Alba Leasing S.p.A.

Consolidated Financial Statements at 31 december 2018

alba leasing

Valore raggiunto

Consolidated financial statements at 31 december 2018

Alba Leasing S.p.A.

Registered Office and Head Office: Via Sile, 18 – 20139 Milan
Tel. +39 02 367161 - Fax +39 02 36716443.
Website: www.albaleasing.eu. E-Mail: info@albaleasing.eu
Registered under no. 32 in the List of Financial Intermediaries under art. 106 of TUB (Italian Consolidated Act on Banking Laws)
Tax code, VAT and Milan-Monza-Brianza-Lodi Chamber of Commerce’s Register of Companies no. 06707270960
Fully paid-up share capital: Euro 357,953,058.13
Member of Assilea, Italian Leasing Association

Corporate bodies

Board of Directors

Chairman	Luigi Roth
Chief Executive Officer	Massimo Mazzega
Directors	Giorgio Pellagatti Matteo Bigarelli Fabio Cereghini Vittorio Pellegatta Maurizio Riccadonna

Board of Statutory Auditors

Chairman	Ezio Maria Simonelli
Standing auditors	Gabriele Camillo Erba Bruno Garbellini
Alternate auditors	Matteo Tiezzi Nicola Fiameni

Shareholders

Alba Leasing is a company invested in by:

Banco BPM S.p.A.	39.19%
BPER Banca S.p.A.	33.50%
Banca Popolare di Sondrio S.c.p.a.	19.26%
Credito Valtellinese S.p.A.	8.05%

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Introduction

As detailed in the Notes to the Financial Statements, these consolidated financial statements provide different disclosures of the effects of the agreement on securitised loans that was entered into with Banca Italease (Risk and Reward Agreement) on 24 December 2009, as well as include the balance sheet and income statement results of the securitisation SPVs Alba 6 SPV S.r.l., Sunny 1 SPV S.r.l., Alba 7 SPV S.r.l., Alba 8 SPV S.r.l., Alba 9 SPV S.r.l. and Alba 10 SPV S.r.l..
Consequently, given the specific features of the consolidation area in question, the facts and events described below relate to Alba Leasing S.p.A. (the “Company”).

Macroeconomic scenario and Leasing market

Countering the trend of a scenario in recovery in 2017, in Europe the economy slowed down more than forecast in 2018 owing to various temporary factors (related to the automotive market), as well as to uncertainties regarding world trade and whether it did actually ease up.

The let-up was more pronounced in Italy than in the other EMU Member States.

The deceleration in world trade, the expected normalisation of monetary policy and the uncertain situation in Italy affected the performance of domestic economic activities: the lower expansive impulse of a financial manoeuvre approved by the Government (which will remain under close “observation” by European institutions) together with the second half year of 2018 closing less favourably than expected seems to indicate the persistence of a situation of uncertainty with consequent further reductions in growth factors and adverse effects on the exchequer.

The table reports the rates of percentage change in GDP.
The forecast report of December 2018 shows a GDP decreasing from +1.6 in 2017 to +0.9 in 2018.

Italy - macroeconomic scenario - annual change

	2017	2018
Gross Domestic Product	1.6	0.9
Imports of goods and services	5.6	2.0
Household spending and PSIs* expenditure	1.5	0.6
PAs* expenditure	(0.1)	0.1
Investments in Machinery/equipment/means of transport	6.5	5.5
Investments in Construction	1.9	2.2
Exports of goods and services	6.3	1.0
Total domestic demand	1.4	1.2
Consumer price index	1.2	1.2

source: Prometeia - Forecast Report - December 2018
**[PSI = Private Social Institution]*
**[PA = Public Administration]*

The new lease agreements amounted to Euro 29.7 billion in 2018, up by 5.31% compared to 2017 (Euro 28.2 billion).
The number of agreements was also on the rise by 2.73%, from 704,789 in 2017 to 724,019 in 2018.
There were positive changes in new agreements in the Real Estate (+10.14%), Capital Goods (+5.75%) and Automotive (+4.14%) sectors (almost half of the new agreements were in the automotive sector, which ended 4.1% over the previous year, driven by long-term car hire and the leasing of commercial and industrial vehicles, in spite of the recent slackening in

registrations). The Naval and Aviation sector fell slightly by -1.01% while Renewable Energy slumped by -6.48%.
The Capital Goods sector continues to make use of the finance lease incentives under the "New Sabatini" measure, as shown by the prevalence of normal "New Sabatini" measure leases (two-thirds) over "Tecno Sabatini 4.0" measure agreements from January to December 2018.

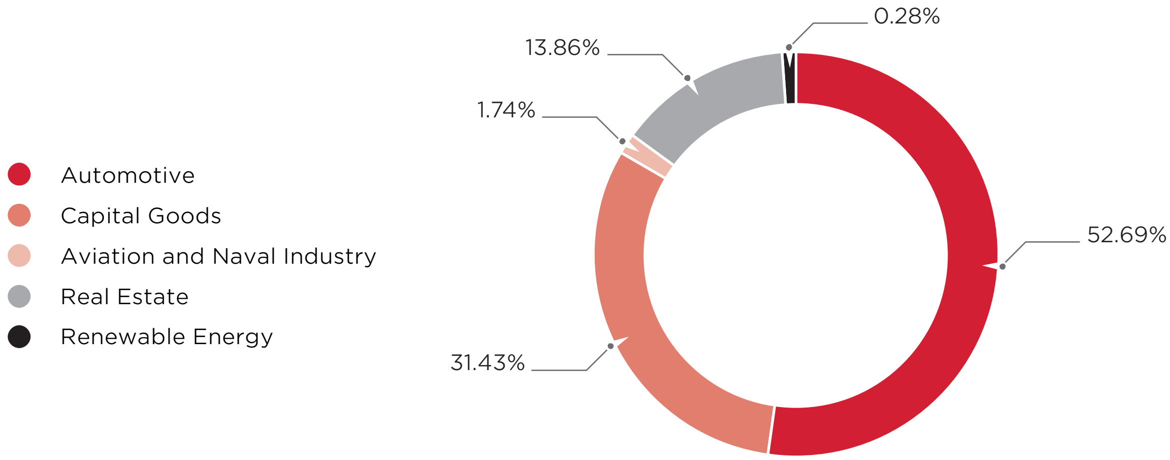
New Lease Agreements: number, amounts in thousands of Euros and percentage changes

Product	no. of agreements			amounts			
	2018-12	2017-12	% Change 2018/2017	2018-12	2017-12	Delta	% Change 2018/2017
Automotive	494,465	488,215	1,28%	15,665,147	15,042,935	622,212	4.14%
Capital Goods	224,408	211,908	5,90%	9,344,302	8,836,190	508,112	5.75%
Aviation and Naval Industry	439	354	24,01%	516,576	521,829	-5,253	-1.01%
Real Estate	4,583	4,205	8,99%	4,121,264	3,741,741	379,523	10.14%
Renewable Energy	124	107	15,89%	82,509	88,228	-5,719	-6.48%
Total lease	**724,019**	**704,789**	**2,73%**	**29,729,798**	**28,230,923**	**1,498,875**	**5.31%**

Source: Assilea

97.98% of volumes were achieved in the Capital Goods, Automotive and Real Estate sectors. The Aviation and Naval Industry and Railway and Renewable Energy sectors contributed residual amounts, equal to 1.74% and 0.28%, respectively.

New lease agreements 2018: % of volumes per product



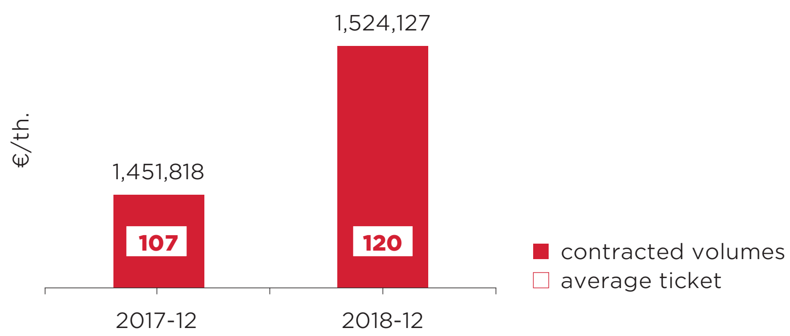
Business performance and market positioning

Within a favourable market scenario (+5.31%), Alba Leasing also grew, with a positive difference in business volumes equal to +4.98%; new agreements increased from Euro 1,451.8 million in 2017 to Euro 1,524.1 million in 2018 (Euro +72.3 million).
The core product was Capital Goods, with the highest percentage out of total volumes, equal to 63.4%, showing a slight increase compared to 2017 (+0.62%). A very positive performance for the Real Estate product, which rose by +28.01% with a 28.5% share out of total volumes. The other products showed negative changes: Automotive -16.95%, while Naval and Aviation -24.00%.
The number of agreements decreased from 13,539 in 2017 to 12,651 in 2018 with a consequent increase in their average ticket (from 107 in 2017 to 120 in 2018).

New Lease Agreements for Alba Leasing: no. of agreements, amounts in thousands of Euros and percentage changes

Product	no. of agreements			amounts			
	2018-12	2017-12	% Change 2018/2017	2018-12	2017-12	Delta	% Change 2018/2017
Automotive	2,717	3,274	-17,01%	90,197	108,608	-18,412	-16.95%
Capital Goods	9,378	9,821	-4,51%	965,807	959,813	5,994	0.62%
Aviation and Naval Industry	53	32	65,63%	33,106	43,563	-10,456	-24.00%
Real Estate	503	412	22,09%	435,018	339,834	95,184	28.01%
Total lease	12,651	13,539	-6,56%	1,524,127	1,451,818	72,309	4.98%

Source: Alba Leasing



Net spreads from new business showed a slight reduction compared to 2017: total net lease spread decreased from 2.24% in 2017 to 2.22% in 2018 (-0.03%). Except for products in the Capital Goods sector, the net spread of which increased by +0.03%, the other sectors showed negative changes: Automotive -0.06%, Real Estate -0.09% and Aviation and Naval Industry -0.15%.

New Agreements for Alba Leasing: net spread per product

Product	2018-12	2017-12	% Change 2018/2017
Automotive	2.574%	2.638%	-0.063%
Capital Goods	2.285%	2.255%	0.031%
Aviation and Naval Industry	1.958%	2.111%	-0.153%
Real Estate	2.017%	2.105%	-0.089%
Total lease	2.219%	2.244%	-0.025%

Source: Alba Leasing

As far as product mix is concerned, Capital Goods were again our Company's core product, achieving 63.4% of volumes, showing a slight decrease compared to 2017. It was followed by Real Estate (28.5%) and Automotive (5.9%); a marginal contribution was still made by the Aviation and Naval Industry and Railway sectors, equal to 2.2%.

New agreements (contracted volumes) for Alba Leasing: % distribution of products

Product	2018-12	2017-12	% Change 2018/2017
Automotive	5.92%	7.48%	-1.56%
Capital Goods	63.37%	66.11%	-2.74%
Aviation and Naval Industry	2.17%	3.00%	-0.83%
Real Estate	28.54%	23.41%	5.13%

Source: Assilea

The contribution from channels showed a decline (-5.2%) in the share of Partner Banks (from 68.6% in 2017 to 63.5% in 2018) against a higher contribution from other Affiliated Banks (+0.9%) and Other Channels (+4.3%).
Overall volumes increased by +5%: except for the channel of Partner Banks, which recorded a slight decrease in volumes (-2.9%), the other distribution channels showed positive changes in new agreements, +11.6% for Affiliated Banks and +30.3% for Other Channels, respectively.

New agreements (contracted volumes) for Alba Leasing: % distribution and changes of sales channels

Channel	2018-12	2017-12	% Change 2018/2017	% Change in Volumes 2018/2017
Partner Banks	63.46%	68.64%	-5.18%	-2.94%
Affiliated Banks	14.28%	13.43%	0.85%	11.60%
Total Banks	77.74%	82.07%	-4.33%	-0.56%
Other Channels (vendors/suppliers/direct channel/intermediaries/agents)	22.26%	17.93%	4.33%	30.35%
Total lease	**100.00%**	**100.00%**		**4.98%**

Source: Alba Leasing

In 2018 Alba Leasing was ranked fifth in the market, with a share of 6.73% (excluding long-term hire).
The Company is in third place in the national ranking for Capital Goods, with a market share of 8.45%.

Classification by product and market share - 2018

New Lease Agreements	Position of Assilea	Market Share
Automotive	n.a.	n.a.
Capital Goods	3	8.45%
Aviation and Naval Industry	7	6.56%
Real Estate	3	10.78%
Renewable Energy	2	14.21%
Total	**5**	**6.73%**

Source: Assilea - data processed by Alba Leasing

In December 2018, total branches that distributed Alba leasing products were 6,003, of which 2,893 were Partner Banks' branches, in addition to 3,110 branches of other Affiliated Banks (smaller banks strongly concentrated at a local level), of which 2,936 are affiliated under premium and 174 under standard agreements.

Organisational structure

With the aim of matching organisational structure to business development and growth, the Board of Directors' meeting held on 27 June 2018 approved, with effect from 1 July, the following organisational changes:

- the creation of two new roles of responsibility – Financial Reporting Manager - Compliance Manager;
- the creation of two new Service units – the "Legal, Compliance and Anti-Money Laundering Service unit" and the "Change Management and Business Innovation Service unit" – and a new organisational unit called the "Financial Reporting Manager Support Office";
- a change involving the development of the "Risk, Legal and Compliance Department" and the "Administration, Treasury and Control Department";
- greater focus on the Affiliated Banks channel.

These changes are shown in the new version of the Company's organisation chart.

The details of the main organisational measures carried out at General Management level are summarised as follows:

- the Administration, Budget, Finance and Planning Department, previously the "Administration, Treasury and Control Department", the head of which was appointed "Financial Reporting Manager" and which also includes an organisational unit named "Financial Reporting Manager Support Office", whose duty is to support the Financial Reporting Manager in ongoing monitoring;
- the Risk & Control Department, previously the "Risk, Legal and Compliance Department", which combines the units involved in the creation of a specialist management data centre. These are the Risk Management, Data Management and Management Control Organisational Units (the latter being previously included in the "Administration, Treasury and Control Department");
- the Legal, Compliance and Anti-Money Laundering Service unit, previously in the "Risk, Legal and Compliance Department", whose objective is to assure continuous oversight of the performance of the duties involved in the work of the Legal, Compliance and Anti-Money Laundering Organisational Units;
- the Change Management and Business Innovation Service unit, whose objective is to support the corporate functions in seizing market change signals. The Change Management and the Communication and Digital Marketing Organisational Units are parts of this Service unit;
- in order to ensure a greater local footprint, the Market Department, in which the Affiliated Banks channel has been divided into "Account Manager - Other Affiliated Banks – North" and "Account Manager - Other Affiliated Banks - Centre and South". The Operational Marketing Organisational Unit has been renamed the Distribution Development Organisational Unit.

Research and Development activities

Alba Next Project

During 2018 work continued on the transformation programme called "Alba Next" started in 2017, whose objective was to strengthen the Company's competitive positioning in the Leasing market and develop business in other sectors (e.g. Operating Lease).
The activities were carried out within the planned time with costs in line with budget forecasts (final non-recurring Other Administrative Expenses for Euro 2.6 million and amortisation of intangible assets for Euro 0.2 million against investments of Euro 1.2 million).

Significant events

Non-performing contracts management plan

At the beginning of 2018 the Bank of Italy published "Guidance on the management of non-performing loans for Italy's less significant institutions." This document, which follows the same line as the ECB paper for significant banks, puts the Supervisory Authority's expectations regarding the management of non-performing loans into a formal document.
Although Alba Leasing, as a finance company under Article 106 of the Italian Consolidated Act on Banking Laws (TUB, *Testo Unico Bancario*), is not a recipient of legal guidelines of this kind, it was deemed appropriate to prepare a plan for the management of non-performing loans in order to align itself with market best practices; it was decided to make a quantitative assessment of the impacts of the current policies for managing NPLs and consider whether to put organisational, process and extraordinary measures in place in order to continue with and reinforce the reduction in the stock of impaired loans.

Assignment of non-performing loans (NPLs)

In the framework of its management of NPLs, in June 2018 Alba Leasing completed the disposal of a portfolio of non-performing loans at a gross book value (GBV) of about Euro 100 million (hereinafter the "Goldrake" project).
After a first stage with the participation of more than 30 specialist operators, three counterparties were selected in the Binding Offer stage and in the end Bain Capital Credit prevailed.
The portfolio, which is non-core with respect to normal business leasing operations, consisted of about 50 credit exposures classified both as "unlikely to pay" and "non-performing" related to loans mainly granted to businesses to acquire industrial and commercial properties, which had been contributed at the time.
This was Alba Leasing's first structured assignment of NPLs, whereby the Company made a further improvement in its management of non-performing loans, reducing their incidence on overall loans.

Funding operations

Alba Leasing is the only big leasing company which is not consolidated into a banking group. In addition to natural and constructive support from its shareholder Banks, therefore, our Company continues to procure funds on the financial markets thanks to the experience it has acquired over the years, also carrying out innovative funding transactions in order to diversify its forms of funding and support its growth path.

During 2018 our Company continued to cultivate its relations with the Italian and international financial system in order to raise new funds and enable it to bolster its independence of the pool of shareholder Banks.
The following fundraising transactions were completed during the year:

- during the first half-year Alba Leasing completed an assignment of non-performing loans, for a total value of about Euro 100 million. This transaction, whose purposes were to improve the ratio between NPLs and investments and to optimise the management of NPLs, brought in about Euro 34 million in revenues;
- in June Alba Leasing sold the European Investment Bank (EIB) an amount of Euro 75 million of a mezzanine tranche of the Alba 9 securitisation transaction under the framework agreement executed with the EIB for a ceiling of Euro 75 million worth of soft leasing agreements for SMEs and Mid-Cap businesses. The European Investment Bank had already bought an amount of Euro 233.8 million of senior notes of the same securitisation transaction, which brings the ceiling for SMEs and Mid-Cap businesses to Euro 308.8 million;

- in July Alba Leasing entered into a new Repo-based loan agreement with Morgan Stanley, the underlying of which consisted of the Junior notes of the Sunny 1 securitisation transaction, generating profits of about Euro 140 million;
- in July the Company entered into an agreement with Banca Popolare Pugliese concerning a 1-year stand-by facility of Euro 20 million;
- in September Alba Leasing entered into a new Repo transaction with Banca IMI, the underlying of which consisted of the Junior Notes of the Alba 8 securitisation transaction, generating profits of about Euro 44 million;
- in September an agreement was entered into with Unipol Banca concerning a 1-year stand-by facility of Euro 15 million;
- in November Alba Leasing entered into the new securitisation transaction named Alba 10, for a total nominal value of Euro 958.8 million. It then transferred to the Alba 10 SPV a portfolio of receivables arising from performing lease agreements mainly generated by Alba during the last 15 months. The SPV issued 5 series of notes (Senior, Mezzanine and Junior) in order to finance the acquisition of the portfolio.
  The entire Senior A1 tranche of Euro 408.4 million was sold to institutional investors through private placement. The EIB Group took part in the transaction as an investor (the European Investment Bank) and guarantor (the European Investment Fund - EIF). The Senior A2 tranche of Euro 200 million was subscribed by the EIB in full. The Class B Mezzanine Notes, equal to Euro 130 million, were partially sold to institutional investors for Euro 90 million, while the remaining amount will be sold during 2019. The Class C Mezzanine notes, equal to Euro 75 million, were subscribed by Alba in full, undertaking a commitment to the EIB to resell them at par in July 2019. The Junior notes were subscribed by Alba in full. In 2018 the transaction generated cash of about Euro 698 million, net of reserves and units subscribed by Alba, while an additional amount of Euro 115 million will be collected during 2019;
- in December a 18-month loan agreement was entered into with Banca Reale for Euro 10 million.

Litigation with the Revenue Agency

With reference to the notice of IRES (Corporate Income) tax assessment which was served as a result of a Revenue Agency (*Agenzia delle Entrate*) inspection at our Company (20 December 2013) regarding the non-deductibility of negative income components and the correct calculation of the amount of deductible costs in the 2009 tax year in connection with bad debts, the Revenue Agency challenged the judgment handed down by the Regional Tax Board (*Commissione Tributaria Regionale*) (which was unfavourable to the Revenue Agency) by filing an appeal with the Supreme Court, which was served on Alba Leasing in February 2018. Alba Leasing S.p.A. has submitted the related counter-appeal in order to protect its claims through its trusted professionals.

In October 2015 the Revenue Agency served a notice of IRES (Corporate Income) tax assessment after the inspection of the Company on 20 December 2013 regarding the non-deductibility of negative income components resulting from the correct calculation of the amount of deductible costs in the 2010 tax year in connection with bad debts, assessing an increase of Euro 311 thousand in tax, in addition to sanctions and interest of Euro 427 thousand.
Alba Leasing filed an appeal against the notice of tax assessment.
In December 2018 the Milan Regional Tax Board filed the judgment which granted the Company's appeal, thus confirming the decision handed down in the previous stage of judgment. The deadline for the Revenue Agency to lodge its appeal with the Supreme Court had not yet expired as of the date of the preparation of this report.

Therefore the Revenue Agency served a notice of payment of stamp tax based on the presumption that our Company had failed to declare that the alleged condition precedent had been satisfied which was laid down in the "Deed of Contribution" entered into between Banca Italease and Alba Leasing on 24 December 2009 in relation to the lease-back of

Financial Assets (arrangements referred to in section "II.D.2g", regarding financial assets held for trading referred to in annex "O") and Receivables (arrangements referred to in sections "II.F.2" and "II.F.3", regarding receivables contributed which did not meet the requirements laid down in the guarantees issued by the contributor). In view of the importance of this dispute, the Revenue Agency challenged the judgment issued by the Regional Tax Board (which was unfavourable to the latter) in an appeal to the Supreme Court, which was served on Alba Leasing in October 2015. Alba Leasing S.p.A. has submitted the related counter-appeal in order to protect its claims through its trusted professionals.

In the dispute with the Lombardy Regional Government regarding liability to regional road tax, the Provincial Tax Board (*Commissione Tributaria Provinciale*) judgments regarding the years 2010 (disputed amount Euro 115 thousand) and 2011 (disputed amount Euro 334 thousand) became final, with the Regional Government losing the case and our Company being awarded litigation costs of Euro 12 thousand.
The Lombardy Regional Tax Board handed down two judgments with regard to regional road tax for the 2012 year (disputed amount Euro 92 thousand); the first, favourable to our Company, quashed the notice of assessment that had been issued (value of the case Euro 96 thousand) while the second, favourable to the Lombardy Regional Government, granted its appeal (value of the case Euro 91,827) and ordered our Company to pay litigation costs of Euro 5 thousand. Alba Leasing S.p.A. has filed an appeal with the Supreme Court in order to protect its claims through its trusted professionals.

Finally, in October 2018 the Milan Provincial Tax Board filed the judgment that granted our Company's appeal for the regional road tax relating to the years 2013 (disputed amount Euro 381 thousand) and 2014 (disputed amount Euro 309 thousand). The Lombardy Regional Government has filed an appeal against the judgment handed down.

New Accounting Standard IFRS 9

No difficulties arose in the adoption of IFRS 9, which became applicable from 1 January 2018 to replace IAS 39. Upon First-Time Adoption (FTA), the impact on the Company's equity amounted to Euro 17.4 million, net of tax. For more details, reference should be made to the annex attached to the Notes to the Financial Statements.

Other events

Distribution agreements

"Financial Services Agents"

In April the Company started on a preliminary study for the introduction of a new channel, "Financial Services Agents", to support the attainment of its growth objectives in view of the level of saturation of some traditional channels and to increase sales profitability by lightening the burden of direct costs in addition to stimulating the development of new products (operating leases and renting). The "pilot" phase ended in December with two financial services agents becoming active, with the consequent start of operations.

"ProFamily –Banca BPM Group"

In October 2018 Alba Leasing signed an agreement for the distribution of leasing products with ProFamily, a Banco BPM Group firm specialising in consumer credit. This new partnership will enable Alba further to bolster its position as the leading interbank leasing network in Italy, extending its commercial network to ProFamily's distribution structure.

This gives ProFamily, on the other hand, the opportunity to expand its sales offer, widening the range of products at its customers' disposal.

"CreditAgri Italia"

In November 2018 Alba Leasing and CreditAgri Italia, a Supervised Financial Intermediary represented throughout Italy, signed a partnership agreement which offers the member firms the possibility of benefiting from loans granted in the form of finance or operating leases, possibly backed by a guarantee from the Confidi (Collective Loan Guarantee) consortium. This agreement strengthens the Company's position as a partner to the finest enterprises in the country; it is now present in agro-industry, a sector involved in profound transformations, innovations and the digitalisation of manufacturing processes propelled by Industry 4.0.

Closure of securitisation transactions

As detailed in the Notes to the Financial Statements, the securitisation transactions of ITABEI (Erice Finance S.r.l. SPV) and ITA9 (ISV 2 S.r.l. SPV) were closed in June and October, which fell within the scope of securitisations underlying the banking sub-portfolio involved in the agreement on securitised loans.
On 14 December 2018 a Termination Agreement was signed for the three swap contracts relating to the ITA8 securitisation transaction that was still in place.

Bank of Italy inspection

After the Bank of Italy inspection, under Article 54 of Legislative Decree no. 385/93 (TUB), which started in October 2017 and ended in January 2018, the Company received a report of the findings in April 2018. The Bank of Italy stated that the outcome of the inspection was favourable overall. In particular, the efficacy and efficiency of the internal control system, the adequacy of its organisational structure and the management of problem loans were mentioned, so the inspection did not require any particular reclassifications or write-downs to be made.

The Company's Key Performance Indicators

		2017-12	2018-12
Income Statement	Interest margin /AC* of Income-generating Contracts	1.94%	1.97%
	Operating income /AC of Income-generating Contracts (a)	1.99%	2.00%
	Gross operating result /AC of Income-generating Contracts	0.18%	0.34%
	ROE	0.40%	2.79%
Efficiency	Operating Costs /Operating income (b)	63.12%	55.59%
	Personnel costs / Operating costs (c)	45.49%	52.35%
Productivity	Average number of employees (FTE)	274	279
	Average cost / Average number of employees (FTE)(d)	92.54	92.20
	New agreements / Average number of employees (FTE)	5.30	5.46
Risk and Capital	Risk cost (e)	0.51%	0.50%
	Risk cost /Operating income	27.50%	26.67%
	RWA	4.438	4.414
	Total capital ratio	9.01%	9.09%
	Rorac	3.05%	5.71%

Notes :		
a) operating income includes the reclassification of other operating income/costs attributable to commissions of the risk and reward portfolio, excluding time value effects and write-downs of interest .		
b) net of non-recurring components, the index is equal to	57.34%	49.76%
c) net of non-recurring components, the index is equal to	44.55%	52.69%
d) net of non-recurring components, the index is equal to	82.33	83.07
e) excluding time value effects and write-downs of interest		

Balance sheet and income statement highlights – consolidated financial statements

The following pages report tables and comments on the balance sheet and income statement highlights for the consolidated financial statements as per the new order issued by the Bank of Italy on 22 December 2017 – "the financial statements of IFRS intermediaries other than bank intermediaries." For the reconciliation of the schedules, reference should be made to the notes to the financial statements "ANNEX A – First-Time Adoption (FTA) of IFRS9 and statements of reconciliation."

Consolidated Balance Sheet

Assets *(thousands of Euros)*		31/12/2018	31/12/2017 (*)	Changes
10	Cash and cash equivalents	15	9	6
20	Financial assets at fair value through profit or loss	-	75	(75)
	a) financial assets held for trading	-	75	(75)
40	Financial assets measured at amortised cost	4,947,474	4,928,395	19,079
	a) receivables from banks	167,831	165,374	2,456
	b) receivables from financial entities	91,211	116,799	(25,588)
	c) receivables from customers	4,688,432	4,646,222	42,211
80	Property, plant and equipment	10,863	6,367	4,497
90	Intangible assets	6,801	7,407	(605)
100	Tax assets	56,620	53,391	3,229
	a) current	566	4,049	(3,482)
	b) deferred	56,054	49,343	6,711
110	Non-current assets held for sale and disposal groups of assets	-	54,227	(54,227)
120	Other assets	110,459	168,273	(57,814)
	Total assets	**5,132,233**	**5,218,144**	**(85,910)**

Liabilities and equity *(thousands of Euros)*		31/12/2018	31/12/2017 (*)	Changes
10	Financial liabilities measured at amortised cost	4,519,405	4,603,803	(84,398)
	a) payables	2,551,208	2,595,710	(44,502)
	b) outstanding securities	1,968,197	2,008,093	(39,896)
20	Financial liabilities held for trading	-	74	(74)
60	Tax liabilities	493	-	493
	a) current	493	-	493
80	Other liabilities	203,819	200,606	3,213
90	Employee severance pay	2,513	2,509	4
100	Provisions for risks and charges:	3,307	2,424	883
	a) commitments and guarantees issued	916	-	916
	c) other provisions for risks and charges	2,391	2,424	(33)
110	Share capital	357,953	357,953	-
140	Share premiums	105,000	105,000	-
150	Reserves	(71,330)	(55,607)	(15,724)
160	Valuation reserves	(251)	(253)	2
170	Profit (loss) for the year	11,323	1,633	9,690
180	Equity attributable to minority interests	-	-	-
	Total liabilities and equity	**5,132,233**	**5,218,144**	**(85,910)**

(*) *Following the entry into force of the new order issued by the bank of Italy on 22 December 2017 - "The financial statements of IFRS intermediaries other than bank intermediaries,"- which provides for the use of updated schedules with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" dated 9 December 2016, the Company has reclassified the Balance Sheet items of the Consolidated Financial Statements at 31 December 2017 according to the new schedules without changing any amount compared to the Consolidated Financial Statements at 31 December 2017, which were approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to annex A.*

Financial assets measured at amortised cost at 31 December 2018, equal to Euro 4,947.5 million, were in line with the value posted at 31 December 2017 (Euro 4,928.4 million): the amortisation of the stock at the end of 2017 was offset by the volumes of agreements which kicked off during the current year.
The item includes an amount of Euro 5 million for debt instruments held to secure loans (formerly the "Financial assets held to maturity" reclassified following the adoption of IFRS9).
For more details on the quality of receivables recognised in the accounts, reference should be made to the Notes to the Financial Statements, Section 3 – Information on risks and related hedging policies.

Property, plant and equipment amounted to Euro 10.9 million, up by Euro 4.5 million compared to 31 December 2017 owing to a property which had become available again to the Company, which was previously classified under "non-current assets held for sale and disposal groups of assets", since the requirements under IFRS 5 were no longer met.

Intangible assets amounted to Euro 6.8 million, of which an amount of Euro 1.9 million accounted for software licence rights, mainly arising from investments linked to Alba 2.0, Alba Next and IFRS 9 projects and an amount of Euro 4.8 million, net of amortisation, accounted for the value of the distribution contract relationship measured in the framework of the Purchase Price Allocation process following the acquisition of the leasing business unit from Credito Valtellinese "Creval".
Analyses of the intangible asset consisting of the contractual relationship mentioned above did not show any evidence that might lead our Company to consider that an impairment procedure was appropriate, since Creval had attained the targets of new lease agreements in terms of both volumes and net spread as per the budget allocated for 2018.

Tax assets amounted to Euro 56.6 million and were mainly made up of deferred tax assets (Euro 56.1 million), arising from write-downs of receivables and from the receivable from the Tax Office for current IRES (Corporate Income) and IRAP (Local Production Activity) taxes.

Non-current assets and disposal groups of assets recorded a loss of Euro 54.2 million arising from the completion of the transaction (in June) regarding the disposal of a portfolio of non-performing real estate mortgage loans (NPLs), as detailed in the section of "Significant events" of this report.

Other assets amounted to Euro 110.5 million and were mainly made up of VAT receivables from the Tax Office (Euro 53.3 million) and advances to suppliers (Euro 31.3 million). The difference compared to the previous year, equal to Euro 57.8 million, was mainly due to items being processed (Euro 12.4 million) and to other assets relating to the banking sub-portfolio involved in the agreement on securitised loans (Euro 38.3 million).

Financial liabilities measured at amortised cost, equal to Euro 4,519.4 million, down by 1.8% compared to 31 December 2017, equal to Euro 4,603.8 million, were made up of payables for Euro 2,551.2 million and outstanding securities for Euro 1,968.2 million.
Payables are mainly made up of payables to banks for Euro 2,426.1 million (including REPOS of Euro 249.7 million, within the scope of transactions attributable to the Junior Notes relating to the securitisation transactions issued by the Company) and payables for loans from financial institutions for Euro 63.4 million.
Outstanding securities, equal to Euro 1,968.2 million, down by 2% compared to 31 December 2017, were substantially made up of the stock of liabilities issued by the SPVs in consideration of the Company's securitisation transactions (Euro 1,936 million); the liabilities involved in the "risk and reward" agreement are being paid off.

Other liabilities amounted to Euro 203.8 million, showing an increase of 1.6% compared to 31 December 2017 (Euro 200.6 million) and were made up of an amount of Euro 115.6 million for payables to suppliers (formerly the "payables" following the adoption of IFRS 9) and sundry payables of Euro 62 million.

Provisions for risks and charges (Euro 3.3 million) showed an increase of 36.4% compared to 31 December 2017, mainly as a result of provisions set aside on guarantees and commitments following the adoption of IFRS 9.

Shareholders' equity was equal to Euro 402.7 million and was broken down as follows:

Equity items *(values in thousands of Euros)*		31/12/2018
110	Share capital	357,953
140	Share premiums	105,000
150	Reserves	(71,330)
160	Valuation reserves	(251)
170	Profit (loss) for the year	11,323

Reclassified consolidated income statement

Income statement items *(thousands of Euros)*		31/12/2018	time value reclassification	31/12/2018 adj.	31/12/2017 (*)	Changes
10	Interest earned and similar income	114,171	(7,794)	106,377	107,385	(1,009)
	of which: interest income calculated according to the effective interest method	104,756		104,756	-	104,756
20	Interest expense and similar charges	(19,292)		(19,292)	(21,355)	2,063
30	Interest margin	94,878	(7,794)	87,084	86,030	1,054
40	Commissions earned	22,853		22,853	20,605	2,248
50	Commissions expense	(17,969)		(17,969)	(13,830)	(4,139)
60	Net commissions	4,884	-	4,884	6,775	(1,891)
80	Net result from trading	(1)		(1)	(75)	74
120	Operating income	99,761	(7,794)	91,967	92,731	(763)
130	Net value adjustments/write-backs for credit risk relating to:	(31,368)	7,794	(23,574)	(24,291)	717
	a) financial assets measured at amortised cost	(31,368)	7,794	(23,574)	(24,291)	717
140	Profits/losses from contract amendments without cancellations	(226)		(226)	-	(226)
150	Net financial income (costs)	68,167	-	68,167	68,440	(273)
160	Administrative expenses:	(46,934)	-	(46,934)	(43,906)	(3,028)
	a) personnel costs	(26,639)		(26,639)	(25,948)	(691)
	b) other administrative expenses	(20,296)		(20,296)	(17,958)	(2,337)
170	Net accruals to provisions for risks and charges	(328)	-	(328)	(167)	(161)
	a) commitments and guarantees issued	(285)		(285)	-	(285)
	b) other net accruals	(42)		(42)	(167)	125
180	Net value adjustments/write-backs on property, plant and equipment	(416)		(416)	(255)	(160)
190	Net value adjustments/write-backs on intangible assets	(1,792)		(1,792)	(11,582)	9,790
200	Other operating income (costs)	(3,574)		(3,574)	(4,412)	839
210	Operating costs	(53,043)	-	(53,043)	(60,322)	7,279
250	Profits (Losses) from disposal of investments	1		1	4	(3)
260	Profit (loss) before tax from current operations	15,125	-	15,125	8,121	7,004
270	Income tax for the year from current operations	(4,254)		(4,254)	(6,488)	2,234
280	Profit (loss) after tax from current operations	10,871	-	10,871	1,633	9,238
290	Profit (Loss) after tax from discontinued operations	453		453	-	453
300	Profit (loss) for the year	11,323	-	11,323	1,633	9,690
310	Profits (Losses) for the year attributable to minority interests	-		-	-	-
320	Profits (Losses) for the year attributable to the Group	11,323		11,323	1,633	9,690

(*) following the entry into force of the new order issued by the bank of Italy on 22 December 2017 - "The financial statements of IFRS intermediaries other than bank intermediaries,"- which provides for the use of updated schedules with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" dated 9 December 2016, the Company has reclassified the Balance Sheet items of the Consolidated Financial Statements at 31 December 2017 according to the new schedules without changing any amount compared to the Consolidated Financial Statements at 31 December 2017, which were approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to annex A.

Interest margin, net of a reclassification of Euro 7.8 million relating to the value write-backs due to counting time value and of the recognition of the interest on a net basis accrued on loans classified as impaired (classified under "Value adjustments for impairment of loans" at 31 December 2017) , was higher by Euro 1 million (1.2%) compared to the previous period. The increase in the margin was due to the positive contribution given by early terminations (for Euro 0.8 million) and to non-recurring positive components attributed to the risk and reward portfolio (for Euro 0.5 million). These effects offset the negative impact of Euro 0.3 million arising from the mismatch of spread and index as regards investments and borrowing.

Net commissions, equal to Euro 4.9 million, showed a negative change of Euro 1.9 million compared to December 2017. Following accounting reviews, the Company made a reclassification of "pagobollo" online road tax payment costs (from "other operating income and costs" to "commissions expense" for Euro 1.9 million) during the current year; as a result, the adjusted figure was in line with the value posted in December 2017. Furthermore note the recognition of higher insurance fees (for Euro 0.5 million) owing to the rise in new business; higher net lease fees (for Euro 0.3 million) owing to an increase in commissions earned for managing contracts, which were offset by higher rappel commissions expense and higher other costs relating to intermediaries (for total of Euro 0.6 million) and lower other net commissions (for Euro 0.2 million).

The changes reported above gave rise to an operating income of Euro 92 million, substantially in line with the previous year (-0.8%). As a result of the abovementioned reclassification of the "pagobollo" online road tax payment item, the operating income would record a positive change for Euro 1.1 million (1.2%).

Net adjustments to receivables, net of the reclassification of interest relating to the time value on impaired loans and to the write-down of interest on loans classified as impaired (for a total of Euro 7.8 million), amounted to Euro 23.6 million at the end of 2018, with a risk cost of 0.50% in line with 2017 (0.51%). This figure reflects the present need to hedge the portfolio, which continues to feel the improvements which already began to appear the previous year and no particularly critical issues were reported during the period.

Administrative expenses amounted to Euro 46.9 million, including personnel costs of Euro 26.6 million and operating costs of Euro 20.3 million. They showed an increase of Euro 3.0 million (6.9%) compared to December 2017, which was due both to a modest increase in personnel costs (2.7%) and to higher other administrative expenses (13%).
Personnel costs increased from Euro 25.9 million in 2017 to Euro 26.6 million in 2018, up by Euro 0.7 million. The increase was due to higher wage costs for Euro 0.8 million, as well as to higher other costs for Euro 0.2 million, offset by lower provisions set aside for the variable component, equal to Euro 0.3 million.
Other administrative expenses recorded a change of Euro 2.3 million, increasing from Euro 18 million in 2017 to Euro 20.3 million in 2018. A comparison with the previous year shows that there was a rise of Euro 1.9 million in "recurring" expenses, mainly attributable to other administrative costs, up by Euro 0.9 million (mainly for expenses relating to the bank contests, for Euro 0.4 million, and for expenses relating to the servicing of software for investments relating to special projects, for Euro 0.3 million), as well as to costs of legal and corporate advice, which showed an increase of Euro 0.5 million, and legal and notarial fees increased by Euro 0.3 million for litigation cases and debt collection operations.
"Non-recurring" expenses, up by Euro 0.4 million, showed higher costs for about Euro 1 million for the "Alba Next" project, which were only partly offset by a lower impact of costs for the "Alba 2.0" project (which was completed in 2017), for Euro 0.5 million, and for the "Alba IFRS9" project for Euro 0.2 million.

Value adjustments /write-backs on intangible assets amounted to Euro 1.8 million and were mainly made up of the amortisation of Credito Valtellinese's "Creval" leasing business unit for about Euro 1.1 million, while the remaining amount related to the amortisation of software licence rights as part of the planned investments in business development. The difference compared to 31 December 2017 was due for Euro 10 million to a full write-down of goodwill generated by the acquisition of the leasing business unit from Credito Valtellinese “Creval”, which had been made during the previous year.

Net accruals to provisions for risks and charges showed an increase of Euro 0.2 million due to the combined effect of an increase of Euro 0.3 million in provisions set aside for commitments and guarantees issued (adoption of IFRS 9) and of a decrease in provisions set aside for new actions brought against the Company for Euro 0.1 million.

Other operating income and costs (including the reclassification of the impact of the commissions relating to both securitised and without-recourse portfolio) showed a positive change of Euro 0.8 million (-19%), which, net of the accounting reclassification of “pagobollo” online road tax payment item made during the current year (from “other income and costs” to “commissions expense” for Euro 1.9 million) would be negative for Euro 1 million. The higher net costs relating to the supplementary risk-reward agreement and receivables without recourse (for Euro 1.1 million) and an increase in the costs of managing and reallocating the assets which returned to the Company after the finance lease (for Euro 0.2 million) were partly offset by lower costs, net of income, for insurance premiums on “The risk” policies (for Euro 0.2 million), by a higher recovery of costs and by other sundry income for a total of Euro 0.2 million.

The result for the period
The result before tax posted a positive value of Euro 15.8 million at 31 December 2018, thus generating a profit after tax for the year of Euro 11.3 million.

Risk management

For more details on the information on risks and related hedging policies, reference should be made to the specific section 3 - “Information on risks and related hedging policies” of Part D of the Notes to the Financial Statements.

Related-party transactions

For specific quantitative information, reference should be made to section 6 on “Related-party Transactions” in the Notes to the Financial Statements.

Main risks and uncertainties

The Notes to the Financial Statements should be referred to for a detailed analysis of the risks to financial stability and for confirmation that the financial statements have been drawn up on a going-concern basis, as well as for information on financial and operational risks.
In preparing these financial statements the Directors deemed it appropriate to use the going-concern principle, not considering that there were any material doubts about our Company’s capacity to continue with its activities in the foreseeable future; this, moreover, is confirmed by the main equity and financial ratios at the end of the year.
Moreover no uncertain factors were found with regard to the procurement of funds, also because the shareholders are in the banking sector and because they have assured us of their strategic commitment to our Company.

Other information

It should be noted that:
- Alba Leasing is not subject to any direction and coordination activity;
- The Company does not hold, nor did it hold, treasury shares during the year.

Furthermore, the following issues must be noted:

Share Capital

It amounts to Euro 357,953,058.13, is fully subscribed and paid-up and is divided into no. 353,450,000 shares of no par value, broken down as follows:

Shareholder	Number of Shares	Countervalue in €	% of share capital
Banco BPM S.p.A.	138,515,000	138,515,000.00	39.19%
BPER Banca S.p.A.	118,397,500	118,397,500.00	33.50%
Banca Popolare di Sondrio	68,087,500	68,087,500.00	19.26%
Credito Valtellinese S.p.A.	28,450,000	32,953,058.13	8.05%

Consolidation area

The consolidated financial statements include the balance sheet and income statement values of Alba 6 SPV S.r.l., Sunny1 SPV S.r.l., Alba 7 SPV S.r.l., Alba 8 SPV S.r.l., Alba 9 SPV S.r.l. and, from the 2018 financial year, Alba 10 SPV S.r.l.. For more details, reference should be made to Section 5 – “Consolidation area and methods” of Part A – “Accounting Standards” of the Notes to the Financial Statements.

Corporate reorganisation and Union procedure

With reference to the reorganisation which commenced in 2013 (by a resolution passed by the Board of Directors’ meeting held on 28 January 2013 and by a subsequent agreement reached with the Trade Unions on 22 May 2013), it is informed that there are no longer any Alba Leasing resources seconded to Partner Banks after 14 persons were engaged by the latter and 5 returned to the Company’s workforce. Therefore the secondment agreement with the Trade Unions has to be considered expired.

Outlook

In a global macroeconomic scenario with a climate of uncertainty which makes for a period of transition and slower growth, and within which the Italian economy is the most affected, Alba Leasing continues its activities with the objective of strengthening its development process.

Significant events that occurred after the end of the 2018 financial year

No significant events had occurred on the reporting date of these financial statements.

Board of Directors’ Proposals

Dear Shareholders,
the Board of Directors invites you to acknowledge the Consolidated Financial Statements of Alba Leasing S.p.A. at 31 December 2018 and related Directors’ Report.

For the Board of Directors
The Chairman

Consolidated
financial statements

Consolidated Balance Sheet

(values in Euros)

Assets	31/12/2018	31/12/2017*
10. Cash and cash equivalents	15,496	9,079
20. Financial assets at fair value through P&L	-	75,398
a) financial assets held for trading	-	75,398
40. Financial assets measured at amortised cost	4,947,473,794	4,928,394,864
a) receivables from banks	167,830,506	165,374,452
b) receivables from financial companies	91,211,017	116,798,869
c) receivables from customers	4,688,432,271	4,646,221,543
80. Property, plant and equipment	10,863,450	6,366,537
90. Intangible assets	6,801,398	7,406,581
100. Tax assets	56,620,185	53,391,371
a) current	566,441	4,048,776
b) deferred	56,053,744	49,342,595
110. Non-current assets held for sale and disposal groups of assets	-	54,226,838
120. Other assets	110,458,922	168,272,914
Total Assets	5,132,233,245	5,218,143,582

* following the entry into force of the new Bank of Italy's Order issued on 22 December 2017 – "The financial statements of IFRS intermediaries other than bank intermediaries" (*Il bilancio degli intermediari IFRS diversi dagli intermediari bancari*") which provides for the use of updated financial statement formats with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016, the Company reclassified the Balance Sheet items of the Consolidated Financial Statements at 31 December 2017 according to the new formats, without changing their amount compared to the Consolidated Financial Statements at 31 December 2017, as approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to Annex A.

Liabilities and equity	31/12/2018	31/12/2017*
10. Financial liabilities measured at amortised cost	4,519,405,390	4,603,803,352
a) payables	2,551,208,058	2,595,710,096
b) outstanding securities	1,968,197,332	2,008,093,256
20. Financial liabilities held for trading	-	74,379
60. Tax liabilities	493,498	-
a) current	493,498	-
80. Other liabilities	203,818,998	200,606,416
90. Employee severance pay	2,512,615	2,508,539
100. Provisions for risks and charges:	3,307,390	2,424,247
a) commitments and guarantees issued	916,369	-
c) other provisions for risks and charges	2,391,021	2,424,247
110. Share Capital	357,953,058	357,953,058
140. Share premiums	105,000,000	105,000,000
150. Reserves	(71,330,173)	(55,606,571)
160. Valuation reserves	(250,705)	(252,765)
170. Profit (Loss) for the year	11,323,174	1,632,927
180. Equity attributable to minority interests	-	-
Total Liabilities and Equity	5,132,233,245	5,218,143,582

* following the entry into force of the new Bank of Italy's Order issued on 22 December 2017 – "The financial statements of IFRS intermediaries other than bank intermediaries" which provides for the use of updated financial statement formats with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016, the Company reclassified the Balance Sheet items of the Consolidated Financial Statements at 31 December 2017 according to the new formats, without changing their amount compared to the Consolidated Financial Statements at 31 December 2017, as approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to Annex A.

Consolidated Income Statement

(values in Euros)

Items	31/12/2018	31/12/2017*
10. Interest earned and similar income	114,170,725	107,385,474
of which: interest income calculated using the effective interest method	104,755,570	-
20. Interest expense and similar charges	(19,292,264)	(21,355,348)
30. Interest margin	**94,878,461**	**86,030,126**
40. Commissions earned	22,852,618	20,604,573
50. Commissions expense	(17,968,565)	(13,829,522)
60. Net commissions	**4,884,053**	**6,775,051**
80. Net result from trading	(1,030)	(74,643)
120. Operating income	**99,761,484**	**92,730,534**
130. Net value adjustments/write-backs for credit risk on:	(31,368,318)	(24,290,832)
a) financial assets measured at amortised cost	(31,368,318)	(24,290,832)
140. Profits/losses from contract amendments without cancellations	(225,994)	-
150. Net result from financial operations	68,167,172	68,439,702
160. Administrative expenses:	**(46,934,214)**	**(43,905,973)**
a) personnel costs	(26,638,555)	(25,947,714)
b) other administrative expenses	(20,295,659)	(17,958,259)
170. Net accruals to provisions for risks and charges	(327,723)	(167,161)
a) commitments and guarantees issued	(285,247)	-
b) other net accruals	(42,476)	(167,161)
180. Net value adjustments/write-backs on property, plant and equipment	(415,710)	(255,227)
190. Net value adjustments/write-backs on intangible assets	(1,791,783)	(11,581,680)
200. Other operating income and charges	(3,573,521)	(4,412,349)
210. Operating costs	**(53,042,951)**	**(60,322,390)**
250. Profits (Losses) from disposal of investments	502	3,693
260. Profit (Loss) before tax from current operations	**15,124,723**	**8,121,005**
270. Income tax for the year from current operations	(4,254,154)	(6,488,078)
280. Profit (Loss) after tax from current operations	**10,870,569**	**1,632,927**
290. Profit (Loss) after tax from discontinued operations	452,605	-
300. Profit (Loss) for the year	**11,323,174**	**1,632,927**
310. Profit (Loss) for the year attributable to minority interests	-	-
320. Profit (Loss) for the year attributable to the parent company	**11,323,174**	**1,632,927**

* following the entry into force of the new Bank of Italy's Order issued on 22 December 2017 – "The financial statements of IFRS intermediaries other than bank intermediaries" which provides for the use of updated financial statement formats with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016, the Company reclassified the Income Statement items of the Consolidated Financial Statements at 31 December 2017 according to the new formats, without changing their amount compared to the Consolidated Financial Statements at 31 December 2017, as approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to Annex A.

No comparative figure for the previous year is provided for the item "of which : interest income calculated using the effective interest method", since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Statement of consolidated comprehensive income

(values in Euros)

Items		31/12/2018	31/12/2017*
10.	**Profit (Loss) for the year**	**11,323,174**	**1,632,927**
	Other income components after tax without transfer to P&L		
20.	Equity instruments at fair value through comprehensive income	-	-
30.	Financial liabilities at fair value through P&L (changes in its credit rating)	-	-
40.	Hedging of equity instruments at fair value through comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	2,060	(18,837)
80.	Non-current assets held for sale and disposal groups of assets	-	-
90.	Portion of reserves from valuation of equity-accounted investments	-	-
	Other income components after tax with transfer to P&L		
100.	Hedging of foreign investments	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedge	-	-
130.	Hedging instruments (elements not designated)	-	-
140.	Financial assets (other than equity instruments) at fair value through comprehensive income	-	-
150.	Non-current assets held for sale and disposal groups of assets	-	-
160.	Portion of reserves from valuation of equity-accounted investments	-	-
170.	**Total other income components after tax**	**2,060**	**(18,837)**
180.	**Comprehensive income (Item 10+170)**	**11,325,234**	**1,614,090**
190.	Consolidated comprehensive income attributable to minority interests	-	-
200.	**Consolidated comprehensive income attributable to the parent company**	**11,325,234**	**1,614,090**

* following the entry into force of the new Bank of Italy's Order issued on 22 December 2017 – "The financial statements of IFRS intermediaries other than bank intermediaries" which provides for the use of updated financial statement formats with respect to the previous order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016, the Company reclassified the Statement of Comprehensive Income items of the Consolidated Financial Statements at 31 December 2017 according to the new formats, without changing their amount compared to the Consolidated Financial Statements at 31 December 2017, as approved by the Shareholders' Meeting on 20 April 2018. For more details, reference should be made to Annex A.

Statement of changes in consolidated equity

At 31 December 2018

(values in Euros)

	Equity at 31.12.2017	Change in opening balances	Equity at 1.1.2018	Allocation of result from previous year		Changes for the year							Consolidated comprehensive income 2018	Equity attributable to the Group at 31.12.2018	Equity attributable to minority interests at 31.12.2018
							Equity transactions								
				Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Purchase of own shares	Distribution of extra-dividends	Change in equity instruments	Other changes				
Share capital	357,953,058	-	357,953,058	-	-	-	-	-	-	-	-	-	357,953,058	-
Share premiums	105,000,000	-	105,000,000	-	-	-	-	-	-	-	-	-	105,000,000	-
Reserves:														
a) revenue	(56,103,411)	(17,356,529)	(73,459,940)	1,551,281	-	-	-	-	-	-	-	-	(71,908,659)	-
b) others	496,840	-	496,840	81,646	-	-	-	-	-	-	-	-	578,486	-
Valuation reserves	(252,765)	-	(252,765)	-	-	-	-	-	-	-	-	2,060	(250,705)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	1,632,927	-	1,632,927	(1,632,927)	-	-	-	-	-	-	-	11,323,174	11,323,174	-
Equity attributable to the Group	**408,726,648**	**(17,356,529)**	**391,370,119**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,325,234**	**402,695,354**	**-**
Equity attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

At 31 December 2017

(values in Euros)

	Equity at 31.12.2016	Change in opening balances	Equity at 1.1.2017	Allocation of result from previous year		Changes for the year							Consolidated comprehensive income 2017	Equity attributable to the Group at 31.12.2017	Equity attributable to minority interests at 31.12.2017
							Equity transactions								
				Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Purchase of own shares	Distribution of extra-dividends	Change in equity instruments	Other changes			
Share capital	357,953,058	-	357,953,058	-	-	-	-	-	-	-	-	-	357,953,058	-
Share premiums	105,000,000	-	105,000,000	-	-	-	-	-	-	-	-	-	105,000,000	-
Reserves:														
a) revenue	(59,822,158)	-	(59,822,158)	3,718,747	-	-	-	-	-	-	-	-	(56,103,411)	-
b) others	301,117	-	301,117	195,723	-	-	-	-	-	-	-	-	496,840	-
Valuation reserves	(233,928)	-	(233,928)	-	-	-	-	-	-	-	-	(18,837)	(252,765)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	3,914,470	-	3,914,470	(3,914,470)	-	-	-	-	-	-	-	1,632,927	1,632,927	-
Equity attributable to the Group	**407,112,558**	**-**	**407,112,558**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,614,090**	**408,726,648**	**-**
Equity attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Consolidated cash flow statement (Indirect method)

(values in Euros)

A. OPERATING ACTIVITIES	31/12/2018
1. OPERATIONS	**45,743,980**
- result for the year (+/-)	11,323,174
- net value adjustments/write-backs for credit risk (+/-)	31,368,318
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	2,207,493
- net accruals to provisions for risks and charges and other costs/revenues (+/-)	348,021
- unpaid taxes, duties and tax credits (+/-)	496,974
2.. CASH FLOW GENERATED FROM/USED BY FINANCIAL ASSETS	**(33,077,276)**
- financial assets measured at amortised cost	(55,633,879)
- other assets	22,556,603
3. CASH FLOW GENERATED FROM/USED BY FINANCIAL LIABILITIES	**(116,476,128)**
- payables to banks	(6,864,242)
- payables to financial entities	(114,085,642)
- payables to customers	(5,787,910)
- other liabilities	10,261,666
NET CASH FLOW GENERATED FROM/USED BY OPERATING ACTIVITIES	**(103,809,424)**
B. INVESTING ACTIVITIES	
2. CASH FLOW USED BY	**1,249,399**
- purchases of property, plant and equipment	62,799
- purchases of intangible assets	1,186,600
NET CASH FLOW GENERATED FROM/USED BY INVESTING ACTIVITIES	**1,249,399**
C. FINANCING ACTIVITIES	
NET CASH FLOW GENERATED FROM/USED BY FINANCING ACTIVITIES	**-**
NET CASH FLOW GENERATED/USED IN THE YEAR	**(102,560,025)**

RECONCILIATION	31/12/2018
Cash and cash equivalents at the beginning of the year	1,908,607,251
Total net cash flow generated/used in the year	102,560,025
Cash and cash equivalents at the end of the year	**2,011,167,276**

Reconciliation with the items in the Financial Statements

RECONCILIATION WITH THE ITEMS IN THE FINANCIAL STATEMENTS	31/12/2018
Balance Sheet – Assets	
10. Cash and cash equivalents	15,496
80. Financial assets measured at amortised cost	4,947,473,794
a) receivables from banks	23,073,663
of which : current accounts receivable	5,499,750
Balance Sheet – Liabilities	
10. Financial liabilities measured at amortised cost	4,519,405,390
a) payables to banks	2,426,119,917
of which: current accounts payable	2,005,652,030
Total cash and cash equivalents	2,011,167,276

Information required by IAS 7, paragraph 44

	31/12/2018	Cash flows	Non-monetary changes	31/12/2017
Liabilities arising from financing activities	2,464,573,618	56,339,074	-	2,408,234,544

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

A. OPERATING ACTIVITIES	31/12/2017
1. OPERATIONS	38,053,548
- result for the year (+/-)	1,632,927
- capital gains/losses on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	140,638
- capital gains/losses on hedging activities (-/+)	-
- net value adjustments/write-backs for impairment (+/-)	24,290,832
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	11,837,256
- net accruals to provisions for risks and charges and other costs/revenues (+/-)	151,899
- unpaid taxes and duties (+)	-
- other adjustments (+/-)	(4)
A1. OPERATIONS	
2. CASH FLOW GENERATED FROM/USED BY FINANCIAL ASSETS	(227,646,585)
- receivables from banks	(6,816,322)
- receivables from financial entities	-
- receivables from customers	(224,783,763)
- other assets	3,953,500
A2. CASH FLOW GENERATED FROM/USED BY FINANCIAL ASSETS	-
3. CASH FLOW GENERATED FROM/USED BY FINANCIAL LIABILITIES	508,335,726
- payables to banks	85,886,583
- payables to financial entities	359,859,720
- payables to customers	44,439,677
- financial liabilities held for trading	(55,179)
- other liabilities	18,204,925
A3. CASH FLOW GENERATED FROM/USED BY FINANCIAL LIABILITIES	
NET CASH FLOW GENERATED FROM/USED BY OPERATING ACTIVITIES	318,742,689
B. INVESTING ACTIVITIES	-
2. CASH FLOW USED BY	(5,506,606)
- purchases of equity investments	-
- purchases of property, plant and equipment	(4,718,597)
- purchases of intangible assets	(788,009)
B2. CASH FLOW USED BY	-
NET CASH FLOW GENERATED FROM/USED BY INVESTING ACTIVITIES	(5,506,606)
C. FINANCING ACTIVITIES	
- issues/purchases of own shares	-
NET CASH FLOW GENERATED FROM/USED BY FINANCING ACTIVITIES	-
NET CASH FLOW GENERATED/USED IN THE YEAR	313,236,083

RECONCILIATION	31/12/2017
Cash and cash equivalents at the beginning of the year	(2,209,710,410)
Total net cash flow generated/used in the year	313,236,083
Cash and cash equivalents at the end of the year	(1,896,474,327)

Notes to the consolidated **financial statements**

Part A – Accounting policies

A.1 – General part

Section 1 – Statement of compliance with International Accounting Standards

These consolidated financial statements of Alba Leasing S.p.A., as required by Legislative Decree no. 38 of 28 February 2005, have been prepared in accordance with the accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as provided for in Regulation (EC) no. 1606 of 19 July 2002.

For the interpretation and application of the international accounting standards, reference has been made to the following documents, although not endorsed by the European Commission:

- Framework for the preparation and presentation of financial statements;
- Implementation Guidance, Basis for Conclusion and other documents (if any) prepared by the IASB or by the IFRIC to make additions to the accounting standards issued.

The accounting standards applied for the preparation of these consolidated financial statements are those applicable on 31 December 2018 (including interpretations named SIC and IFRIC).

For more details on the standards that were endorsed in 2018 or those that were endorsed in previous financial years, which are expected to be applied in the financial years commencing after that ended 31 December 2018, reference should be made to “Section 2 – Basis of preparation” below, which also describes the main impact.

Section 2 – Basis of preparation

These consolidated financial statements are made up of the consolidated Balance Sheet, the consolidated Income Statement, the Statement of Consolidated Comprehensive Income, the Statement of Changes in Consolidated Equity, the Cash Flow Statement and the Notes to the Financial Statements; they are also accompanied by the Directors’ Report on operations.

The consolidated Balance Sheet and consolidated Income Statement, as well as the Statements of consolidated Comprehensive Income and of Changes in consolidated Equity, have been prepared according to the guidelines laid down in the Bank of Italy’s Order of 22 December 2017 “The financial statements of IFRS intermediaries other than bank intermediaries” (the “Order”), pursuant to Article 43 of Legislative Decree no. 136/2015.

Following the entry into force of the new Order, the Company deemed appropriate, in order to allow any possible comparison with the figures of the previous year, to report, if required, the tables of the notes to the consolidated Financial Statements at 31 December 2017, prepared in accordance with the provisions of the Bank of Italy’s Order of 9 December 2016 “The financial statements of IFRS intermediaries other than bank intermediaries.”

If the disclosures provided for in the new Order are not required by the previous Bank of Italy’ Order of 9 December 2016, the Company has decided not to provide comparative data.

The information in the Notes to the Financial Statements, unless otherwise required by special Bank of Italy regulations, has been suitably supplemented in compliance with these rules in order to take account of the amendments made to the provisions of the Italian Civil Code governing financial statements following the entry into force of the company law reform (Legislative Decree no. 6 of 17 January 2003 and delegated regulations under Law no. 366 of 3 October 2001).

The items that do not report values for the current and previous periods have been omitted.

In accordance with Article 5, paragraph 2, of Legislative Decree no. 38 of 28 February 2005, the financial statements have been prepared by using the Euro as reporting currency and on the following basis of preparation:

Going concern: assets, liabilities and off-balance sheet transactions are measured in accordance with the results of the Company's operations on a going-concern basis.

Accrual basis: costs and revenues are recognised, regardless of the time at which they are paid or received, at the time at which they are incurred or earned, adopting the matching principle.

Consistency of presentation: the presentation and classification of items are kept constant over time in order to ensure that information is comparable unless their variation is required by an International Accounting Standard or Interpretation, or unless varying them provides a more appropriate representation of data in terms of materiality and reliability. If a presentation or classification policy is changed, the new policy is applied retroactively where possible; in such cases the nature of and the reason for the change and the items affected are stated.

Relevance and aggregation: all material classes of items of a similar nature or function are reported separately. Items of a dissimilar nature or function, if material, are presented separately.

Substance over form: transactions and other events are recognised and disclosed in conformity to their substance and economic impact and not only to their legal form.

Offsetting: assets and liabilities and costs and revenues are not offset against each other, unless this is required or permitted by an International Accounting Standard or by an Interpretation or by the schedules prepared by the Bank of Italy for the financial statements of IFRS Financial Intermediaries other than bank intermediaries.

Comparative information: comparative information regarding the previous financial period is provided for each account in the Balance Sheet and Income Statement, unless otherwise permitted or provided for by an accounting standard or an interpretation. The previous period's data are suitably adapted, if necessary, so that they are comparable with those of the current period. If data are not comparable, have been adapted or cannot be adapted, this is reported and commented on in the explanatory notes.

Pursuant to the Order, the consolidated Balance Sheet, the consolidated Income Statement, the Statement of Consolidated Comprehensive Income, the Statement of Changes in Consolidated Equity and the consolidated Cash Flow Statement at 31 December 2018 have been prepared in Euro units, without decimal places, while the Notes to the Financial Statements have been prepared in thousands of Euros, pursuant to the same Order.

New accounting standards or amendments to existing accounting standards endorsed by the European Commission

The accounting standards adopted for the preparation of the consolidated financial statements at 31 December 2018, with reference to the classification, recognition, measurement and derecognition of asset and liability items, as well as for revenue and cost recognition, are the same as those used for the consolidated financial statements at 31 December 2017, which should be referred to for a complete description.

With respect to the above-mentioned criteria used in the Consolidated Financial Statements at 31 December 2018, we report the following amendments to IFRS, which became applicable from 1 January 2018 and which have been taken into account for the preparation of this report for the financial year ended 31 December 2018:

Regulation no. 1905 of 22 September 2016 - IFRS 15 "*Revenue from Contracts with Customer*"

This standard introduces a single model for the recognition of any and all revenues arising from contracts entered into with customers and replaces the previously applicable standards and interpretations on revenues (IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18, SIC 31). Based on this model, the entity must recognise revenues based on the consideration that is expected to be received in exchange for the transfer of goods and the provision of services, determined on the basis of the following five steps:

Identify the contract, defined as an agreement having commercial substance between two or more parties capable of giving rise to rights and obligations;

Identify the individual obligations in the contract;

Determine the transaction price, i.e. the consideration expected to be received for the transfer of goods or services to the customer;

Allocate the transaction price to each performance obligation, based on stand-alone selling prices;

Recognise revenue allocated to each obligation when it is satisfied, i.e. when control of the goods and services is passed to the customer. This recognition takes account of the fact that some services may be rendered at a specific time or during a time period.

In relation to the type of revenues generated by Alba Leasing S.p.A. – mainly related to contracts with customers, which are not attributable to revenues arising from financial instruments falling within the scope of application of IFRS 9 – the accounting treatment required by IFRS 15 is in line with the previously applicable treatment; accordingly, the first-time adoption of the accounting standard had no impact on equity at 1 January 2018. The only effects of the new standard are due to the additional information required on the nature, amount, timing and degree of uncertainty of revenues, which must be provided in these financial statements.

Regulation no. 2067 of 22 November 2016 - IFRS 9 "Financial Instruments"

This standard replaces IAS 39 and contains a new method for classifying and measuring financial instruments and a new impairment test method mainly based on the concept of expected loss. Furthermore, some provisions are amended as regards hedge accounting. For more details on the effects of the First-Time Adoption (FTA) of IFRS 9, reference should be made to the section on "Information on the first-time adoption of IFRS 9 " Financial Instruments" of "Annex A."

Other amendments to the accounting standards, applicable from 1 January 2018, for which no impact is reported on the consolidated balance sheet and income statement of Alba Leasing S.p.A., are described below.

Regulation no. 1987 of 31 October 2017 - "Clarifications to IFRS 15 - Revenue from Contracts with Customer"

The mandatory application of the amendments became applicable from 1 January 2018, at the same time as the adoption of the accounting standard in its entirety. The objective of the amendments is to facilitate the transition for entities that adopt the standard.

Regulation no. 1988 of 3 November 2017 – "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts"

The amendments are aimed at resolving, for companies that carry out insurance activities, the problems related to the application of IFRS 9 before the implementation of the standard (IFRS 17, which will become applicable from 1 January 2021) which will replace IFRS 4 on insurance contracts.

Regulation no. 182 of 7 February 2018 – "Annual improvements to IFRS - 2014 – 2016 Cycle"

The objective is to provide some clarifications in order to resolve certain inconsistencies or methodological clarifications.

Regulation no. 289 of 26 February 2018 – "Amendments to IFRS 2"

The amendments are aimed at clarifying the accounting and measurement policies to be adopted for some types of share-based payment transactions.

Regulation no. 400 of 14 March 2018 – "Amendments to IAS 40 – "Transfers of Investment Property."

The amendments clarify when an entity is authorised to change the classification of a property that was not an "investment property" as such or vice versa (change in use).

Regulation no. 519 of 28 March 2018 – "IFRIC 22 – Foreign Currency Transactions and Advance Consideration"

This interpretation clarifies how to account for transactions involving the receipt or payment of advance consideration in foreign currency.

The amendments to IFRS and related SIC/IFRIC interpretations endorsed, which will become applicable in the next financial years

The accounting standards / interpretations or amendments thereto, as issued by the IASB/IFRIC and endorsed by the European Commission, which will be mandatorily applicable after the 2018 financial year, are described below.

Regulation no. 1986 of 31 October 2017 - IFRS 16 "Leases"

IFRS 16, which was issued by the IASB on 13 January 2016, sets out new rules to account for lease agreements both for lessors and lessees, replacing the previously applicable standard/interpretations (IAS 17, IFRIC 4, SIC 15 and SIC 27). The lease is defined as a contract whose performance depends on the use of an identified asset and which grants the right to control the use of the asset for a period of time in exchange for consideration.
The amendments concern the recognition in the lessee's financial statements, for which the distinction between two types of lease - operating and finance lease - is no longer applicable for accounting purposes. The new standard provides for the assets and liabilities

arising from the contract to be recognised in the Balance Sheet; more specifically, the lessee must recognise a liability on the basis of the present value of future lease payments, against an entry of the leased Right-of-use asset among assets.
After initial recognition, the right of use is subject to amortisation over the lease term or the useful life of the asset; the liability will be gradually reduced as a result of the payment of the fees and the interest to be charged to profit or loss will be paid on the same. Exemptions are envisaged in order to reduce any cost arising from the adoption of the new standard for contracts with a term of less than twelve months and for those of an insignificant amount.
The current accounting rules for leases are substantially unchanged for lessors, which are differentiated according to whether they are operating or finance leases; therefore, no significant impacts are expected with regard to the assets granted under lease by Alba Leasing S.p.A.; the accounting rules laid down in the current accounting standard IAS 17 are substantially unchanged for lessors.

In this regard, it should be noted that, in the second half of 2018, the Company started an assessment of the impact, aimed at defining the scope, the related accounting treatment of the assets used under the contracts entered into and any related IT implementation.
On the basis of a preliminary analysis, the main effects are attributable to the right of use of properties under lease agreements and of company cars.
No significant impact was expected on the Company's balance sheet items as at the reporting date.

Regulation no. 498 of 22 March 2018 – "Amendments to IFRS 9 Financial instruments – Prepayment Features with Negative Compensation"

The amendments are aimed at clarifying the classification of certain prepayable financial assets when IFRS 9 applies. Specifically:

- financial assets: it is possible to also measure those loans which, in the event of early repayment, require payment by the grantor at amortised cost;
- financial liabilities: if there is a change in a financial liability that does not entail any derecognition, the effect of the change in amortised cost must be charged to profit or loss at the date of the change.

IAS/IFRS and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending endorsement

For the sake of completeness, we provide a list of additional standards and interpretations issued by the IASB/IFRIC, but not yet endorsed, which, although of potential interest to the Company, are not considered to be such as to have a significant impact on its financial position and results of operations, as well as on the financial statement disclosures:

- IFRIC 23 - "Uncertainty over Income Tax Treatments" issued by the IFRIC on 7 June 2017, with the aim of providing clarifications on how to apply the recognition and measurement policies set out in IAS 12 in the event of uncertainty over income tax treatments;
- Amendments to IAS 28 – "Long-term Interests in Associates and Joint Ventures" issued by the IASB on 12 October 2017, for the purpose of clarifying that an entity applying IFRS 9 to medium/long-term interests in associates and joint ventures for which the equity method is not applied;
- Projects for improvements to "IFRS 2015 – 2017" (IFRS 3, IFRS 11, IAS 12 and IAS 23) issued by the IASB on 12 December 2017, of providing some clarifications aimed at resolving certain inconsistencies or methodological clarifications;
- Amendments to IAS 19 – "Plan Amendment, Curtailment or Settlement" issued by the IASB on 7 February 2018, specifying how an entity calculates pension costs when they are changes within a defined benefit plan;

- “Amendments to the Conceptual Framework” issued on 29 March 2018, concerning a review of the document issued in 2010 regarding the definitions and basic criteria according to which the accounting standards are prepared.

For the sake of completeness, it should be noted that on 18 May 2017 the IASB issued the new accounting standard IFRS 17, which governs contracts issued by insurance companies and which is expected to be applied from 1 January 2021. However, no impact is expected on the operations of Alba Leasing S.p.A..

Preparation of Financial Statements on a going-concern basis

Also having regard to the provisions of the joint Bank of Italy, CONSOB (Italian Securities and Exchange Commission) and ISVAP Italian Institute for the Supervision of Insurance) Document no. 2 of 6 February 2009 on information concerning an entity’s prospects of continuing to operate as a going-concern and in compliance with the provisions governing the same matter under IAS 1 revised, the directors have not seen that there are any uncertainties which might give rise to doubts as to the Company’s ability to continue as a going concern in the foreseeable future and, accordingly, they have prepared the financial statements on a going-concern basis.
This, moreover, is confirmed by the main equity and financial ratios on the reporting date. Moreover, no elements of uncertainty were seen with regard to funding requirements, also considering that the shareholders are in the banking sector and that they have assured the Company that they are committed to supporting it as a matter of strategy.

Use of estimates and assumptions in the preparation of the consolidated balance sheet and income statement

The preparation of the consolidated financial statements required the making of estimates and assumptions which could have a material impact on the carrying amounts in the consolidated Balance Sheet and in the consolidated Income Statement. Making these estimates involves the utilisation of the information to hand and the adoption of subjective judgments, which are also founded on past experience and are used to make reasonable assumptions with regard to the recognition of management operations. By their very nature, the estimates and assumptions utilised may vary over time and it cannot be ruled out, therefore, that the carrying amounts reported at present may vary during subsequent financial periods as a result of changes to the subjective judgments utilised.
The most important elements for which the management have had to utilise subjective judgments are:

- the quantification of the adjustments to make in order to write down the receivables in the portfolio;
- the fair value measurement of financial instruments;
- tax estimates and assumptions and the recoverability of deferred tax assets;
- the determination of provisions for risks and charges;
- the quantification of some balance sheet items and aspects related to the "Agreement on securitised loans" described below.

Information on the first-time adoption of IFRS 9 “Financial Instruments”

Regulation no. 2067 of 22 November 2016 provided for the endorsement of the new international accounting standard IFRS 9 “Financial instruments”, which became mandatorily applicable from 1 January 2018 and which regulates the classification, measurement, impairment and hedge accounting relating to financial instruments, replacing IAS 39 “Financial instruments: recognition and measurement."

In consideration of the First-Time Adoption (FTA) of IFRS 9, Alba Leasing S.p.A. has made use of the exemption from the obligation to restate comparative values provided for in

IFRS 9, paragraph 7.2.15 and IFRS 1, paragraph E1-E2, which allow the entity, in the period of first-time adoption of the new standard, to not mandatorily restate comparison data on a uniform basis. As a result, the balance sheet and income statement at 31 December 2017, since they were prepared in accordance with the previously applicable IAS 39, are not immediately comparable with the new accounting categories and with the related accounting policies introduced by the new IFRS 9.

It should be noted that there was no significant impact with regard to the classification and measurement of the financial assets held by Alba Leasing S.p.A. upon First-Time Adoption of IFRS 9: the financial assets mainly held by Alba Leasing S.p.A. are those relating to lease agreements that will be fully classified under "IFRS 9 category" of "Financial assets measured at amortised cost" and measured in accordance with the accounting category of receivables under IAS 39, considering that the lease is outside the scope of application of IFRS 9 in terms of classification and measurement. As regards financial liabilities, no impacts are reported since IFRS 9 has substantially applied the same classification and measurement criteria as IAS 39. For more details on the analyses carried out, reference should be made to "Annex A", which also provides a statement of reconciliation between the formats and data of the last consolidated financial statements at 31 December 2017 and the formats set out in the new Order and the impact of the application of IFRS 9 on equity has been highlighted.
The adoption of the new accounting standard then gave rise to an adjustment to opening equity at 1 January 2018, which showed an overall decrease of Euro 17.4 million (net of tax effect).
Annex A provides the statement of reconciliation between the relevant regulations previously in force ("The financial statements of IFRS intermediaries other than bank intermediaries" issued by Bank of Italy on 9 December 2016) and the current regulations on the matter ("The financial statements of IFRS intermediaries other than bank intermediaries" issued by Bank of Italy on 22 December 2017), showing:

- the balances at 31 December 2017 as reclassified on the basis of the new formats and taking account of the new classification criteria under IFRS 9;
- the impact of the adoption of IFRS 9 arising from the new measurement criteria;
- the balances at 1 January 2018 as restated following the adoption of the abovementioned standards.

It should be noted that the first-time adoption of the new IFRS 9 required significant implementing measures - in terms of processes, procedures, methods, information systems - which were governed by forming a specific working Group that has informed the Board of Directors of the progress of its work on a periodic basis.
In order to ensure a correct classification of financial instruments and their measurement and impairment, the accounting and administrative processes have been adapted, thus incorporating the main activities required by the new IFRS 9 (with particular regard to the SPPI – "Solely Payments of Principal and Interest" - test and to the new impairment model) and implementing new controls.

According to IFRS 9, the classification of financial assets depends on the combination of the following two factors.:

- the entity's Business Model, which reflects the objectives that the company management intends to pursue through the holding of financial assets. In detail:
  - "Hold To Collect" (HTC), if the objective is the realisation of the contractual cash flows, holding the financial instrument to maturity;
  - "*Hold to Collect and Sell*" (HTC&S), if the financial assets are held with the objective of both realising the contractual cash flows during the life of the asset and collecting proceeds arising from its sale;
  - "*Other*": if the objectives are other than those described in the previous paragraphs;
- Contractual features of cash flows: depending on whether cash flows are based exclusively on principal and interest ("Solely Payments of Principal and Interest", or SPPI) or if, otherwise, they also depend on other variables. The audits carried out in

order to establish the contractual features of the cash flows are referred to as the "SPPI test."

The following accounting categories can be set out on the basis of the combinations between the business model and the contractual characteristics of cash flows:

- financial assets measured at amortised cost: these include debt instruments (loans and securities) with "*Hold to Collect*" Business Model, whose contract terms and conditions only consist of the payment of principal and interest (SPPI test passed);
- financial assets at fair value through comprehensive income, recycling valuation and realisation components to profit or loss: these include debt instruments (loans and securities) with "*Hold to Collect and Sell*" Business Model, whose contract terms and conditions only consist of the payment of principal and interest (SPPI test passed);
- financial assets at fair value through profit or loss: these include any and all assets held for trading, including non-hedging derivatives and, regardless of the business model, financial assets mandatorily at fair value since the cash flows do not exclusively consist of the payment of principal and interest (SPPI test failed).

In addition to the categories described above, it is permitted to use the accounting category of "financial assets designated at fair value through profit or loss"; this option is irrevocable and is only allowed to eliminate or significantly reduce inconsistencies in the measurement or recognition that would otherwise result from the measurement of assets or liabilities or from the recognition of any related profit or loss on different bases ("accounting mismatch").
In relation to the new classification rules based on the characteristics of financial flows, IFRS 9 no longer provides for the rules governing the separation of embedded derivatives from financial assets not measured at fair value through profit or loss.

On the basis of the information reported above, upon transition to IFRS 9, Alba Leasing S.p.A. then proceeded to classify financial instruments on the basis of the new accounting categories provided for in IFRS 9 - taking account of the Business Model at 1 January 2018 and of the characteristics of the instrument's contractual flows at inception - and to carry out their new measurement on the basis of their respective accounting policies.

With reference to financial liabilities, the new IFRS 9 confirms the classification and measurement rules set out in IAS 39, according to which they are measured at amortised cost, except for financial liabilities held for trading, including derivative liabilities, and financial liabilities for which an option is used for designation at fair value through profit or loss. In relation to the latter type of liability, IFRS 9 requires for the fair value changes associated with the Company's credit rating to be recognised against an entry in a specific equity reserve, rather than in the income statement as required by IAS 39, unless this treatment is such as to give rise to or exaggerate an accounting mismatch in the results of operations; in the latter case the entire fair value change in the liability must be charged to profit or loss.

IFRS 9 impairment method based on Expected Credit Losses (ECL)

According to IFRS 9, the new impairment model based on Expected Credit Losses (ECL) must be applied to any and all financial assets that are not measured at fair value in the accounts. The objective of this standard is to ensure a more timely recognition of losses compared to the model previously applied under IAS 39, according to which losses had to be recognised only on the basis of objective evidence reported after the initial recognition of the asset ("incurred losses" model).
In detail, the impairment model set out in IFRS 9 is based on the concept of "forward-looking" measurement, i.e. on the concept of Expected Credit Loss, whether it is calculated at 12 months (Stage 1) or for the entire residual life of the financial asset (lifetime loss for Stages 2 and 3).

Specifically, the model provides for financial assets to be classified into three distinct "stages" which are regulated by different accounting policies:

- Stage 1: to be assessed on the basis of an estimated expected loss making reference to a time horizon of one year. This stage applies to performing financial assets for which the credit risk has not increased significantly;
- Stage 2: to be assessed on the basis of an estimated expected loss making reference to a time horizon equal to the entire residual life of the financial asset. This stage applies to financial assets for which the credit risk has increased significantly, using: i) quantitative criteria, ii) back-stops and iii) qualitative criteria;
- Stage 3: to be assessed on the basis of an estimated expected loss that assumes a probability of default of 100%. This stage applies to non-performing financial assets.

According to the Expected Credit Losses calculation model, losses must be recorded not only with reference to the objective evidence of impairment loss already observed at the reporting date, but also on the basis of expected future impairment losses not yet disclosed, which must reflect:

- the probability of different scenarios occurring;
- the discounting effect through the use of the effective interest rate;
- past experience and current and future measurements.

In order to implement the above requirements:

- the reference framework was defined in order to establish whether the credit risk has significantly increased ("Framework Stage Assignment") and whether performing exposures can be classified from Stage 1 to Stage 2;
- models have been prepared - including forward-looking information – to be used both for stage assignment (lifetime PD) purposes and for the calculation of the expected credit loss at one year and on a lifetime basis.

The criteria to determine the "significant increase in credit risk" (staging criteria) and, accordingly, the transfer to stage 2 are:

- the 30dpd (days past due) non-impaired positions (backstop criterion);
- forborne exposures (backstop);
- the increase in credit risk with respect to initial recognition (quantitative criterion) measured through the difference between rating on origination and rating on the reporting date;
- the lack of rating on origination or on the reporting date (qualitative criterion) for counterparties covered by the model with a rating other than one at the reporting date. This rule shall not apply to counterparties that are not covered by the Model (for example, Public Authorities, Financial Intermediaries, etc.).

The method used to calculate impairment varies according to the three stages, as described below:

- Stage 1: an "expected loss" is calculated as product of variables: $EAD12_{m}$ x $PD12_{mLT}$ x $LGDL12_{mLT.}$ The LGD values have been determined on the positions for which recovery procedures were terminated (including transfers to performing positions);
- Stage 2: the "expected loss" is calculated through EAD_{LT} x PD_{LT} x LGD_{LT};
- Stage 3: no changes are made to the model, for which the impairment adopted by the Company consists of the write-down of a minimum percentage of gross risk, less allowable guarantees.

It should be noted that:

- $PD12_{mLT}$ (forward-looking 12-month lifetime probability of default) is obtained from a rating model that has been developed internally on the Company's portfolio;
- PD_{LT} (lifetime forward-looking probability of default) is obtained based on the following stages;
  - (i) Estimation of PIT (point in time) matrices;
  - (ii) Deconditioning of PIT matrices, based on the Merton formula, for effects relating to the economic cycle;

(iii) Estimation of TTC (through the cycle) matrix based on deconditioned PIT matrices;
(iv) Estimation of the impact of the forward-looking macroeconomic cycle;
(v) From the calculation of forward-looking PIT matrices and estimation of PD_{LT} according to the Markov approach with parallel integration;

- LGD_{LT} (loss given default) is estimated through a predictive model of loss rates, which is based on the measurement of recoveries/losses realised after the default and discounted back (workout approach) and eh identification of a ratio (danger rate) that allows the application of the previous estimation to other default stages. Its calculation is based on the analysis of transitions between different stages to non-performing positions (it should be noted that LGDs were calculated by using the data provided to the Bank of Italy through the specific supervision report, determined according to the calculation method described in Circular Letter no. 284 of 18 June 2013, as updated - "Instructions for reporting of losses recorded historically on default positions" [*Istruzioni per la compilazione delle perdite storicamente registrate sulle posizioni in default*]). The danger rate also includes the forward-looking component in order to take account of the macroeconomic trends for the subsequent three years.

EAD (Exposure at Default) has been calculated by considering the credit conversion factor for commitments and an adjustment factor that takes account of prepayments for all exposures.

The related perimeter of assets allocated to Stage 3 is in line with that of non-performing exposures, determined according to the definitions contained in current supervision reports, since they are considered to be consistent with accounting regulations in terms of objective evidence of impairment.

Impact of IFRS 9 on net worth at 1 January 2018

In term of capital ratios the accounting effects described in "Annex A" require a reduction of 0.39 bps in fully phased-in Tier 1 ratio, from 9.01% at 31 December 2017 to 8.62% at 1 January 2018. These effects do not take account of the option exercised by Alba Leasing S.p.A. for the application of the transitional rules laid down in the new Article 473-*bis* of Regulation (EU) no. 575/2013, which extends ("phases in"), over time, the impact on net worth resulting from the application of the new impairment model set out in the new IFRS 9.

The aforementioned transitional rules provide for the possibility of including in Common Equity Tier 1 (CET 1) capital a transitional positive component for a percentage of the increase recorded in provisions for expected credit losses as a result of the adoption of IFRS 9. This percentage decreases over time in a period of time of five years as indicated below:

- period from 1 January to 31 December 2018: 95% of the increase recorded in provisions for expected credit losses as a result of the adoption of IFRS 9. The negative impact expected from the application of the new impairment model on net worth is consequently reduced to 5% of the impact that will be recorded on the equity for accounting purposes at 1 January 2018;
- period from 1 January 2019 to 31 December 2019: 85% of the increase recorded in provisions for expected credit losses;
- period from 1 January 2020 to 31 December 2020: 70% of the increase recorded in provisions for expected credit losses;
- period from 1 January 2021 to 31 December 2021: 50% of the increase recorded in provisions for expected credit losses;
- period from 1 January 2022 to 31 December 2022: 25% of the increase recorded in provisions for expected credit losses.

The impact arising from the first-time adoption of IFRS 9 will be fully reflected in the calculation of net worth from 1 January 2023.

In taking account of the abovementioned transitional rules, Tier 1 capital was equal to 9.09% at 31 December 2018. If the Company had not applied the transitional period (as described above), Tier 1 capital would have been 8.75%: the difference would be 0.34 bps.

Section 3 – Significant events after the reporting date of the consolidated financial statements

The draft consolidated financial statements at 31 December 2018 were approved by the Board of Directors' meeting held on 12 March 2019 2018 and will be submitted for approval by the Shareholders' Meeting called on 16 April 2019.

While referring to the report on operations for a general account of outlook after the end of the financial period, it should be pointed out that no events or facts occurred after the reporting date and until the date of approval which were such as to give rise to adjustments to the financial position, results of operations or cash flows at 31 December 2018.

Section 4 – Other aspects

DTA Rules

The Decree issued by the Ministry of Economy and Finance on 10 January 2018 established that the loss arising from the application of the new impairment model introduced by IFRS 9 was deductible from the IRES (Corporate Income) and IRAP (Regional Production Activity) taxable income for the 2018 financial year. According to the aforesaid rules, IRES tax losses could be carried forward and could be recovered through the generation of taxable income in subsequent financial years without any time limit. Otherwise IRAP tax losses could not be carried forward. However, it should be noted that the above rules were amended by Law no.145 of 30 December 2018 ("2019 Budget Law"). These amendments provide that the effects arising from the application of the new impairment model are deductible at a percentage of 10% from the taxable base (both for IRES and IRAP tax purposes) in the tax period relating to the first-time adoption of IFRS 9 and for the remaining 90% on a straight-line basis in the subsequent nine tax periods.
For an overview of the effects generated by the aforementioned amendments, reference should be made to Part B - Information on the Balance Sheet.

Financial Reporting Manager

On 16 May 2018 the Board of Directors approved the appointment of a "Financial Reporting Manager" responsible for the "Administration, Budget, Finance and Planning Department", after having established that the relevant requirements were met and given the position in the first-level organisation chart of Alba Leasing S.p.A..
Despite Law n. 262 of 28 December 2005, "Saving Law", being addressed to listed issuers having Italy as their Member State of origin, although Alba Leasing S.p.A., does not fall within the category of "listed issuers" referred to in the aforementioned regulatory provision, it has decided, in line with the best practices governing corporate governance and risk management, to appoint, on a voluntary basis, the Financial Reporting Manager and to entrust him with the tasks and authority to which he is entitled under the aforesaid legislative provisions, with effect from the 2018 consolidated financial statements.
The Financial Reporting Manager takes action on the corporate governance structure, placing substantial responsibilities on it in the matter of:

- ensuring truthfulness of the documents published;
- putting in hand appropriate control procedures;
- applying control procedures adequately.

The adoption of the above provisions has required taking specific actions on the subject, which have represented a significant opportunity to make reporting on the company's business more efficient.

Agreement on securitised loans

Within the scope of the agreement that was entered into between Banco Popolare, Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio and Banca Popolare di Milano on 15 March 2009, aimed at regulating the reorganisation of the Banca Italease Group, on 24 December 2009 Banca Italease and Alba Leasing S.p.A. signed an agreement (hereinafter also referred to as the Agreement) whereby Alba Leasing S.p.A. assumes all the risks and obtains all the rewards regarding Banca Italease's loans granted and securitised, which had been originated by the banking channel from 31 March 2009 onwards (banking Sub-portfolio).

After a necessary phase in which the agreed contractual mechanisms were examined and analysed and the amounts to be settled by the parties were calculated in order to ensure that the provisions of the Agreement were complied with having regard to the precise date of 31 March 2009, the parties concluded a supplementary agreement on 2 July 2010 whose purpose was to interpret and clarify some of the arrangements in the Agreement itself.

In view of the complexity of the treatment of this transaction in the accounts and financial statements, in preparing the 2009 financial statements the Company already took steps to examine its implications for the accounts, also obtaining an opinion from a reliable external professional.

These analyses and judgments pointed to the need to prepare two different sets of financial statements. Accordingly, for the sake of completeness and to maintain continuity of presentation, both in relation to the specific provisions laid down in IAS 27 and in SIC 12 "Consolidation - Special Purpose Entities" which were then applicable, the Company has prepared, since that time, not only separate or annual financial statements, but also financial statements that consolidate subsidiaries in accordance with the relevant accounting standards, as well as, on a pro rata basis, the asset and income components of the separate assets managed by each securitisation SPV relating to the banking Sub-portfolio and the risks and rewards of which have been transferred to Alba Leasing S.p.A. under the Agreement.
This approach is deemed correct as a result of the entry into force of IFRS 10 "Consolidated Financial Statements", which has partially replaced IAS 27 "Consolidated and Separate Financial Statements" and fully replaced SIC 12 "Consolidation – Special Purpose Entities."
In this case, the Agreement is deemed to have given rise to a clear separation between the non-banking and the banking Sub-portfolios in terms of both allocation of risks and rewards and control as defined in the new standard IFRS 10.

Three elements have been considered in the assessment of control as prescribed by IFRS 10, viewed both with reference to the risk and reward portfolio, in the capacity of an entity and with reference to its specific sector, or also as "deemed separate entity" relating to each securitisation transaction.

In fact it is considered that the Agreement implies the presence of separate entities, or "silos", since each securitisation constitutes a separate set of assets for the beneficiaries of the corresponding sector.
Specifically the conditions laid down in Appendix B attached to IFRS 10 have been satisfied.

The following are the portfolios that have been consolidated, showing the securitisation transactions which originated the separate assets involved in the consolidation process and related securitisation SPVs that manage the abovementioned assets:

Transaction	Vehicle
ITA8	Italfinance Securitisation Vehicle S.r.l.
ITA11	Italfinance Securitisation Vehicle 2 S.r.l.

The ITA 6 transaction, involving securitised assets that fell within the scope of consolidation, was closed in April 2014 in advance of its original expiry date; in December 2015 the ITA 7 transaction was also closed in advance of its original expiry date. During the 2016 financial year the ITA 10 and Quicksilver transactions were closed in advance of their original expiry dates (in October and December, respectively). During the 2017 financial year the Leasimpresa Finance S.r.l. (LSMP) transaction was closed in advance of its original expiry date. During the 2018 financial year the ITA 9 BEI - Erice Finance S.r.l. and ITA 9 – Italfinance Securitisation Vehicle 2 S.r.l. transactions were closed in advance of their original expiry dates (in June and October, respectively).

With particular reference to the method of identifying and recognising the assets and liabilities in the banking Sub-portfolio, the consolidated financial statements at 31 December 2018 show:

- the value of the receivables in the banking Sub-portfolio, recognised in balance sheet assets on the basis of the perimeter contractually agreed by the parties;
- the value of cash in hand in the separate assets at the end of the financial year and attributable to the banking Sub-portfolio, recognised in balance sheet assets;
- the Senior, Mezzanine and Junior notes attributable to the banking Sub-portfolio, recognised on a pro rata basis (including any remuneration not paid out), in balance sheet liabilities, on the basis of the values contractually agreed by the parties;
- the DPP (Deferred Purchase Price) debt in the banking Sub-portfolio, due on 31 March 2009 and not paid as of 31 December 2018 as contractually agreed by the parties, recognised in balance sheet liabilities;
- the other assets and liabilities in the banking Sub-portfolio, calculated according to criteria contractually agreed by the parties, recognised in balance sheet assets and liabilities, where not specifically attributable to the banking Sub-portfolio.

The assets and liabilities in the banking Sub-portfolio have been suitably adjusted to make any items affected by the adoption of different accounting standards homogeneous. All the balance sheet and income statement items outstanding between Alba Leasing S.p.A. and the banking Sub-portfolio have also been written off.

Finally, it should be noted that, in preparing the financial statements at 31 December 2009, financial assets and liabilities were recognised as a result of the consolidation of the banking Sub-portfolio and duly adjusted to take account of related fair value at 31 December 2009 (date of initial recognition) as required by the relevant accounting standards,

Accordingly, the Income Statement relating to the banking Sub-portfolio reflects positive and negative income components arising from the relationships described above.

It should also be pointed out that receivables and rights recognised as a result of the pro-rata consolidation of the assets in the banking Sub-portfolio are classified as “finance lease receivables” even if they have some of the particular characteristics, mainly due to the specific ways in which they were previously securitised by another operator.

Specifically, as the features of this specific classification criterion need to be defined, the decision was made on the basis of some judgments guided by the principle of substance over form, including those regarding:

- the technical and legal form in which these receivables and rights were originated;

- the risk and reward profiles of these receivables, which, in any case, originated in finance lease agreements. It is deemed that this classification expresses underlying risk better, especially credit risk, which, in fact, is associated with the end users of the asset, who are the holders of the relative lease agreements;
- this approach ensures continuity of information regarding the receivables;
- the ultimate objective of the Agreement and its contractual clauses is to transfer the risks and rewards of contracts previously originated by another operator to Alba Leasing S.p.A., even if in a "synthetic" manner.

In fact, with specific reference to the information reported above, it should be pointed out that the ultimate effects of the Agreement are that Alba Leasing S.p.A.:

- is the effective beneficiary of the lessee's payments for the use of the asset and consequently assumes all the risks arising from the user's insolvency;
- has full power over the management of the underlying lease agreements and the management of the loan;
- can take action to recover debt, giving instructions for regaining possession of the asset and its subsequent transfer.

It should be noted that, as illustrated above, when the effects of the Agreement were initially disclosed, the values of some balance sheet items related to the Agreement were estimated on the basis of certain assumptions made on initial recognition and considering the effects of the Agreement as a whole, in line with the arrangements initially negotiated and formalised.
Consequently any changes to these estimates made as a result of events regarding single transactions underlying the Agreement may only be finally appraised when all the securitisation transactions involved in the Agreement have been effectively closed.

Auditing

The financial statements at 31 December 2018 have been audited by the audit firm PricewaterhouseCoopers S.p.A., with registered office in Milan, at Via Monte Rosa no. 91, enrolled in the Register of Audit Firms kept by the Ministry of Economy and Finance, which has been appointed to perform these duties for the financial years from 2010 to 2018 pursuant to Articles 14 and 16 of Legislative Decree no. 39/2010.

A.2 - PART RELATING TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

The consolidated financial statements at 31 December 2018 were prepared by applying the same accounting standards as those used to prepare the financial statements for the previous financial year.

Below are the issues that are illustrated for each item of the Balance Sheet and, insofar as it is consistent, of the Income Statement:
(a) criteria for recognition;
(b) criteria for classification;
(c) criteria for measurement;
(d) criteria for derecognition;
(e) criteria for recognition of income components.

ASSETS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Criteria for classification

This category includes financial assets other than those classified under “Financial assets at fair value through comprehensive income” and “Financial assets measured at amortised cost.”
It includes operating items of financial assets not aimed at collecting contractual financial flows (“Hold to collect” Business Model), or aimed at collecting contractual cash flows and selling financial assets (“Hold to collect and sell” Business Model), i.e. that do not pass the SPPI test.
More detailed information is provided below on the three sub-items that make up this category, consisting of:

a) Financial assets held for trading: a financial asset (debt securities, equity instruments loans, UCI units) is classified as held for trading if it is managed with the objective of giving rise to financial flows through its sale since: it is acquired in order to be sold in the short term; it forms part of a portfolio of financial instrument that are managed jointly and for which there is a proven strategy for achieving profits in the short term.
   It also includes derivative contracts with a positive fair value, which are not designated within a hedge accounting relationship.
   Derivative contracts include those embedded into complex financial instruments, in which the host contract is a financial liability, which have been recognised separately.
   A derivative is a financial instrument or any other contract with the following characteristics: its value changes in relation to the change in an interest rate, the price of a financial instrument, the price of a commodity, the foreign exchange rate, the index of prices or rates, the credit rating or credit indexes or any other pre-set variable ("underlying");
b) Financial assets designated at fair value: a financial asset (debt securities and loans) may be designated at fair value upon initial recognition, with changes recognised through profit or loss, only when this designation provides better information because it eliminates or significantly reduces a lack of uniformity in measurement or recognition that would otherwise result from the measurement of assets or liabilities or from the recognition of any related profit or loss on different bases ("accounting mismatch");
c) Other financial assets mandatorily at fair value: they represent a residual category and are made up of financial instruments that do not meet the requirements, in terms of business model or financial flows, for being classified among assets

measured at amortised cost or at fair value through comprehensive income (i.e. that do not pass the SPPI test).

Criteria for recognition

Upon initial recognition, financial assets at fair value through profit or loss are recognised at fair value, which normally corresponds to the consideration paid, without considering transaction costs or income directly attributable to the financial instrument, which are charged to profit or loss.

Criteria for measurement and recognition of income components

After initial recognition, financial assets at fair value through profit or loss are measured at fair value, recognising changes as an entry in the income statement. As regards derivative instruments, if the fair value of a financial asset becomes negative, this item is accounted for as a financial liability held for trading. Market prices are used to measure the fair value of financial instruments listed in an active market, which are recognised at the reporting date of the financial statements. If there is no active market, estimation methods and valuation models are used which take account of any and all risk factors linked to the instruments and which are based on data that can be observed on the market, such as: methods based on the valuation of listed instruments with similar characteristics, discounted cash flow calculations, option pricing models, values recorded in recent comparable transactions.
Profits and losses from trading and capital gains and losses from the measurement of the trading portfolio, including derivatives linked to financial assets/liabilities designated at fair value, are recognised under item 80 “Net result from trading” in the income statement; the same effects on the income statement relating to financial assets designated at fair value and to those that are mandatorily measured at fair value, are stated in item “110 Net result from other financial assets and liabilities at fair value through profit or loss.”

Criteria for derecognition

Financial assets are derecognised when the contractual rights over the financial flows arising from the assets themselves expire or when the financial assets are sold, substantially transferring all the risks and rewards associated with them. If it is not possible to establish whether risks and rewards have been substantially transferred, financial assets are derecognised if no type of control is retained over them. Finally the assets sold are derecognised if the contractual right to receive their cash flows is retained, but at the same time a contractual obligation is assumed to pay said flows to a third party without delay and only to the extent of those received. Financial assets other than equity instruments may also be derecognised following the reclassification to “Financial assets at fair value through comprehensive income” and ” Financial assets measured at amortised cost.”
The reclassification may take place in the very rare circumstances in which an entity decides to change its business model for the management of financial assets. The transfer value consists of the fair value at the date of reclassification, with prospective effects running from that date. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value at the date of reclassification, which falls on the date of initial recognition for the assignment of the various stages of credit risk ("stage assignment") for impairment purposes.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Criteria for classification

This category includes financial assets (loans and debt securities) if both of the following conditions are met:

- the objective of their possession is the collection of contractual cash flows ("Hold to Collect" Business Model);
- the related contractual flows only consist of payments of principal and interest on the principal to be repaid (i.e. which provide for the passing of the SPPI test).

Specifically, it includes loans granted to customers, financial companies and banks and debt securities that meet the requirements described in the paragraph above.
This item also includes receivables originated from finance lease transactions, which are recognised according to the "finance method" as required by IAS 17, including assets waiting to be transferred under finance leases, including properties under construction.
As required by IAS 17, a finance lease is a contract whereby the lessor transfers to the lessee the right to use an asset for a set period of time in exchange for a series of payments. The key criterion for classifying a contract as a finance lease is, in fact, the transfer to the lessee of the risks and rewards incidental to the leased asset (examples are losses from unused capacity, technological obsolescence, variations in return, expected profitable utilisation during the asset's useful life or gains from revaluation or realisation of residual value).
Financial assets measured at amortised cost include in particular those arising from finance lease transactions (which are recognised according to the "finance method" as required by IAS 17). They also include assets waiting to be transferred under finance leases, including properties under construction.
Finally, this category includes operating receivables connected with the provision of financial services as defined in the Consolidation Act on Banking Laws (TUB, *Testo Unico Bancario*), and in the Consolidation Act on Finance Law (*Testo Unico della Finanza)*.

Criteria for recognition

Financial assets are initially recognised on the date of settlement for debt securities and on the date of disbursement for loans. Upon initial recognition, financial assets classified in this category are recognised at fair value, which normally corresponds to the consideration paid, including any costs and income directly attributable to the instrument itself.
Specifically, the initial recognition of a loan occurs on the date of disbursement on the basis of the fair value of the financial instrument. The latter is normally equal to the amount disbursed, or to the subscription price, including any cost and income that are directly attributable to each loan and that can be determined since the inception of the transaction, even if they are settled at a later time. Costs are excluded which, although having the aforesaid characteristics, are reimbursed by the debtor counterparty or can be classified as recurring internal administrative costs. If the date of signing the credit agreement does not fall on the date of disbursement of the agreed sums, a commitment to disburse funds is recorded which will be settled when the sums are actually disbursed.

Criteria of measurement and recognition of income components

After initial recognition, these financial assets are measured at amortised cost, equal to the initial recognition value less capital repayments, as decreased or increased by amortisation - calculated using the effective interest rate method - of the difference between the amount disbursed and that repayable on maturity, which is typically attributable to costs and income directly charged to each loan. The effective interest rate is determined by calculating the rate that equates the present value of the asset's future flows, in terms of principal and interest, to the amount disbursed, including any cost and income associated with the asset. Cash flows must be estimated by taking account of all the contractual clauses that might have an impact on amounts and maturities, without considering expected losses on the asset. This accounting method, using a financial approach, makes it

possible to spread effects through profit or loss of all transaction costs, commissions, premiums or discounts, which form an integral part of the effective interest rate, over the expected residual life of the asset.
Assets waiting to be leased are measured at cost on the basis of the invoices received from suppliers and/or advances paid out.
The aforementioned assets are subject to impairment at the end of each financial period or when an interim report is to be issued, with the aim of estimating the expected losses in value related to credit risk (ECL - Expected Credit Losses).
These losses are recognised through profit or loss under item "130 Net value adjustments/write-backs for credit risk." In more details, the impairment model provides for the classification of assets into three distinct "Stages" (Stage 1, Stage 2, Stage 3), depending on the debtor's credit rating outlook, to which different criteria for measurement of expected losses apply:

- Stage 1: this includes performing financial assets for which the credit risk has not increased significantly compared to the date of initial recognition or whose credit risk is considered to be low. The impairment is based on the estimated expected loss, making reference to a time horizon of one year (expected loss that results from events of default on the financial asset, which are likely to occur within one year from the relevant date);
- Stage 2: this includes performing financial assets for which the credit risk has increased significantly compared to the initial recognition. Impairment is commensurate to the estimated expected loss making reference to a time horizon equal to the entire residual life of the financial asset;
- Stage 3: this includes non-performing financial assets (probability of default of 100%), to be measured on the basis of an estimated expected loss over the life of the instrument.

Expected losses from performing assets are calculated according to a collective process based on some risk parameters represented by the probability of default (PD), the loss rate in the event of default (LGD) and the exposure value (EAD), deriving from internal models that are used to calculate the regulatory credit risk and that are appropriately adjusted to take account of the specific requirements prescribed by the accounting rules.
For impaired assets, i.e. assets for which, in addition to a significant increase in credit risk, objective evidence of impairment has been found, impairment losses are quantified on the basis of a measurement process aimed at determining the current value of expected future recoverable flows, as discounted on the basis of the original effective interest rate. Impaired assets include exposures to which the status of non-performing, probability of default or past due / overdue for more than ninety days has been attributed according to the definitions set out by the supervision regulations in force (Bank of Italy's Circular Letter No. 217 "Manual for compilation of Supervision Reports for Financial Intermediaries, Payment Institutions and Electronic Money Institutions (*Circolare di Banca d'Italia n. 217 "Manuale per la compilazione delle Segnalazioni di Vigilanza per gli Intermediari Finanziari, per gli Istituti di pagamento e per gli IMEL*") and referred to in the Bank of Italy's Circular Letter concerning "The Financial Statements of IFRS Intermediaries other than bank intermediaries", as they are deemed to be consistent with the accounting rules prescribed by IFRS 9 in terms of objective evidence of impairment.
The expected cash flows take account of the expected recovery times and of the presumed net realisable value of guarantees (if any). As regards fixed-rate positions, the original effective rate used to discount the expected recovery flows, determined as described above, remains unchanged over time, even if there is a change in the contractual rate attributable to the borrower 's financial difficulties. As regards variable-rate positions, the rate used to discount flows is updated in relation to indexation parameters (e.g. EURIBOR), while keeping the original spread unchanged. The original value of financial assets is reinstated in subsequent financial years, as a result of an improvement in the credit quality of the exposure compared to that which led to its previous write-down.
The value write-back is recorded in profit or loss under the same item and, in any case, it may not exceed the amortised cost that the asset would have had in the absence of previous adjustments.

At each reporting or interim reporting date, the loans and debt securities classified in "Financial assets measured at amortised cost" and "Financial assets at fair value through comprehensive income" - as well as off-balance sheet exposures consisting of the commitments to disburse funds and guarantees issued - must be subjected to an impairment process, aimed at estimating the expected losses in value for credit risk (ECL - Expected Credit Losses).
General issues concerning the impairment model according to the Expected Credit Losses calculation model, losses must be recorded by making reference not only to any objective evidence of impairment losses that has been reported on the valuation date, but also on the basis of expected future losses in value that have not yet occurred.
In particular, the ECL model provides that the aforementioned instruments must be classified into three distinct "Stages", according to their absolute or relative credit quality with respect to the initial disbursement, to which different criteria for measuring expected losses apply.
As regards impaired exposures, accrued interest is calculated on the basis of the amortised cost, i.e. on the basis of the exposure value - determined on the basis of the effective interest rate - adjusted by expected losses. No contractual interest accrues on impaired exposures; this interest corresponds to the reversals of value linked to discounting the recovery forecasts merely as a result of the passage of time.
The impairment loss of an impaired receivable is the difference between its recoverable value and its amortised cost. Recoverable value is the present value of the cash flows expected on account of principal and interest for each receivable, calculated on the basis of:

a) the value of the contractual cash flows net of estimated losses, taking into consideration both the specific debtor's capacity to fulfil obligations, the realisable value of the leased assets and any personal guarantee or collateral received;
b) expected recovery time, also estimated on the basis of current debt recovery procedures;
c) the internal rate of return of each loan.

Specifically:

- the following calculation parameters are used for non-performing loans:
  a) recovery forecasts by the account managers;
  b) expected recovery times estimated on a historical and statistical basis, monitored by managers;
  c) discount rates represented by contractual rates at the time the state of insolvency arose;

- the following calculation parameters are used for loans likely to default:
  a) recovery forecasts by the account managers;
  b) expected recovery times estimated on a historical and statistical basis;
  c) discount rates represented by contractual rates at the time the state of insolvency arose;

- the following calculation parameters are used for overdue impaired loans:
  a) probability of outstanding or past due debt becoming;
  b) a probable default/bad debt, estimated on a historical and statistical basis using the contributor's historical loans archive, whose data go into deeper depth than the Company's;
  c) loss in the event of insolvency (estimated on a historical and statistical basis using a non-performing loans archive);
  d) expected recovery times estimated on a historical and statistical basis;
  e) discount rates represented by contractual rates at the time the state of insolvency arose.

Debtors' exposures classified as above may be forborne by the creditor in order to overcome difficulties in fulfilling their financial obligations which have already developed or are on the point of developing. The basic element in forbearance is the debtor's financial difficulty; overdue payments and/or the classification of exposures as non-performing are therefore disregarded. In view of this, performing exposures which are forborne are named as “performing forborne” and non-performing (impaired) exposures are named as “non-performing forborne.” The debtor’s financial difficulty may be presumed absolutely or be subject to investigation.

Criteria for derecognition

Financial assets measured at amortised cost are derecognised when the contractual rights over the financial flows arising from the assets themselves expire or when the financial assets are sold, substantially transferring all the risks and rewards associated with them. If it is not possible to establish whether risks and rewards have been substantially transferred, financial assets are derecognised if no type of control is retained over them. Finally the assets sold are derecognised if the contractual right to receive their cash flows is retained, but at the same time a contractual obligation is assumed to pay said flows to a third party without delay and only to the extent of those received.
Non-performing financial assets may be derecognised after having acknowledged that the exposure may not be recovered and the recovery process is concluded accordingly (final derecognition), thus entailing a reduction in the nominal value and in the gross book value of the loan. This case occurs whenever settlement agreements are entered into with the debtor, which entail a debt reduction (settlement and write-off agreements) or when specific situations arise, such as, for example:

- the subsequent judgement which has become final and which declares that the loan has been paid off, either in whole or in part;
- the closure of insolvency or enforcement proceedings against both the principal debtor and the guarantors;
- the completion of any possible in-court and out-of-court actions for the recovery of the debt.

These specific situations may result in a total or partial derecognition of the exposure but do not necessarily imply a waiver of the legal right to recover the debt. In addition, non-performing financial assets may be derecognised following their write-off, after having acknowledged that there is no reasonable expectation of recovery, although continuing with the actions aimed at their recovery.
This write-off is made in the financial period in which it is considered that the debt may not be recovered, either in whole or in part - even though the legal procedure has not been terminated - and may take place before the legal proceedings brought against the debtor and the guarantors for debt recovery are finally concluded. It does not imply a waiver of the legal right to recover the debt and is carried out when the credit documentation provides reasonable financial information showing that the debtor is unable to repay the amount of the debt. In this case, the gross nominal value of the debt remains unchanged, but the gross book value is reduced by a sum equal to the amount subject to write-off, which may be linked to the entire exposure or to a portion thereof.
The written-off amount may not be subject to subsequent value write-backs as a result of an improvement in the recovery forecasts, but only following recoveries from collection.
Finally, the financial assets in question may also be derecognised following the reclassification to “Financial assets at fair value through comprehensive income” and “Financial assets at fair value through profit or loss.”
This reclassification may take place in the very rare circumstances in which the entity decides to change its business model for the management of financial assets.
The transfer value consists of the fair value at the date of reclassification, with prospective effects running from that date.

PROPERTY, PLANT AND EQUIPMENT

Criteria for recognition and derecognition

These assets are recognised at purchase cost including any additional charges directly attributable to purchasing and starting to operate the asset, in addition to the subsequent

costs incurred in order to enhance its value or initial production capacity. They are derecognised when they are disposed of or when no future economic benefits are expected of them. The costs of restoring leased assets are capitalised if the assets concerned are identifiable and constitute separable tangible items.
Such assets also include assets which have been the object of finance leases of which the Company has regained possession after the termination of the contract and their return by the lessee, stated as property, plant and equipment held for investment purposes.
This macro category includes properties which have been the object of finance leases of which the Company has regained possession provided that the Company is sure that the properties concerned meet the following conditions:

a) future economic benefits arising from the investment are likely to flow to the Company;
b) the investment cost can be determined reliably.

Criteria for classification

These are property, plant and equipment (properties, technical systems, furniture, furnishings and equipment of any type) held for business use and which the Company deems that it will continue to use for longer than one financial period.
These assets include:

a) the costs of improving leased assets when they are separable (if these costs are not autonomously functional and usable but future economic benefits are expected of them, they are recognised among “other assets” and depreciated within the shorter of the period of the foreseeable possibility of the utilisation of the improvements and that of the residual term of the lease);
b) assets withdrawn after termination and the closure of the loan to the original user. Upon initial recognition, investments are measured at cost, including acquisition transaction costs.
   These assets are initially recognised when the item is reclassified from item 40 “Financial assets measured at amortised cost” to item 80 “Property, plant and equipment”: this reclassification and its value, in accounting terms, is the impaired loan, which has been paid off.

Criteria for measurement

Property, plant and equipment are valued according to the cost method, less accumulated depreciation and permanent impairment losses (if any), in accordance with IAS 16. Depreciation is carried out over the useful life of the assets to be depreciated and on a straight line basis. If there is symptomatic evidence of permanent impairment losses, the recoverable amount of the asset, which is the greater of its value in use (the present value of the asset’s economic functions) and its exchange value (the presumed disposal value, net of transaction costs) and its carrying amount, net of depreciation allowances that have been recognised, are compared in an impairment test; value adjustments (if any) are recognised through profit or loss. If the reasons for recognising the impairment loss no longer exist, a value write-back is recognised, which may not exceed the value which the asset would have had net of depreciation in the absence of previous impairment losses.
The asset is measured after initial recognition as prescribed in IAS 16 “Property, plant and equipment "; accordingly, the asset is stated at cost. At the end of each financial period, if possible, the Company revises the assessment in order to consider whether there has been a potential impairment of the asset, making the comparison between its net book value and market value; value adjustments (if any) are recognised through profit or loss under item 180 “Net value adjustments/write-backs on property, plant and equipment.”
IAS 40 requires the measurement of an investment property subsequent to its initial recognition to be carried out according to either the fair value or the cost model. The Company must apply the same accounting standard that it has chosen to all its investment properties. In the present case the Company has opted for the cost model. Measurement after initial recognition, therefore, is carried out in accordance with the provisions of IAS 16 and regards all investment properties without distinction. The asset is consequently stated at cost, less accumulated depreciation and any accumulated impairment loss. If, on the

closure of any financial period or when an interim report is to be issued, an up-to-date estimate by an independent expert shows that there is evidence of a potential impairment in the value of the property, its net carrying amount is compared with its market value: value adjustments (if any) are recognised through profit or loss under item 180 "Net value adjustments/write-backs on property, plant and equipment."

Criteria for recognition of income components

The income components are allocated to the relevant income statement items as follows:

a) periodic depreciation, permanent impairment losses and value write-backs are allocated to item 180 "Net value adjustments/write-backs on property, plant and equipment";
b) profits and losses arising from disposals are allocated to item 250 "Profits/losses from disposal of investments".

INTANGIBLE ASSETS

Criteria for recognition and derecognition

Intangible assets are recognised at purchase cost including additional charges directly attributable to their purchase plus any subsequent costs incurred to enhance their value or their initial production capacity. They are derecognised when they are disposed of or when no future economic benefits are expected of them.
Goodwill arising in a business combination is the difference between the purchase cost and the fair value on the acquisition date of the assets and liabilities of the Company or business unit acquired.
Intangible assets with definite useful life recognised by applying IFRS 3, Business Combinations, and identified in the process of allocating the cost of the business combination, are represented putting a value to relations with customers and are amortised on a straight line basis considering the related estimated useful life (at most 9 years), while the residual value is assumed to be zero.

Criteria for classification

Intangible assets are non-monetary assets, are identifiable even if they have no physical substance, and are controlled by the entity, and it is likely that future economic benefits will flow from them.

If goodwill is positive, it is recognised at cost as an asset representing a payment made by the buyer in view of future economic benefits deriving from assets which cannot be identified individually and recognised separately. If it is negative it is recognised directly through profit or loss (in excess of cost).

Criteria for measurement

Intangible assets with definite useful life are measured at cost, less accumulated amortisation and permanent impairment losses (if any). Amortisation is determined on a straight line basis considering the asset's useful economic life.
If there is symptomatic evidence of permanent impairment losses, the recoverable amount of the asset, which is the greater of its value in use (the present value of the asset's economic functions) and its exchange value (the presumed disposal value, net of transaction costs) and its carrying amount, net of amortisation allowances that have been recognised, are compared in an impairment test; value adjustments (if any) are recognised through profit or loss. If the reasons for recognising the impairment loss no longer exist, a value write-back is recognised, which may not exceed the value which the asset would have had net of amortisation in the absence of previous impairment losses.

Criteria for recognition of income components

The income components are allocated to the relevant income statement items as follows:

a) periodic amortisation, permanent impairment losses and value write-backs are allocated to item 190 “Net value adjustments/write-backs on intangible assets”;
b) profits and losses arising from disposals are allocated to item 250 “Profits/losses from disposal of investments”.

TAX ASSETS AND LIABILITIES

Criteria for recognition, classification, measurement, derecognition and recognition of income components

Current taxes are determined by applying the prevailing tax rates and the tax regulations in force, and, insofar as they have not been paid, are recognised as liabilities.
Income taxes are recognised through profit or loss, except for those relating to items debited or credited directly to equity.
The provision for income taxes is determined on the basis of prudent forecasts of current, prepaid and deferred tax charges.
Deferred tax liabilities have been determined according to the "balance sheet liability method."
Specifically, deferred tax assets and liabilities are determined on the basis of temporary differences – without any time limit – between the value assigned to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes.

Deferred tax assets are recognised insofar as there is a probability that they will be recovered, measured on the basis of the Company’s ability to generate positive taxable income on an ongoing basis and taking account of the possibility of recovery offered by specific current tax regulations, which might allow them to be also recovered in the absence of any taxable income.
Moreover, the Company also considered the recoverability of deferred tax assets generated by write-downs of receivables in the light of the new rules and options laid down in Law no. 214/2011.
Deferred tax liabilities consist of the tax charge corresponding to all taxable temporary differences existing at the end of the financial period.

Deferred tax assets and liabilities are monitored on an ongoing basis and are recognised applying the tax rates which are expected to apply in the financial period in which tax assets will be realised or tax liabilities will be settled, on the basis of the tax rates and regulations set out in the orders in force.

Contra entries for both current and deferred tax assets and liabilities are normally made through profit or loss.

Provisions for taxes are also adjusted to meet charges which could arise from any assessments of which the Company has already been notified or in any case from disputes pending with tax authorities.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS OF ASSETS

Criteria for recognition, classification, measurement, derecognition and recognition of income components

These items include non-current assets and liabilities and disposal groups of assets and liabilities. They can be classified under this item when the disposal is considered to be highly probable.

Specifically, these assets and liabilities are measured at the lower of carrying amount and fair value less costs to sell. If the assets being disposed of can be amortised, amortisation ceases as from the financial period in which they can be classified under non-current assets held for sale.
Any related income and costs are stated through profit or loss in a separate item, net of the tax effect, when they relate to discontinued operations; in this case the same financial disclosure is also provided in a separate item for comparative periods shown in the financial statements.

LIABILITIES

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Criteria for classification

This item include the sub-items "Payables" and "Outstanding securities" and consist of the various forms of interbank funding and with customers and outstanding bonds.
It also includes payables recorded by the lessee as part of finance leases, as well as borrowing REPO operations. Finally, it includes operating payables connected with the provision of financial services as defined in the Consolidation Act on Banking Laws and in the Consolidation Act on Finance Law.

Criteria for recognition

The liabilities in question are initially recognised when the sums collected are received or the debt securities issued are settled, on the basis of their fair value, which is normally equal to the amount collected or to the issue price increased by any additional costs and income directly attributable to each borrowing or issue transaction and not reimbursed by the creditor counterparty.
Internal administrative costs are excluded. REPO operations with repurchase obligation are stated in the accounts as borrowing transactions for the amount collected on a spot basis.

Criteria for measurement and recognition of income components

After initial recognition, the financial liabilities issued, net of any repayments and / or repurchases, are measured at amortised cost according to the effective interest method. Exceptions to this are short-term liabilities in which the time factor is negligible, which continue to be recorded at the value collected and whose costs, if charged, are taken to profit or loss on a straight-line basis over the contract term of the liability.

Criteria for derecognition

Financial liabilities are derecognised from the financial statements or when an interim report is to be issued when they have expired or have been settled. They are also derecognised when previously issued securities are repurchased. The difference between the book value of the liability and the amount paid to purchase it is recorded through profit or loss.

FINANCIAL LIABILITIES HELD FOR TRADING

Criteria for recognition and derecognition

With the appropriate modifications, the same policies are applied which are those for recognising and derecognising financial assets held for trading (Section 2 – Assets – "Financial assets at fair value through profit or loss").

Criteria for classification

The portfolio of financial liabilities held for trading includes trading instruments (including derivatives) with negative fair value other than hedging instruments.

Criteria for measurement

With the appropriate modifications, the same policies are applied which are those for measuring financial assets held for trading (Section 2 – Assets – "Financial assets at fair value through profit or loss").

Criteria for recognition of income components

With the appropriate modifications, the same policies are applied which are those for recognising income components of financial assets held for trading (Section 2 – Assets – "Financial assets at fair value through profit or loss").

EMPLOYEE SEVERANCE PAY

Criteria for recognition, classification, measurement, derecognition and recognition of income components

In accordance with the regulations on Employee Severance Pay (TFR, *Trattamento di Fine Rapporto*) under Legislative Decree of 5 December 2005, the portion of employee severance pay earned until 31 December 2006 is classified as a defined benefit plan and is therefore measured on an actuarial basis using the Projected Unit Credit Method (PUCM), whereby future payments are projected on the basis of historical, statistical and probabilistic analyses and suitable technical and demographic bases are adopted; the flows are also discounted at a market rate of interest. This actuarial calculation is made by independent professionals.

The costs of servicing the plan are accounted for under personnel costs as the net amount of contributions paid, contributions which accrued to previous financial periods which have not yet been accounted for, accrued interest and expected income from plan assets and actuarial gains/losses.

Actuarial gains and losses arising from adjustments to the assumptions formulated previously, as a result of genuine experience or owing to modifications to actuarial assumptions themselves, require the net liability to be re-measured and are charged against an entry under an equity reserve. These gains and losses are recognised in the "Statement of comprehensive income."

The portion earned from 1 January 2007 onwards is classified as a defined contribution plan and therefore the amounts earned in each financial period are recognised through profit or loss.

PROVISIONS FOR RISKS AND CHARGES

Criteria for recognition, derecognition and measurement

The amounts set aside represent the best estimate of the expenditure required to meet obligations. In making this estimate, the risks and uncertainties related to the facts and circumstances in question are considered. When the temporal element is material, accruals are discounted at current market rates. The provision is recognised through profit or loss. The provisions that have been set aside are re-examined periodically and adjusted if necessary to reflect the best current estimate. If it becomes unlikely that the cost will have to be sustained the accrual is written off.

Criteria for classification

Provisions for risks and charges include accruals for present obligations arising from past events, the settlement of which is likely to result in an outflow of economic resources in order to fulfil the obligations, provided that the related amount can be estimated reliably.

Criteria for recognition of income components

Accruals and recoveries against provisions for risks and charges are allocated to item 150 "Net accruals to provisions for risks and charges." This item includes increases in the provisions owing to the passage of time, net of any amounts recognised through profit or loss.

Provisions for risks and charges include the following sub-items:

- Provisions for risks and charges: commitments and guarantees issued.
- This sub-item includes provisions for credit risk set aside against commitments to disburse funds and the guarantees issued which are subject to impairment rules in accordance with IFRS 9, as are the provisions for “Financial assets measured at amortised cost” and “Financial assets at fair value through comprehensive income”.
- For more details on the impairment model, reference should be made to the information provided in the criteria for measurement of “Financial assets measured at amortised cost”.
- Provisions for risks and charges: pension funds and similar obligations.
- The sub-item "Pension funds and similar obligations" includes defined-benefit plans, i.e. pension funds for which a guarantee has been issued on the repayment of capital and/or return in favour of the beneficiaries, The benefits to be paid out in the future are assessed by an external actuary, using the "Projected unit credit method", as required by IAS 19. The full amount of actuarial gains and losses, defined as the difference between the book value of the liability and the current value of the commitments at the end of the period, is accounted for directly in equity in the item “Valuation reserves.”
- Provisions for risks and charges: other provisions for risks and charges.
- The sub-item "Other provisions for risks and charges" includes provisions set aside for disbursements estimated for legal or constructive obligations arising from past events. These payments may be required as per contract.

INCOME STATEMENT

RECOGNITION OF COSTS AND REVENUES

Revenues are recognised when received or when it is likely that the future benefits will be received and these benefits can be calculated reliably. Specifically:

- interest is recognised *pro rata temporis* on the basis of the contractual rate of interest or the effective rate of interest if amortised cost is applied;
- default interest is recognised on an accruals basis through profit or loss and prudentially entirely adjusted while contributing to the formation of revenues only when it is actually collected;
- revenues from services are recognised at the fair value of the consideration received and are accounted for in the period when services are rendered.

Costs are recognised through profit or loss on an accruals basis in the period in which the relative revenues are accounted for. Costs which cannot be associated with revenues are recognised through profit or loss immediately. Specifically, commissions are recognised at the time they are earned provided that the future benefits involved are to be reasonably expected. Commissions considered in amortised cost for the purposes of determining the effective rate of interest are excluded, which are recognised under interest.

OTHER INFORMATION

FOREIGN CURRENCY TRANSACTIONS

Criteria for classification

Foreign currency transactions consist of all assets and liabilities denominated in currencies other than the Euro.

Criteria for recognition and derecognition

The aforesaid foreign currency assets and liabilities are initially converted into Euros at the spot exchange rates prevailing on the date of each transaction.

Criteria for measurement

Foreign currency assets and liabilities relating to monetary items are converted at the spot exchange rates prevailing on the reporting date of the financial statements.

Criteria for recognition of income components

Foreign exchange differences arising from foreign currency transactions are recognised under item 80 “Net result from trading” of the income statement.

SECURITISATIONS ORIGINATED

The receivables assigned in securitisation transactions completed by the Company are not derecognised unless risks and rewards have been substantially transferred, even if they have been formally assigned without recourse (*pro soluto*) to a vehicle company (SPV). This arises, for example, if the Company subscribes tranches of junior notes or similar exposures, since it bears the risk of the first losses and, likewise, benefits from the return on the transaction..

In these circumstances the receivables underlying these transactions remain on the balance sheet, while liabilities include, among payables, the overall amount of notes issued by the SPV , net of those subscribed by the assignor company (Junior notes). In self-securitisation transactions, as the assignor company subscribes all the classes of notes issued by the SPV, no notes are reported.
The same disclosure criteria, based on the principle of substance over form, are applied to the recognition of economic components.

Section 5 – Consolidation area and methods

The consolidated financial statements include the balance sheet and income statement results of the securitisation vehicles Alba 6 SPV S.r.l., Alba 7 SPV S.r.l., Alba 8 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l. and Sunny 1 SPV S.r.l., in addition to the banking Sub-portfolio described in “Section 4 – Other aspects - Agreement on securitised loans” above.
The consolidation area is determined in compliance with the provisions of IFRS 10 “Consolidated Financial Statements”, according to which the control requirement is the basis for consolidating any type of entity and is met when an investor simultaneously:

- has power to direct an entity’s relevant activities;
- is exposed or has rights to variable returns from its involvement with the investee;
- has the ability to use its power to affect the amount of its returns (link between power and returns).

IFRS 10, therefore, states that in order to have control the investor must have the ability to direct the investee’s relevant activities by virtue of a legal right or a mere *de facto* situation, and must also be exposed to the variability of the results deriving from this power.

Generally, when an entity is directed through the exercise of voting rights, control is derived from the possession of more than half of these rights. In other cases, particularly that of structured entities, assessment of control is more complex and involves greater recourse to judgments, since it requires all the factors and circumstances to be taken into account which may establish whether an investor has control over the entity. A number of elements have to be considered for this purpose, such as, but not limited to, the purpose and design of the entity, any right held under contractual arrangement, any potential voting rights and the nature and dispersion of any rights held by other investors.
In this case, the said vehicle companies were consolidated on a line-by-line basis after thorough consideration of each transaction carried out, although Alba Leasing S.p.A. has no voting rights, as regards both assets and liabilities “above the line” and those relating to separate assets attributable to securitisation transactions.

Subsidiaries are consolidated from the date on which Alba Leasing S.p.A. gains control over them and cease to be consolidated from the time at which a control situation no longer exists. The existence of control is the object of an ongoing assessment process should facts and circumstances point to a change having taken place in one or more of the three elements which satisfy the control requirement.
The share capital has been stated under item 80 “Other liabilities” of the consolidated Balance Sheet Liabilities in consideration of the specific nature of control exercised over the abovementioned SPVs.

1. Equity investments in subsidiaries:

Company name	Operating office	Type of relationship (1)	Investment relationship		Available votes
			Investing Company	% Share	
A. I Companies					
A1. Consolidated on a line-by-line basis					
Alba 6 SPV S.r.l.	Conegliano	4			
Alba 7 SPV S.r.l.	Conegliano	4			
Alba 8 SPV S.r.l.	Conegliano	4			
Alba 9 SPV S.r.l.	Conegliano	4			
Alba 10 SPV S.r.l.	Conegliano	4			
Sunny 1 SPV S.r.l.	Milan	4			

Key:
(1) Type of relationship
4 = Other forms of control

5. Other information

For more details on securitisation transactions, reference should be made to “Part B – Information on the Balance Sheet – Assets - Section 4 – Financial assets measured at amortised cost”, as well as to “Part D – Other information – Section 2 – Securitisation transactions, information on unconsolidated structured entities for accounting purposes (other than securitisation SPVs) and disposals of assets.”
The financial statements of securitisation SPVs used for consolidation purposes were prepared in Euros at 31 December 2018.

A.3 - INFORMATION ON THE TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

No reclassifications between portfolios of financial assets were made during the financial year.

A.4 - INFORMATION ON THE FAIR VALUE

QUALITATIVE INFORMATION

It should be noted that the only financial instruments measured at fair value on a recurring basis are the trading derivatives stated under asset item 20 “Financial assets at fair value through profit or loss: a) financial assets held for trading” and liability item 20 “Financial liabilities held for trading.” They were terminated in the course of the financial year.

IFRS 13, Fair Value Measurement, came into force with effect from 1 January 2013. This standard sets out a framework for measuring fair value in a single document, which was previously laid down in the rules of various accounting standards. IFRS 13 maintains the concept of fair value substantially unchanged, but provides new guidelines for its application and requires further disclosures in the financial statements.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the terms current at the measurement date in the principal or most advantageous market. For the purposes of fair value measurement, IFRS 13 defines three levels of fair value hierarchy, based on the observability, or otherwise, of market inputs:

1) quoted prices in active markets (Level 1): measurement is determined on the basis of (unadjusted) quoted prices in active markets for similar assets or liabilities;
2) measurement methods based on observable market inputs (Level 2): the financial instrument is measured on the basis of prices observable from quoted prices of similar assets or by means of measurement techniques in which all the significant factors, including credit spreads and liquidity, are taken from inputs observable in the market. In this level fewer discretionary elements are required in order to measure the instrument since all the inputs used are taken from the market (for the same instrument or similar instruments) and the method of calculation enables quoted prices in active markets to be replicated;
3) valuation methods based on unobservable market inputs (Level 3): the measurement techniques adopted to determine fair value are based to a substantial extent on relevant inputs which are unobservable in the market and therefore entail estimates and assumptions on the part of management.

No reclassifications between portfolios of financial assets were made during the financial year.

The fair value of other financial instruments measured on a non-recurring basis is determined for the purpose of providing disclosures in the Notes to the Financial Statements, as required by the relevant accounting standard IFRS 7. Specifically:

- the fair value of medium- to long-term investments is measured according to a risk aversion approach: expected cash flows, suitably adjusted for expected losses (PD and LGD) are discounted on the basis of a risk-free market rate, plus a component which is considered to represent risk aversion (risk premium), in order to take account of additional factors to expected loss. Fair value measured in this way is categorised in Level 3 in the hierarchy;
- the carrying amount on initial recognition of other assets and liabilities, particularly those on demand or with a short-term contractual maturity date, is considered to be a good approximation of fair value. The fair value determined in this manner is conventionally classified at level 3 in the fair value hierarchy;
- the fair value of property, plant and equipment held for investment purposes consists of the valuation in the periodic expert report commissioned by the Company.

<u>A.4.1 Fair value levels 2 and 3: valuation techniques and inputs</u>

The fair value of financial instruments listed on active markets normally agrees with the prices observable in the market (quoted prices readily and regularly available on a list) while the fair value of instruments not listed in an active market is observed by using prices provided by specialist information providers.
If the above techniques cannot be resorted to, estimates and measurement models are employed which refer to data observable in the market, if available; these methods are in line with those generally accepted and utilised by the market and are based, for example, on the measurement of listed instruments with similar characteristics, including risk profile, calculation of discounted cash flows and models for the determination of option prices, also taking issuer credit risk into account in determining the rate. Methods similar to the above are also used for financial instruments for which no observable market inputs are available, or for which such inputs are not reliable.
The only Company's items measured at fair value on a recurring basis are made up of financial assets and liabilities held for trading, consisting of derivatives serving the Agreement on securitised loans.
Interest rate swaps (IRS) have been measured by discounting the expected cash flows to be exchanged on the dates agreed in the contracts for the various instruments.
Alba Leasing S.p.A. has provided the notional amounts for the individual exchanges, as well as some flows from movements in the asset portfolios underlying the derivative contracts, while the rates used for discounting the flows have been taken from the zero coupon interest rate curve. The interest rates used to estimate flows indexed to the money market (EURIBOR with various tenors) are taken from the short-term euro swap curve.

Fair value has been estimated using the implicit volatilities quoted on the measurement date.
When there were bid-ask prices, as is the practice in financial markets, the mid-price was considered".

A.4.2 Measurement processes and sensitivity

No financial assets or liabilities measured at fair value on a recurring basis are hierarchically categorised in Level 3. Therefore, no quantitative sensitivity analyses have been prepared on the fair value.

A.4.3 Fair value hierarchy

In fair value measurement, IFRS 13 refers to the concept of a hierarchy of valuation techniques, which was introduced in an amendment to IFRS 7, approved by Regulation no. 1165 of 27 November 2009, providing for the obligation to classify valuations on the basis of a level hierarchy that reflects the significance of the inputs used in the measurement of financial instruments. The objective of this classification is to establish a hierarchy for the reliability of fair value measurements according to the level of discretion used by entities, giving the highest priority to the use of inputs observable in the market which reflect the assumptions that market participants would make in pricing assets and liabilities. The following levels are distinguished:

Level 1) quoted prices (unadjusted) observed in active markets – according to the definition under IAS 39 – for the assets or liabilities being measured;

Level 2) inputs other than quoted market prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) in the market;

Level 3) inputs are not based on observable market inputs. In this case fair value is determined applying valuation techniques consistently based on the adoption of estimates and assumptions on the part of competent offices.

The method is not optional but chosen hierarchically, priority being given to official prices in active markets; failing these inputs, other methods are adopted which in any case refer to observable inputs; failing this method too, valuation techniques which use non-observable inputs are used.

A.4.4 Other information

There was no information to be provided on the reporting date pursuant to IFRS 13, paragraph 51, 93 letter (i) and 96.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.1 Financial assets and liabilities measured at fair value on a recurring-basis: breakdown by fair value levels

This item was not reported at 31 December 2018.

A.4.5.2 Annual changes in financial assets measured at fair value on a recurring basis (level 3)

No transactions were carried out during the financial year, which can be recognised as financial assets measurable
at fair value level 3.

A.4.5.3 Annual changes in financial liabilities measured at fair value on a recurring basis (level 3)

No transactions were carried out during the financial year, which can be recognised as financial liabilities measurable at fair value level 3.

A.4.5.4 Financial assets and liabilities not measured at fair value or measured at fair value on a recurring-basis: breakdown by fair value levels

Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis *(thousands of Euros)*	31/12/2018			
	BV	L1	L2	L3
1. Financial assets measured at amortised cost	4,947,474	-	-	5,193,359
2. Property, plant and equipment held for investment purposes	10,642	-	-	22,228
3. Non-current assets held for sale and disposal groups of assets	-	-	-	-
Total	**4,958,116**	**5,018**	**-**	**5,215,587**
1. Financial liabilities measured at amortised cost	4,519,405	-	-	4,519,405
2. Liabilities associated with assets held for sale	-	-	-	-
Total	**4,519,405**	**-**	**-**	**4,519,405**

Key

BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis *(thousands of Euros)*	31/12/2017			
	BV	L1	L2	L3
1. Financial assets held to maturity	5,016	5,077	-	-
2. Receivables	4,959,865	-	-	5,311,128
3. Property, plant and equipment held for investment purposes	6,121	-	-	8,050
4. Non-current assets held for sale and disposal groups of assets	54,227	-	-	54,227
Total	5,025,229	5,077	-	5,373,405
1. Payables	2,742,495	-	-	2,742,495
2. Outstanding securities	2,008,093	-	-	2,008,093
3. Liabilities associated with assets held for sale	-	-	-	-
Total	4,750,588	-	-	4,750,588

Key

BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

For more details on the criteria used to measure fair value and the levels of financial assets and liabilities measured at cost and for which the fair value is required for disclosure purposes, reference should be made to the paragraph on "Qualitative information" of this section.

A.5 - INFORMATION ON THE "Day One Profit/loss"

No transactions were carried out during the period, which gave rise to this situation.

Part B – Information on the consolidated balance sheet

(values in thousands of Euros)

ASSETS

Section 1 – Cash and cash equivalents – Item 10

Breakdown of item 10 "Cash and cash equivalents"

Items *(thousands of Euros)*	31/12/2018	31/12/2017
a) Cash	15	9
Total	15	9

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

2.1 Financial assets held for trading: breakdown by product

Items/Values *(thousands of Euros)*	31/12/2018			31/12/2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A Cash assets						
1. Debt securities	-	-	-	-	-	-
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	-	-	-	-	-	-
2. Equity instruments and UCI units	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B Derivative financial instruments						
1. Financial derivatives	-	-	-	-	75	-
1.1 held for trading	-	-	-	-	75	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total B	-	-	-	-	75	-
Total (A+B)	-	-	-	-	75	-

Key

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

This item included the positive fair value pertaining to Alba Leasing S.p.A. according to the provisions laid down in the Agreement on securitised loans in relation to the Interest Rate Swaps entered into by Banco BPM S.p.A. (formerly Banca Italease) into within the scope of the securitisations involved in said Agreement.

2.2 Derivative financial instruments

This sub-item does not show any balance.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Types/underlying *(thousands of Euros)*	Interest rates	Currencies	Equity instruments	Other	31/12/2017
1. Over the counter					
Financial derivatives					
- Fair value	75	-	-	-	75
- Notional value	81,507	-	-	-	81,507
Credit derivatives					
- Fair value	-	-	-	-	-
- Notional value	-	-	-	-	-
Total (A)	75	-	-	-	75
2. Others					
Financial derivatives					
- Fair value	-	-	-	-	-
- Notional value	-	-	-	-	-
Credit derivatives					
- Fair value	-	-	-	-	-
- Notional value	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B)	75	-	-	-	75

2.3 Financial assets held for trading: breakdown by debtors/issuers /counterparties

This sub-item does not show any balance.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Items / Values *(thousands of Euros)*	31/12/2017
Cash assets	
a) Governments and Central Banks	-
b) Other public entities	-
c) Banks	-
d) Financial entities	-
e) Other issuers	-
Derivative financial instruments	
a) Banks	75
b) Other components	-
Total	75

2.4 Financial assets designated at fair value: breakdown by product

This sub-item does not show any balance.

2.5 Financial assets designated at fair value: breakdown by debtors / issuers

This sub-item does not show any balance.

2.6 Other financial assets mandatorily at fair value: breakdown by product

This sub-item does not show any balance.

2.7 Other financial assets mandatorily at fair value: breakdown by debtors/issuers

This sub-item does not show any balance.

Section 4 – Financial assets measured at amortised cost - Item 40

4.1 Financial assets measured at amortised cost: breakdown by product of receivables from banks

Breakdown *(thousands of Euros)*	31/12/2018					
	Book value			Fair value		
	First and second stage	Third stage	of which: impaired assets acquired or originated	L1	L2	L3
1. Deposits and current accounts	5,500	-	-			5,500
2. Loans	216	-	-			217
2.1 Repos	-	-	-			-
2.2 Finance lease	216	-	-			-
2.3 Factoring	-	-	-			-
- with recourse	-	-	-			-
- without recourse	-	-	-			-
2.4 Other loans	-	-	-			-
3. Debt securities	-	-	-			-
- structured securities	-	-	-			-
- other debt securities	-	-	-			-
4. Other assets	162,115	-	-			162,115
Total	167,831	-	-	-	-	167,832

Key

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

“Other assets” are mainly made up of:

- receivables claimed from Banco BPM S.p.A. (following the merger by incorporation into Banca Italease) and/recognised as a result of the Agreement for the deferred price not paid by the securitisation SPVs, which accrued during the period from 31 March to 31 December 2009 and the remuneration on junior and senior notes relating to the banking Sub-portfolio, which are payable to Alba Leasing, equal to Euro 351 thousand, under the Agreement on securitised loans;

- items of Euro 144,557 thousand included in separate assets of consolidated SPVs, which are mainly made up of cash investments.

No impaired loans have been recognised, which are claimed from bank counterparties.

Finance lease receivables include "assets sold not derecognised": for more details, reference should be made to the information reported at the bottom of table 4.3 "Financial assets measured at amortised cost: breakdown by product of receivables from customers."

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Breakdown *(thousands of Euros)*	31/12/2017			
	Book value	Fair value		
		L1	L2	L3
1. Deposits and current accounts	6,057			6,057
2. Loans	281			282
2.1 Repos	-			-
2.2 Finance lease	281			-
2.3 Factoring	-			-
- with recourse	-			-
- without recourse	-			-
2.4 Other loans	-			-
3. Debt securities	-			-
- structured securities	-			-
- other debt securities	-			-
4. Other assets	159,078			159,078
Total	165,416	-	-	165,417

Key

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

4.2 Financial assets measured at amortised cost: breakdown by product of receivables from financial companies

Breakdown (thousands of Euros)	31/12/2018					
	Book value			Fair value		
	First and second stage	Third stage	of which: impaired assets acquired or originated	L1	L2	L3
1. Loans	85,106	4,886	-	-	-	91,622
1.1 Repos	-	-	-	-	-	-
1.2 Finance lease	84,441	4,886	-	-	-	91,622
1.3 Factoring	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-
1.4 Other loans	665	-	-	-	-	-
2. Debt securities	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-
3. Other assets	1,219	-	-	-	-	1,219
Total	86,325	4,886	-	-	-	92,841

Key

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

Finance lease receivables include “assets sold not derecognised”: for more details, reference should be made to the information reported at the bottom of table 4.3 “Financial assets measured at amortised cost: breakdown by product of receivables from customers.”

“Other loans” includes, among performing loans, the amount of mortgage loan agreements (Euro 665 thousand).

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Breakdown *(thousands of Euros)*	31/12/2017					
	Book value			Fair value		
	Performing loans	Impaired loans		L1	L2	L3
		Purchased	Others			
1 Loans	106,614		6,688			119,424
1.1 Repos	-		-			-
1.2 Finance lease	93,818		6,688			-
1.3 Factoring	-		-			-
- with recourse	-		-			-
- without recourse	-		-			-
1.4 Other loans	12,796		-			-
2 Debt securities	-		-			-
- structured securities	-		-			-
- other debt securities	-		-			-
3 Other assets	3,497		-			3,497
Total	110,111	-	6,688	-	-	122,921

Key

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

4.3 Financial assets measured at amortised cost: breakdown by product of receivables from customers

Breakdown *(thousands of Euros)*	31/12/2018					
	Book value			Fair value		
	First and second stage	Third stage	of which: impaired assets acquired or originated	L1	L2	L3
1. Loans	4,210,065	471,572	-	-	-	4,930,896
1.1 Finance lease	4,024,263	460,997	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-
1.2 Factoring	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-
1.3 Consumer credit	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-
1.5 Loans against pledge	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	-	-	-	-	-	-
1.7 Other loans	185,802	10,575	-	-	-	-
of which: from enforcements of guarantees and commitments	-	-	-	-	-	-
2. Debt securities	5,005	-	5,018	-	-	-
2.1 structured securities	-	-	-	-	-	-
2.2 other debt securities	5,005	-	5,018	-	-	-
3. Other assets	1,790	-	-	-	-	1,790
Total	4,216,860	471,572	5,018	-	-	4,932,686

Key

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

"Other loans" are made up of:

First and second stage:

- Euro 153,947 thousand for pending finance lease agreements;
- Euro 16,714 thousand for mortgage loan agreements;
- Euro 15,141 thousand for unsecured loan agreements;

Third stage:

- Euro 5,318 thousand for pending finance lease agreements;
- Euro 5,257 thousand for mortgage loan agreements.

Debt Securities are made up of a Multi-year Treasury Bond (BTP) acquired in 2015 and due 1 November 2020. This purchase related to the current regulations concerning the maximum amounts that can be financed through the intervention of CDP (Cassa Depositi e Prestiti) for soft loans (Sabatini Act).
These securities are provided as security to CDP in order to obtain an increase in the original financing ceiling.

Finance lease receivables include "assets sold not derecognised" for a total amount of Euro 3,252,377 thousand (an amount of Euro 115,972 thousand of which related to impaired loans): furthermore, this value includes the exposure for receivables from banks (equal to Euro 9 thousand) and receivables from financial entities (equal to Euro 46,887 thousand, an amount of Euro 9 thousand of which related to impaired loans).

During the year, a new Securitisation transaction of Alba 10 was structured through the transfer of receivables to a newly-established SPV.

The Alba 10 transaction (carried out with Alba 10 SPV S.r.l.) involved the issue of Senior Notes A1 for Euro 408.4 million, Senior Notes A2 for Euro 200.0 million, Mezzanine Notes B for Euro 130.0 million, Mezzanine Notes C for Euro 75.0 million and Junior (J) Notes for Euro 145.4 million.

Upon issue the Company subscribed Senior Notes A1 for Euro 80 Million, Mezzanine Notes B, Mezzanine Notes C and Junior (J) notes.
Subsequently the Company sold Senior Notes A1 and Mezzanine Notes B for Euro 90 million to institutional investors.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Items/values *(thousands of Euros)*	31/12/2017			
	Book value	Fair value		
		Level 1	Level 2	Level 3
1. Debt securities	5,016	5,077		
1.1 Structured securities	-	-		
a) Governments and Central Banks	-	-		
b) Other public entities	-	-		
c) Banks	-	-		
d) Financial entities	-	-		
e) Other issuers	-	-		
1.2 Other securities	5,016	5,077		
a) Governments and Central Banks	5,016	5,077		
b) Other public entities	-	-		
c) Banks	-	-		
d) Financial entities	-	-		
e) Other issuers	-	-		
2. Loans	-	-		
a) Banks	-	-		
b) Financial entities	-	-		
c) Customers	-	-		
Total	5,016	5,077	-	-

Breakdown *(thousands of Euros)*	31/12/2017					
	Performing loans	Impaired loans		Fair value		
		Purchased	Others	L1	L2	L3
1. Loans	4,138,909	-	502,149			4,986,198
1.1 Finance lease	3,964,635	-	497,319			-
of which: without final purchase option	-	-	-			-
1.2 Factoring	-	-	-			-
- with recourse	-	-	-			-
- without recourse	-	-	-			-
1.3 Consumer credit	-	-	-			-
1.4 Credit cards	-	-	-			-
1.5 Loans against pledge	-	-	-			-
1.6 Loans granted in relation to payment services provided	-	-	-			-
1.7 Other loans	174,274	-	4,830			-
of which: from enforcements of guarantees and commitments	-	-	-			-
2. Debt securities	-	-	-			-
2.1 structured securities	-	-	-			-
2.2 other debt securities	-	-	-			-
3. Other assets	36,592	-	-			36,592
Total	4,175,501	-	502,149	-	-	5,022,790

Key

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

4.4 Financial assets measured at amortised cost: breakdown by debtors / issuers of receivables from customers

Type of transactions/Values *(thousands of Euros)*	31/12/2018		
	First and second stage	Third stage	of which: impaired assets acquired or originated
1. Debt securities	5,005	-	-
a) Public Administration	5,005	-	-
b) Other Financial Companies	-	-	-
of which: Insurance companies	-	-	-
c) Non-financial companies	-	-	-
2. Loans due to:	4,210,065	471,572	-
a) Public Administration	21,684	169	-
b) Other Financial Companies	92,639	5,055	-
of which: Insurance companies	6,679	164	-
c) Non-financial companies	3,823,426	449,204	-
d) Families	272,316	17,144	-
3. Other assets	1,790	-	-
Total	4,216,860	471,572	-

4.5 Financial assets measured at amortised cost: gross value and overall value adjustments

(thousands of Euros)	Gross Value				Overall value adjustments			Overall partial write-offs *
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	5,005	-	-	-	-	-	-	-
Loans	3,465,567	2,977,256	1,038,388	736,812	7,326	32,736	260,026	1,389
Other assets	1,790	-	-	-	-	-	-	-
Total at 31/12/2018	**3,472,362**	**2,977,256**	**1,038,388**	**736,812**	**7,326**	**32,736**	**260,026**	**1,389**
of which: impaired financial assets acquired or originated	X	X	-	-	X	-	-	-

** Value to be stated for information purposes*

No comparative figure for the previous year is provided, since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

4.6 Financial assets measured at amortised cost: guaranteed assets

thousands of Euros	31/12/2018						31/12/2017					
	Receivables from banks		Receivables from financial companies		Receivables from customers		Receivables from banks		Receivables from financial companies		Receivables from customers	
	EBV	GFV	EBV	GFV	EBV	GFV	EBV	GFV	EBV	GFV	EBV	GFV
1. Performing assets guaranteed by:	216	-	85,106	922	4,040,977	772,844	281	-	106,543	13,101	3,989,701	734,576
- Finance lease assets	216	-	84,441	257	4,023,008	756,900	281	-	93,818	376	3,949,883	708,479
- Receivables for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	665	665	16,714	15,564	-	-	12,725	12,725	25,066	25,066
- Pledges	-	-	-	-	1,255	380	-	-	-	-	14,752	1,031
- Personal security	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on receivables	-	-	-	-	-	-	-	-	-	-	-	-
2. Impaired assets guaranteed by:	-	-	4,886	5	466,254	57,533	-	-	6,688	10	499,073	54,696
- Finance lease assets	-	-	4,886	5	459,787	52,038	-	-	6,688	10	497,319	52,942
- Receivables for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	5,257	5,257	-	-	-	-	1,754	1,754
- Pledges	-	-	-	-	1,210	238	-	-	-	-	-	-
- Personal security	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	216	-	89,992	927	4,507,231	830,377	281	-	113,231	13,111	4,488,774	789,272

Key

EBV = Exposure book value
GFV = Guarantee fair value

The table reports the guarantees received on the Company's investments, at their nominal value and at fair value. The guarantees stated in the table include bank guarantees, guarantees issued by MCC (Medio Credito Centrale) and EIF (European Investment Fund) guarantees, as well as pledges as security for finance leases and mortgage loan agreements.

Furthermore, the table reported above does not include:

- Exposures for pending finance lease agreements concerning performing positions for Euro 153,947 thousand (an amount of Euro 14,551 thousand of which is guaranteed) and impaired positions for Euro 5,318 thousand (an amount of Euro 522 thousand of which is guaranteed);
- Unsecured loan agreements (which are not guaranteed).

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

Assets/Values *(thousands of Euros)*	31/12/2018	31/12/2017
1. Owned assets	185	196
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	31	38
e) others	154	158
2. Assets acquired under finance lease	36	50
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) others	36	50
Total	221	246
of which: obtained through the enforcement of guarantees received	-	-

8.2 Property, plant and equipment held for investment purposes: breakdown of assets measured at cost

Items / Values *(thousands of Euros)*	31/12/2018				31/12/2017			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level3		Level 1	Level 2	Level3
1. Owned assets	10,642	-	-	22,228	6,121	-	-	8,050
- land	-	-	-	-	-	-	-	-
- buildings	10,642	-	-	22,228	6,121	-	-	8,050
2. Assets acquired under finance lease	-	-	-	-	-	-	-	-
- land	-	-	-	-	-	-	-	-
- buildings	-	-	-	-	-	-	-	-
Total	10,642	-	-	22,228	6,121	-	-	8,050
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-	-	-

Key

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

According to the information reported in the previous financial statements, it should be noted that the increase was due to buildings from finance lease agreements which were terminated - during the year - in lieu of a debt of the same amount in the framework of the execution of settlement agreements.
These properties have been classified under property, plant and equipment, taking account of the information reported in ”A.2 – Part relating to the main items in the financial statements”.

8.3 Property, plant and equipment for business use: breakdown of revalued assets

This sub-item does not show any balance.

8.4 Property, plant and equipment held for investment purposes: breakdown of assets measured at fair value

Assets/Values *(thousands of Euros)*	31/12/2018			31/12/2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Owned assets	-	-	22,228	-	-	8,050
a) land	-	-	-	-	-	-
b) buildings	-	-	22,228	-	-	8,050
2. Assets acquired under finance lease	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	-	-	22,228	-	-	8,050
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-

Key

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

8.5 Breakdown of property, plant and equipment regulated by IAS 2: inventories

This sub-item does not show any balance.

8.6 Property, plant and equipment for business use: annual changes

(thousands of Euros)	Land	Buildings	Furniture	Electronic equipment	Others	Total
A. Opening gross balances	-	-	-	38	208	246
A.1 Total net impairment	-	-	-	-	-	-
A.2 Opening net balances	-	-	-	38	208	246
B. Increases:	-	-	-	9	52	61
B.1 Purchases	-	-	-	9	52	61
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Value write-backs	-	-	-	-	-	-
B.4 Positive fair value changes charged to:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment purposes	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases	-	-	-	(16)	(70)	(86)
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	-	-	(16)	(70)	(86)
C.3 Value adjustments from impairment charged to:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Negative fair value changes charged to:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:						
a) property, plant and equipment held for investment purposes	-	-	-	-	-	-
b) non-current assets held for sale and disposal groups of assets	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Closing net inventories	-	-	-	31	190	221
D.1 Total net impairment	-	-	-	-	-	-
D.2 Closing gross inventories	-	-	-	31	190	221
E. Measurement at cost	-	-	-	31	190	221

8.7 Property, plant and equipment held for investment purposes: annual changes

(thousands of Euros)	Total	
	Land	Buildings
A. Opening balances	-	6,121
B. Increases:	-	4,851
B.1 Purchases	-	-
B.2 Capitalised improvement costs	-	-
B.3 Positive fair value changes	-	-
B.4 Value write-backs	-	-
B.5 Positive exchange differences	-	-
B.6 Transfers from properties for business use	-	-
B.7 Other changes	-	4,851
C. Decreases	-	(330)
C.1 Sales	-	-
C.2 Depreciation	-	(330)
C.3 Negative fair value changes	-	-
C.4 Value adjustments from impairment	-	-
C.5 Negative exchange differences	-	-
C.6 Transfers to other portfolios of assets	-	-
a) properties for business use	-	-
b) non-current assets held for sale	-	-
C.7 Other changes	-	-
D. Closing inventories	-	10,642
E. Fair value measurement	-	22,228

8.8 Inventories of property, plant and equipment regulated by IAS 2: annual changes

This sub-item does not show any balance.

8.9 Commitments for purchase of property, plant and equipment

This sub-item does not show any balance.

Section 9 – Intangible assets – Item 90

9.1 Breakdown of intangible assets

Items / Measurement *(thousands of Euros)*	31/12/2018		31/12/2017	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets:	6,801	-	7,407	-
2.1 owned assets	6,801	-	7,407	-
- internally generated	-	-	-	-
- others	6,801		7,407	-
2.2 acquired under finance lease	-	-	-	-
Total 2	6,801	-	7,407	-
3. Assets relating to finance lease:	-	-	-	-
3.1 unopted assets	-	-	-	-
3.2 assets withdrawn after termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	-	-	-	-
4. Assets granted under operating lease	-	-	-	-
Total (1+2+3+4)	6,801	-	7,407	-

Intangible assets include:

- the valuation of the contractual relationship with Credito Valtellinese recognised after the Purchase Price Allocation process. The asset has a definite useful life for an initial value of Euro 9,530 thousand and is subject to depreciation for a period of 9 years.
  This amount was equal to Euro 4,856 thousand at the reporting date.
  No indicators such as to lead the Company to consider an impairment procedure to be advisable emerged from the analyses conducted into the intangible asset constituted by this contractual relationship;
- software costs.

As regards software costs, the Company carried out all audits required by IAS 38 in order to be able to state them under the item.

9.2 Intangible assets: annual changes

(thousands of Euros)	Total
A. Opening balances	7,407
B. Increases:	1,186
B.1 Purchases	1,186
B.2 Value write-backs	-
B.3 Positive fair value changes	-
- to equity	-
- to profit or loss	-
B.4 Other changes	-
C. Decreases	(1,792)
C.1 Sales	-
C.2 Amortisation	(1,792)
C.3 Value adjustments	-
- to equity	-
- to profit or loss	-
C.4 Negative fair value changes	-
- to equity	-
- to profit or loss	-
C.5 Other changes	-
D. Closing inventories	6,801

9.3 Intangible assets: other information

This sub-item does not show any balance.

Section 10 – Tax assets and liabilities - Item 100 of assets and Item 60 of liabilities

The average rates used to calculate deferred tax assets and liabilities are: 27.5% for IRES (Corporate Income) tax (set following the approval of Law no. 244 of 24 December 2007) and 5.57% for IRAP (Regional Production Activity) tax (set following the approval of Law no. 98 of 6 July 2006, converted by Law no. 111 of 15 July 2011).

With effect from the tax period running at 1 January 2017, the 2016 stability act provided for a reduction in the IRES tax rate from the present 27.5% to 24%. However, it also provided for an additional IRES tax of 3.5% for credit and financial entities, thus cancelling the effect of the reduction in the IRES tax rate.

10.1 Breakdown of “Tax assets: current and deferred”

Breakdown of “Current tax assets”

The Company recognised:

- receivables from the Tax Office for withholdings applied on interest from current bank accounts and commissions for an amount of Euro 11 thousand.

Breakdown of "Current tax liabilities"

The Company recognised:

- an IRES tax receivable from the Tax Office amounting to Euro 3,304 thousand, arising from the payment of taxes relating to 2017 and stated in the tax return filed in 2018 by using the Form UNICO/2018;
- a payable to the Tax Office for IRES tax to be paid amounting to Euro 3,763 thousand;
- an IRAP tax receivable from the Tax Office amounting to Euro 233 thousand, arising from the payment of taxes relating to 2017 and stated in the tax return filed in 2018 by using the Form IRAP/2018;
- an IRAP tax receivable from the Tax Office amounting to Euro 597 thousand, for tax advances paid in 2018 using the electronic F24 form;
- a payable to the Tax Office for IRAP tax to be paid for Euro 864 thousand.

Since the requirements laid down in IAS 12 were met, the Company took steps to have these amounts offset against each other.

Breakdown of "deferred tax assets"

(thousands of Euros)	IRES tax	IRAP tax	Others	31/12/2018	31/12/2017
A) Against an entry in the Income Statement					
Write-down of receivables deductible in subsequent periods	46,579	4,372	-	50,951	44,020
Accruals and value adjustments deductible in subsequent periods	2,082	-	-	2,082	1,940
Financial assets and liabilities at fair value deductible in subsequent periods	-	-	-	-	-
Deferred tax assets on intercompany capital gains written off upon consolidation	-	-	-	-	-
Personnel costs and accruals to the provision for Employee Severance Pay deductible in subsequent periods	-	-	-	-	-
Write-downs of equity investments deductible in subsequent periods	-	-	-	-	-
Depreciation of non-operating properties deductible in subsequent periods	-	-	-	-	-
Others	2,323	418	-	2,741	2,893
Total A	50,984	4,790	-	55,774	48,853
B) Against an entry in Equity					
Others	244	36	-	280	489
Total B	244	36	-	280	489
Total (A+B)	51,228	4,826	-	56,054	49,342

Deferred tax assets arise from costs deductible in periods running after their recognition in the accounts.

10.2 Breakdown of "Tax liabilities: current and deferred"

Breakdown of "Current tax liabilities"

Reference should be made to the information reported in paragraph 10.1: "Breakdown of current and deferred tax assets."

Breakdown of "Deferred tax liabilities"

Deferred tax liabilities arise from temporary differences between tax value and statutory value of assets or liabilities recognised in the accounts.

10.3 Change in deferred tax assets (against an entry in the income statement)

(thousands of Euros)	31/12/2018	31/12/2017
1 Opening balance	48,853	54,136
2 Increases	8,704	788
2.1 Deferred tax assets recognised in the year	8,704	788
a) relating to previous years	-	-
b) due to a change in accounting standards	6,583	-
c) value write-backs	-	-
d) others	2,121	788
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3 Decreases	(1,783)	(6,071)
3.1 Deferred tax assets reversed in the year	(1,783)	(6,071)
a) reversals	(1,783)	(6,071)
b) write-downs for subsequent irrecoverability	-	-
c) due to a change in accounting standards	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
a) transformation into tax credits referred	-	-
to Italiann Law 214/2011		
b) others	-	-
4 Closing balance	55,774	48,853

10.3.1. Change in deferred tax assets referred to in Law 214/2011 (against an entry in the income statement)

(thousands of Euros)	31/12/2018	31/12/2017
1. Opening balance	37,215	37,215
2. Increases	-	-
3. Decreases	-	-
3.1 Reversals	-	-
3.2 Transformation into tax credits	-	-
a) arising from operating losses	-	-
b) arising from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	37,215	37,215

The requirements for the actual transformation of DTAs into tax credits were not met during the 2018 financial year.

As at 31 December 2018 Alba Leasing S.p.A. reported deferred tax assets (DTA - Deferred Tax Asset) which were not transformable for an amount of Euro 6,805 thousand (type-2 DTA). The recognition of these assets and their subsequently being retained in the accounts assume a judgment of probability as to their recovery. The recoverability may be adversely affected by circumstances that were not foreseeable at the reporting date, such as amendments to the tax regulations in force or changes in the macro-economic or market scenario such as to require the assumptions behind the judgment to be updated. For this reason, the recoverability of DTAs that are not transformable into tax credits is subject to monitoring on an ongoing basis.

Having carried out the probability test at the reporting date, the Company believes that the requirements for recoverability have been met, thus allowing the aforesaid deferred tax assets to continue to be recognised in the accounts.

10.4 Change in deferred tax liabilities (against an entry in the income statement)

This sub-item does not show any balance.

10.5 Change in deferred tax assets (against an entry in equity)

(thousands of Euros)	31/12/2018	31/12/2017
1 Opening balance	489	671
2 Increases	-	7
2.1 Deferred tax assets recognised in the year	-	7
a) relating to previous years	-	-
b) due to a change in accounting standards	-	-
c) others	-	7
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3 Decreases	(209)	(189)
3.1 Deferred tax assets reversed in the year	(209)	(189)
a) reversals	(209)	(189)
b) write-downs for subsequent irrecoverability	-	-
c) due to a change in accounting standards	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4 Closing balance	280	489

10.6 Change in deferred tax liabilities (against an entry in equity)

This sub-item does not show any balance.

Section 11 – Non-current assets held for sale, disposal groups of assets and associated liabilities – Item 110 of assets and item 70 of liabilities

11.1 Breakdown of "Non-current assets held for sale and disposal groups of assets"

Item *(thousands of Euros)*	31/12/2018	31/12/2017
Non-current assets held for sale and disposal groups of assets	-	54,227
Total	-	54,227

Item 130 "Non-current assets held for sale and disposal groups of assets" included a portfolio made up of 52 non-performing (NPL) real estate mortgage loan agreements with a gross value of Euro 103 million. These assets were acquired at the time of the contribution from Banca Italease and are not consistent with the core business conducted by the Company.

In June 2018, the Company proceeded with the sale of the aforementioned assets, accounting for the sale against an entry in the income statement item of “Profit (Losses) after tax from discontinued operations.”

It should be noted that two positions (a credit position and a property) were not sold following negotiations.
Although the Company intends to dispose of these positions, it was not possible to estimate, at the reporting date, the time required for this disposal and therefore they do not meet the requirements of IFRS 15. Consequently, the following items were reclassified as follows:

- a credit position of Euro 281 thousand 8at 31 December 2018) to Item 40 “Financial assets measured at amortised cost”;
- the property with a value of Euro 4,143 thousand (at 31 December 2018) to Item 80 “Property, plant and equipment”.

11.2 Breakdown of “Liabilities associated with assets held for sale”

This item does not show any balance.

Section 12 – Other assets – Item 120

12.1 Breakdown of “Other assets”

(thousands of Euros)	31/12/2018	31/12/2017
Receivables from the Tax Office (which cannot be classified to tax assets)	54,079	55,740
Items being processed	10,448	22,811
Accrued income and prepaid expenses not attributable to a separate item	5,049	4,761
Other items	40,883	48,476
Total	110,459	131,788

“Receivables from the Tax Office” include the receivable resulting from monthly VAT payments of Euro 37,990 thousand, as well as from 2013, 2016, and 2017 VAT credits requested for refund but not yet repaid for Euro 15,344 thousand.

"Accrued income and prepaid expenses not attributable to a separate item" are mainly composed of:

- prepaid expenses of Euro 4,349 thousand for insurance on lease agreements;
- prepaid expenses of Euro 8 thousand for insurance on loans;
- prepaid expenses of Euro 259 thousand for services invoiced in advance but accruing in future.

"Items being processed" are debits recorded waiting to be allocated precisely to specific items. The change compared to the previous year was mainly attributable to lease transactions that were completed in the last days of the year.

The value of "Other items" benefits from a reclassification arising from "Receivables from suppliers."

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost - Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of payables

Items *(thousands of Euros)*	31/12/2018			31/12/2017		
	due to banks	due to financial companies	due to customers	due to banks	due to financial companies	due to customers
1. Loans	2,401,165	63,409	-	2,299,107	109,128	-
1.1 repos	249,706	-	-	219,611	-	-
1.2 other loans	2,151,459	63,409	-	2,079,496	109,128	-
2. Other payables	24,955	1,053	60,626	120,262	799	66,414
Total	2,426,120	64,462	60,626	2,419,369	109,927	66,414
Fair Value -level 1	-	-	-	-	-	-
Fair Value -level 2	-	-	-	-	-	-
Fair Value -level 3	2,426,120	64,462	60,626	2,419,369	109,927	66,414
Total *Fair Value*	2,426,120	64,462	60,626	2,419,369	109,927	66,414

"Loans" among "Payables to banks" include:

- Advances on current account of Euro 1,721,852 thousand;
- Bank deposits of Euro 283,812 thousand;
- Short-term loans of Euro 45,099 thousand;
- Medium/long-term loans of Euro 92,789 thousand.

Payables to banks are mainly short-term items, but most exposures are to Partner Banks, which have stated their intention to supply Alba Leasing S.p.A. with constant inflows of liquidity.

"Other Payables" among "Payables to customers" are mainly made up of payables for advance payments of fees associated with the lease transactions entered into by the Company.

1.2 Financial liabilities measured at amortised cost: breakdown by product of the outstanding securities

Type of securities/Values *(thousands of Euros)*	Total 31/12/2018				Total 31/12/2017			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Securities								
- Bonds:	-	-	-	-	-	-	-	-
- structured	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
- Other securities:	1,968,197	-	-	1,968,197	2,008,093	-	-	2,008,093
- structured	-	-	-	-	-	-	-	-
- others	1,968,197	-	-	1,968,197	2,008,093	-	-	2,008,093
Total	1,968,197	-	-	1,968,197	2,008,093	-	-	2,008,093

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

"Other securities" are mainly made up of:

- junior notes relating to the banking Sub-portfolio for Euro 33,307 thousand;
- accrued expenses of Euro 56 thousand on securities relating to the banking Sub-portfolio;
- notes of the securitisation transaction carried out by the Company with Alba 6 SPV S.r.l. for Euro 227,718 thousand;
- notes of the securitisation transaction carried out by the Company with Alba 7 SPV S.r.l. for Euro 29,204 thousand
- notes of the securitisation transaction carried out by the Company with Alba 8 SPV S.r.l. for Euro 284,233 thousand.;
- notes of the securitisation transaction carried out by the Company with Alba 9 SPV S.r.l. for Euro 644,611 thousand;
- notes of the securitisation transaction carried out by the Company with Alba 10 SPV S.r.l. for Euro 697,473 thousand;
- notes of the securitisation transaction carried out by the Company with Sunny 1 SPV S.r.l. for Euro 50,900 thousand;
- accrued expenses of Euro 695 thousand on securities linked with securitisation transactions carried out by the Company.

1.3 Subordinated debt and securities

This item does not show any balance.

1.4 Structured debt

This item does not show any balance.

1.5 Finance lease debt

Other loans to financial companies include an amount of Euro 23 thousand for a lease transaction carried out by the Company.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

This item does not show any balance.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Liabilities *(thousands of Euros)*	31/12/2017				
	Fair Value			FV*	NV
	L1	L2	L3		
A. Cash liabilities					
1. Payables	-	-	-	-	-
2. Debt securities	-	-	-		-
- Bonds	-	-	-		-
- structured	-	-	-		-
- other bonds	-	-	-		-
- Other securities	-	-	-		-
- structured	-	-	-		-
- others	-	-	-		-
B. Derivative instruments					
1. Financial derivatives	-	74	-		79,606
2. Credit derivatives	-	-	-		-
Total	-	74	-	-	79,606

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3
NV= Nominal / notional value
FV*= Fair value calculated by excluding any changes in value due to changes in the issuer's credit rating with respect to the issue date.

This item consisted of the negative fair value pertaining to Alba Leasing S.p.A. according to the Agreement on securitised loans in relation to the Interest Rate Swaps entered into by Banco BPM S.p.A. (formerly Banca Italease) within the securitisations involved in the abovementioned Agreement.

2.2 Breakdown of financial liabilities held for trading: Subordinated liabilities

This sub-item does not show any balance.

2.3 Breakdown of financial liabilities held for trading: structured debt

This sub-item does not show any balance.

2.4 Breakdown of financial liabilities held for trading: derivative financial instruments

This sub-item does not show any balance.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

Liabilities *(thousands of Euros)*	31/12/2017				
	Fair Value			FV*	NV
	L1	L2	L3		
A. Cash liabilities					
1. Payables	-	-	-	-	-
2. Debt securities	-	-	-		-
- Bonds	-	-	-		-
- structured	-	-	-		-
- other bonds	-	-	-		-
- Other securities	-	-	-		-
- structured	-	-	-		-
- others	-	-	-		-
B. Derivative instruments					
1. Financial derivatives	-	74	-		79,606
2. Credit derivatives	-	-	-		-
Total	-	74	-	-	79,606

Section 6 – Tax liabilities – Item 60

See Section 10 – "Tax assets and liabilities" under Assets.

Section 8 – Other liabilities – Item 80

8.1 Breakdown of "Other liabilities

(thousands of Euros)	31/12/2018	31/12/2017
Payables to the Tax Office for sums to be paid on behalf of third parties	1,008	889
Payables to the Tax Office for substitute tax	-	776
Payables to Personnel	6,081	5,706
Payables to Statutory Auditors and Directors	99	82
Payables to Social Security Institutions	1,068	1,083
Payables to company Suppliers	3,370	4,194
Payables to Suppliers	115,553	-
Other items being processed	1,482	435
Accrued expenses and deferred income not attributable to a separate item	11,096	10,963
Other items	64,062	29,693
Total	**203,819**	**53,821**

Payables to the Tax Office for sums to be paid on behalf of third parties" are mainly made up of payables for withholding tax to be paid.

“Payables to Personnel” include:
- payables for accrued untaken holidays and for additional amounts due for Euro 4,320 thousand;
- payables for "solidarity fund" equal to Euro 948 thousand.

“Payables to Statutory Auditors and Directors” relate to fees due to statutory auditors, which had not been paid at the end of the year.

"Payables to company Suppliers" include
- payables of Euro 2,799 thousand due to the Company's suppliers;
- payables of Euro 571 thousand due to companies belonging to the Banco BPM Group for the provision of sundry services.

“Payables to Suppliers”, equal to Euro 115,553 thousand, consist of payables for lease agreements entered into.

The value of "Other items" benefits from a different exposure relating to "Receivables from suppliers." For more details, reference should be made to the information provided in Annex A for the 2017 financial year (for comparative purposes since this reclassification has not been reported in the table above).

"Accrued expenses and deferred income not attributable to a separate item" are mainly made up of:
- deferred income of Euro 5,248 thousand on insurance;
- accrued expenses and deferred income of Euro 5,848 thousand on other items.

Section 9 – Employee severance pay – Item 90

9.1 Employee severance pay: annual changes

(thousands of Euros)	31/12/2018	31/12/2017
A. Opening balance	2,509	2,578
B. Increases	80	26
B1. Provision for the year	25	26
B2. Other increases	55	-
C. Decreases	(77)	(95)
C1. Payments made	(77)	(83)
C2. Other decreases	-	(12)
D. Closing balance	2,512	2,509

The valuation was carried out in accordance with the provisions laid down under Law no. 296 of 27 December 2006 (2007 Finance Act); specifically, this calculation has been made considering that Companies with at least 50 employees are required to transfer the entire accruing provision for employee severance pay to a special INPS (National Social Security Institute) Treasury Fund for which the option for contributing them to supplementary pension funds has not been exercised.

This has given rise to the two following situations:
- from 1 January 2007 the accruing provision for employee severance pay for employees who opted for the Treasury Fund, and from the following month for those who opted for supplementary pension schemes, can be defined as a defined contribution plan, which does not require any actuarial calculation; the same applies to the employee severance pay of all employees recruited after 31 December 2006, regardless of which fund they choose to pay it in to;
- the provision for employee severance pay accrued as of the above date, on the other hand, remains defined as a defined benefit plan, even if the benefits have already completely accrued.

As from 1 January 2019, the age requirement to access old-age pension schemes as a result of the mechanism for adjusting the retirement age in relation to the evolution of life expectancy is set at 67 years.
This measurement takes account of the limited time effects of Decree Law no. 4 of 28 January 2019, “Urgent provisions for citizenship income and pension schemes", which reintroduced, as from 1 January 2019 and for a period of three years, the possibility of accessing pension schemes with at least 62 years of age and with contribution payments for at least 38 years (“100 threshold7”).

Actuarial Assumptions
The following parameters were taken into account in order to decide the actuarial model to apply:

- Regulatory parameters: all legal provisions and interpretations;
- Demographic parameters: for the probability of death, the 2016 ISTAT (Italian Statistical Institute) table and for the probability of invalidity the INPS table for the commercial sector (projection as of 2010);
- Economic parameters: for inflation rate, reference was made to the "Macroeconomic projections for the Eurozone prepared by the Eurosystem Experts in December 2018" (source: European Central Bank), corresponding to 1.3% for 2019, 1.5% for 2020 and 1.6% for 2021. A target of 2.00% p.a. predicted by the ECB has been assumed from 2022. Pay trends differentiated according to length of service and determined considering both price rise rates and outlook trends inferred from general communities and average increase in pay is equal to 0% throughout the duration of the situations analysed. The legal revaluation of the Employee Severance Pay was equal to 75% of the rise rate, increased by 1.5%, i.e. 2.48% for 2017, 2.63% for 2018, 2.70% for 2019 and 3.00% for subsequent years.
- Financial parameters: the parameter utilised is the corporate bond rate structure of AA rating issuers denominated in Euro and observed by Thomson Reuters as 31 December 2018. For situations terminating after more than twenty-five financial periods, a flat interest rate maturity structure was assumed, i.e. one in which the rates are all the same as those for the 25th year.

9.2 Other information

This sub-item does not show any balance.

Section 10 – Provisions for risks and charges – Item 100

10.1 Breakdown of Provisions for risks and charges

(thousands of Euros)		31/12/2018
1.	Provisions for credit risk relating to commitments and financial guarantees issued	916
2.	Provisions for other commitments and guarantees issued	-
3.	Company pension funds	-
4.	Other provisions for risks and charges	2,391
	4.1 legal and tax disputes	2,391
	4.2 personnel costs	-
	4.3 others	-
	Total	3,307

It should be noted that:

1. After the Revenue Agency served a notice of payment of stamp tax on 14 march 2012, based on the presumption that our Company had failed to declare that the alleged condition precedent had been satisfied, which was laid down in the "Deed of Contribution" entered into between Banca Italease S.p.A. and Alba Leasing S.p.A. on 24 December 2009 in relation to the lease-back of Financial Assets for Euro 3,492 thousand (arrangements referred to in section "II.D.2g", regarding financial assets held for trading referred to in annex "O") and Receivables of Euro 170,919 thousand (arrangements referred to in sections "II.F.2" and "II.F.3", regarding receivables contributed which did not meet the requirements laid down in the guarantees issued by the contributor), the Lombardy Regional Tax Board confirmed the judgment of first instance handed down by the Milan Provincial Tax Board and fully accepted the defence arguments submitted by our Company. The case was discussed at a public hearing held on 25 November 2014.
Therefore, by a judgment filed on 4 March 2015, the Revenue Agency's appeal was rejected and the withdrawal of the notice of payment was confirmed.
In view of the importance of this dispute, the Revenue Agency challenged the judgment issued by the Regional Tax Board in an appeal to the Supreme Court, which was served on Alba Leasing S.p.A. on 5 October 2015. The related counter-appeal, drawn up by trusted professionals, was delivered for service on the Revenue Agency on 12 November 2015.
Having considered the circumstances on which the Revenue Agency's assumptions are based and having regard to the opinion rendered by the Company's trusted professionals as regards this dispute initiated with the Tax Authorities, which have assessed the risk of losing as "possible" but not "probable", it was not deemed expedient to make any allocation, in compliance with the relevant accounting standards.

2. Following a Revenue Agency's inspection carried out at the Company, which was completed on 20 December 2013, a notice of IRES (Corporate Income) tax assessment was served on Alba Leasing S.p.A. for the 2009 tax year, regarding the non-deductibility of negative income components for a total amount of Euro 1,048 thousand. The objections arise from whether the amount of deductible costs in the 2009 tax year were correctly calculated in connection with bad debts, in accordance with Article 106, paragraph 3, of the Consolidation Law on Income Taxes (TUIR, *Testo Unico delle Imposte sui Redditi*).
According to the Revenue Agency's interpretation of this rule, the Company improperly included the following costs among write-downs of deductible receivables:

- An amount of Euro 86 thousand, equal to 0.30% of contributed receivables, guaranteed by the banks on the basis of "Presto Leasing" and "Leasing Auto" agreements;
- An amount of Euro 690 thousand, equal to 0.30% of the receivables involved in the "Agreement on securitised loans", guaranteed by the banks on the basis of "Presto Leasing" and "Leasing Auto" agreements;
- An amount of Euro 271 thousand, equal to 0.30% of contributed receivables, regarding five contracts entered into with customers "Romana Investimenti Immobiliare" and Fagioli Immobiliare", deemed null and void since they were for purchases made within a fraudulent transaction, already the object of a Tax Assessment Settlement agreement (*Accertamento con Adesione*) concluded between the Revenue Agency and Banca Italease S.p.A. for the years 2005-2006-2007.

The tax to be paid for the assessment is equal to Euro 288 thousand (equal to 27.5% of Euro 1,048 thousand).
The assessment also includes interest to be paid for Euro 46 thousand (in addition to interest of 4% for payments made after 3 June 2014) and sanctions of Euro 288 thousand.
The Lombardy Regional Tax Board has confirmed the first-instance judgment handed down by the Milan Provincial Tax Board, thus fully accepting the defence arguments submitted by our Company. The case was discussed at a public hearing held on 24 October 2016.
Therefore, a judgment filed on 14 July 2017 rejected the Revenue Agency's appeal and confirmed the cancellation of the notice of tax assessment.

Given the importance of the dispute, the Revenue Agency has challenged the judgment issued by the Regional Tax Board by an appeal filed with the Supreme Court, which was served on Alba Leasing S.p.A. on 14 February 2018. The relevant counter-appeal, drawn up by trusted professionals, was delivered for service on the Revenue Agency on 22 March 2018.
Having considered the circumstances on which the Revenue Agency's assumptions are based and having regard to the opinion rendered by the Company's trusted professionals as regards this dispute initiated with the Tax Authorities, which have assessed the risk of losing as "possible" but not "probable", it was not deemed expedient to make any allocation, in compliance with the relevant accounting standards.

3. Following a Revenue Agency's inspection carried out at the Company, which was completed on 20 December 2013, a notice of IRES (Corporate Income) tax assessment was served on Alba Leasing S.p.A. for the 2010 tax year, regarding the non-deductibility of negative income components for a total amount of Euro 1,132 thousand. The objections arise from whether the amount of deductible costs in the 2010 tax year were correctly calculated in connection with bad debts, in accordance with Article 106, paragraph 3, of the TUIR.
According to the Revenue Agency's interpretation of this rule, the Company improperly included the following costs among write-downs of deductible receivables:

- An amount of Euro 465 thousand, equal to 0.30% of contributed receivables, guaranteed by the banks on the basis of "Presto Leasing" and "Leasing Auto" agreements;
- An amount of Euro 402 thousand, equal to 0.30% of the receivables involved in the "Agreement on securitised loans", guaranteed by the banks on the basis of "Presto Leasing" and "Leasing Auto" agreements;
- An amount of Euro 265 thousand, equal to 0.30% of contributed receivables, regarding five contracts entered into with customers "Romana Investimenti Immobiliare" and Fagioli Immobiliare", deemed null and void since they were for purchases made within a fraudulent transaction, already the object of a Tax Assessment Settlement agreement (*Accertamento con Adesione*) concluded between the Revenue Agency and Banca Italease S.p.A. for the years 2005-2006-2007.

The tax to be paid for the assessment is equal to Euro 311 thousand (equal to 27.5% of Euro 1,132 thousand).
The assessment also includes interest to be paid for Euro 54 thousand (in addition to interest of 3.5% for payments made after 20 October 2015) and sanctions of Euro 373 thousand.
The Lombardy Regional Tax Board has confirmed the first-instance judgment handed down by the Milan Provincial Tax Board, thus fully accepting the defence arguments submitted by our Company. The case was discussed at a public hearing held on 19 November 2018.
The time limits for the Revenue Agency to lodge an appeal with the Supreme Court had not yet expired at the reporting date of these financial statements.
Having considered the circumstances on which the Revenue Agency's assumptions are based and having regard to the opinion rendered by the Company's trusted professionals as regards this dispute initiated with the Tax Authorities, which have assessed the risk of losing as "possible" but not "probable", it was not deemed expedient to make any allocation, in compliance with the relevant accounting standards.

4. Within the dispute that has arisen with the Lombardy Regional Government regarding liability to regional road tax, the judgments have become final, which were handed down by the Provincial Tax Board against the Lombardy Regional Government with regard to the 2010 (the amount claimed is Euro 115,170.17 thousand) and 2011 (the amount claimed is Euro 333,806.42 thousand) tax years.
With regard to the regional road tax relating to 2012 (the amount claimed is Euro 92 thousand), the Regional Tax Board did not confirm the first-instance judgment, declaring that the notices of assessment have been issued lawfully and ordering our Company to pay litigation costs amounting to Euro 5 thousand. On 19 November 2018 Alba Leasing S.p.A.

filed an appeal with the Supreme Court against the judgment handed down by the Regional Tax Board,
The Provincial Tax Board also handed down judgments in favour of the Company with regard to the 2013 and 2014 tax year (the amounts claimed are Euro 381 thousand and Euro 309 thousand, respectively), which annulled the notices of assessment that had been issued. The Lombardy Regional Government has filed an appeal with the Milan Regional Tax Board against the first-instance judgment.
Having considered the circumstances on which the Revenue Agency's assumptions are based and having regard to the opinion rendered by the Company's trusted professionals as regards this dispute initiated with the Tax Authorities, which have assessed the risk of losing as "possible" but not "probable", it was not deemed expedient to make any allocation, in compliance with the relevant accounting standards.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

(thousands of Euros)		31/12/2017
1	Company pension funds	-
2	Other provisions for risks and charges	2,424
	2.1 legal disputes	2,424
	2.2 personnel costs	-
	2.3 others	-
	Total	2,424

10.2 Provisions for risks and charges: annual changes

(thousands of Euros)	Provisions for other commitments and guarantees issued *	Pension funds	Other provisions for risks and charges	Total
A. Opening balance	652	-	2,424	3,076
B. Increases	735	-	1,334	2,069
B.1 Provision for the year	735	-	1,334	2,069
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to changes in the discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases	(471)	-	(1,367)	(1,838)
C.1 Use in the year	-	-	(76)	(76)
C.2 Changes due to changes in the discount rate	-	-	-	-
C.3 Other decreases	(471)	-	(1,291)	(1,762)
D. Closing balance	916	-	2,391	3,307

(*) The initial value corresponds to the First-Time Adoption of IFRS 9.

The items "Use in the year" and "Other decreases", respectively, include the use of amounts set aside in previous years.

For comparison purposes, the table below has been prepared pursuant to the previous Bank of Italy's Order regarding "The financial statements of IFRS intermediaries other than bank intermediaries" of 9 December 2016.

(thousands of Euros)	31/12/2017
A. Opening balance	2,887
B. Increases	1,056
B.1 Provision for the year	1,056
B.4 Other increases	-
C. Decreases	(1,519)
C.1 Use in the year	(630)
C.3 Other decreases	(889)
D. Closing balance	2,424

10.3 Provisions for credit risk relating to commitments and financial guarantees issued

(thousands of Euros)	Provisions for credit risk relating to commitments and financial guarantees issued			
	First Stage	Second Stage	Third Stage	Total
1. Commitments to disburse funds	184	561	106	851
2. Financial guarantees issued	3	-	62	65
Total	187	561	168	916

10.4 Provisions for other commitments and guarantees issued

This sub-item does not show any balance.

10.5 Defined-benefit Company pension funds

This sub-item does not show any balance.

10.6 Provisions for risks and charges – other provisions

This sub-item does not show any balance.

Section 11 - Equity – Items 110, 120, 130, 140, 150, 160 and 170

11.1 Breakdown of Share capital

Types	Amount
1. Share Capital	
1.1 Ordinary shares	357,953
1.2 Other shares	-

The share capital of Alba Leasing S.p.A. amounts to Euro 357,953,058.37, is fully subscribed and paid up and is divided into 353,450.000 shares of no par value.

11.2 Breakdown of Own shares

This sub-item does not show any balance.

11.3 Breakdown of Equity instruments

This sub-item does not show any balance.

11.4 Breakdown of Share premiums

Types	Amount
Share premium	105,000

On 30 November 2009 the extraordinary shareholders' meeting of Alba Leasing S.p.A. passed a resolution to make a capital increase against payment for a nominal amount of Euro 250,000 thousand and a share premium of Euro 105,000 thousand.

11.5 Other information

Availability and distributability of equity items

Nature	Amount	Possible use	Available share
Share capital	357,953		
Capital reserves			
Reserve for own shares	-	---	
Share premium reserve	105,000	A,B	-
Revenue reserve:			
Legal Reserve	578	B	
Extraordinary Reserve	-		
Profits (loss) carried forward	(71,908)	---	
Other reserves	(251)	---	
Profit (loss) for the year:	11,323		
Total	**402,695**		-
Residual distributable share			

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

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve is made available for distribution to shareholders only when the legal reserve is equal to 20% of the share capital. Sine this requirement has not been met, the share available for distribution is equal to zero.

Other information

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

(thousands of Euros)	Nominal value on commitments and financial guarantees issued			Total at 31/12/2018
	First Stage	Second Stage	Third Stage	
1. Commitments to disburse funds	424,321	173,687	228	598,236
a) Public Administration	-	-	-	-
b) Banks	-	-	-	-
c) Other financial companies	973	-	-	973
d) Non-financial companies	412,614	165,062	228	577,904
e) Families	10,734	8,625		19,359
2. Financial guarantees issued	2,250	449	168	2,867
a) Public Administration	-	-	-	-
b) Banks	-	-	-	-
c) Other financial companies	-	-	-	-
d) Non-financial companies	2,250	449	168	2,867
e) Families	-	-	-	-

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

2. Other commitments and guarantees issued

This sub-item does not show any balance.

3. Financial assets being offset in the accounts, subject to master netting agreements or to similar agreements

No offsetting of this type was made.

4. Financial liabilities being offset in the accounts, subject to master netting agreements or to similar agreements

No transactions of this type were carried out during the year.

5. Securities loans

This sub-item does not show any balance.

6. Information on jointly-controlled assets

This sub-item does not show any balance.

Part C – Information on the consolidated income statement

(values in thousands of Euros)

Section 1 - Interest – Items 10 and 20

1.1 Breakdown of "Interest earned and similar income"

Items / Actuarial forms *(thousands of Euros)*	Debt securities	Loans	Other transactions	31/12/2018
1. Financial assets at fair value through profit or loss:	-	-	-	-
1.1. Financial assets held for trading	-	-	-	-
1.2. Financial assets designated at fair value	-	-	-	-
1.3. Other financial assets mandatorily at fair value	-	-	-	-
2. Financial assets at fair value through comprehensive income	-	-	-	-
3. Financial assets measured at amortised cost:				
3.1 Receivables from banks	-	8	X	8
3.2 Receivables from financial entities	-	2,116	X	2,116
3.3 Receivables from customers	33	111,082	X	111,115
4. Hedging derivatives	X	X	-	-
5. Other assets	X	X	932	932
6. Financial liabilities	X	X	X	X
Total	33	113,206	932	114,171
of which: interest income from impaired financial assets	-	104,756	-	104,756

"Loans" mainly include interest income of Euro 112,712 thousand on finance lease agreements:

- An amount of Euro 2,021 thousand of which relates to finance leases belonging to the banking portfolio involved in the Agreement on securitised loans;
- An amount of Euro 10,147 thousand of which relates to interest on receivables "without recourse", i.e. those arising from non-securitised portions of securitised contracts.

"Other transactions" mainly include:

- Interest of Euro 213 thousand accrued against the Tax Office for VAT credit requested for refund.

As a result of the of adoption of IFRS 9, interest income recorded an increase of Euro 7,794 thousand, mainly due to this item including value write-backs arising from the passage of time, while they were stated under "Net value adjustments to receivables" until 31 December 2017.

Interest accrued in the year on positions that are classified as "non-performing" amounted to Euro 9,116 thousand (including Euro 7,254 thousand related to the aforementioned time effect) at the reporting date.

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries" (*Il bilancio degli intermediari IFRS diversi dagli intermediari bancari*").

Items / Actuarial forms *(thousands of Euros)*		Debt securities	Loans	Other transactions	31/12/2017
1	Financial assets held for trading	-	-	-	-
2	Financial assets at fair value	-	-	-	-
3	Financial assets available for sale	-	-	-	-
4	Financial assets held to maturity	33	-	-	33
5	Receivables				
	5.1 Receivables from banks	-	3	1,137	1,140
	5.2 Receivables from financial entities	-	1,423	24	1,447
	5.3 Receivables from customers	-	104,612	2	104,614
6	Other assets	X	X	151	151
7	Hedging derivatives	X	X	-	-
	Total	33	106,038	1,314	107,385

1.2 Interest earned and similar income: other information

There is no other information to be provided.

1.3 Breakdown of interest expense and similar charges

Items / Actuarial forms *(thousands of Euros)*		Payables	Securities	Other transactions	31/12/2018
1.	Financial liabilities measured at amortised cost				
	1.1 Payables to banks	10,164	X	-	10,164
	1.2 Payables to financial companies	446	X	-	446
	1.3 Payables to customers	-	X	-	-
	1.4 Outstanding securities	X	8,643	-	8,643
2.	Financial liabilities held for trading	-	-	-	-
3.	Financial liabilities designated at fair value	-	-	-	-
4.	Other liabilities	X	X	39	39
5.	Hedging derivatives	X	X	-	-
6.	Financial assets	X	X	X	X
	Total	10,610	8,643	39	19,292

"Payables to banks" mainly include:

- Interest expense of Euro 6,230 thousand on current accounts;
- Interest expense and financial costs on loans for Euro 981 thousand;
- Interest expense of Euro 968 thousand on time deposits;
- Interest expense of Euro 1,985 thousand on Repos carried out by the Company on the notes being securitised.

"Securities" are made up of interest expense and financial costs relating to:

- "senior" and "mezzanine" notes in the banking sub-portfolio involved in the Agreement on securitised loans for Euro 1,534 thousand;
- the securitisation transactions carried out by the Company during the year for Euro 7,109 thousand.

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Items / Actuarial forms *(thousands of Euros)*	Loans	Securities	Other	31/12/2017
1. Payables to banks	10,204	X	-	10,204
2. Payables to financial entities	644	X	-	644
3. Payables to customers	440	X	-	440
4. Outstanding securities	X	10,041	-	10,041
5. Financial liabilities held for trading	-	-	-	-
6. Financial liabilities at fair value	-	-	-	-
7. Other liabilities	X	X	26	26
8. Hedging derivatives	X	X	-	-
Total	11,288	10,041	26	21,355

1.4 Interest expense and similar charges: other information

1.4.1 Interest expense on foreign currency liabilities

This sub-item does not show any balance.

1.4.2 Interest expense on finance leases

Interest expense payable to Financial companies includes an amount of Euro 2 thousand for the lease transaction carried out by the Company.

There is no other information to be provided.

Section 2 - Commissions – Items 40 and 50

2.1 Breakdown of "Commissions earned"

Breakdown *(thousands of Euros)*	31/12/2018	31/12/2017
a) finance lease transactions	22,787	20,369
b) factoring transactions	-	-
c) consumer credit	-	-
d) guarantees issued	35	38
e) services for:		
- third-party fund management	-	-
- foreign exchange brokerage	-	-
- product distribution	-	-
- others	-	-
f) collection and payment services	-	-
g) servicing in securitisation transactions	-	164
h) other commissions	31	34
Total	22,853	20,605

"Lease transactions" are mainly made up of:
- Income of Euro 10,532 thousand for insurance premiums;
- Income of Euro 1,653 thousand for collection costs;
- Income of Euro 9,923 thousand for contract management costs.

"Other commissions" relate to income from loans and other financing.

Breakdown of “Commissions expense”

Breakdown/Sectors *(thousands of Euros)*	31/12/2018	31/12/2017
a) guarantees received	557	475
b) services distributed by third parties	-	-
c) collection and payment services	400	479
d) other commissions	17,012	12,876
- lease transactions	16,404	12,116
- others	608	760
Total	17,969	13,830

“Other commissions: lease transactions” mainly include:

- Costs of Euro 3,755 thousand incurred for underwriting fees due to banks;
- Costs of Euro 5,730 thousand incurred for insurance premiums;
- Costs of Euro 4,773 thousand incurred for contract management.

“Other commissions” includes costs incurred on securitisation transactions carried out by the Company.

Section 4 – Net result from trading – Item 80

4.1 Breakdown of “Net result from trading”

Items / Income components *(thousands of Euros)*	Capital gains	Trading profits	Capital losses	Trading losses	Net result
	(A)	(B)	(C)	(D)	[(A+B)-(C+D)]
1 Financial assets held for trading	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 UCI units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2 Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3 Financial assets and liabilities: foreign exchange differences	-	-	-	-	-
4 Financial derivatives	-	-	(1)	-	(1)
4.1 Financial derivatives	-	-	(1)	-	(1)
4.2 Derivatives on receivables	-	-	-	-	-
of which: natural hedge linked to fair value option	-	-	-	-	-
Total	-	-	(1)	-	(1)

As regards “Financial derivatives”, the column of capital losses (equal to Euro 1 thousand) includes the fair value changes that were recorded in the derivatives underlying the securitisation transactions relating to the “Agreement on securitised loans” during the period.

Section 8 – Net value adjustments/write-backs for credit risk - Item 130

8.1 Breakdown of "Net value adjustments/write-backs for credit risk relating to financial assets measured at amortised cost"

Transactions / Income components *(thousands of Euros)*		Value adjustments			Value write-backs		31/12/2018
		First and second stage	Third stage		First and second stage	Third stage	
			Write-off	Others			
1	Receivables from banks	(6)	-	-	-	-	(6)
	Impaired loans acquired or originated	-	-	-	-	-	-
	- for lease	-	-	-	-	-	-
	- for factoring	-	-	-	-	-	-
	- other receivables	-	-	-	-	-	-
	Other receivables	(6)	-	-	-	-	(6)
	- for lease	(6)	-	-	-	-	(6)
	- for factoring	-	-	-	-	-	-
	- other receivables	-	-	-	-	-	-
2	Receivables from financial companies	(597)	(83)	(496)	60	142	(974)
	Impaired loans acquired or originated	-	-	-	-	-	-
	- for lease	-	-	-	-	-	-
	- for factoring	-	-	-	-	-	-
	- other receivables	-	-	-	-	-	-
	Other receivables	(597)	(83)	(496)	60	142	(974)
	- for lease	(597)	(83)	(496)	13	142	(1,021)
	- for factoring	-	-	-	-	-	-
	- other receivables	-	-	-	47	-	47
3	Receivables from customers	(20,024)	(7,541)	(50,483)	19,887	27,773	(30,388)
	Impaired loans acquired or originated	-	-	-	-	-	-
	- for lease	-	-	-	-	-	-
	- for factoring	-	-	-	-	-	-
	- for consumer credit	-	-	-	-	-	-
	- other receivables	-	-	-	-	-	-
	Other receivables	(20,024)	(7,541)	(50,483)	19,887	27,773	(30,388)
	- for lease	(16,859)	(7,031)	(50,005)	19,229	24,731	(29,935)
	- for factoring	-	-	-	-	-	-
	- for consumer credit	-	-	-	-	-	-
	- loans against pledge	-	-	-	-	-	-
	- other receivables	(3,165)	(510)	(478)	658	3,042	(453)
	Total	**(20,627)**	**(7,624)**	**(50,979)**	**19,947**	**27,915**	**(31,368)**

This item shows the balance between value adjustments and write-backs arising from non-performing loans.
The net balance of the item, which shows a risk cost of about Euro 0.60%, includes specific (individual) changes for Euro (30.7) million and portfolio (stage 3) changes for Euro 0.7 million (stages 1 and 2).
As also stated in the tables reported in Part D of the notes to the financial statements, Section 3 – "Information on risks and related hedging policies", the overall amount of non-performing positions decreased from Euro 872 million at 31 December 2017 to Euro 736 million, showing a reduction compared to the previous year.
Performing exposures increased from Euro 4,490 million at 31 December 2017 to Euro 4,511 million.

It should be noted that for the 2018 financial year the LGD was used according to IFRS9, differing from the previous LGD, not only to comply with regulatory requirements, but also to obtain a more precise estimate, in order to make its value more predictive and detailed.
The approach selected consists of two phases:

- Estimate of a predictive model of loss rates, which is based on the measurement of recoveries/losses realised after the default and discounted back (positions whose recovery procedures are considered closed (including positions returning to performing - workout approach). For this purpose we used the data transmitted to the Bank of Italy in accordance with the method described in Circular Letter no. 284 of 18 June 2013 containing “Instructions for the compilation of reports of losses historically recorded in defaulting accounts” (“*Istruzioni per la compilazione delle segnalazioni delle perdite storicamente registrate sulle posizioni in default*”) (as updated);
- Estimate of a second model (danger rate) that allows the application of the previous estimation to other default stages, based on the analysis of transitions between different stages to non-performing positions. This parameter is calculated by also including the forward-looking component in order to take account of the macroeconomic trends for the subsequent three years.

Finally, LGD is calculated by range of risk (bad loans and other default) and by macro-product and product.

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy’s previous Order of 9 December 2016, “The financial statements of IFRS intermediaries other than bank intermediaries.”

	Items / Adjustments *(thousands of Euros)*	Value adjustments		Value write-backs		31/12/2017
		specific	portfolio	specific	portfolio	
1	Receivables from banks	-	-	-	5	5
	- for lease	-	-	-	-	-
	- for factoring	-	-	-	-	-
	- other receivables	-	-	-	5	5
2	Receivables from financial entities	(4,773)	(111)	9,689	566	5,371
	Non-performing loans purchased	-	-	-	-	-
	- for lease	-	-	-	-	-
	- for factoring	-	-	-	-	-
	- other receivables	-	-	-	-	-
	Other Receivables	(4,773)	(111)	9,689	566	5,371
	- for lease	(4,773)	(15)	9,689	566	5,467
	- for factoring	-	-	-	-	-
	- other receivables	-	(96)	-	-	(96)
3	Receivables from customers	(59,136)	(12,284)	29,227	12,526	(29,667)
	Non-performing loans purchased	-	-	-	-	-
	- for lease	-	-	-	-	-
	- for factoring	-	-	-	-	-
	- for consumer credit	-	-	-	-	-
	- other receivables	-	-	-	-	-
	Other receivables	(59,136)	(12,284)	29,227	12,526	(29,667)
	- for lease	(51,899)	(10,779)	27,237	10,972	(24,469)
	- for factoring	-	-	-	-	-
	- for consumer credit	-	-	-	-	-
	- loans against pledge	-	-	-	-	-
	- other receivables	(7,237)	(1,505)	1,990	1,554	(5,198)
	Total	**(63,909)**	**(12,395)**	**38,916**	**13,097**	**(24,291)**

8.2 Breakdown of "Net value adjustments/write-backs for credit risk relating to financial assets at fair value through comprehensive income"

This sub-item does not show any balance.

Section 9 –Profits/losses from contract amendments without cancellations – Item 140

9.1 Breakdown of "Profits/losses from contract amendments"

Items *(thousands of Euros)*	31/12/2018
Profits/losses from contract amendments	226
Total	226

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Section 10 – Administrative expenses – Item 160

10.1 Breakdown of "Personnel costs"

Type of expenses/Values *(thousands of Euros)*	31/12/2018	31/12/2017
1. Subordinate staff	25,824	26,127
a) wages and salaries	18,285	18,373
b) social security contributions	5,300	5,398
c) severance indemnity	91	83
d) social security costs	-	-
e) provision for employee severance pay	25	(15)
f) provision for pension fund		
and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary		
pension funds:	1,207	1,257
- defined contribution	1,207	1,257
- defined benefit	-	-
h) other benefit granted to employees	916	1,031
2. Other personnel in active employment	18	40
3. Directors and statutory auditors	913	591
4. Staff on retirement	10	45
5. Recoveries of expenses for employees seconded to other companies	(228)	(957)
6. Reimbursements of expenses for employees seconded to the Company	101	102
Total	26,638	25,948

The sub-item "Other personnel in active employment" includes freelance work costs.

The item "Directors and statutory auditors" includes:

- Fees due to directors for Euro 670 thousand;
- Fees due to the members of the Board of Statutory Auditors for Euro 175 thousand;
- An amount of Euro 69 thousand relating to liability insurance policies for directors and statutory auditors.

10.2 Average number of employees broken down by category

	2018	2017
Subordinate staff	290	285
a) executives	10	11
b) total executive middle managers	149	144
of which: 3rd and 4th level	*80*	77
c) remaining subordinate staff	131	129
Other personnel	-	-
Total	290	285

10.3 Breakdown of "Other administrative expenses"

(thousands of Euros)	31/12/2018	31/12/2017
a) expenses relating to properties:	1,963	1,935
- premises rental and maintenance	1,673	1,627
- cleaning expenses	147	139
- energy, water and heating	143	169
b) indirect taxes and duties	558	511
c) postage, telephone, printouts and other office expenses	392	379
d) maintenance and fees for furniture, machinery and systems	966	653
e) professional and consultancy services	4,265	3,523
f) provision of services from third parties	7,308	7,015
g) advertising, entertainment and gifts	935	445
h) insurance premiums	247	220
i) transport, hires and travels	1,139	1,094
l) other costs and sundry expenses	2,523	2,183
Total	20,296	17,958

The item of "n) other costs and sundry expenses" is mainly made up of charges incurred or to be incurred in relation to the Agreement on securitised loans.

Section 11 – Net accruals to provisions for risks and charges - item 170

11.1 Breakdown of "Net accruals for credit risk relating to commitments to disburse funds and financial guarantees issued"

(thousands of Euros)	Accruals	Write-backs	31/12/2018
1. Commitments to disburse funds	(694)	471	(223)
2. Guarantees issued	(62)	-	(62)
Total	(756)	471	(285)

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

11.2 Breakdown of "Net accruals relating to other commitments and guarantees issued"

This sub-item does not show any balance.

11.3 Breakdown of “ Net accruals to other provisions for risks and charges”

(thousands of Euros)	Accruals	Reallocation	31/12/2018	31/12/2017
1. Accruals to pension fund	-	X	-	-
2. Accruals to other provisions for risks and charges:	(1,334)	1,292	(42)	(167)
a) legal disputes	(1,334)	1,292	(42)	(167)
b) personnel costs	-	-	-	-
c) others	-	-	-	-
Total	(1,334)	1,292	(42)	(167)

Section 12 – Net value adjustments/write-backs on property, plant and equipment - Item 180

12.1 Breakdown of “Net value adjustments/write-backs on property, plant and equipment”

Assets/Income component *(thousands of Euros)*	Depreciation (a)	Value adjustments for impairment (b)	Value write-backs (c)	Net result (a+b-c)
A. Property, plant and equipment				
A.1 Owned	(402)	-	-	(402)
- For business use	(72)	-	-	(72)
- For investment	(330)	-	-	(330)
- Inventories	X	-	-	-
A.2 Acquired under finance lease	(14)	-	-	(14)
- For business use	(14)	-	-	(14)
- For investment	-	-	-	-
A.3 Granted under operating lease	-	-	-	-
Total	(416)	-	-	(416)

Section 13 – Net value adjustments/write-backs on intangible assets - Item 190

13.1 Breakdown of “Net value adjustments/write-backs on intangible assets”

Assets/Income component *(thousands of Euros)*	Depreciation (a)	Value adjustments for impairment (b)	Value write-backs (c)	Net result (a+b-c)
1. Intangible assets other than goodwill	(1,792)	-	-	(1,792)
1.1. Owned	(1,792)	-	-	(1,792)
1.2. Acquired under finance lease	-	-	-	-
2. Assets relating to finance lease	-	-	-	-
3. Assets granted under operating lease	-	-	-	-
Total	(1,792)	-	-	(1,792)

“Adjustments on intangible assets: owned” mainly include an amount of Euro 1,058 thousand linked to the valuation of the contractual relationship with Credito Valtellinese (for more details, reference should be made to “Part B – Information on the consolidated Balance Sheet – Assets – Section 9 – Intangible Assets – Item 90”).

Section 14 – Other operating income and costs – Item 200

14.1 Breakdown of “Other operating costs”

(thousands of Euros)	31/12/2018	31/12/2017
a) amortisation of leasehold improvement costs	-	-
b) other costs	(9,123)	(9,084)
Total	(9,123)	(9,084)

The sub-item “other costs” mainly includes:

- Additional costs of Euro 5,063 thousand from receivables consisting of non-securitised instalments relating to securitised loans, which were contributed in 2009 or repurchased during the year and from receivables included in the banking Sub-portfolio in relation to the provisions laid down in the Agreement on securitised loans.

14.2 Breakdown of “Other operating income”

(thousands of Euros)	31/12/2018	31/12/2017
a) tax recovery	984	1,116
b) recoveries of expenses	562	460
c) other income	4,003	3,096
Total	5,549	4,672

The sub-item “other income” mainly includes:

- Additional income of Euro 3,218 thousand from receivables consisting of non-securitised instalments relating to securitised loans, which were contributed in 2009 or repurchased during the year and from receivables included in the banking Sub-portfolio in relation to the provisions laid down in the Agreement on securitised loans.

Section 18 – Profits (losses) from disposal of investments – Item 250

18.1 Breakdown of “Profits (Losses) from disposal of investments”

Income component/Values (thousands of Euros)	31/12/2018	31/12/2017
A. Properties	-	-
- Profits from disposal	-	-
- Losses from disposal	-	-
B. Other assets	1	4
- Profits from disposal	1	4
- Losses from disposal	-	-
Net result	1	4

This item consists of the profits and losses realised from the sale of finance lease assets.

Section 19 – Income tax for the year from current operations – Item 270

19.1 Breakdown of “Income tax for the year from current operations”

(thousands of Euros)		31/12/2018	31/12/2017
1.	Current taxes (-)	(4,382)	(1,044)
2.	Changes in current taxes from previous years (+ /-)	-	28
3.	Reduction in current taxes for the year (+)	-	-
3.bis	Reduction in current taxes for the year for tax credits under Law 214/2011(+)	-	-
4.	Change in deferred tax assets (+/-)	128	(5,472)
5.	Change in deferred tax liabilities (+/-)	-	-
6.	Taxes accrued in the year (-) (-1+/-2+3+3bis+/4+/-5)	(4,254)	(6,488)

The amount of taxes accrued in the year is a forecast on the liability for the year determined on the basis of current tax regulations.

19.2 – Reconciliation between theoretical and effective tax charge

The table provides the reconciliation between the product of accounting profit for applicable tax rates and the current taxes for the year.

(thousands of Euros)	Taxable income	IRES tax	Taxable income	IRAP tax
Profit (loss) before tax	15,577			
Theoretical tax charge		4,284		
Theoretical tax rate		27.50%		
Difference between production value and costs			19,025	
Theoretical tax charge				1,060
Theoretical tax rate				5.57%
Temporary differences taxable in subsequent years				
Temporary differences deductible in subsequent years	2,467	678	(501)	(28)
Reversal of temporary differences from previous years:				
Write-off of taxable temporary differences	-	-		
Write-off of deductible temporary differences	(6,016)	(1,654)	(2,961)	(165)
Permanent differences that will not be reversed in subsequent years	899	247	(725)	(39)
IRES taxable income	12,927			
Current IRES tax for the year		3,555		
Effective tax rate		22.82%		
IRAP taxable income			14,838	
Current IRAP tax for the year				828
Effective tax rate				4.35%

Section 20 – Profit (Loss) after tax from discontinued operations - Item 290

20.1 Breakdown of “Profit (Loss) after tax from discontinued operations”

(thousands of Euros)	31/12/2018	31/12/2017
Profit (Loss) from discontinued operations	676	-
Tax on profit (loss) from discontinued operations	(223)	-
Profit (Loss) after tax from discontinued operations	**453**	**-**

For more details, reference should be made to “Part B – Information on the Consolidated Balance Sheet– Assets – Section 11 – Non-current assets held for sale, disposal groups of assets and associated liabilities – Item 110 of assets and Item 70 of liabilities”.

Section 21 – Income statement: other information

21.1 Breakdown of interest and commissions earned

Items/Counterparty	Interest earned			Commissions earned			31/12/2018	31/12/2017
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1 Finance lease	**6**	**1,818**	**110,888**	**2**	**25**	**22,760**	**135,499**	**125,695**
- real property	6	1,806	53,325	-	18	4,121	59,276	53,161
- personal property	-	12	56,822	2	7	17,553	74,396	70,888
- capital goods	-	-	741	-	-	1,086	1,827	1,646
- intangible assets	-	-	-	-	-	-	-	-
2 Factoring	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- on current receivables	-	-	-	-	-	-	-	-
- on future receivables	-	-	-	-	-	-	-	-
- on receivables acquired on a final basis	-	-	-	-	-	-	-	-
- on receivables acquired at below	-	-	-	-	-	-	-	-
initial value	-	-	-	-	-	-	-	-
- for other loans	-	-	-	-	-	-	-	-
3 Consumer credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- loans for specific purposes	-	-	-	-	-	-	-	-
- salary-backed loan	-	-	-	-	-	-	-	-
4 Loans against pledge	-	-	-	-	-	-	-	-
5 Guarantees and commitments	-	-	-	-	-	35	35	38
- trade	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	35	35	38
Total	**6**	**1,818**	**110,888**	**2**	**25**	**22,795**	**135,534**	**125,733**

21.2 Other information

This sub-item does not show any balance.

Part D – Other information

Section 1 – Specific references to company transactions

A. Finance lease

A.1 - Reconciliation between gross investment and the present value of minimum payments due

For all existing finance leases, gross investment is the sum of the minimum principal and interest payments due and any other unsecured amounts chargeable to the lessor.

A.2 - Classification of non-performing exposures, minimum payments due and gross investments by time bands

Time bands *(thousands of Euros)*	31/12/2018						31/12/2017					
	Non-performing exposures	Minimum payments			Gross investments		Non-performing exposures	Minimum payments			Gross investments	
		Capital Quota		Interest				Capital Quota		Interest		
			of which guaranteed residual amount			of which non-guaranteed residual amount			of which guaranteed residual amount			of which non-guaranteed residual amount
- at sight	297,104	70,728	-	7,944	78,672	1,070	340,843	68,484	-	8,165	76,649	1,252
- until 3 months	3,931	159,641	-	17,319	176,960	1,799	4,080	152,479	-	18,048	170,527	3,558
- from 3 months to 1 year	24,117	668,555	-	66,366	734,921	10,730	23,866	630,640	-	68,841	699,481	15,283
- from 1 year to 5 years	133,451	2,217,074	-	187,593	2,404,667	173,286	132,622	2,165,155	-	199,635	2,364,790	196,366
- beyond 5 years	7,111	992,922	-	78,523	1,071,445	266,094	2,490	1,041,976	-	94,385	1,136,361	274,456
- indefinite maturity	169	-	-	-	-	-	106	-	-	-	-	-
Total	465,883	4,108,920	-	357,745	4,466,665	452,979	504,007	4,058,734	-	389,074	4,447,808	490,915

The values are stated net of value adjustments.
The present value of gross investment is the net investment.
The figures do not include the balances of assets being fitted out and waiting to be leased.

A.3 – Classification of loans for finance leases by quality and type of leased asset

(thousands of Euros)	Performing loans		Non-performing loans	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
A. Real property	1,917,463	1,989,614	376,109	419,094
- Land		-	-	-
- Buildings	1,917,463	1,989,614	376,109	419,094
B. Capital goods	1,556,274	1,450,046	68,897	69,343
C. Personal property	635,183	619,074	20,877	15,570
- Automotive	564,881	541,289	12,211	10,108
- Aviation and Naval Industry and Railway sectors	70,302	77,785	8,666	5,462
- Others	-	-	-	-
D. Intangible assets:	-	-	-	-
- Trademarks	-	-	-	-
- Software	-	-	-	-
- Others	-	-	-	-
Total	4,108,920	4,058,734	465,883	504,007

A.4 – Classification of finance lease assets

(thousands of Euros)	Unopted assets		Assets withdrawn after termination		Other assets	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
A. Real property	-	-	10,642	6,121	-	-
- Land	-	-	-	-	-	-
- Buildings	-	-	10,642	6,121	-	-
B. Capital goods	-	-	-	-	-	-
C. Personal property	-	-	-	-	-	-
- Automotive	-	-	-	-	-	-
- Aviation and Naval Industry and Railway sectors	-	-	-	-	-	-
- Others	-	-	-	-	-	-
D. Intangible assets:	-	-	-	-	-	-
- Trademarks	-	-	-	-	-	-
- Software	-	-	-	-	-	-
- Others	-	-	-	-	-	-
Total	-	-	10,642	6,121	-	-

A.5 - Other information

A.5.1 General description of material agreements

The Company's operations take the form almost exclusively of finance lease agreements whose provisions are in line with practice in the finance lease market.

A.5.2 Other information on finance lease

There are no significant contingent rentals (adjustments due to indexing) in the income statement. The Company makes use of amortisation schedules based on "recalculation" of indexing which enable the schedule to be adjusted to the relevant index.

A.5.3 Lease-back transactions

	No. of agreements	Receivables *(thousands of Euros)* 31/12/2018
Lease back		
- lease of real property	102	77,985
- lease of capital goods	135	15,917
- lease of personal property	43	4,171
- other	-	-
Total	280	98,073

D. Guarantees issued and commitments

D.1 – Value of (real or personal) guarantees issued and of commitments

Transactions *(thousands of Euros)*	31/12/2018	31/12/2017
1) First-demand financial guarantees issued	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
2) Other financial guarantees issued	2,867	3,036
a) Banks	-	-
b) Financial companies	-	-
c) Customers	2,867	3,036
3) Commercial guarantees issued	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4) Irrevocable commitments to disburse funds	598,236	498,105
a) Banks	-	-
i) for certain use	-	-
ii) for uncertain use	-	-
b) Financial companies	973	-
i) for certain use	973	-
ii) for uncertain use	-	-
c) Customers	597,263	498,105
i) for certain use	379,397	331,647
ii) for uncertain use	217,866	166,458
5) Commitments underlying derivatives on receivables: protection sales	-	-
6) Assets pledged as security for third-party obligations	-	-
7) Other irrevocable commitments	-	-
a) to issue guarantees	-	-
b) others	-	-
Total	601,103	501,141

D.2 – Loans recognised for subsequent enforcement

This sub-item does not show any balance.

D.3 – (Real or personal) Guarantees issued: rank of risk assumed and quality

Type of risk assumed *(thousands of Euros)*	Non-impaired guarantees issued				Impaired guarantees issued: non-performing				Other Impaired guarantees			
	Counter-guaranteed		Others		Counter-guaranteed		Others		Counter-guaranteed		Others	
	Gross value	Total allocation	Gross value	Total allocation	Gross value	Total allocation	Gross value	Total allocation	Gross value	Total allocation	Gross value	Total allocation
Guarantees issued with assumption of first loss risk	-	-	-	-	-	-	-	-	-	-	-	-
- first-demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees issued with assumption of mezzanine-type risk	-	-	-	-	-	-	-	-	-	-	-	-
- first-demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees issued pro rata	-	-	2,699	(4)	-	-	-	-	-	-	168	(62)
- first-demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	2,699	(4)	-	-	-	-	-	-	168	(62)
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	2,699	(4)	-	-	-	-	-	-	168	(62)

D.4 – (Real or personal) Guarantees issued: amount of counter-guarantees

This sub-item does not show any balance.

D.6 (Real or personal) Guarantees issued with assumption of first loss and mezzanine-type risk: amount of underlying assets

This sub-item does not show any balance.

D.7 (Real or personal) Guarantees issued being enforced: stock data

This sub-item does not show any balance.

D.8 (Real or personal) Guarantees issued being enforced: flow data

This sub-item does not show any balance.

D.9 Changes in impaired (real or personal) guarantees issued: others

Amount of changes *(thousands of Euros)*	First-demand financial guarantees		Other financial guarantees		Commercial guarantees	
	Counter-guaranteed	Others	Counter-guaranteed	Others	Counter-guaranteed	Others
((A) Gross initial value	-	-	-	-	-	-
(B) Increases:	-	-	-	44	-	-
- (b1) transfers from non-impaired guarantees	-	-	-	44	-	-
- (b2) transfers from other non-performing guarantees	-	-	-	-	-	-
- (b3) other increases	-	-	-	-	-	-
(C) Decreases:	-	-	-	-	-	-
- (c1) reclassification to non-impaired guarantees	-	-	-	-	-	-
- (c2) reclassification to non-performing guarantees	-	-	-	-	-	-
- (c3) enforcements	-	-	-	-	-	-
- (c4) other decreases	-	-	-	-	-	-
(D) Gross final value	-	-	-	44	-	-

D.10 Changes in impaired (real or personal) guarantees issued: others

Amount of changes *(thousands of Euros)*	First-demand financial guarantees		Other financial guarantees		Commercial guarantees	
	Counter-guaranteed	Others	Counter-guaranteed	Others	Counter-guaranteed	Others
(A) Gross initial value	-	-	-	145	-	-
(B) Increases:	-	-	-	-	-	-
- (b1) transfers from non-impaired guarantees	-	-	-	-	-	-
- (b2) transfers from other non-performing guarantees	-	-	-	-	-	-
- (b3) other increases	-	-	-	-	-	-
(C) Decreases:	-	-	-	(21)	-	-
- (c1) reclassification to non-impaired guarantees	-	-	-	-	-	-
- (c2) reclassification to non-performing guarantees	-	-	-	-	-	-
- (c3) enforcements	-	-	-	-	-	-
- (c4) other decreases	-	-	-	(21)	-	-
(D) Gross final value	-	-	-	124	-	-

D.11 Changes in non-impaired (real or personal) guarantees issued

Amount of changes *(thousands of Euros)*	First-demand financial guarantees		Other financial guarantees		Commercial guarantees	
	Counter-guaranteed	Others	Counter-guaranteed	Others	Counter-guaranteed	Others
(A) Gross initial value	-	-	-	2,891	-	-
(B) Increases:	-	-	-	43	-	-
- (b1) guarantees issued	-	-	-	-	-	-
- (b2) other increases	-	-	-	43	-	-
(C) Decreases:	-	-	-	(235)	-	-
- (c1) guarantees not enforced	-	-	-	-	-	-
- (c2) transfers to impaired guarantees	-	-	-	(44)	-	-
- (c3) other decreases	-	-	-	(191)	-	-
(D) Gross final value	-	-	-	2,699	-	-

D.13 Assets pledged as security for own liabilities and commitments

This sub-item does not show any balance.

D.15 Distribution of (real or personal) guarantees issued by economic activity sector of guaranteed debtors (guaranteed amount and underlying assets)

Type of risk assumed *(thousands of Euros)*	Guarantees issued with assumption of first loss risk		Guarantees issued with assumption of mezzanine-type risk		Guarantees issued pro rata
	Guaranteed amount	Amount of underlying assets	Guaranteed amount	Amount of underlying assets	Guaranteed amount
- Private companies	-	-	-	-	2,867
Total	-	-	-	-	2,867

D.16 Geographical distribution of (real or personal) guarantees issued by region of residence of guaranteed debtors (guaranteed amount and underlying assets)

Type of risk assumed *(thousands of Euros)*	Guarantees issued with assumption of first loss risk		Guarantees issued with assumption of mezzanine-type risk		Guarantees issued pro rata
	Guaranteed amount	Amount of underlying assets	Guaranteed amount	Amount of underlying assets	Guaranteed amount
- Lombardia	-	-	-	-	373
- Veneto	-	-	-	-	244
- Toscana	-	-	-	-	2,250
Total	-	-	-	-	2,867

Section 2 – Securitisation transactions, information on unconsolidated structured entities for accounting purposes (other than securitisation SPVs) and disposals of assets

A. Securitisation transactions

QUALITATIVE INFORMATION

The Company is continuing with a securitisation programme in accordance with Law 130/1999 for the assignment of performing loans originated by lease agreements with a view to diversifying its sources of finance.

For securitisation transactions originated by Alba Leasing S.p.A., the Company has taken on, pursuant to and for the purposes of Law 130/99, the role of servicer of the portfolios assigned, continuing to collect and administer the receivables and receiving a remuneration in return which is expressed as a percentage of the amounts collected and managed during the reporting period.

For more details on securitisation transactions (receivables involved in the Agreement entered into between Banco BPM S.p.A. – formerly Banca Italease and Alba Leasing S.p.A.), reference should also be made to the information reported in "Part A – Accounting policies", with specific regard to Section 4 "Other aspects – Agreement on securitised loans." It should be noted that there are no other structured entities that have not been consolidated by Alba Leasing S.p.A..

Characteristics of transactions originated by Alba Leasing S.p.A.

The characteristics are detailed in the tables below, which also report the transactions carried out by the Company.

Strategy, Processes and Objectives	Transaction carried out with a view to greater diversification of sources of finance.
Internal risk measurement and control systems	The portfolio of each securitisation transaction is constantly monitored and quarterly reports are prepared as prescribed in the transaction's contract documents, showing the status of the receivables and collection trends.
Organisational structure	The Company has set up an Administration, Finance and Control Department system for checking and monitoring transactions.
Hedging policies	When deemed advisable, the SPV executes Basis Swap contracts to hedge the portfolio (and respective back-to-backs between Originator and swap counterparty). Up to now this hedge has not been provided for any SPV originated by Alba Leasing S.p.A..
Information on the economic results of securitisation	Collection trends are in line with the forecasts made at issue (business plans) so that the return on the equity tranche (including the extra-spread) is in line with the expected return on investments with a similar risk level.

The table below reports the characteristics of the transaction:

(Values in Euros)

Securitisation name:		Alba 6 SPV S.r.l.		SUNNY 1 SPV S.r.l.
Type of transaction:		Traditional		Traditional
Originator:		Alba Leasing S.p.A.		Alba Leasing S.p.A.
Issuer:		Alba 6 S.r.l.		Sunny 1 S.r.l.
Servicer:		Alba Leasing S.p.A.		Alba Leasing S.p.A.
Quality of securitised assets:		Performing		Performing
Closing date:		18/06/2014		5/12/2014
Portfolio Nominal Value:		126,156,716		853,934,453
Portfolio assignment price:		110,080,807		731,305,804
Other relevant information:		Revolving of portfolio		No Revolving of portfolio
Rating agencies:		-		-
Tranching amount and conditions:				
ISIN code	IT0005030744	IT0005030769	IT0005072886	IT0005072894
ISIN code				
Type	Senior	Junior	Senior	Junior
Class	A	B	A	B
Rating (upon issue)	unrated	unrated	unrated	unrated
Listing stock exchange	Unlisted	Unlisted	Irish Stock Exchange	Unlisted
Issue date	27/06/2014 and 27/10/2014	27/06/2014 and 27/10/2014	22/12/2014	22/12/2014
Issue date (subsequent issues)		Apr-2015, Jul-2015 and Oct-2015		
Maturity date	Oct-2045	Oct-2045	Dec-2040	Dec-2040
Call option		a call is envisaged		
Rate	3-month Euribor + 125 bps From July 2015 3-month Euribor + 75 bps	3-month Euribor + 150 bps	3-month Euribor + 150 bps	3-month Euribor + 200 bps
Degree of subordination	-	Sub. A	-	Sub. A
Nominal value issued	298,800,000	75,000,000	450,000,000	281,331,000
Outstanding value at year-end	227,728,703	75,000,000	50,906,110	281,331,000
Subscriber of securities	Institutional investor	Alba Leasing S.p.A.	Institutional investor	Alba Leasing S.p.A.

(Values in Euros)

Securitisation name:					ALBA 7 SPV S.r.l.
Type of transaction:					Traditional
Originator:					Alba Leasing S.p.A.
Issuer:					Alba 7 S.r.l.
Servicer:					Alba Leasing S.p.A.
Quality of securitised assets:					Performing
Closing date:					30/03/2015
Portfolio Nominal Value:					826,079,455
Portfolio assignment price:					784,756,489
Other relevant information:					No Revolving of portfolio
Rating agencies:					Dbrs and Moody's
Tranching amount and conditions:					
ISIN code	IT0005106221	IT0005106247	IT0005106254	IT0005106296	IT0005106304
ISIN code					
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B1	B2	J
Rating (upon issue)					
Moody's Agency	Aa2 (sf)	Aa2 (sf)	Baa1 (sf)	Baa1 (sf)	Unrated
DBRS Agency	AAA (sf)	AAA (sf)	A (low) (sf)	A (low) (sf)	Unrated
Rating at year-end					
Moody's Agency (updating or confirmation – October 2018)	-	-	Aa3 (sf)	Aa3 (sf)	unrated
DBRS Agency (updating or confirmation – April 2018)	-	-	AA (high)(sf)	AA (high)(sf)	unrated
Listing stock exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Unlisted
Issue date	23/04/2015	23/04/2015	23/04/2015	23/04/2015	23/04/2015
Maturity date	Sept-2038	Sept-2038	Sept-2038	Sept-2038	Sept-2038
Call option	-	-	-	-	-
Rate	3-month Euribor 3 + 63 bps	3-month Euribor 3 + 75 bps	3-month Euribor + 120 bps	3-month Euribor + 120 bps	3-month Euribor + 200 bps
Degree of subordination		Sub A1	Sub A1, A2	Sub A1, A2, B1	Sub A1, A2, B1, B2
Nominal value issued	255,200,000	200,000,000	100,000,000	50,000,000	191,700,000
Outstanding value at year-end	-	-	19,486,240	9,743,120	191,700,000
Subscriber of securities	Institutional investor	Institutional investor	Institutional investor	Institutional investor	Alba Leasing S.p.A.

(Values in Euros)

Securitisation name:					ALBA 8 SPV S.r.l.
Type of transaction:					Traditional
Originator:					Alba Leasing S.p.A.
Issuer:					Alba 8 S.r.l.
Servicer:					Alba Leasing S.p.A.
Quality of securitised assets:					Performing
Closing date:					19/05/2016
Portfolio Nominal Value:					1,071,485,041
Portfolio assignment price:					1,015,940,300
Other relevant information:					No Revolving of portfolio
Rating agencies:					Dbrs and Moody's
Tranching amount and conditions:					
ISIN code	IT0005201881	IT0005201899	IT0005201907	IT0005201915	IT0005201923
ISIN code					
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Rating upon issue					
Moody's Agency	Aa2 (sf)	Aa2 (sf)	Baa1 (sf)	Baa1 (sf)	unrated
DBRS Agency	AAA (sf)	AAA (sf)	A (low)(sf)	A (low)(sf)	unrated
Rating at year-end					
Moody's Agency (updating or confirmation – October 2018)	-	Aa3 (sf)	Aa3 (sf)	A1 (sf)	unrated
DBRS Agency (updating or confirmation – April 2018)	-	AAA (sf)	A (high)(sf)	A (sf)	unrated
Listing stock exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Unlisted
Issue date	20/06/2016	20/06/2016	20/06/2016	20/06/2016	20/06/2016
Maturity date	Oct-2039	Oct-2039	Oct-2039	Oct-2039	Oct-2039
Call option	-	-	-	-	-
Rate	3-month Euribor + 65 bps	3-month Euribor + 75 bps	3-month Euribor + 115 bps	3-month Euribor + 150 bps	3-month Euribor + 200 bps
Degree of subordination		Sub A1	Sub A1, A2	Sub A1, A2, B	Sub A1, A2, B, C
Nominal value issued	335,300,000	304,800,000	127,000,000	45,700,000	213,300,000
Outstanding value at year-end	-	111,682,560	127,000,000	45,700,000	213,300,000
Subscriber of securities	Institutional investor	Institutional investor	Institutional investor	Alba Leasing S.p.A.	Alba Leasing S.p.A.

(Values in Euros)

Securitisation name:					ALBA 9 SPV S.r.l.
Type of transaction:					Traditional
Originator:					Alba Leasing S.p.A.
Issuer:					Alba 9 S.r.l.
Servicer:					Alba Leasing S.p.A.
Quality of securitised assets:					Performing
Closing date:					3/10/2017
Portfolio Nominal Value:					1,152,878,874
Portfolio assignment price:					1,113,066,279
Other relevant information:					No Revolving of portfolio
Rating agencies:					Dbrs, Moody's and Scope
Tranching amount and conditions:					
ISIN code	IT0005285231	IT0005285249	IT0005285256	IT0005285264	IT0005285272
ISIN code					
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Rating (upon issue)					
Moody's Agency	Aa2 (sf)	Aa2 (sf)	A2 (sf)	Ba2 (sf)	unrated
DBRS Agency	AAA (sf)	AA (high)(sf)	A (high)(sf)	BBB (sf)	unrated
Scope Agency	AAA (sf)	AAA (sf)	A+(sf)	BBB-(sf)	unrated
Rating at year-end (updating or confirmation - October 2018)					
Moody's Agency	Aa3	Aa3	A2 (sf)	Ba2 (sf)	unrated
DBRS Agency	AAA (sf)	AAA (sf)	AA (sf)	BBB (sf)	unrated
Scope Agency	AAA (sf)	AAA (sf)	A+ (sf)	BBB- (sf)	unrated
Listing stock exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Unlisted
Issue date	30/10/2017	30/10/2017	30/10/2017	30/10/2017	30/10/2017
Maturity date	Mar-2038	Mar-2038	Mar-2038	Mar-2038	Mar-2038
Call option	-	-	-	-	
Rate	3-month Euribor + 32 bps	3-month Euribor + 52 bps	3-month Euribor + 101 bps.	3-month Euribor + 132 bps.	3-month Euribor + 150 bps
Degree of subordination		Sub A1	Sub A1, A2	Sub A1, A2, B	Sub A1, A2, B, C
Nominal value issued	478,600,000	233,800,000	145,800,000	100,200,000	164,300,000
Outstanding value at year-end	190,809,253	233,800,000	145,800,000	100,200,000	164,300,000
Subscriber of securities	Institutional investor	Institutional investor	Institutional investor	Institutional investor + Alba Leasing S.p.A.	Alba Leasing S.p.A.

(Values in Euros)

Securitisation name:					ALBA 10 S.r.l.
Type of transaction:					Traditional
Originator:					Alba Leasing S.p.A.
Issuer:					Alba 10 S.r.l.
Servicer:					Alba Leasing S.p.A.
Quality of securitised assets:					Performing
Closing date:					6/11/2018
Portfolio Nominal Value:					987,293,626
Portfolio assignment price:					950,696,913
Other relevant information:					No Revolving of portfolio
Rating agencies:					Dbrs, Moody's and Scope
Tranching amount and conditions:					
ISIN code	IT0005352676	IT0005352684	IT0005352692	IT0005352700	IT0005352718
ISIN code					
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B1	C	J
Rating (upon issue)					
DBRS Agency	AAA	AA(high)	A(high)	BBB	unrated
Moody's Agency	Aa3	Aa3	A3	Ba2	unrated
Scope Agency	AAA	AAA	A+	BBB-	unrated
Listing stock exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Unlisted
Issue date	29/11/2018	29/11/2018	29/11/2018	29/11/2018	29/11/2018
Maturity date	Oct-2038	Oct-2038	Oct-2038	Oct-2038	Oct-2038
Call option	-	-	-	-	
Rate	3-month Euribor 360 + 40 bps	3-month Euribor 360 + 70 bps	3-month Euribor 360 + 110 bps	3-month Euribor 360 + 165 bps	3-month Euribor 360 + 175 bps
Degree of subordination		Sub A1	Sub A1, A2	Sub A1, A2, B1	Sub A1, A2, B1, C
Nominal value issued	408,400,000	200,000,000	130,000,000	75,000,000	145,434,000
Outstanding value at year-end	408,400,000	200,000,000	130,000,000	75,000,000	145,434,000
Subscriber of securities	Institutional investor	Institutional investor	Alba Leasing S.p.A.	Alba Leasing S.p.A.	Alba Leasing S.p.A.

QUANTITATIVE INFORMATION

1. Exposure arising from securitisation transactions broken down by quality of underlying assets

Quality of underlying assets *(amounts in thousands of Euros)*	Cash Exposure						Guarantees issued						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets:																		
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	-	-	140,200	140,200	1,075,341	1,072,982	-	-	-	-	-	-	-	-	-	-	-	-
B. With third-party underlying assets:																		
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	140,200	140,200	1,075,341	1,072,982	-	-	-	-	-	-	-	-	-	-	-	-

The amount stated in “Others” consists of the amount of junior notes subscribed by Alba Leasing S.p.A. – recognised as a decrease in the debt to the SPV – including the deferral accrued on the relevant Deferred Purchase Price (DPP).

2. Exposure arising from the main "own" securitisation transactions broken down by type of securitised assets and by type of exposure

Type of securitised assets/exposures *(amounts in thousands of Euros)*	Cash exposures						Guarantees issued						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs	Book values	value adjustments/write -backs
A. Subject to full derecognition																		
Assignee company /type																		
- *Type of underlying loan*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Subject to partial derecognition																		
Assignee company / type																		
- *Type of underlying loan*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	-	-	140,200	-	1,072,982	-	-	-	-	-	-	-	-	-	-	-	-	-
C.4 Alba 6 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	-	-	75,010	-	-	-	-	-	-	-	-	-	-	-	-	-
C.5 Alba 7 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	-	-	191,726	-	-	-	-	-	-	-	-	-	-	-	-	-
C.6 Sunny 1 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	-	-	281,337	-	-	-	-	-	-	-	-	-	-	-	-	-
C.7 Alba 8 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	-	-	213,450	-	-	-	-	-	-	-	-	-	-	-	-	-
C.8 Alba 9 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	25,200	-	165,098	-	-	-	-	-	-	-	-	-	-	-	-	-
C.9 Alba 10 SPV S.r.l.																		
Lease rentals - Automotive / Capital goods / Real estate / Aviation and Naval Industry and Railway	-	-	115,000	-	146,361	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**140,200**	**-**	**1,072,982**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

3. Total amount of securitised assets underlying the junior notes or other forms of credit support

(amounts in thousands of Euros)

		Traditional securitisations	Synthetic securitisations
A.	Own underlying assets	3,252,377	-
A.1	Subject to full derecognition	-	
	1. Bad loans	-	-
	2. Unlikely to pay loans	-	-
	3. Paste due exposures (non-performing)	-	-
	5. Other assets	-	-
A.2	Subject to partial derecognition	-	
	1. Bad loans	-	-
	2. Unlikely to pay loans	-	-
	3. Paste due exposures (non-performing)	-	-
	5. Other assets	-	-
A.3	Not derecognised	3,252,377	-
	1. Bad loans	18,696	-
	2. Unlikely to pay loans	96,742	-
	3. Paste due exposures (non-performing)	534	-
	5. Other assets	3,136,405	-
B.	Third-party underlying assets	-	-
	1. Bad loans	-	-
	2. Unlikely to pay loans	-	-
	3. Paste due exposures (non-performing)	-	-
	5. Other assets	-	-
	Total	3,252,377	-

The amounts are stated net of value adjustments (if any).

4. Activities for the servicing-collection of securitised receivables and redemptions of notes issued by the SPV

(amounts in thousands of Euros)

Servicer	SPV	Securitised assets at 31.12.2018		Collection of receivables in the year		Percentage amount of notes repaid at 31.12.2018					
						Senior		Mezzanine		Junior	
		Performing	Impaired	Performing	Impaired	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets
Alba Leasing S.p.A.	Alba 6 SPV S.r.l.	315,698	23,431	69,042	1,033	23.8%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 7 SPV S.r.l.	234,820	9,538	128,574	4,415	100.0%	-	80.5%	-	0.0%	-
Alba Leasing S.p.A.	Alba 8 SPV S.r.l.	490,210	16,318	207,890	3,422	65.3%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 9 SPV S.r.l.	839,931	12,843	275,009	1,001	38.6%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 10 SPV S.r.l.	964,992	1,220	18,626	-	0.0%		0.0%		0.0%	
Alba Leasing S.p.A.	Sunny 1 SPV S.r.l.	290,754	52,622	85,537	3,419	63.7%	-	0.0%	-	0.0%	-
Total		3,136,405	115,972	784,678	13,290						

The Company has not issued guarantees or credit facilities in relation to outstanding securitisation transactions.
The final redemption amounts of the leases have also been assigned, in addition to the lease rentals.
The amounts are stated net of value adjustments (if any).

Breakdown of securitised assets by geographical area

Alba 6 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 6 Geographical Area	31.12.2018
North	199,847
Centre	105,889
South and Islands	39,983
Total	345,719

The amounts are stated gross of value adjustments (if any).

Alba 7 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 7 Geographical Area	31.12.2018
North	164,821
Centre	58,488
South and Islands	28,042
Total	251,351

The amounts are stated gross of value adjustments (if any).

Alba 8 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 8 Geographical Area	31.12.2018
North	347,490
Centre	98,270
South and Islands	70,056
Total	515,816

The amounts are stated gross of value adjustments (if any).

Alba 9 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 9 Geographical Area	31.12.2018
North	532,637
Centre	173,680
South and Islands	155,809
Total	862,126

The amounts are stated gross of value adjustments (if any).

Sunny 1 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Sunny 1 Geographical Area	31.12.2018
North	284,875
Centre	34,379
South and Islands	33,097
Total	**352,351**

The amounts are stated gross of value adjustments (if any).

Alba 10 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 10 Geographical Area	31.12.2018
North	620,991
Centre	185,410
South and Islands	167,328
Total	**973,729**

The amounts are stated gross of value adjustments (if any).

Breakdown of securitised assets by sector of economic activity

Alba 6 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 6 Economic Activity	31.12.2018
Producer households	3,181
Consumer households	18,128
Insurance companies	379
Financial companies	5,445
Non-financial companies	318,568
Other public entities	-
Other operators	9
Banks	9
Units that cannot be classified and are not classified	-
Total	**345,719**

The amounts are stated gross of value adjustments (if any).

Alba 7 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 7 Economic Activity	31.12.2018
Producer households	15,550
Consumer households	1,676
Insurance companies	416
Financial companies	3,378
Non-financial companies	230,110
Other public entities	-
Other operators	218
Banks	-
Units that cannot be classified and are not classified	3
Total	251,351

The amounts are stated gross of value adjustments (if any).

Alba 8 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 8 Economic Activity	31.12.2018
Producer households	42,227
Consumer households	1,451
Insurance companies	1,227
Financial companies	1,575
Non-financial companies	467,576
Other public entities	-
Other operators	1,745
Banks	-
Units that cannot be classified and are not classified	15
Total	515,816

The amounts are stated gross of value adjustments (if any).

Alba 9 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 9 Economic Activity	31.12.2018
Producer households	65,125
Consumer households	3,026
Insurance companies	1,946
Financial companies	964
Non-financial companies	788,799
Other public entities	-
Other operators	2,233
Banks	-
Units that cannot be classified and are not classified	33
Total	862,126

The amounts are stated gross of value adjustments (if any).

Sunny 1 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Sunny 1 Economic Activity	31.12.2018
Producer households	2,673
Consumer households	-
Insurance companies	99
Financial companies	32,579
Non-financial companies	316,998
Other public entities	-
Other operators	2
Banks	-
Units that cannot be classified and are not classified	-
Total	352,351

The amounts are stated gross of value adjustments (if any).

Alba 10 SPV S.r.l. Securitisation transaction
(amounts in thousands of Euros)

Alba 10 Economic Activity	31.12.2018
Producer households	64,874
Consumer households	10,961
Insurance companies	1,918
Financial companies	4,175
Non-financial companies	889,987
Other public entities	30
Other operators	1,784
Banks	-
Units that cannot be classified and are not classified	-
Total	973,729

The amounts are stated gross of value adjustments (if any).

B. Information on unconsolidated structured entities for accounting purposes (other than securitisation SPVs)

It is informed that there are no other structured entities not consolidated by Alba Leasing S.p.A..

C - Assignment transactions

C.1 - Financial assets sold and not fully derecognised

QUALITATIVE INFORMATION

The operations relate to the assignment of receivables for lease agreements within the securitisation transactions named “Alba 6”, “Alba 7”, “Alba 8”, “Alba 9”, “Alba 10” and “Sunny 1.”

QUANTITATIVE INFORMATION

C.1.1 Financial assets sold and fully recognised and associated financial liabilities: book values

(thousands of Euros)	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase	of which: impaired	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase
Financial assets held for trading	-	-	-	X	-	-	-
1. Debt securities				X	-	-	-
2. Equity instruments				X	-	-	-
3. Loans				X	-	-	-
4. Derivatives				X	-	-	-
Other financial assets mandatorily at fair value	-	-	-		-	-	-
1. Debt securities					-	-	-
2. Equity instruments				X	-	-	-
3. Loans					-	-	-
Financial assets designated at fair value	-	-	-		-	-	-
1. Debt securities					-	-	-
2. Loans					-	-	-
Financial assets at fair value through comprehensive income	-	-	-		-	-	-
1. Debt securities					-	-	-
2. Equity instruments				X	-	-	-
3. Loans					-	-	-
Financial assets measured at amortised cost	4,947,474	3,252,377	-	115,972	-	-	-
1. Debt securities	5,005	-			-	-	-
2. Loans	4,942,469	3,252,377		115,972	-	-	-
Total at 31/12/2018	**4,947,474**	**3,252,377**	**-**	**115,972**	**-**	**-**	**-**

During the 2018 financial year a new securitisation transaction was carried out with Alba 10 SPV S.r.l.; for more details on the characteristics of this transaction originated by Alba Leasing S.p.A., reference should be made to Part D, Section 2 – Securitisation transactions, information on unconsolidated structured entities (other than securitisation SPVs) and disposals of assets, paragraph “A. Securitisation transactions.”

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy’s previous Order of 9 December 2016, “The financial statements of IFRS intermediaries other than bank intermediaries.”

Actuarial forms/Portfolio *(thousands of Euros)*	Financial assets held for trading			Financial assets at fair value			Financial assets available for sale			Financial assets held to maturity			Receivables			Total 31/12/2017
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	
A. Cash assets																
1. Debt securities																
2. Equity instruments										X	X	X	X	X	X	
3. UCIs										X	X	X	X	X	X	
4. Loans													3,038,355			3,038,355
B. Derivative instruments				X	X	X	X	X	X	X	X	X	X	X	X	
Total at 31/12/2017													3,038,355			3,038,355
Of which impaired													*106,095*			*106,095*

C.1.2 Financial assets sold and partially recognised and associated financial liabilities: book value

In these consolidated financial statements financial liabilities against financial assets sold not derecognised in relation to securitisation transactions are classified under "Outstanding securities." Therefore, for more details, reference should be made to Part B – Liabilities - Section 2 "2.2 Financial liabilities measured at amortised cost: breakdown of outstanding securities by product."

C.1.3 Disposal of liabilities with recourse only against assets sold and not fully derecognised: fair value

This sub-item does not show any balance.

C.2 Financial assets sold and fully derecognised with recognition of continuing involvement

This item was not reported at 31 December 2018.

Section 3 – Information on risks and related hedging policies

Introduction

The following are the main arguments at the basis of the Company's risk identification and assessment process.

3.1 Credit risk

QUALITATIVE INFORMATION

1. General issues

The proportion of non-performing loans Alba Leasing S.p.A. holds in its portfolio is constantly lower than the Assilea Benchmark. One of the reasons for this is Alba Leasing's conservative policies in granting credit.

(amounts in thousands of Euros)

Risk range	Gross risk Total Assets	Gross risk Lease only	% of Total Lease only	Benchmark Assilea 31.12.2018	Delta
Bad loans	439,934	437,342	8.7%	15.3%	-6.6 p.p.
Unlikely to pay loans	304,440	299,847	6.0%	7.3%	-1.3 p.p.
Past due loans	1,147	1,147	0.0%	0.3%	-0.3 p.p.
Total	745,521	738,336	14.7%	22.9%	-8.2% p.p.

2. Credit risk management policies

Organisational issues

The lending process is governed by the Decision-Making Regulations, the Credit Regulations, the Doubtful Loans Department Regulations, the Compliance, Risk & Control Regulations and the procedures involved, which lay down credit risk management criteria and methods. The main steps in these procedures are:

- Creditworthiness assessment criteria;
- Enforcement of powers and authority;
- Checking performance and monitoring amounts receivable;
- Evaluation and management of anomalous and impaired positions.

Credit policy

Credit risk policies pay special attention to maintaining an appropriate risk/return profile and assuming risks consistently with the Company's mission.

The process of granting and managing loans is subject to the observance of precise lending rules. In order to ensure that credit quality is carefully monitored, the following lending policies must be followed:

- assess the Customer's capacity to repay the loan and establish whether guarantees are offered;
- analyse the internal rating, if available;
- examine the economic sector of the Customer/business and legal Group from the point of view of risk level and concentration in the economic sector, giving priority to enterprises that:
  - are interested in exporting;
  - invest in R&D;
  - apply product and process innovation;
- give priority to capital goods transactions, restricting transactions on typical high-risk assets (e.g. moulds, furnishings, air conditioning systems, equipment for beauty centres and gyms) to entities with a high credit standing;
- give priority to contracts for moderate amounts with a view to assisting in risk spreading and the need for securitisation;
- only carry out "property under construction" transactions with companies with a high credit standing.

Creditworthiness assessment

The assessment of creditworthiness mainly considers the Customer's capacity to repay loans.
Capacity is verified by analysing the customers' capacity to produce income and cash flows which are sufficient for them to meet their financial commitments.
Therefore it is customers' effective capacity to produce income and their financial position which are scrutinised, and not those of their guarantors, if any; if a customer becomes insolvent, however, debt collection action may be taken, so that in any case special attention must also be paid to the amount of security provided to the System.
The asset that is financed is, its turn, an element of the guarantees whose contribution to risk mitigation should be assessed.
Creditworthiness is assessed by means of:

- Resolutions passed by Alba Leasing S.p.A, through the Company's decision-making Bodies, based on the current system of delegated powers;
- Resolutions passed by Alba Leasing S.p.A., using an automatic scoring Model. The acceptance scoring Model processes all contracts for lower than limits which vary according to type of asset;

- Resolutions passed by the Partner and Affiliated Banks. Alba Leasing S.p.A. has entered into specific Presto Leasing agreements with Partner Banks and a small number of other affiliated banks whereby within certain limits set according to the type of asset (real property, capital goods, etc.) and within some further limits on the type of transaction and applicant, all lending procedures are carried out and all decisions are taken by trained staff in the Bank itself who already handle the Bank's own lending; transactions are always backed by a 50% guarantee issued by the bank that decides on the loan (the new agreements, partly operating during 2018, provide for the gradual release of guarantees on the part of the Banks depending on the rating assigned to the counterparty).

Enforcement of powers and authority

The Board of Directors authorises the power to grant credit facilities to the Decision-making Bodies up to the level of Credit Manager; these must observe the maximum risk limits for Customers and business/legal Groups laid down in the Decision-Making Regulations.
These Regulations provide for and bestow specific powers for proposals of proven urgency, transactions with certain counterparties, transactions subject to constraints, some Presto Leasing transactions and transactions processed with the Credit Scoring system.
The Regulations also specify certain counterparties with whom transactions are prohibited.

Credit performance check

The purpose of checking performance is to verify that the operating results, cash flows and financial position of Customers and their guarantors have not altered since credit facilities were granted. Credit standing is classified by the level of risk which emerges in the Company's various risk categories (such as the "provision for risks" and the assignment of "rating" levels) and in accordance with the general principles regulated by the Supervision Guidelines.
These categories classify in detail not only customers in default but also customers who show indications of greater than normal risk.

3. Non-performing credit exposures

Measurement and management of anomalous and impaired positions

The management of accounts from those starting with those presenting slight anomalies up to those persistently insolvent is the final phase of the lending process. This activity is the responsibility of the Doubtful Loans Department, which is divided into three "Organisational Units": Debt Collection, Litigation and Remarketing.
The Debt Collection O.U.'s work is to manage insolvent customers' accounts with the aim of returning them to the performing category, involving Promoting Banks if appropriate. After the termination of the contract, on the other hand, the Litigation O.U. normally tries to recover the asset and/or the debt with the assistance of affiliated law firms.
Finally, the Remarketing O.U. manages, in collaboration with the Debt Collection O.U. and the Litigation O.U., the operations involved in the recovery (and subsequent marketing) of real and personal property (i) from lease agreements which have been unsuccessful and have therefore been terminated; and/or (ii) which have been made available by the former user, including non-exercise of the final purchase option.
In order to reconcile the debt recovery work process and cost control, the Doubtful Loans Department has prescribed, within the Debt Collection process, two different ways of managing positions according to their level of risk:

- less than Euro 250,000 (Standard Risks) for which the Company also turns to external debt collection firms which try to recover the debt by making telephone reminders or calling at customer' home or office;

- Euro 250,000 or more (Major Risks) which the Company manages directly through dedicated in-house Managers (Customer Relations Managers").

The management and supervision of insolvent accounts is coordinated by the Doubtful Loans Department according to the degree to which the account is anomalous.
Specifically:

- the Debt Collection O.U.'s work mainly consists of: (i) drawing attention to defaults; (ii) recovering unpaid debts; (iii) handling relations with the debt collection firms which operate by making telephone calls and/or personal visits; (iv) processing applications for and/or making decisions on deferred payments and in any case on repayment plans; (v) processing applications for and/or making decisions on composition settlements, the surrender of assets and other dispositions of debt; (vi) processing applications for and/or making decisions on the classification of accounts as unlikely to pay and/or bad loans; (vii) examining and/or deciding on proposals to move accounts to the Litigation O.U., considering the operational advantage of terminating the contract; (viii) handling relations with insolvent customers with the assistance of affiliated law firms if appropriate; (ix) enforcement and relations with guarantor banks and/or suppliers or third party obligors; (x) monitoring and coordinating debt collection for the "risk and reward" portfolio and of any other affiliated Outsourcer;
- the Litigation O.U. mainly: (i) carries out the activities necessary for recovering debts and assets from defaulting customers; (ii) handles and coordinates legal action against both customers and guarantors for the recovery of debts and assets; (iii) evaluates the advantage and/or advisability of initiating or continuing with lawsuits or coming to a settlement with regard to positions that have been classified as non-performing; (iv) processes applications for and makes decisions on extensions and deferred payments; (v) processes applications for and makes decisions on composition settlements, the surrender of assets and other dispositions of debt; (vi) handles relations with the bodies in charge of insolvency procedures involving the main Customer or defaulting guarantors with the assistance of affiliated law firms if appropriate; (vii) deals with enforcements and handles relations with guarantor banks and/or suppliers or third party obligors; (viii) monitoring and coordinating the litigation management process for the "risk and reward" portfolio and of any other affiliated Outsourcer;
- the Remarketing O.U.'s work mainly consists of: (i) the effective recovery of real and personal property, their taking into delivery, custody, management and marketing, including through affiliated Outsourcers; (ii) the recovery of the documents necessary for their management and subsequent sale; (iii) the management of relations with Outsourcers and warehouses; (iv) if necessary, an appraisal of whether recovery is economic or otherwise after obtaining estimates from Outsourcers of the cost of the removal and subsequent scrapping of unsellable assets; (v) monitoring the management process of each affiliated Outsourcer.

Generally speaking, as regards defaulting positions careful consideration is given to:

- Customers' financial performance and cash flows with a view to their possible return to performing status; the possibility of repayment plans drawn up on the basis of customers' capacity to repay loans to time;
- the scrutiny of the outcome of action taken to recover debts (repayment plans, etc.) and the reasons for the lack of success of such action if applicable;
- in the framework of the determination of credit risk, the calculation of a forecast of the loss involved.

Departments control risk on the accounts for which they are responsible by:

- verifying Customers' fulfilment of their obligations and ascertaining the outcome of reminders to settle their outstanding debts;
- assigning the accounts they manage to external lawyers to start taking action for the return of assets and/or the recovery of their debts, against guarantors as well if applicable;

- terminating the contract;
- in the framework of credit risk classification, estimating and periodically checking forecasts of expected losses on the accounts they manage.

In the framework of its classification of credit risk, the Doubtful Loans Department, through the Debt Collection and Litigation O.U., ensures that the accounts managed are classified as laid down in Company regulations and in the Supervision regulations.
Finally, it should be noted that debt collection, litigation and remarketing activities can be partly managed through selected external Outsourcers under specific agreements signed with the Company.

Management, measurement and control systems

The processes of valuing and paying out small loans are automated (credit scoring type instruments) while for higher amounts these processes are manual and tend to be centralised in Head Office departments, as laid down in the Credit Regulations and the Decision-Making System Regulations.
At present credit risk control is exercised with traditional statistical methods such as performance rating.

Credit risk mitigation techniques

The particular nature of finance lease (which entails ownership of the financed asset) places the financed asset as a form of security and mitigation of credit risk.
Other forms of credit risk mitigation are the acquisition of collateral, personal security, real estate and bank guarantees.
“Presto Leasing” transactions are an important element in Alba Leasing S.p.A.’s distribution Model. The characteristics of these transactions, which are carried out under specific “agreements”, are small unit costs and a consequent marked diversification of risk; they are proposed through banking channels and are backed by an indemnity against loss equal to 50% (or with different percentages depending on the rating as reported in the new agreements). This constitutes a valuable form of risk mitigation bearing in mind that this form of lending accounted for 24.0% of the lease agreements entered at 31 December 2018.
The Company’s loan coverage rate is lower than that of the System as a whole because, in fact, this substantial part of its new business comes from Presto Leasing agreements through distributor Banks.
The Company makes appropriations for these transactions calculated on exposure less the “Presto Leasing guarantees” issued by the Banks.

A method was created during 2015 which helped in estimating the propensity of properties to retain their commercial value over time or otherwise. The method adjusted the process to manage estimates for the determination of debt recovery, laying down specific procedures for assessing both property risk (specific rating) and Customer risk (collectibility).

The Company continued to use this property rating Model in 2018 in order to estimate the propensity of property to retain or increase its commercial value over time. In general the method defined by the Risk Management O.U. reviews the process to manage estimates for the determination of debt recovery, including specific actions on the property risk (rating) and the Customer risk (collectibility); specifically the method:

- assigns a rating to the property;
- revises the type of valuation report. Experts must state an unequivocal valuation in their reports, in accordance with international standards. The type of valuation report depends on the property’s rating and value;
- standardises the manner in which valuation reports are prepared and evaluated in order not to interfere with the experts’ independence while at the same time keeping their degree of subjectivity within bounds;

- prescribes changes in the frequency of revisions to valuation reports. Reports, in compliance with Regulations and/or at the request of Supervisory authorities, are revised on the basis of the gross amount of the loan as per IAS and of the property rating;
- assigns a haircut to each property automatically which is applied to its last valuation (commercial value), which is determined according to the product (leasing/loans), the property rating and the last type of valuation employed;
- adjusts the assessment of collectibility according to Customer risk.

An additional hair-cut is also attributed according to stock ageing.
The property rating Model is an analytical instrument supporting the assessment of the propensity of a property to lose, keep or increase its value over time, and the comparison of these values even at different moments. The Model provides a numerical valuation obtained from the values assigned to the different variables pertaining to the characteristics of the property being assessed. A value is given to the intrinsic qualities of the property which help to keep or increase its price and both the wealth available at a local level and a share of the increase or decrease in this wealth during the years of the crisis are assessed. The expert appraises the value of the characteristics of the property by compiling a transcoding matrix (the set of elements of the property to be appraised by the expert) the items in which consist of numerical judgments.
The value obtained is refined by two other factors: (i) inflation, i.e. the term of monetary accommodation from the time of the analysis; (ii) economic cycle, which takes into account changes in the macro economic variables associated with rises and falls in real estate values in the various sectors.

4. Financial assets subject to commercial renegotiations and exposures with forbearance measures

Forbearance measures are defined as any and all agreements signed with the customer whose prerequisite is the occurrence or existence of a situation of financial difficulty in relation to compliance with contractual obligations. This condition is expressed in both the following actions (the forbearance measure might generate a loss to the creditor):
- the renegotiation of contract terms or conditions which, if applied, allow the debtor to fulfil new obligations (financial change);
- the partial or total refinancing of problem loans (Repayment plan). The forbearance is verified when more favourable conditions are applied to the customer compared to those previously in force, or when the conditions applied are better than those that would have been adopted for a counterparty belonging to the same class of risk.

If the forbearance measure concerns exposures to entities classified as “performing” or “performing past-due exposures”, the requirement of the debtor's economic and financial difficulties is assumed to be satisfied if the forbearance measure involves a pool of intermediaries. Renegotiations for commercial purposes and renegotiations by ministerial decree are excluded from the classification to exposures with forbearance measures.
All repayment plans give rise to forbearance measures. The date of application of the measure coincides with the date of entering the repayment plan in the statement of account.

QUANTITATIVE INFORMATION

1. Breakdown of financial assets by portfolios and credit quality (book values)

Portfolio/quality *(thousands of Euros)*	Bad loans	Unlikely to pay loans	Past due exposures (non-performing)	Past due exposures (performing)	Other exposures (performing)	Total
1. Financial assets measured at amortised cost	218,827	256,554	1,077	28,672	4,442,344	4,947,474
2. Financial assets at fair value through comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
31/12/2018	218,827	256,554	1,077	28,672	4,442,344	4,947,474

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Portfolio/quality *(thousands of Euros)*	Bad loans	Unlikely to pay loans	Past due exposures (non-performing)	Past due exposures (performing)	Other exposures (performing)	Total
1 Financial assets available for sale	-	-	-	-	-	-
2 Financial assets held to maturity	-	-	-	-	5,016	5,016
3 Receivables from banks	-	-	-	-	165,416	165,416
4 Receivables from customers	235,585	269,187	4,065	29,715	4,255,897	4,794,449
5 Financial assets at fair value	-	-	-	-	-	-
6 Financial assets held for sale	36,735	17,492	-	-	-	54,227
Total at 31/12/2017	272,320	286,679	4,065	29,715	4,426,329	5,019,108

2. Breakdown of financial assets by portfolio and credit quality (gross and net values)

Portfolio/Quality *(thousands of Euros)*	Non-performing				Performing			Total (net exposure)
	Gross exposure	Overall value adjustments	Net exposure	Overall partial Write-offs *	Gross exposure	Overall value adjustments	Net exposure	
1. Financial assets measured at amortised cost	736,484	260,026	476,458	1,389	4,511,078	40,062	4,471,016	4,947,474
2. Financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total at 31/12/2018	736,484	260,026	476,458	1,389	4,511,078	40,062	4,471,016	4,947,474

** Value to be stated for information purposes*

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Portfolio/quality *(thousands of Euros)*	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	-
Total at 31/12/2018	-	-	-

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Portfolio/quality *(thousands of Euros)*	Assets of evident poor credit quality	Other assets	Total
1 Financial assets held for trading	-	75	75
2 Hedging derivatives	-	-	-
Total at 31/12/2017	-	75	75

3. Breakdown of financial assets by past-due exposure (book values)

Portfolios/risk stages *(thousands of Euros)*	First stage			Second stage			Third stage		
	From 1 day to 30 days	From 30 days to 90 days	Beyond 90 days	From 1 day to 30 days	From 30 days to 90 days	Beyond 90 days	From 1 day to 30 days	From 30 days to 90 days	Beyond 90 days
1. Financial assets measured at amortised cost	3,342,795	-	3	1,123,955	3,499	764	293,704	18,529	164,225
2. Financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-
Total at 31/12/2018	**3,342,795**	**-**	**3**	**1,123,955**	**3,499**	**764**	**293,704**	**18,529**	**164,225**

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

4. Financial assets, commitments to disburse funds and financial guarantees issued: changes in overall value adjustments and overall accruals

Reasons/ risk stages *(thousands of Euros)*	Overall value adjustments													Overall accruals on commitments to disburse funds and financial guarantees issued			Total
	Assets within the first stage				Assets within the second stage				Assets within the third stage								
	Financial assets measured at amortised cost	Financial assets at fair value through comprehensive income	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets at fair value through comprehensive income	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets at fair value through comprehensive income	of which: individual write-downs	of which: collective write-downs	of which: impaired financial assets acquired or originated	First stage	Second stage	Third stage	
Opening balance	**6,956**	**-**	**-**	**6,956**	**33,516**	**-**	**-**	**33,516**	**326,122**	**-**	**326,122**	**-**	**-**	**188**	**464**	**-**	**367,246**
Increases in financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition other than write-offs	(7,878)	-	-	(7,878)	(17,451)	-	-	(17,451)	(78,520)	-	(78,520)	-	-	-	-	-	(103,849)
Net value adjustments/write-backs for credit risk (+/-)	(5,786)	-	-	(5,786)	5,217	-	-	5,217	(23,301)	-	(23,301)	-	-	(1)	85	101	(23,685)
Contract amendments without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	(4)	-	-	(4)	(20)	-	-	(20)	(734)	-	(734)	-	-	-	-	-	(758)
Other changes	14,038	-	-	14,038	11,474	-	-	11,474	36,459	-	36,459	-	-	(1)	13	67	62,050
Closing inventories	**7,326**	**-**	**-**	**7,326**	**32,736**	**-**	**-**	**32,736**	**260,026**	**-**	**260,026**	**-**	**-**	**186**	**562**	**168**	**301,004**
Recoveries by collection on financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly through profit or loss	-	-	-	-	(140)	-	-	(140)	(7,659)	-	(7,659)	-	-	-	-	-	-

Opening balances include changes recorded in the First-Time Adoption of IFRS 9.

5. Financial assets, commitments to disburse funds and financial guarantees issued: transfers between different stages of credit risk (gross and nominal values)

Portfolios/ risk stages *(thousands of Euros)*	Gross values / nominal value					
	Transfers from the first to the second stage		Transfers from the second to the third stage		Transfers from the first to the third stage	
	From first to second stage	From second to first stage	From second to third stage	From third to second stage	From first to third stage	From third to first stage
1. Financial assets measured at amortised cost	163,369	121,909	36,490	246	35,748	244
2. Financial assets at fair value through comprehensive income	-	-	-	-	-	-
3. Commitments to disburse funds and financial guarantees issued	900	106	33	-	117	-
Total at 31/12/2018	**164,269**	**122,015**	**36,523**	**246**	**35,865**	**244**

No comparative figure for the previous year is provided since the information in the above table was not required by the previous Bank of Italy's Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

6. Credit exposures to customers, banks and financial companies

6.1 Credit and off-balance sheet exposures to banks and financial companies: gross and net values

Types of exposures/values *(thousands of Euros)*	Gross exposure		Overall value adjustments and overall accruals	Net Exposure	Overall partial Write-offs *
	Non-performing	Performing			
A. Cash credit exposures					
a) Bad loans	6,722	X	(1,836)	4,886	-
- of which: exposures with forbearance measures	-	X	-	-	-
b) Unlikely to pay loans	-	X	-	-	-
- of which: exposures with forbearance measures	-	X	-	-	-
c) Past due exposures (non-performing)	-	X	-	-	-
- of which: exposures with forbearance measures	-	X	-	-	-
d) Past due exposures (performing)	X	14,229	(245)	13,984	-
- of which: exposures with forbearance measures	X	-	-	-	-
e) Other exposures (performing)	X	235,809	(523)	235,286	-
- of which: exposures with forbearance measures	X	-	-	-	-
Total A	6,722	250,038	(2,604)	254,156	-
B. OFF-BALANCE SHEET EXPOSURES					
a) Non-performing	-	X	-	-	-
b) Performing	X	974	(1)	973	-
Total B	-	974	(1)	973	-
Total (A+B)	6,722	251,012	(2,605)	255,129	-

** Value to be stated for information purposes*

6.2 Cash credit exposures to banks and financial companies: changes in gross non-performing exposures

Reasons/Categories *(thousands of Euros)*	Bad loans	Unlikely to pay loans	Past due exposures (non-performing)
A. Opening Gross Exposure	6,248	2,592	-
- of which: exposures assigned not derecognised	-	19	-
B. Increases	1,601	1,756	-
B.1 transfers from performing exposures	-	-	-
B.2 transfers from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other categories of impaired exposures	918	-	-
B.4 contract amendments without cancellations	-	-	-
B.5 other increases	683	1,756	-
C. Decreases	1,127	4,348	-
C.1 transfers to performing exposures	-	-	-
C.2 write-off	-	98	-
C.3 receipts	-	1,678	-
C.4 profits from assignment	-	-	-
C.5 losses from assignment	-	-	-
C.6 transfers to other categories of impaired exposures	-	918	-
C.7 contract amendments without cancellations	-	-	-
C.8 other decreases	1,127	1,654	-
D. Closing Gross Exposure	6,722	0	-
- of which: exposures assigned not derecognised	10	-	-

6.2bis Cash credit exposures to banks and financial companies: changes in gross exposures with forbearance measures broken down by credit quality

Reasons/Categories *(thousands of Euros)*	Exposures with forbearance measures: non-performing	Exposures with forbearance measures: performing
A. Opening gross exposure	1,678	-
- of which: exposures assigned not derecognised	-	-
B. Increases	1,175	-
B.1 transfers from performing exposures without forbearance measures	-	-
B.2 transfers from performing exposures with forbearance measures	-	X
B.3 transfers from non-performing exposures with forbearance measures	X	-
B.4 other increases	1,175	-
C. Decreases	2,853	-
C.1 reclassification to performing exposures without forbearance measures	X	-
C.2 reclassification to performing exposures with forbearance measures	-	X
C.3 reclassification to non-performing exposures with forbearance measures	X	-
C.4 write-off	-	-
C.5 receipts	217	-
C.6 profits from assignment	-	-
C.7 losses from assignment	-	-
C.8 other decreases	2,636	-
D. Closing gross exposure	-	-
- of which: exposures assigned not derecognised	-	-

6.3 Non-performing cash credit exposures to banks and financial companies: changes in overall value adjustments

Causali/Categorie *(migliaia di euro)*	Bad loans		Unlikely to pay loans		Past due exposures (non-performing)	
	Total	of which: exposures with forebearance measures	Total	of which: exposures with forebearance measures	Total	of which: exposures with forebearance measures
A. Opening overall adjustments	1.926	-	224	23	-	-
- of which: exposures assigned but not derecognised	-	-	2	-	-	-
B. Increases	542	-	302	180	-	-
B.1value adjustments from impaired financial assets acquired or originated	-	X	-	X	-	X
B.2 other value adjustments	262	-	302	180	-	-
B.3 losses from assignment	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	280	-	-	-	-	-
B.5contract amendments without cancellation	-	X	-	X	-	X
B.6 other increases	-	-	-	-	-	-
C. Decreases	632	-	526	203	-	-
C.1. value adjustments from measurement	632	-	18	11	-	-
C.2 value adjustments from collection	-	-	228	192	-	-
C.3 profits from assignment	-	-	-	-	-	-
C.4 *write-offs*	-	-	-	-	-	-
C.5 transfer to other categories of non-performing exposures	-	-	280	-	-	-
C.6 contract amendments without cancellations	-	X	-	X	-	X
C.7 other decreases	-	-	-	-	-	-
D. Closing overall adjustments	1.836	-	-	-	-	-
- of which: exposures assigned not derecognised	1	-	-	-	-	-

Opening balances include changes recorded in the First-Time Adoption of IFRS 9.

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

Types of exposures/values *(thousands of Euros)*	Gross exposure		Overall value adjustments and overall accruals	Net exposure	Overall partial Write-offs *
	Non-performing	Performing			
A. Cash credit exposures					
a) Bad loans	425,679	X	(211,738)	213,941	1,389
- of which: exposures with forbearance measures	31,362	X	(13,447)	17,915	35
b) Unlikely to pay loans	302,944	X	(46,390)	256,554	-
- of which: exposures with forbearance measures	151,501	X	(21,457)	130,044	-
c) Past due exposures (non-performing)	1,139	X	(62)	1,077	-
- of which: exposures with forbearance measures	259	X	(2)	257	-
d) Past due exposures (performing)	X	15,957	(1,269)	14,688	-
- of which: exposures with forbearance measures	X	7	(1)	6	-
e) Other exposures (performing)	X	4,245,083	(38,025)	4,207,058	-
- of which: exposures with forbearance measures	X	7,011	(174)	6,837	-
TOTAL A	**729,762**	**4,261,040**	**(297,484)**	**4,693,318**	**1,389**
B. Off-balance sheet credit exposures					
a) Non-performing	352	X	(168)	184	-
b) Performing	X	599,777	(747)	599,030	-
TOTAL B	**352**	**599,777**	**(915)**	**599,214**	**-**
TOTAL A+B	**730,114**	**4,860,817**	**(298,399)**	**5,292,532**	**1,389**

** Values to be stated for information purposes*

6.5 Credit exposures to customers: changes in gross non-performing exposures

Reasons/Categories *(thousands of Euros)*	Bad loans	Unlikely to pay loans	Past due exposures (non-performing)
A. Opening gross exposure	**513,760**	**345,434**	**4,218**
- of which: exposures assigned not derecognised	13,651	89,896	2,529
B. Increases	**166,215**	**172,438**	**14,979**
B.1 transfers from performing exposures	11,005	81,276	13,348
B.2 transfers from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other categories of non-performing exposures	44,690	7,915	89
B.4 contract amendments without cancellations	-	-	-
B.5 other increases	110,520	83,247	1,542
C. Decreases	**254,296**	**214,928**	**18,058**
C.1 reclassification to performing exposures	-	70	5,187
C.2 write-offs	27,833	2,792	13
C.3 receipts	26,038	46,556	1,650
C.4 profits from assignment	44,882	17,989	-
C.5 losses from assignment	43,179	10,277	-
C.6 transfers to other categories of non-performing exposures	287	42,458	9,949
C.7 contract amendments without cancellations	-	-	-
C.8 other decreases	112,077	94,786	1,259
D. Closing gross exposure	**425,679**	**302,944**	**1,139**
- of which: exposures assigned not derecognised	28,293	109,550	555

6.5bis Cash credit exposures to customers: changes in gross exposures with forbearance measures broken down by credit quality

Reasons/Quality *(thousands of Euros)*	Exposures with forbearance measures: non-performing	Exposures with forbearance measures: performing
A. Opening gross exposure	**199,529**	**19,713**
- of which: exposures assigned not derecognised	33,776	7,284
B. Increases	**80,844**	**8,009**
B.1 transfers from performing exposures without forbearance measures	12,305	1,881
B.2 transfers from performing exposures with forbearance measures	-	-
B.3 transfers from non-pe4rforming exposures with forbearance measures	841	117
B.4 other increases	67,698	6,011
C. Decreases	**97,251**	**20,704**
C.1 reclassification to performing exposures without forbearance measures	-	-
C.2 reclassification to performing exposures with forbearance measures	117	-
C.3 reclassification to non-performing with forbearance measures	-	361
C.4 write-off	11,638	3
C.5 receipts	27,666	2,516
C.6 profits from assignment	1,003	115
C.7 losses from assignment	-	-
C.8 other decreases	56,827	17,709
D. Closing gross exposure	**183,122**	**7,018**
- of which: exposures assigned not derecognised	51,087	3,442

6.6 Non-performing cash credit exposures to customers: changes in overall value adjustments

Reasons/Categories *(thousands of Euros)*	Bad loans		Unlikely to pay loans		Past due exposures (non-performing)	
	Total	of which: exposures with forbearance measures	Total	of which: exposures with forbearance measures	Total	of which: exposures with forbearance measures
A. Opening overall adjustments	**258,133**	**22,368**	**65,686**	**28,306**	**153**	**41**
- of which: exposures assigned not derecognised	4,578	514	9,503	4,214	79	2
B. Increases	**64,969**	**5,812**	**58,082**	**16,762**	**3,667**	**99**
B.1 value adjustments to impaired financial assets acquired or originated	-	X	-	X	-	X
B.2 other value adjustments	42,177	2,511	37,158	13,624	3,149	87
B.3 losses from disposal	-	-	1,227	-	-	-
B.4 transfers from other categories of non-performing exposures	17,261	-	-	-	-	-
B.5 contract amendments without cancellations	-	X	-	X	-	X
B.6 other increases	5,531	3,301	19,697	3,138	518	12
C. Decreases	**111,364**	**14,733**	**77,378**	**23,611**	**3,758**	**138**
C.1. value writ-backs from measurement	51,011	6,350	41,186	17,529	410	37
C.2 value adjustments from collection	6,443	3,278	9,416	5,268	13	11
C.3 profits from assignment	53,205	5,104	11,413	783	-	-
C.4 write-offs	621	1	109	31	4	-
C.5 transfers to other categories of non-performing exposures	55	-	15,195	-	3,239	-
C.6 contract amendments without cancellations	-	X	-	X	-	X
C.7 other decreases	29	-	59	-	92	90
D. Closing overall adjustments	**211,738**	**13,447**	**46,390**	**21,457**	**62**	**2**
- of which: exposures assigned not derecognised	9,606	1,215	12,807	4,873	20	1

Opening balances include changes recorded in the First-Time Adoption of IFRS 9.

7. Classification of financial assets, commitments to disburse fund and financial guarantees issued on the basis of external and internal ratings

7.1 Breakdown of financial assets, commitments to disburse fund and financial guarantees issued by classes of external ratings (gross values)

This sub-item does not show any balance.

7.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by classes of internal ratings (gross values)

This sub-item does not show any balance.

8. Financial and non-financial assets obtained through the enforcement of guarantees received

This sub-item does not show any balance.

9. Credit concentration

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

(thousands of Euros)	Governments and Central Banks			Other public entities			Insurance companies			Non-financial companies			Other entities		
	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. Cash exposures															
A.1 Bad loans	-	-	X	-	-	X	7	(5)	X	205,214	(199,895)	X	13,606	(13,674)	X
of which: exposures with forbearance measures				-	-	X	-	-	X	16,838	(12,597)	X	1,077	(850)	X
A.2 Unlikely to pay loans	-	-	X	169	(144)	X	158	(54)	X	246,508	(43,096)	X	9,719	(3,096)	X
of which: exposures with forbearance measures				-	-	X	-	-	X	125,777	(19,932)	X	4,267	(1,525)	X
A.3 Past due exposures (non-performing)	-	-	X	-	-	X	-	-	X	893	(56)	X	184	(6)	X
of which: exposures with forbearance measures				-	-	X	-	-	X	226	(2)	X	31	-	X
A.4 Other exposures	5,005	X	-	21,684	X	(102)	6,679	X	(18)	3,901,227	X	(36,309)	536,421	X	(3,633)
of which: exposures with forbearance measures	-	X	-		X	-	-	X	-	6,445	X	(169)	398	X	(6)
Total	**5,005**	**-**	**-**	**21,853**	**(144)**	**(102)**	**6,844**	**(59)**	**(18)**	**4,353,842**	**(243,047)**	**(36,309)**	**559,930**	**(16,776)**	**(3,633)**
B. "Off-balance sheet" exposures															
B.1 Bad loans	-	-	-	-	-	-	-	-	-	83	(39)	-	-	-	-
B.2 Unlikely to pay loans	-	-	-	-	-	-	-	-	-	144	(130)	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	-	X	-	-	X	-	-	X	-	579,358	X	(723)	20,602	X	(24)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**579,585**	**(169)**	**(723)**	**20,602**	**-**	**(24)**
31/12/2018	**5,005**	**-**	**-**	**21,853**	**(144)**	**(102)**	**6,844**	**(59)**	**(18)**	**4,933,427**	**(243,216)**	**(37,032)**	**580,532**	**(16,776)**	**(3,657)**
31/12/2017	**5,016**	**-**	**-**	**23,655**	**(108)**	**(85)**	**6,845**	**(6)**	**(27)**	**5,137,991**	**(294,034)**	**(31,235)**	**346,742**	**(15,040)**	**(2,771)**

9.2 Breakdown of cash and off-balance sheet credit exposures by counterparty's geographical area

(thousands of Euros)	North-East		North-West		Centre		South and Islands		Foreign countries	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures										
A.1 Bad loans	64,890	(59,320)	66,251	(68,989)	54,124	(49,228)	33,562	(35,960)	-	(77)
A.2 Unlikely to pay loans	84,327	(14,753)	86,132	(14,620)	46,236	(11,299)	38,390	(4,603)	1,469	(1,115)
A.3 Past due exposures (non-performing)	54	(1)	578	(41)	218	(5)	227	(15)	-	-
A.4 Exposures (performing)	1,348,303	(8,672)	1,668,764	(15,879)	872,422	(9,959)	580,403	(5,540)	1,124	(12)
Total	1,497,574	(82,746)	1,821,725	(99,529)	973,000	(70,491)	652,582	(46,118)	2,593	(1,204)
B. "Off-balance sheet" exposures										
B.1 Bad loans	-	-	83	(39)	-	-	-	-	-	-
B.2 Unlikely to pay loans	-	-	86	(71)	58	(59)	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Exposures (performing)	208,797	(236)	187,729	(233)	104,637	(147)	98,797	(131)	-	-
Total	208,797	(236)	187,898	(343)	104,695	(206)	98,797	(131)	-	-
31/12/2018	1,706,371	(82,982)	2,009,623	(99,872)	1,077,695	(70,697)	751,379	(46,249)	2,593	(1,204)
31/12/2017	2,192,771	(134,139)	1,522,430	(90,151)	1,000,873	(61,444)	800,786	(56,198)	3,389	(1,374)

9.3 Large exposures

The Company holds five positions which fall under the large risk category (risk positions amounting to or higher than 10% of Net Worth).
The book value at 31 December 2018 amounted to about Euro 734,568 thousand, with a weighted value of about Euro 359,050 million.
No risk exposure to individual customers or groups of related customers exceeds the restrictions set out in current regulations.

10. Models and other methods for credit risk measurement and management

This sub-item did not show any balance at 31 December 2018.

11. Other quantitative information

This sub-item did not show any balance at 31 December 2018.

3.2 MARKET RISKS

Alba Leasing S.p.A. holds no trading portfolio which is exposed to market risks; in fact, it does not carry out any transaction for speculative purposes.
The Company uses the methods prescribed by the Bank of Italy's Circular Letter no. 288/2015 in order to measure market risks attached to the trading portfolio and to calculate the pertaining regulatory capital requirement for supervision purposes.

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General issues

Interest rate risk is generated by the differences in the timing and manner of repricing of interest rates on the Company's assets and liabilities.
Structural interest rate risk, i.e. the risk of expected and unexpected variations in the market rate of interest having a negative impact on the interest margin and on the portfolio of assets and liabilities, is measured by means of maturity gap and duration gap techniques. The proportion of fixed rate investments is low. Considering the high profitability of the amount involved and its low risk impact, the Company has not considered it appropriate to hedge interest rate risk.

Methodological aspects

Exposure to interest rate risk is estimated periodically adopting the "current profits approach" from a short-term point of view. A negative shift in rates corresponding to the variation measured by the rates implicit in the curve underlying the lease agreements is simulated and afterwards the impact on interest margin is measured over a time horizon of the same duration as the current and the future financial period.

QUANTITATIVE INFORMATION

1. Breakdown by residual maturity (repricing date) of financial assets and liabilities

Items/residual maturity *(thousands of Euros)*	At sight	Until 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Beyond 10 years	Indefinite maturity
1. Assets								
1.1 Debt securities	5	-	-	-	5,000	-	-	-
1.2 Receivables	585,413	3,976,212	25,975	29,475	158,575	138,151	28,668	-
1.3 Other assets	-		-	-	-	-	-	-
2. Liabilities								
2.1 Payables	1,800,604	203,050	120,275	348,560	71,592	343	6,785	-
2.2 Debt securities	-	1,968,197	-	-	-	-	-	-
2.3 Other liabilities	-		-	-	-	-	-	-
3. Financial derivatives								
Options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives								
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

2. Models and other methods for interest rate risk measurement and management

This risk is monitored by the Risk Management O.U., which:

- verifies that the proportion of fixed rate investments is kept under the limits set by the Board of Directors;
- prepares quarterly disclosure ("Financial Risks" reports) for the Board of Directors, which also shows analyses relating to the exposure to interest rate risk on the banking portfolio;
- prepares the regulatory and operational duration gap model (percentile method) and related stress tests for the purpose of measuring the volatility of assets / liabilities with respect to changes in the interest rate curve;
- prepares the model for the measurement of interest margin volatility correlated to the composition of the fixed / variable rate portfolio correlated to the volatility of the respective interest rates.

3. Other qualitative information on interest rate risk

Interest rate risk is generated from differences in the timing and methods of repricing the interest rate of the Company's assets and liabilities. The interest rate risk is measured by using the supervision reporting base, pertaining to the interest rate risk, which provides for the breakdown of assets and liabilities into regulatory maturity bands.

3.2.2 PRICE RISK

QUALITATIVE INFORMATION

1. General issues

The Company is not exposed to any risk arising from price fluctuations.

QUANTITATIVE INFORMATION

1. Models and other methods for price risk measurement and management

The Company is not exposed to any risk arising from price fluctuations.

2. Other quantitative information on price risk

The Company is not exposed to any risk arising from price fluctuations.

3.2.3 EXCHANGE RISK

QUALITATIVE INFORMATION

1. General issues

The Company is not exposed to exchange risks since no foreign currency contracts were in place at the reporting date.

QUANTITATIVE INFORMATION

1. Breakdown by denomination currency of assets, liabilities and derivatives

The Company is not exposed to any risk arising from exchange rate fluctuations.

2. Models and other methods for exchange risk measurement and management

The Company is not exposed to any risk arising from exchange rate fluctuations.

3. Other quantitative information on exchange risk

The Company is not exposed to any risk arising from exchange rate fluctuations.

3.3 OPERATIONAL RISKS

QUALITATIVE INFORMATION

The Company adopts loss monitoring techniques to assess and mitigate operational risk based on self-risk assessments and actual loss data collection. These activities make it possible to record risk events (regardless of the occurrence of the loss), as well as to quantify actual/potential operating losses and to map the causes that gave rise to them.

1. General issues, management and measurement of operational risk

The definition of operational risk adopted by the Company is the "risk of loss resulting from inadequacies or malfunctioning of procedures, human resources and internal systems or from external events, including legal risk or risk of loss arising from violations of laws or regulations, liability in contract or liability in tort or from other disputes. This risk does not include reputational and strategic risk."
At organisational level, a measuring process has been created to meet this type of risk, based on:

- first level checks carried out directly by the owners of the processes in the various organisational units, regulated by Alba Leasing S.p.A.'s entire body of rules;
- second level checks to detect operational risk carried out by the Risk Management O.U. by means of:
  - Self Risk Assessment, for the measurement of Potential/Residual Risk;
  - Risk events and actual losses data collection.

The monitoring activity takes the form of filling in specially prepared Assessment Sheets which enable loss events to be recorded (based on three event-types) with a link to the Basel, Assilea and Internal processes System.

QUANTITATIVE INFORMATION

The internal capital for operational risk is calculated by applying the basic method (BIA - Basic Indicator Approach) according to which the Company must hold capital funds equal to the average of a fixed 15% percentage of positive values of the operating income (including other operating revenues), relating to the previous three years.
The calculation of capital absorption is shown in the following table:

Period *(thousands of Euros)*	Operating income and other income
31.12.2016	94,902
31.12.2017	97,403
31.12.2018	105,310
Average	99,205
Weighting coefficient	15%
Internal Capital	14,881

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General issues, management and measurement of liquidity risk

Liquidity risk is that of an entity's not being able to meet its payment obligations because it cannot raise funds on the market (funding liquidity risk) or market its assets (market liquidity risk). Market liquidity risk is not relevant to the Company because it does not have financial assets related to receivables from customers but the Company does attach importance to funding liquidity risk. In fact Alba Leasing S.p.A. makes medium- and long-term investments and draws exclusively on the wholesale market in searching for short-term financial resources, not having access to the retail market. Liquidity risk consequently arises from:

- structural factors typical of leasing: the repercussions of imbalances between the maturities of asset and liability items (maturity mismatches) are amplified by the typical maturities of medium- and long-term assets;
- factors peculiar to Alba Leasing S.p.A.: since it is a financial company, it does not have concessional access, as have banks, to sources of finance (such as, for example, ECB funds during the present quantitative easing cycle), nor does it raise funds from retail customers.

According to the liquidity risk method risk management and control activities are formalized; specifically, as regards risk monitoring and control:

a) the Administration, Budget, Finance and Planning Department (Finance O.U.) is responsible for liquidity operations management under the terms of its sub-delegation; specifically:
   - it manages the financial resources available and meets Alba Leasing S.p.A.'s cash requirements;
   - it assesses additional funding costs to cope with pessimistic scenarios;
   - it provides the Risk Management O.U. with information under its control for the preparation of the "Liquidity Risk" report ;

b) the Risk & Control Department is responsible for monitoring and controlling the liquidity risk; specifically:
   - it defines methods to measure the liquidity risk and the system of limits;
   - it suggests this procedure, as well as methods and limits and revises the process and proposes possible reviews on a periodic basis;
   - it sets out stress test scenarios on a periodic basis (at least once a year);

- it verifies the quality of data and the current effectiveness of related measurement methods on an ongoing basis;
- it sets out and checks for compliance with the operating limits on the assumption of liquidity risks;
- it prepares and updates the reports for the corporate bodies, which describe the exposure to the liquidity risk.

The operating liquidity risk is measured through the construction of a maturity ladder which allows the assessment of the equilibrium of expected cash flows, allocating certain and estimated cash flows to the various time buckets. The following definitions of cash flows apply:

- certain cash flows: generated from assets and liabilities whose maturity is set as per contract; they are allocated to time buckets by contract maturity. If flows arise in relation to callable assets and liabilities, the most prudent approach is used (the latest date for assets, the earliest date for liabilities);
- estimated cash flows: expected cash flows, linked to uncertain, periodic or occasional events, such as new disbursements, dividends, early redemptions of bonds, non-recurring transactions, etc.; they are allocated on the basis of estimates or judgmental assumptions, both for timing and for amount.

The maturity ladder makes it possible to show the balances and therefore the imbalances between expected inflows and outflows for each time band and, through the construction of cumulative imbalances, calculates the net balance of financial requirements (or surplus) over the period of time considered.
Moreover, the "scenario technique" is used which assumes the occurrence of adverse events of some items in the various bands making up the maturity ladder in order to appreciate the consequences.

The Company sets out a minimum limit on the number of credit facilities that are granted and can be used by the Shareholders, to be applied to the actual availability and to be maintained unused, aimed at meeting certain cash outflow requirements over a period of time of one month.
This limit is calculated by the Risk Management O.U. and proposed to the Board of Directors at least on an annual basis or as a result of significant changes in variables. The Risk Management O.U. uses, as a calculation method, the rules laid down for the calculation of the Liquidity Coverage Ratio (LCR), which are appropriately adapted to meet the operational requirements of the Company. This limit constitutes the minimum liquidity threshold (credit facilities) to be held.

As for operating liquidity requirements, the structural liquidity risk is measured and managed by using a liquidity mismatch risk approach. For this purpose a maturity ladder is set out, in which all flows are placed according to their maturity, in accordance with the supervision regulations. The various buckets are placed by maturity of items as per contract; behavioural and statistical models or judgmental evaluations are used for those items that have no maturity set out as per contract.
Indicators are defined in terms of gap ratios on maturities beyond one year for structural liquidity risk monitoring and control.
The objective is to maintain a balanced structural liquidity profile, limiting the possibility of financing medium/long-term assets with short-term liabilities, in line with the approach of limiting the transformation of maturities.

QUANTITATIVE INFORMATION

1. Breakdown by residual term of contract of financial assets and liabilities

Items / Time bands *(thousands of Euros)*	At sight	From 1 day to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 3 years	From 3 years to 5 years	Beyond 5 years	Indefinite maturity
Cash assets											
A.1 Government Bonds	5	-	-	-	-	-	-	5,000	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	585,792	1,349	1,028	7,704	185,557	267,210	495,366	1,554,271	798,927	1,147,811	-
A.4 Other Assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities											
B.1 Payables to:	-	-	-	-	-	-	-	-	-	-	-
- Banks	1,743,522	3	42,006	99,583	34,843	12	348,071	75,646	72,848	6,785	-
- Financial companies	933	-	-	13	55	145	2,570	44,194	16,214	343	-
- Customers	56,033	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	68	-	-	778	215	2,538	3,736	-	2,226	1,971,713	-
B.3 Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
"Off-balance sheet" transactions											
C.1 Financial derivatives with exchange of capital											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital											
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Loans to be received											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds											
- Long positions	-	-	-	-	-	-	-	615	82,454	-	-
- Short positions	-	-	-	297,301	-	-	-	-	-	-	-
C.5 Financial guarantees issued	2,867	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

3.5 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

DERIVATIVES HELD FOR TRADING

3.5.1. Credit derivatives linked to fair value option: annual changes

This sub-item does not show any balance.

HEDGE ACCOUNTING

QUALITATIVE INFORMATION

General issues of hedging strategy

This item was not reported at 31 December 2018.

QUANTITATIVE INFORMATION

3.5.2. Hedging derivatives: nominal values at period-end

This item was not reported at 31 December 2018.

3.5.3. Residual maturity of hedging derivatives: notional values

This item was not reported at 31 December 2018.

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

This item was not reported at 31 December 2018.

3.5.5. Hedging instruments other than derivatives: breakdown by accounting portfolio and type of hedge, as well as change in value used to report hedge ineffectiveness

This item was not reported at 31 December 2018.

3.5.6. Hedging instruments: fair value hedge

This item was not reported at 31 December 2018.

3.5.7. Hedged instruments: cash flow hedge and hedging of foreign investments

This item was not reported at 31 December 2018.

3.5.8. Effects of hedging transactions and shareholders' equity: reconciliation of equity components

This item was not reported at 31 December 2018.

Section 4 – Information on equity

4.1 THE COMPANY'S EQUITY

4.1.1 Qualitative information

The total capital used to hedge the overall internal capital coincides, in accordance with the guidelines issued by the Board of Directors, with the concept of Net Worth. The latter is exclusively made up of Common Equity Tier 1 capital (CET1).

4.1.2 Quantitative information

4.1.2.1 The Company's equity: breakdown

Items/Values *(thousands of Euros)*	31/12/2018
1. Share capital	357,953
2. Share premiums	105,000
3. Reserves	(71,330)
- revenue	(71,330)
a) legal reserve	578
b) reserves required by articles of association	-
c) own shares	-
d) others	(71,908)
- others	-
4. (Own shares)	-
5. Valuation reserves	(251)
- Equity instruments designated at fair value through comprehensive income	-
- Hedging of equity instruments designated at fair value through comprehensive income	-
- Financial assets (other than Equity instruments) at fair value through comprehensive income	-
- Property, plant and equipment	-
- Intangible assets	-
- Hedging of foreign investments	-
- Cash flow hedge	-
- Hedging instruments (items not designated)	-
- Foreign exchange differences	-
- Non-current assets held for sale and disposal groups of assets	-
- Financial liabilities designated at fair value through profit or loss (changes in credit rating)	-
- Special revaluation laws	-
- Actuarial gains/losses relating to defined-benefit plans	(251)
- Portions of reserves from valuation of equity-accounted investments	-
6. Equity instruments	-
7. Profit (loss) for the year	11,323
Total	402,695

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries".

Items/values (thousands of Euros)	31/12/2017
1. Share capital	357,953
2. Share premiums	105,000
3. Reserves	(55,606)
- revenue	(55,606)
a) legal reserve	497
b) reserves required by articles of association	-
c) own shares	-
d) others	(56,103)
- others	-
4. (Own shares)	-
5. Valuation reserves	(253)
- Equity instruments designated at fair value through comprehensive income	-
- Hedging of equity instruments designated at fair value through comprehensive income	-
- Financial assets (other than Equity instruments) at fair value through comprehensive income	-
- Property, plant and equipment	-
- Intangible assets	-
- Hedging of foreign investments	-
- Cash flow hedge	-
- Hedging instruments (items not designated)	-
- Foreign exchange differences	-
- Non-current assets held for sale and disposal groups of assets	-
- Financial liabilities designated at fair value through profit or loss (changes in credit rating)	-
- Special revaluation laws	-
- Actuarial gains/losses relating to defined-benefit plans	(253)
- Portions of reserves from valuation of equity-accounted investments	-
6. Equity instruments	-
7. Profit (loss) for the year	1,633
Total	408,727

4.1.2.2 Reserves from valuation of financial assets at fair value through comprehensive income: breakdown

This item was not reported at 31 December 2018.

4.1.2.3 Reserves from valuation of financial assets at fair value through comprehensive income: annual changes

This item was not reported at 31 December 2018.

4.2 NET WORTH AND CAPITAL RATIOS

The Company was entered in the new Register under Article 106 of the Consolidation Act on Banking Laws (TUB, *Testo Unico Bancario*) ("Single Register under no. 32) with effect from 6 May 2016.
In relation to this registration, the Company applied the relevant regulations (Circular Letter no. 288 of 3 April 2015, as updated) as from the date of registration.

4.2.1 Net worth

4.2.1.1 Qualitative information

The Regulatory capital does not include hybrid capitalisation instruments, nor subordinated liabilities.

The Company holds Common Equity Tier 1 (CET1) only and does not hold Additional Tier 1 Capital (AT1), nor Tier 2 Capital (T2).

4.2.1.2 Quantitative information

A. FINANCIAL INTERMEDIARIES

(thousands of Euros)	31/12/2018
A. Tier 1 Capital before the application of prudential filters	401,059
B. Prudential filters of Tier 1 Capital:	-
B.1 Positive prudential filters IAS/IFRS (+)	
B.2 Negative prudential filters IAS/IFRS (-)	
C. Tier 1 Capital before elements to be deducted (A + B)	401,059
D. Elements to be deducted from Tier 1 Capital	-
E. Total Tier 1 Capital (TIER 1) (C – D)	401,059
F. Tier 2 Capital before the application of prudential filters	-
G. Prudential filters of Tier 2 Capital:	-
G.1 Positive prudential filters IAS/IFRS (+)	
G.2 Negative prudential filters IAS/IFRS (-)	
H. Tier 2 Capital before elements to be deducted (F + G)	-
I. Elements to be deducted from Tier 2 Capital	-
L. Total Tier 2 Capital (TIER 2) (H – I)	-
M. Elements to be deducted from total of Tier 1 and Tier 2 Capital	-
N. Regulatory capital (E + L – M)	401,059

It should be noted that Net Worth does not include the profit for the year since the conditions laid down in the "Commission Implementing Regulation (EU) No. 680/2014" (Article 5, paragraph a), which makes reference to, among others, "Regulation (EU) No. 575/2013" (CRR, Article 26, paragraph 2.a), were not fulfilled.
According to these regulations, profit is included in Net Worth provided that (a) this has first been authorised by the competent authority; (b) the profits have been audited by persons independent of the entity responsible for the entity's statutory audit of accounts; this entails the necessity for the Board of Directors to pass a resolution after informing the Supervisory Board.
The profit for the year will be included in Net Worth after the next supervisory report, relating to the first quarter of 2019 (to be prepared by 13 May 2019).

As already reported in Part A ("Accounting policies – Impact of IFRS 9 on Net Worth) Alba Leasing S.p.A. has exercised the option for the application of the transitional rules laid down in the new Article 473-*bis* of Regulation (EU) no. 575/2013, which extends ("phases in") over time the impact on net worth resulting from the application of the new impairment model set out in the new IFRS 9.

The aforementioned transitional rules provide for the possibility of including in Common Equity Tier 1 Capital a transitional positive component for a percentage of the increase recorded in provisions for expected credit losses as a result of the adoption of IFRS 9.
This percentage decreases over time in a period of five years and, for the period from 1 January to 31 December 2018, was equal to 95% of the increase recorded in provisions for expected credit losses as a result of the adoption of IFRS 9. The negative impact expected from the application of the new impairment model on net worth is consequently reduced to 5% of the impact that will be recorded on the equity for accounting purposes at 1 January 2018.

Without the aforementioned application of the transitional scheme, the Net Worth of Alba Leasing S.p.A. would amount to Euro 384,571 thousand.

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

(thousands of Euros)		31/12/2017
A.	Common Equity Tier 1 – CET1 before the application of prudential filters of which CET1 instruments subject to transitional provisions	399,687
B.	Prudential filters of CET1 (+/-)	-
C.	CET1 before elements to be deducted and the effects of transitional scheme (A +/- B)	399,687
D.	Elements to be deducted from CET1	-
E.	Transitional scheme - Impact on CET1 (+/-)	51
F.	Total Common Equity Tier 1 - CET1 (C - D +/- E)	399,738
G.	Additional Tier 1 Capital - AT1 before elements to be deducted and the effects of transitional scheme of which AT1 instruments subject to transitional provisions	-
H.	Elements to be deducted from AT1	-
I.	Transitional scheme - Impact on AT1 (+/-)	-
L.	Total Additional Tier 1 - AT1 (G - H +/- I)	-
M.	Tier 2 Capital - T2 before elements to be deducted and the effects of transitional scheme of which T2 instruments subject to transitional provisions	-
N.	Elements to be deducted from T2	-
O.	Transitional scheme - Impact on T2 (+/-)	-
P.	Total Tier 2 Capital - T2 (M - N +/- O)	-
Q.	Total net worth (F + L +P)	399,738

4.2.2 Capital adequacy

The ICAAP process reports the analyses carried out and the results obtained with regard to the process of assessing the Company's Internal Capital Adequacy, in line with the Supervision provisions for financial intermediaries (Bank of Italy's Circular Letter no. 288 of 3 April 2015, as amended), consistently with the strategic and operational development defined by the Company.

The Total Capital Ratio (TCR) is higher than the prescribed regulatory minimum value (even in the case of stress tests); it is therefore considered that the total capital (Net worth) is adequate to face all risks, in relation to its operations and the target level of capital ratios approved by the Board of Directors.
Finally, the total capital ratio is complied with and the add-on capital (Pillar II) is covered against a capital surplus.
The Company's capital does not require any action, given the capital surplus both on the regulatory and on the internal minimum.

4.2.2.1 Qualitative information

Weightings, calculated according to the relevant Bank of Italy prudential supervision rules, observe the prudential ratio and leave room for a further increase in the Company's business.

4.2.2.2 Quantitative information

Categories/values *(thousands of Euros)*	Non-weighted amounts 31/12/2018	Weighted amounts / requirements 31/12/2018
A. RISK ASSETS		
A.1 Credit and counterparty risk	5,987,907	4,156,723
B. REGULATORY CAPITAL REQUIREMENTS		
B.1 Credit and counterparty risk		249,403
B.2 Requirement for provision of payment services		-
B.3 Requirement against the issue of electronic money		-
B.4 Specific prudential requirements		15,458
B.5 Total prudential requirements		264,862
C. RISK ASSETS AND CAPITAL RATIOS		
C.1 Risk-weighted assets		4,414,362
C.2 Tier 1 capital ratio		9.09%
C.3 Total capital ratio		9.09%

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries."

Categories/values *(thousands of Euros)*	Non-weighted amounts 31/12/2017	Weighted amounts / requirements 31/12/2017
A. RISK ASSETS		
A.1 Credit and counterparty risk	5,899,096	4,188,258
1. Standardised method	5,899,096	4,188,258
2. Method based on internal ratings	-	-
2.1 Basic		
2.2 Advanced		
3. Securitisations	-	-
B. REGULATORY CAPITAL REQUIREMENTS		
B.1 Credit and counterparty risk	-	251,295
B.2 Credit valuation adjustment risk	-	394
B.3 Settlement risk	-	-
B.4 Market risks	-	555
1.Standardised method	-	555
2. Internal models	-	-
3. Concentration risk	-	-
B.5 Operational risk	-	14,060
1. Basic method	-	14,060
2. Standardised method	-	-
3. Advanced method	-	-
B.6 Other prudential requirements	-	
B.7 Other calculation elements	-	
B.8 Total prudential requirements	-	266,304
C. RISK ASSETS AND CAPITAL RATIOS		
C.1 Risk-weighted assets	-	4,438,402
C.2 Tier 1 capital ratio	-	9.01%
C.3 Total capital ratio	-	9.01%
C.4 Total capital ratio	-	-

Risk-weighted assets amount to Euro 4,414,362 thousand.

The reports to the supervisory authority regarding the calculation of this amount, and thus the calculation of the risk-weighted assets, are made on the consolidated financial statements since they are deemed better to represent the facts and effects on the Company's financial performance and position underlying the Agreement on securitised loans and considering the receivables recognised in said financial statements as a result of the Agreement as receivables arising from finance leases (for more details, reference should be made to Section 4 – "Other aspects" of Part A – Accounting policies of the Notes to the consolidated financial statements).

It should be considered, as far as this is concerned, that:

- the difference in the representation of the abovementioned Agreement between the consolidated and separate financial statements is that all the receivables underlying the Agreement are represented in the former, while in the latter these receivables, in practice, are represented in a single receivable from the banking sub-portfolio portion of the separate assets managed by the securitisation SPVs;
- the reports regarding the separate financial statements, in view of the above method of their preparation, would not enable a reader to perceive the substantive effects underlying the Agreement in terms of credit risk. This risk is in fact attributable to the end users of the assets, holding the lease agreements;

- this approach provides continuity of information regarding the receivables concerned.

As regards the method of reporting the receivables underlying the Agreement and the decision taken in previous financial years not to enjoy the benefit of lower weighting of real estate assets for the purposes of calculating risk-weighted assets (and therefore of capital ratios), even in cases in which this could be allowed, when ownership of the asset has not been legally acquired, after careful consideration of the technical aspects of the matter and an internal review of the "consolidated" accounts at 30 June 2014, the portfolio that is the object of the agreement is now treated according to the normal supervisory rules, allowing property lease receivables to enjoy the benefit of a lower weighting if the requirements laid down in supervisory rules are met.

In taking account of the above transitional rules, CET1 was equal to 9.09% at 31 December 2018. If the Company had not applied the transitional period (as described above), CET1 would have been 8.75%: the difference would be 0.34 bps.

Section 5 – Analytical statement of consolidated comprehensive income

Items *(in thousands of Euros)*	31/12/2018
10. Profit (Loss) for the year	11,323
Other income components without transfer to P&L	
20. Equity instruments designated at fair value through comprehensive income:	-
a) fair value changes	-
b) transfers to other equity components	-
30. Financial liabilities designated at fair value through profit or loss (changes in its credit rating):	-
a) fair value changes	-
b) transfers to other equity components	-
40. Hedging of equity instruments designated at fair value through other comprehensive income:	-
a) fair value changes (hedged instrument)	-
b) fair value changes (hedging instrument)	-
50. Property, plant and equipment	-
60. Intangible assets	-
70. Defined-benefit plans	2
80. Non-current assets held for sale and disposal groups of assets	-
90. Portion of reserves from valuation of equity-accounted investments	-
100. Income taxes relating to other income components without transfer to P&L	-
Other income components with transfer to P&L	-
110. Hedging of foreign investments:	-
a) fair value changes	-
b) transfer to P&L	-
c) other changes	-
120. Foreign exchange differences:	-
a) fair value changes	-
b) transfer to P&L	-
c) other changes	-
130. Cash flow hedge:	-
a) fair value changes	-
b) transfer to P&L	-
c) other changes	-
140. Hedging instruments (items not designated)	-
a) fair value changes	-
b) transfer to P&L	-
c) other changes	-
150. Financial assets (other than equity instruments) at fair value through comprehensive income:	-
a) fair value changes	-
b) transfer to P&L	-
- adjustments for credit risk	-
- profits/losses from assignment	-
c) other changes	-
160. Non-current assets held for sale and disposal groups of assets	-
a) value changes	-
b) transfer to P&L	-
c) other changes	-
170. Portion of reserves from valuation of equity-accounted investments	-
a) fair value changes	-
b) transfer to P&L	-
- adjustments for credit risk	-
- profits/losses from assignment	-
c) other changes	-
180. Income taxes relating to other income components with transfer to P&L	-
190. Total other income components	2
200. Comprehensive income (Item 10+190)	11,325
210. Consolidated comprehensive income attributable to minority interests	-
220. Consolidated comprehensive income attributable to the parent company	11,325

For comparison purposes, the table below has been prepared in accordance with the Bank of Italy's previous Order of 9 December 2016, "The financial statements of IFRS intermediaries other than bank intermediaries" (data at 31 December 2017).

Items *(in thousands of Euros)*	Gross amount	Income tax	Net amount
10 Profit (Loss) for the year	8,121	(6,488)	1,633
Other income components without transfer to P&L			
20 Property, plant and equipment	-	-	-
30 Intangible assets	-	-	-
40 Defined-benefit plans	(26)	7	(19)
50 Non-current assets held for sale	-	-	-
60 Portion of reserves from valuation of equity-accounted investments:			
Other income components with transfer to P&L	-	-	-
70 Hedging of foreign investments:			
a) fair value changes	-	-	-
b) transfer to P&L	-	-	-
c) other changes	-	-	-
80 Foreign exchange differences:			
a) fair value changes	-	-	-
b) transfer to P&L	-	-	-
c) other changes	-	-	-
90 Cash flow hedge:			
a) fair value changes	-	-	-
b) transfer to P&L	-	-	-
c) other changes	-	-	-
100 Financial assets available for sale:			
a) value changes	-	-	-
b) transfer to P&L	-	-	-
- adjustments from impairment	-	-	-
- profit/losses from disposal	-	-	-
c) other changes	-	-	-
110 Non-current assets held for sale:			
a) fair value changes	-	-	-
b) transfer to P&L	-	-	-
c) other changes	-	-	-
120 Portion of reserves from valuation of equity-accounted investments:			
a) fair value changes	-	-	-
b) transfer to P&L	-	-	-
- adjustments from impairment	-	-	-
- profit/losses from disposal	-	-	-
130 Total other income components	(26)	7	(19)
140 Comprehensive income (Item 10+130)	8,095	(6,481)	1,614
150 Consolidated comprehensive income attributable to minority interests	-	-	-
160 Consolidated comprehensive income attributable to the parent company	8,095	(6,481)	1,614

Section 6 – Related-party transactions

6.1 Information on fees due to key management personnel

(thousands of Euros)	31/12/2018
Directors	670
Statutory Auditors	175
Other key management personnel	2,178
Total	3,023

As regards the fees due to key management and control personnel, the chief executive officer and first-level executives are considered to be such (eight persons altogether).

6.2 Loans and guarantees granted to Directors and Statutory Auditors

It should be noted that no loans, or guarantees, were granted to Directors and Statutory Auditors.

6.3 Information on related-party transactions

Related-party transactions have been normally entered into with independent third parties on customary arm's length conditions.

No related-party transactions had been carried out at the reporting date.
There were also a number of transactions with Partner Banks and with entities connected with them, for which reference should be made to the following paragraph; these were routine transactions carried out on the basis of reciprocal economic advantage: the conditions governing them were finalised in compliance with substantive fairness. They mainly involved:

- procuring funds;
- placing leasing products with customers;
- managing the receivables related to the Agreement.

Alba Leasing S.p.A. has adopted a reporting procedure for these transactions in accordance with which decision-making bodies provide the Board of Directors with the information flows necessary for constant compliance with the provisions of laws and regulations currently in force regarding corporate disclosures on related-party transactions.

Furthermore, for the purposes of the current provisions, it should be noted that no atypical and/or unusual transactions, either with related parties or entities other than related parties, were carried out during the 2018 financial year which could have given rise to doubts, for their significance and importance, as their effect on the integrity of the Company's assets.

6.3.1 Summary table

The table below reports financial and economic relations in transactions with Partner Banks during the financial year ended 31 December 2018.

STATEMENT SUMMARISING RELATED-PARTY TRANSACTIONS AND THEIR IMPACT ON THE FINANCIAL STATEMENTS *(thousands of Euros)*	31/12/2018 FINANCIAL STATEMENTS	Other related parties			
		BANCA POPOLARE DELL'EMILIA ROMAGNA	BANCO BPM	BANCA POPOLARE DI SONDRIO	CREVAL
BALANCE SHEET – ASSETS					
Financial assets measured at fair value through P&L	-	-	-	-	-
Financial assets measured at amortised cost	4,947,474	1,166	12,472	8	8
a) Receivables from banks	167,831	1,166	12,472	8	8
- current accounts and demand deposits	5,500	1,070	-	-	-
- other receivables	162,331	96	12,472	8	8
b) receivables from financial companies	91,211	-	-	-	-
c) receivables from customers	4,688,432	-	-	-	-
Other asset item	184,759	-	-	-	-
BALANCE SHEET – LIABILITIES					
Financial liabilities measured at amortised cost	4,519,405	602,884	417,998	357,151	349,290
a) Payables	2,551,208	602,884	417,998	357,151	349,290
Payables to banks	2,426,120	602,884	417,998	357,151	349,290
- current accounts and demand deposits	2,005,664	602,198	414,407	354,175	329,171
- other payables	420,456	686	3,591	2,976	20,119
Payables to customers and financial companies	125,088	-	-	-	-
b) Outstanding securities	1,968,197	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Other liability items (excluding equity)	210,133	-	558	2	-
Guarantees issued	**2,867**	**-**	**-**	**-**	**-**
Guarantees received	**766,711**	**254,644**	**238,072**	**182,890**	**91,105**
Commitments	**-**	**-**	**-**	**-**	**-**
INCOME STATEMENT					
Interest earned and similar income	114,171	-	13	-	-
Interest expense and similar charges	(19,292)	(2,459)	(2,671)	(809)	(1,112)
Commissions earned	22,853	-	49	-	-
Commissions expense	(17,969)	(1,659)	(1,183)	(1,342)	(765)
Net result from trading	(1)	-	-	-	-
Operating income	**99,762**	**(4,118)**	**(3,792)**	**(2,151)**	**(1,877)**
Value adjustments / write-backs (item 130, 180 and 190)	**(33,576)**	**-**	**-**	**-**	**-**
Profit (Losses) from contract amendments without cancellations	(226)	-	-	-	-
Administrative expenses	(46,935)	(253)	(79)	(247)	(24)
Personnel costs	(26,639)	(194)	(20)	(231)	-
Other administrative expenses	(20,296)	(59)	(59)	(16)	(24)
Other operating income /expenses	(3,574)	-	-	-	-
Other income statement items	(4,128)	-	-	-	-
Profits /(Losses) for the year	**11,323**	**(4,371)**	**(3,871)**	**(2,398)**	**(1,901)**

Section 7 – Other information details

Details on the fees paid to independent auditors and to other companies in their network

The table below reports the fees paid to PricewaterhouseCoopers S.p.A., the audit firm appointed to carry out the statutory audit of separate and consolidated financial statements pursuant to Articles 14 and 16 of Legislative Decree no. 39/2010 for the nine-year period from 2010 to 2018, and to other companies in its network.
The fees reported in the table relate to the Company, as well as to companies consolidated by the latter in these Consolidated Financial Statements.

Type of service *(thousands of Euros)*	Receiver	Company delivering services	Fees
Statutory audit of accounts	Alba Leasing S.p.A.	PricewaterhouseCoopers S.p.A.	451
Other services	Alba Leasing S.p.A.	PricewaterhouseCoopers S.p.A.	132
Total (A)	Alba Leasing S.p.A.		583
Statutory audit of accounts	Securitisation SPVs	PricewaterhouseCoopers S.p.A.	107
Total (B)	Subsidiaries		107
Total (A + B)			690

The fees reported above (in thousands of Euros), including ISTAT (Italian Statistics Institute) index adjustments, are stated net of expenses, fees prescribed by law (CONSOB (Italian Securities and Exchange Commission) contribution) and VAT.

ANNEX A – FIRST-TIME ADOPTION (FTA) OF IFRS 9 AND STATEMENTS OF RECONCILIATION

Following the issue of the new regulations governing "The financial statements of IFRS intermediaries other than bank intermediaries", the new Balance Sheet, Income Statement and Statements of Comprehensive Income formats were prepared as from 1 January 2018.

Statements of reconciliations are reported below in order to be able to proceed with an easier comparison between the formats prepared with different relevant regulations.

Information on the first-time adoption of IFRS 9 "Financial Instruments"

Upon first-time adoption of IFRS 9, Alba Leasing S.p.A.'s shareholders' equity recorded a decrease of Euro 17,357 thousand – net of tax effects of Euro 6,584 -, from Euro 408,727 thousand to Euro 391,370 thousand.

In details, this decrease – including the tax effect – was attributable to the following effects:

- an amount of Euro -6.4 million due to an increase in adjusting provisions following the application of the new impairment model to performing exposures (classified to Stage 1 and Stage 2) consisting of receivables for leases with customers;
- an amount of Euro -0.6 million due to an increase in "Provisions for risks and charges", arising from the valuation of revocable and irrevocable commitments, as well as to the financial guarantees issued (stated in letter a) commitments and guarantees issued);
- an amount of Euro -16.9 million as a result of an increase in adjusting provisions following the application of the sales scenario to impaired exposures classified under item 130 "Non-current assets held for sale and disposal groups of assets" at 31 December 2017. This item included a portfolio consisting of 52 non-performing (NPL) real estate mortgage loan agreements with a gross value of Euro 103 million. These assets were acquired upon contribution from Banca Italease and were regarded as not consistent with the core business conducted by the Company.

The abovementioned effects are even more detailed in the following statement of reconciliation between equity at 31 December 2017 prepared in accordance with formerly IAS 39 and the equity restated at 1 January 2018 as a result of the adoption of the new accounting standard:

Shareholders' Equity	31/12/2017	FTA	01/01/2018
Share capital	357,953,058	-	357,953,058
Share premiums	105,000,000	-	105,000,000
Reserves	(55,606,571)	(17,356,529)	(72,963,100)
Valuation reserves	(252,765)	-	(252,765)
Profit (Loss) for the year	1,632,927	-	1,632,927
Equity attributable to third parties	-	-	-
Total	408,726,648	(17,356,529)	391,370,119

Statements of reconciliation

While pending the issue of the new regulations governing "The financial statements of IFRS intermediaries other than bank intermediaries" – which took place on 22 December 2017 – and the entry into force of the new IFRS 9, Alba Leasing S.p.A. started, on a prospective basis, an analysis of its assets and liabilities; specifically, the Company analysed:

- the new regulations governing "The financial statements of IFRS intermediaries other than bank intermediaries" and IFRS 9, which were issued by the Bank of Italy on 22 December 2017;
- the Balance Sheet, paying particular attention to asset item 50 "Financial assets held to maturity" and item 60. "Receivables", according to the classification in the formats set out in the previously applicable order concerning "The financial statements of IFRS intermediaries other than bank intermediaries";
- the decisions made by the directors in terms of management model, in adopting the model which can be described as "hold to collect" in relation to the financial instruments that do not fall within the scope of application of IAS 17, and, therefore, outside the scope of classification and measurement of IFRS 9.

As regards financial assets, it was concluded as follows:

- "Assets held to maturity" consist of a Multi-year Treasury Bond (BTP) acquired and provided as security to Cassa Depositi e Prestiti in relation to loans received from the latter. The Treasury Bond was subjected to the SPPI (Solely Payment of Principal and Interest) test, which was passed. The instrument was reclassified to item voce 40. "Financial assets measured at amortised cost" at 1 January 2018;
- Receivables arising from finance leases: this type of asset is not subject to IFRS 9 for the "classification and measurement" and was classified under item 40. "Financial assets measured at amortised cost" at 1 January 2018;
- Receivables for loans linked to the Tyres product ("Pago dopo Michelin" scheme): these receivables were subjected to the SPPI test, which was passed and were classified under item 40. "Financial assets measured at amortised cost" at 1 January 2018;
- The loans that were acquired upon the incorporation of the Company and that are currently not yet disbursed since they are not consistent with the core business operations; these receivables were subjected to the SPPI test, which was passed and were classified under item 40. "Financial assets measured at amortised cost" at 1 January 2018;
- The loans stated in item 130. "Non-current assets held for sale and disposal groups of assets" at 31 December 2017 – since they meet the requirements prescribed by IFRS 5 – are a product that was acquired upon the incorporation of the Company and had not yet been disbursed on the reporting date since they were not consistent with the core business operations. This type of loan was subjected to the SPPI test, which was passed; the loans held in the portfolio will be measured at amortised cost in accordance with the provisions of IAS 39 and continued to be classified in item 110. "Non-current assets held for sale and disposal groups of assets" at 1 January 2018.

No effects were reported in relation to financial liabilities, considering that IFRS 9 has substantially adopted the same classification and measurement criteria as those prescribed by IAS 39.

Following the analysis described above, the statements of reconciliation reported below were prepared in order to proceed with an easier comparison between the formats prepared according to different relevant regulations, while showing the effects generated upon first-time adoption of the new IFRS 9 at 1 January 2018:

STATEMENT OF RECONCILIATION OF BALANCE SHEET – ASSETS

(values in Euros)

Assets (regulations in force at 31/12/2017)	Balances IAS 39 31/12/2017	Reclassification of item 50. Financial assets held to maturity	Reclassification of item 60. Receivables	Assets (regulations in force at 01/01/2018)	Balances IAS 39 31/12/2017 reclassified	FTA Change 1/01/2018 (ECL impact and tax effect)	Balances IFRS 9 01/01/2018
10 Cash and cash equivalents	9,079			10 Cash and cash equivalents	9,079		9,079
				20 Financial assets at fair value through P&L	75,398		75,398
20 Financial assets held for trading	75,398			a) financial assets held for trading	75,398		75,398
30 Financial assets at fair value	-			b) financial assets designated at fair value	-		-
				c) other financial assets mandatorily	-		-
				at fair value			
50 Financial assets held to maturity	5,015,913	(5,015,913)					
60 Receivables	4,959,864,354	5,015,913	(36,485,403)	40 Financial assets measured at amortised cost	4,928,394,864	(7,373,194)	4,921,021,670
				a) receivables from banks	165,374,452	75	165,374,527
				b) receivables from financial companies	116,798,869	150,409	116,949,278
				c) receivables from customers	4,646,221,543	(7,523,678)	4,638,697,865
100 Property, plant and equipment	6,366,537			80 Property, plant and equipment	6,366,537		6,366,537
110 Intangible assets	7,406,581			90 Intangible assets	7,406,581		7,406,581
120 Tax assets	53,391,371			100 Tax assets	53,391,371	7,675,407	61,066,778
a) current	4,048,776			a) current	4,048,776	7,675,407	11,724,183
b) deferred	49,342,595			b) deferred	49,342,595		49,342,595
130 Non-current assets held for sale and disposal groups of assets	54,226,838			110 Non-current assets held for sale and disposal groups of assets	54,226,838	(16,243,443)	37,983,395
140 Other assets	131,787,511		36,485,403	120 Other assets	168,272,914		168,272,914
Total Assets	**5,218,143,582**	**-**	**-**	**Total Assets**	**5,218,143,582**	**(15,941,230)**	**5,202,202,352**

STATEMENT OF RECONCILIATION OF BALANCE SHEET –LIABILITIES

(values in Euros)

Liabilities and equity (regulations in force at 31/12/2017)	Balances IAS 39 31/12/2017	Reclassification of item 90. Other liabilities	Liabilities and equity (regulations in force at 01/01/2018)	Balances IAS 39 31/12/2017 reclassified	FTA change 1/01/2018 (ECL impact and tax effect)	Balances IFRS 9 01/01/2018
10 Payables	2,742,495,016	(146,784,920)	10 Financial liabilities measured at amortised cost	4,603,803,352		4,603,803,352
			a) payables	2,595,710,096		2,595,710,096
20 Outstanding securities	2,008,093,256		b) outstanding securities	2,008,093,256		2,008,093,256
30 Financial liabilities held for trading	74,379		20 Financial liabilities held for trading	74,379		74,379
90 Other liabilities	53,821,496	146,784,920	80 Other liabilities	200,606,416		200,606,416
100 Employee severance pay	2,508,539		90 Employee severance pay	2,508,539		2,508,539
110 Provisions for risks and charges:	2,424,247		100 Provisions for risks and charges:	2,424,247	323,401	2,747,648
a) pension fund and similar charges	-		a) commitments and guarantees issued	-	323,401	323,401
b) other provisions	2,424,247		b) pension fund and similar charges	-		-
			c) other provisions for risks and charges	2,424,247		2,424,247
120 Share Capital	357,953,058		110 Share Capital	357,953,058		357,953,058
150 Share premiums	105,000,000		140 Share premiums	105,000,000		105,000,000
160 Reserves	(55,606,571)		150 Reserves	(55,606,571)	(16,264,631)	(71,871,202)
170 Valuation reserves	(252,765)		160 Valuation reserves	(252,765)		(252,765)
180 Profit (Loss) for the year	1,632,927		170 Profit (Loss) for the year	1,632,927		1,632,927
190 Equity attributable to minority interests	-		180 Equity attributable to minority interests	-		-
Total Liabilities and Equity	5,218,143,582	-	Total Liabilities and Equity	5,218,143,582	(15,941,230)	5,202,202,352

STATEMENT OF RECONCILIATION OF INCOME STATEMENT

(values in Euros)

Items (regulations in force at 31/12/2017)	31/12/2017	31/12/2017 IFRS9 reclassified	Items (regulations in force at 01/01/2018)
10 Interest earned and similar income	107,385,474	107,385,474	10 Interest earned and similar income
		-	of which: interest earned calculated using the effective interest method
20 Interest expense and similar charges	(21,355,348)	(21,355,348)	20 Interest expense and similar charges
Interest margin	**86,030,126**	**86,030,126**	**30 Interest margin**
30 Commissions earned	20,604,573	20,604,573	40 Commissions earned
40 Commissions expense	(13,829,522)	(13,829,522)	50 Commissions expense
Net commissions	**6,775,051**	**6,775,051**	**60 Net commissions**
60 Net result from trading	(74,643)	(74,643)	80 Net result from trading
Operating income	**92,730,534**	**92,730,534**	**120 Operating income**
100 Net value adjustments/write-backs for impairment of:	(24,290,832)	(24,290,832)	130 Net value adjustments/write-backs for credit risk to:
a) financial assets	(24,290,832)	(24,290,832)	a) financial assets measured at amortised cost
b) financial liabilities	-	-	b) other financial assets at fair value through comprehensive income
		68,439,702	**150 Net result from financial operations**
110 **Administrative expenses**:	(43,905,973)	(43,905,973)	160 Administrative expenses:
a) personnel costs	(25,947,714)	(25,947,714)	a) personnel costs
b) other administrative expenses	(17,958,259)	(17,958,259)	b) other administrative expenses
120 Net value adjustments/write-backs on property, plant and equipment	(255,227)	(255,227)	180 Net value adjustments/write-backs on property, plant and equipment
130 Net value adjustments/write-backs on intangible assets	(11,581,680)	(11,581,680)	190 Net value adjustments/write-backs on intangible assets
150 Net accruals to provisions for risks and charges	(167,161)	(167,161)	170 Net accruals to provisions for risks and charges
		-	a) commitments and guarantees issued
		(167,161)	b) Other net accruals
160 Other operating income and charges	(4,412,349)	(4,412,349)	200 Other operating income and charges
Operating result	**8,117,312**		
		(60,322,390)	**210 Operating costs**
180 Profits (Losses) from disposal of investments	3,693	3,693	250 Profits (Losses) from disposal of investments
Profit (Loss) before tax from current operations	**8,121,005**	**8,121,005**	**260 Profit (Loss) before tax from current operations**
190 Income tax for the year from current operations	(6,488,078)	(6,488,078)	270 Income tax for the year from current operations
Profit (Loss) before tax from current operations	**1,632,927**	**1,632,927**	**280 Profit (Loss) after tax from current operations**
Profit (Loss) for the year	**1,632,927**	**1,632,927**	**300 Profit (Loss) for the year**

STATEMENT OF RECONCILIATION OF THE STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(values in Euros)

Items (regulations in force at 31/12/2017)	31/12/2017	01/01/2018	Items (regulations in force at 01/01/2018)
10. Profit (loss) for the year	1,632,927	1,632,927	10. Profit (Loss) for the year
Other income components after tax without transfer to P&L			Other income components after tax without transfer to P&L
20. Property, plant and equipment	-	-	50. Property, plant and equipment
30. Intangible assets	-	-	60. Intangible assets
40. Defined-benefit plans	(18,837)	(18,837)	70. Defined-benefit plans
50. Non-current assets held for sale	-	-	80. Non-current assets held for sale
60. Portion of reserves from valuation of equity-accounted investments	-	-	90. Portion of reserves from valuation of equity-accounted investments
		-	20. Equity instruments designated at fair value through comprehensive income
		-	30. Financial liabilities designated at fair value through P&L (changes in credit rating)
		-	40. Hedging of equità instruments designated at fair value through comprehensive income
Other income components after tax with transfer to P&L			Other income components after tax with transfer to P&L
70. Hedging of foreign investments	-	-	100. Hedging of foreign investments
80. Foreign exchange differences	-	-	110. Foreign exchange differences
90. Cash flow hedge	-	-	120. Cash flow hedge
100. Financial assets available for sale	-		
110. Non-current assets held for sale	-	-	150. Non-current assets held for sale and disposal groups of assets
120. Portion of reserves from valuation of equity-accounted investments	-	-	160. Portion of reserves from valuation of equity-accounted investments
		-	130. Hedging instruments (items not designated)
		-	140. Financial assets (other than equità instruments) at fair value through comprehensive income
130. Total other income components after tax	(18,837)	(18,837)	170. Total other income components after tax
140. Comprehensive income (Item 10+130)	1,614,090	1,614,090	180. Comprehensive income (Item 10+170)
150. Consolidated comprehensive income attributable to minority interests	-	-	190. Consolidated comprehensive income attributable to minority interests
160. Consolidated comprehensive income attributable to the parent company	1,614,090	1,614,090	200. Consolidated comprehensive income attributable to the parent company

Independent Auditors’ Report

Independent auditor's report

in accordance with articles 14 and 19 bis of DLgs N° 39 of 27 January 2010

To the shareholders of Alba Leasing SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alba Leasing Group (the Group), which comprise the consolidated balance sheet as of 31 December 2018, the consolidated income statement, statement of consolidated comprehensive income, statement of changes in consolidated equity, consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulations issued to implement of article 43 of Dlgs n° 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of this report. We are independent of Alba Leasing SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as the regulations issued in the implementation of article 43 of Dlgs n° 136/15, and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management either intends to liquidate Alba Leasing SpA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised the professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of DLgs N 39/10

Management of Alba Leasing SpA is responsible for preparing a report on operations of the Alba Leasing Group as of 31 December 2018, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Alba Leasing Group as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Alba Leasing Group as of 31 December 2018 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of DLgs N 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Padua, 29 March 2019

PricewaterhouseCoopers SpA

Signed by

Alessandra Mingozzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Declaration
by Financial Reporting Manager

Declaration in respect of financial statements as required by Article 81-ter of Consob resolution no. 11971 issued on 14 May 1999 as amended

1. The undersigned Massimo Mazzega and Stefano Rossi, in their respective capacities as Chief Executive Officer and Financial Reporting Manager of Alba Leasing S.p.A. hereby declare, and in view inter alia of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the financial statements:
    - were adequate in view of the company's characteristics and
    - were effectively applied during the year ended 31 December 2018

2. In relation and in addition to the present declaration, the Financial Reporting Manager notifies that:

    - assessment of the adequacy and effective application of said administrative and accounting procedures for the preparation of the financial statements as at 31 December 2018 was based on the use of methodologies that were internally defined, coherently with benchmark standards for internal control systems which are widely accepted at international level.

3. It is further hereby declared that the review:
    - has been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to EC regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002, as well as with the measures deriving from the application of article 9 of Italian Legislative Decree no. 38/2005;
    - corresponds to the data recorded in the company's books and account ledgers;
    - is adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer.

Milan, 12 March 2019

Massimo Mazzega
Chief Executive Officer

Stefano Rossi
Financial Reporting Manager

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