENDS	0	0.00%	0	0.00%
PAYABLE INTEREST	611,747	1.21%	107,223	0.21%
Redemption of EC section costs	- 1,667,875	-3.29%	0	0.00%
Other adjustments for IRES purposes	616,386	1.21%	0	0.00%
Staff costs	0	0.00%	499,941	0.99%
Value adjustments on receivables	0	0.00%	604,239	1.19%
IRAP deductions	0	0.00%	- 141,330	-0.28%
Other adjustments for IRAP purposes	0	0.00%	94,332	0.19%
Total changes in taxes with respect to those calculated on gross income	- 439,742	-0.87%	1,164,405	2.30%
Income taxes of the year and effective tax rate	13,511,802	26.63%	3,609,730	7.12%
Substitute tax	809,750	1.60%		
TOTAL TAXES	17,931,282	35.34%	0	0.00%

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/Counterparty	Interest receivable			Receivable commissions			Total 31/12/2008	Total 31/12/2007
	Banks	Financial entities	Customers	Banks	Financial entities	Customers		
1. Finance leases								
- intangible assets								
- movable goods								
- instrumental assets								
- intangible assets								
2. Factoring								
- on current receivables		1,310,698	83,975,402		21,521	47,692,926	133,000,546	156,613,765
- on future receivables			4,313,525			318,176	4,631,701	3,361,574
- on definitively acquired receivables								
- on receivables acquired for less than original value								
- for other financing			10,899,696			1,276,587	12,176,284	12,978,562
3. Consumer credit								
- personal loans								
- target loans								
- salary loans								
4. Guarantees and commitments								
- of commercial nature						105,877	105,877	52,150
- of financial nature								
Total		1,310,698	99,188,623		21,521	49,393,566	149,914,408	173,006,051

21.2 Other information

Analytical Composition of payable interest and comparable charges

Technical item	Amount
Bank account overdrafts	4,642,611
Advances subject to collection	6,572,764
Overdraft facility	59,829,005
Advances in foreign currency	1,935,409
Trade credit policies	642,238
Debenture loans	2,740,906
Contingent liabilities from bank interest	27,171
bank expenses and commissions	288,863
Interest expenses	102,701
Total	76,781,668

PART D – OTHER INFORMATION

Section 1 – Details of activities carried out

B. FACTORING AND TRANSFER OF RECEIVABLES

B.1 – Financial statement values

item	Total 31/12/2008			Total 31/12/2007		
	Gross values	Value adjustments	Net amount	Gross values	Value adjustments	Net amount
1. Performing loans						
- Receivables due from transferors	1,348,641,692	7,884,109	1,340,757,583	2,153,806,817	14,014,034	2,139,792,783
- Receivables due from transferred debtors	144,753,704	1,569,459	143,184,245	352,738,942	58,452	352,680,490
2. Impaired financial assets						
2.1 Non-performing receivables						
- Receivables due from transferors	35,775,531	27,600,414	8,175,117	42,772,603	32,946,112	9,826,491
- Receivables due from transferred debtors	3,950,806	3,950,806		2,481,321	2,481,321	
2.2 Substandard						
- Receivables due from transferors	34,185,276	9,848,727	24,336,549	13,637,144	3,815,161	9,821,983
- Receivables due from transferred debtors	3,675,986	1,380,539	2,295,447	2,607,802	965,631	1,642,171
2.3 Restructured						
- Receivables due from transferors						
- Receivables due from transferred debtors						
2.4 Expired						
- Receivables due from transferors						
- Receivables due from transferred debtors	5,169,375	38,176	5,131,199	3,918,321	22,503	3,895,818
Total	1,576,152,370	52,272,230	1,523,880,140	2,571,962,950	54,303,214	2,517,659,736

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 31/12/2008			Total 31/12/2007		
	Gross values	Value adjustments	Net value	Gross values	Value adjustments	Net value
1. Performing loans						
- factoring with recourse	809,474,790	4,890,073	804,584,717	905,284,073	7,260,969	898,023,104
- factoring without recourse	486,484,660	2,694,118	483,790,542	1,176,919,306	5,770,093	1,171,149,213
- on transfers of future receivables	52,682,242	299,918	52,382,324	71,603,438	982,972	70,620,466
- on other financing						
2. Impaired financial assets						
2.1 Non-performing receivables						
- factoring with recourse	35,427,296	27,402,582	8,024,714	41,220,043	31,631,133	9,588,910
- factoring without recourse						
- on transfers of future receivables	348,235	197,832	150,403	1,552,560	1,314,979	237,581
- on other financing						
2.2 Substandard						
- factoring with recourse	20,214,079	5,500,547	14,713,532	13,637,144	3,815,161	9,821,983
- factoring without recourse						
- on transfers of future receivables	13,971,197	4,348,180	9,623,017			
- on other financing						
2.3 Restructured						
- factoring with recourse						
- factoring without recourse						
- on transfers of future receivables						
- on other financing						
2.4 Expired						
- factoring with recourse						
- factoring without recourse						
- on transfers of future receivables						
- on other financing						
Total	1,418,602,499	45,333,250	1,373,269,249	2,210,216,564	50,775,307	2,159,441,257

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 31/12/2008				Total 31/12/2007			
	Disbursed compensation	Overall exposure			Disbursed compensation	Overall exposure		
		Gross values	Value adjustments	Net value		Gross values	Value adjustments	Net value
FACTORING WITHOUT RECOURSE								
1. Performing loans	115,251,516	143,868,814	979,057	142,889,757	332,531,465	351,119,605	58,452	351,061,153
2. Impaired financial assets								
2.1 Non-performing receivables;								
2.2 Substandard					140,450	145,555	4,813	140,742
2.3 Restructured								
2.4 Expired	3,784,761	4,769,265	32,456	4,736,809	2,738,769	2,744,076		2,744,076
OTHER TRANSFERS								
1. Performing loans								
- for definitively acquired receivables	884,889	884,889	590,402	294,487	1,619,337	1,619,337		1,619,337
2. Impaired financial assets								
2.1 Non-performing receivables								
- for definitively acquired receivables	3,950,806	3,950,806	3,950,806		2,481,321	2,481,321	2,481,321	
- on receivables acquired for less than original value								
2.2 Substandard								
- for definitively acquired receivables	3,675,986	3,675,986	1,380,539	2,295,447	2,462,246	2,462,246	960,817	1,501,429
- on receivables acquired for less than original value								
2.3 Restructured								
- for definitively acquired receivables								
- on receivables acquired for less than original value								
2.4 Expired								
- for definitively acquired receivables	389,554	389,554	5,665	383,889	1,163,271	1,163,270	22,503	1,140,767
- on receivables acquired for less than original value	10,556	10,556	55	10,501	10,975	10,975		10,975
General total	127,948,068	157,549,870	6,938,980	150,610,890	343,147,834	361,746,385	3,527,906	358,218,479

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 value of the distributed amount is also disclosed -; 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 23,556,253 (as of 23/02/2009: Euro 6,619,270) while that expired for a period of 91 to 180 days was equal to Euro 2,537,910 (as of 23/02/2009: Euro 1,068,643).

B.3 – Classification of overdue loans

B.3.1 – Receivables transferred for factoring with recourse

item	Banks		Financial entities		Customers	
	Total 31/12/2008	Total 31/12/2007	Total 31/12/2008	Total 31/12/2007	Total 31/12/2008	Total 31/12/2007
Amount	*3,673,604*	*9,294,706*	*1,964,543*	*2,258,858*	*1,910,763,475*	*2,373,252,463*
Time Bands						
less than 3 months	1,269,885	2,327,003	262,933	1,112,753	742,725,349	911,792,173
from 3 months to 1 year	46,709			107,061	139,070,107	418,137,408
From 1 year to 5 years					118,493,850	110,147,026
over 5 years					16,122,124	16,109,192
Without fixed maturity	2,357,010	6,967,703	1,701,610	1,039,044	894,352,045	917,066,664
Total	3,673,604	9,294,706	1,964,543	2,258,858	1,910,763,475	2,373,252,463

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 entities		Customers	
	Total 31/12/2008	Total 31/12/2007	Total 31/12/2008	Total 31/12/2007	Total 31/12/2008	Total 31/12/2007
Type						
- factoring without recourse	4,513	1,773	188,465	8,204,888	1,213,213,694	2,289,734,959
- for definitively acquired receivables	260,960	995,408			8,640,275	6,730,767
- on receivables acquired for less than original value					797,045	10,974
Total	265,473	997,181	188,465	8,204,888	1,222,651,014	2,296,476,700
Time Bands						
less than 3 months	2,015	897	169,335	1,334,979	576,810,578	1,327,386,523
from 3 months to 1 year				257,280	90,014,839	262,201,489
From 1 year to 5 years					4,066,066	10,866,255
over 5 years					6,861,463	6,861,463
Without fixed maturity	263,458	996,284	19,130	6,612,629	544,898,068	689,160,970
Total	265,473	997,181	188,465	8,204,888	1,222,651,014	2,296,476,700

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 31/12/2007	Increase	Decreases	Balance as of 31/12/2008
1. Specific				
1.1 Performing assets				
- Receivables due from transferors				
- Receivables due from transferred debtors				
1.2 Impaired assets				
Receivables due from transferors				
- Non-performing	32,946,112	4,711,425	10,057,123	27,600,414
- Restructured				
- Other	3,815,161	8,646,861	2,613,295	9,848,727
Receivables due from transferred debtors				
- Non-performing	2,481,321	2,640,465	1,170,980	3,950,806
- Restructured				
- Other	988,134	1,133,879	703,298	1,418,715
2. Portfolio				
2.1 Performing assets				
- Receivables due from transferors	14,014,034		6,129,925	7,884,109
- Receivables due from transferred debtors	58,452	1,511,007		1,569,459
2.2 Impaired assets				
Receivables due from transferors				
- Non-performing				
- Restructured				
- Other				
Receivables due from transferred debtors				
- Non-performing				
- Restructured				
- Other				
Total	54,303,214	18,643,637	20,674,621	52,272,230

B.5 – Other information

B.5.1 – Turnover of transferred receivables

	Total 31/12/2008	Total 31/12/2007
1. For factoring with recourse	(5,166,256,062)	(6,353,338,390)
2. For factoring without recourse and other transfers		
- Factoring without recourse	(8,494,972,914)	(11,788,483,356)
- For definitively acquired receivables		
- On receivables acquired for less than original value		
Total	(13,661,228,976)	(18,141,821,746)

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 2007 and 2008.

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

	Total as of 31/12/2008	Total as of 31/12/2007
- receivables acquired for less than original value	797,045	891,694

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

	Total 31/12/2008	Total 31/12/2007
1. Value of transfer contracts relative to future receivables	531,643,111	801,594,704
2. Current value of contracts relative to future receivables	807,745,234	833,297,089

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

RISK MITIGATION CLAUSES	Original value of receivables for factoring without recourse		Original value of receivables for factoring without recourse and with risk mitigation clauses	
		of which booked in financial statements		of which booked in financial statements
Warranty coverage limit	677,894		677,894	627
Franchise	197,831,627	148,638,079	49,193,548	33,822,600
Malus commissions	73,352,383		73,352,383	26,404,316
Other	941,544,768		941,544,768	426,257,117
Total	1,213,406,672	148,638,079	1,064,768,593	486,484,660

The total reported in the table corresponds to the outstanding amount without recourse as of 31/12/2008.
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 12.16% of receivables transferred without recourse were booked within the financial statements).
The application of risk mitigation clauses therefore results in the treatment 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 31/12/2008						Total 31/12/2007					
		Book value						Book values				
			Change						Change			
				of which: value adjustments						*of which: value adjustments*		
	Overall Value	Orginal value		Specific	Portfolio	Book value	Overall Value	Orginal value		Specific	Portfolio	Book value
1. Guarantees												
a) of financial nature	*3,840,000*	*3,840,000*				*3,840,000*	*54,430,000*	*54,430,000*				*54,430,000*
- Banks												
- Financial entities												
- Clientele	3,840,000	3,840,000				3,840,000	54,430,000	54,430,000				54,430,000
b) of commercial nature												
- Banks												
- Financial entities												
- Clientele												
2. Commitments												
a) to issue (irrevocable) funds												
- Banks												
- Financial entities												
of which with certain utilization												
- Clientele												
of which with certain utilization												
b) Other	*573,775,449*	*1,058,208,874*				*573,775,449*	*742,432,915*	*2,402,347,222*				*742,432,915*
- Banks												
- Financial entities												
- Clientele	573,775,449	1,058,208,874				573,775,449	742,432,915	2,402,347,222				742,432,915
Total	577,615,449	1,062,048,874				577,615,449	796,862,915	2,456,777,222				796,862,915

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 31/12/2008						Total 31/12/2007					
	Overall Value	Book value					Overall Value	Book value				
		Orginal value	Change			Book value		Orginal value	Change			Book value
				of which: value adjustments						of which: value adjustments		
				Specific	Portfolio					Specific	Portfolio	
1. Guarantees												
a) of financial nature												
b) of commercial nature												
2. Commitments												
a) to issue (irrevocable) funds												
of which with certain utilization												
b) Other	*3,890,338*	*5,941,573*	*3,890,338*	*2,545,957*		*1,344,381*	*1,723,311*	*5,092,005*	*1,723,311*	*1,723,311*		
Total	3,890,338	5,941,573	3,890,338	2,545,957		1,344,381	1,723,311	5,092,005	1,723,311	1,723,311		

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

Section 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 policy of the Group is regulated by the Credit Regulations of the Group which defines the criteria and methodologies that are used across the Group for the management of credit.

Following are the phases of the process:

- credit policy;
- evaluation of the creditworthiness of the applicants;
- assignment of powers and proxies;
- control of performance of receivables.

<u>CREDIT POLICY</u>

The credit policy of the Group – which falls under the competency of the Board of Directors of Banca Italease – was adapted in subsequent phases over the course of 2008 to trends in the internal and external situation.

In particular and due to the progressive decline in the macroeconomic situation and the consequent effects on the financial situation of the Group, the credit policy aims to minimize financial risks and to allow the relevant structures to apply an extreme level of selectivity when granting new credit.

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 department responsible for the evaluation of customer creditworthiness implements the activities described above. In particular, this department:

- 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.

ASSIGNMENT OF POWERS AND PROXIES

Approval of credit lines is implemented by evaluating:

- nature and technical form of the credit line;
- historical and forecasted economic/asset trends of the requesting party and of the group to which the party belongs;
- potential supporting guarantees.

The Deliberating Corporate Body of competence is determined on the basis of the global risk level for the company and the Italease Group.
Each department involved in the credit approval process behaviour as the proposer of the credit to the next level of authority, in accordance with the terms outlined within the Credit Regulations.

CONTROL OF PERFORMANCE OF RECEIVABLES

The receivables are classified, with reference to level of the risk detected, in the risk categories provided at the level of the company and in accordance with the general principles established by the regulatory authorities. These categories, in particular, allow for a detailed classification of not only customers in default but also positions which present slight or potential anomalies.

The company department entrusted with monitoring trends in regular receivables (Receivables of Factorit and the Credit Management Department of Banca Italease) avails itself of a summary indicator, updated on a monthly basis for all customers of the Group; this indicator expresses the level of impairment/anomaly of the customer. On the basis of the results provided by this indicator and the exposure of the customer, an annual credit renewal process is activated; this may be automatic, manual or semi-manual. In the case of non-automatic renewals, the entrusted function will proceed with analyzing the position of the customer in details and may potentially request updates of documentation.

2.2 Management, measurement and control systems

Credit evaluation and disbursement processes are automated for small amounts but are manual and typically centralized for larger amounts. In addition, the Credit Regulations of Banca Italease requires that the parent company serves in a coordination role and must formulate binding evaluations with respect to requests for credit sent to subsidiaries and whose overall risk (client group/Banca Italease group) exceed 10 million Euro.

As previously noted, the trend monitoring is implemented by means of an anomaly indicator which has been developed on an experiential basis and applied to all clientele of the Group. The previously cited change in reference environment has made this indicator less effective for the correct evaluation of customer creditworthiness.

At this time, credit risk control at the portfolio level is implemented with traditional and non-statistic methodologies and primarily involves the production and reporting of credit trends for the primary organizational and geo/sectorial variables of the Group. The production of this reporting is centralized within the Risk Management Department of the parent company.

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. 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.

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 defaults on receivables, a performance review is implemented for the purposes of:

- verifying whether or not the counterparties' financial/business difficulties can be reversed;
- 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;
- determining the relative forecasts of losses in detail by carefully taking into account the economic and financial environment of reference.

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;
- entrustment of new positions to external attorneys;
- in the case of positions which were previously classified as subject to collection, the verification that the debtors have honored their commitments;
- Periodical and detailed forecasting and verification of losses expected in various positions by carefully taking into account the economic and financial environment of reference.

The classification of positions is consistent with the provisions of internal and supervisory regulations.

QUANTITATIVE INFORMATION

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

Portafolios/quality	Non-performing loans	Impaired assets	Restructured assets	Expired assets	Other assets	Total
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Receivables due from banks					43,286,287	43,286,287
6. Receivables due from financial institutions					5,683,788	5,683,788
7. Receivables due from customers	8,184,904	26,672,594		7,233,561	1,486,541,813	1,528,632,872
8. Other assets					5,775,070	5,775,070
9. Hedging derivatives						
Total as of 31/12/2008	8,184,904	26,672,594		7,233,561	1,541,286,958	1,583,378,017
Total as of 31/12/2007	9,826,491	11,564,081		4,921,737	2,606,843,899	2,633,156,208
Variation	(1,641,587)	15,108,513		2,311,824	(1,065,556,941)	(1,049,778,191)

2. Customer exposures

2.1 Exposures: gross and net values

Typology of exposure/values	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. IMPAIRED ASSETS				
1) Non-performing receivables				
- Loans	39,933,643	31,748,739		8,184,904
- Securities				
- Unsecured loans				
- Commitments to issue funds				
- Other assets				
2) Substandard receivables				
- Loans	38,733,808	12,061,214		26,672,594
- Securities				
- Unsecured loans				
- Commitments to issue funds				
- Other assets				
3) Restructured receivables				
- Loans				
- Securities				
- Unsecured loans				
- Commitments to issue funds				
- Other assets				
4) Expired receivables				
- Loans	8,167,954	934,393		7,233,561
- Securities				
- Unsecured loans				
- Commitments to issue funds				
- Other assets				
Total A	86,835,405	44,744,346		42,091,059
B. PERFORMING ASSETS				
- Loans	1,496,846,700		10,387,037	1,486,459,663
- Securities				
- Unsecured loans				
- Commitments to issue funds				
- Other assets	82,150			82,150
Total B	1,496,928,850		10,387,037	1,486,541,813
Total	1,583,764,255	44,744,346	10,387,037	1,528,632,872

3. Concentration of credit

3.2 Major Risks

	Amount
a) amount	103,684,016
b) number	3

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

Refer to that previously illustrated in section 3.1.

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. Organizational elements

Interest-rate risk is caused by 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 economic value of items subject to risk.

The parent company Banca Italease operates as the centralized risk manager of the Group and utilizes the Asset & Liability Management process in order to measure, control and manage financial flows of individual companies of the group in an integrated manner as well as consolidated flows along with valuations of the current composition of the portfolio.

The market risk management process of the Group – with reference to the bank portfolio – is regulated by the “Internal Control System" Regulations under the section "Regulation of Risk Management".

The policy for managing risk of the bank portfolio aims – as part of short and long-term strategic policy – to manage the overall banking book in terms of (a) interest margin volatility and (b) the economic value of items subject to risk.

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 measurement of the risk is implemented by the risk management unit of the parent company which also produces the reports sent to the Group's governing bodies and to the departments involved in managing structural interest-rate risk and liquidity risk.

2. Methodological aspects

The exposure to interest-rate risk in the near term is estimated on a monthly basis 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 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.

STRUCTURAL INTEREST-RATE RISK	+100 BPS	-100 BPS
Impact on the interest margin	+9.7%	-8.2%

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.

A review of the values contained in the table above reveals how a change in the curve of rates of +/- 100 bps determines an acceptable change in the expected interest margin (+9.7% in the case of an increase of 100 bps and -8.2% in the case of a 100 bps reduction).

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 31/12/2008					
	US Dollars	Pounds	Yen	Canadian Dollars	Swiss Francs	Other currencies
1. Financial assets	10,019,442					12,323,284
1.1 Debt securities						
1.2 Equities						
1.3 Receivables	10,019,442					12,323,284
1.4 Other financial assets						
2. Other assets						
3. Current financial liabilities	9,414,882					12,115,623
3.1 Payables	9,414,882					12,115,623
3.2 Debt securities						
3.3 Other financial liabilities						
4. Other liabilities						
5. Derivatives						
Total assets	10,019,442					12,323,284
Total Liabilities	9,414,882					12,115,623
Difference (+/-)	604,560					207,661

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 2,552,202 for approvals that were issued and not financed.

3.3 OPERATIONAL RISK

Qualitative information

The company is exposed to the operational risks linked to its operations.

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

The measurement of the operational risk of the companies of the Banca Italease Group is centralized within the parent company which has adopted the following definition of operational risk: “risk of losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems or due to exogenous events, including the legal risk or the risk of losses due to the violation of laws or regulations or deriving from contractual or non-contractual liabilities or from other disputes".

In connection with this type of risk, the operational Risk Office – as part of the Risk Management Service of the Group – has continued its instrumental activities in implementing a system of identification, management and monitoring of the abovementioned risks.

In particular, auditing activities relative to the mapping of company processes at the Group level - which became necessary due to the profound changes which affected the managerial and organizational, as well operational structure, of the Group and in the economic environment of reference - are currently being fine tuned. As of today, these activities relative to operational risks have led to the following results:

- completion of harmonization activities of the various company taxonomies relative to the mapping of processes and risk assessment as well as the definition of a common framework of reference, even in terms of roles, tasks and interrelations between the operational Risks Offices and the various organizational units involved in the broad process of managing operational risks within both the parent company and the subsidiaries;

- completion of the process for detecting and monitoring the macro-categories of operational risk. For this purpose and by means of qualitative risk assessment methodologies, the primary elements of operational risk affecting the processes of the group have been identified and evaluated, thereby determining the degree of exposure within the group and within the individual subsidiaries, including an assessment on risk control itself;

- contribution to the drafting of the ICAAP report and formalization of the relative process.

As of today’s date, activities for collecting date on losses (Loss Data Collection) - in order to quantitatively evaluate them - have not yet been planned in detail ; it was deemed that management of the information of the abovementioned self risk assessment approach should take precedence, even in accordance with project plans and the relative implementation costs and constraints.

In terms of data collection and in light of risk assessment and loss collection:

- the operational risk factors noted by the Internal Audit Service have been analyzed during normal auditing activities for the Group and specific containment measures have been implemented;

- processes for analyzing the technical specifications of data association databases and the consequent implementation of the internal database of risk data and of operating losses have been initiated.

With regards to the estimate of asset requirements in connection with the exposure to Operational Risks, the Basic Indicator Approach has been utilized as of the current year.

During the course of 2009, the abovementioned activities will continue with the resulting implementation – at the time of their completion – of an ad hoc reporting system.
With regards to the risks pursuant to Law 262/05 and with specific reference to the responsibilities of the entrusted manager, including those relative to operational risks, risk assessment activities have continued with the identification and assessment of risks and of controls for the latter as well as the identification, prioritization and completion (according to scheduling) of risk mitigation activities.

Section 4 – Related party transactions

4.1 Information relating to the remuneration of directors and managers.

Director compensation: Euro 122,091. No other cost of the year is ascribable to directors.
Auditors' compensation: Euro 72,389.
Executives: compensation of Euro 742,583 (of which Euro 68,293 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 related 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.

	31/12/2008
Volumes of turnover – bank channel	5,329,686
Incidence % of bank channel on total turnover	39,01
Commissions recognized to banks	4,241,350
Of which “related parties”	
Banco Popolare	1,581,323
Banca Popolare dell'Emilia Romagna	726,788
Reale Mutua Assicurazioni	
Banca Antonveneta	
Banca Popolare di Sondrio	119,360
Banca Popolare di Milano	979,675
Total "related parties"	3,407,146
Incidence % commissions to related parties	80.33

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

Total due to banks		1,239,561,136
Banco Popolare	0.46%	5,742,130
Banca Popolare dell'Emilia Romagna	10.33%	128,055,845
Reale Mutua Assicurazioni		
Banca Antonveneta		
Banca Popolare di Sondrio	12.18%	150,931,356
Banca Popolare di Milano	26.40%	327,220,908
Total payables due to related parties	49.37%	611,950,239

Transactions with Shareholders of Reference- funding: Net interest income

Total payable interest to banks		(73,390,104)
Banco Popolare	28.5%	(20,883,435)
Banca Popolare dell'Emilia Romagna	10.3%	(7,581,161)
Reale Mutua Assicurazioni		
Banca Antonveneta		
Banca Popolare di Sondrio	10.7%	(7,882,271)
Banca Popolare di Milano	21.7%	(15,891,720)
Total payable interest to related parties	71.2%	(52,238,587)

The table reports the difference between payable and receivable interest.

Transactions with Shareholders of Reference-Sundry commissions

	31/12/2008
Other commissions recognized to banks	
Banco Popolare	444,594
Banca Popolare dell'Emilia Romagna	15,563
Reale Mutua Assicurazioni	0
Banca Popolare di Sondrio	105,728
Banca Popolare di Milano	332,286
Total "related parties"	898,171

Loans

Summary Table

The table below summarizes the financial relationships and economic components accruing as of 31/12/2008 in relation to operations with “Shareholders of Reference” which were described in detail above.

	31/12/2008
Financial assets held for trading	
Receivables due from banks	(23,502,515)
Receivables due from customers	
Hedging derivatives	
Other assets	
TOTAL ASSETS	(23,502,515)
Due to banks	623,718,299
Payables due to customers	
Securities issued	
Financial liabilities held for trading	
Payable hedging derivatives	
Other liabilities	3,447
TOTAL LIABILITIES	623,721,746
Receivable interest and similar proceeds	(22,618,850)
Payable interest and similar proceeds	29,619,737
Receivable commissions	
Payable commissions	(4,305,316)
Net profit (loss) from trading activity	
Net profit (loss) from hedging activity	
Administrative expenses	(164,679)
Other operating costs	
TOTAL INCOME STATEMENT ITEMS	2,530,892

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

Amounts receivable from credit institutions

BANCA ITALEASE	*Amount*
Fiscal Consolidation	7,806,860
Transferred personnel	551,639
Reimbursement for Fondo Forte	167,161
Personnel transfer	33,736
Total	8,559,396

Amounts due to credit institutions

BANCA ITALEASE	*Amount*
Overdraft facility	515,000,000
Accrued liabilities on overdraft facilities	867,289
Payable commissions	14,677
Supplier invoices	34,905
Transferred personnel	461,437
Total	516,378,308

Costs – credit institutions

BANCA ITALEASE	*Amount*
Interest expenses and similar charges	28,365,651
Commissions payable on received guarantees	75,000
Other payable commissions - Cerved	27,460
Commissions	78,065
Service contract – property	2,715,295
Transferred personnel	461,437
Directors' emoluments	67,834
Other administrative expenses	915
Total	31,791,657

Revenues – credit institutions

BANCA ITALEASE	*Amount*
Transferred personnel	551,639
Service Aosta Factor	54,000
Total	605,639

Amounts due from financial institutions

		Amount
Mercantile Leasing	Transfer of personnel	3,556
Italease Network	Outstanding invoices	2,106
Total		5,662

Amounts due to financial entities

		Amount
Mercantile leasing	Payable commissions	28,351
Italease Network	Payable commissions	21,835
Total		50,186

Costs – financial institutions

		Amount
Mercantile Leasing	Commissions	117,130
Italease Network	Commissions	107,847
Italease Network	For rentals	2,995
Total		227,972

Revenues – financial institutions

		Amount
Italease Network	Expense reimbursement	1,755
Total		1,755

Receivables due from customers

		Amount
Itaca Service	Invoices for the recovery of costs	82,150
Itaca Service	Prepaid expenses	137
Italease Gestione Beni	Prepaid expenses	1,840
Total		84,127

Payables due to customers

		Amount
Italease Gestione Beni	Supplier invoices	18
Total		18

Costs – customers

		Amount
Itaca Service	Other administrative expenses	8,406
Italease Gestione Beni	Prepaid rental charges	229,484
Italease Gestione Beni	Professional fees	22,934
Total		260,824

Revenues – customers

		Amount
Itaca Service	Expense reimbursement	69,678
Total		69,678

Section 5 – Other detailed information

5.1 Average number of employees by category

Dipendenti per categoria/valori	Total 31/12/2008	Total 31/12/2007
5.1. Staff costs	120	135
a) Executives	3	4
b) Total managers	58	66
- of which of third and fourth level	39	45
c) Other staff	59	65
5.2 Other personnel	9	41

Item 5.2 “Other personnel” has significantly declined given the change in 2008 from a company transfer contract to an outsourcing contract with the parent company and due to the reduction in interim personnel.

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 31/12/2007

	31/12/2007
Asset items	
10. Cash and cash equivalents	3,843
20. Financial assets held for trading	202,437,193
40. Financial assets available for sale	1,028,753
50. Financial assets held to maturity	1,416,466
60. Receivables due from banks	199,124,340
70. Receivables due from customers	19,383,926,185
80. Hedging derivatives	75,102,381
100. Shareholdings	506,900,123
110. Tangible assets.	37,872,754
120. Intangible assets	207,119,047
of which:	
- Goodwill	*200,389,008*
130. TAX ASSETS	273,443,189
a) current	*25,681,252*
b) advanced	*247,761,937*
150. OTHER ASSETS	355,071,741
TOTAL ASSETS	21,243,446,015

	31/12/2007
Total shareholders' equity and liabilities	
10. Payables due to banks	3,279,700,416
20. Payables due to customers	5,551,257,222
30. Issued securities	10,302,010,877
40. Financial liabilities held for trading	151,934,677
60. Hedging derivatives	328,015,744
100. Other liabilities	69,066,747
110. EMPLOYEE TERMINATION INDEMNITIES	4,969,524
120. PROVISIONS FOR RISKS AND CHARGES	47,645,547
a)pensions and similar commitments	*31,076,995*
b)altri fondi	*16,568,552*
130. Valuation reserves	3,741,010
160. RESERVES	146,511,172
170. Issue premiums	938,940,748
180. share capital	868,966,074
190. Own shares	(26,471)
200. PROFIT (LOSS) FOR THE FINANCIAL YEAR	(449,287,272)
Total shareholders' equity and liabilities	21,243,446,015

INCOME STATEMENT

	31/12/2007
10. Interest income and similar income	996,846,924
20. Payable interest and similar proceeds	(828,834,484)
30. *interest margin*	168,012,440
40. COMMISSION INCOME	47,737,112
50. COMMISSION EXPENSES	(52,266,008)
60. BALANCE OF COMMISSION INCOME/EXPENSES	(4,528,896)
70. Dividends and similar income	86,144,916
80. Net profit (loss) from trading activity	(653,132,084)
90. Net profit (loss) from hedging activity	(1,388,999)
100. Income (loss) from sale of investments or the buyback of	(2,860,125)
d) financial liabilities	*(2,860,125)*
120. BROKERAGE MARGIN	(407,752,748)
130. Valuation adjustments/writebacks - impairment of receivables	(64,637,072)
a) Receivables	*(63,137,072)*
d) Other financial operations	*(1,500,000)*
140. Net financial income (loss)	(472,389,820)
150. administrative expenses	(119,514,072)
a) Staff expenses	*(58,924,983)*
b) Other administrative expenses	*(60,589,089)*
160. NET PROVISIONS FOR RISKS AND CHARGES	(14,912,608)
170. Net valuation adjustments/writebacks on tangible fixed assets	(6,563,152)
180. Net valuation adjustments/writebacks on intangible fixed assets	(4,032,613)
190. Other operating income	9,332,233
200. Operating expenses	(135,690,212)
210. Income (losses) on equity investments	0
240. Income (loss) from sale of investments	(7,240)
250. Operating profit before tax	(608,087,272)
260. Taxes on income from continuing operations	158,800,000
270. Operating profit after tax	(449,287,272)
290. PROFIT (LOSS) FOR THE FINANCIAL YEAR	(449,287,272)

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.

Type of service	Subject who supplied the service	Accrual in 2008
Auditing Quarterly reviews Reporting package, half-yearly	Deloitte & Touche SpA Deloitte & Touche SpA Deloitte & Touche SpA	41,536 7,552 10,712
Other services *consist of:* *Undersigning of tax returns (770-Unico, Italian tax return)*	Deloitte & Touche SpA	*7,500*

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors for the financial statements of 31/12/2008

To the Shareholders,

Our auditing activities during the financial year closed at 31/12/2008 was carried out in compliance with the principles of due diligence of the Board of Statutory Auditors recommended by the Italian National Boards of Chartered Accountants (“Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri”).
We have reviewed the financial statements for the year closed on 31/12/2008 – which closed with net income of € 32,801,604 - 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.

The Board of Statutory Auditors has not received complaints or claims from third parties pursuant to Article 2408 of the Italian Civil Code.
The Board of Statutory Auditors attended three Shareholders’ Assemblies (two ordinary assemblies on 22/01/08 and 15/04/08 and one extraordinary assembly on 22/01/08) as well as 10 meetings of the Board of Directors and eight 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 2008, we have supervised over company management and risk trends by means of 13 audits and have met once with the Boards of Statutory Auditors of other companies of the group.
The Board of Statutory Auditors, as per a deed of June 2008, has reviewed the organizational structure and the new company organizational chart has been defined with the aid of the competent departments of the parent company.
In particular, the strengthening of the Risk Control Center - reporting to General Management but functionally operating in relation to the parent company - should be noted along with the appointment of the Internal Control Committee.

With regards to current disputes, the situation is as follows:

a) During the course of 2008, a dispute relative to the bankruptcy rescindment – put forth by Parmalat SpA, subject to extraordinary administration – was settled. The dispute involved the disbursement of 2.5 million Euro from Factorit; this amount was fully allocated in the year 2007;
b) the sentence of the bankruptcy rescindment – put forth by ITEA S.p.A., subject to extraordinary administration – is still pending;
c) the trial initiated by MAS S.p.A. with respect to our company has been closed.

As of 31/12/2008, non-performing receivables, gross of adjustments, totaled Euro 39.9 million and correspond to 2.60% of total capital loans.
Allocations and adjustments totaled Euro 12,536,080 million, of which Euro 11,713,434 are net value adjustments for impairment of receivables and Euro 822,646 million for adjustments to the provisions for guarantees and commitments.
Provisions for Risks and Charges at year end totaled Euro 5,987,616. This sum was allocated to cover certain potential risks relating to rescindments and trial payables, in addition to personnel costs.

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 31/12/2008, as drafted by the Directors, and agree with the proposal of the latter relative to the allocation of net income.

Milan, 7 April 2009

The Board of Statutory Auditors
Flavio Dezzani, Chairman
Attilio Guardone
Ezio Simonelli

Report of the Auditing Company

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

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.

1. We have audited the financial statements of Factorit S.p.A., which comprise the balance sheet as of December 31, 2008, and the income statement, statement of changes in Shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

   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 31, 2008.

3. In our opinion, the financial statements present fairly the financial position of Factorit S.p.A. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The directors of Factorit S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art. 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Factorit S.p.A as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

Signed by
Umberto Lombardini
Partner

Milan, Italy
April 7, 2009

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

FACTORIT

FACTORIT