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ANNUAL REPORT 2009

FACTORIT

Situation as of 20/04/2010

Share capital fully paid up € 85,000,002.00 consisting of 85,000,002 shares each with a value of € 1.00

Shareholder list

Shareholder	No. of shares held	% of equity held
BANCA ITALEASE S.p.A.	85,000,001	99.99%
ITACA SERVICE S.p.A.	1	0.01%
Total	**85,000,002**	**100%**

Factorit S.p.A.

Registered Office, General Management and Operational Headquarters
Via Sile, 18 – 20139 Milan
Telephone (02) 58150.1 – Fax (02) 58150.205

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A member of the **Banco Popolare Banking Group** and subject to the activity of guidance and coordination of Banco Popolare Soc. Coop.
Share Capital 85,000,002.00 euro fully paid up
Tax Code, VAT and registration N° at the Milan Companies Register: **04797080969**
Registered in the lists held under the terms of Lgs. Dec. 385/93 with N° **36643** General List pursuant to Art. 106 (I.E.O.) and with **33042** of the Special List pursuant to Art. 107 (Bankit).
A member of Assifact – Association of Italian factoring companies

Member of Factors Chain International

CORPORATE AND AUDITING BODIES AND GENERAL MANAGEMENT

Board of Directors

Chairman	Antonio De Martini *
Directors	Annunzio Bacis * Paolo Franco Croci * Marco Cappelletto Massimoluca Mattioli

Board of Statutory Auditors

Chairman	Flavio Dezzani
Regular Auditors	Attilio Guardone Flavia Minutillo
Alternate Auditors	Alberto Balestreri Francesco Cimmino Gibellini

General Manager

Marziano Bosio

External Auditors

Deloitte & Touche S.p.A.

** Members of the Executive Committee*

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DIRECTORS' REPORT ON OPERATIONS

This is a translation of the italian original "Bilancio d'esercizio al 31 dicembre 2009" and has been prepared solely for the convenience of international readers. In the event of ambiguity the italian text will prevail

REPORT ON OPERATIONS

Dear Shareholders,

Financial year 2009 was situated in an economic and financial context characterized by the continuation of the serious crisis which exploded in 2008, to which were added the difficulties associated with the restructuring of the former Banca Italease Banking Group.

At the global level, the change in GDP was -0.8% on an annual basis and the driver of the economy was the Asian countries: in fact, according to the International Monetary Fund, the advanced economies witnessed a decline in product of 3.2% (-2.5% the United States, -3.9% the euro area, -5.3% Japan, -4.8% the United Kingdom), while the emerging and developing countries recorded positive growth rates (+2.1% overall and in particular +6.5% Asia and +8.7% China alone) thanks to the solidity of domestic demand.
International trade declined by 12.3%.

In the euro area and in Italy different stages can be distinguished, from the deterioration of the recession, to stabilization and slowing of the recession up to start of the recovery.
In the first quarter the lowest point of the economic cycle was reached, with all the short-term indicators in recessive territory and growing unemployment of manufacturing resources (workers and plants). The product trend was -2.5% on a quarterly basis in the euro area and -2.7% in Italy.
In the second quarter, there was a gradual stabilization of the economy and a number of macroeconomic figures began to signal a turnaround in the cycle, mainly describing a slowdown in the rate of decline. The main economic figures in relation to demand (indicators of the confidence of businesses and consumers, PMI and IFO indices) came slightly back up from their lowest points; on the supply side, industrial production declined further, together with the use of plants, while the unemployment rate increased.
In the third quarter economic activity began to grow again: in September the €-coin indicator became positive, although still only just, for the first time in the last fifteen months; the indicators of the climate of business and consumer confidence improved; the Purchasing Managers Index (PMI) of the service sector came up above the threshold compatible with an expansion of business, remaining slightly below this level in industry; the recovery of industrial production continued. The GDP trend was positive on a quarterly basis both in the euro area (+0.4%) and in Italy (+0.6%).
In the last quarter of the year there was a further improvement of the economic situation, with a continuation of the upward trend of indicators of economic sentiment and an increase of the manufacturing capacity used, from the lows of the previous quarter (71% at the end of the year).
The greatest contributions to growth came from exports and from reconstruction of stocks, while investments and consumption continued to stagnate: on the one hand, businesses had no incentive to invest in new capital given the low percentage of use of the plants; on the other, consumption was limited by the negative trend on the labour market, characterized by a growing unemployment rate (10% in the euro area, 8.5% in Italy) and by an increase in the use of forms of support such as the temporary redundancy fund.
According to the most recent analysis conducted by ISTAT in March 2010, in 2009 Italian GDP on an annual basis fell by 5.1%.

In relation to the nominal variables, inflation remained for the whole year on a limited trend: the harmonized rate of growth of consumer prices in the euro area declined considerably on an annual basis in the early months of 2009 before entering negative territory from June to October and then returning positive, but with values which were not worrying for the stability of prices (0.9% in December). In Italy also the HICP (Harmonized Index of Consumer Prices) remained at very low levels, mostly positive; in December the inflation rate was 1.1%. This trend was influenced by reasons of a statistical kind (that is by comparison with 2008, a year in which there was a sharp increase in commodity prices) and of an economic nature (by weakness of aggregate demand).
The inflationary expectations incorporated into financial instruments and deriving from the surveys seemed throughout the year to be firmly anchored and in line with the stability of prices, defined as a growth rate of the harmonized index of consumer prices of less than but close to 2% on average over the period.

The growth rate of the monetary aggregate M3 continued to decline gradually, reducing the probability of inflationary pressures in the medium/long-term, before becoming negative in the last two months of the year, with an evident replacement of the more long-term aggregates with short-term ones – on the one hand – and from loans to the private sector to loans to the public sector – on the other.
At the same time, the rate of growth of loans to the private sector suffered a slowdown and a reduction, as a result of both falling supply and falling demand.
According to the quarterly surveys carried out by the European Central Bank on lending in the euro area, in 2009 there was a continual restriction of credit standards, although in a declining manner. In particular it emerged that – both in the Eurozone and in our country – bank lending to the private non-financial sector was affected both by lower demand for loans from businesses, owing to the difficult economic situation, and by a still restrictive orientation of the supply criteria, although with signs of attenuation. On the supply side, the squeeze was determined – above all in the early months of the year – by the difficult conditions in which the banks found themselves operating on the financial markets and – in the last few months – by the need to set aside resources to improve capital requirements weakened by the crisis.

In order to facilitate the normal operation of the money market and encourage banks to sustain and expand lending to customers, the central banks continued to loosen monetary conditions, acting both by reducing interest rates and through unconventional channels, such as the purchase of long-term financial assets on the markets.
In the first six months of 2009, the European Central Bank reduced by 150 basis points its minimum refinancing rate, with a total of 325 hundredths from the start of the expansive manoeuvre (October 2008), bringing the refi rate down to 1% and implementing the adoption of exceptional measures such as extending the duration of fixed-rate auctions with requests fully met and implementing quantitative easing measures, through the purchase of covered bonds issued in the euro area up to a maximum of Euro 60 billion. The first annual fixed-rate refinancing auction was held in June, with the allocation of the record amount of Euro 442 billion. The results of the next two auctions with annual duration testified to an easing of the tensions on the interbank market: liquidity, however, seemed badly allocated throughout the period, as demonstrated by the large and long-lasting average amount of overnight deposits at the European Central Bank.
At the monetary policy meeting in December, the chairman of the European Central Bank announced the start of the "exit strategy" from the extraordinary monetary policy measures introduced in order to tackle the crisis, and it was decided not to hold further refinancing auctions for an extraordinary duration of 12 months. Other important facilities remain in place, however: above all the application of a fixed rate with full allocation of requests to the main refinancing auctions, at least until April 2010.

As a result of the expansive policies adopted, interbank rates recorded a sharp downward correction: the 3-month Euribor rate declined significantly from January to December, from 2.859% to 0.7%; the gradient of the curve, measured from the spread between the rate at one year and the rate at one month, went from 45.5 to 80 basis points. The spread between Euribor and corresponding *eonia swaps* (free of counterparty risk) declined with respect to the peaks of a year ago, but the money market rates continued to pay a higher than standard risk premium for maturities of more than one month.
In the same way, the yield curve in the euro area declined considerably in the stretch up to the thirteenth year, in particular on the short-term part (of 88 and 78 basis points respectively maturities of 2 and 3 years); instead yields on the long-term stretch increased. The IRS curve turned around the twentieth year, with a negative change in the rates associated with shorter maturities and a positive change on the long term.
As regards exchange rates, the euro-dollar rate went down from 1.40 at the beginning of January to 1.25 at the beginning of March before rising strongly again up to more than 1.50 at the end of November and then falling again to around 1.44 in December. The effective exchange rate of the euro fluctuated in the period of reference, opening at 112.93 and closing at 31 December 2009 at 111.931.
Starting in the second quarter, the gradual recovery of investor confidence and the maintenance of a very low level of interest rates also favoured the international financial markets with rising share prices and a reduction in spreads on corporate and sovereign bonds, although still with figures far from pre-crisis levels.

The trend of Credit Default Swaps, in particular from the second half of the year onwards, also showed an easing of tensions on the financial markets, but still not a complete recovery.

The table below shows the estimates of the main international, European and Italian economic variables from 2009 to 2012, compared with the 2008 data.

Table 1. Key economic data (% change)

Key economic data (% change)	2008	2009	2010	2011	2012
GDP USA	0.4%	**-2.6%**	1.6%	2.0%	2.4%
GDP JAPAN	-0.7%	**-5.2%**	1.0%	1.1%	1.3%
GDP EUROZONE	0.6%	**-4.0%**	1.0%	1.2%	1.7%
GDP ITALY	-1.0%	**-4.8%**	0.8%	1.1%	1.6%
INFLATION USA	**3.8%**	**-0.3%**	**3.0%**	**2.7%**	**2.8%**
INFLATION EUROZONE	3.3%	**0.3%**	1.4%	1.5%	1.7%
INFLATION ITALY	3.3%	**0.8%**	1.5%	1.7%	1.8%
3-MONTH EURIBOR	**4.6%**	**1.2%**	**1.0%**	**2.1%**	**2.8%**
M/L TERM INTEREST RATE	4.7%	**4.3%**	4.4%	4.5%	5.0%
TOTAL LOANS - ITALY	**4.9%**	**2.3%**	**4.7%**	**5.6%**	**5.4%**
GROSS FIXED INVESTMENTS ITALY	**-2.9%**	**-12.8%**	**0.6%**	**2.0%**	**2.3%**
- INVESTM. IN MACHINERY, EQUIPMENT AND VEHICLES	-4.1%	**-18.2%**	4.2%	3.0%	3.3%
- INVESTMENTS IN BUILDINGS	-1.8%	**-7.8%**	-2.8%	1.0%	1.2%

Source: Prometeia - Forecast Report, January 2010.

[1] Source: European Central Bank.

Factoring market and company performance

The Italian factoring market is by now stably near the top of the international tables and, despite the drop in GDP, plays a significant role in the national economic context. Factoring is gaining ground as an anti-cyclical instrument available to companies to supplement their working capital and to manage and protect themselves against the risk of debtor insolvency.
As regards 2009, the market surveys carried out by ASSIFACT, on the basis of the initial indications of its associates, recorded a slight reduction in the total volume of receivables sold (-3%) compared with 2008, as a result of the drop in the turnover of businesses and the slowdown in the real economy. The total volume of receivables sold should however have amounted to more than 118 billion Euro.
During the year the indicators show a significant expansion both in the amount outstanding (+3.9%), and of the proportion financed by the factors (+4%) to support the growing requirements of businesses.
The increase in Outstanding Invoices and in Advances, in the presence of falling volumes of Turnover recorded by the system, confirms the long-term trend towards a worsening of average collection times of receivables and the ongoing critical economic situation.
A more detailed analysis of the competitor companies reveals that there were no changes in the physiognomy of the sector, which is still characterized by a high level of competition. The volumes remain concentrated in a few qualified operators belonging to the most important banking groups, which, although in a reflective market, orient the corporate policy lines (commercial, credit and operating policies) to close collaboration with the banking institutions to which they belong. The large operators have aimed to stabilize and acquire new market shares through their capacity to attract the best customers and keep them loyal, or turning their attention to particular segments or product sectors, also in a period of recession and of generalized lack of confidence such as the one we are experiencing.

Although in a difficult, discontinuous and highly competitive environment, your Company has managed to remain one of the market leaders, the brand remains among the most recognized and appreciated in the industry and, as it occupies fourth place consistently, remains a point of reference for the sector with a share that is likely to be around 10%.

The total value of receivables sold (turnover) at 31/12/2009 was *11,491 million,* a contraction of *15.9%*.

Your Company has maintained its market positioning thanks to an undiminished ability to retain the loyalty of its customers, achieved with a range of products always oriented to personalization of the service provided. Most of these are still concentrated in more structured products such as maturity factoring and non-recourse factoring, which accompany the range of products characterized by traditional technical types (*old factoring*, guarantee only).

From the point of view of the commercial business, the difficulties of the economic setting and the events and uncertainties associated with the planned reorganization of the parent company Banca Italease (henceforth also the "parent company") had a strong effect on the downward curve of the Company's volumes, which benefited only marginally from the contribution of the historical banking partners.
After the first 9 difficult months, in which the negative trend of 2008 continued, the fourth quarter brought a recovery of total volumes compared with the same period of 2008, confirming the trend towards stabilization of production, which was becoming apparent during the summer months (see Tab. 2).

Table 2. Quarterly trend in Turnover (in thousands of euro)

Factorit	2009	2008	Gap 2009/2008
First quarter	2,543,732	3,698,769	-31%
Second quarter	2,963,334	3.654.003	-19%
Third quarter	2,800,241	3,480,137	-20%
Fourth quarter	3,183,993	2,828,320	13%
Total Turnover	11,491,300	13,661,229	-16%

The production data for the first weeks of business of the new financial year seem to confirm the recovering trend of Turnover and the progressive contraction of volumes connotating the last two years would seem by now to have come to an end.

The managerial decisions during the year had the aim of governing the available resources through careful control of risks, without losing sight of relations with the market and the evolution of the business.
The risk concentrations were selected and the commercial opportunities assessed, giving priority to receivables with faster rotation and, even in the presence of an inevitable and progressive worsening of the general situation, the average rotation of receivables intermediated turned out to be among the most virtuous and performing on the market, with important positive repercussions on risk management and on our ability to self-finance.
Commitments in the industries that are still affected by the serious critical events of the last few months (Tourism and Organized Distribution) were modulated, as was the broking of receivables claimed by businesses from the Public Administration.

Receivables claimed from the sector of the Public Administration characterized the demand for factoring from companies and continued to be an important source of development of the business for a number of leading operators on the market.

The management oriented the strategic guidelines in a number of directions:
- selective and fractioned development on targets of customers in the middle corporate and SME segments, careful rationalization of a number of existing relationships for risk concentration purposes;
- rigour in the selection, management and monitoring of risks, with particular regard to "past due" positions;
- control of commitments and economic repositioning of the portfolio;
- positive management of commercial collaborations with banking partners;
- monitoring of efficiency and operational excellence.

In this very complex and articulated context, the business generated a satisfactory result from the point of view of net factoring income, which amounted to Euro 68,047 thousand, even in the presence of an evident contraction of volumes produced (-15.9%) and of Average Commitments (-28.8%). Achievement of this result was due to the increase in the financial spread charged to customers and the maintenance of Net Income from Services (Commissions), also as a consequence of the periodic and immediate corrective manoeuvres to adjust the contractually-envisaged terms, again with the aim of following the trend in the cost of funding and thanks to the speed of rotation of the receivables, which had a positive effect on the Company's ability to self-finance.
Operating profit was also sustained by a notable decrease in costs, down 10%, as a result of the gradual reduction in personnel and the attention paid to the containment of administrative expenses.
The pre-tax profit, of Euro 29.2 million, was negatively affected also by the increase in impairment losses, for a total of Euro 21.9 million (12.5 million in 2008), a consequence of the deterioration of certain positions owing also to the continuation of the economic crisis.

The company closed the trading period with a Net Profit of Euro 18.9 million.

The table below shows a summary of the main **operating data** (Tab. 3).

Table 3. Operating Data (in millions of euro)

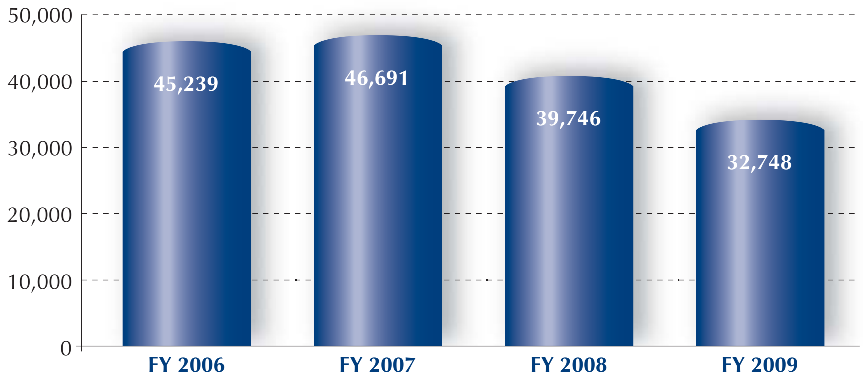
Factorit	2009	2008	Gap 2009/2008
Turnover	**11,491**	**13,661**	**-15.9%**
of which without recourse	*6,824*	*8,495*	*-19.7%*
of which with recourse	*4 ,667*	*5,166*	*-9.7%*
Net commissions (%)	**0.28%**	**0.29%**	**-0.01%**
Investment (Stock) at 31/12	1,489	1,539	-3.2%
Average Commitments	1,306	1,834	-28.8%
Outstanding	**3,047**	**3,133**	**-2.7%**
of which without recourse	*1,259*	*1,222*	*3.0%*
of which with recourse	*1,790*	*1,911*	*-6.3%*
N° documents processed	**3,500,000**	**3,800,000**	**-7.9%**

Among non-recourse receivables, the operating data include both those registered as non-recourse and formal non-recourse receivables, unlike in the Illustrative Notes (see Tab. 4.1), where non-recourse receivables relate only to "registered" positions (with transfer of risks and rewards), while formal non-recourse receivables (without transfer of risks and rewards) are included among recourse receivables.

from an examination of the breakdown of receivables in emerges that the reduction of the volumes affected both the non-recourse and the recourse segments.
The flow of transfers remains mainly with a non-recourse arrangement, accounting for approximately 59% of the total figure, compared with 62% in 2008.
Operations towards high concentrations of counterparty risk and financial commitments were limited; as regards receivables claimed by businesses from the Public Administration, the activity was contained and aimed mainly at those with faster rotation and a high degree of enforceability.

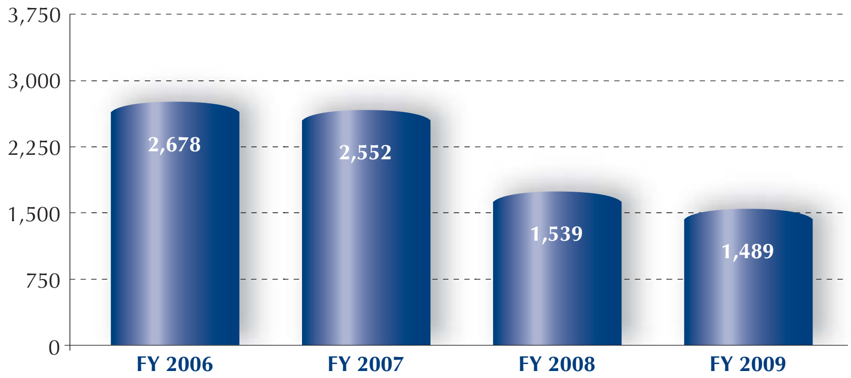
Net commissions (Chart 1), presented according to the reclassification criterion adopted by Banco Popolare (henceforth also the "Group Parent"), follow proportionally the decline in production volumes in the year. The average figure remained instead unchanged as a result of the mix of the products provided, which tend always to give priority to a balanced link between the financial commitment and personalization of the service.

Chart 1. Trend in Commissions (in millions of euro)



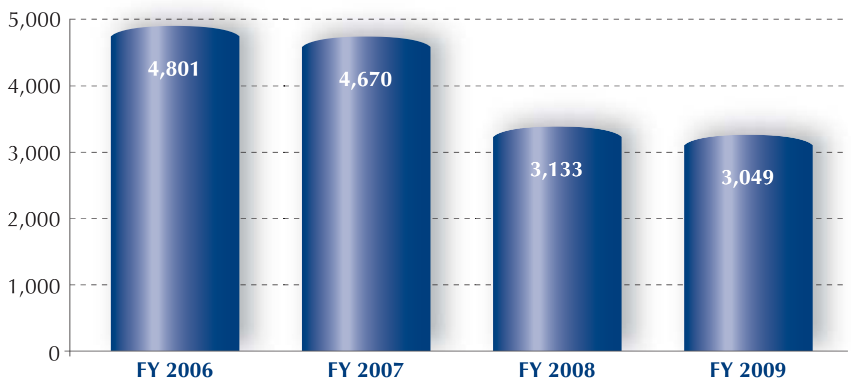
The precise figure at 31/12/09 for **Commitments** (Chart 2) was down. The reduction in the average figure for the year was even more (-28.8%), as a direct consequence of the need to govern the available resources through careful management of the "peaks" of commitment and of allocation of capital to more profitable opportunities with an acceptable risk profile.

Chart 2. Trend in Investments (in millions of euro)



The **Stock of receivables** (Chart 3) relating to performing positions also fell with respect to the same figure for 2008, and past-due positions, even in the extraordinary complexity of the economic situation described above, remained within acceptable levels also as a result of the intense activity of monitoring of the systems and services devoted to the management of debtors, of the correctives put in place in the analysis of receivables and of the punctual checks carried out by the units responsible for auditing.

Chart 3. Trend in Existing Receivables (in millions of euro)



Compared with its main competitors, the Company maintained its primacy in efficiency of rotation of the receivables intermediated, also in the difficult economic situation, optimizing the use of capital thanks to an average rotation of collections of just over 90 days.

The figure for the number of documents processed, 3,500,000, despite the reduction in total volumes, also confirms that the Company, basing its operations on the validity of the Copernico Information System, is capable of managing complex and articulated operations and has, therefore, consolidated its ability to offer the market a panel of quality products, strongly oriented to customer relations.

The number of sellers fell, owing both to the competitive market trends, with the Company only partially dealing with the assault of the competition on accounts with a greater financial component, and as a result of the rigorous qualitative selection carried out on the seller portfolio with the aim of reducing the risks of potential impairment.

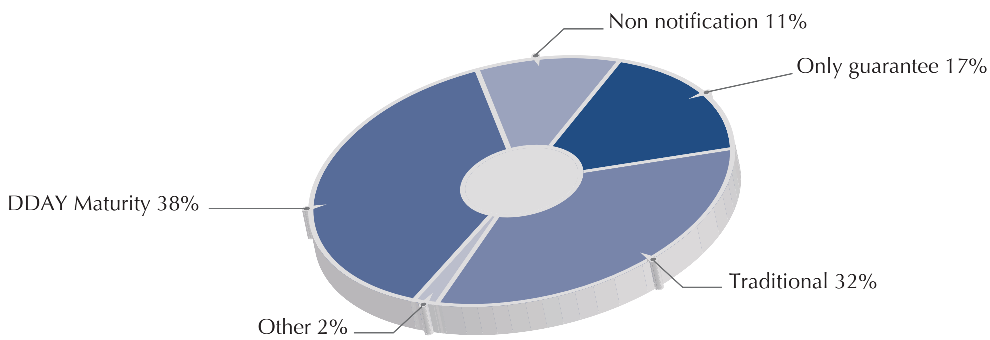
As regards the acquisition of **new customers**, during 2009 **390** new accounts were opened compared with 434 in the previous year, for a total (Table 4) of **1,426** active customers (-16.6%) of differing standings and dimensions and concentrated, in particular, in the SME and mid corporate segments.

Table 4. Number of customers and Turnover (in millions of euro)

Factorit	2009	2008	Gap 2009/2008
N° of active customers	**1,426**	**1,709**	**-16.6%**
Total Turnover	**11,491**	**13,661**	**-15.9%**
of which Domestic	*10,221*	*12,153*	*-15.9%*
of which Export	*1,141*	*1,277*	*-10.6%*
of which Import	*129*	*231*	*-44.2%*
of which without recourse	*6,824*	*8,495*	*-19.7%*
of which with recourse	*4,667*	*5,166*	*-9.7%*

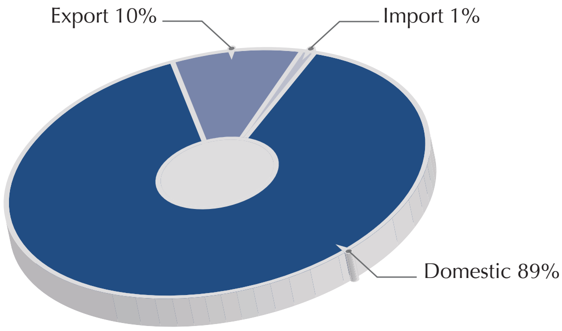
As regards the **qualitative breakdown of Turnover** (Chart 4), there was a prevalence of transfers of receivables in the maturity (DDAY) segment, which amounted to 4,415 million Euro representing 38% of the factoring products provided by the Company, showing that the product range still aims to meet the most specialized needs of the market, both of sellers and of debtors sold. The proportion of Turnover generated by traditional factoring products (OLFT) remains significant, in support of the financing of the working capital of businesses in a period of slowdown of the economy.

Chart 4. Qualitative Distribution: Turnover by Product



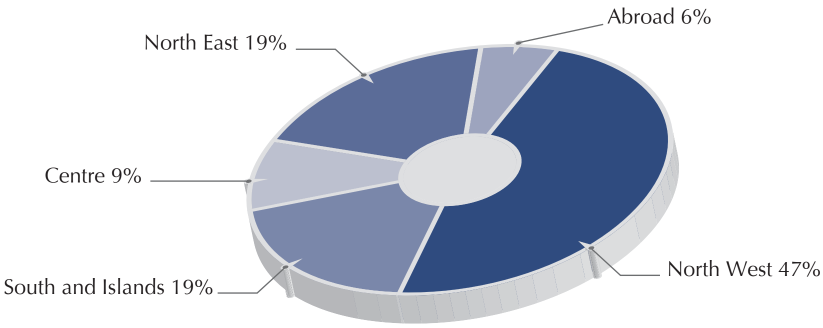
Examination of the **territorial distribution of volumes** (Chart 5), following the traditional features of the factoring market, shows the predominance of domestic business, which absorbs 89% of production, compared with the international business. During the year the international business contracted by 19.5%, with total Turnover of 1,270 million, of which 129 million (-3.9%) relating to import factoring and 1,141 million (-10.7%) relating to the export market.
The drop in volumes in the international sector, above all in the import factoring sector, was mostly due to the strategic decisions of a number of important foreign correspondents of the FCI *Factor Chain International* chain, which, while still accepting that the Company has excellent quality standards, definitively suspended the reporting of new commercial opportunities, while awaiting a positive evolution of the business of the parent company.

Chart 5. Territorial Distribution of Turnover



The **distribution of Turnover by Geographical Area of the seller**[2] (Chart 6) reflects the market indicators: approximately half the customers (47%) are based in the North-West (Lombardy is the top Region with a share of 33%), followed by the North-East, the South and Islands (both accounting for 19%) and the Centre (9%). The Turnover generated by sellers based abroad was 6% of the total.

Chart 6. Distribution of Turnover by geographical area of Customer



As regards **distribution by *"Introducer"* Channel** (Table 5), in a context of general contraction in volumes, the reduction of Turnover affected more than proportionally the channel of Partner Banks (the volume of which fell by 24.7%), showing that, despite the intense work and care in maintaining operating relations with the banking network and the strategic intention to sustain the development of the product through this network, the climate of uncertainty associated with the reorganization of Banca Italease had an effect in the failure to achieve the commercial targets envisaged in the agreements, above all with the networks of former core shareholders of Banca Italease.

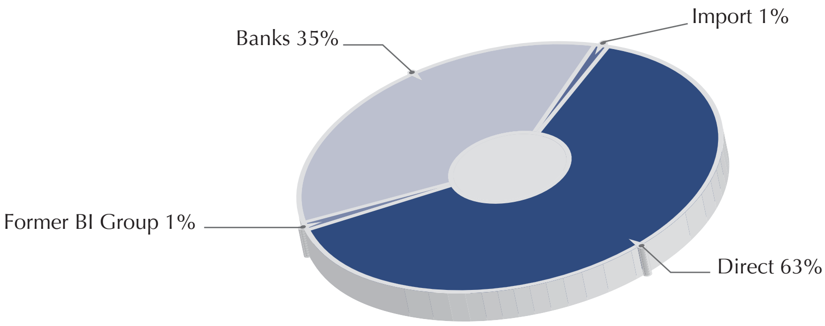
Table 5. Distribution of Turnover by Channel (in millions of euro)

Factorit	2009	2008	Gap 2009/2008
Total Turnover	**11,491**	**13,661**	**-15.9%**
Banks	4,011	5,330	-24.7%
of which "Ex Pattiste"3	*2,441*	*3,234*	*-24.5%*
Direct	7,198	7,854	-8.4%
Foreign Correspondents	129	231	-44.2%
Former Banca Italease Group	154	247	-37.7%

The commercial activity was supported by independent and targeted action on the market on the part of the direct network.

[2] *The subdivision of the Italian Regions into Geographical Areas was carried out on the basis of the ISTAT distribution.*
[3] *Gruppo Banco Popolare, Gruppo Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio*

Chart 7. Distribution of Turnover by Introducer Channel



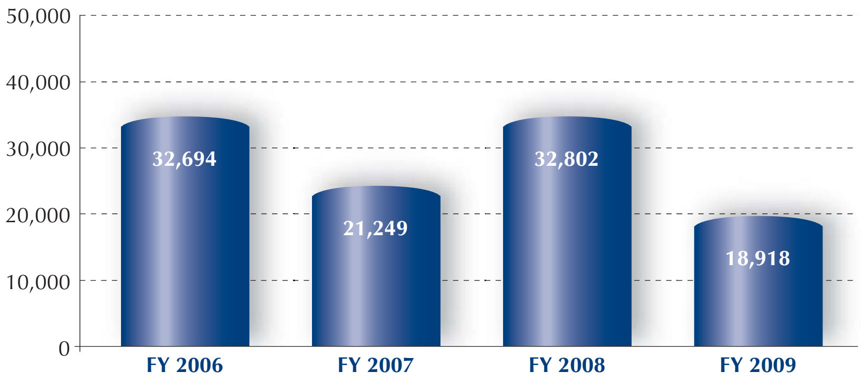
During 2009 the trend of the economic situation and the crisis on the equity markets also confirmed the opportunity for the banking partners to make use of the instrument of "pool factoring", a much-appreciated technique of joint intervention on business receivables, which in the recent past had given strong support to the production originating from the banking channel.

As part of the strategic activities carried out in relations with the Partner Banks, all the existing agreements were confirmed. Banca Popolare di Vicenza requested a waiver of the exclusive clause contained in the historical agreement entered into with our Company and gave the same indication to the subsidiaries Cassa di Risparmio di Prato and Banca Nuova.

As regards the territorial presence of the Company on the market, distribution is made through: 6 Branches, 3 Commercial Offices and more than 8,000 branches of partner banks. As regards international activities, the business is developed through the 240 foreign correspondents of the FCI chain.

Economic and income trends

Chart 8. Trend in Net Income (in thousands of euro)



The Company ended the year with a Net Income of Euro 18,918 thousand, after recognizing gross losses for the impairment of loans of Euro 25,610 thousand and of other financial operations of Euro 3,975 thousand, net of writebacks of Euro 6,145 thousand and Euro 1,509 thousand respectively.

In order to illustrate more clearly and immediately the economic performance of the company, the following table (Tab. 6) compares results and several primary indicators for the year with the data of the previous year.

Table 6. Reclassified key economic data (in thousands of euro)

Factorit	2009	2008
Proceeds for:		
Net commissions	32,748	39,746
Net financial proceeds	35,268	43,397
Net result from trading	31	-1
Gross margin	**68,047**	**83,142**
Total net operating costs	**15,681**	**17,721**
Gross operating income	**52,366**	**65,421**
Net operating income	**29,176**	**50,717**

Factorit	2009	2008
Cost Income	23.04%	21.31%
Roe	12.51%	22.19%
Spread/earning margin	51.83%	52.20%
Service margin/earning margin	48.13%	47.80%

Corporate structure

At the reporting date the company's organizational model includes a General Manager who reports directly to the Board of Directors and who is responsible for preparing and regulating the Receivables Service, the Commercial Service, the Legal Service and the Operations Service.
Following the conferment of business units by Banca Italease and Itaca Service the following activities were internalized: Accounts, Financial Statements, Regulatory Notifications, Finance, Organization, General Services and management of the Copernico software.
Implementation of the new staff structure is closely connected to completion of the activities relating to development of the Company on the part of the Shareholders.

Before this event your company had 122 employees, of whom 13 part-time and 4 seconded to the Parent Company. From the Parent Company 4 resources were instead seconded to Factorit. The employees were divided as in the following tables (Tab. 7 and 8):

Table 7. Employees "pre-conferment"

(pre-conferment)	2009
Executives	2
Mid-level managers	51
Employees	69
TOTAL	**122**
of which part-time	13
of which secondments to Italease	4

Here is a summary of the situation of employees after conferment of the business units:

Table 8. Employees "post-conferment"

(post conferment)	2009
Executives	2
Mid-level managers	67
Employees	77
TOTAL	**146**
of which part-time	14
of which secondments Italease	4

During the year 9 employees left the company, of whom 2 resources transferred to the Parent Company, while 5 staff were recruited, all coming from associated companies. As regards the average number of employees in the year, see the Illustrative Notes, Part C, Sect. 9, Tab. 9.2.
The reduction in staff numbers compared with the previous year was due to a number of qualified resources leaving, above all in the commercial and operations departments.

At the very end of the year the manager of the Operations Service resigned; this figure was part of the top management, classified as an Executive. This event will require important strategic decisions to be taken as regards both the organizational structure of the service and the general staff structure, also as a result of the conferment, on 31/12/2009, of the resources included in the business units and of entry into the Banco Popolare Banking Group. In November the resource that held the position of Sales Manager, seconded to Factorit from Banca Italease starting in July 2008, was recalled to the Parent Company to be given another position, following the restructuring activities of the former Banca Italease Group.

In order to guarantee normal business operations, the General Manager continues to make use of the organizational structure of the Parent Company, on the basis of the outsourcing contract, as regards the work relating to: Human Resources, General Affairs, Planning and Control and Risk Management, Cost Control, Advice and Tax Returns, Marketing, Communication and Public Relations, Compliance, Internal Auditing.
The outsourcing contract with the Parent Company, entered into in June 2008, will be revised following the conferments mentioned above. The price includes the use of a number of spaces distributed around the territory for pursuance of the company's business.

The factoring management information sistem was confirmed to be of particular significance, as it enables the company to provide a valuable service to its customers and makes promptly available the information needed for in-depth monitoring of the business performance as a whole and for each customer.

Risks linked to the company's business

Interest rate and liquidity risk trends

As regards interest rate risk see the specific Section 3 of the Illustrative Notes – Information on risks and the related hedging policies.
With reference to liquidity risks, also for financial year 2009 they were managed by the Parent Company, which guaranteed contribution of the financial resources needed to carry on the business.

Credit risk trends

As regards credit risk trends in 2009, the continuation of the macroeconomic instability was unfortunately reflected also in all the critical problems of the italian domestic market, problems which were not however such as to jeopardize the overall quality of the existing portfolio.

At 31 December 2009 non-performing on-balance-sheet exposures, before value adjustments, amounted to Euro 46.8 million, corresponding to 3.15% of total loans in terms of principal (2.60% in 2008).
These positions, net of value adjustments, amounted to Euro 9.01 million (8.18 million), or 0.61% of loans (0.53%), loans which at 31/12/2009 amounted to Euro 1,488.71 million.

Doubtful on-balance-sheet exposures at 31/12/2009 totalled Euro 89.0 million (38.7 million) and, after value adjustments, amounted to Euro 74.92 million (26.7 million).

The sharp increase was due mainly to the changes made to the regulations issued by the Bank of Italy on 16 December 2009 for the preparation of the financial statements of Financial Intermediaries, which provided also for so-called ***objective doubt*** (further explanations by the Supervisory Authority were published later, at the beginning of February 2010).
For the purposes of provisions on such types of credit risks, for the 2009 financial statements, it was considered appropriate not to modify the amount of the value adjustments already calculated previously ("Collective"), because it is considered that the amount of the above positions will be reduced in the short term, without forgetting the measures promptly adopted in order to organize the specific and continual monitoring of the risks on the basis of the parameters indicated by the Bank of Italy.

The recent instructions also dealt with so-called ***impaired past-due positions***. For more information on this subject, and also on so-called ***objectively doubtful positions***, see the tables in the Illustrative Notes.

Up to 31 December 2009 losses were recorded for a total of Euro 9 million (Euro 15.9 million in 2008), with the use of the adjustments already allocated, also during the year.
In particular: Euro 5.5 million for exposure with respect to sellers, Euro 3.5 million with respect to debtors, Euro 0.06 million for commissions and receivables of lower value and, finally, Euro 0.02 million for transactions relating to lawsuits brought against the company or revocatory actions.
The amount recognized was completely covered by the specific provisions.

Total provisions made for risks and charges, with the aim of countering the contingent losses originating from revocatory judgements and lawsuits brought against the company, amounted to Euro 6.4 million.

Risk concentration and regulatory capital

During 2009 work continued on monitoring observance of the parameters laid down in the current regulations on the subject and applications were implemented to adjust monitoring of risk concentrations.

At 31/12/2009 5 positions were identified as classifiable as "Major Individual Risks".

For more details on Risk Concentration see the Illustrative Notes – Section 3 "Information on risks and the related hedging policies" and on Regulatory Capital in Section 4 – Comments on the Capital.

Prudential regulations

The prudential regulations were completely revised following the continual changes made to the current legislation to take account of the evolution in the risk management methods of intermediaries.

The new structure of prudential regulations, as is well known, is divided into "three pillars":

- Pillar 1 introduces a capital requirement to cover the typical risks of the banking and financial business (credit, counterparty, market, exchange-rate and operational risks). To this end alternative methods of calculating capital requirements are envisaged, characterized by different levels of complexity in the measurement of risks and of the requirements of organization and control.
- Pillar 2 requires financial intermediaries to prepare a strategy and a process of controlling current and prospective capital adequacy, leaving to the Supervisory Authority the task of verifying the reliability and consistency of the relevant results and of adopting, if necessary, the appropriate corrective measures.
- Pillar 3 introduces obligations of disclosure to the public regarding capital adequacy, exposure to risks and the general characteristics of the relevant management and control systems.

For the purposes of Pillar 1 the company has chosen to use the standard approach.

For Pillar 2 purposes the Board of Directors confirmed the document that sets out the guidelines for the Group on its internal capital adequacy assessment process ("ICAAP"): an organizational process performed at the consolidated level that requires the involvement of a plurality of corporate structures and units, of both the Parent Company and the Group companies.

Expected business outlook

The business outlook for the current period remain dependent, above all, on the general situation of the economy and on the real prospects of an easing of the crisis, but it also depends on successful completion of the operations of an extraordinary nature launched for the development of the Company and described in the Section "Significant events subsequent to the end of the period".

To deal with the financial requirements and give the Company the resources necessary to sustain production and the development of the business, the new Group Parent Company, both directly and through the Parent Company, will provide the funding needed to support the operations of the Company.

In the light also of the events that concerned the planned restructuring of the former Banca Italease Group and its subsidiaries, on the instruction of the former Group Parent, we suspended the programme for the securitisation of receivables originating from factoring transactions under the terms of Law 130 of 30 April 1999, which had been planned and launched at the end of the previous year.

The re-established operational autonomy of the Company, resulting from the conferments of business units by Banca Italease and Itaca Service, and the new ownership structure will be the basis for a real relaunch of the Company in a long-term prospective, planning an effective restructuring from both an organizational and a commercial point of view. The strong commercial presence in the territories of origin, associated with the distributive capacity of the new shareholders and of the other banking partners with agreements still in force, are the basis of certainty for the repositioning of the Company on the most attractive and profitable reference markets, with the aim of increasing the customer base in the portfolio and the assets administered.

The normalization of the structural context of the Company will enable the return of a condition of stability and operational normality and will be the condition for guaranteeing for potential new shareholders the achievement of the targets and results to be planned.

The monitoring and proactive management of all the distribution channels have made it possible and will still make it possible to preserve relations with the market, defending and relaunching the corporate brand.

As regards the international market, when the new shareholding structure has been defined and the rating recovered, meetings will be planned with the main foreign correspondents belonging to the FCI chain for a decisive new relaunch of the business of international factoring.

The growth of the product will be dependent on the prospective GDP trends, but we can confirm the strategic decision of the management, which aims at preserving a satisfactory level of return on invested capital also through tenacious defence of our most profitable customers.
The structure and completeness of the range of products offered by the Company are capable of meeting market demand in highly competitive terms. The mix of products provided will tend, also in a future perspective, to prioritise those with greater returns (maturity with and without recourse and traditional recourse factoring), with the aim of countering, at least partially, the commercial action of the competition on the Company's portfolio.

Going concern

In keeping with the intention of the Group Parent Company to evaluate ideas for the development of the Company, also through operations of an extraordinary nature, plans are nearing completion, with the counterparties that have shown an interest, for the definitive revision of the shareholding structure of Factorit.
On this point, see the secion "Significant events subsequent to the end of the period".
In the light of all of the above and considering that the company does not in any case have capital asset problems and has a history of useful products, the Directors declare that a going concern assumption is justified.

Other information

During the year a number of important events of an extraordinary nature occurred which had an impact on the normal performance of the business, also with reference to the actions taken by Banco Popolare for the restructuring of the Parent Company Banca Italease:

- Following the outcome of the takeover bid launched by Banco Popolare for Banca Italease, the Company became a part of the Banco Popolare Group.
- The Company transferred its operational headquarters from the Registered Office in Via Tortona, Milan. The complex and diverse activities for the move to the new offices at Via Sile 18 in Milan have not yet been completed and will entail the rationalization of the spaces and of the activities following the operation for the conferment of the Banca Italease and Itaca Service business units.
- In June due diligence work began on the part of potential purchasers assisted by the advisor Mediobanca for the sale of the Company, which kept the management busy in a rapid and voluminous production of all the elements necessary for the data room and in talks with the possible bidders through to November.
- On 13 October the general inspection of the Company by the Finance Police was completed. This concerned VAT for the years from 2005 up to the date of access and income tax for the years 2006 and 2009. The investigations came to an end with an official tax audit report on the Company and the objections raised are based on:
  - an allegation that the transactions subject to adjustment are not based on financing but on one of the credit management activities. The higher VAT proposed for recovery is Euro 39.5 million for the years from 2005 to 2009.
  - an allegation that the secondment of personnel made by Banca Italease to Factorit was not an operation excluded from the scope of application of VAT, but an operation subject to VAT as a generic "outsourcing" operation. The higher VAT proposed for recovery is Euro 1 million for the years from 2005 to 2009.

  With regards to all of the fiscal situations described above, at this time, based on the assessments of our consultants, we do not consider that the specific prerequisites called for by the reference accounting principles exist to make provisions for risks and charges, as significant and well-grounded defensive arguments exist with reference to the final judgement.
- On this point, in February 2010, the judgement issued on 21 October 2009 by the Provincial Tax Commission of Milan was filed. This judgement was on the appeal presented by Banca Italease S.p.A. against the notice of assessment concerning the VAT for 2003 of Factorit S.p.A.. The judgement accepted the appeal and cancelled the assessment. It must be recalled that the official tax audit report drawn up by the Finance Police in 2008 also concerned the VAT relating to financial year 2004, in relation to which a notice of assessment has been received, and to financial year 2005 (up to May).
- On 22 December 2009, as part of the project for rationalization of the organizational structure relating to the "factoring" department, with the aim of making Factorit independent from a management and organizational point of view, the deeds of conferment of the business units were signed by Banca Italease S.p.A. and Itaca Service S.p.A. in favour of Factorit, with effectiveness from 31 December 2009, represented, respectively, by:
  i. a business unit of an exclusively financial nature, consisting of the set of assets (tangible and intangible) and liabilities associated with the functions of administration, organization and general services performed by Banca Italease in favour of Factorit and with the management of the Copernico software (devoted to data processing relating to the factoring business) and of the applications related to it. The amount of the assets conferred was Euro 337,374, while the amount of the liabilities conferred was Euro 337,373, and the capital increase was Euro 1;
  ii. a business unit conventionally entitled "Factorit Information Technology" represented by assets, liabilities and personnel responsible for the provision of Information Technology services connected with the Copernico software. The amount of the assets conferred was Euro 361,608, while the amount of liabilities conferred was Euro 361,607, and the capital increase was Euro 1.

- As regards the proceedings initiated at the Public Prosecutor's Office of Milan by a former customer, in relation the alleged crime of usury, we can note the request for the case to be dismissed formulated by the Prosecutor to the Judge for Preliminary Investigations. This request is being challenged by the plaintiff.
- The prepaid taxes arise primarily from provisions set aside on loans. Even though there are inevitabile elements of uncertainty, it is believed that the company will produce in subsequent periods taxable income such as to reabsorb the above prepaid taxes.
- As of today, moreover, there are no significant facts which could significantly affect the results of the year.
- The information on relations with Group companies, required by paragraph 2, point 2 of Art. 2428 of the Italian Civil Code, is reported in the other information in the Illustrative 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 disposed of during the course of the year.
- As regards the information on risks, pursuant to paragraph 6 bis of Art. 2428 of the Civil Code, see the Illustrative Notes - Part D and the contents of the previous paragraphs.
- Your company does not have secondary branch offices.
- During the course of the year, your company has not implemented research and development activities.
- The Planning Document on Security, prescribed by article 34, paragraph 1, letter g) of Legislative Decree no 196 dated 30/6/2003 the "Personal Data Protection Law" has been compiled in accordance with the methods laid down in Regulation 19 of the Technical Disciplinary Code, appendix B, of the same Decree. Further updates will be completed within the term provided for by law.

Events subsequent to the end of the period

We present below the announcement issued jointly on 25 February by Banco Popolare, Banca Popolare di Sondrio and Banca Popolare di Milano regarding the sale of the Company.

Agreement of the sale of Factorit S.p.A. to Banca Popolare di Sondrio and to Banca Popolare di Milano

"The Administrative Bodies of Banca Popolare di Sondrio, Banca Popolare di Milano, Banco Popolare and Banca Italease have today approved the sale of 90.5% of the share capital of Factorit spa. The company, currently 100% owned by the Banco Popolare Group, was founded in 1978 by popular banks; it works in advances on and collection of trade receivables and in associated services and is, in terms of volumes processed, the fourth largest operator in the industry in Italy.
In practice, the agreement envisages that Banca Popolare di Sondrio will purchase control over the company with a stake of 60.5% of the share capital, while Banca Popolare di Milano will purchase 30%. The remaining 9.5% will remain in possession of the Banco Popolare Group. The price was set by the parties on the basis of a value of the company of Euro 170 million, which is based on the net equity of 2009. The payments by Popolare Sondrio and Popolare Milano will therefore be approximately Euro 103 million and Euro 51 million, respectively. Immediately after the signing of the contract and before the transfer of the shares the purchasers will perform confirmatory due diligence on Factorit. The transaction will be subject to prior authorization by the competent Authorities.
Factorit constitutes the operational instrument for providing support to the business world in the context of the work of financing and collecting domestic and international receivables. The agreement responds, therefore, to the intention to provide the three popular banks with a company working in factoring and in the related services, capable of competing actively on the market, also for the benefit of the numerous partner banks."

Dear Shareholder,

We hereby recommend that you approve the financial statements for the year ended 31 December 2009 and the allocation of net income, Euro 18,918,430, as follows:

- 5% to the legal reserve Euro 945,921
- Net income allocated to the extraordinary reserve Euro 17,972,509

We also propose to allocate a further Euro 27,491 to the extraordinary reserve through the use of the net income retained from previous years, of Euro 128,973.

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

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 given to the Company during the year, to all the Personnel of the Company for the constant commitment shown, to the Partner Banks, to the Correspondents which are members of FCI - Factors Chain International, and to the Bodies of the Assifact trade association.

Milan, 16 March 2010

For the Board of Directors

The Chairman
Antonio De Martini

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

FINANCIAL STATEMENTS AS OF DECEMBER, 31 2009

Contents of the financial statements

The annual financial statements of Factorit SpA, drafted in compliance with the IAS/IFRS international accounting standards, are made up of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the illustrative notes in addition to the directors' report on operations and on the situation of the Company, as required by the IAS/IFRS accounting principles and by the instructions for preparation of the financial statements of Financial Intermediaries registered on the special list of the Bank of Italy, dated 16 December 2009, and subsequent updates, issued in compliance with Article 9 of Legislative Decree 38 of 28/02/2005.

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

The illustrative notes have the function of illustrating, analysing and in some cases providing additional information on the accounting data. These notes contain the information required by the instructions for preparing the financial statements of Financial Intermediaries, issued on 16 December 2009. Additional information has been supplied when deemed necessary in order to provide a true and fair representation.

Balance sheet

Assets ***(amounts in euro)***	**31/12/2009**	**31/12/2008**
10. Cash and cash equivalent	2,502	2,363
60. Receivables	1,511,954,274	1,577,602,947
100. Property, plant and equipment	148,414	247,331
110. Intangible fixed assets	1,152,051	1,157,739
120. Tax assets	16,901,179	12,244,638
a) current	3,643,025	4,309,963
b) deferred	13,258,154	7,934,675
140. Other assets	4,073,930	5,775,069
Total assets	**1,534,232,350**	**1,597,030,087**

Liabilities and Shareholders' Equity	**31/12/2009**	**31/12/2008**
10. Payables	1,294,132,112	1,273,838,023
20. Securities issued		66,256,825
70. Tax liabilities	18,606,843	23,176,784
a) current	16,539,186	21,154,236
b) deferred	2,067,657	2,022,548
90. Other liabilities	60,583,577	77,623,885
100. Employment termination indemnities	2,196,803	1,856,019
110. Provisions for risks and charges:	7,523,654	6,426,373
a) post employment benefits		
b) other provisions	7,523,654	6,426,373
120. Share Capital	85,000,002	85,000,000
150. Share premium reserve	11,030,364	11,030,364
160. Reserves	36,312,985	19,121,084
170. Valuation reserves	-72,420	-100,874
180. Net income (loss)	18,918,430	32,801,604
Total liabilities and shareholders' equity	**1,534,232,350**	**1,597,030,087**

In the financial statements as of December 31, 2009 the liabilities that arose in relation to provisions for personnel were classified differently among "other liabilities" or among "provisions for risks and charges – others", depending on the certainty or otherwise of the obligation. In the same way "Tax assets" and "Tax liabilities" are presented under their original item; therefore, for the year 2008, the classification of these items was revised because the two items were previously offset.

Attached below is a table summarizing the reclassifications at 31 December 2008 and the amounts reclassified at 1 January 2008:

Financial statement items *(amounts in euro)*	**31/12/2008**	**Reclassification amount**	**31/12/2008 R**	**01/01/2008 R**
Current tax assets		4,309,963	4,309,963	4,191,449
Deferred tax assets	5,912,127	2,022,548	7,934,675	5,584,157
Current tax liabilities	-16,844,273	-4,309,963	-21,154,236	-24,017,594
Deferred tax liabilities		-2,022,548	-2,022,548	-3,749,892
Other liabilities	-78,062,642	438,757	-77,623,885	-86,974,990
Provisions for risks and charges	-5,987,616	-438,757	-6,426,373	-6,291,648

Income statement

(amounts in euro)	**31/12/2009**	**31/12/2008**
10. Receivable interest and comparable proceeds	55,607,736	120,179,016
20. Payable interest and comparable charges	-20,340,120	-76,781,668
INTEREST MARGIN	**35,267,616**	**43,397,348**
30. Receivable commissions	38,822,814	47,986,485
40. Payable Commissions	-6,074,739	-8,240,855
NET COMMISSION INCOME	**32,748,075**	**39,745,630**
60. Net result from trading	30,911	-1,617
EARNING MARGIN	**68,046,602**	**83,141,361**
100. Net value adjustments for impairment of:	-21,931,375	-12,536,080
a) Financial assets	-19,465,017	-11,713,434
b) Other financial operations	-2,466,358	-822,646
110. Administrative expenses:	-18,668,816	-20,788,096
a) personnel expenses	-8,463,986	-10,384,786
b) other administrative expenses	-10,204,830	-10,403,310
120. Net value adjustments on tangible fixed assets	-98,917	-131,363
130. Net value adjustments on intangible fixed assets	-19,799	-35,608
150. Net provisions for risks and charges	-1,258,300	-2,167,073
160. Other operating expenses (income)	3,106,987	3,234,306
OPERATING INCOME	**29,176,382**	**50,717,447**
180. Net income (loss) from the sale of investments	17,157	15,439
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**29,193,539**	**50,732,886**
190. Income taxes for the year on continuing operations	-10,275,109	-17,931,282
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**18,918,430**	**32,801,604**
NET INCOME (LOSS)	**18,918,430**	**32,801,604**

The amount of commissions received, commissions paid, administrative expenses and other Operating Income (Expenses) in relation to 31 December 2008 was modified for a more relevant reclassification of the items. In particular the non-deductible VAT on trade invoices was all transferred to the item “other administrative expenses” from the item “commissions paid”; legal and notarial expenses, stamp duty and registry tax were all transferred to the item “other administrative expenses” from the item “commissions paid”; recoveries of legal and notarial expenses, stamp duty, sundry and webfactoring expenses were transferred to the item “other operating income (expenses)” from the item “commissions received”; the cost of the healthcare policy which in the 2008 financial statements was in the item “other administrative expenses” was transferred to the item “personnel expenses” .

Statement of Comprehensive income

Items *(amounts in euro)*	**2009**	**2008**
10 Net income (loss)	18,918,430	32,801,604
Other comprehensive income components net of taxes		
20 Financial assets available for sale	-	-
30 Property, plant and equipment	-	-
40 Intangible assets	-	-
50 Hedging of foreign investments	-	-
60 Cash flow hedges	-	-
70 Foreign exchange differences	-	-
80 Non-current assets held for sale	-	-
90 Actuarial gains (losses) on defined-benefit plans	28,454	-119,056
100 Share of valuation reserve connected with investments carried at equity	-	-
110 Total other comprehensive income net of taxes	28,454	-119,056
120 Total Comprehensive income (Items 10 +110)	**18,946,884**	**32,682,548**

Changes in shareholders' equity as at 31/12/2009

(amounts in euro)	Amounts as of 31/12/2008	Change in opening balances	Amounts as of 01/01/2009	Allocation of net income of the previous year		Changes during the year						Comprehensive income 31/12/2009	Shareholders' Equity 31/12/2009
							Operations on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes		
Share capital	85,000,000		85,000,000								2		85,000,002
Share premium reserves	11,030,364		11,030,364										11,030,364
Reserves													
a) retained earnings	14,197,671		14,197,671	17,161,604									31,359,275
b) other	4,923,413		4,923,413								30,297		4,953,710
Valuation reserves	(100,874)		(100,874)									28,454	(72,420)
Equity instruments													
Treasury shares													
Profit (loss)	32,801,604		32,801,604	(17,161,604)	(15,640,000)							18,918,430	18,918,430
Shareholders' equity	**147,852,178**		**147,852,178**		**(15,640,000)**						**30,299**	**18,946,884**	**151,189,361**

Changes in shareholders' equity as at 31/12/2008

(amounts in euro)	Balances as of 31/12/2007	Change in opening balances	Balances as of 01/01/2008	Allocation of net income of the previous year		Changes during the year						Comprehensive income 31/12/2008	Shareholders' Equity 31/12/2008
							Operations on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes		
Share capital	85,000,000		85,000,000										85,000,000
Share premium reserves	11,030,364		11,030,364										11,030,364
Reserves													
a) retained earnings	3,573,989		3,573,989	10,623,682									14,197,671
b) other	4,855,120		4,855,120								68,293		4,923,413
Valuation reserves	18,182		18,182									(119,056)	(100,874)
Equity instruments													
Treasury shares													
Profit (loss)	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)**						**68,293**	**32,682,548**	**147,852,178**

Cash flow statement

A. OPERATING ACTIVITIES *(amounts in euro)*	Amount	
	31/12/2009	31/12/2008
1. CASH FLOW FROM OPERATION	**57,959,528**	**69,812,672**
- net income (+/-)	18,918,430	32,801,604
- gains (losses) on financial assets held for trading and on financial assets/liabilities designated as at fair value through profit or loss (+/-)	-30,911	1,617
- net value adjustments for impairment (+/-)	21,931,375	12,536,080
- value adjustments of tangible and intangible fixed assets (+/-)	118,716	166,971
- net allocation to provisions for risks and charges and other costs/revenues (+/-)	1,258,300	2,167,073
- unpaid taxes and duties (+/-)	15,889,163	21,997,233
- other adjustments (+/-)	-125,545	142,094
2. CASH FLOW FROM/USED IN FINANCIAL ASSETS	**33,562,859**	**994,479,922**
- receivables due from banks	-5,440,251	10,107,232
- receivables due from financial institutions	838,215	20,143,567
- receivables due from customers	43,809,782	965,739,810
- other assets	-5,644,887	-1,510,687
3. CASH FLOW FROM/USED IN FINANCIAL LIABILITIES	**-80,408,601**	**-1,092,325,864**
- payables due to banks	19,224,303	-1,086,671,401
- payables due to financial institutions	-397,816	712,103
- payables due to customers	1,467,602	8,270,479
- securities issued	-66,256,825	22,108,573
- other liabilities	-34,445,865	-36,745,618
Net cash flow from (used in) operating activities	11,113,786	-28,033,270

B. INVESTING ACTIVITIES		
1. CASH FLOW FROM	**-**	**3,583**
- sale of tangible fixed assets		3,583
2. CASH FLOW USED IN	**-14,109**	**-29,028**
- purchase of intangible fixed assets	-14,111	-29,028
- purchase of business units	2	
Net cash flow from (used in) investing activities	-14,109	-25,445

C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	2	
- issue/purchases of capital instruments		
- distribution of dividends and other purposes	-15,640,000	-10,625,000
Net cash flow from (used in) funding activities	-15,639,998	-10,625,000
NET INCRESE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-4,540,321**	**-38,683,715**

RECONCILIATION	Amount	
	31/12/2009	31/12/2008
Cash and cash equivalents at the beginning of the period	20,352,635	59,036,350
Net increase (decrease) in cash and cash equivalents	-4,540,321	-38,683,715
Cash and liquid funds at the end of period	15,812,314	20,352,635

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

PART A – ACCOUNTING POLICIES

A.1 – GENERAL CRITERIA

Section 1 – Declaration of conformity with International Accounting Standards

The company Factorit S.p.A., controlled by Banca Italease S.p.A., a member since 8/07/2009 of the Banco Popolare Banking Group and subject to the activity of guidance and coordination of Banco Popolare Soc. Coop., declares that the annual financial statements have been prepared in complete conformity with all of the international accounting principles (IAS/IFRS) issued by the International Accounting Standards Board and the interpretations thereof effected by the International Financial Reporting Interpretation Committee, in effect as of December, 31 2009 and endorsed by the European Commission in accordance with the procedures set forth in EU Regulation N° 1606/2002.

Section 2 – General accounting policies

The present Illustrative Notes, with their data denominated in thousands of euro, are based on the application of the following general policies for the preparation of financial statements as established by IAS 1.

1) Going concern. The financial statements were drafted on a going concern assumption; as a result, assets, liabilities and operations that are "off balance sheet" are measured according to their functional values.
2) Accruals basis. Revenues and costs are recognised, regardless of the date of their monetary settlement, during the period in which they are respectively earned and incurred, and according to the accruals concept.
3) Consistency of 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 Standard 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 is applied – whenever possible – on a retroactive basis; in this case, the nature and the reason for the change are indicated, as well as the items affected by the change. The formats prepared by the Bank of Italy for the financial statements of Financial Intermediaries registered on the "special list" of December, 16 2009 and later revisions were adopted for the presentation and classification of the items.
4) Aggregation and materiality. All material classes of items with a similar nature or function are reported separately. Items of a different nature or function, if material, are presented apart.
5) Exclusion of offsetting. There is no offsetting of assets and liabilities or of revenues and costs, except where required or permitted by an International Accounting Standard or an interpretation thereof, or as provided by the formats prepared by the Bank of Italy for the financial statements of Financial Intermediaries registered on the "special list".
6) Comparative information. The comparative information for the preceding period is reported for all data contained in the financial statements, unless otherwise provided for or permitted by an International Accounting Standard 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 reporting date

For subsequent events see the description in the Report on Operations.

Publication of the draft financial statements was authorized, in accordance with IAS 10, by the Board of Directors on March, 16 2010.

Section 4 – Other aspects

A number of items of the previous year were opportunely restated in order to bring them into line with the presentation of the 2009 financial statements. For more details see the information provided at the foot of the financial statements.
On 13 October the general inspection of the Company by the Finance Police was completed. This concerned VAT for the years from 2005 up to the date of access and income tax for the years 2006 and 2009. The investigations came to an end with an official tax audit report on the Company and the objections raised are based on:
an allegation that the transactions subject to adjustment are not based on financing but on one of the credit management activities. The higher VAT proposed for recovery is Euro 39.5 million for the years from 2005 to 2009.
an allegation that the secondment of personnel made by Banca Italease to Factorit was not an operation excluded from the scope of application of VAT, but an operation subject to VAT as a generic “outsourcing” operation. The higher VAT proposed for recovery is Euro 1 million for the years from 2005 to 2009.
With regards to all of the fiscal situations described above, at this time, based on the assessments of our consultants, we do not consider that the specific prerequisites called for by the reference accounting standards exist to make provisions for risks and charges, as significant and well-grounded defensive arguments exist with reference to the final judgement.

On this point, in February 2010, the judgement issued on 21 October 2009 by the Provincial Tax Commission of Milan was filed. This judgement was on the appeal presented by Banca Italease S.p.A. against the notice of assessment concerning the VAT for 2003 of Factorit S.p.A.. The judgement accepted the appeal and cancelled the assessment. It must be recalled that the official tax audit report drawn up by the Finance Police in 2008 also concerned the VAT relating to financial year 2004, in relation to which a notice of assessment has been received, and to financial year 2005 (up to May).
With reference to paragraph 125 of IAS 1, see the paragraphs "Risks linked to the company's business" and "Expected business outlook" in the Report on Operations. With particular reference to the estimates of recoverability of deferred tax assets, value adjustments on loans, and legal and fiscal risks, please note that the assumptions and uncertainties of estimates bring with them the risk that, including during the next financial year, adjustments of material amounts of the accounting values of assets and liabilities may occur, as noted in the Bank of Italy, CONSOB and ISVAP document of 6 February 2009.

A.2 – MAIN ACCOUNTING AGGREGATES

Section 6 – Receivables

6.1 Classification criteria

The receivables portfolio includes all on-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 Recognition and derecognition criteria

Receivables and securities are recognised in the receivables portfolio at the time of disbursement or purchase, and may not be transferred to other portfolios thereafter. Similarly, financial instruments held in other portfolios may not be transferred to the receivables portfolio, except as provided for in the amendment to IAS 39 and to IFRS 7 issued in 2008 by the IASB.
Receivables also include advances 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 recognised against the transferred debtor – for which a substantial transfer of risks and benefits to the cessionary Company is recognised — are also included.
If they are transferred to third parties, receivables and securities are only derecognized from the accounts if and to the extent that all risks and benefits are substantially transferred or if no control is retained over them.

6.3 Measurement criteria

At the time of their disbursement or purchase, receivables or securities are booked at their fair value; the latter is equivalent to the amount disbursed or 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 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 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 effected in two phases:

1) individual valuations, for the purpose of identifying single impaired receivables and the computation of their respective losses of value;
2) collective valuations for the purpose of identifying, in accordance with the "incurred losses" model, portfolios of outstanding impaired loans and recognizing at a flat rate the losses latent in them.

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

a) non-performing receivables;
b) watchlist receivables;
c) restructured receivables;
d) receivables past due for more than 180 days.

It is worth noting that following the changes made to the regulations issued by the Bank of Italy on 16 December 2009, the company identified also so-called "objective doubtful" positions and so-called "impaired past-due" positions. On these positions the company recognized only collective impairment.

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

a) the value of the contractual 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 real or personal guarantees;

b) the expected time to recovery, 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 made in accordance with the provisions of the accounting principle IAS 39, by discounting the recoverable values of the receivables in relation to the expected times to recovery.

More specifically,

in the case of non-performing and doubtful positions, the following calculation parameters were used:

d) recovery forecasts drawn up by the managers of the positions;
e) expected times to recovery, estimated on the basis of historical and statistical data;
f) “historical” discount rates represented by the contractual rates at the time of classification of the position in dispute.

With reference to collective 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 amount of loss in the case of default) of receivables within the same portfolio.

The collective valuations of performing receivables were implemented by:

a) segmenting the portfolio of performing receivables on the basis of the guidelines laid down in the Supervisory Regulations;
b) statistically estimating the probability of performing receivables becoming watchlist/non-performing receivables (the so-called default rates);
c) computing the amounts of loss given default, on the basis of historical and statistical data, using a file of non-performing positions.

6.4 Criteria for the recognition of income components

Components of income are allocated to the relevant items of the income statement on the following basis:

a) interest received on loans and securities is allocated to the item “interest and similar income”;
b) impairment losses and reversals of loans and securities are allocated to "Net value adjustments for the impairment of receivables".

Section 10 – Property, plant and equipment

10.1 Classification criteria

This item includes goods for business purposes (fittings, furniture, systems, hardware and motor vehicles).

10.2 Recognition and derecognition criteria

Items of property, plant and equipment are initially recognised at their purchase cost, including any accessory costs sustained and directly ascribable to the start-up of operations of the asset or the improvement of its productive capacity. Ordinary maintenance costs are recognised in the income statement on an accruals basis.
Items of property, plant and equipment are derecognised at the time of their disinvestment or when they have fully exhausted their economic functionality and no future economic benefits are expected.

10.3 Measurement criteria

Subsequent recognition is at cost, decreased by the depreciation booked and potential lasting impairment losses. Depreciation is recognised for the duration of the useful life of the assets. Regular checks are made to ascertain whether substantial changes have occurred with respect to the original conditions such as to require changes in the initial depreciation schedules. If evidence is found of the existence of permanent impairment losses, items of property, plant and equipment are subjected to impairment tests and any potential losses are recognised. Any subsequent reversals may not exceed the amount of any previous losses recorded as a result of impairment tests.

10.4 Criteria for recognition of income components.

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

a) periodic depreciation, permanent impairment losses, and reversals of such losses are allocated to "Net value adjustments to property, plant and equipment";
b) gains and losses arising from sale transactions are allocated to "Gains/(losses) from sale of investments".

Section 11 – Intangible assets

11.1 Classification criteria

This item includes intangible production assets of multi-annual use consisting, in particular, of software and goodwill.

11.2 Recognition and derecognition criteria

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 assets are derecognised at the end of their useful economic lives.

11.3 Measurement criteria

Intangible assets are recorded at cost and decreased by amortization and by any impairment losses.
Amortization is calculated on a straight-line basis along the entire useful life of the assets to be amortized. Regular checks are made to ascertain whether substantial changes have occurred with respect to the original conditions such as to require changes in the initial amortization schedules. In the presence of any evidence of the existence of permanent losses, intangible assets are subject to an impairment test, in order to verify and recognise any losses of value; any subsequent reversals may not exceed the amount of any previously recognised impairment losses.

Goodwill is not subject to amortization, but is instead periodically subject to an impairment test. Impairment losses consist of any negative difference between the recoverable value of the sector of the Group’s business with which a specific amount of goodwill is associated, and the carrying value of the shareholders' equity of such sector. No subsequent reversals may be recognised.

11.4 Criteria for recognition of income components

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

a) Periodic amortization, permanent impairment losses and reversals are allocated to "Net value adjustments to intangible assets",

Section 12 – Tax assets and liabilities

12.1 Classification criteria

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

Current tax assets include tax withholdings and tax advances paid in the period; tax liabilities include payables 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 temporary differences (deferred tax assets) or income taxes payable in future periods as a result of taxable temporary differences (deferred tax liabilities).

12.2 Recognition, derecognition and measurement criteria

Deferred tax assets are recognised in accordance with the “balance sheet liability method” only if the company has the capacity to fully offset the deductible temporary differences with future taxable income, while as a rule deferred tax liabilities are always recognised.

12.3 Criteria for the valuation of income components

Tax assets and liabilities are recognised in the income statement under the item, “income taxes for the year on continuing operations” 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 customers include the value of consideration that must still be paid to the seller during transfer operations for receivables which entail the requirement of the transfer of risks and benefits to the transferee company.

1.2 Recognition and derecognition criteria

The abovementioned financial payables are recognised at the time of their settlement for their current value which typically corresponds — for payables due to banks — to the amount collected from the Company and — for those due to financial institutions and customers — to the amount of the debt, given the short-term duration of the relative operations.
Financial liabilities are derecognised when the relevant contractual rights expire or are extinguished.

1.3 Measurement criteria

Following initial recognition, financial liabilities are recognised at the amount collected or for the original value of the debt, given the short-term duration.

1.4 Criteria for recognition of income components

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

a) Interest payable is allocated to the item, “interest and similar expenses”.

Section 2 – Securities in issue

2.1 Classification criteria

Securities in issue include debt financial liabilities other than those held for trading, which represent funding tools for the Company.

2.2 Recognition and derecognition criteria

The abovementioned financial liabilities are recognised at their time of issue, in accordance with the settlement date principle.
Their initial recognition is at fair value, which corresponds to the amount of funds collected, in view also of the typically short-term duration of the securities issued.
Their cancellation occurs at the time of expiry of the contractual rights or at their time of redemption.

2.3 Measurement criteria

Following initial recognition, financial liabilities are measured in accordance with the amortized cost principle.
If the amortized cost calculation results in values that are comparable to the amount collected — in view also of the typically short-term duration of the debt — financial liabilities are recognised at their collection value.

2.4 Criteria for recognition of income components

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

a) interest expense is allocated to "Interest and similar expense".

Section 10 – Provisions for employment termination indemnities

10.1 Classification criteria

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

10.2 Measurement criteria

In accordance with the projected unit credit method, the provisions for employment 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 recognised at present values, in accordance with the projected unit credit method provided for by IAS 19 for defined benefit plans, considering that the aforementioned indemnities fall within this category.
It must be noted that this calculation is carried out exclusively on the value of the indemnities and not considering provisions for the year made to external complementary pension funds.
Actuarial gains and losses are recognised directly with an offsetting entry to shareholders' equity.

10.3 Criteria for recognition of income components

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

a) provisions for employment termination indemnities, seniority bonuses, and supplementary employee pension plans, and the company’s payments into a defined-contribution plan maintained by a third party are allocated to "Administrative expenses - personnel expenses"; accrued over time with respect to personnel these indemnities are recognized in the income statement under administrative expenses.
b) actuarial gains and losses are recognised 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 Recognition, derecognition and valuation criteria

If the effect of the present value of money becomes significant, the amount allocated is recognised as the present value of charges which are expected to be incurred to fulfil the obligation.
Provisions are derecognised if they are utilized or if the conditions required for their maintenance cease to exist.

11.3 Criteria for recognition of income components

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

Provisions and any reversals for risks and charges are allocated to "Net provisions to provisions for risks and charges".

Transactions in foreign currencies

Classification criteria

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

Recognition and derecognition criteria

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

Measurement criteria

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

Criteria for the reporting of income and expenses

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 the same currency, and therefore do not generate exchange rate risk.

Any exchange rate differences — which are, moreover, marginal — are recognised in the income statement item “Net income from trading activities”.

Section 12 – Costs and revenues

Costs and revenues are accounted for and recognised in the financial statements in accordance with the accruals concept. Revenues are recorded when the economic benefits deriving from the operations are probable and when their amount can be reliably measured. They are measured at the fair value of the consideration due.
Costs are recognised in the income statement when there is a decline in the future economic benefits, resulting in a decrease in assets or an increase in liabilities which can be reliably measured.

Section 13 – Stock options

The accounting treatment of stock option plans, is based on allocation of the costs of such plans to “Personnel expenses” 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 the item “Reserves” of the Statement of Financial Position.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

(thousands of euros)	**31/12/2009**	**31/12/2008**
a) Cash	3	2
b) Free deposits with central banks	-	-
Total	**3**	**2**

Section 2 – Financial assets held for trading

This section does not include any reported amounts.

Section 3 – Financial assets designed at fair value through profit and loss

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 Due from banks

(thousands of euros)	**31/12/2009**	**31/12/2008**
1. Deposits and bank accounts	**15,810**	**20,350**
2. Financing		
2.1 Repurchase agreements	-	-
2.2 Finance leases	-	-
2.3 Factoring	708	261
- with recourse	-	-
- without recourse	708	261
2.4 Other financing	26,354	13,838
3. Debt instruments		
- debt instruments	-	-
- other debt instruments	207	278
4. Other assets	**1,107**	**8,559**
Total value (book value)	**44,186**	**43,286**
Total (fair value)	**44,186**	**43,286**

The fair value of receivables due from banks is recognised as the nominal value, given that these are short-term financial assets on demand. Debt securities are recognised at cost, adjusted by accruals, given that their fair value cannot be reliably measured.

The amount of Euro 15.8 million, under the item "Deposits and current accounts", represents occasional and temporary deposits at Bank Institutions that originated from significant cash inflows at the end of the year.

Item 2.4, "Other Financing", is composed mainly of sums paid to transferors in advance on behalf of Bank Institutions within the realm of pooled factoring operations, in which Factorit assumes the role of lead manager, of Euro 26.3 million.

Item 3 "Debt securities" includes Euro 200.5 thousand for the security "Italfondiario (now Centrobanca) series A.06 – 3.25% 01/01/99-01/01/2013" and for the same security Euro 6.5 thousand for coupons in maturity.

Item 4 "Other assets" is made up of:
- Euro 324.9 thousand for tax consolidation under Banca Italease;
- Euro 434.3 thousand for receivables from Banca Italease;
- Euro 134.5 thousand for receivables from Barclays Bank Plc;
- Euro 213.5 thousand for receivables from Banca Italease for conferment.

6.3 Due from financial institutions

(thousands of euros)		31/12/2009		31/12/2008	
		Performing	Impaired	Performing	Impaired
1	**Financing**				
	1.1 Repurchase agreements	-	-	-	-
	1.2 Finance leases	-	-	-	-
	1.3 Factoring				
	- with recourse	3,329	-	2,669	-
	- without recourse	1,302	-	-	-
	1.4 Other financing	-	-	3,015	-
2	**Debt instruments**				
	- structured securities	-	-	-	-
	- other debt instruments	-	-	-	-
3	**Other assets**	**215**	**-**	**-**	**-**
	Total value (book value)	**4,846**	**-**	**5,684**	**-**
	Total (fair value)	**4,846**	**-**	**5,684**	**-**

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

Item 3, "Other assets" includes:
- Euro 179.2 thousand for invoices to be issued to financial entities for pooling operations where Factorit assumed the role of non-leading participant;
- Euro 7.9 thousand for balances of current accounts with Poste Italiane (Italian Post Office);
- Euro 27.5 thousand for invoices issued for the use of factoring management software by Centrofactoring S.p.A.

6.5 Due from customers

(thousands of euros)		31/12/2009		31/12/2008	
		Performing	Impaired	Performing	Impaired
1	**Finance leases**	**-**	**-**	**-**	**-**
	of which: without a final purchase option	-	-	-	-
2	**Factoring**				
	- with recourse	1,080,605	110,470	1,338,089	32,511
	- without recourse	254,771	6,077	142,923	7,427
3	**Consumer Credit (including revolving credit cards)**	**-**	**-**	**-**	**-**
4	**Credit cards**	**-**	**-**	**-**	**-**
5	**Other financing**	**8,893**	**1,793**	**5,448**	**2,153**
	of which: enforcement of guarantees and commitments	-	-	-	-
6	**Debt instruments**				
	- structured securities	-	-	-	-
	- other debt instruments	-	-	-	-
7	**Other assets**	**313**	**-**	**82**	**-**
	Total value (book value)	**1,344,582**	**118,340**	**1,486,542**	**42,091**
	Total (fair value)	**1,344,582**	**118,340**	**1,486,542**	**42,091**

The fair value of receivables due from customers is assumed to be the nominal value given that these are short-term financial assets on demand.
The "other financing" include salso charges payable by transferred debtors, on the payment extensions granted to them.
Impaired assets are recognised at their estimate recovery values.

As already explained on the "Report on Operations – Trend in credit risk" the increase in impaired items was due exclusively to the changes introduced in the regulations issued by the Bank of Italy, only on 16 December 2009, and supplemented with further specifications published at the beginning of February 2010.

It was possible to estimate the data only for the year 2009.

In fact only for the current financial year the field corresponding to "factoring – with recourse – impaired" includes at their estimated recovery value also advances classifiable in the regulations as "objective doubtful positions" of Euro 51,584 thousand and "impaired past-due positions" of Euro 29,763 thousand and the field corresponding to "factoring – without recourse – impaired" includes, at their estimated recovery value, also items without recourse relating to objective doubtful positions of Euro 761 thousand.

Point 2. Factoring also includes the amounts relating to "Other sales" still in the process of being distinguished among typical factoring transactions.

6.7 Receivables: guaranteed assets

(thousands of euros)	31/12/2009						31/12/2008					
	Due from banks		Due from financial institutions		Due from customers		Due from banks		Due from financial institutions		Due from customers	
	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV
1. Performing assets guaranteed by:	**-**	**-**	**3,316**	**3,316**	**1,073,833**	**1,073,205**	**-**	**-**	**297**	**297**	**1,318,776**	**1,313,394**
- Leased assets	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	3,316	3,316	1,039,589	1,038,961	-	-	297	297	1,287,362	1,281,980
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	312	312	-	-	-	-	462	462
- Personal guarantees	-	-	-	-	33,932	33,932	-	-	-	-	30,952	30,952
- Derivatives on receivables	-	-	-	-	-	-	-	-	-	-	-	-
2. Impaired assets guaranteed by:	**-**	**-**	**-**	**-**	**110,543**	**109,772**	**-**	**-**	**-**	**-**	**20,640**	**20,372**
- Leased assets	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	104,062	103,291	-	-	-	-	19,423	19,155
- Mortgages	-	-	-	-	830	830	-	-	-	-	91	91
- Pledges	-	-	-	-	53	53	-	-	-	-	53	53
- Personal guarantees	-	-	-	-	5,598	5,598	-	-	-	-	1,073	1,073
- Derivatives on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**3,316**	**3,316**	**1,184,376**	**1,182,977**	**-**	**-**	**297**	**297**	**1,339,416**	**1,333,766**

EV = carrying value of exposures
GV = fair value of guarantees

The table above illustrates guarantees received in connection with performing and impaired assets.
The amounts are classified by type of guarantee and by business segment of the party guaranteed.
In the case of guarantees of a value exceeding the amount of the asset guaranteed, the column "value of guarantees" indicates the value of the asset guaranteed.

Receivables acquired with "non-recourse" factoring transactions, if guaranteed, are indicated in the relevant technical types of guarantee.

In the presence of more than one guarantee underlying advances paid to sellers in transactions for the transfer of receivables "with recourse" and underlying receivables acquired with "non-recourse" factoring transactions, the order of priority was as follows:

1) mortgages
2) pledges
3) factoring receivables
4) personal sureties

Following the change in the instructions laid down in the new regulations, also the data for 2008 were consequently revised and updated.

Section 7 – Hedging derivatives

This section does not include any amounts.

Section 8 – Value adjustments of financial assets subject to macro hedging

This section does not include any amounts.

Section 9 – Investments

This section does not include any amounts.

Section 10 – Property, plant and equipment – Item 100

10.1 Breakdown of item 100 "Property, plant and equipment".

(thousands of euros)	31/12/2009		31/12/2008	
	Assets measured at cost	Assets measured at fair value or revaluated	Assets measured at cost	Assets measured at fair value or revaluated
1) Functional assets				
1. Owned by the company	148		247	
a) land	-		-	
b) buildings	-		-	
c) furniture	73		106	
d) instrumental goods	26		66	
e) other	49		75	
2. Acquired under financial leasing	-		-	
a) land	-		-	
b) buildings	-		-	
c) furniture	-		-	
d) instrumental goods	-		-	
e) other	-		-	
Total 1	**148**		**247**	
2) Assets relating to financial leasing agreements	**-**		**-**	
2.1 Unopted assets	-		-	
2.2 Assets retired following termination of agreement	-		-	
2.3 Other assets	-		-	
Total 2	**-**		**-**	
3) Assets held for investment purposes	**-**		**-**	
Total 3	**-**		**-**	
Total (1+2+3)	**148**		**247**	

10.2 Property, plant and equipment: annual changes

(thousands of euros)	Land	Buildings	Furnitures	Instrumental Goods	Other	Total
A) Opening balance	**-**	**-**	**106**	**66**	**75**	**247**
B) Increases:	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
B.2 Value re-instatements	-	-	-	-	-	-
B.3 Positive changes in fair value booked under:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.4 Other changes	-	-	-	-	-	-
C) Decreases	**-**	**-**	**33**	**40**	**26**	**99**
C.1 Sales	-	-	-	-	-	-
C.2 Amortizazion	-	-	33	40	26	99
C.3 Value adjustments from impairment booked under:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value booked under:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Other changes	-	-	-	-	-	-
D) Net closing balance	**-**	**-**	**73**	**26**	**49**	**148**

Section 11 – Intangible assets – Item 110

11.1 Breakdown of item 110 "Intangible assets"

(thousands of euros)	31/12/2009		31/12/2008	
	Assets measured at cost	Assets measured at FV	Assets measured at cost	Assets measured at FV
1 Goodwill	**1,112**	**-**	**1,112**	**-**
2 Other intangible assets	**40**	**-**	**46**	**-**
2.1 owned by the company	40	-	46	-
- internally generated	-	-	-	-
- other	40	-	46	-
2.2 Acquired under financial leasing agreements	-	-	-	-
Total 2	**40**	**-**	**46**	**-**
3 Assets relating to financial leasing agreements	**-**	**-**	**-**	**-**
3.1 Unopted assets	-	-	-	-
3.2 Goods withdrawn following resolutions	-	-	-	-
3.3 Other assets	-	-	-	-
Total 3	**-**		**-**	
4 Assets granted with operating leases	**-**	**-**	**-**	**-**
Total (1+2+3+4)	**1,152**	**-**	**1,158**	**-**

The amount of Euro 1.2 million includes the residual amount of Euro 1.1 million of the value of goodwill, which was generated by the merger, in 1999, of Factorit with the company In Factor. The combined provisions of the accounting standards IAS 36 and IFRS 3 state that goodwill must be subject at least annually to an impairment test. For the purposes of this test it is necessary to determine the recoverable value, defined as the higher amount between the fair value of an asset after deducting the selling costs and its value in use. On the basis of an estimate of the income flows coming from customers acquired through the merger and/or subsequently on the basis of the commercial agreements originating in the same, the company considered that there have been no impairment losses on this goodwill.
The values assigned to the assumptions of the basis of the above estimate are determined on the pre-final figures for 2009 projected for 2 years, on a perpetual growth rate of 1% and on a discounting rate of 8.92%.

11.2 Intangible assets: annual changes

(thousands of euros)	Total
A. Opening balance	**1,158**
B. Increases:	**14**
B.1 Purchases	14
B.2 Value re-instatements	-
B.3 Positive changes in fair value:	-
- shareholders' equity	-
- income statement	-
B.4 Other changes	-
C. Decreases	**-20**
C.1 Sales	-
C.2 Amortizazion	-20
C.3 Value adjustments	-
- shareholders' equity	-
- income statement	-
C.4 Negative changes in fair value:	-
- shareholders' equity	-
- income statement	-
C.5 Other changes	-
E. Closing balance	**1,152**

Section 12 – Tax assets and liabilities

Tax assets and liabilities are presented under their original item; therefore, for the year 2008, the classification of these items was revised because the two items were previously offset.

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

12.1 Breakdown of item 120 “Tax assets: current and deferred”

Name	Total 31/12/2009	Total 31/12/2008
Current tax assets	3,643	4,310
Deferred tax assets (recorded in equity)	196	207
Deferred tax assets (through profit and loss)	13,062	7,727
Total	**16,901**	**12,244**

Deferred tax assets refer to taxes generated from costs which were booked as counter-items in the income statement and the statement of financial position and whose deductibility is deferred to future years, in accordance with the provisions of currently effective tax regulations; these primarily include value adjustments on receivables exceeding the proportion deductible, under the terms of Art. 106, p. 3 of the Consolidated Act on Income Tax, provisions for risks and changes in actuarial gains/losses of pension funds.
The deferred assets are booked based on the reasonable probability of their recovery in relation to the Group's capacity to generate taxable income in the future.

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

Name	Total 31/12/2009	Total 31/12/2008
Current tax liabilities	16,539	21,154
Deferred tax liabilities (recorded in equity)	-	-
Deferred tax liabilities (through profit and loss)	2,068	2,023
Total	**18,607**	**23,177**

Deferred tax liabilities primarily include taxes which are generated by the different valuation of receivables for IAS purposes, on first adoption, which are taxable in subsequent years, and by the amortization of goodwill deducted only for tax purposes.
The average deferred tax rates are: 27.5% for IRES and 4.82% for IRAP established following the approval of Law 244 of 24 December 2007, published in Ordinary Supplement N° 285 of Official Journal N° 300 of 28 December 2007.

12.3 Changes in deferred tax assets (through profit and loss)

(thousands of euros)	2009	2008
1. Opening balance	**7,727**	**5,389**
2. Increases	**5,766**	**3,506**
2.1 Advance taxes booked during the year	5,766	3,506
a) relative to previous years	-	181
b) due to changes in accounting criteria	-	-
c) value re-instatements	-	-
d) other	5,766	3,325
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-431**	**-1,168**
3.1 Advance taxes cancelled during the year	-431	-1,073
a) reversals	-431	-1,073
b) write-downs due to unrecoverability	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-95
4. Final amount	**13,062**	**7,727**

Deferred tax assets recognised during the year (2) refer to deferred tax assets which emerged during the year and primarily include quotas of allowances for doubtful accounts exceeding the proportion deductible under the terms of Art. 106, p. 3 of the CAIT, to provisions for generic risks and to changes in actuarial gains/losses of pension funds that occurred during the year.
Deferred tax assets cancelled in the trading period (3) refer to the amount of deferred tax assets originating from previous years which were deducted in the present trading period and relate primarily to the impairments of receivables of previous years, under the terms of Art. 106, p. 3 of the CAIT and to provisions for generic risks of previous years.

12.4 Changes in deferred tax liabilities (through profit and loss)

(thousands of euros)	2009	2008
1. Opening balance	**2,023**	**3,750**
2. Increases	**48**	**46**
2.1 Deferred taxes booked during the year:	48	46
a) relative to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	48	46
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(3)**	**(1,773)**
3.1 Deferred taxes cancelled during the year:	(3)	(1,773)
a) reversals	(3)	(1,773)
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**2,068**	**2,023**

Deferred tax liabilities recognised in the trading period (2) refer to deferred tax liabilities originating in the period and relate mainly to goodwill deducted only for tax purposes.

12.5 Changes in defereed tax assets (recorded in equity)

(thousands of euros)	2009	2008
1. Opening balance	**207**	**195**
2. Increases	**-**	**70**
2.1 Advance taxes booked during the year	-	70
a) relative to previous years	-	70
b) due to changes in accounting criteria	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-11**	**-58**
3.1 Advance taxes cancelled during the year	-11	-
a) reversals	-11	-
b) write-downs due to unrecoverability	-	-
c) changes in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-58
(of which business combinations)	-	-
4. Final amount	**196**	**207**

Liabilities which arose and were cancelled during the year (2 and 3) consist of deferred tax assets generated by changes in actuarial gains/losses of pension funds.

Section 13 – Non-current assets, groups of assets held for sale and associated liabilities

This section does not include any amounts.

Section 14 – Other assets – Item 140

14.1 Breakdown of item 140 “Other assets”

(thousands of euros)	31/12/2009	31/12/2008
Tax credits (not classifiable as tax assets)	508	479
Items in progress	2,287	4,082
Accrued income not recognized under specific item	192	227
Other items	1,087	987
Total	**4,074**	**5,775**

The item “Tax Credits” includes the amount of Euro 476 thousand relating to virtual stamp duty of which Euro 376.5 thousand relating to the advance for the year 2010 paid on 30.11.2009.

The item, “Items in progress”, includes the amount of Euro 2.2 million referring to items that will be received through collection orders and whose amount has already been paid to the transferor subject to collection, but for which the Bank has not yet received the relevant credit note.

LIABILITIES AND SHARE HOLDERS' EQUITY

Section 1 – Payables – Item 10

Payables

(thousands of euros)	31/12/2009			31/12/2008		
	Due to banks	Due to financial institutions	Due to customers	Due to banks	Due to financial institutions	Due to customers
1. Financing	**1,250,765**	**-**	**-**	**1,219,930**	**-**	**-**
1.1 Repurchase agreements	-	-	-	-	-	-
1.2 other financing	1,250,765	-	-	1,219,930	-	-
2. Other payables	**8,021**	**549**	**34,798**	**19,631**	**947**	**33,330**
Total	**1,258,786**	**549**	**34,798**	**1,239,561**	**947**	**33,330**
Fair Value	**1,258,786**	**549**	**34,798**	**1,239,561**	**947**	**33,330**

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 amount due to banks referes to:

Technical form	Amount
Bank account exposures on demand	47,679
Advances subject to collection on cash orders or direct debits	49,998
Expiring overdraft facility	583,000
Advances in foreign currency	16,633
Commissions to book	3,052
Supplier invoices and supplier invoices to be received	1,037
Payables due to the parent company	554,068
Accrued liabilites on overdraft facilities	237
Payables due to the mandators	3,082
TOTAL	**1,258,786**

The item “Other payables” to financial entities relates to:
- Euro 294 thousand to mandators for pool operations;
- Euro 172 thousand for invoices to be received for pool operations;
- Euro 83 thousand payables to associated companies.

The item “Other payables” to customers includes Euro 34.8 million of payables for factoring with reference to receivables from debtors sold recognized in the accounts for the part of the price not yet settled.

Section 2 – Securities issued – Item 20

2.1 Breakdown of item 20 “Securities issued”

(thousands of euros)	Total 31/12/2009				Total 31/12/2008			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	-	-	-	-	38,088	-	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	-	-	-	-	38,088	-	-	-
2. Other securities:	-	-	-	-	28,168	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	28,168	-	-	-
Total	**-**	**-**	**-**	**-**	**66,256**	**-**	**-**	**-**

This item does not include any amounts at 31/12/2009.

2.2 Subordinated securities

(thousands of euros)	Total 31/12/2009				Total 31/12/2008			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities:								
1. Bonds:	-	-	-	-	38,088	-	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	-	-	-	-	38,088	-	-	-
2. Other securities:	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**38,088**	**-**	**-**	**-**

This item does not include any amounts at 31/12/2009.
The subordinated bond was redeemed in a single solution on 15/01/2009.

Section 3 – Financial liabilities designed held for trading through profit and loss

This section does not include any amounts.

Section 4 – Financial liabilities designed at fair value through profit and loss

This section does not include any amounts.

Section 5 – Hedging derivatives

This section does not include any amounts.

Section 6 – Value adjustments of financial liabilities subject to macro hedging

This section does not include any amounts.

Section 7 – Tax liabilities – Item 70

See Section 12 of the Assets.

Section 8 – Liabilities associated with non current assets held for sale and discontinued operations

This section does not include any amounts.

Section 9 – Other liabilities – Item 90

9.1 Breakdown of item 90 “Other liabilities”

(thousands of euros)	31/12/2009	31/12/2008
Tax payables for amounts to be paid	526	821
Payables due to personnel	257	143
Amounts due to national insurance agencies	371	384
Trade payables	2,403	3,138
Other items in progress	45,220	58,731
Other items	11,806	14,408
Total	**60,583**	**77,625**

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

- Euro 19.5 million for direct transfers which have been received but which have not yet been booked in relevant items;
- Euro 25.7 million for bills yet to be credited.

The item "Other items" includes provisions for guarantees and commitments of Euro 5,012.3 thousand, set aside to cover the risk of outlay of payments under guarantee in relation to positions classified as on the watchlist and non-performing.

Section 10 – Provisions for termination indemnities – Item 100

10.1 Employment termination indemnities: annual changes

(thousands of euros)	2009	2008
A. Opening balance	**1,856**	**2,046**
B. Increases	**545**	**329**
B.1 Allocations for the year	(126)	142
B.2 Other increases	671	187
C. Decreases	**(204)**	**(519)**
C.1 Implemented liquidations	(162)	(502)
C.2 Other decreases	(42)	(17)
D. Closing balance	**2,197**	**1,856**

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.
It should be noted that the amount included in the item "Provisions during the year" is made up of the cost of the provisions of Euro 63 thousand from which Euro 189 thousand has been deducted as an adjustment with reference to previous trading periods.
The sub-item "Other increases" includes Euro 569 thousand as the proportion relating to personnel from Banca Italease S.p.A. and Itaca Service S.p.A. as a result of the conferment of the business units.

Section 11 – Provisions for risks and charges – Item 110

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

(thousands of euros)	31/12/2009	31/12/2008
1. Post employment benefits	-	-
2. Other provisions for risks and charges	7,523	6,426
2.1 Legal disputes	6,405	5,173
2.2 Personnel charges	1,118	1,253
2.3 Other	-	-
Total	**7,523**	**6,426**

The item "Legal disputes" includes the following:
- Revocatory actions Euro 3.2 million;
- Lawsuits Euro 3.2 million.

The item "Personnel charges" is made up of:
- Early retirement fund Euro 0.4 million;
- Personnel training Euro 0.2 million;
- Other personnel expenses Euro 0.5 million.

11.2 Changes in item 110 "Provisions for risks and charges"

(thousands of euros)	Retirement funds	Other funds	Total
A. Opening balance	**-**	**6,426**	**6,426**
B. Increases	**81**	**2,541**	**2,622**
B.1 Allocations for the year	81	2,290	2,371
B.2 Changes due to passing of time	-	35	35
B.3 Changes due to fluctuations in discount rate	-	5	5
B.4 Other increases	-	211	211
C. Decreases	**(81)**	**(1,444)**	**(1,525)**
C.1 Utilization during the year	-	(1,350)	(1,350)
C.2 Changes due to fluctuations in discount rate	-	-	-
C.3 Other decreases	(81)	(94)	(175)
D. Closing balance	**-**	**7,523**	**7,523**

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

12.1 Breakdown of item 120 "Share capital"

Typologies	Amount
1. Share Capital	
1.1 Ordinary shares	85,000
1.2 Other shares	

Share capital is made up of 85,000,002 shares with a nominal value of 1 Euro.

During the year the share capital increased by Euro 2. The increase, which was recorded with a notarial deed on 22 December 2009 file N° 60144, transcribed on 31 December 2009, subscribed in kind for Euro 1 each, by Banca Italease SpA and Itaca Service SpA, was part of a rationalization of business in relation and relevant to the "factoring" departments of the two companies.

12.2 Composition of item 130, "Treasury shares".

As of 31 December 2009 and 31 December 2008, Factorit S.p.A. did not own treasury shares.

12.3 Composition of item 140, "Equity instruments".

As of 31 December 2009 and 31 December 2008, Factorit S.p.A. did not recognise any amounts under the item, "Equity Instruments".

12.4 Composition of item 150, "Share premium reserves".

This reserve amounts to Euro 11.03 million.

12.5 Other information

Availability and distributability of shareholders' equity items.

Type	Amount	Possibility of utilization	Available quota	Summary of utilization in the three previous years	
				for coverage of losses	for other reasons
Share capital	**85,000**				
Capital reserves	**-**				
Net income reserves:					
Legal Reserve	4,912	B	-		
Share price premium reserve	11,030	A,B	11,030		
Other reserves	31,147	A,B,C	31,147		51,000
Net income carried forward	182	A,B,C	182		
Total			**42,359**		
Non-distributable quota			**11,030**		
Residual distributable quota			**31,329**		

Key:
A - for share capital increase
B - for coverage of losses
C - for distribution to shareholders

12.6 Breakdown of Item 170 "Valuation reserves"

The valuation reserves amounted to -72 thousand Euro (-101 thousand at 31 December 2008) and relate entirely to actuarial gains/losses on employee termination indemnities.

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Breakdown of item 10 "Receivable interest and comparable proceeds"

(thousands of euros)	Debt instruments	Financing	Other operations	31/12/2009	31/12/2008
1. Financial assets held for trading	-	-	-	-	-
2. Financial assets designed at fair value throught profit and loss	-	-	-	-	-
3. Financial assets available for sale	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-
5. Receivables					
5.1 Receivables due from banks	7	114	-	121	621
5.2 Receivables due from financial institutions	-	72	-	72	1,311
5.3 Receivables due from customers	-	55,312	103	55,415	118,247
6. Other assets	X	X	-	-	-
7. Hedging derivatives	X	X	-	-	-
Total	**7**	**55,498**	**103**	**55,608**	**120,179**

1.2 Receivable interest and comparable proceeds: other information

Interest received on financial assets in foreign currencies amounted to Euro 370.8 thousand (2,028 thousand in 2008)

1.3 Breakdown of item 20 "Payable interest and comparable charges"

(thousands of euros)	Payables	Securities	Other liabilities	2009	2008
1. Payables due to banks	20,029	X	-	20,029	73,390
2. Payables due to financial institutions	-	X	-	-	-
3. Payables due to customers	18	X	-	18	9
4. Securities issued	X	293	-	293	3,383
5. Financial liabilities from trading	-	-	-	-	-
6. Financial liabilities from trading	-	-	-	-	-
7. Other liabilities and provisions	X	X	-	-	-
8. Hedging derivatives	X	X	-	-	-
Total	**20,047**	**293**	**-**	**20,340**	**76,782**

Section 2 – Commissions – Items 30 and 40

2.1 Breakdown of item 30 "Receivable commissions"

(thousands of euros)	2009	2008
1. Finance lease operations	-	-
2. Factoring operations	**38,823**	**47,881**
3. Consumer Credit	-	-
4. Merchant banking activities	-	-
5. Guarantees issued	-	**106**
6. Services relative to:	-	-
- fund management and payment	-	-
- exchange rate trading	-	-
- distribution of products	-	-
- other	-	-
7. Collection and payment services	-	-
8. Servicing for securitization operations	-	-
9. Other	-	-
Total	**38,823**	**47,987**

For comparative purposes, the data at 31/12/08 were reclassified, for a total of Euro 1.4 million, and specifically income relating to the recovery of legal and notarial expenses, the recovery of indirect taxes, the recovery of expenses for the webfactoring service and the recovery of sundry expenses, in the item "Other operating income (expenses)".

2.2 Breakdown of item 40 "Payable commissions"

(thousands of euros)	2009	2008
1. Guarantees received	**6**	**151**
2. Distribution of services by third parties	**-**	**-**
3. Collection and payment services	**-**	**-**
4. Other	**6,069**	**8,090**
4.1 Lease operations	-	-
4.2 Factoring operations	6,069	8,090
4.3 Other	-	-
Total	**6,075**	**8,241**

For comparative purposes, the data at 31/12/08 were reclassified, for a total of Euro 3.1 million, and specifically the cost incurred for legal and notarial expenses, the cost relating to non-deductible VAT both on invoices for legal expenses and on those for commissions paid, stamp duty and registration tax in the item "Other administrative expenses".

Section 3 – Dividends and Similar Income – Item 50

This section does not include any amounts.

Section 4 – Net result from trading – Item 60

Breakdown of item 60 "Net result from trading"

(thousands of euros)	Gains on		Losses on		Net result (A+B)-(C+D)
	Capital gains (A)	trading activities (B)	Capital losses (C)	trading activities (D)	
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Capital securities and shares of CIU's	-	-	-	-	-
1.4 Financing	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-
3. Financial assets and liabilities: Foreign exchange differences	**9,047**	**298**	**9,047**	**267**	**31**
4. Financial derivatives	**-**	**-**	**-**	**-**	**-**
5. Credit derivatives	**-**	**-**	**-**	**-**	**-**
Total	**9,047**	**298**	**9,047**	**267**	**31**

Section 5 – Net gains/(losses) on hedging activities – Item 70

This section does not include any amounts.

Section 6 – Net gains/(losses) on financial assets designed at fair value through profit and loss – Item 80

This section does not include any amounts.

Section 7 – Gains/(Losses) on sale/repurchase – Item 90

This section does not include any amounts.

Section 8 – Net value adjustments for impairment of financial assets – Item 100

8.1 Net value adjustments for impairment of receivables

(thousands of euros)	Value Adjustments		Reversals		2009	2008
	Specific	Portfolio	Specific	Portfolio		
1. Receivables from banks	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- for other receivables	-	-	-	-	-	-
2. Receivables from financial institutions	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- for other receivables	-	-	-	-	-	-
3. Receivable from customers	**(18,515)**	**(7,095)**	**2,379**	**3,766**	**(19,465)**	**(11,714)**
- for leases	-	-	-	-	-	-
- for factoring	(18,300)	(7,034)	1,820	3,648	(19,866)	(10,669)
- for consumer credit	-	-	-	-	-	-
- for other receivables	(215)	(61)	559	118	401	(1,045)
Total	**(18,515)**	**(7,095)**	**2,379**	**3,766**	**(19,465)**	**(11,714)**

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

8.4 Breakdown of sub-item 100.b "Net value adjustments for impairment of other financial operations"

(thousands of euros)	Value Adjustments		Reversals		Total 2009	Total 2008
	Specific	Portfolio	Specific	Portfolio		
A. Guarantees issue	(3,975)	-	1,509	-	(2,466)	(823)
B. Derivatives on receivables	-	-	-	-	-	-
C. Commitments to issue funds	-	-	-	-	-	-
D. Other operations	-	-	-	-	-	-
E. Total	**(3,975)**	**-**	**1,509**	**-**	**(2,466)**	**(823)**

Section 9 – Administrative expenses – Item 110

9.1 Breakdown of item 110.a "Personnel expenses"

(thousands of euros)	2009	2008
1) Employees		
a) salaries and wages	(5,686)	(6,440)
b) social security charges	(1,690)	(1,855)
c) termination indemnities	-	-
d) social security expenses	-	-
e) Allocations to employee	-	-
termination indemnities	126	(142)
f) Allocations to provision for pensions and similar liabilities:	(81)	(82)
- defined contribution	(81)	(82)
- defined benefits	-	-
g) Payments to external pension funds:	(489)	(543)
- defined contribution	(489)	(543)
- defined benefits	-	-
h) Other expenses	(171)	(412)
2) Other staff in activity	**(4)**	**(192)**
3) Directors and statutory auditors	**(231)**	**(194)**
4) Retired staff	**23**	**(635)**
5) Expense collections for employees seconded to other companies	**432**	**552**
6) Refunds of expenses other's employees seconded to the company	**(693)**	**(441)**
Total	**(8,464)**	**(10,384)**

As regards the sub-item under letter e) it should be noted that the amount is made up of the cost of the provisions for the period of Euro 63 thousand from which Euro 189 thousand has been deducted as an adjustment with reference to previous years.

The subitem "Other expenses" includes Euro 30 thousand relating to the stock option plan put in place by the parent company as an incentive for top management.

9.2 Average number of employees by category.

	2009	2008
Employees	**113**	**120**
a) Executives	3	3
b) Total mid-level managers	53	58
of which: 3° and 4° level	34	39
c) remaining employee personnel	57	59
Other staff	**8**	**9**
Total	**121**	**129**

9.3 Breakdown of item 110.b "Other administrative expenses"

(thousands of euros)		2009	2008
a)	Expenses relating to properties:	(621)	(513)
	- rents and maintenance of premises	(475)	(327)
	- electricity, heating and water	(146)	(186)
b)	Indirect duties and taxes	(2,045)	(2,049)
c)	Postage, telephone, printing and other office expenses	(770)	(979)
d)	Maintenance and charges of movables, equipment and plant	(369)	(444)
e)	Professional and advisory services	(2,538)	(2,494)
h)	Distribution of services by third parties	(32)	-
i)	Advertising, agency fees and free gifts	(25)	(34)
l)	Insurance premiums	(51)	(75)
m)	Transport, vehicle hire and travel	(388)	(495)
n)	Other costs and sundry expenses	(3,366)	(3,320)
	Total	**(10,205)**	**(10,403)**

For comparison with the annual financial statements, the figure for 31/12/08, of Euro 2.4 million, for costs relating to legal and notarial expenses were reclassified to the sub-item "professional and advisory services", and Euro 0.7 million of costs relating to non-deductible VAT both on invoices for legal expenses and on those for commissions paid, stamp duty and registration tax were reclassified to the sub-item "indirect duties and taxes". In the previous period these were classified under the item "Commissions paid".

Section 10 – Net value adjustments of tangible fixed assets – Item 120

10.1 Breakdown of item 120 "Net value adjustments of tangible fixed assets"

(thousands of euros)	Depreciation (a)	Value adjustments for impairment (b)	Value re-instatements (c)	Net result (a+b-c)
1. Functional assets				
1.1 owned by the company	(99)	-	-	(99)
a) land	-	-	-	-
b) buildings	-	-	-	-
c) furniture	(33)	-	-	(33)
d) instrumental goods	(40)	-	-	(40)
e) other	(26)	-	-	(26)
1.2 Acquired under financial leasing agreements	-	-	-	-
a) land	-	-	-	-
b) buildings	-	-	-	-
c) furniture	-	-	-	-
d) instrumental goods	-	-	-	-
e) other	-	-	-	-
2. Assets relating to financial leasing agreements	**-**	**-**	**-**	**-**
3. Assets held for investment purposes				
Totale	**(99)**	**-**	**-**	**(99)**

Section 11 – Net value adjustments of intangible fixed assets – Item 130

11.1 Breakdown of item 130 "Net value adjustments of intangible assets "

(thousands of euros)	Depreciation (a)	Value adjustments for impairment (b)	Value re-instatements (c)	Net result (a+b-c)
1. Goodwill	-	-	-	-
2. Other intangible assets	-	-	-	-
2.1. Owned by the company	(20)	-	-	(20)
2.2. Acquired under financial leasing agreements	-	-	-	-
3. Assets relating to financial leasing agreements	-	-	-	-
4. Assets granted with operating leases				
Total	**(20)**	**-**	**-**	**(20)**

Section 12 – Net gains/(losses) on measurement at fair value of tangible and intangible assets – Item 140

This section does not include any amounts.

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

13.1 Breakdown of item 150 "Net provisions for risks and charges".

(thousands of euros)	Allocations	Reattribution of surpluses	2009	2008
1. Allocations to retirement fund	-	X	-	-
2. Other allocations for risks and charges:	**(1,798)**	**540**	**(1,258)**	**(2,167)**
a) legal disputes	(1,798)	540	(1,258)	(2,167)
b) staff costs	-	-	-	-
c) other	-	-	-	-
Total	**(1,798)**	**540**	**(1,258)**	**(2,167)**

Section 14 – Other operating income (expenses) – Item 160

14.1 Breakdown of item 160 " Other operating income"

(thousands of euros)	2009	2008
b) Tax recovery	207	263
c) Expense recovery	1,237	1,011
f) Other	1,771	1,997
Total	**3,215**	**3,271**

To make a comparison possible between the financial statements of the 2 contiguous trading periods the data at 31/12/08 were reclassified as follows: Euro 1.4 million of income relating to the recovery of legal and notarial expenses, the recovery of indirect taxes, the recovery of expenses for the webfactoring service and the recovery of sundry expenses, which in the previous period were included in the item "Commissions received".

14.2 Breakdown of item 160 "Other operating expenses"

(thousands of euros)	2009	2008
b) Other	(108)	(37)
Total	**(108)**	**(37)**

Section 15 – Gains/(losses) on equity investments – Item 170

This section does not include any amounts.

Section 16 – Net income (loss) from the sale of investments – Item 180

(thousands of euros)	2009	2008
A. Real estate	**-**	**-**
- Net income from sales	-	-
- Net losses from sales	-	-
B. Other assets	**17**	**15**
- Net income from sales	17	15
- Net losses from sales	-	-
Net Result	**17**	**15**

Section 17 – Income taxes on continuing operations – Item 190

During fiscal year 2009, Banca Italease and its subsidiaries exercised the option provided by Articles 117-129 of the Consolidated Act on Income Tax to prepare a consolidated tax return.

This option, which is valid for the tax years from 2008 to 2010, was exercised jointly by Banca Italease and the following subsidiaries, which meet the requirements of the aforementioned regulations:

ITALEASE NETWORK SPA
MERCANTILE LEASING SPA
ESSEGIBI FINANZIARIA SPA (formerly UNICO LEASING SPA)
FACTORIT SPA
ITALEASE GESTIONE BENI SPA
ITACA SERVICE SPA
CORTE DEL NAVIGLIO SRL
HLL SRL
HGP SRL
INDUSTRIAL 1 SRL
LA GRILLA SRL

The advantages of exercising the option for the "National Consolidated" regime are primarily the option to compensate the losses of one more companies belonging to a group with the profits of the others, as well as the option to offset tax credits and debits among the various companies.

Without prejudice to each company's responsibility for the amounts declared in their respective tax returns, the holding company and the 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 the current fiscal regulations.

17.1 Breakdown of item 190 "Income taxes on continuing operations"

(thousands of euros)	2009	2008
1. Current taxes (-)	(15,564)	(21,997)
2. Changes in current taxes from previous years (+/-)	-	-
3. Reduction in current taxes of the year (+)	-	-
4. Change in deferred tax assets (+/-)	5,334	2,339
5. Change in deferred tax liabilities (+/-)	(45)	1,727
6. Income taxes of the year (-) (-1 +/- 2 + 3 +/- 4 +/- 5)	**(10,275)**	**(17,931)**

17.2 Reconciliation between theoretical tax charge and tax charge according to the financial statements

	IRES		IRAP	
Taxes on gross income of the year	**7,789**	**27.50%**	**1,365**	**4.82%**
Dividends	**-**	**0.00%**	**-**	**0.00%**
Payable interest	**221**	**0.78%**	**39**	**0.14%**
EC section cost exemption	0	0.00%	-	0.00%
Other adjustments for IRES purposes	-79	-0.28%	-	0.00%
Staff costs	-	0.00%	408	1.44%
Adjustments on receivables	-	0.00%	1,057	3.73%
IRAP deductions	-	0.00%	-122	-0.43%
Other adjustments for IRAP purposes	-	0.00%	-78	-0.28%
Total changes in taxes with respect to those calculated on gross income	142	0.50%	1,304	4.60%
Imposte sul reddito dell'esercizio ed aliquota fiscale effettiva	7,931	28.00%	2,669	9.42%
Other taxes	-325	-1.15%		
Total taxes	**10,275**	**36.28%**		

Section 18 – Gains/(losses) on groups of assets held for sale, net of tax – Item 200

This section does not include any amounts.

Section 19 – Income Statement: other information

19.1 Analytical composition of interest and commission income

(thousands of euros)	Receivable interest			Receivable commissions			31/12/2009	31/12/2008
	Banks	Financial institutions	Clientele	Banks	Financial institutions	Clientele		
1. Finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- real estate	-	-	-	-	-	-	-	-
- movable goods	-	-	-	-	-	-	-	-
- instrumental goods	-	-	-	-	-	-	-	-
- intangible goods	-	-	-	-	-	-	-	-
2 Factoring	**-**	**72**	**55,414**	**-**	**12**	**38,811**	**94,309**	**148,381**
- on current receivables	-	72	53,404	-	12	38,392	91,880	131,572
- on future receivables	-	-	1,600	-	-	237	1,837	4,632
- on receivables acquired as definitive payment	-	-	-	-	-	-	-	-
- on receivables acquired for less than their original value	-	-	-	-	-	-	-	-
- relative to other financing	-	-	410	-	-	182	592	12,177
3. Consumer Credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- targeted loans	-	-	-	-	-	-	-	-
- assignment of a fifth of salary	-	-	-	-	-	-	-	-
4. Guarantees and commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**106**
- of commercial nature	-	-	-	-	-	-	-	106
- of financial nature	-	-	-	-	-	-	-	-
Total	**-**	**72**	**55,414**	**-**	**12**	**38,811**	**94,309**	**148,487**

As regards 31/12/2008 in relation to Commissions received see Section 2 - 2.1 Composition of Item 30 “Commission income”.

19.2 Other information

Analytical composition of interest and similar charges.

Technical form	Amount
Current account overdrafts	1,542
Advances subject to collection	402
Short-term overdrafts	17,591
Advances in foreign currencies	231
Commercial credit policies	174
Bond loans	120
Contingent liabilities from bank interest	2
Bank expenses and fees	259
Sundry interest payable	18
Total	**20,339**

PART D – OTHER INFORMATION

Section 1 – Details of activities carried out

B. FACTORING AND TRANSFER OF RECEIVABLES

B.1 Gross value and carrying amounts

(thousands of euros)	31/12/2009			31/12/2008		
	Gross Value	Value Adjustments	Net Value	Gross Value	Value Adjustments	Net Value
1. Performing assets	**1,352,878**	**12,163**	**1,340,715**	**1,493,395**	**9,453**	**1,483,942**
- exposures to transferors (with recourse)	1,093,415	9,481	1,083,934	1,348,641	7,884	1,340,757
- transfers of future receivables	39,144	336	38,808	52,682	300	52,382
- other	1,054,271	9,145	1,045,126	1,295,959	7,584	1,288,375
- exposures to debtors transferred (without recourse)	259,463	2,682	256,781	144,754	1,569	143,185
2. Impaired assets	**167,504**	**50,957**	**116,547**	**82,757**	**42,819**	**39,938**
2.1 Non-performing	46,540	37,534	9,006	39,726	31,551	8,175
- exposures to transferors (with recourse)	41,944	32,938	9,006	35,775	27,600	8,175
- transfers of future receivables	1,685	1,278	407	348	198	150
- other	40,259	31,660	8,599	35,427	27,402	8,025
- exposures to debtors transferred (without recourse)	4,596	4,596	-	3,951	3,951	-
- acquired for less than their nominal value	-	-	-	-	-	-
- other	4,596	4,596	-	3,951	3,951	-
2.2 Watchlist	87,942	13,127	74,815	37,861	11,230	26,631
- exposures to transferors (with recourse)	83,204	11,503	71,701	34,185	9,849	24,336
- transfers of future receivables	9,866	5,249	4,617	13,971	4,348	9,623
- other	73,338	6,254	67,084	20,214	5,501	14,713
- exposures to debtors transferred (without recourse)	4,738	1,624	3,114	3,676	1,381	2,295
- acquired for less than their nominal value	-	-	-	-	-	-
- other	4,738	1,624	3,114	3,676	1,381	2,295
2.3 Restructured exposures	-	-	-	-	-	-
- exposures to transferors (with recourse)	-	-	-	-	-	-
- transfers of future receivables	-	-	-	-	-	-
- other	-	-	-	-	-	-
- exposures to debtors transferred (without recourse)	-	-	-	-	-	-
- acquired for less than their nominal value	-	-	-	-	-	-
- other	-	-	-	-	-	-
2.4 Past due exposures	33,022	296	32,726	5,170	38	5,132
- exposures to transferors (with recourse)	30,002	239	29,763	-	-	-
- transfers of future receivables	-	-	-	-	-	-
- other	30,002	239	29,763	-	-	-
- exposures to debtors transferred (without recourse)	3,020	57	2,963	5,170	38	5,132
- acquired for less than their nominal value	-	-	-	11	-	11
- other	3,020	57	2,963	5,159	38	5,121
Total	**1,520,382**	**63,120**	**1,457,262**	**1,576,152**	**52,272**	**1,523,880**

The table above provides details on the value of receivables recognised under item 60 of the Assets, with reference to the specific business of factoring.
Receivables are subdivided into performing and impaired receivables and are classified according to the type of counterparty: transferor and transferred debtor.
Recognition 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. If this does not occur, the factor may only recognise receivables as assets if they are due from the transferor for advances disbursed to the latter.

B.2 Residual life of exposures and of total receivables.

B.2.1 Factoring operations with recourse: advances and total receivables".

(thousands of euros)	31/12/2009		31/12/2008	
	Advances	Total receivables	Advances	Total receivables
- on demand	-	-	-	-
- up to three months	-	1,191,676	-	1,241,782
- from more than 3 months to 6 months	-	219,337	-	181,344
- from more than 6 months to 1 year	-	36,482	-	127,124
- beyond 1 year	-	37,307	-	27,050
- indefinite duration	1,194,404	1,301,316	1,373,269	1,403,420
Total	**1,194,404**	**2,786,118**	**1,373,269**	**2,980,720**

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

B.2.2 Factoring operations without recourse: exposures

(thousands of euros)	Exposures	
	31/12/2009	31/12/2008
- on demand	-	-
- up to three months	169,544	78,117
- from more than 3 months to 6 months	26,163	24,969
- from more than 6 months to 1 year	15,245	13,850
- beyond 1 year	17,591	-
- indefinite duration	34,315	33,676
Total	**262,858**	**150,612**

The table shows the carrying amount of exposures relating to receivables acquired for registered non-recourse factoring operations, divided into brackets of residual life.

(thousands of euros)	Opening value adjustments	Increases			Decreases				Closing value adjustments
		Value Adjustments	Reclassification from other status	Other increases	Value re-instatements	Reclassification from other status	Cancellations	Other decreases	
Specific impairment of assets	**-42,819**	**-18,300**	**-4,481**	**-**	**1,820**	**3,808**	**9,015**	**-**	**-50,957**
Exposures to transferors	**-37,449**	**-13,450**	**-3,817**	**-**	**1,344**	**3,144**	**5,548**	**-**	**-44,680**
- Non-performing	-27,600	-8,607	-3,199	-	1,048	-	5,420	-	-32,938
- Watchlist	-9,849	-4,604	-618	-	296	3,144	128	-	-11,503
- Restructured exposures	-	-	-	-	-	-	-	-	-
- Past due exposures	-	-239	-	-	-	-	-	-	-239
Exposures to transferred debtors	**-5,370**	**-4,850**	**-664**	**-**	**476**	**664**	**3,467**	**-**	**-6,277**
- Non-performing	-3,951	-3,232	-659	-	178	1	3,067	-	-4,596
- Watchlist	-1,381	-1,589	-5	-	298	663	390	-	-1,624
- Restructured exposures	-	-	-	-	-	-	-	-	-
- Past due exposures	-38	-29	-	-	-	-	10	-	-57
On portfolios of other assets	**-9,453**	**-7,034**	**-4**	**-**	**3,648**	**677**	**3**	**-**	**-12,163**
- Exposures to transferors	-7,884	-5,420	-	-	3,148	672	3	-	-9,481
- Exposures to transferred debtors	-1,569	-1,614	-4	-	500	5	-	-	-2,682
Total	**-52,272**	**-25,334**	**-4,485**	**-**	**5,468**	**4,485**	**9,018**	**-**	**-63,120**

This table shows the changes in value adjustments (specific and portfolio) on exposures due from transferors and from transferred debtors that occurred in the trading period, together with the value of these adjustments and the beginning and end of the year (respectively, opening and closing value adjustments).
The value adjustments, calculated on exposures classified as impaired, are indicated always as specific value adjustments, in accordance with the law.
Financial assets are derecognised following events that extinguish the receivable.

B.4 Other Information

B.4.1 Turnover of receivables subject to factoring operations

(thousands of euros)	31/12/2009	31/12/2008
Operations without recourse	804,313	370,729
of which: acquired for less than their nominal value	-	-
Operations with recourse	10,686,987	13,290,500
Total	**11,491,300**	**13,661,229**

The table shows the nominal value of receivables acquired during the trading period (turnover) for factoring operations, divided into registered non-recourse operations and recourse/non-recourse formal operations.

B.4.2 Collection-only services

The company did not perform collection-only services in the years 2008 and 2009.

B.4.3 Nominal value of future receivable purchase contracts

(thousands of euros)	31/12/2009	31/12/2008
- Flow of future receivable purchase contracts in the period	239,133	531,643
- Amount of receivables in being at the reporting date	636,188	807,745

In addition to the tables it should be noted that the margin between the plafond paid to customers and the amount of factored receivables at 31/12/2009 was Euro 1,440 million.

D. Guarantees given and commitments

D.1 Value of issued guarantees and commitments

(thousands of euros)	31/12/2009	31/12/2008
1) Issued Guarantees of Financial Nature	**-**	**3,840**
a) Banks	-	-
b) Financial institutions	-	-
c) Clientele	-	3,840
2) Issued Guarantees of Commercial Nature	**-**	**-**
a) Banks	-	-
b) Financial institutions	-	-
c) Clientele	-	-
3) Irrevocable commitments to issue funds	**444,399**	**573,775**
a) Banks	-	-
i) definite utilization	-	-
ii) definite utilization	-	-
b) Financial institutions	-	-
i) definite utilization	-	-
ii) definite utilization	-	-
c) Clientele	444,399	573,775
i) definite utilization	-	-
ii) definite utilization	444,399	573,775
4) Commitments underlying credit derivatives: sales of protection	**-**	**-**
5) Assets pledged as collateral for third-party	**-**	**-**
6) Other commitments	**-**	**-**
Total	**444,399**	**577,615**

This table shows the commitment to disburse funds only of "approved recourse" (formal non-recourse) operations, that is to say the difference between total approved recourse receivables and the advance on approved recourse operations (recognized in the accounting assets in the name of the transferor).

These are irrevocable commitments of uncertain use, because the commitments to disburse funds is of an optional kind; in this case it is not certain whether and to what extent the funds will effectively be disbursed.

D.2 Loans recognized as a result of enforcement

No amounts are present.

D.3 Other information

No amounts are present.

Section 3 – INFORMATION ON RISKS AND ON RISK-HEDGING POLICIES

SECTION 3.1 – CREDIT RISKS

QUALITATIVE INFORMATION

1. General aspects

Credit risk is traditionally the main type of risk which characterizes the activities of Factorit. The constant renewal of the credit disbursement, management and monitoring process, owing to the different counterparties involved, allows the company to contain this type of risk.

Control over credit quality occurs through the monitoring of both specific counterparty risk (transferor and transferred debtor) as well as portfolio risk.

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

As regards the component of portfolio credit risk, particular attention has been paid over time to the concentration risk, which involves exposures to the main economic and/or legal groups, both of Factorit and of the Banca Italease Group.
Following consolidation in the Banco Popolare Group a further need arose for Factorit to carry out checks also on exposures in being at the Banco Popolare Group.

2. Credit risk management policies

2.1 Organisational aspects

The Factorit lending process is governed by the Credit Regulations of the Parent Company Banca Italease, which is the model of reference for the regulations of the Group companies and which lays down common criteria and methods for credit management, while still allowing for special features that may derive from the particular types of loans and from the nature of the counterparties.

The credit process is divided into the following phases:

- credit policy;
- assessment of the counterparty's creditworthiness;
- application of powers and responsibilities;
- control of credit performance.

Credit policy

The Group's credit policy, responsibility for which lies with the Board of Directors of Banca Italease, during 2009, taking account of the progressive worsening of the macroeconomic situation, was focused on limiting the financial risks and enabling the structures responsible to apply extreme selectivity in granting new credit.

Assessment of the counterparty's creditworthiness

The evaluation of creditworthiness is aimed at ascertaining the counterparty's current and prospective capacity to repay amounts disbursed, and verifying the compatibility between the individual applications for credit and the credit policy adopted.
In particular, the assessment is aimed at determining the level of economic risk, in relation to the probability of default of the parties involved (transferors and transferred debtors) and the level of financial risk deriving from any failure to repay the credit granted at the agreed due dates.

The credit process system is constructed in logical stages differentiated for the parties involved (transferors and transferred debtors) and for the the different powers to grant credit.

Specifically, the preliminary application processing stage is carried out by the commercial department, through acquisition of all the information needed to define the economic and financial position of the parties involved. On the basis of the principle of opposing roles, the assessment stage is instead carried out by the Credit Service and has the aim of determining the amount of the credit facility and the feasibility of the operation.

Application of powers and responsibilities

Approval of credit facilities is effected after assessing:
- the amount and structure of the credit facilities;
- the past and prospective economic/asset and liability trends of the applicant and of the relevant group;
- any supporting guarantees.

On the basis of the total risk identified at the level of economic and/or legal group and at the level of all the Banca Italease Group companies the competent Decision-making Body is determined (within the scope of the delegated powers conferred on Factorit by the Parent Company, as regards the tranferors, the decision-making powers have been centralized at the level of the General Management, which exercises these decision-making powers after receiving a proposal from the Credit Department).

Above certain amounts of Maximum Total Risk advisory or decision-making bodies intervene at the level of the Parent Company Banca Italease and the Banco Popolare Group.

In general, each department involved in the credit approval process proposes the credit to the next level of decision-making, in accordance with the terms outlined in the Credit Regulations.

Control of credit performance

Lending positions are classified into the different categories of expected risk provided for at the company level, and in accordance with the general principles established by the regulatory authorities.
These categories, which are determined on the basis of the different anomalies detectable, enable a classification of the positions to be obtained according to an ascending order of seriousness of such anomalies. These classifications are assigned automatically, on the occurrence of objective events, or discretionally, through an intervention of the management and of the bodies responsible for monitoring and controlling risk, in a uniform manner across the entire portfolio.

Auditing of the performance of the loans is divided into the stages of monitoring and renewal of the loan positions and makes use of summary indicators that express classifications on the basis of the type of operation and of the exposure of the customer and of the reporting of the management structures responsible for managing relations with the transferor customers or the debtors.

2.2 Management, measurement and monitoring systems

As a general guide, loan disbursement processes are automated for assessments relating to loans of a small amount, while they are discretional, and centralized at the head office for risk assessments relating to larger transferors and amounts. Additionally, Banca Italease's Credit Regulations call for the same to take on a coordination role and to formulate binding opinions, for requests for loans regarding subsidiaries with total risk exceeding the amounts laid down in the credit policies of the Parent Company. Following consolidation in the Banco Popolare Group further controls on total risk amounts are envisaged.

2.3 Credit risk mitigation techniques

Given the essential connotations of factoring transactions (numerous debtors and the transfer of trade receivables), it is possible to identify techniques aimed at consolidating the transfer of risk to the transferred debtor and at fractioning same over a number of parties, and instruments for mitigating the risks assumed by the factor.

In terms of non-recourse contracts, there are many credit risk mitigation clauses that may be adopted, including:
- the limitation of credit risk assumed with respect to each debtor;
- acquisition of direct or collateral guarantees;
- the application of allowances;
- limitation of the risk in relation to volumes of assets intermediated and the profitability of the relationship (maximum annual ceiling);
- the assignor's transfer obligations;
- coverage by insurance of the receivable.

2.4 Impaired financial assets

The technical and organisational procedures involved in managing and controlling anomalous credit are defined according to the position's level of impairment.

With regards to default, relational and performance monitoring is carried out, for the purpose of:

- verifying whether or not the counterparties' financial/business difficulties can be reversed;
- evaluating the repayment schedules presented with reference to the debtors' capacity to pay the amounts due within the timeframe envisaged in the schedules, including in consideration of the requests for concessions regarding the conditions applicable to the positions;
- examining the outcome of initiatives undertaken to normalize/recover the receivables (repayment schedules, reviews of the technical forms of usage, etc.) and the reasons for their possible failure;
- determining the relevant probability of losses in an analytical way, carefully keeping in mind the economic and financial context of the situation.

With regard to watchlist receivables, risks are controlled via the following actions:

- for new positions, communications in order to settle their positions;
- possible appointment of debt collection companies;
- the assignment of responsibility for the new positions to external counsel for the launch of proceedings against the transferred debtors, transferors and any guarantors;
- in the case of previously classified positions, verification that the debtors have honoured their commitments;
- regular verification of the correctness of the classification and estimation of the losses anticipated on the various positions on a case-by-case basis.

Classification of positions is in line with the requirements of internal regulations and those of the regulations in effect. The internal regulations also lay down the general guidelines for estimation of the detailed anticipated loss.

QUANTITATIVE INFORMATION

1. Distribution of loan exposures by portfolio and by credit quality

(thousands of euros)	Non-performing	Watchlist	Restructured exposures	Past due exposures	Other assets	Total
1. Financial assets held for trading	-	-	-	-	-	-
2. Financial assets valuated at fair value	-	-	-	-	-	-
3. Financial assets available for sale	-	-	-	-	-	-
4. Financial assets held until maturity	-	-	-	-	-	-
5. Receivables due from banks	-	-	-	-	44,186	44,186
6. Receivables due from financial institutions	-	-	-	-	4,846	4,846
7. Receivables due from customers	9,006	74,918	-	34,416	1,344,582	1,462,922
8. Hedging derivatives	-	-	-	-	-	-
31/12/2009	**9,006**	**74,918**	**-**	**34,416**	**1,393,614**	**1,511,954**
31/12/2008	**8,185**	**26,672**	**-**	**7,234**	**1,535,512**	**1,577,603**

2. Loan exposures

2.1 Loan exposures to customers: gross and net amounts

Portfolios/Quality *(thousands of euros)*	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. IMPAIRED EXPOSURES				
On-balance-sheet exposures	171,999	(53,659)	-	118,340
a) Non-performing	46,775	(37,769)	-	9,006
b) Watchlist	88,978	(14,060)	-	74,918
c) Restructured exposures	-	-	-	-
d) Past due exposures	36,246	(1,830)	-	34,416
Off-balance-sheet exposures	12,797	(5,012)	-	7,785
a) Non-performing	2,958	(2,958)	-	-
b) Watchlist	9,839	(2,054)	-	7,785
c) Restructured exposures	-	-	-	-
d) Past due exposures	-	-	-	-
Total A	**184,796**	**(58,671)**	**-**	**126,125**
B. PERFORMING EXPOSURES				
- Past due exposures not impaired	-	-	-	-
- Other exposures	1,793,396	-	(12,200)	1,781,196
Totale B	**1,793,396**	**-**	**(12,200)**	**1,781,196**
Totale A+B	**1,978,192**	**(58,671)**	**(12,200)**	**1,907,321**

2.2 Loan exposures to banks and financial institutions: gross and net amounts

(thousands of euros)	Esposizione lorda	Rettifiche di valore specifiche	Rettifiche di valore di portafoglio	Esposizione netta
A. IMPAIRED ASSETS				
On-balance-sheet exposures	-	-	-	-
a) Non-performing	-	-	-	-
b) Watchlist	-	-	-	-
c) Restructured exposures	-	-	-	-
d) Past due exposures	-	-	-	-
Off-balance-sheet exposures	-	-	-	-
a) Non-performing	-	-	-	-
b) Watchlist	-	-	-	-
c) Restructured exposures	-	-	-	-
d) Past due exposures	-	-	-	-
Totale A	-	-	-	-
B. PERFORMING EXPOSURES				
a) Past due exposures not impaired	-	-	-	-
b) Other exposures	49,062	(30)	-	49,032
Totale B	**49,062**	**(30)**	**-**	**49,032**
Totale A+B	**49,062**	**(30)**	**-**	**49,032**

3. Concentration of credit

3.1 Distribution of customer loans by counterparty business branch

(thousands of euros)	Governments and central banks			Other government agencies			Insurance companies			Non-financial companies			Other subjects		
	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments
A. On-balance-sheet exposures															
A.1 Non-performing	-	-	X	-	-	X	-	-	X	8,951	(37,424)	X	55	(345)	X
A.2 Watchlist	-	(187)	X	667	(39)	X	-	-	X	67,807	(13,719)	X	6,444	(115)	X
A.3 Restructured exposures	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X
A.4 Past due exposures	17	-	X	3,011	(59)	X	-	-	X	31,053	(1,769)	X	335	(2)	X
A.5 Other exposures	15,838	X	(308)	9,295	X	(196)	8	X	-	1,146,262	X	(10,064)	173,179	X	(1,632)
Total	15,855	(187)	(308)	12,973	(98)	(196)	8	-	-	1,254,073	(52,912)	(10,064)	180,013	(462)	(1,632)
B. Esposizioni "fuori bilancio"	-			-			-			-			-		
B.1 Non-performing	-	-	-	-	-	-	-	-	-	-	(2,958)	-	-	-	-
B.2 Watchlist	-	-	-	-	-	-	-	-	-	5,566	(1,547)	-	2,219	(507)	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	759	X	-	5,032	X	-	1	X	-	411,988	X	-	18,835	X	-
Total	759	-	-	5,032	-	-	1	-	-	417,554	(4,505)	-	21,054	(507)	-
31/12/2009	**16,614**	**(187)**	**(308)**	**18,005**	**(98)**	**(196)**	**9**	**-**	**-**	**1,671,627**	**(57,417)**	**(10,064)**	**201,067**	**(969)**	**(1,632)**
31/12/2008	**9,113**	**-**	**(76)**	**37,746**	**(219)**	**(358)**	**-**	**-**	**-**	**2,042,508**	**(47,071)**	**(9,901)**	**14,317**	**-**	**(52)**

3.2 Distribution of customer loans by counterparty geographical area

(thousands of euros)	Italy		Other european countries		America		Asia		Rest of world	
	Esposizione netta	Total value adjustments	Esposizione netta	Total value adjustments	Esposizione netta	Total value adjustments	Esposizione netta	Total value adjustments	Esposizione netta	Total value adjustments
A. On-balance-sheet exposures										
A.1 Non-performing	8,951	37,424	55	345	-	-	-	-	-	-
A.2 Watchlist	68,942	13,953	5,976	107	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Past due exposures	34,082	1,828	329	2	-	-	5	-	-	-
A.5 Other exposures	1,182,630	10,771	140,781	1,232	13,951	127	7,220	70	-	-
Total	1,294,605	63,976	147,141	1,686	13,951	127	7,225	70	-	-
B. Off-balance-sheet exposures										
B.1 Non-performing	-	2,958	-	-	-	-	-	-	-	-
B.2 Watchlist	5,470	1,652	2,204	383	6	1	-	-	105	18
B.3 Other impaired assets	-	-	-	-	-	-	-	3	-	-
B.4 Other exposures	421,018	-	15,064	-	230	-	232	-	70	-
Total	426,488	4,610	17,268	383	236	1	232	3	175	18
31/12/2009	**1,721,093**	**68,586**	**164,409**	**2,069**	**14,187**	**128**	**7,457**	**73**	**175**	**18**
31/12/2008	**1,910,604**	**56,577**	**169,144**	**967**	**12,894**	**77**	**10,549**	**59**	**6,193**	**0**

3.2.1 Distribution of customer loans by counterparty geographical area (Italy balance-sheet exposure)

31/12/2009 Credit status	North West Italy		North East Italy		Central Italy		South Italy		Italy: islands	
	Net Exposure	Total value adjustments	Net Exposure	Total value adjustments	Net Exposure	Total value adjustments	Net Exposure	Total value adjustments	Net Exposure	Total value adjustments
Non-performing	2,301	6,433	1,120	7,904	4,591	18,513	845	4,208	94	366
Watchlist	18,733	2,440	5,249	1,468	12,901	7,449	24,583	1,913	7,476	683
Past due exposures	10,640	842	1,062	10	17,676	901	1,805	23	2,899	52
Other exposures	523,523	4,966	238,010	1,970	151,333	1,302	169,750	1,548	100,014	985
	555,197	14,681	245,441	11,352	186,501	28,165	196,983	7,692	110,483	2,086

3.3 Major risks

(Amounts in thousands of euros)	31/12/2009	31/12/2008
a) Amount	163,663	103,684
b) Number	5	3

The table shows the amount and the number of counterparties the weighted exposure of which was more than 15% of the Regulatory Capital, in accordance with the regulations.

The risks in relation to individual customers of the same intermediary are considered together if there are connections of a legal or economic nature between the customers themselves.

The amount is the sum of the on-balance-sheet risk assets and of the off-balance-sheet transactions in relation to a customer.

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

Starting on 16 November 2009 the company developed internally, in the context of its factoring management software, an application that enables daily monitoring, for estimated values, of Major Risks.

5) Other quantitative information relating to credit risk

The aggregate amount of the major risks is decidedly contained within the limit of eight times' Regulatory Capital.

As it belongs to a Banking Group which is subject to consolidated supervision, Factorit SpA is obliged to observe an individual limit of 40% of the Regulatory Capital.
At 31/12/2009, taking account of the current laws on the subject, no counterparties exceeds this limit.

3.2 Market risks

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

3.2.1 Interest-rate risk

QUALITATIVE INFORMATION

A. Interest-rate risk: general information, management processes and measurement methods

A.1. Organisational aspects

Currently the process of managing the company's market risks, with reference to the banking book, is regulated by the "Internal Controls System" of Banca Italease, "Risk Management Regulations" section.

Interest-rate risk is caused by differences, in timing and methods, in the interest-rate repricing of Factorit's assets and liabilities. The presence of diversified fluctuations in interest rates cause both a change in the expected net interest income and a change in the current value of the assets and liabilities and thus a change in the economic value of the items at risk.

Banca Italease uses Asset & Liability Management procedures to measure, control, and manage cash flows in an integrated way, with reference to the individual group companies as well as consolidated flows, with valuations on the current composition of the portfolio.

Up to now the banking book risk management policy has aimed, in the implementation of the short- and long-term strategic guidelines, at managing the total banking book in terms of (a) volatility of net interest income and (b) economic value of the items at risk while the structural interest rate risk, that is to say the risk that expected and unexpected changes in market interest rates will have a negative impact on net interest income and on the asset/liability portfolio, is measured with maturity gap and duration gap techniques.

The risk is measured by the Risk Management Unit which also produced the reports sent to the Group's governing bodies and to the departments involved in managing structural interest-rate risk and liquidity risk.

1. Distribution by residual duration of financial assets and liabilities

(thousands of euros)	up to 3 months	from more than 3 months to 6 months	from more than 6 months to 1 year	from more 1 year to 5 years	from more 5 years to 10 years	beyond 10 years	indefinite duration
1. Assets							
1.1 Debt securities	-	-	-	-	-	-	-
1.2 Receivables	1,347,985	25,919	382	17,124	-	-	120,544
1.3 Other assets	4,074	-	-	-	-	-	-
2. Liabilities							
2.1 Payables	1,294,132	-	-	-	-	-	-
2.2 Debt securities	-	-	-	-	-	-	-
2.3 Other liabilities	60,583	-	-	-	-	-	-
3. Financial derivatives							
- Options							
+ long positions	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-
- Other derivatives							
+ long positions	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-

2. Methodological aspects

The exposure to interest-rate risk in the short term is estimated with the current earnings approach, whereas the exposure over the medium/long term is estimated every month in relation to the economic value of equity, using simulations of +/- 100 bps changes in interest rates.

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 corporate policy of systematically matching accounts denominated in foreign currency: the utilisation in a foreign currency is offset with a provision in the same currency.
This risk exists mainly with regard to the following, though the volumes are limited:

- charges and the proportion of interest matured received not offset by the interest paid expressed in a currency other than the Euro;
- guarantees denominated in a foreign currency backing transactions in euro.

Every quarter, on the occasion of Regulatory Reporting, the exposure of the Company to this type of risk is in any case monitored.

QUANTITATIVE INFORMATION

1. Distribution according to currency of the assets, liabilities and derivatives

Items *(thousands of euros)*	Currencies as of 31/12/2009					
	US Dollars	Pounds	Yen	Canadian Dollars	Swiss Francs	Other Currencies
1. Financial assets	11,645	-	-	-	-	5,086
1.1 Debt securities	-	-	-	-	-	-
1.2 Capital securities	-	-	-	-	-	-
1.3 Receivables	11,645	-	-	-	-	5,086
1.4 Other financial assets	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-
3. Financial liabilities	11,566	-	-	-	-	5,067
3.1 Payables	11,566	-	-	-	-	5,067
3.2 Debt securities	-	-	-	-	-	-
3.3 Other financial liabilities	-					
4. Other liabilities	-	-	-	-	-	-
5. Derivatives	-	-	-	-	-	-
5.1 Long positions	-	-	-	-	-	-
5.2 Short positions	-	-	-	-	-	-
Total assets	**11,645**	**-**	**-**	**-**	**-**	**5,086**
Total liabilities	**11,566**	**-**	**-**	**-**	**-**	**5,067**
Excess/Deficit (+/-)	**79**	**-**	**-**	**-**	**-**	**19**

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

The company does not adopt further risk measurement and management models given the limited amount of the said risk.

3. Other quantitative information relating to exchange rate risk

There is nothing noteworthy to be reported.

3.3 Operational risks

QUALITATIVE INFORMATION

1. Operational risk: general information, management processes and measurement methods

The measurement of operational risk in the Banca Italease Group and in its subsidiaries is centralised at the Parent Company Banca Italease, which has adopted the following definition of operational risk: "risk of losses deriving from inadequacy or dysfunction of internal procedures, human resources, and systems; includes legal risk or the risk of losses deriving from violations of laws or regulations, contractual or extra-contractual responsibilities, or from other disputes."

During 2009 the parcomp was focused mainly on the development of a system of identification, management and monitoring of the risks defined above.

For the estimate of the capital requirement for exposure to Operational Risks, the Basic Indicator Approach (BIA) method was used.

Section 4 – Information on equity

4.1 Corporate equity

4.1.1 Qualitative information

The shareholders have always been concerned to give the company adequate capital to permit the business and the coverage of risks.
For this purpose a significant part of the profits of financial year 2007, of Euro 10.6 million and 2008, of Euro 15.6 million, were allocated respectively in 2008 and 2009 to the Extraordinary Reserve.
This enabled full repayment of the Subordinated Bond Loan with redemption, at the natural maturity of 15/01/2009, in a single solution.

4.1.2 Quantitative information

4.1.2.1 Corporate equity: breakdown

Items *(thousands of euros)*	**2009**	**2008**
1. Share Capital	**85,000**	**85,000**
2. Issue premiums	**11,030**	**11,030**
3. Reserves		
- of net income		
a) legal	4,912	3,272
b) statutory		
c) treasury shares		
d) other	26,448	10,925
- other	4,953	4,924
4. (Treasury shares)		
5. Valuation reserves:		
- Financial assets available for sale		
- Tangible fixed assets		
- Intangible fixed assets		
- Hedging of foreign investments		
- Hedging of financial flows		
- Exchange rate differences		
- Non-current assets and groups of assets being divested		
- Special revaluation laws		
- Actuarial gains (losses) on defined-benefit pension plans	-72	-101
- Quota of valuation reserve of equity investments accounted for using equity method		
6. Capital instruments		
7. Net income (loss) for the year	**18,918**	**32,802**
Total	**151,189**	**147,852**

4.2. Capital and regulatory ratios

4.2.1 Regulatory Capital

4.2.1.1 Qualitative information

Regulatory Capital is the main reference point in assessment by the Supervisory Authority of the stability of the financial intermediary and of the system.
The most important instruments of prudential control, such as the requirements against risks and rules on risk concentration, are based on this measure.
The Regulatory Capital of Factorit S.p.A. at 31/12/2009 consists exclusively of Tier 1 capital admitted, in the calculation, with no limitation.

4.2.1.2 Quantitative information

Items *(thousands of euros)*	**2009**	**2008**
A. Tier 1 capital prior to the application of prudential filters	151,189	132,331
B. Prudential filters of Tier 1		
B.1 Positive IAS/IFRS prudential filters (+)		
B.2 Negative IAS/IFRS prudential filters (-)		
C. Tier 1 capital including deductible elements (A+B)		
D. Deductible elements of Tier 1 capital	-1,152	-1,158
E. Total Tier 1 capital (C-D)	150,037	131,173
F. Tier 2 capital prior to the application of prudential filters		7,415
G. Prudential filters of Tier 2		
G.1 Positive IAS/IFRS prudential filters (+)		
G.2 Negative IAS/IFRS prudential filters (-)		
H. Tier 2 capital including deductible elements (F+G)		7,415
I. Elementi da dedurre dal patrimonio supplementare		
L. Totale patrimoniale supplementare (TIER 2) (H-I)		7,415
M. Deductible elements of Tier 1 and Tier 2 capitals		
N. Regulatory capital (E + L - M)	150,037	138,588
O. Tier 3 capital		
P. Regulatory capital including Tier 3 (N + O)	150,037	138,588

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

The congruous Regulatory Capital enables observance of the adequacy of the individual solvency ratio. This requirement is expressed by the ratio between the Regulatory Capital and the sum of the weighted assets in relation to the degree of risk inherent in each of them.

Credit risk and operational risk are the risks that make up the weighted assets at 31/12/2009.

For credit risk the company has chosen to make use of the standard approach and has identified Fitch Ratings as the ECAI to be used for the determination of the weighted assets for the risk relating to exposures to Central Administrations, Territorial Authorities, Non-Profit Entities, Public Sector Bodies and Supervised Intermediaries.

Again with reference to credit risk the individual ratio - applied to financial intermediaries pursuant to Art. 107 of the CAB which do not collect capital from the public and which belong to banking groups subject to consolidated supervision – is 4.5%.

As regards operational risk Factorit adopted the basic approach.
According to the basic approach the capital requirement is determined applying a ratio of 15% (Factorit 11.25% because it benefits from a reduction of 25% as a member of a banking group subject to consolidated supervision) to the three-year average of the “operating income”.

As regards exchange rate risk, instead, no value of the Regulatory Capital is absorbed for the purpose of calculation of capital adequacy. In fact, Factorit is in the situation envisaged by the legislation, that is “with reference to exchange rate risk that espresse the risk of encountering losses owing to fluctuations in the prices of currencies and of gold, it must be noted that financial intermediaries are excluded if their “net position in foreign exchange” is less than 2% of the Regulatory Capital”.

4.2.2.2 Quantitative information

Categories / Amounts in thousands of euros	Unweighted amounts		Weighted amounts/requirements	
	2009	2008	2009	2008
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1 Standardised approach	3,553,250	2,594,932	1,623,744	1,696,648
2 Internal rating based approach				
2.1 Basic				
2.2 Advanced				
3 Securitizations				
B. CAPITAL REQUIREMENTS				
B. 1 Credit and counterparty risk			73,068	101,799
B.2 Market risks				
1 Standardised approach				
2 Internal models				
3 Concentration risk				
B.3 Operational risk				
1 Basic approach			8,822	12,164
2 Standardised approach				
3 Advanced approach				
B.4 Other prudential requirements			-	269
B.5 Total prudential requirements (B.1 + B.2 + B.3 + B.4)			81,890	114,232
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			1,364,835	1,903,865
C.2 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			10.99	6.89
C.3 Regulatory capital including Tier 3 / Risk-weighted assets (Total capital ratio)			10.99	7.28

The reduction of the individual ratios was applied only for the year 2009. In fact for the year 2008, given the erosion of the Regulatory Capital of the the Parent Company Banca Italease following the negative result for the period, Factorit was unable to benefit from any reduction of the ratios.

Section 5 – Analytical statement of comprehensive income

Items *(thousands of euros)*	Gross amount	Income tax	Net amount
10 Net income (loss) for the year	**29,193**	**(10,275)**	**18,918**
Other income components of taxes			
20 Financial assets available for sale	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement			
adjustments from impairment	-	-	-
gains / losses on disposals	-	-	-
other changes	-	-	-
30 Property, plant and equipment	**-**	**-**	**-**
40 Intangible fixed assets	**-**	**-**	**-**
50 Hedging of foreign investments	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement	-	-	-
other changes	-	-	-
60 Hedging of financial flows	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement	-	-	-
other changes	-	-	-
70 Exchange rate differences	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement	-	-	-
other changes	-	-	-
80 Non-current assets being divested	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement	-	-	-
other changes	-	-	-
90 Actuarial gains (losses) on defined-benefit plans	**39**	**(11)**	**28**
100 Share of valuation reserve of equity investments accounted for using equity method	**-**	**-**	**-**
changes in fair value	-	-	-
reversal to income statement			
adjustments from impairment	-	-	-
gains / losses on disposals	-	-	-
other changes	-	-	-
110 Total other income components net of taxes	**39**	**(11)**	**28**
120 Comprehensive income (Items 10 +110)	**29,232**	**(10,286)**	**18,946**

Section 6 – Transactions with related parties

6.1 Information on remuneration of key management personnel

Executives: remuneration of Euro 290.5 thousand (of which Euro 30.3 thousand relating to the stock option plan).

6.2 Loan facilities and sureties issued in favour of directors and statutory auditors

No amounts are present.

6.3. Information on transactions with related parties

6.3.1. Operation with Banco Popolare.

Statement of Financial Position

Company	Financial receivables	Financial payables	Other payables
Banca Popolare di Verona	188	19,137	382
Banca Popolare di Lodi	115	42	112
Banca Popolare di Crema		4	26
Banca Popolare di Cremona			122
C.R. di Lucca			48
Banca Caripe SpA	1,607	16	59
Banca Popolare di Novara	1,821	95	376
Credito Bergamasco		1,716	165
Tecmarket Servizi SpA			3
Total	**3,731**	**21,010**	**1,293**

Income Statement

Company	receivable interest	payable interest	interest payable on asset pool	fees on factoring operations	other commissions payable	other proceeds
Banco Popolare Verona	1	202	152	167	235	8
Banca Popolare di Lodi	10	5	42	56		
Banca Popolare di Crema			5	13		
Banca Popolare di Cremona				23		
C.R. di Lucca				31		
Banca Caripe spa			38	12		
Banca Popolare di Novara	1	7	193	167	1	15
Credito Bergamasco		3	4	106	1	
Total	**12**	**217**	**434**	**575**	**237**	**23**

6.3.2. Transactions with Parent Company and associated companies.

Receivables	Amount
Banca Italease	
Tax consolidation	325
Outsourced personnel	432
Receivable for conferment	213
Transfers of personnel	2
Total	**972**

Payables	Amount
Banca Italease	
Overdraft facility	553,000
Accrued liability on overdraft facility	217
Commissions to book	24
Supplier invoices	107
Outsourced personnel	720
Total	**554,068**

Costs	Amount
Banca Italease	
Payable interest and comparable charges	6,940
Rental of property	147
Other commissions payable - Cerved	58
Commissions	21
Service - property contract	2,741
Outsourced personnel	693
Director compensation	57
Other administrative expenses	37
Total	**10,694**

Revenues	Amount
Banca Italease	
Outsourced personnel	432
Aosta Factor Service	50
Total	**482**

EF payables		Amount
Mercantile leasing	for commissions to book	29
Italease Network	for commissions to book	54
Total		**83**

EF Costs		Amount
Mercantile Leasing	Commissions	75
Italease Network	Commissions	49
Total		**124**

Customer receivables		Amount
Itaca Service	Receivable for conferment	246
Italease Gestione Beni	Deferred expenses	2
Total		**248**

Customer costs		Amount
Italease Gestione Beni	Charges for payable rents	234
Total		**234**

Customer revenues		Amount
Itaca Service	Expense recovery	62
Total	**Totale**	**62**

Section 7 – Other disclosures

Other

In compliance with the disclosure obligation laid down in Art. 2497-bis of the Civil Code, the summary data of the latest approved financial statements of the company that exercises the activity of direction and coordination.

Banco Popolare S.C. (Group Parent)

(million euro)	31/12//2008	31/12/2007
Income statement data		
Financial margin	210.3	339.3
Net commissions	10.0	184.1
Operational proceeds	306.4	935.6
Operational charges	-271.1	-473.8
Operating income	35.3	461.8
Gross income on continuing operations	-976.0	770.8
Net income on continuing operations	-494.0	483.3
Result of the year	-494.0	483.3
Equity data		
Total assets	55,005.1	43,014.6
Direct funding	24,106.5	15,993.0
Receivables due from customers (gross)	4,400.1	1,717.6
Financial assets and hedging derivatives	8,231.3	8,262.2
Shareholders' equity	8,681.3	9,635.7
Structure data		
Average number of employees (*)	1,429	4,178
Number of bank branches	2	-

(*) Arithmetic mean calculated on monthly basis.

In accordance with Article 149-duodecies of Consob Issuers Regulations, attached is the statement containing the remuneration for the period for the services provided by the following entities:

- the auditing company, for the auditing services provided.

Type of service	Entity which provided the service	Remuneration 2009
Independent auditing	Deloitte & Touche spa	45,724
Quarterly audits	Deloitte & Touche spa	7,552
Interim reporting package	Deloitte & Touche spa	10,712
Other services	Deloitte & Touche spa	
made up of:		
Approval of tax returns (770-Single Tax Return)		7,500

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Dear Shareholders,

Our auditing activities during the financial year ended 31 December 2009 were carried out in compliance with the Code of Conduct of the Board of Statutory Auditors recommended by the National Council of Business Consultants and Accountants. We have reviewed the financial statements for the year ended 31 December 2009, which closed with a profit of € 18,918,430, and hereby note the following:

- given that we have not been entrusted with the task of auditing the financial statements in detail, we have examined the general arrangement 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 the 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 annual financial statements.
- we have verified the correspondence between the Financial Statements and the information of which we became aware in the performance of our duties and have no particular observations to report.

The Board of Statutory Auditors has not received any claims or reports from third-parties pursuant to Article 2408 of the Italian Civil Code.
The Board of Statutory Auditors attended 2 Shareholders' Meetings (respectively an ordinary meeting on 23/04/09 and an extraordinary meeting on 22/12/09), 9 meetings of the Board of Directors and 6 meetings of the Executive Committee, which were held in compliance with both the articles of association and the legislative and regulatory norms governing their operation; we can assure you that resolutions were approved in compliance with the law and the articles of association.
During 2009 the Statutory Auditors monitored the management of the business and the trend in risks carrying out 7 audits.

The Board of Statutory Auditors acknowledges that, following the takeover bid launched by Banco Popolare for Banca Italease, the Company became part of the Banco Popolare Group with effect from 8 July 2009. As part of the project for the rationalization of the Group's organizational structure, which followed the takeover, the new perimeter of the Company was defined through conferment of business units by Banca Italease and Itaca Service S.p.A., with effect from 31 December 2009.

The Board of Statutory Auditors noted the appointment by the Board of Directors on 18 February 2009, at the moment of adoption of the Organization and Management Model and Lgs. Dec. 231/01, of the Oversight Committee made up of Messrs Marco Cappelletto, Paolo Croci and Riccardo Forti. During the year this body drew up a Code of Ethics and prepared its own operating regulations.
The Board of Statutory Auditors has reviewed the Oversight Committee's report, dated 16 March 2010, from which no elements emerge such as to require reporting under the terms of Lgs. Dec. 231/01.

On 13 October 2009 the inspection of the Finance Police regarding value added tax for the years from 2005 to the date of access and income tax for the years 2006 and 2009 was completed with the issuance of an official tax audit report against the Company. The Statutory Auditors acknowledge that the Directors, also on the basis of consultants' assessments, have not considered that the conditions exist for proceeding to make provisions for risks and charges .

At 31/12/2009 non-performing on-balance-sheet exposures, before value adjustments, amounted to € 46.8 million, corresponding to 3.15% of total loans in terms of principal. These positions net of the value adjustments amounted to € 9.01 million, or 0.61% of loans.
Doubtful on-balance-sheet exposures at 31/12/2009 totalled € 89.00 million and, after value adjustments, amounted to € 74.92 million.
During 2009 losses were recognised for a total of € 9 million, with use of the adjustments already allocated.
Provisions made for risks and charges, with the aim of countering the contingent losses originating from revocatory judgements and lawsuits brought against the company, amounted to € 6.4 million.

Dear Shareholders,

in view of the above, and acknowledging also the results of the activities implemented by the auditing body — contained in the specific report accompanying the financial statements in question — we hereby propose that the Assembly approve the financial statements for the year ended 31 December 2009, as drafted by the Directors, and agree with the proposal of the latter in relation to the allocation of the profit achieved.

Milan, 2 April 2010

The Board of Statutory Auditors
Flavio Dezzani - Chairman
Attilio Guardone
Flavia Daunia Minutillo

REPORT OF
THE AUDITING COMPANY

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

To the Shareholders 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, 2009, and the income statement, statement of comprehensive income, 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.

   The financial statements present for comparative purposes prior year data. As explained in the notes to the financial statements, the Directors, also to take account of the change in presentation of financial statements introduced by IAS 1, have reclassified certain comparative data related to the prior year's financial statements with respect to the data previously reported and audited by us, on which we issued our auditors' report dated April 7, 2009. These reclassifications of comparative data and related disclosures included in the notes to the financial statements have been audited by us for the purpose of expressing our opinion on the financial statements as of December 31, 2009.

3. In our opinion, the financial statements give a true and fair view of the financial position of Factorit S.p.A. as of December 31, 2009, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

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Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu

4. In order to provide a better understanding of the financial statements, we draw your attention to the content of part A "Accounting Policies", section 4, paragraph A.1 of the notes to the financial statements, in which the Directors, according to paragraph 125 of IAS 1 and to the document jointly issued by Bank of Italy, CONSOB and ISVAP on February 6, 2009, indicate the items of the financial statements subjected to the main uncertainties in the estimate process. Such uncertainties and other information about estimates and items of the financial statements affected, in particular with reference to the recoverability of deferred tax assets, the impairment of receivables and the legal and tax risks assessment, have been illustrated in more details in the respective sections of the Directors' report on operations and of the notes to the financial statements, to which reference should be made.

5. Factorit S.p.A., as required by law, has indicated in the notes to the financial statements the key financial data of the most recent financial statements of Banco Popolare S.C., that exercises activity of management and coordination. Our opinion on the financial statements of Factorit S.p.A. does not extend to such data.

6. 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 law. 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, 2009.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 2, 2010

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

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