UniCredit
Leasing

Financial Statement and Report
as of 31 December 2008

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Pictures

Cover and sorter pages

Courtesy Ferruccio Torboli (UniCredit Group)

UniCredit Leasing

Our Commitment is Our Strength

2008 was a year that posed significant challenges to the global economy, to the financial services industry and to our business.
To date, our business model remains sound, and our outlook is positive for our future operations.

We remain positive because we know that we can count on our greatest strength. It is our solid and rigorous commitment - to our customers, to our people, to our investors, to the communities we serve, to our core values, to culture, to quality in everything we do, and to the sustainable success of our enterprise.

Every day we renew that commitment through the efforts and expertise of more than 174,000 people in 22 countries.

That is why this year's Annual Report features the photographs and words of UniCredit Group employees. No one could express our commitment more eloquently than the men and women who live it every day.

They speak to you from our branches and offices across Europe. Each message is different. Each expresses what commitment means to them, to their customers, and to their colleagues every single working day.

We feel that their words, their ideas truly capture the spirit of UniCredit Group – the spirit of commitment, our greatest strength.

UniCredit Leasing S.p.A. Locat S.p.A already

Financial Statement and Report as of 31 December 2008

Shareholders' Meeting
Milan, 21 April 2009

«After 26 years working for the Group, I thought I had seen everything.
Then came 2008, which was the most professionally challenging year ever.
I have seen the dynamism of the Group and its workforce.
I know we can rise to the challenge.
I know our commitment.
I know our strength.
I know the best is yet to come.»

Tony Hall
United Kingdom

Board of Directors, Statutory Auditors, General Management and Independent Auditors

	Board of Directors
	(in office since 9 January 2009)
Vittorio Ogliengo	**Chairman**
Rosario Corso	**Acting Deputy Chairman**
Luigi Marino	**Deputy Chairman**
Massimiliano Moi	**Chief Executive Officer**
Paolo Avesani Helmut Bernkopf Gianni Coriani Giovanni Desiderio Lutz Diederichs Frederik Geertman Federico Ghizzoni Marcello Massinelli Fabrizio Onida Pasquale Santomassimo Sergio Sieni	**Directors**
	Board of Statutory Auditors
Michele Paolillo	**Chairman**
Daniele Andretta Romano Conti Ferruccio Magi Vincenzo Nicastro	**Standing Auditors**
Claudia Cattani Paolo Colombo	**Alternate Auditors**
	General Management
Luca Lorenzi	**General Manager**
Elvio Campagnola	**Deputy General Manager**
KPMG S.p.A.	**Independent Auditors**

As documented on 16 December 2008 by the notary public of Milan Busani, the merger of the Parent Company UniCredit Global Leasing S.p.A. and the subsidiary Locat S.p.A. (reverse merger) took effect as of 1 January 2009, with the latter changing its company name into UniCredit Leasing S.p.A. On 9 January 2009, the above corporate officers were appointed to the new company's governance bodies by the shareholders' meeting.

Board of Directors, Statutory Auditors, General Management and Independent Auditors (Continued)

	Board of Directors *(in office until 9 January 2009)*
Rosario Corso	**Chairman**
Luigi Marino	**Deputy Chairman**
Luca Lorenzi	**Chief Executive Officer**
Giovanni Desiderio Giuseppe Di Sisto Lutz Diederichs Renato Martini Massimiliano Moi Marcello Massinelli Pasquale Santomassimo Sergio Sieni Maurizio Torreggiani	**Directors**
	Board of Statutory Auditors
Mario Arbuffo	**Chairman**
Daniele Andretta Romano Conti	**Standing Auditors**
Paolo Colombo Alfonso Ruzzini	**Alternate Auditors**
	General Management
Elvio Campagnola	**General Manager**
Giuseppe Del Gesso	**Deputy General Manager**
KPMG S.p.A.	**Independent Auditors**

«We are the people who determine our future. There is no doubt that the atmosphere of our Group and beneficial relationships with our clients depend on us. To achieve this, we should stand by our moral and professional convictions and also consider our people's opinions. When we commit ourselves to that principle, then we will succeed at everything we do.»

Julia Shagova
Russian Federation

Table of Contents

«A client started up an international business venture, but he was worried about how to manage all his banking activities from Italy. In just a couple of days, we had gotten in touch with our colleagues in Germany and Austria and we had set up what was needed. Professionalism and an international network are our values for business sustainability.»

Marco Scarrico
Italy

Report on Operations

General Scenario

The world economy

In 2008, the fears that marked the final quarter of 2007 effectively materialised. The US subprime mortgage crisis was the first of a series of shocks that shaped the year 2008. The crisis soon spread from the United States to overseas markets, investing both Europe and Asia and causing world economic growth to fall from 5.2% in 2007 to 3.4% in 2008, according to International Monetary Fund estimates.

Financial markets in the United States revealed a certain weakness right from the start of the year, as confidence in the capital structure and results of leading banks plummeted. To prevent a recessive spiral from being triggered, the US Federal Reserve cut interest rates in several steps by up to 3.00%, after having raised rates by 0.9% at the end of the first quarter.
Against this backdrop, commodity prices rose constantly (in particular the oil price, which rose from 77 dollars per barrel in July 2007 to a peak of 135 dollars in July 2008), driven by growing demand in emerging economies.
The rise in commodity prices drove inflation up across the world, with peaks of 5.5% recorded in the USA and 4.1% in the "Euro Area", leading the European Central Bank to promptly raise interest rates from 4.00% to 4.25%. The resulting economic slowdown undermined the solidity of a number of leading US financial institutions specialised in mortgage lending, leading them to be nationalised to all effects and purposes.
In mid September, the turmoil simmering in the credit/financial world exploded with the collapse of Lehman Brothers, the forced merger of Merrill Lynch and Bank of America, and the effective acquisition of the AIG Group, the world's biggest insurance company, by the US Federal Reserve.
In an effort to hold back the economic slowdown, central banks eased their monetary policy stance and governments introduced various fiscal measures and initiatives to guarantee liquidity to banks. The United States government alone earmarked 700 billion dollars for this purpose.
Not even the fall in commodity prices (the oil price in December had dropped to 40 dollars per barrel) managed to turnaround the recessionary trend sweeping economies.

Along with Western Europe, the crisis also hit central and eastern European countries whose economic growth had been set back by rising commodity prices and the resulting inflationary trends that local central banks were seeking to keep in check.
Exacerbating the situation was the aversion to risk seen in investors, who in response to growing country risk levels (as measured by credit default swaps) reviewed their investment policies, exposing local governments to liquidity shortfalls on the interbank market. The countries most affected were those relying most heavily on foreign funding, such as Estonia, Lithuania, Latvia, Hungary, Ukraine and Kazakhstan.
In general, falling GDP growth (which in the Baltic States moved from over 10% in 2007 to negative growth in 2008) was witnessed, along with the depreciation of local currencies (the Ukrainian hryvnia fell by 35% in value against the US dollar).
Action was needed by the International Monetary Fund (with a 16.5 billion dollar loan in Ukraine) and the ECB (with a 15.7 billion dollar loan in Hungary) to support economies unable to prop up their domestic credit markets alone (something which Kazakhstan and Russia, in contrast, were able to do).

Central European countries such as Poland, Slovakia, and the Czech Republic benefited from being less reliant on foreign credit markets, in particular Slovakia, which in January entered the Euro Area. As a result, they have all continued to peg their currencies to the euro.

The Italian economy

The Italian economy inevitably felt the repercussions of the international economic situation.

The economic crisis also took shape at a delicate time of political changeover.
Gross domestic product (GDP) fell by 1.0% in 2008, compared to the 1.5% growth rate recorded in 2007.

Other economic indicators for 2008 also confirm that the economy is contracting fast, with gross fixed investment falling by 3.0%, and negative trends recorded for investment in machinery and equipment (-5.3%), building (-1.8%) and transport means (-2.1%).

Driven by turbulent commodity markets, the inflation rate jumped to 3.3% from the 1.8% rate recorded in 2007.

Household consumption was also influenced by the general economic climate, falling by 0.9% and contributing to a 1.0% drop in overall domestic consumption for the year.

The budget deficit for 2008 was kept to 2.7% of GDP, falling within the 3.0% limit imposed under the Maastricht Treaty.
The tax burden, as a ratio of GDP, fell from 43.1% in 2007 to 42.8% in 2008, also thanks to the introduction of local property tax (ICI) breaks.

Domestic market weakness was further affected by negative growth in exports of goods and services in 2008, which fell by 3.7% compared to 2007.

The leasing industry

The leasing market was also affected by general economic trends, with stipulated volumes falling from 48,343 million euro to 38,111 million at the end of 2008, recording a 21.2% drop on 2007.

Value of stipulated contracts (millions of euro)

	31.12.2008		31.12.2007		CHANGES	
SEGMENT	VALUE	%	VALUE	%	VALUE	%
Motor vehicles	3.342	8,8	3.720	7,7	(378)	(10,2)
Industrial and commercial vehicles	4.500	11,8	4.831	10,0	(331)	(6,9)
Automobiles	**7.842**	**20,6**	**8.551**	**17,7**	**(709)**	**(8,3)**
Capital goods	**12.223**	**32,1**	**13.808**	**28,6**	**(1.585)**	**(11,5)**
Aircraft and Rolling Stock	**3.018**	**7,9**	**3.090**	**6,4**	**(72)**	**(2,3)**
MOVEABLE PROPERTY	**23.083**	**60,6**	**25.449**	**52,7**	**(2.366)**	**(9,3)**
Real estate - built	9.495	24,9	14.489	30,0	(4.994)	(34,5)
Real estate - to be built	5.533	14,5	8.405	17,3	(2.872)	(34,2)
REAL ESTATE	**15.028**	**39,4**	**22.894**	**47,3**	**(7.866)**	**(34,4)**
TOTAL	**38.111**	**100,0**	**48.343**	**100,0**	**(10.232)**	**(21,2)**

Source: Assilea

The contraction in the industry was confirmed in all segments, which recorded variously negative trends and results.
The “Automobile” segment recorded an overall drop of 8.3% on the previous year, with a stronger fall witnessed in the Motor Vehicles component (-10.2%) than in “Industrial and Commercial Vehicles” (-6.9%). The relative weight of the segment rose from 17.7% in 2007 to 20.6% in 2008.

Despite its double-digit contraction (-11.5%), the capital goods segment, which is traditionally more closely tied to business investment, performed well, raising its relative contribution to the market from 28.6% in 2007 to 32.1% in 2008, confirming the importance of leasing for businesses when purchasing capital goods.

Substantially no change was recorded in the Aircraft and Rolling Stock segment (-2.3%), whose relative contribution to the market rose from 6.4% in 2007 to 7.9% at the end of 2008.

The downturn in the Real Estate segment continued throughout 2008, recording a 34.4% drop, with trends into the built (-34.5%) and to be built (-34.2%) segments virtually identical. The segment’s relative contribution to the market fell to 39.4% (47.4% in 2007).

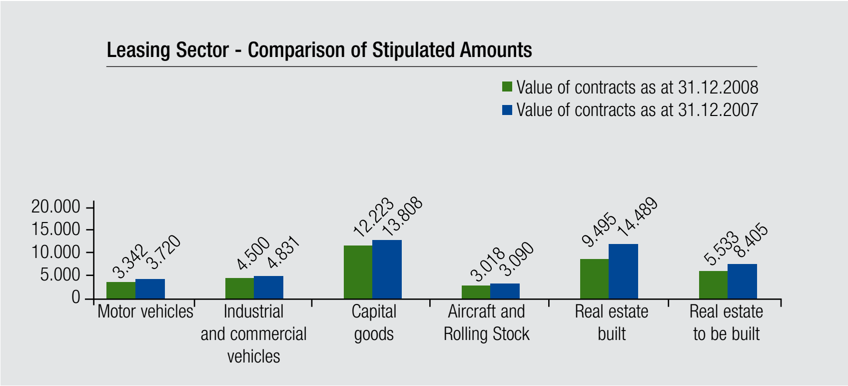
The number of stipulated contracts (approx. 360,000) fell less sharply than volumes (-12.1% compared to -21.2%), though all lease segments recorded drops: Motor Vehicles (-10.0%), Capital Goods (-12.2%), Aircraft and Rolling Stock (-15.6%) and Real Estate (-31.7%).

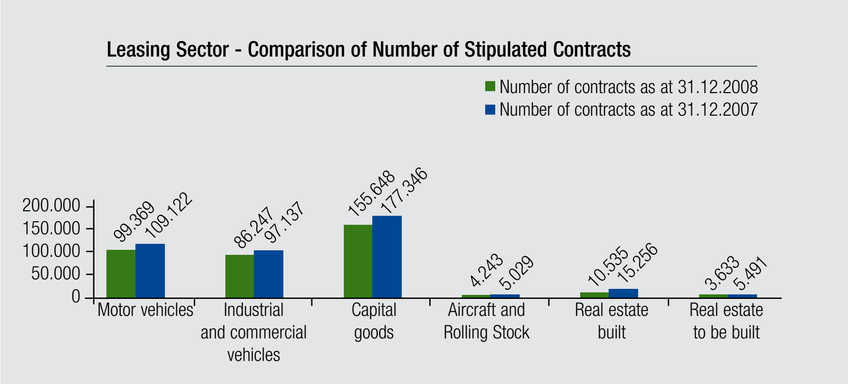
General Scenario (Continued)

The leasing industry (Continued)

Number of stipulated contracts						
	31.12.2008		31.12.2007		CHANGES	
SEGMENT	NUMBER	%	NUMBER	%	NUMBER	%
Motor vehicles	99.369	27,6	109.122	26,7	(9.753)	(8,9)
Industrial and commercial vehicles	86.247	24,0	97.137	23,7	(10.890)	(11,2)
Automobiles	**185.616**	**51,6**	**206.259**	**50,4**	**(20.643)**	**(10,0)**
Capital goods	**155.648**	**43,3**	**177.346**	**43,3**	**(21.698)**	**(12,2)**
Aircraft and Rolling Stock	**4.243**	**1,3**	**5.029**	**1,2**	**(786)**	**(15,6)**
MOVEABLE PROPERTY	**345.507**	**96,1**	**388.634**	**94,9**	**(43.127)**	**(11,1)**
Real estate - built	10.535	2,9	15.256	3,7	(4.721)	(30,9)
Real estate - to be built	3.633	1,0	5.491	1,3	(1.858)	(33,8)
REAL ESTATE	**14.168**	**3,9**	**20.747**	**5,1**	**(6.579)**	**(31,7)**
TOTAL	**359.675**	**100,0**	**409.381**	**100,0**	**(49.706)**	**(12,1)**

Source: Assilea





The Company’s Activities

As of 1 July 2008, Locat S.p.A. took over the leasing business unit UniCredit Mediocredito Centrale S.p.A.
In addition to this, the restructuring of the UniCredit Group’s leasing activities continued throughout 2008, with the setting up of a specific new business division.

As documented on 15 December 2008 by the notary public of Milan Busani, the merger of the Parent Company UniCredit Global Leasing S.p.A. and the subsidiary Locat S.p.A. (reverse merger) took effect as of 1 January 2009, with the latter changing its company name into UniCredit Leasing S.p.A.

As Parent Company of the Group’s newly established leasing division, the new company will be responsible for the management of all leasing activities at the European level.

Results of commercial business

The company, like the rest of the market, was affected by the great uncertainty investing the economy as a whole.
Stipulated contract volumes totalled 4,945 million euro in value, recording a 25.1% fall (compared to a market average of -21.2%). The decrease was in part due to the company’s prudent policy stance of selecting transactions offering higher returns at lower risk levels. Market share in 2008 fell to 13.0% from 13.7% in 2007.

Value of stipulated contracts (thousands of euro)

	31.12.2008		31.12.2007		CHANGES	
SEGMENT	**NUMBER**	**%**	**NUMBER**	**%**	**NUMBER**	**%**
Motor vehicles	302.255	6,1	327.210	5,0	(24.955)	(7,6)
Industrial and commercial vehicles	492.736	10,0	509.373	7,7	(16.637)	(3,3)
Automobiles	**794.991**	**16,1**	**836.583**	**12,7**	**(41.592)**	**(5,0)**
Capital goods	**1.396.657**	**28,2**	**1.511.332**	**22,9**	**(114.675)**	**(7,6)**
Aircraft and Rolling Stock	**670.427**	**13,6**	**1.078.546**	**16,3**	**(408.119)**	**(37,8)**
MOVEABLE PROPERTY	**2.862.075**	**57,9**	**3.426.461**	**51,9**	**(564.386)**	**(16,5)**
Real estate - built	1.408.674	28,5	2.080.545	31,5	(671.871)	(32,3)
Real estate - to be built	674.454	13,6	1.098.801	16,6	(424.347)	(38,6)
REAL ESTATE	**2.083.128**	**42,1**	**3.179.346**	**48,1**	**(1.096.218)**	**(34,5)**
TOTAL	**4.945.203**	**100,0**	**6.605.807**	**100,0**	**(1.660.604)**	**(25,1)**

The “Automobile” segment performed better than the market as a whole, recording a drop of just 5.0% compared to a market average of -8.3%. Both components of the segment contributed to this result by recording smaller falls than the market average, with “Motor Vehicles” falling by -7.6% (-10.2% for the market) and “Industrial and Commercial Vehicles” falling by -3.3% (-6.9% for the market).

New contract volumes for Capital Goods also performed better than the market (-7.6% for the company versus -11.5% for the market), rising proportionately to account for 28.2% of the total (compared to 22.9% in 2007).

The sharp drops in Real Estate-to be built (-38.6% versus -34.2% for the market) and Real Estate-built (-32.3% versus -34.5% for the market) drove the “Real Estate” segment to record an overall drop of -34.5%, largely in line with average market performance (-34.4%).

As a result, the Real Estate segment accounted for a smaller proportion of the company’s total contract volumes in 2008 (42.1%) than in 2007 (48.1%).
In contrast, the “Aircraft and Rolling Stock” segment recorded a much sharper fall in new contracts stipulated than (-37.8%) than the market average (-2.3%).

The change affected the segment’s relative proportion of total volumes brokered for the year by 2.7%, bringing the segment’s share up to 13.6%, from the 10.3% recorded last financial year.

The number of contracts brokered also recorded a negative trend (-12.5%), which was largely in line with the market average (-12.1%).

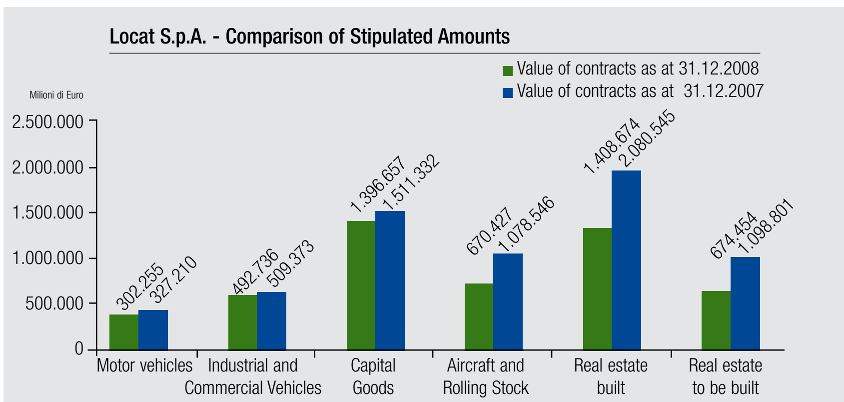
The Company's Activities (Continued)

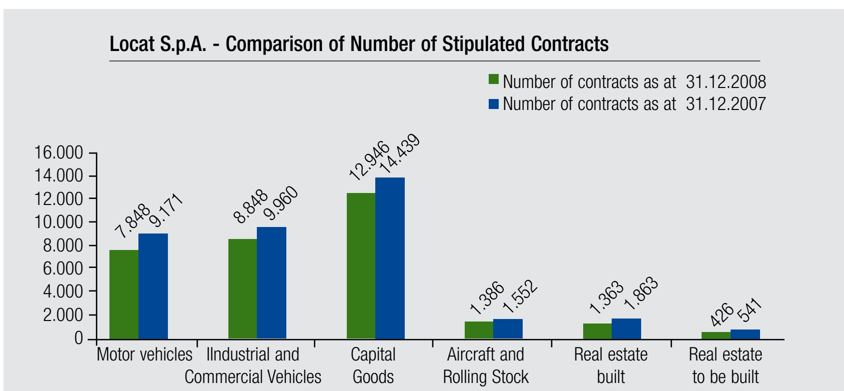
Results of commercial business (Continued)

Value of stipulated contracts						
	31.12.2008		31.12.2007		CHANGES	
SEGMENT	NUMBER	%	NUMBER	%	NUMBER	%
Motor vehicles	7.848	23,9	9.171	24,4	(1.323)	(14,4)
Industrial and commercial vehicles	8.848	27,1	9.960	26,6	(1.112)	(11,2)
Automobiles	**16.696**	**50,9**	**19.131**	**51,0**	**(2.435)**	**(12,7)**
Capital goods	**12.946**	**39,4**	**14.439**	**38,5**	**(1.493)**	**(10,3)**
Aircraft and Rolling Stock	**1.386**	**4,2**	**1.552**	**4,1**	**(166)**	**(10,7)**
MOVEABLE PROPERTY	**31.028**	**94,5**	**35.122**	**93,6**	**(4.094)**	**(11,7)**
Real estate - built	1.363	4,2	1.863	5,0	(500)	(26,8)
Real estate - to be built	426	1,3	541	1,4	(115)	(21,3)
REAL ESTATE	**1.789**	**5,5**	**2.404**	**6,4**	**(615)**	**(25,6)**
TOTAL	**32.817**	**100,0**	**37.526**	**100,0**	**(4.709)**	**(12,5)**

Mention should be made of the fall in stipulated contracts in the Capital Goods (-10.3% versus a market average of -12.2%) and the Automobiles segments (-12.7% versus a market average of -10.0%), which together account for 90.3% of all contracts processed by the company.

Finally, the picture is completed by the Aircraft and Rolling Stock segment, which fell by 10.7% at the company level compared to a market average of -15.6%, and the Real Estate segment, whose two components fell evenly to produce an overall drop in the segment of 25.6% for the company, compared to a market average of -31.7%.





As concerns the breakdown of new stipulated volumes by sales network, the overall 25.1% fall was distributed evenly across the Direct and Indirect networks.

Within the “Indirect Network”, the channel most heavily penalised was “Banks” (-42.3%), whose relative contribution to company volumes fell to 20.5% (26.5% in 2007).

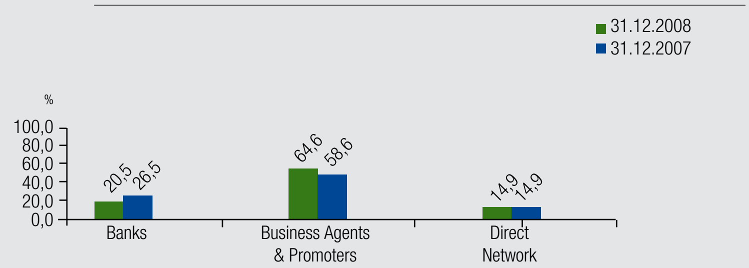
Despite recording a fall in volumes of 17.4% on last year, the “Business Agents and Promoters” component ranked first place among the company’s distribution channels, accounting for 64.6% of volumes (58.6% in 2007).

Finally, the “Indirect Network” dropped by 25.1% in volumes on last year, accounting for 14.9% of total stipulated volumes, recording no change on last year’s percentage.

Distribution channel (thousands of euro)

	31.12.2008		31.12.2007		CHANGES	
	VALUE	%	VALUE	%	VALUE	%
Banks	1.011.904	20,5	1.753.219	26,5	(741.315)	(42,3)
Business Agents and Promoters	3.195.987	64,6	3.868.543	58,6	(672.556)	(17,4)
Indirect network	**4.207.891**	**85,1**	**5.621.762**	**85,1**	**(1.413.871)**	**(25,1)**
Direct network	**737.312**	**14,9**	**984.045**	**14,9**	**(246.733)**	**(25,1)**
TOTAL	**4.945.203**	**100,0**	**6.605.807**	**100,0**	**(1.660.604)**	**(25,1)**

Comparison by Distribution Channel



The Company's Activities (Continued)

Key aggregate figures of the Balance Sheet and Income Statement

Balance Sheet figures				(thousands of euro)
			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Total assets	**20.721.028**	**17.108.629**	**3.612.399**	**21,1**
- Receivables	*19.816.829*	*16.228.494*	*3.588.335*	*22,1*
- Property, plant and equipment and intangible assets	*97.497*	*32.462*	*65.035*	*200,3*
- Other assets	*655.947*	*801.648*	*(145.701)*	*(18,2)*
Total liabilities	**19.604.396**	**16.367.714**	**3.236.682**	**19,8**
- Payables	*19.011.117*	*15.879.522*	*3.131.596*	*19,7*
- Other liabilities	*454.370*	*424.662*	*29.708*	*7,0*
Shareholders' equity	**1.116.632**	**740.915**	**375.717**	**50,7**

In compliance with recent Bank of Italy instructions (Circular No. 222359 of 22 February 2008), assets to be granted under lease were reclassified in the Balance Sheet from "Property, plant and equipment and intangible assets" to "Receivables". Existing operating leases were also reclassified, in accordance with IAS 17, as financial leasing transactions.

Accordingly, the equivalent items and results for comparative periods were also reclassified.

Balance Sheet and Income Statement figures as at 31 December 2008 include accounts tied to the acquisition of the leasing business unit UniCredit Mediocredito Centrale S.p.A., effective as of 1 July 2008.

Receivables

The item in 2008 saw an increase in net impaired loans.
In brief, the trend can be put down to three drivers:
- the acquisition of the business unit UniCredit Mediocredito Centrale S.p.A;
- the adoption of an Advanced Internal Rating-Based (AIRB) method for all aspects of credit risk management;
- the worsening macroeconomic framework of reference.

As a result, cash loans, net of value adjustments (expected losses) totalled 19,816,829 thousand euro, recording an increase of 3,588,335 thousand euro on the 31 December 2007 figure (+22.1%).

(thousands of euro)

	31.12.2008		31.12.2007		CHANGES	
NOMINAL VALUE	VALUE	WEIGHT ON TOTAL	VALUE	WEIGHT ON TOTAL	VALUE	%
Non-performing loans	523.500	2,6	267.914	1,6	255.586	95,4
Problem loans	146.479	0,7	34.792	0,2	111.687	321,0
Restructured loans	50.598	0,3	182	0,0	50.416	27.701,1
Expired loans	523.531	2,6	96.695	0,6	426.836	441,4
Total impaired loans	*1.244.108*	*6,2*	*399.583*	*2,4*	*844.525*	*211,4*
Performing loans	*18.979.675*	*93,8*	*16.118.720*	*97,6*	*2.860.955*	*17,7*
Total loans	**20.223.783**	**100,0**	**16.518.303**	**100,0**	**3.705.480**	**22,4**

The increase in the loan portfolio and its relative categories was driven by the acquisition of loans from the leasing business unit UniCredit Mediocredito Centrale S.p.A. Below we report a breakdown of the UniCredit Mediocredito Centrale S.p.A portfolio acquired, as at 31 December 2008.

(thousands of euro)

	NOMINAL VALUE		VALUE ADJUSTMENTS		BOOK VALUE	
	VALUE	WEIGHT ON TOTAL	VALUE	HEDGING PERCENTAGE	VALUE	WEIGHT ON TOTAL
Non-performing loans	188.648	7,1	60.974	32,3	127.674	5,0
Problem loans	31.398	1,2	10.036	32,0	21.362	0,8
Restructured loans	2.814	0,1	-	0,0	2.814	0,1
Expired loans	170.818	6,4	7.982	4,7	162.836	6,3
Total impaired loans	*393.678*	*14,8*	*78.992*	*20,1*	*314.686*	*12,2*
Performing loans	*2.270.937*	*85,2*	*15.715*	*0,7*	*2.255.222*	*87,8*
Total loans	**2.664.615**	**100,0**	**94.707**	**3,6**	**2.569.908**	**100,0**

With regard to changes in value adjustments, it should be noted that in 2008, with the support of the Parent Company, the company progressively introduced an AIRB system in accordance new Basel 2 requirements and Bank of Italy Circular No. 263 of 27 December 2006. The main characteristic of the new system lies in its different approach to customer classification for both performing and impaired loans. For performing loans, a more detailed classification scheme was introduced, tied to customer performance (definition of expected losses using AIRB metrics) and the likelihood of unfavourable events occurring that may lead to default in the portfolio. This aspect of the model ties the likelihood of loss to the loss confirmation period required by the measurement system for effectively recognising a loss. For impaired loans, the new category of Expired Loans was introduced, for loans with objectively determined characteristics identified on the basis of requirements set forth in the regulations of reference.
The new classification of customers into risk classes more closely tied to business lines, together with the adoption of AIRB rules for calculating expected losses, required changes to be introduced to calculation techniques for value adjustments, which render adjustments more closely focused on the effective risk presented by the company's loan portfolio, while satisfying the general principles of

The Company's Activities (Continued)

Key aggregate figures of the Balance Sheet and Income Statement (Continued)

prudent and accrual-based accounting.
The main consequence of the new system can be seen in the reallocation of year-end provisions, as illustrated in the summary table.
The AIRB method adopted also takes account of deteriorations in the macroeconomic context by adjusting the parameters of reference for loss calculations (probability of default - PD, and loss given default - LGD).

(thousands of euro)

	31.12.2008		31.12.2007		CHANGES	
VALUE ADJUSTMENTS	VALUE	HEDGING PERCENTAGE	VALUE	HEDGING PERCENTAGE	VALUE	%
Non-performing loans	210.642	40,2	143.825	53,7	66.817	46,5
Problem loans	37.286	25,5	11.092	31,9	26.194	236,2
Restructured loans	4.725	9	-	-	4.725	n.a.
Expired loans	37.989	7,3	8.243	8,5	29.746	360,9
Total impaired loans	*290.642*	*23,4*	*163.160*	*40,8*	*127.482*	*78,1*
Performing loans	*116.312*	*0,6*	*126.649*	*0,8*	*(10.337)*	*(8,2)*
Total loans	**406.954**	**2,0**	**289.809**	**1,8**	**117.145**	**40,4**

(thousands of euro)

	31.12.2008		31.12.2007		CHANGES	
BOOK VALUE	VALUE	WEIGHT ON TOTAL	VALUE	WEIGHT ON TOTAL	VALUE	%
Non-performing loans	312.858	1,6	124.089	0,8	188.769	152,1
Problem loans	109.193	0,6	23.700	0,1	85.493	360,7
Restructured loans	45.873	0,2	182	-	45.691	25.104,9
Expired loans	485.542	2,5	88.452	0,5	397.090	448,9
Total impaired loans	*953.466*	*4,9*	*236.423*	*1,5*	*717.043*	*303,3*
Performing loans	*18.863.363*	*95,1*	*15.992.071*	*98,5*	*2.871.292*	*18,0*
Total loans	**19.816.829**	**100,0**	**16.228.494**	**100,0**	**3.588.335**	**22,1**

As a result of the new method, impaired loans, net of value adjustments, rose by 717,043 thousand euro to total 953,466 thousand, compared to 236,423 thousand at the end of 2007, as reported in the table above.
In particular, the increase in the nominal value of the loans from 399,583 thousand euro in 2007 to 1,244,108 thousand euro in 2008 (+211.4%) was matched by an increase in value adjustments, which rose from 163,160 thousand euro in the previous financial year to 290,642 thousand euro at the end of 2008 (+78.1%).
As at 31 December 2008 the hedging percentage (value adjustments/nominal value) of impaired loans stood at 23.4%, reporting a decrease of 40.8% compared with 2007.
As at 31 December 2008, restructured loans included 24,891 thousand euro in net exposures to Pininfarina S.p.A., with which a debt restructuring agreement was signed, together with other creditor financial institutions.

Performing loans, net of value adjustments, totalled 18,863,363 thousand euro, recording an increase of 2,871,292 thousand euro (+18.0%) on the end 2007 figure.
In particular, the 2,860,955 thousand euro increase in nominal value (+17.7%) was accompanied by a corresponding decrease in value adjustments of 10,337 thousand euro (-8.2%), with a hedging percentage (value adjustments/nominal value) equal to 0.6% (0.8% at the end of 2007).

For further information on the effects resulting from the adoption of the AIRB method, see Part D) "Other Information" of the Notes to the Accounts.

Securitised assets

The value of loans shown in the financial statements also includes assets disposed of as part of the securitisation transactions completed as of 1 January 2004, which cannot be derecognised as they do not meet IAS 39 requirements.
The increase recorded in 2008 was due to two new securitisation transactions (Locat S.V. S.r.l. - 2008 Series and Locat S.V. S.r.l. - 2 - 2008 Series), valued at 2.5 billion euro and 2.6 billion euro respectively.

(thousands of euro)

	NOMINAL VALUE		VALUE ADJUSTMENTS		BOOK VALUE	
ASSETS TRANSFERRED AND NOT WRITTEN OFF	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Non-performing loans	73.016	37.118	31.035	21.183	41.981	15.935
Problem loans	26.313	14.435	8.169	4.199	18.144	10.236
Restructured loans	4.539	-	177	-	4.362	-
Expired loans	105.959	34.037	13.073	3.806	92.886	30.231
Total impaired loans	*209.827*	*85.590*	*52.454*	*29.188*	*157.373*	*56.402*
Performing loans	*8.895.502*	*5.084.462*	*45.989*	*22.800*	*8.849.513*	*5.061.662*
Total loans	**9.105.329**	**5.170.052**	**98.443**	**51.988**	**9.006.886**	**5.118.064**

Property, plant and equipment and intangible assets

The item amounted to 97,497 thousand euro, with an increase of 65,035 thousand euro compared with the previous financial year (+200.3%).

The acquisition of the business unit UniCredit Mediocredito Centrale S.p.A. resulted in an increase in investment goods.

(thousands of euro)

			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Assets held as investments	64.545	-	64.545	n.a.
Assets under operating leases	1.067	-	1.067	n.a.
Assets deriving from leases	1.524	3.303	(1.779)	(53,9)
Assets for company use	19.359	18.077	1.282	7,1
Goodwill	10.985	10.985	-	-
Other long-term commitments	17	97	(80)	(82,5)
TOTAL	**97.497**	**32.462**	**65.035**	**200,3**

Assets returned from finance lease contracts consist of assets that the company once again avails of following the termination of lease contracts due to non-performance and the subsequent termination of the relationship with the counterparty.

Goodwill includes merger deficits (negative differences between the shareholders' equity of the merged companies and new share capital issued for the swap) arising from the merger of Credit Leasing S.p.A. and Locat Locazione Attrezzature S.p.A. into Locat S.p.A. (10,858 thousand euro) in 1997, and the merger of Findata Leasing S.p.A. and Quercia Leasing S.p.A. into Locat S.p.A. (127 thousand euro) in 1999. The deficits correspond to their values as at 1 January 2004, in compliance with IAS first-time adoption rules.

The Company's Activities (Continued)

Key aggregate figures of the Balance Sheet and Income Statement (Continued)

Other assets

At the end of 2008 other assets amounted to 655,947 thousand euro, recording a decrease of 145,701 thousand euro compared with the previous year (-18.2%).

The decrease was mainly due to the partial refund of VAT receivables, for a total of 136,170 thousand euro, by the Parent Company (within the scope of the Group's joint VAT regime), and 33,127 thousand euro in refunds from tax authorities.

(thousands of euro)

			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Receivables due from the Parent Company	553.312	695.801	(142.489)	(20,5)
Sundry tax receivables	29.145	57.030	(27.885)	(48,9)
Receivables for advances to suppliers	66.657	45.107	21.550	47,8
Other	6.833	3.710	3.123	84,2
TOTAL	**655.947**	**801.648**	**(145.701)**	**(18,2)**

Payables

The item amounted to 19,011,117 thousand euro, with an increase of 3,131,595 thousand euro compared with the end 2007 figure (+19.7%).

The increase in payables for transferred assets not written off was due to the two securitisation transactions performed in 2008, as reported above.

(thousands of euro)

			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Funding	10.683.420	10.718.079	(34.659)	(0,3)
Liabilities from assets transferred and not written off	8.161.299	4.977.514	3.183.785	64,0
Amounts to be charged back for servicing activities	29.804	25.706	4.098	15,9
Other sundry items	136.594	158.223	(21.629)	(13,7)
TOTAL	**19.011.117**	**15.879.522**	**3.131.595**	**19,7**

Other liabilities

At the end of 2008 other liabilities amounted to 454,370 thousand euro versus 424,662 thousand euro, an increase of 29,708 thousand euro compared with the previous financial year (+7.0%).

Trade payables contain the balance of supplies of assets and services whose payment terms, at the end of the financial year, had not yet expired.

(thousands of euro)

			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Trade payables	404.374	306.242	98.132	32,0
Other payables due to personnel	15.633	14.248	1.385	9,7
Payables for insurance premiums to be paid	8.505	7.576	929	12,3
Other	25.858	96.596	(70.738)	(73,2)
TOTAL	**454.370**	**424.662**	**29.708**	**7,0**

Other payables due to personnel mainly include accrued amounts due but not yet paid.

The decrease in the item "Other" was mainly due to the full transfer of the Locat Croatia D.o.o. shareholding to the Parent Company UniCredit Global Leasing S.p.A. (as at 31 December 2007, the item included a transfer fee of 89,700 thousand euro).

Shareholders’ equity

As at 31 December 2008, shareholders’ equity, including net profit for the year, amounted to 1,116,632 thousand euro, up by 375,717 thousand euro (+50.7%) compared to 2007.

Along with profit reserves from 2007 (126,557 thousand euro), the increase was due to capital received through the acquisition of the leasing business unit UniCredit Mediocredito Centrale S.p.A. (179,774 thousand euro) and the booking of a capital gain, net of taxes, to reserves, following the transfer of the Locat Croatia D.o.o. shareholding to the Parent Company UniCredit Global Leasing S.p.A. (83,241 thousand euro net of taxes).

(thousands of euro)

			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Reserves	410.131	372.561	37.570	10,1
Share premium	149.963	7.759	142.204	1.832,8
Reserves	443.836	234.038	209.798	89,6
Profit for the year	112.702	126.557	(13.855)	(10,9)
TOTAL	**1.116.632**	**740.915**	**375.717**	**50,7**

As reported in the section “Subsequent Events”, the merger of UniCredit Global Leasing and Locat S.p.A. took effect as of 1 January 2009.
As a result, reserves formerly booked to shareholders’ equity were released following the recognition in company accounts of the shareholding transferred with the merger at original cost, in accordance with regulations in force.

The Company's Activities (Continued)

Key aggregate figures of the Balance Sheet and Income Statement (Continued)

Income Statement figures				(thousands of euro)
			CHANGES	
	31.12.2008	31.12.2007	VALUE	%
Interest margin	294.206	277.027	17.179	6,2
Net commissions	24.203	11.835	12.368	104,5
Dividends and similar income	54	57	(3)	(5,3)
Net income from trading	5	122	(117)	(95,9)
Earnings margin	**318.468**	**289.041**	**29.427**	**10,2**
Operating costs:				
- personnel costs	(42.171)	(40.202)	(1.969)	4,9
- other	(24.137)	(20.285)	(3.852)	19,0
Value adjustments on property, plant and equipment and intangible assets	(1.986)	(1.291)	(695)	53,8
Net operating income/(charges)	1.959	781	1.178	150,8
Overheads	**(66.335)**	**(60.997)**	**(5.338)**	**8,8**
Value adjustments due to impairment of loans and other financial assets	(67.368)	(49.094)	(18.274)	37,2
Provisions for risks and charges	(3.732)	69	(3.801)	(5.508,7)
Profit/loss from disposal of investments	11	(4)	15	(375,0)
Profit/loss from disposal of equity investments	-	23.291	(23.291)	-
Operating profit (loss)	**181.044**	**202.306**	**(21.262)**	**(10,5)**
Income tax	(68.342)	(75.749)	7.407	(9,8)
Net profit	**112.702**	**126.557**	**(13.855)**	**(10,9)**
Average loans	**17.401.527**	**14.963.662**	**2.437.865**	**16,3**

The interest margin totalled 294,206 thousand euro, up 17,179 thousand euro on the previous year (+6.2%). The increase was lower than growth in average loans, which rose from 14,964 million euro in 2007 to 17,402 million euro in 2008 (+16.3%).

Net commissions doubled from 11,835 thousand euro in 2007 to 24,203 thousand euro at the end of 2008 (+104.5%), largely due to the new securitisation transactions.

The balance of dividends and similar income, amounting to 54 thousand euro at the end of 2008 compared to a 57 thousand euro in the previous year, includes the amount of dividends received in relation to the stake held in the subsidiary Zao Locat Leasing Russia.
Net income from trading, relating solely to non-hedging derivatives, amounted to 5 thousand euro versus a net income of 122 thousand euro in 2007 (-95.9%).

As a result of the above trends, the net earnings margin stood at 318,468 thousand euro, with an increase of 29,427 thousand euro compared with the previous financial year (+10.2%).

Overheads totalled 66,335 thousand euro compared to 60,997 thousand euro in 2007 (+8.8%). The increase was driven by higher personnel costs following the acquisition of UniCredit Mediocredito Centrale S.p.A.
The cost to income ratio stood at 20.8%, slightly lower than the 21.1% reported in the previous financial year.
Value adjustments due to loan impairment stood at 67,368 thousand euro, with an increase of 18,274 thousand euro compared with the previous financial year (+37.2%).
Provisions for risks and charges totalled a negative 3,732 thousand euro, compared with a positive 69 thousand euro in 2007. The change was mainly due to provisions allocated for agents' termination indemnities.

Value adjustments to property, plant and equipment and intangible assets rose from 1,291 thousand euro in 2007 to 1,986 thousand euro in 2008 (+53.8%).

Once again in 2008, profits and losses from the sale of investments were substantially balanced, recording a net positive 11 thousand euro for the year compared with a negative 4 thousand euro in 2007.

With regard to the nil balance of profits from the sale of investments, the 2007 figure was entirely due to a capital gain of 23,291 thousand euro from the sale of the subsidiary Locat Rent S.p.A.

Profit before tax amounted to 181,044 thousand euro, representing a decrease of 21,262 thousand euro (-10.5%) on the 2007 figure of 202,306 thousand euro.

Income tax for the year totalled 68,342 thousand euro compared with 75,749 thousand euro in 2007 (-9.8%). The tax rate rose from 37.4% in 2007 (affected by the Shareholding Exemption applied to the capital gain generated by the sale of Locat Rent S.p.A.) to 37.7% in 2008.

Net profit for the year ended 31 December 2008 amounted to 112,702 thousand euro, with a decrease of 13,855 thousand euro when compared with 2007 (-10.9%). Excluding the effect of the capital gain from the sale of Locat Rent S.p.A. in 2007 (22,061 euro net of taxes), the change in net profit would have recorded a positive 8,206 thousand euro (+7.9%).

Profit ratios

The table below sets out the performance of key profit ratios:

Ratio	2008	2007
Earnings margin/Total average assets (*)	1,7%	1,8%
Overheads/Earnings margin	20,8%	21,1%
Income tax/Profit before tax	37,7%	37,4%
Net profit/Average equity (*)	12,1%	18,7%

(*) calculated as the arithmetical average of the values at the beginning and end of the year

The Company's Activities (Continued)

Regulatory capital, capital adequacy ratios and risk-weighted assets

The table below reports data on regulatory capital:

(thousands of euro)

CLASSES/VALUES	NOMINAL AMOUNTS 31.12.2008
Tier 1 capital	
Positive items	1.115.630
Negative items	11.002
Tier 1 capital gross of items to be deducted	**1.104.630**
Items to be deducted - Securitisation deductions	66.718
Total Tier 1 capital	**1.037.912**
Tier 2 capital	
Items to be deducted - Securitisation deductions	66.718
Total Regulatory capital	**971.194**

The table below reports data on Capital Adequacy.

(thousands of euro)

	31.12.2008	
CLASSES/VALUES	NON-WEIGHTED AMOUNTS	WEIGHTED/ REQUIRED AMOUNTS
A. RISK ASSETS		
A. 1. Credit and counterparty risk		
1. Standard method	18.119.262	13.106.422
2. Method based on internal ratings		
2.1 Basic		
2.2 Advanced		
3. Securitisation		
B. REGULATORY CAPITAL REQUIREMENTS		
B. 1. Credit and counterparty risk		786.385
B. 2. Market risk		
1. Standard method		-
2. Internal models		-
3. Concentration risk		-
B. 3. Operational risk		
1. Basic method		-
2. Standard method		-
3. Advanced method		25.789
B. 4. Reduction of requirements for approved persons of banking groups or asset management companies (25%)		203.044
B. 5. Total capital adequacy requirements		609.130
C. RISK ASSETS AND CAPITAL RATIOS		
C. 1. Risk-weighted assets		13.536.229
C. 2. Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)		7,67
C. 3. Tier 3 capital/Risk-weighted assets (Total capital ratio)		7,17

The investee Company

The schedules were prepared on the basis of new reporting rules issued by the Bank of Italy in its Circular No. 155 “Instructions for preparing reports on regulatory capital and prudential ratios.”

Capital requirements for “credit risk” were calculated using the standard method, whereas for operational risks, an advanced measurement approach (AMA) was used.
For financial leases on real estate (transactions likened to exposures guaranteed by real estate), a reduced weighting of 50% was applied, in accordance with instructions issued by the Bank of Italy in its Circular No. 216 of 5 August 1996 - 7th update of 9 July 2007.

As of 31 March 2008, the minimum obligatory ratio to be met by financial institutions for credit risk was set at 6%. When calculating total capital requirements, however, institutions belonging to banking groups may apply a reduction of 25%.

Zao Locat Leasing Russia (67% controlled)
The company closed its fourth year of business with a net profit of 1,190 thousand euro, compared with a profit of 3,548 thousand euro at the end of 2007 (-66.5%).
The result was negatively affected by the depreciation of the local currency, which between the end of 2008 and the beginning of 2009 lost 30% of its value, leading the company to book a translation loss of 2.04 million euro.

The volume of new transactions totalled 60.5 million euro compared with 78.1 million euro in 2007.

An analysis by segment shows that transport means (including train cars) contributed 44.4% (53.2% in 2007), capital goods 51.7% (44.5% in 2007), and real estate 3.9% (2.3% in 2007).

The business channel that contributed most to the result was the direct channel with 59.8% (58.1% in 2006) followed by dealers/brokers with 37.7% (26.7% in 2007) and Italian exports with 2.5% (14.3% in 2007).

Investments as at 31 December 2008 amounted to 110.9 million euro compared with 106.9 million euro at the end of 2007 (+3.7%).

At the end of the 2008 financial year, the headcount was 27 staff, up by 4 staff members compared to 31 December 2007.

The Company's Activities (CONTINUED)

Main risks and uncertainties: risk management policies

For information on the significant changes introduced to the credit risk governance process, see the details reported in Part D - Section 3 "Information on risks and the relevant hedging policies" of the Notes to the Accounts.

Personnel, operating structure and organisation

Personnel
At the end of 2008 the headcount was 591 staff, an increase of 112 staff members compared with December 2007.

CLASS	31.12.2008	31.12.2007
Executives	27	22
Grade 3/4 managers	131	102
Grade 1/2 managers	115	96
Remaining staff	318	259
TOTAL	**591**	**479**
of which part-time employees	65	60
of which fixed-term contract staff	-	-

The sharp increase in personnel over the year was due to the acquisition of the leasing business unit UniCredit Mediocredito Centrale, as part of the integration of former Capitalia companies into the UniCredit Group.
The integration process, begun in the first quarter of 2008, led to the progressive integration of 114 new staff members in July 2008, mainly in our Rome offices.
The new staff members were mainly assigned to business processes and customer support roles.

Trade union relations were marked by a relaxed and co-operative climate.

Over 19,000 hours of training courses were held in 2008 for company personnel, including management training (84 staff), language training (170 staff) and technical courses (525 staff).

Management training focused primarily on:

- Branch managers, who took part in workshops focused on consolidating their listening, motivational, assertiveness and conflict management skills;

- Credit analysts, who took part in a mentoring initiative with top credit managers;

- Credit managers/officers and analysts, who took part in pilot sessions of the 'Open Dialogue' project, focused on listening and relational skills and aspects in competition with that objective.

Special attention was placed on language training to enable colleagues to operate in the international context of the company and Group. Specifically:

- English language courses were organised at head office and at branches;

- telephone-based English language training was trialled for advanced English speakers.

As required for the sale of insurance products, basic ISVAP training and refresher courses were also held.

Operating structure
In 2008, changes were introduced into the company's organisational structure in an effort to facilitate the pursuit of strategic objectives, in accordance with Parent Company guidelines, and to meet the needs of growing organisational complexity, which has emerged from the context of reference and the integration of the Capitalia Group.

In addition to this, organisational changes were introduced to adjust the operating structure in compliance with Basel II regulations governing Advanced Internal Rating Based (AIRB) methods.

The changes were made possible thanks to the strengthening of Locat S.p.A.'s operating structure.

The main areas of action concerned:

- the completion of the segregation process for credit management roles and responsibilities;

- the establishment of specific roles and responsibilities to manage significant transactions and high-risk transactions;

- the completion of the project for outsourcing credit and asset recovery activities to UniCredit Credit Management Bank S.p.A., a Group bank specialised in credit recovery;

- the strengthening of the commercial network and related supporting roles. More specifically:
  - a specific office was established, reporting to the Commercial Networks Department, to raise assistance levels to retail channels;
  - officers were appointed to support network governance through the planning of sales objectives and the monitoring of progress made towards those objectives.

At year end, the company's commercial structure comprised:

- 19 branches;

- 6 Locat Leasing Points;

- approximately 5000 bank branches of UniCredit Group in Italy, 150 agents and 180 promoters;

- 12 banks with which the Group has special agreements.

Organisation
At the end of 2008, the project for outsourcing company network services to UniCredit Global Information Services S.p.A. was brought to term.

During the year, integration activities for the leasing business unit UniCredit Mediocredito Centrale S.p.A. were planned and implemented, and preparatory activities for the merger of UniCredit Global Leasing S.p.A. were planned.

The amendments and integrations made to the company's organisational set-up were disclosed by means of specific notifications and involved the updating of company regulations.
Access to said documentation was guaranteed to all the staff by means of the Group's Internet portal.

Business outlook

In the context of general economic slowdown, forecasts for the financial leasing sector expect volumes brokered to remain substantially unchanged.

In this context, the commercial objectives pursued by the company aim at substantially maintaining the volumes brokered last year, privileging an increase in the profitability of transactions and, as usual, the safeguarding of asset quality.

Research and development activities

The company did not carry out any research and development activities during the financial year.

Transactions with related parties

With reference to the provisions of Article 2497-bis of the Italian Civil Code, paragraph five which reads "… the transactions between the managing and co-ordinating company and the other subsidiary companies, and the subsequent impact that such relations may have had on the companies' operating business and its result", attention is drawn to the fact that any transactions with related parties were completed in the interest of the company and under the same conditions applied to transactions with third parties.
In particular, transactions with related parties include: grants/renewal/changes in credit facilities, service contracts and other commercial agreements. This item also includes a number of finance lease contracts entered into at market conditions.

Details of relations existing with Group companies are given in the annexes to the Notes to the Accounts.

Last of all, also with reference to the counterparts mentioned above, we report that no atypical and/or unusual operations with respect to normal company operations were carried out during the financial year and the first months immediately following the year end.

The Parent Company UniCredit S.p.A. is responsible for the management and co-ordination of the company.

The Company's Activities (Continued)

Significant subsequent events

After the close of the year, the "reverse" merger of UniCredit Global Leasing S.p.A. into the company was brought to term. The new entity has taken the name UniCredit Leasing S.p.A. and is responsible for the Group's leasing business.
On occasion of the merger, a new Leasing Division was created within the UniCredit Group, which will be responsible for the development and management of leasing in all European countries in which the Group operates.

The effect of the adoption of the AIRB method on the classification of loans and the measurement of value adjustments.

As mentioned in the section on credit risk, the adoption of the AIRB method has significantly changed lending processes and all connected processes, including the valuation of loans at the end of accounting periods.

Two important aspects of the method should be noted:

- the introduction of a new customer classification scheme, which more closely reflects risk classes for performing customers. The new scheme replaces the former customer segmentation approach tied to business lines with a new approach tied more closely to customer performance in terms of the fulfilment of obligations (definition of expected losses using AIRB metrics), and to the likelihood of unfavourable events occurring which may lead to default in the existing portfolio, measured through an estimation of a loss confirmation period (LCP) based on historic portfolio data. Such events are considered structural to the nature of assets. As such, to take account of potential events, provisions are estimated to cover latent risk;

- with regard to the classification scheme for impaired loans, an objective default category (expired or past due) has been introduced.

  The new segmentation of customers into risk classes more closely tied to business lines, together with the adoption of AIRB rules for calculating expected losses, has led to changes in calculation techniques for value adjustments, which render adjustments more closely focused on the effective risk presented by the company's loan portfolio, while satisfying the general principles of prudent and accrual-based accounting.

The main outcome of the new method lies in the reallocation of provisions at the end of accounting periods, as illustrated in the summary table on value adjustments, reported in the section "Receivables" of this report.

Other information

With reference to the specific provisions on this matter, the following needs to be specified:

- The company does not hold treasury shares or shares belonging to the Parent Company, either through trust companies or through a third party.
  During the year under review, the company neither acquired nor disposed of treasury shares or shares belonging to the Parent Company, either through trust companies or through a third party;

- In compliance with the provisions of art. 26 of annex B) of Legislative Decree 196/2003 (Privacy Code), the Chairman of the Board of Directors hereby discloses that the Programmatic Security Document exists and that the same was updated as at 17 December 2008 and formally adopted on 23 December 2008.

On 16 December 2008, the Investigating Magistrate of the Court of Rome, with notification served on 18 December 2008, ordered the preventive attachment of a number of assets owned by the company and leased to various companies all traceable to and owned by the one proprietor, indicted on criminal charges within the scope of which the preventive attachment was ordered.

The assets, consisting of various properties, a helicopter and a boat, were purchased one by one by the company for a total price of 160.7 million euro. At the end of 2008, the risk associated with the assets stood at 136.6 million euro.

In order to secure the release of the seized assets, a sum of 22.9 million euro was deposited in a special bank account opened for the purpose. The bank account will be seized upon the release of the assets subjected to preventive attachment. At present, the relevant finance leases are being closely monitored in order to identify any changes in their position promptly.

During the year, tax authorities investigated a number of operators in the pleasure boating sector over the application of VAT to transactions made in the fiscal years 2003 to 2006.

The company was also audited within the scope of the investigations. Two notifications were served on the company pursuant to Articles 32 and 33 of Presidential Decree No. 600/73 and Article 52 of Presidential Decree No. 633/72 by the Regional Department of Inland Revenue, reporting the following:

a) the first notification concerns certain leases that, according to the authorities, only formally present the characteristics of boat leases, but which to all effects and purposes constitute the transfer of assets by a leasing company to final users, ensuring the latter the fiscal benefits of a finance lease;

b) the second notification concerns investigations into the effective use of the boats, for the correct application of VAT rates on a lump-sum basis.

As concerns Locat S.p.A., 31 leasing transactions were contested for a total of 16.6 million euro in unpaid taxes due, plus fines (totalling one to two times the amount of taxes due plus interest). A further five transactions made by UniCredit Mediocredito Centrale S.p.A. were also contested, falling within the leasing business unit acquired by the company in July, (for a total of approximately 1.4 million euro in unpaid taxes due, plus fines and interest).
For each of the leasing transactions identified, the relative lessors were contacted and informed of the additional taxes that would be charged to them, in accordance with lease conditions.

With regard to the fiscal year 2003, on 16 December 2008, the Inland Revenue office of Bologna served two notices of assessment on the company, identifying 604,403 euro in unpaid VAT due and levying fines totalling 755,738 euro plus interest.
Notice of assessment was also served on UniCredit Mediocredito Centrale by the Inland Revenue office of Rome 1, regarding leases made in 2003 and falling within the scope of the leasing business unit acquired. The notice identified 224,327 euro in unpaid VAT due, levying fines totalling 336,491 euro plus interest.

After having notified the relevant lessors of the notices received, in accordance with contractual conditions governing recoveries, appeals were lodged with the relevant court authorities against the notices of assessment.
Given the publication of notices, and for the reasons explained above, the company has not allocated relevant provisions in the financial statements.

The Company's Activities (Continued)

Proposal for the allocation of profits for the year

The draft financial statements for the year ended 31 December 2008, which we hereby submit for your approval, show a profit of 112,702,372 euro, which we propose to allocate as follows:

Net profit	€ 112.702.372
5% to the legal reserve	€ 5.635.119
Remaining profit	€ 107.067.253

The Board of Directors has decided to propose to the Shareholders that a part of the recorded profit, equal to 1,000,000 euro, be donated to the "UNIDEA" Foundation of the UniCredit Group, whose mission is to promote the growth of volunteerism and community work to support the projects sponsored by the Foundation. Accordingly, the residual profit figure would be allocated as follows:

Remaining profit	€ 107.067.253
Donation to UNIDEA Foundation	€ 1.000.000
To the extraordinary reserve	€ 106.067.253

Dear Shareholders,

in concluding this report, we would like to thank:

- the Banks of the UniCredit Group for the support and co-operation they have always afforded the company;
- the Management, Personnel and external Collaborators of the Company who, with their effective and high-calibre professionalism have made it possible for us to achieve positive results in the FY 2008;
- the Rome office and the Milan branch of the Bank of Italy's Financial Broker Supervisory Division where we have always had the pleasure of dealing with courteous and affable people;
- the Board of Statutory Auditors and the Independent auditors for the work they have carried out and the prompt assistance they have given us, ABI and the trade Association ASSILEA.

Milan, 10 March 2009

The Board of Directors

Lucia Rossi De Gasperis
Italy

«Every day, my work requires the use of both brain and heart. Using your brain means creating value with each service delivered. And using your heart means letting the customer feel the commitment you put into your work.»

Niccolò Ceci
Italy

«There is always a way to meet the customer's needs. Along this path, our experience serves as our compass and the customer's satisfaction is our final destination.
The work we do along the entire journey is our commitment.
The certainty of the result is our strength.»

Financial Statements

Balance Sheet as at 31 December 2008 and Comparison with 31 December 2007

Balance Sheet		(amounts in euro)
ASSETS	31.12.2008	31.12.2007 */**
10. Cash and cash equivalents	8.647	7.898
20. Financial assets held for trading	39.635.059	3.662.902
50. Financial assets held to maturity	186.137	208.156
60. Loans	19.816.828.896	16.228.493.622
70. Hedging derivatives	817.277	13.816.095
80. Value adjustments to hedged financial assets	54.790.247	(2.029.223)
90. Equity investments	3.494.168	1.887.432
100. Property, plant and equipment	86.494.961	21.380.069
110. Intangible assets	11.002.384	11.082.119
120. Tax assets		
a) current	12.464.139	-
b) prepaid	39.359.324	23.273.940
130. Non-current assets and groups of discontinued assets	-	5.198.559
140. Other assets	655.946.823	801.647.688
TOTAL ASSETS	**20.721.028.062**	**17.108.629.257**

Balance Sheet		(amounts in euro)
LIABILITIES AND SHAREHOLDERS' EQUITY	**31.12.2008**	**31.12.2007 */****
10. Payables	19.011.117.401	15.879.521.748
30. Financial liabilities held for trading	39.865.535	3.500.758
50. Hedging derivatives	55.607.524	11.786.872
70. Tax liabilities		
a) current	-	9.500.157
b) deferred	12.838.859	15.631.368
80. Liabilities linked to discontinued assets	-	-
90. Other liabilities	454.370.254	424.661.537
100. Employee severance indemnity	8.419.925	6.934.362
110. Provisions for risks and charges		
b) other provisions	22.176.138	16.177.247
120. Capital	410.131.062	372.560.610
150. Share premium	149.962.660	7.759.152
160. Reserves	443.836.332	234.038.644
180. Profit for the year	112.702.372	126.556.802
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**20.721.028.062**	**17.108.629.257**

The Chief Executive Officer

Massimiliano Moi

Luca Lorenzi

Giuseppe Del Gesso

Matteo Cavazzoli

(*) Values as at 31 December 2007 do not include Balance Sheet items relating to the acquisition of the leasing business unit UniCredit Mediocredito Centrale S.p.A.;

(**) Values reclassified for comparative purposes with 31 December 2008 figures, including:

- the reclassification of receivables for operating leases (116,186,134 euro as at 31 December 2007) and receivables for assets to be granted under lease (305,052,719 as at 31 December 2007) from item 100 “Property, plant and equipment” to item 60 “Receivables”, as instructed by the Bank of Italy;
- the reclassification of advances received from customers on receivables for assets to be granted under lease (42,684,908 euro as at 31 December 2007) from item 10 “Payables” to item 60 ”Receivables”, as instructed by the Bank of Italy

Income Statement for the FY 2008 and Comparison with the FY 2007

Income Statement		(amounts in euro)
ITEMS	31.12.2008	31.12.2007 */**
10. Interest income and similar income	1.167.917.072	918.788.406
20. Interest expense and similar expense	(873.711.485)	(641.761.473)
INTEREST MARGIN	**294.205.587**	**277.026.933**
30. Commission income	95.863.957	77.421.734
40. Commission expense	(71.660.765)	(65.586.256)
NET COMMISSIONS	**24.203.192**	**11.835.478**
50. Dividends and similar income	53.974	56.858
60. Net income from trading	5.124	121.609
EARNINGS MARGIN	**318.467.877**	**289.040.878**
110. Net write-downs for impairment of:		
a) loans	(63.516.329)	(49.094.342)
d) other financial assets	(3.852.456)	-
120. Administrative expenses:		
a) personnel expenses	(42.170.897)	(40.201.688)
b) other administrative expenses	(24.136.891)	(20.284.614)
130. Net write-downs of property, plant and equipment	(1.905.545)	(1.185.473)
140. Net write-downs of intangible assets	(79.734)	(105.847)
160. Net provisions for risks and charges	(3.732.326)	68.543
170. Other operating charges	(650.768)	(649.007)
180. Other operating income	2.609.518	1.430.068
OPERATING PROFIT	**181.032.449**	**179.018.518**
190. Gains (Losses) from equity investments	-	23.291.253
200. Gains (Losses) from disposal of investments	11.592	(3.778)
PROFIT BEFORE TAX	**181.044.041**	**202.305.993**
210. Income tax for the year	(68.341.669)	(75.749.191)
NET PROFIT	**112.702.372**	**126.556.802**
PROFIT FOR THE YEAR	**112.702.372**	**126.556.802**

The Chief Executive Officer

Massimiliano Moi

Luca Lorenzi

Giuseppe Del Gesso

Matteo Cavazzoli

(*) Values reclassified for comparative purposes with 31 December 2008 figures, including the reclassification of operating leases from items 130 "Net write-downs of property, plant and equipment" (46,667,291 euro as at 31 December 2007), 180 "Operating income" (55,149,427 euro as at 31 December 2007) and 200 "Profit/loss from disposal of investments" (1,742,387 euro as at 31 December 2007), to items 10 "Interest income" (6,543,391 euro as at 31 December 2007), 40 "Commission expense" (349,262 euro as at 31 December 2007) and 110 "Value adjustments due to impairment of loans" (152,903 euro as at 31 December 2007)

(**) Value reclassified for comparative purposes with 31 December 2008 figures, from item 40 "Commission expense" to item 160 "Net provisions for risks and charges" (240,000 euro as at 31 December 2007)

Statement of Changes in Shareholders' Equity

Statement of changes in Shareholders' Equity

	SHAREHOLDERS' EQUITY AS AT 01.01.2005	CHANGE IN OPENING BALANCES	OPENING BALANCE AS AT 01.01.2005	ALLOCATION OF PREVIOUS FY PROFIT: RESERVES	ALLOCATION OF PREVIOUS FY PROFIT: DIVIDENDS AND OTHER ALLOCATIONS
Capital	177.192.453		177.192.453		
Share premium	5.445.397		5.445.397		
Reserves:					
a) profits	137.942.290		137.942.290	71.499.789	
b) other	16.047.992		16.047.992		
Valuation reserves					
Equity instruments					
Treasury shares					
Profit for the year	92.541.394		92.541.394	(71.499.789)	(21.041.605)
Shareholders' equity	**429.169.526**	**-**	**429.169.526**	**-**	**(21.041.605)**

	SHAREHOLDERS' EQUITY AS AT 31.12.2005	CHANGE IN OPENING BALANCES	OPENING BALANCE AS AT 01.01.2006	ALLOCATION OF PREVIOUS FY PROFIT: RESERVES	ALLOCATION OF PREVIOUS FY PROFIT: DIVIDENDS AND OTHER ALLOCATIONS
Capital	178.829.093		178.829.093		
Share premium	7.759.152		7.759.152		
Reserves:					
a) profits	209.442.079		209.442.079	97.232.341	
b) other	16.047.992		16.047.992		
Valuation reserves					
Equity instruments					
Treasury shares					
Profit for the year	97.232.341		97.232.341	(97.232.341)	
Shareholders' equity	**509.310.657**	**-**	**509.310.657**	**-**	**-**

(amounts in euro)

CHANGES DURING FY 2005						
	SHAREHOLDERS' EQUITY TRANSACTIONS					
CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	PROFIT FOR THE YEAR AS AT 31.12.2005
	1.636.640					
	2.313.755					
						97.232.341
-	**3.950.395**	**-**	**-**	**-**	**-**	**97.232.341**

CHANGES DURING FY 2006							
	SHAREHOLDERS' EQUITY TRANSACTIONS						
CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	PROFIT FOR THE YEAR AS AT 31.12.2006	SHAREHOLDERS' EQUITY AS AT 31.12.2006
	193.731.517						372.560.610
							7.759.152
	(193.731.517)						112.942.903
							16.047.992
						105.047.748	105.047.748
-	**-**	**-**	**-**	**-**	**-**	**105.047.748**	**614.358.405**

Statement of Changes in Shareholders' Equity (Continued)

Statement of changes in Shareholders' Equity

	SHAREHOLDERS' EQUITY AS AT 31.12.2006	CHANGE IN OPENING BALANCES	OPENING BALANCE AS AT 01.01.2007	ALLOCATION OF PREVIOUS FY PROFIT: RESERVES	ALLOCATION OF PREVIOUS FY PROFIT: DIVIDENDS AND OTHER ALLOCATIONS
Reserves	372.560.610		372.560.610		
Share premium	7.759.152		7.759.152		
Reserves:					
a) profits	112.942.903		112.942.903	105.047.748	
b) other	16.047.992		16.047.992		
Valuation reserves					
Equity instruments					
Treasury shares					
Profit for the year	105.047.748		105.047.748	(105.047.748)	
Shareholders' equity	**614.358.405**	**-**	**614.358.405**	**-**	**-**

	SHAREHOLDERS' EQUITY AS AT 31.12.2007	CHANGE IN OPENING BALANCES	OPENING BALANCE AS AT 01.01.2008	ALLOCATION OF PREVIOUS FY PROFIT: RESERVES	ALLOCATION OF PREVIOUS FY PROFIT: DIVIDENDS AND OTHER ALLOCATIONS
Reserves	372.560.610		372.560.610		
Share premium	7.759.152		7.759.152		
Reserves:					
a) profits	217.990.651		217.990.651	126.556.802	
b) other	16.047.992		16.047.992		
Valuation reserves					
Equity instruments					
Treasury shares					
Profit for the year	126.556.802		126.556.802	(126.556.802)	
Shareholders' equity	**740.915.207**	**-**	**740.915.207**	**-**	**-**

(amounts in euro)

	CHANGES DURING FY 2007						
		SHAREHOLDERS' EQUITY TRANSACTIONS					
	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	PROFIT FOR THE YEAR AS AT 31.12.2007
							126.556.802
-	-	-	-	-	-	-	**126.556.802**

CHANGES DURING FY 2008							
	SHAREHOLDERS' EQUITY TRANSACTIONS						
CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDEND DISTRIBUTION	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES - MCC MERGER	PROFIT FOR THE YEAR AS AT 31.12.2008	SHAREHOLDERS' EQUITY AS AT 31.12.2008
					37.570.452		410.131.062
					142.203.508		149.962.660
							344.547.453
					83.240.887		99.288.879
						112.702.372	112.702.372
-	-	-	-	-	**263.014.847**	**112.702.372**	**1.116.632.426**

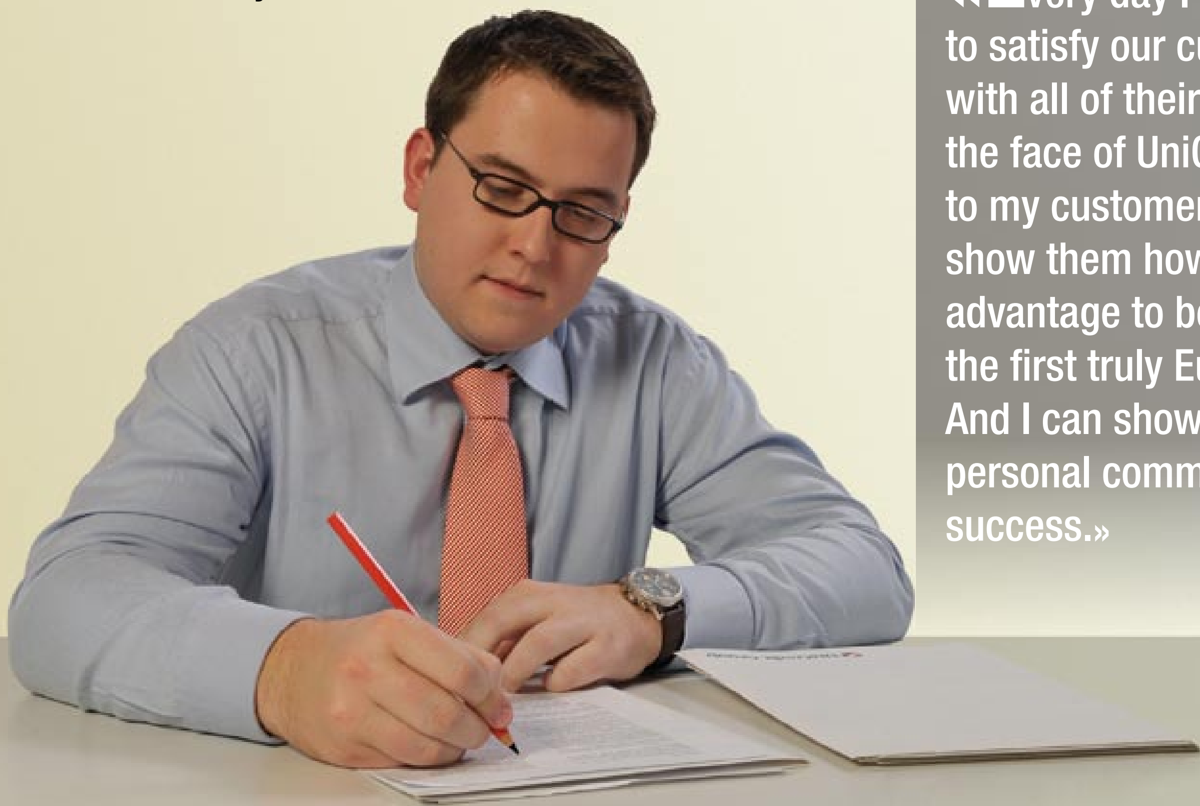
Cash Flow Statement as at 31 December 2008 and as at 31 December 2007

Cash Flow Statement		(amounts in euro)
OPERATING ACTIVITIES	**2008**	**2007**
1. MANAGEMENT		
Commission expense	1.167.917.072	918.788.406
Interest expense and similar charges	(873.711.485)	(641.761.473)
Dividends and similar income	53.974	56.858
Commission income	95.863.957	77.421.734
Commission expense	(71.660.765)	(65.586.256)
Personnel costs	(41.743.607)	(40.201.688)
Other costs	(47.009.517)	(71.323.061)
Other revenues	2.626.234	24.911.473
Taxes	(72.873.016)	(75.749.191)
2. CASH FLOW GENERATED BY DECREASE IN FINANCIAL ASSETS		
Financial assets held for trading	-	-
Financial assets valued at *fair value*	-	-
Available-for-sale financial assets	-	-
Loans	-	-
Other assets	192.692.222	15.426.553
3. CASH FLOW ABSORBED BY INCREASE IN FINANCIAL ASSETS		
Financial assets held for trading	(35.972.157)	(890.968)
Financial assets valued at *fair value*	-	-
Available-for-sale financial assets	-	-
Loans receivable	(799.783.651)	(2.165.588.645)
Other assets	(69.689.358)	(49.866.391)
4. CASH FLOW GENERATED BY INCREASE IN FINANCIAL LIABILITIES		
Loans payable	478.886.180	2.019.449.522
Securities issued	-	-
Financial liabilities held for trading	36.364.777	725.844
Financial liabilities valued at *fair value*	-	-
Other liabilities	43.820.652	107.901.232
5. CASH FLOW ABSORBED BY REPAYMENT/BUYBACK OF FINANCIAL LIABILITIES		
Loans payable	-	-
Securities issued	-	-
Financial liabilities held for trading	-	-
Financial liabilities valued at *fair value*	-	-
Other liabilities	(81.318.168)	(14.996.162)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	**(75.536.656)**	**38.717.787**

Cash Flow Statement		(amounts in euro)
INVESTMENT ACTIVITIES	2008	2007
1. CASH FLOW GENERATED BY DECREASE IN		
Equity investments	5 .198.559	5.000.000
Financial assets held to maturity	22.019	3.431.451
Property, plant and equipment	1 .740.866	-
Intangible assets	-	96.921
Other assets	-	-
2. CASH FLOW ABSORBED BY INCREASE IN		
Equity investments	(1.606.736)	-
Financial assets held to maturity	-	-
Property, plant and equipment	-	(68.356.760)
Intangible assets	-	-
Other assets	-	-
NET CASH FLOW GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	**5.354.708**	**(59.828.388)**
FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-	-
Issue/purchase of equity instruments	83.014.846	-
Distribution of dividends and other allocations	-	-
NET CASH FLOW GENERATED/ABSORBED BY FUNDING ACTIVITIES	**83.014.846**	**-**
NET CASH FLOW ABSORBED DURING THE YEAR	**12.832.898**	**(21.110.601)**

Reconciliation		(amounts in euro)
	2008	2007
Cash and cash equivalents - opening balance	10.354.511	31.465.112
Total net cash flow generated/absorbed during the year	12.832.898	(21.110.601)
Cash and cash equivalents - closing balance	23.187.409	10.354.511

Felix Schneider
Germany



«Every day I do the best to satisfy our customers with all of their needs. I am the face of UniCredit Group to my customers. So I can show them how it is a big advantage to be partners with the first truly European bank. And I can show them my personal commitment to their success.»

«I went to the grocery store to buy some food for lunch. The cashier was interested in getting firsthand information about a banking product he saw in a television advertisement. I ended up with neither lunch nor dinner because I was so focused on giving her an explanation that I forgot to buy anything. This is either commitment or obliviousness...»

Gordana Jedinak
Croatia

Notes to the Accounts

Notes to the Accounts

Part A) Accounting policies

Part A) Accounting policies

A1) General part

Section 1 - Declaration of conformity with international accounting standards

These financial statements which are in line with the provisions of Legislative Decree no. 38 of 28 February 2005 that implemented European Union Regulation no. 1606 of 19 July 2002, have been drafted according to the accounting standards issued by the International Accounting Standards Board (IASB), including interpretative documents SIC and IFRIC approved by the European Commission until 31 December 2008.

Section 2 - General drafting principles

The document has been drafted following the "Instructions for drafting the Financial Statements of Financial Brokers registered in the Special List, of electronic money institutes (IMEL), of Asset Management Companies (SGR) and Stock Brokers (SIM)" issued by the Bank of Italy, within the sphere of the regulatory powers granted to it by Legislative Decree no. 38/2005, through Order dated 14 February 2006.

For interpretation and support purposes, the following documents have been used even though they were not endorsed by the European Commission:

- Framework for the Preparation and Presentation of Financial Statements issued by IASB in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC and any other relevant documents issued by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) to complement the accounting standards issued;
- the interpretation documents relating to the IAS/IFRS in Italy prepared by the Italian Accounting Board *(OIC - Organismo Italiano di Contabilità) and the Italian Banking Association (ABI - Associazione Bancaria Italiana).*

The Financial Statements are comprised of the Balance Sheet, the Income Statement, the Statement of Changes in shareholders' equity, the Cash Flow Statement and the Notes to the Accounts and are also accompanied by the Report on operations, on the profit or loss for the period and the Company's financial and net equity situation.

The valuation criteria were adopted assuming that the company was a going concern and comply with the accrual, relevance and materiality principles regarding accounting information, as well as relevance of the economic substance over the judicial form.

During 2008, the Company has progressively implemented an advanced system of internal ratings (AIRB) in accordance with the new Revised International Capital Framework proposed by Basel II (Circular of the Bank of Italy no. 263 of 27 December 2006) and explained in part D "Other information" of the Notes to the Accounts.
The different breakdown of customers according to risk classes that are more consistent with the type of business, together with the adoption of the AIRB rules for the calculation of expected losses, led to a change in the calculation method of value adjustments on loans, so that they are more targeted to the actual risk represented by the Company's portfolio, in compliance with general prudence and accrual principles. With regard to the disclosing required by IAS 8, it is noted that the new method led to the reallocation of end-of-period value adjustments between performing loans and impaired loans, with an almost neutral overall impact. In compliance with the provisions set out by the Bank of Italy, some Balance Sheet and Income Statement items for the previous financial year have been reclassified, so as to compare them with 2008 items. The amounts reported in the financial statements are expressed in euro, while those in the Notes to the Accounts are expressed in thousands of euro.

Section 3 - Events following the balance sheet date

No significant events occurred after the year end that could have had a significant effect on the financial, equity and economic situation of the Company, except for the merger between the Company and the Parent Company UniCredit Global Leasing S.p.A., as already described above.

Note that, pursuant to IAS 10, the Board of Directors authorised the publication of the financial statements on 10 March 2009.

A2) Part relating to the main financial statement aggregates

1- Financial assets held for trading

A financial asset is classified as held for trading if:

1) it has been acquired mainly to be sold within the short term;
2) it is part of a portfolio of financial instruments that is managed jointly and for which a strategy designed to achieve short term profits exists;
3) it is a derivative contract (except for derivative contracts designated as hedging instruments, see chapter 4).

In the same way as other financial instruments, financial assets held for trading are initially recorded at their *fair value*, corresponding to the consideration paid, excluding transaction costs that are immediately recorded in the Income Statement, even if they are directly attributable to such a financial asset.

Also subsequently, such financial assets are measured at *fair value* and the effects of the application of this criterion are recognised in the Income Statement.

Realised profits and losses on the disposal or reimbursement and unrealised profits and losses arising from changes in the *fair value* of the trading portfolio are recorded in the Income Statement under item 60 "Net income from trading".

A financial instrument or another contract having the following three characteristics is considered as a derivative:

1) its value changes in relation to the change in the interest rate, the price of a financial instrument, the price of goods, the foreign currency exchange rate, a price or rate index, credit rating or credit indices, or another pre-established variable (generally called "underlying");
2) it does not require an initial net investment or requires a lower net initial investment than the one requested for other types of contracts from which one would expect a similar swing in changes in market factors;
3) it is settled at a future date.

Profits and losses, whether realised or unrealised, on trading derivatives are recorded in the Income Statement under item 60 "Net income from trading".
An embedded derivative is an element of a hybrid instrument (combined) that also includes a primary non-derivative contract, the result of which being that some of the financial flows of the entire instrument change in a way that is similar to those of the stand-alone derivative. A derivative associated to a financial instrument, but contractually transferable irrespective of that instrument, or with a different counterpart from that of the instrument, is not considered an embedded derivative, but a separate financial instrument.

An embedded derivative is separate from the primary contract and is recorded as a derivative if:

1) the economic characteristics and risks of the embedded derivative are not strictly correlated to those of the host contract;
2) a separate instrument with the same conditions as the embedded derivative would satisfy the definition of derivative;
3) the hybrid instrument is not valued at *fair value* with effect recognised in the Income Statement.

If the embedded derivative is required to be separated from its primary contract, but it is not possible to value the embedded derivative separately when purchased or at a subsequent valuation date, the entire combined contract is treated as a financial asset or liability held for trading.

In cases where embedded derivatives are separated, the primary contracts are recorded according to the category to which they belong.

2 - Financial assets held to maturity

Investments held to maturity are represented by non-derivative financial instruments, with fixed or determinable payments and fixed maturity, for which there is an objective intention and capacity to hold them to maturity.

If, during the financial year, a significant amount of such investments is sold or reclassified before maturity, the remaining financial assets held to maturity would be reclassified as available for sale and the use of the portfolio in question would be precluded for the following two financial years, unless the sales or reclassifications:

a) are so close to the maturity or to the date of option of the financial asset, that changes in market interest rates would not have a significant effect on the *fair value* of the asset itself;
b) occurred after collection of nearly all the original capital of the financial asset through ordinary scheduled or advance payments;
c) can be attributed to an isolated, uncontrollable event, that is not recurring and cannot therefore be reasonably foreseen.

After initial recognition at *fair value*, such assets are valued at amortised cost, using the effective interest method. Profits and losses are recorded in the Income Statement under item100.c)

Part A) Accounting policies (CONTINUED)

A2) Part relating to the main financial statement aggregates (CONTINUED)

"Profit (loss) for transfer or repurchase of financial assets held to maturity" when such assets are eliminated.

If there is objective evidence that the asset is impaired, the amount of the loss is calculated as the difference between the asset's book value and the present value of estimated future financial flows, discounted on the basis of the effective original interest rate of the financial asset. The book value of the asset is thus reduced and the amount of the loss is recorded in the Income Statement under item 110.c) "Value adjustments due to impairment of financial assets held to maturity".

If, in a future financial year, the impairment loss decreases and the decrease can be objectively linked to an event that occurred after it was recognised (e.g. an improvement in the debtor's solvency), the previously recorded impairment loss is eliminated. Recovery of the value does not result, in any case, in a book value higher than that which would result from applying the amortised cost if the loss had not been recorded. The recovery amount is recorded in the same item of the Income Statement.

3 - Receivables

Receivables are comprised of non derivative financial assets due from customers and banks, with fixed or determinable payments and that are not listed on an active market. Receivables are recorded on the date they are paid to the counterpart.

After initial registration at *fair value*, including transaction costs that are directly attributable to the acquisition or payment of the financial asset (even if not yet settled), receivables are valued at amortised cost, using the actual interest criterion, if necessary adjusted to take into account value write-downs/write-backs resulting from the evaluation process.

The amount of any write-down/write-back, where not hedged, is recorded in the Income Statement under item 110.a) "Value adjustments due to impairment of loans".

Interest on loans granted are classified under item 10, "Interest income and similar income" and are recorded according to the accrual principle.

A receivable is considered impaired when it is probable that the company will be unable to collect all contractual principal and interest payments due in accordance with the terms of the original loan agreement or an equivalent amount.

The criteria for calculating the write-downs of receivables are based on the present value of expected cash flows for capital and interest, net of recovery charges and any advances received; the main elements used in the calculation of the present value of the cash flows are the estimate of amounts expected to be collected, the relevant expiry dates and the discount rate to be applied.

All problem loans are reviewed and analysed on a monthly basis; any subsequent change in the amount or maturities of expected cash flows, that produces a negative change with respect to initial estimates, will give rise to a value adjustment under item 110.a) of the Income Statement "Value adjustments due to impairment of loans".

If the quality of the impaired loans improves and it is reasonably certain that both principal and interest will be timely recovered in accordance with the original contractual terms, a write-back is recognised in the same item of the Income Statement, however, it cannot exceed the amortised cost of the receivable assuming that no impairment had been previously recognised.

A loan is fully derecognised when it is considered irrecoverable or it has been completely written off. Derecognitions are recorded directly under item 110.a) "Value adjustments due to impairment of loans" in the Income Statement and are booked as a reduction of the loans principal. Recoveries of all or part of previously written down amounts are recorded under the same item.

Impaired exposures are broken down into the following categories:

a) non-performing loans - these identify the area of formally impaired loans, represented by the exposure to customers who are in a state of insolvency even if not yet judicially ascertained or in similar situations: these are valued on a case-by-case basis;
b) problem loans - these arise from relations with subjects who are experiencing temporary financial difficulty, and this is expected to be overcome within a reasonable period of time: these are valued on a case-by-case basis;
c) restructured loans - these represent exposures to counterparts where the agreements signed allow for the extension of the loan repayment terms and the simultaneous renegotiation of conditions at lower-than-market rates, the conversion of part of the loans into shares and/or possible forfeitures with regard to the principal: they are valued analytically and the related write-downs include the discounted cost deriving from any renegotiation of the rate at conditions lower than the cost envisaged in the relevant deposit;
d) expired exposures - these represent the whole exposure to counterparts, other than those classified in the previous categories, whose loans, on the reference date, are expired or overdue by more

than 180 days. The total exposure is recorded if the amount expired and/or overdue at the reference date, i.e. the average of expired and/or overdue amounts, recorded on a daily basis during the previous quarter, is equal to or greater than 5% of the exposure itself. These are valued on a case-by-case basis.

The collective assessment concerns performing loans, i.e. those in respect of which no individual objective loss elements have been found, but which are nevertheless provided against also taking account of risk factors used for the purposes of Basel II requirements.

The actual yield rate implicit in contractual cash flows is equivalent to the actual yield rate expected at the time the loan is granted, therefore it does not give rise to an impairment loss upon initial recognition of a financial asset.
Receivables also include "Transferred assets not written off", loans that are securitised (not prior to 1 January 2004) for which IAS 39 requirements for derecognition in the financial statements do not exist.

The corresponding amounts received upon disposal of securitised loans, net of the amount of securities that may be kept in the portfolio (retained risk), are entered under item 10 of liabilities as "Liabilities from assets sold and not written off".
Both assets and liabilities are valued at amortised cost and the related interest is recognised in the Income Statement. In the event of impairment losses on securities deriving from own securitisation held in portfolio, the amount of such losses is entered in the Income Statement under item 110.c) "Net value adjustments due to impairment of financial assets held to maturity". Finally, assets in progress that are bound to be granted under finance lease contracts are also entered in this category.

4 - Hedging transactions

Hedging derivatives are allocated as:

a) *fair value* hedges for recorded assets or liabilities or else an identified part of such assets or liabilities;
b) cash flow hedges, to hedge against the fluctuation of cash flows due to a specific risk associated with a recorded asset or liability or a planned transaction, which may affect the Income Statement;
c) hedge of net investment in a foreign entity, whose activities are located or managed in another Country or in a currency other than the Euro.

A financial instrument is classified as a hedging instrument if the hedging relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy to carry out the hedging and the methods that will be used to check its effectiveness. Consequently, the hedging effectiveness must be tested both at the inception of the hedge and throughout its life, to ensure that it is highly effective to offset changes in the *fair value* or the expected cash flows of the hedged item.
Generally, effectiveness must fall within a range of 80 to 125% over the life of the hedge. Hedging is valued on the basis of a criterion of continuity; therefore, prospectively, it must remain highly effective for all the reference periods for which hedging is designated.
As soon as a hedge fails the effectiveness test, the hedging transactions are no longer accounted and the hedging derivative is reclassified under securities held for trading.
Transactions will not be considered as hedging, and therefore will not be recorded as such if: (i) the hedging carried out via the derivative fails the effectiveness test or is no longer highly effective, (ii) the derivative expires, is sold, terminated or exercised, (iii) the hedged element is sold, expires or is reimbursed, (iv) the forecast transaction is no longer highly probable.

***Fair value* hedge**
The change in *fair value* of the hedging instrument is entered in the Income Statement under item 70. "Net income from hedging". The changes in *fair value* of the hedged item, attributable to the risk hedged through the derivative, are entered under the same item of the Income Statement as a contra item of the change in the book value of the hedged item.
If the hedging relationship ends, for reasons other than the sale of the hedged item, the difference between the book value of the hedged item when the hedging ceases and the book value it would have had if the hedging had never taken place, is entered in the Income Statement as interest income under item 10. "Interest income and similar income" or as interest expense under item 20 "Interest expense and similar expenses", during the residual life of the original hedging, in the case of interest-bearing financial instruments; conversely, in the event of non-interest-bearing financial instruments, the difference is recorded immediately in the Income Statement under item 70 "Net income from hedging".
If the hedged item is sold or reimbursed, the non-amortised *fair value* is immediately entered under the same item of the Income Statement.

Part A) Accounting policies (CONTINUED)

A2) Part relating to the main financial statement aggregates (CONTINUED)

Macro-hedging transactions
In accordance with IAS 39, *fair value* hedging against interest rate risk need not be restricted to an individual financial asset or liability but may also apply to a monetary amount, deriving from a range of financial assets and liabilities (or parts thereof), so that a series of derivative contracts can be used to reduce changes in the *fair value* of hedged items as market interest rates change. Net amounts deriving from the imbalance between assets and liabilities cannot be the object of macro-hedging.

As for *fair value* hedging, macro-hedging is considered highly effective if, both at the inception and during its life, changes in the *fair value* of a hedged monetary amount are almost completely offset by the changes in the *fair value* of the hedged derivatives, and if the actual results fall within a range of 80% to 125%.

The balance of changes in value, whether positive or negative, respectively, of assets and liabilities that are subject to macro-hedging is recognised as an asset under item 80. "Value adjustments to financial assets subject to macro-hedging" or as a liability under item 60. "Value adjustments to financial liabilities subject to macro-hedging", the contra item being under item 70. "Net income from hedging" in the Income Statement.

Hedging ineffectiveness is represented by the difference between the change in the *fair value* of hedging instruments and the change in the *fair value* of the hedged monetary amount. The ineffective portion of the hedge is, in any case, included in item 70 "Net income from hedging" in the Income Statement. If the hedging relationship ends, for reasons other than the sale of the hedged items, the revaluation/write-down entered in these items is recorded in the Income Statement as interest income under item 10. "Interest income and similar income" or as interest expense under item 20 "Interest expense and similar expenses", during the residual life of the hedged financial assets or liabilities. In the event that the latter are sold or reimbursed, the unamortised share of the *fair value* is immediately recorded in the Income Statement under item 70 "Net income from hedging".

5 - Equity investments

Financial assets are initially recognised on the settlement date. Upon initial recognition, financial assets classified in this category are recorded at cost.
In compliance with IAS 27, equity investments are valued at cost. If evidence exists that the value of an equity investment may be impaired, the recoverable value of the equity investment is estimated, bearing in mind the present value of the future cash flows that the equity investments may generate, including the final disposal value of the investment.
If the recoverable value is lower than the book value, the difference is recorded in the Income Statement.

6 - Property, Plant and Equipment

This item includes the following types of assets:
- land;
- buildings;
- plant and equipment;
- furniture and fittings;
- other machines and equipment;
- improvements of rented premises

and is broken down into the following categories:
a) assets for functional use;
b) assets held for investment.

Assets for functional use have a physical consistency, are held to be utilised in the production or supply of assets and services or for administrative purposes and may be used for more than one period. Assets to be leased are also usually included in this category. This category also includes assets used by the Company in its capacity of lessee as regards finance lease contracts, or those granted by the company in its capacity of lessor as regards operating lease contracts.

Improvements on third party assets are represented by improvements and additional expenditure relating to property, plant and equipment that can be separately identifiable. Usually such investments are made in order to make properties rented from third parties suitable for the company's own use.

Assets held for investment purposes refer to real estate investments pursuant to IAS 40, i.e. real estate owned (either directly or under a finance lease) in order to obtain rental income and/or to achieve an appreciation of the capital invested.

Property, plant and equipment are initially recognised at cost, including all charges directly attributable to the commissioning of the assets (transaction costs, professional fees, direct costs for transporting the asset to the allocated place, installation costs and dismantling costs).

Costs incurred at a later date are added to the book value of the asset or recorded as separate assets if it is likely that they will produce future economic benefits in excess of those initially estimated and the cost can be measured reliably. All other costs incurred at a later date (e.g. routine maintenance work) are recorded in the Income Statement, in the period in which they are incurred, under item 120.b) "Other administrative expenses" (if they refer to assets for functional use), or 170. "Other operating charges" (if they refer to assets held for investment purposes).

After initial recognition, property, plant and equipment are measured at cost net of accumulated depreciation and impairment losses.

Assets with a finite useful life are systematically depreciated on a straight-line basis over their useful life.
On the other hand, property, plant and equipment with an indefinite useful life or those whose residual value is equal or higher than the asset's book value, are not depreciated. Land and buildings are treated separately for accounting purposes, also when they are purchased together. Land is not depreciated as it has usually an indefinite useful life. Buildings, on the other hand, have a finite useful life, and therefore, are depreciated.

The useful life of property, plant and equipment is reviewed at the end of each accounting period and, if expectations are not in line with previous forecasts, the depreciation rate for the current year and futures ones is adjusted accordingly.

If there is objective evidence that an individual asset may be impaired, a comparison is made between the book value of the asset and its recoverable value, equal to the greater of the *fair value*, less costs to sell, and the relevant value in use, being the present value of the cash flows that are expected to be generated by the asset in the future. Any value adjustments are entered under item 130. "Net write-downs of property, plant and equipment" in the Income Statement. If the value of a previously written down asset is reinstated, the new book value cannot exceed the net book value that would have arisen if no impairment loss had been recorded in previous years.

A property, plant and equipment item is derecognised from the Balance Sheet at the time of disposal or when no future economic benefits are expected for its use or disposal. Any difference between the disposal value and the book value is recorded under item 200. "Profit (loss) from disposal of investments" in the Income Statement.

7 - Intangible assets

Intangible assets are non-monetary assets, which are identifiable though they lack physical substance and which are likely to generate future economic benefits to the company.

Intangible assets other than goodwill are shown in the financial statements at purchase cost, including any costs that are directly attributable to bringing the assets into working condition, net of accumulated amortization charges and impairment losses.

Intangible assets with a finite life are systematically amortised on a straight-line basis over their estimated useful life.
If there is objective evidence that an individual asset may be impaired, a comparison is made between the book value of the asset and its recoverable value, equal to the greater of the *fair value*, less costs to sell, and the relevant value in use, being the present value of the cash flows that are expected to be generated by the asset in the future. Any value adjustments are entered under item 140. "Net value adjustments on intangible assets" in the Income Statement.

Intangible assets with an indefinite life are not amortised. Even if there is no indication of long-term reductions in value, a comparison of the book value and the recoverable value is made for these assets.
If the book value is higher than the recoverable value, a loss equal to the difference between the two values is recorded under item 140. "Net value adjustments on intangible assets" in the Income Statement.

If the value of a previously amortised intangible asset, other than goodwill, is reinstated, the new book value may not exceed the net book value that would have arisen if no impairment loss had been recorded in previous years.

An intangible asset is derecognised in the Balance Sheet at the time of disposal or when no future economic benefits are expected for its use or disposal. Any difference between the disposal value and the book value is recorded under item 200. "Profit (loss) from disposal of investments" in the Income Statement.

Goodwill is represented by the excess of the purchase cost incurred over the net *fair value*, on the purchase date, of acquired assets and liabilities.

Goodwill arising on the acquisitions of subsidiaries and affiliated companies is recorded respectively under Intangible assets and Equity investments.

Part A) Accounting policies (CONTINUED)

A2) Part relating to the main financial statement aggregates (CONTINUED)

Goodwill is shown in the financial statements at cost, net of any cumulated impairment losses and it is not amortised.
Even if there are no indications of reductions in value, goodwill is tested for impairment every year just like intangible assets with an indefinite useful life.

Value adjustments of goodwill are recorded in the Income Statement under item 140. "Net value adjustments on intangible assets" and are not eliminated in future financial years if a write-back occurs.

8 - Current and deferred taxes

Income taxes, calculated with respect to national tax regulations, are recorded as a cost and in the same period when the related income was earned.

For all deductible temporary differences, due to tax rules used for calculating taxable income being different from those of the Civil Code governing the calculation of operating profit, a prepaid tax asset is recorded (item 120.b) if it is likely that taxable income will be generated in the future and such assets may be set off against it.
A deferred tax liability (item 70.b) is recorded for all taxable temporary differences.
Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the financial year in which the tax asset will be produced or the tax liability settled, on the basis of the tax regulations in force or, in any case, actually in force at the time they were recorded.
Current and deferred taxes are recorded in the Income Statement under item 210. "Income tax for the year".

9 - Provisions for risks and charges

Provisions for risks and charges are comprised of liabilities recorded when the company has an actual obligation, resulting from a past event, for which, not only is it likely that there will be a disbursement of resources in order to produce economic benefits to fulfil the obligation, but a reliable estimate of the amount of the obligation can also be made.

If these conditions are not satisfied, no liability is recorded.

Allocated amounts are calculated so that they represent the best estimate of the expenditure required to fulfil obligations. In calculating such an estimate the risks and uncertainties associated to the facts and circumstances under examination are considered.

In particular, where the time between the accrual and the date the cost is actually incurred is significant, the allocated amount is calculated as the present value of the cost that is expected to be incurred to fulfil the obligation. In this case, a discount rate (before tax) is used, that reflects the current market evaluations of the present value of money and the specific risks associated with the liability.

The allocated reserves are periodically re-examined and if necessary adjusted in order to reflect the best current estimate.
When, following re-examination, it is unlikely that the cost will be incurred, the allocation is reversed.

A reserve is used only for the costs for which it was originally recorded.
Allocations for the year, recorded under item 160. "Net provisions for risks and charges" in the Income Statement, include increases in reserves due to the passage of time and is net of any reallocations.

Reserves also include obligations concerning benefits due to agents and in particular the agents' termination indemnity, the merit-related indemnity, the contractual indemnity and the non-competition agreement, that have been valued according to defined-benefit plans.

10 - Payables

Payables are initially recognised at *fair value*, corresponding to the amount received, net of transaction costs directly attributable to financial liabilities.
After initial recognition, such instruments are valued at amortised cost, using the effective interest method.

11 - Financial liabilities held for trading

Financial liabilities held for trading include derivative contracts not recorded as hedging instruments.

These are measured and recognised according to the rules that apply to Financial assets (see chap. 1).

12 - Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate in force on the date of the transaction.

Monetary assets and liabilities are converted using the exchange rate at year end.

Exchange rate differences deriving from the settlement of transactions at rates different from the one ruling at transaction date (exchange differences due to settlement) and unrealised exchange differences on monetary assets and liabilities denominated in foreign currency (exchange differences due to valuation) are recorded under item 20. “Interest expense and similar expenses” in the Income Statement.

13 - Finance and operating lease transactions

Depending on whether the risks and rewards of ownership of leased assets rest with the lessee or the lessor, IAS 17 classifies transactions respectively as finance or operating leases.

The accounting rules for **finance lease** transactions, i.e. those where the risks and rewards of ownership of the asset are assigned to the lessee, state that:

- as the lease starts, the lessee must record the leased asset in its own financial statements under assets and a corresponding amount under liabilities, representing the amount owed;
- in each of the following accounting years, the lessee must recognise the depreciation charges calculated on the leased asset and the interest expense associated with the lease liability in the Income Statement;
- as soon as the lease starts, the lessor must recognise in its financial statements the assets granted under the lease agreement, and enter a receivable of the same amount as the net investment (contract amount);
- in each of the following accounting years, the lessor must book the interest income in his Income Statement (financial element of the lease rental), whilst the part of the lease rental representing the repayment of the principal amount (principal element of the lease) shall reduce the amount of the receivable booked under assets.

Therefore, unlike the previously applicable financial system, in the lessor’s financial statements, finance leases entail the entry of a receivable which, after initial recognition at *fair value*, including transaction costs directly attributable to the transaction, is valued at amortised cost (effective interest method) according to the contents of Chap. 3 - Receivables.

In the case of **operating leases**, i.e. those where the risks and rewards of ownership of the asset are not transferred to the lessee, the new IAS/IFRS prescribe that the previously applicable accounting system shall continue.

The lessor records the value of the assets granted under operating lease contracts, in his financial statements, among property, plant and equipment, including any directly attributable ancillary charges but net of the depreciation charges calculated at the end of each period.

The lease rentals accrued in the year are recognised as revenue under item 180. “Other operating income” and the depreciation charges calculated on the assets are recognised as costs under item 130. “Net write-downs of property, plant and equipment” in the Income Statement.

On the other hand, the lessee enters the lease rentals accrued during the period, among costs, in the Income Statement, but does not record the leased assets in his financial statements among property, plant and equipment.

Assets **to be granted under finance and/or operating lease**, i.e. assets already sent by the suppliers to the lessors but for which no declaration of acceptance has been received entitling the lessor to charge the lease rental, are included in the financial statements among property, plant and equipment, for the amount of the invoices received.

14 - Other information

Employee severance indemnity

The employee severance indemnity is basically a “defined-benefit post-employment compensation”, therefore the amount included in the financial statements is an estimate of the present value of the benefits accrued by employees which is then discounted using actuarial techniques.

Part A) Accounting policies (Continued)

A2) Part relating to the main financial statement aggregates (Continued)

Such defined-benefit compensation is calculated by an external actuary appointed by the Group using the "Projected Unit Credit Method".

More specifically, in line with the provisions of the Supplementary Pension Scheme reform pursuant to Legislative Decree no. 252 of 5 December 2005, any severance indemnity that has accrued until 31 December 2006 are held by the company, while the severance indemnities that has accrued since 1 January 2007 has been allocated, according to the wishes of the concerned employees (option made by 30 June 2007), to supplementary retirement plans or the Treasury fund managed by INPS.

Thus:

- the employee severance indemnity accrued until 31 December 2006 (or until the date - falling between 1 January 2007 and 30 June 2007 - when the employee decided about the allocation of his/her severance indemnity to Supplementary Pension Schemes) continues to be a "defined-benefit" plan and therefore subject to actuarial assessment, though based on simplified actuarial assumptions which no longer take account of estimated future pay rises;

- the amounts accrued since 1 January 2007 (or since the date when the employee opted - falling between 1 January 2007 and 30 June 2007 - in the event that the severance indemnity was to be allocated to Supplementary Pension Schemes) have been treated as a "defined-contribution" plan (as the company's obligation terminates as it pays the employee's indemnity into the plan chosen by the latter) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension Scheme or the Treasury Fund managed by INPS.

The costs relating to the severance indemnity accrued in the year are recognised in the Income Statement under item 120. a) "Personnel costs" and include interest accrued in the year (interest cost) on the liability existing at the date of the Reform and the indemnity accrued in the year and paid to the Supplementary Pension Scheme or the Treasury Fund managed by INPS.

Actuarial gains and losses, defined as the difference between the book value of liabilities and the present value of the obligation at the end of the period, are recorded according to the "corridor method", i.e. only when they exceed 10% of the present value of the obligation itself at the end of the period. Any surplus is recognised in the Income Statement and it is amortised over the remaining estimated average working life of employees who participate in the plan, starting from the following financial year.

Share-based payments
These are payments made to employees for services rendered, based on shares representing capital of the Parent company, consisting in the allocation of:

- rights to subscribe share capital increases against payment (so-called stock options);
- rights to receive shares on achieving quantity-quality targets (so-called performance shares);
- shares subject to non-availability clauses (so-called restricted shares). Considering the difficulty in calculating a reliable estimate of the fair value of the services received in exchange of equity instruments, reference is made to the *fair value* of the latter ones, calculated on the date of their allocation.

The *fair value* of payments settled through the issue of shares is recognised as a cost in the Income Statement under item 120. "Administrative expenses" and credited to item 90. "Other liabilities".

As regards share-based payments settled in cash, the services obtained and the related liabilities are measured at the *fair value* of the latter, entered under item 90. "Other liabilities".
Until the liability is settled, the *fair value* is recalculated at each year end until the settlement date, recording all *fair value* changes under item 120. "Administrative expenses".

Other long-term employee benefits
Long-term employee benefits - such as, for examples those deriving from seniority awards, given upon reaching a certain number of years of service - are entered under item 90. "Other liabilities" on the basis of the valuation of the commitment undertaken at the Balance Sheet date, in this case too calculated by an external actuary using the "Projected Unit Credit Method". Note that actuarial gains/losses relating to this type of benefit are recorded immediately in the Income Statement under item 120. "Administrative expenses", without using the "corridor method".

INCOME STATEMENT

Interest income and interest expense
Interest income and interest expense and Similar income and expenses relate to financial assets and liabilities held to maturity and receivables and payables.

Interest income and interest expense refer to instruments valued according to the amortised cost method recognised in the Income Statement using the effective interest method.

Commissions

Commissions are recognised on an accrual basis. Commissions considered in the amortised cost for the purpose of calculating the effective interest rate, that are recorded as an adjustment of interest, are excluded.

DEFINITIONS RELEVANT FOR IAS/IFRS PURPOSES

The key concepts introduced by the main IAS/IFRS are illustrated below.

Amortised cost

The amortised cost of a financial asset or liability is the value at which it was measured upon initial recognition, net of capital reimbursements, as increased or decreased by the overall depreciation calculated using the effective interest method on any difference between the initial value and the value at maturity and after deducting any impairment losses due to a reduction in value or recoverability.

The effective interest criterion is the method used to spread interest income or interest expense over the duration of a financial asset or liability. The effective interest rate is the rate that exactly discounts the expected amounts paid or collected during the life of the financial instrument to the net book value of the financial asset or liability.
It includes all the charges and base points paid or received by the parties to a contract that are an integral part of such a rate, transaction costs and all other premiums or discounts.
Commissions that are considered an integral part of the effective interest rate include the initial commissions received for the payment or purchase of a financial asset that is not classified as valued at *fair value*, such as, for example, those received as payment for the assessment of the financial terms of the borrower, for the evaluation and registration of guarantees and, more in general, for finalising the transaction. As regards funds granted for lease finance, in accordance with IAS 17, only initial transaction costs are considered. In particular, transaction costs include the fees and commissions paid to agents (including employees working as commercial agents), consultants, brokers, and operators, contributions withdrawn from regulatory authorities and from Stock Exchanges, transfer taxes and charges. Transaction costs do not include, on the other hand, funding costs or internal administrative or management costs

Impairment of financial assets

At each Balance Sheet date an evaluation is made to see if there is any objective evidence to suggest that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is deemed to have suffered an impairment and impairment losses are booked if, and only if, there is objective evidence to suggest an impairment following one or more events that have occurred since the initial recognition of the asset and the impact by such events on the future cash flows of the asset can be reliably measured.

An impairment may also be caused by the combined effect of various events and not just by a single event.

Irrespective of the likelihood of their occurrence, expected impairments resulting from future events are not recorded.

Objective evidence that a financial asset or group of financial assets has suffered an impairment includes actual data that are noticed with regard to the following events:

a) significant financial difficulties on the part of the issuer or borrower;
b) breach of contract, such as non-fulfilment or failure to pay interest or principal;
c) granting to the beneficiary of a special facility that the Company has taken into consideration mainly for economic or legal reasons relating to the same financial difficulty and that it would not have granted otherwise;
d) reasonable likelihood that the beneficiary will declare bankruptcy or other financial restructuring procedures;
e) disappearance of an active market for the financial asset due to financial difficulties. However, the disappearance of an active market due to the fact that the company's financial instruments are no longer publicly traded is not evidence of an impairment;
f) recordable data indicating the existence of a considerable decrease in the estimated future cash flows for a group of financial assets from the time of the initial recognition of such assets, even though the decrease cannot yet be identified with the individual financial assets in the group, including therein:
- unfavourable changes in the payments status of beneficiaries in the group; or
- local or national economic conditions that are correlated to non-fulfilments relating to assets within the group.

Objective evidence of the impairment of an investment in a capital instrument includes information concerning important changes with an adverse effect that occurred in the technological, market, economic or legal environment in which the issuer operates, and indicates that the investment cost cannot be recovered. A significant prolonged decrease in the *fair value* of an investment in a capital instrument below its cost is also objective evidence of impairment.

Part A) Accounting policies (Continued)

A2) Part relating to the main financial statement aggregates (Continued)

If objective evidence exists to demonstrate that loans or financial assets held to maturity (registered at amortised cost) are impaired, the amount of the loss is calculated as the difference between the book value of the asset and the present value of estimated future cash flows (excluding future credit losses that have not yet taken place) calculated using the effective original interest rate of the financial asset.
The amount of the loss is recognised under item 110. "Value adjustments due to impairment" in the Income Statement and the book value of the asset is reduced. If the conditions of funding a loan or a financial asset held to maturity are renegotiated or otherwise changed due to the financial difficulties of a borrower, an impairment is calculated using the effective original interest rate before the conditions were changed. The cash flows relating to short term loans are not discounted if the effect of discounting is not material. If a loan or financial asset held to maturity has a variable interest rate, the discounting rate for assessing impairment losses is the effective interest rate at the date determined according to the contract.

The calculation of the present value of the estimated future cash flows of a financial asset pledged reflects the cash flows that may result from seizure less the costs for obtaining and selling the pledge.
A decrease in the *fair value* of the financial asset below its cost or amortised cost is not necessarily an indication of impairment (for example a decrease in the *fair value* of an investment in a debt instrument that results from an increase in the interest rate without risk).
Objective evidence of impairment is, first of all, valued individually, if however, it is established that objective evidence of individual impairment does not exist, then such an asset is included in a group of financial assets with similar credit risk characteristics and valued collectively.

Approaches based on a formula or on statistical methods can be used for establishing impairment losses of a group of financial assets.
The models used incorporate the effect of the time value of money, consider cash flows for the entire residual life of an asset (not only the following year) and do not give rise to an impairment loss upon initial recognition of a financial asset. They also take account of the existence of losses that have already been incurred but not yet evident in the group of financial assets at the valuation date, on the basis of historic loss experiences for assets with credit risk characteristics similar to those of the considered group.

The process for estimating impairment considers all credit exposures, not only those with low quality credit, that reflect a serious impairment of positions.

Write-backs
If, in a future financial year, the amount of the impairment loss decreases and such decrease can be objectively linked to an event that occurred after the impairment was recorded (such as an improvement in the debtor's financial solvency), the previously recorded impairment loss is reversed. The amount of the reversal is recorded under item 110. "Net value adjustments due to impairment" of the Income Statement.

The reversal does not cause, at the date on which the original value of the financial asset is reinstated, a book value that is higher than the amortised cost that would have arisen on the same date if the loss due to impairment had not been recorded.

Fair value
Fair value is the amount at which an asset could be exchanged, or a liability settled, in a free transaction between conscious, independent parties. The *fair value* of a financial liability that is payable (for example a demand deposit) cannot be lower than the amount payable on demand, discounted from the first date on which its payment could be requested.
The *fair value* of a financial instrument upon initial measurement is normally the transaction price, i.e. the consideration paid or received. However, if part of the consideration paid or received is for something other than the financial instrument, the *fair value* of the instrument is estimated using an evaluation technique.

The existence of official quotations on an active market is the best proof of *fair value* and, when they exist, they are used to evaluate the financial asset or liability. A financial instrument is considered as quoted on an active market if the quoted prices are promptly and regularly available on a price list or regulatory authority and such prices represent actual market transactions that take place regularly in normal dealings.

If the official quotation on an active market does not exist for a financial instrument as a whole, but active markets exist for the parts that comprise it, *fair value* is established on the basis of the pertinent market prices for the parts that comprise it.

If the market of a financial instrument is not active, the *fair value* is established using an evaluation technique that makes the most use of market factors and relies as little as possible on specific internal factors.
The *fair value* of a financial instrument is based on the following factors, where significant: the time value of money, i.e. base rate (risk-free interest rate); the credit risk; the exchange rates of foreign currencies; the price of the assets; prices of instruments representative of capital; the extent of future changes in the price of a financial instrument, i.e. its volatility; the risk of early repayment and redemption; the service costs of a financial asset or liability.

Derecognition

Derecognition is cancellation from the Balance Sheet of a previously recorded financial asset or liability.

Before evaluating the existence of conditions for the derecognition of financial assets in the Balance Sheet , in compliance with IAS 39, a check must be performed to verify if these conditions are to be applied to all of such assets or if they can refer only to a part of them.

Derecognition provisions are applied to part of the financial assets that are the object of transfer only if at least one of the following requisites exists:

- the part includes only cash flows relating to a financial asset (or a group of assets) that are specifically identified (for example, only the interest quota relating to the asset);
- the part includes cash flows according to a well defined percentage of their total (for example 90% of all the cash flows deriving from the asset);
- the part includes a well-defined quota of specifically identified cash flows (for example 90% of the cash flows of the interest quota relating to the asset).

Failing the above-mentioned requisites, the derecognition provisions must apply to the financial asset (or group of financial assets) in its entirety. Conditions for the full derecognition of a financial asset are cancellation of contractual rights, and their natural maturity, or the transfer of the encashment rights of the cash flows deriving from such an asset.

With regard to the transfer of encashment rights, this also occurs when the contractual rights to receive the asset's financial flows are maintained, but an obligation is assumed to pay those flows to one or more entities and all of the following three conditions (pass-through agreement) exist:

- there is no obligation on the part of the transferor to pay amounts not cashed by the original asset;
- the transferor is banned from selling or putting up the original asset as collateral, unless this is to guarantee his obligation to pay the cash flows;
- the transferor is obliged to transfer all the cash flows that he cashes and does not have the right to invest without any delay, except for investments in cash during the short period between the encashment date and the payment date, on condition that interest accrued during the period is recognised.

Moreover, the derecognition of a financial asset is conditional on verification that all the risks and rewards from the ownership of rights have actually been transferred (true sale). In the event that nearly all risks and rewards are transferred, the assets (or group of assets) sold are derecognised and the rights and obligations relating to the transfer are separately recorded as assets or liabilities.

Conversely, if the risks and rewards are maintained, it is necessary to continue recording the transferred asset (or group of assets). In this case, a liability corresponding to the amount received as consideration for the transfer must be recorded and, subsequently, all income accrued on the asset and all charges accrued on the liability.

The criterion for evaluating the transfer of the risks and rewards, if this is not obvious, is a comparison of the transferor's exposure, before and after the transfer, to the variability of the amounts of the asset's net cash flows. The transfer of the risks and rewards is considered as having taken place, and therefore the asset must be derecognised, if the transferor's exposure to the variation in the present value of future flows is no longer significant in relation to the variability of the present value of net cash flows associated with the financial assets.

Alessio Amadori
Italy

«My strength is my commitment. And strength implies flexibility. So my strength is definitely my daily, flexible commitment to face challenging goals, while aiming to meet both professional requirements and the customer's satisfaction.»

Gabriele Gori
Italy

«We strongly believe that a life of integrity is the fundamental basis of personal worth. The commitments we make to ourselves and to our stakeholders and the integrity we bring to those commitments are the essence of our lives and the strongest contributors to our past and future achievements.»

Notes to the Accounts

Part B) Information on the Balance Sheet

Part B) Information on the Balance Sheet

Assets (amounts in thousands of euro)

Section 1 - Cash and cash equivalents - Item 10

1.1 Breakdown of item 10 "Cash and cash equivalents"	TOTAL 31.12.2008	TOTAL 31.12.2007
a) Cash in hand	9	8
b) Demand deposits at central banks	-	-
c) Stamps	-	-
Total	**9**	**8**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets other than derivative financial instruments

The sub-item does not have a balance.

2.2 Derivative financial instruments	INTEREST RATES	CURRENCY	EQUITY SECURITIES	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
1 Listed	**-**	**-**	**-**	**-**	**-**	**-**
- Futures	-	-	-	-	-	-
- Forward contracts	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-
- Swaps	-	-	-	-	-	-
- Options	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Other Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**
2 Unlisted	**39.635**	**-**	**-**	**-**	**39.635**	**3.663**
- Forward contracts	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-
- Swaps	39.635	-	-	-	39.635	3.663
- Options	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Other Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total	**39.635**	**-**	**-**	**-**	**39.635**	**3.663**
Total	**39.635**	**-**	**-**	**-**	**39.635**	**3.663**

The Company does not carry out any trading and the item contains only the positive *fair value* on derivatives finalised in relation to securitised assets, that do not meet the requisites of IAS 39 to be classified as hedging derivatives.

2.3 Financial assets held for trading: breakdown by debtor/issuer	TOTAL 31.12.2008		TOTAL 31.12.2007	
	LISTED	UNLISTED	LISTED	UNLISTED
1 Debt securities	-	-	-	-
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
2 Equity securities	-	-	-	-
a) Banks	-	-	-	-
b) Financial institutions	-	-	-	-
c) Other issuers	-	-	-	-
3 UCIT units	-	-	-	-
4 Funding	-	-	-	-
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
5 Other assets	-	-	-	-
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
d) Other issuers	-	-	-	-
6 Transferred assets not written off	-	-	-	-
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
7 Impaired assets	-	-	-	-
a) Banks	-	-	-	-
b) Financial institutions	-	-	-	-
c) Other issuers	-	-	-	-
8 Derivatives	-	39.635	-	3.663
a) Banks	-	39.635	-	3.663
b) Financial institutions	-	-	-	-
c) Other issuers	-	-	-	-
Total	-	39.635	-	3.663

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

2.4 Financial assets held for trading: annual changes

	DEBT SECURITIES	EQUITY SECURITIES	UCIT UNITS	FUNDING	OTHER ASSETS	IMPAIRED ASSETS	DERIVATIVES	TOTAL
A. Opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**3.663**	**3.663**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**39.635**	**39.635**
B.1 Acquisitions	-	-	-	-	-	-	-	-
B.2 Positive changes in *fair value*	-	-	-	-	-	-	-	-
B.3 Other changes	-	-	-	-	-	-	39.635	39.635
C. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**(3.663)**	**(3.663)**
C.1 Disposals	-	-	-	-	-	-	-	-
C.2 Repayments	-	-	-	-	-	-	-	-
C.3 Negative changes in *fair value*	-	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	-	(3.663)	(3.663)
D. Closing balances	**-**	**-**	**-**	**-**	**-**	**-**	**39.635**	**39.635**

2.5 Assets held for trading pledged to secure own liabilities and commitments

The sub-item does not have a balance.

Section 3 - Financial assets at *fair value* - Item 30

The item has no balance.

Section 4 - Financial assets available for sale - Item 40

The item has no balance.

Section 5 - Financial assets held to maturity - Item 50

5.1 Breakdown of item 50 "Financial assets held to maturity"

	TOTAL 31.12.2008		TOTAL 31.12.2007	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
1 Debt securities	**186**	**186**	**208**	**208**
2 Funding	**-**	**-**	**-**	**-**
3 Other assets	**-**	**-**	**-**	**-**
4 Transferred assets not written off	**-**	**-**	**-**	**-**
4.1) fully recognised	-	-	-	-
4.2) partially recognised	-	-	-	-
5 Impaired assets	**-**	**-**	**-**	**-**
Total	**186**	**186**	**208**	**208**

The item includes the amount of bonds pledged to secure loans granted to employees.

5.2 Financial assets held to maturity: breakdown by debtor/issuer				
	TOTAL 31.12.2008		TOTAL 31.12.2007	
ITEMS/VALUES	LISTED	UNLISTED	LISTED	UNLISTED
1 Debt securities	**-**	**186**	**-**	**208**
a) Public institutions	-	-	-	-
b) Banks	-	186	-	208
c) Financial institutions	-	-	-	-
2 Equity securities	**-**	**-**	**-**	**-**
a) Banks	-	-	-	-
b) Financial institutions	-	-	-	-
c) Other issuers	-	-	-	-
3 UCIT units	**-**	**-**	**-**	**-**
4 Funding	**-**	**-**	**-**	**-**
a) Public institutions	-	-	-	-
b) Banks				
c) Financial institutions				
5 Other assets	**-**	**-**	**-**	**-**
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
d) Other issuers	-	-	-	-
6 Transferred assets not written off	**-**	**-**	**-**	**-**
a) Public institutions	-	-	-	-
b) Banks	-	-	-	-
c) Financial institutions	-	-	-	-
7 Impaired assets	**-**	**-**	**-**	**-**
a) Banks	-	-	-	-
b) Financial institutions	-	-	-	-
c) Other issuers	-	-	-	-
Total	**-**	**186**	**-**	**208**

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

5.3 Assets held to maturity: annual changes	DEBT SECURITIES	FUNDING	OTHER ASSETS	IMPAIRED ASSETS	TOTAL 31.12.2008
A. Opening balances	**208**	**-**	**-**	**-**	**208**
B. Increases	**-**	**-**	**-**	**-**	**-**
B.1 Acquisitions	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-
B.3 Transfers from other portfolios	-	-	-	-	-
B.4 Other changes	-	-	-	-	-
C. Decreases	**(22)**	**-**	**-**	**-**	**(22)**
C.1 Disposals	-	-	-	-	-
C.2 Repayments	(21)	-	-	-	(21)
C.3 Write-downs	-	-	-	-	-
C.4 Transfers from other portfolios	-	-	-	-	-
C.5 Other changes	(1)	-	-	-	(1)
D. Closing balances	**186**	**-**	**-**	**-**	**186**

5.4 Financial assets held to maturity pledged to secure own liabilities and commitments

The sub-item does not have a balance.

Section 6 - Receivables - Item 60

6.1 Receivables due from banks	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Deposits and current accounts	**23.178**	**10.347**
2. Repos	**-**	**-**
3. Funding	**5.678**	**2.987**
3.1 from financial leasing	5.678	2.987
- receivables for assets under financial lease	4.117	1.646
of which: without purchase option on expiry	-	-
- other receivables	1.561	1.341
of which: net disbursements and expense for work in progress	1.561	1.341
3.2 from factoring	-	-
- receivables due from transferors	-	-
- receivables due from transferred debtors	-	-
3.3 other funding	-	-
4. Debt securities	**-**	**-**
5. Other assets	**305**	**-**
6. Transferred assets not written off	**2.047**	**773**
6.1 fully recognised	2.047	773
6.2 partially recognised	-	-
7. Impaired assets	**-**	**-**
7.1 from financial leasing	-	-
7.2 from factoring	-	-
7.3 other funding	-	-
Total book value	**31.208**	**14.107**
Total *fair value*	**31.207**	**14.107**

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

6.2 Receivables due from banks pledged to secure own liabilities and commitments

The sub-item does not have a balance.

6.3 Receivables due from financial institutions	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Repos	**-**	**-**
2. Funding	**20.720**	**34.532**
2.1 from financial leasing	2.905	1.242
2.2 from factoring	-	-
- receivables due from transferors	-	-
- receivables due from transferred debtors	-	-
2.3 other funding	17.815	33.290
3. Debt securities	**-**	**-**
4. Other assets	**52.016**	**40.576**
5. Transferred assets not written off	**1.045**	**1.266**
5.1 fully recognised	1.045	1.266
5.2 partially recognised	-	-
6. Impaired assets	**-**	**-**
6.1 from financial leasing	-	-
6.2 from factoring	-	-
6.3 other funding	-	-
Total book value	**73.781**	**76.374**
Total *fair value*	**73.776**	**76.372**

6.4 Receivables due from financial institutions pledged to secure own liabilities and commitments

The sub-item does not have a balance.

6.5 Receivables due from customers	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Financial leasing	**9.885.712**	**10.820.148**
1.1 Receivables for assets under financial lease	8.443.096	9.521.744
of which: without purchase option on expiry	-	-
1.2 Other receivables	1.442.616	1.298.404
of which: net disbursements and expense for work in progress	1.442.616	1.298.404
2. Factoring	**-**	**-**
- receivables due from transferors	-	-
- receivables due from transferred debtors	-	-
3. Consumer credit (including revolving credit cards)	**-**	**-**
4. Credit cards	**-**	**-**
5. Other funding	**26.241**	**21.819**
of which: from enforcement of guarantees and commitments	-	-
6. Securities	**-**	**-**
7. Other assets	**-**	**-**
8. Transferred assets not written off	**9.003.794**	**5.116.025**
8.1 fully recognised	9.003.794	5.116.025
8.2 partially recognised	-	-
9. Impaired assets	**796.093**	**180.021**
- Financial leasing	795.182	179.177
- Factoring	656	609
- Consumer credit (including revolving credit cards)	-	-
- Credit cards	-	-
- Other funding	255	235
Total book value	**19.711.840**	**16.138.013**
Total *fair value*	**19.642.053**	**16.080.976**

6.6 Receivables due from customers pledged to secure own liabilities and commitments

The sub-item does not have a balance.

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

6.7 Receivables: guaranteed assets	TOTAL 31.12.2008			TOTAL 31.12.2007		
	RECEIVABLES FROM BANKS	RECEIVABLES FROM FINANCIAL INSTITUTIONS	RECEIVABLES FROM CUSTOMERS	RECEIVABLES FROM BANKS	RECEIVABLES FROM FINANCIAL INSTITUTIONS	RECEIVABLES FROM CUSTOMERS
1. Performing assets guaranteed by:	**7.725**	**3.950**	**18.732.133**	**3.760**	**2.508**	**15.557.236**
- Assets under financial lease	7.725	2.655	8.294.695	3.585	2.425	7.762.264
- Receivables due from transferred debtors	-	-	-	-	-	-
- Mortgages	-	-	13.412	-	-	11.247
- Pledges	-	-	329.597	-	-	142.556
- Personal guarantees	-	1.295	10.094.429	175	83	7.641.169
- Credit derivatives	-	-	-	-	-	-
2. Impaired assets guaranteed by:	**-**	**-**	**953.466**	**-**	**-**	**177.264**
- Assets under financial lease	-	-	292.617	-	-	13.353
- Receivables due from transferred debtors	-	-	-	-	-	-
- Mortgages	-	-	25	-	-	113
- Pledges	-	-	1.452	-	-	1.731
- Personal guarantees	-	-	659.372	-	-	162.067
- Credit derivatives	-	-	-	-	-	-
Total	**7.725**	**3.950**	**19.685.599**	**3.760**	**2.508**	**15.734.500**

Section 7 - Hedging derivatives - Item 70

7.1 Breakdown of item 70 "Hedging derivatives": derivative instruments broken down by type of contract and underlying asset	INTEREST RATES	CURRENCY	EQUITY SECURITIES	LOANS RECEIVABLE	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Listed							
- Futures	-	-	-	-	-	-	-
- Forward contracts	-	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-	-
- Swaps	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-
Other Derivatives	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Unlisted							
- Forward contracts	-	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-	-
- Swaps	817	-	-	-	-	817	13.816
- Options	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-
Other Derivatives	-	-	-	-	-	-	-
Total	**817**	**-**	**-**	**-**	**-**	**817**	**13.816**
Total	**817**	**-**	**-**	**-**	**-**	**817**	**13.816**

7.2 Hedging derivatives: "hedged portfolios and types of hedging"								
	FAIR VALUE						CASH FLOWS	
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS			
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-
2. Receivables due from banks	-	-	-	-	-	-	-	-
3. Receivables due from financial institutions	-	-	-	-	-	-	-	-
4. Receivables due from customers	817	-	-	-	-	-	-	-
5. Financial assets held to maturity	-	-	-	-	-	-	-	-
6. Portfolio	-	-	-	-	-	-	-	-
Total assets	**817**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Loans payable	-	-	-	-	-	-	-	-
2. Securities issued	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Section 8 - Value adjustments to financial assets subject to macro-hedging - Item 80

8.1 Breakdown of item 80 "Value adjustments to financial assets subject to macro-hedging"	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Positive adjustments	**55.607**	**11.787**
1.1 of specific portfolios:	55.607	11.787
a) Receivables from banks	-	-
b) Receivables from financial institutions	-	-
c) Receivables from customers	55.607	11.787
d) Available-for-sale financial assets	-	-
1.2 Overall	-	-
2. Negative adjustments	**(817)**	**(13.816)**
2.1 of specific portfolios:	(817)	(13.816)
a) Receivables from banks	-	-
b) Receivables from financial institutions	-	-
c) Receivables from customers	(817)	(13.816)
d) Available-for-sale financial assets	-	-
2.2 Overall	-	.
Total	**54.790**	**(2.029)**

Part B) Information on the Balance Sheet (CONTINUED)

Assets (CONTINUED)

Section 9 - Equity investments - Item 90

9.1 Equity investments: information on equity relations

	BOOK VALUE	% SHAREHOLDING	% VOTES AVAILABLE	LOCATION	TOTAL ASSETS	TOTAL REVENUES	AMOUNT OF SHAREHOLDERS' EQUITY	PROFIT (LOSS) FOR THE PREVIOUS YEAR	LISTED (YES/NO)
A. Wholly-owned subsidiaries **Zao Locat Leasing**	3.494	67	67	Moscow	116.848	13.481	6.870	1.190	no
B. Jointly-owned subsidiaries	-	-	-	-	-	-	-	-	-
C. Companies subject to significant influence	-	-	-	-	-	-	-	-	-

9.2 Annual changes in equity investments

	GROUP EQUITY INVESTMENTS	NON-GROUP EQUITY INVESTMENTS	TOTAL
A. Opening balances	**1.887**	**-**	**1.887**
B. Increases	**1.607**	**-**	**1.607**
B.1 Acquisitions	1.607	-	1.607
B.2 Write-backs	-	-	-
B.3 Revaluations	-	-	-
B.4 Other changes	-	-	-
C. Decreases	**-**	**-**	**-**
C.1 Disposals	-	-	-
C.2 Write-downs	-	-	-
C.3 Other changes	-	-	-
D. Closing balances	**3.494**	**-**	**3.494**

The stake held in Zao Locat Russia was increased by 5% through the purchase by the company OAO Rosno.

9.3 Equity investments pledged to secure own liabilities and commitments

The sub-item does not have a balance.

Section 10 - Property, Plant and Equipment - Item 100

10.1 Breakdown of item 100 "Property, plant and equipment"	TOTAL 31.12.2008		TOTAL 31.12.2007	
	ASSETS VALUED AT COST	ASSETS VALUED AT FAIR VALUE OR REVALUED	ASSETS VALUED AT COST	ASSETS VALUED AT FAIR VALUE OR REVALUED
1. Assets for business use	**20.426**	**-**	**18.077**	**-**
1.1 owned	20.426	-	18.077	-
a) land	5.785	-	5.785	-
b) buildings	12.210	-	11.287	-
c) moveables	856	-	354	-
d) capital goods	508	-	651	-
e) other	1.067	-	-	-
1.2 purchased under financial lease	-	-	-	-
a) land	-	-	-	-
b) buildings	-	-	-	-
c) moveables	-	-	-	-
d) capital goods	-	-	-	-
e) other	-	-	-	-
2. Assets regarding financial leasing	**1.524**	**-**	**3.303**	**-**
2.1 unoptioned assets	-	-	-	-
2.2 assets withdrawn following agreement cancellation	1.524	-	3.303	-
2.3 other assets	-	-	-	-
3. Assets held for investment purposes	**64.545**	**-**	**-**	**-**
of which: under operating lease		-		-
Total	**86.495**	**-**	**21.380**	**-**
Total (Assets at cost+Assets at *fair value*)	**86.495**		**21.380**	

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

10.2 Property, plant and equipment: annual changes

	LAND	BUILDINGS	MOVEABLES	CAPITAL GOODS	OTHER	TOTAL 31.12.2008
A. Opening balances	**5.785**	**11.287**	**354**	**651**	**3.303**	**21.380**
B. Increases	**-**	**1.739**	**672**	**165**	**67.167**	**69.743**
B.1 Acquisitions	-	1.739	672	165	-	2.576
B.2 Write-backs	-	-	-	-	921	921
B.3 Positive changes in *fair value* recognised to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
B.4 Other changes	-	-	-	-	66.246	66.246
C. Decreases	**-**	**(816)**	**(170)**	**(308)**	**(3.334)**	**(4.628)**
C.1 Disposals	-	-	(4)	-	(1.797)	(1.801)
C.2 Amortisation/Depreciation	-	(816)	(166)	(308)	(1.537)	(2.827)
C.3 Write-downs for impairment of	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.4 Negative changes in *fair value* recognised to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.5 Other changes	-	-	-	-	-	-
D. Closing balances	**5.785**	**12.210**	**856**	**508**	**67.136**	**86.495**

10.3 Property, plant and equipment pledged to secure own debts and commitments

The sub-item does not have a balance.

Section 11 - Intangible assets - Item 110

11.1 Breakdown of item 110 “Intangible assets”	TOTAL 31.12.2008		TOTAL 31.12.2007	
	ASSETS VALUED AT COST	ASSETS VALUED AT FAIR VALUE OR REVALUED	ASSETS VALUED AT COST	ASSETS VALUED AT FAIR VALUE OR REVALUED
1. Goodwill	**10.985**	**-**	**10.985**	**-**
2. Other intangible assets	**17**	**-**	**97**	**-**
2.1 owned	17	-	97	-
- internally generated	-	-	-	-
- other	17	-	97	-
2.2 purchased under financial lease	-	-	-	-
3. Assets regarding financial leasing:	**-**	**-**	**-**	**-**
3.1 unoptioned assets	-	-	-	-
3.2 assets withdrawn following agreement cancellation	-	-	-	-
3.3 other assets	-	-	-	-
4. Assets under operating lease	**-**	**-**	**-**	**-**
Total	**11.002**	**-**	**11.082**	**-**
Total (Assets at cost+Assets at *fair value*)	**11.002**		**11.082**	

The item Goodwill includes the merger deficits (negative difference between the value of the shareholders’ equity of the merged companies and the increase in the share capital for the share exchange) arising after the merger by acquisition into Locat S.p.A. of Credit Leasing S.p.A. and Locat Locazione Attrezzature S.p.A., that was carried out in 1997, and Findata Leasing S.p.A. and Quercia Leasing S.p.A., that was made in 1999.

As at 31 December 2008, all aspects that are relevant to establish the recoverable value of the item Goodwill have been taken into account (impairment test). The result of this assessment confirms the recognition value of goodwill as at that date. For this reason, it is believed that there are no indications of impairment of the goodwill recognised in the financial statements, as set out by IAS 36.

Part B) Information on the Balance Sheet (CONTINUED)

Assets (CONTINUED)

11.2 Intangible assets: annual changes	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Opening balances	**11.082**	**11.179**
B. Increases	**-**	**9**
B.1 Acquisitions	-	9
B.2 Write-backs	-	-
B.3 Positive changes in *fair value*	-	-
- in shareholders' equity	-	-
- in the Income Statement	-	-
B.4 Other changes	-	-
C. Decreases	**(80)**	**(106)**
C.1 Disposals	-	-
C.2 Amortisation/Depreciation	(80)	(106)
C.3 Write-downs	-	-
- in shareholders' equity	-	-
- in the Income Statement	-	-
C.4 Negative changes in *fair value*	-	-
- in shareholders' equity	-	-
- in the Income Statement	-	-
C.5 Other changes	-	-
D. Closing balances	**11.002**	**11.082**

Section 12 - Tax assets and tax liabilities - Item 120

12.1 Breakdown of item 120 "Current and prepaid tax assets"

12.1.1 Breakdown of item 120 "Current tax assets"	TOTAL 31.12.2008	TOTAL 31.12.2007
Current tax assets: Advances paid	89.066	-
Taxes to be paid	(76.602)	-
Total	**12.464**	**-**

The advances for current taxes were paid in line with applicable provisions during 2008. The tax burden at year end is lower than the tax advances paid following the change in the IRES rate.

Since the Company opted for the domestic tax consolidation system, the current tax balance for IRES will be settled with the Parent Company UniCredit S.p.A..

12.1.2 Breakdown of item 120 “Prepaid tax assets”

	TOTAL 31.12.2008	TOTAL 31.12.2007
Property, plant and equipment/intangible assets	1.448	11
Allocations to provisions	7.799	3.449
Receivables due from banks and customers	29.401	19.022
Other	711	792
Total	**39.359**	**23.274**

12.2.1 Breakdown of current tax liabilities

	TOTAL 31.12.2008	TOTAL 31.12.2007
Current tax liabilities - Advances paid	-	(70.481)
Current tax liabilities	-	79.981
Total	**-**	**9.500**

12.2.2 Breakdown of item 70 “Deferred tax liabilities”

	TOTAL 31.12.2008	TOTAL 31.12.2007
Receivables due from banks and customers	-	-
Assets/liabilities available for sale	-	-
Equity investments	-	-
Property, plant and equipment/intangible assets	3.808	6.502
Allocations to provisions	992	819
Payables due to banks and customers	-	-
Other	8.039	8.310
Total	**12.839**	**15.631**

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

12.3 Changes in prepaid taxes (as an offsetting entry of the Income Statement)	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Opening balances	**23.274**	**22.591**
2. Increases	**16.434**	**9.818**
2.1 Prepaid taxes recognised during the year	16.417	9.818
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	16.417	9.818
2.2 New taxes or increases in tax rates	17	-
2.3 Other increases	-	-
3. Decreases	**(349)**	**(9.135)**
3.1 Prepaid taxes written-off during the year	(349)	(4.405)
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	(349)	(4.405)
3.2 Decreases in tax rates	-	(2.863)
3.3 Other decreases	-	(1.867)
4. Closing balance	**39.359**	**23.274**

12.4 Changes in deferred taxes (as an offsetting entry of the Income Statement)	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Opening balances	**15.631**	**18.462**
2. Increases	**820**	**4.496**
2.1 Deferred taxes recognised during the year	776	4.496
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	776	4.496
2.2 New taxes or increases in tax rates	44	-
2.3 Other increases	-	-
3. Decreases	**(3.612)**	**(7.327)**
3.1 Deferred taxes written-off during the year	(3.612)	(4.046)
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	(3.612)	(4.046)
3.2 Decreases in tax rates	-	(1.931)
3.3 Other decreases	-	(1.350)
4. Closing balance	**12.839**	**15.631**

12.5 Changes in prepaid taxes (as an offsetting entry of shareholders' equity)

The sub-item does not have a balance.

12.6 Changes in deferred taxes (as an offsetting entry of shareholders' equity)

The sub-item does not have a balance.

Section 13 - Non-current assets and groups of assets held for disposal - Item 130

13.1 Breakdown of item 130 "Non-current assets and groups of assets held for disposal"	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Single assets		
A.1 Equity investments	-	5.199
A.2 Property, plant and equipment	-	-
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	**-**	**5.199**
B. Groups of assets held for disposal		
B.1 Financial assets held for trading	-	-
B.2 Financial assets valued at *fair value*	-	-
B.3 Available-for-sale financial assets	-	-
B.4 Financial assets held to maturity	-	-
B.5 Receivables from banks	-	-
B.6 Receivables from customers	-	-
B.7 Equity investments	-	-
B.8 Property, plant and equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
C. Liabilities linked to discontinued single assets		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities linked to groups of assets held for disposal		
D.1 Payables due to banks	-	-
D.2 Payables due to customers	-	-
D.3 Securities issued	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial assets valued at *fair value*	-	-
D.6 Funds	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**

During 2008, the equity investment held in Locat Leasing Croatia d.o.o. was transferred to UniCredit Global Leasing S.p.A. for 89,600 thousand euro.

Part B) Information on the Balance Sheet (Continued)

Assets (Continued)

13.2 Breakdown of item 80 “Liabilities linked to assets held for disposal”

The sub-item does not have a balance.

Section 14 - Other assets - Item 140

14.1 Breakdown of item 140 “Other assets”		
ITEMS/VALUES	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Receivables due from the Parent Company	553.312	695.801
2. Receivables due from tax authorities	29.145	57.030
3. Advances and suppliers	66.657	45.107
4. Other	6.833	3.710
Total	**655.947**	**801.648**

Receivables from the Parent Company include the receivables relating to the Group VAT regime.

Liabilities (amounts in thousands of euro)

Section 1 - Payables - Item 10

1.1 Payables due to banks	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Repos	**-**	**-**
2. Funding	**10.637.098**	**10.691.828**
2.1 Current accounts	18.665	41.239
2.2 Financial leasing	-	-
2.3 Other	10.618.433	10.650.589
3. Other payables	**4.094**	**-**
Total book value	**10.641.192**	**10.691.828**
Total *fair value*	**10.641.192**	**10.691.828**

1.2 Payables due to financial institutions	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Repos	**-**	**-**
2. Funding	**44.380**	**26.251**
2.1 Current accounts	-	-
2.2 Financial leasing	-	-
2.3 Other	44.380	26.251
3. Other payables	**8.191.113**	**5.003.220**
3.1 Liabilities from assets transferred and not written off	8.161.299	4.977.514
3.2 Amounts to be recognised for servicing activities	29.804	25.706
3.3 Other	10	-
Total book value	**8.235.493**	**5.029.471**
Total *fair value*	**8.235.493**	**5.029.471**

1.3 Payables due to customers	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Repos	_	_
2. Funding	**1.942**	**24.285**
3. Other payables	**132.490**	**133.938**
3.1 Advances received for contracts in progress	31.841	23.100
3.2 Amounts payable for facilities	14.238	13.603
3.3 Other	86.411	97.235
Total book value	**134.432**	**158.223**
Total *fair value*	**134.432**	**158.223**

1.4 Subordinated payables

The sub-item does not have a balance.

Part B) Information on the Balance Sheet (Continued)

Liabilities (Continued)

Section 2 - Outstanding shares - Item 20

The item has no balance.

Section 3 - Financial liabilities held for trading - Item 30

3.1 Breakdown of item 30 "Financial liabilities held for trading"

	TOTAL 31.12.2008		TOTAL 31.12.2007	
ITEMS/VALUES	FAIR VALUE	NOMINAL/ NOTIONAL VALUE	FAIR VALUE	NOMINAL/ NOTIONAL VALUE
1. Payables	-	-	-	-
2. Securities issued	-	-	-	-
- bonds	-	-	-	-
- other securities	-	-	-	-
3. Derivatives	39.866	1.922.701	3.501	403.786
Total	39.866	1.922.701	3.501	403.786

The item contains the values of derivative contracts finalised in relation to securitised assets and classified as "held for trading" that do not meet IAS 39 requisites to be classified as hedging derivatives.

3.2 Financial liabilities held for trading: Subordinated liabilities

The sub-item does not have a balance.

Section 4 - Financial liabilities at *fair value* - Item 40

The item has no balance.

Section 5 - Hedging derivatives - Item 50

5.1 Breakdown of item 50 "Hedging derivatives: derivatives broken down by type of contract and underlying asset"

	INTEREST RATES	CURRENCY	EQUITY SECURITIES	RECEIVABLES	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Listed	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Futures	-	-	-	-	-	-	-
- Forward contracts	-	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-	-
- Swaps	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-
Other Derivatives	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Unlisted	**55.608**	**-**	**-**	**-**	**-**	**55.608**	**11.787**
- Forward contracts	-	-	-	-	-	-	-
- FRAs	-	-	-	-	-	-	-
- Swaps	55.608	-	-	-	-	55.608	11.787
- Options	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-
Other Derivatives	-	-	-	-	-	-	-
Total	**55.608**	**-**	**-**	**-**	**-**	**55.608**	**11.787**
Total	**55.608**	**-**	**-**	**-**	**-**	**55.608**	**11.787**

5.2 Breakdown of item 50 "Hedging Derivatives": hedged portfolios and type of hedge

	FAIR VALUE						CASH FLOW	
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE
HEDGE TRANSACTIONS/ HEDGE TYPE	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS			
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-
2. Receivables due from banks	-	-	-	-	-	-	-	-
3. Receivables due from financial institutions	-	-	-	-	-	-	-	-
4. Receivables due from customers	55.608	-	-	-	-	-	-	-
5. Financial assets held to maturity	-	-	-	-	-	-	-	-
6. Portfolio	-	-	-	-	-	-	-	-
Total assets	**55.608**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Payables due to banks	-	-	-		-	-	-	-
2. Payables due to financial institutions	-	-	-	-	-	-	-	-
3. Payables due to customers	-	-	-	-	-	-	-	-
4. Securities issued	-	-	-	-	-	-	-	-
5. Portfolio	-	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**55.608**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Part B) Information on the Balance Sheet (Continued)

Liabilities (Continued)

Section 6 - Value adjustment to financial liabilities subject to macro-hedging - Item 60

The item has no balance.

Section 7 - Tax liabilities - Item 70

Please refer to "Section 12 - Tax assets and liabilities" under Assets.

Section 8 - Liabilities linked to assets held for disposal - Item 80

The item has no balance.

Section 9 - Other liabilities - Item 90

9.1 Breakdown of item 90 "Other liabilities"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Trade payables	281.675	252.524
2. Invoices to be received	122.699	53.718
3. Payables due to personnel	15.633	14.248
4. Payables due to insurance companies for premiums to be paid	8.503	7.576
5. Payables due to tax authorities	13.569	1.218
6. Social security payables	2.410	2.208
7. Other	9.881	93.170
Total	**454.370**	**424.662**

Section 10 - Employee severance indemnity - Item 100

10.1 Employee severance indemnity: annual changes

	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Opening balances	**6.934**	**7.835**
B. Increases	**2.012**	**(69)**
B.1 Provisions for the year	390	(78)
B.2 Other increases	1.622	9
C. Decreases	**(526)**	**(832)**
C.1 Payments made	(418)	(728)
C.2 Other decreases	(108)	(104)
D. Closing balances	**8.420**	**6.934**

The increase shows the portion of the indemnity following the acquisition of the leasing business of UniCredit MedioCredito Centrale S.p.A.. Following the legal changes introduced and in line with the provisions of IAS 19, the Employee severance indemnity is included in the defined-benefit plans only as far as the amount accrued up to 31 December 2006 is concerned, therefore it is calculated using the actuarial methods described under Accounting Policies.
The actuarial assumptions and the reconciliation between the present value of the indemnity and the relevant liability recorded in the financial statements are illustrated below:

Description of actuarial assumptions

	31.12.2008	31.12.2007
Discounting rate	5,50%	5.25%
Expected inflation rate	2,00%	2,00%

Reconciliation between current value of employee severance indemnity and liabilities recognised to the Balance Sheet

	31.12.2008	31.12.2007
Current value of the defined-benefits plan - employee severance indemnity	8.144	6.803
Current value of plan-related assets	(8.420)	(6.934)
Actuarial gains not recognised	(276)	(131)

10.2 Other information

There is no further information to be given.

Section 11 - Provisions for risks and charges - Item 110

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

ITEMS/VALUES	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Company pension funds	**-**	**-**
2. Other provisions for risks and charges	**22.176**	**16.177**
2.1 Legal disputes	9.365	8.272
2.2 Tax disputes	2.800	2.800
2.3 Other	10.011	5.105

Part B) Information on the Balance Sheet (Continued)

Liabilities (Continued)

11.2 Changes during the financial year in item 110 "Provisions for risks and charges"	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Opening balances	**16.177**	**16.545**
B. Increases	**8.075**	**1.622**
Provisions for the year	6.281	2.185
Time-related changes	(472)	(563)
Changes due to discount rate amendments	-	-
Other changes	2.266	-
C. Decreases	**(2.076)**	**(1.990)**
Utilisation during the year	(2.076)	(1.990)
Changes due to discount rate amendments	-	-
Other decreases	-	-
D. Closing balances	**22.176**	**16.177**

Section 12 - Equity - Items 120, 130, 140, 150, 160 and 170

12.1 Capital: breakdown	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Capital	**410.131**	**372.561**
1.1 Ordinary shares	410.131	372.561
1.2 Other shares	-	-
- savings shares	-	-
- preference shares	-	-
- other shares	-	-

The share capital, fully subscribed and paid up, is made up of 205,065,531 ordinary shares of 2 euro nominal value each and the increase is due to the merger by acquisition of the leasing business of the company UniCredit Mediocredito Centrale S.p.A..
The share capital increase was fully subscribed by UniCredit S.p.A..

12.2 Breakdown of item 130 "Treasury shares":

The sub-item does not have a balance.

12.3 Breakdown of item 140 "Capital instruments":

The sub-item does not have a balance.

12.4 Breakdown of item 150 “Share premium”

SHARE CAPITAL INCREASE DATE	TOTAL 31.12.2008	TOTAL 31.12.2007
06.30.2003	458	458
08.28.2003	45	45
08.28.2003	1.565	1.565
02.16.2004	622	622
03.01/2004	321	321
06.21.2004	48	48
06.21.2004	2.387	2.387
06.23.2005	2.313	2.313
07.01.2008	142.204	-
Total	**149.963**	**7.759**

The share premium reserve recognised in 2008 relates to the acquisition of the UniCredit Mediocredito Centrale S.p.A. leasing business.

12.5 Breakdown and changes in item 160 “Reserves”

	LEGAL RESERVE	PROFIT CARRIED FORWARD	FIRST TIME ADOPTION RESERVE	MERGER SURPLUS	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Opening balances	**27.316**	**-**	**(1.722)**	**16.048**	**192.397**	**234.039**	**128.991**
B. Increases	**6.328**	**-**	**-**	**-**	**203.469**	**209.797**	**105.048**
B1 Allocation of profit	6.328	-	-	-	120.229	126.557	105.048
B2 Other changes	-	-	-	-	83.240	83.240	-
C. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C1 Utilisation	-	-	-	-	-	-	-
- loss coverage	-	-	-	-	-	-	-
- distribution	-	-	-	-	-	-	-
- transfer to capital	-	-	-	-	-	-	-
C2 Other changes	-	-	-	-	-	-	-
D. Closing balances	**33.644**	**-**	**(1.722)**	**16.048**	**395.866**	**443.836**	**234.039**

Part B) Information on the Balance Sheet (Continued)

Liabilities (Continued)

Summary of breakdown of shareholders' equity

With reference to the information requested in article 2427 no. 7 of the Italian Civil Code, a breakdown is given below of shareholders' equity, indicating the level of availability of reserves.

				SUMMARY OF UTILISATION DURING THE THREE PREVIOUS YEARS	
	BALANCES AS AT 31.12.2008	UTILISATION OPTIONS (1)	SHARE AVAILABLE	AS LOSS COVERAGE	FOR OTHER REASONS
Capital	410.131		-	-	-
Share premium	149.963	A-B-C	149.963	-	-
Legal reserve	33.644	B	33.644	-	-
Other reserves					
- Merger surplus (2)	16.048	A-B-C	16.048	-	-
- Extraordinary	308.986	A-B-C	308.986	-	193.732
- Other	85.158		83.241	-	-
- Incentives for personnel	-	A-B-C	-	-	-
Total	**1.003.930**		**591.882**	**-**	**193.732**
Profit (loss) for 2008	112.702				
Total Shareholders' equity	**1.116.632**				

(1) A: for capital increases; B: for loss coverage; C: for distribution to shareholders
(2) In case the reserves are used to cover losses, profits may not be distributed until the reserves are integrated or reduced by a corresponding amount.
This reduction must be carried out through resolution of the extraordinary shareholders' meeting without observing the provisions of the second and third paragraphs of art. 2445 of the Italian Civil Code.
The reserves, if they are not attributed to capital, may be reduced only through compliance with the provisions of the second and third paragraphs of this article of law.

12.6 Breakdown and changes in item 170 "Valuation Reserves"

The sub-item does not have a balance.

Edina Fajkovic
Croatia

«Commitment means giving your heart, time and dedication at work until everyone is satisfied with the result. Extraordinary results are not possible without my colleagues and I appreciate the opportunity to work with talented people. Together we provide creative and effective business solutions for our customers.»

Massimo Negrini
Italy

«The reason for my commitment?
I am a customer,
like you.»

Notes to the Accounts

Parte C) Information on the Income Statement

Part C) Information on the Income Statement

(amounts in thousands of euro)

Section 1 - Interest - Item 10 and 20

1.1 Breakdown of item 10 "Interest income and similar income"

	DEBT SECURITIES	FUNDING	IMPAIRED ASSETS	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Financial assets held for trading	-	-	-	-	-	-
2. Financial assets valued at *fair value*	-	-	-	-	-	-
3. Available-for-sale financial assets	-	-	-	-	-	-
4. Financial assets held to maturity	11	-	-	-	11	50
5. Receivables	-	1.095.419	43.418	-	1.138.837	901.096
5.1 Receivables due from banks	-	1.411	-	-	1.411	440
- for financial leasing	-	409	-	-	409	207
- for factoring	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- for other receivables	-	1.002	-	-	1.002	233
5.2 Receivables due from financial institutions	-	1.910	-	-	1.910	10.252
- for financial leasing	-	203	-	-	203	1.662
- for factoring	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- for other receivables	-	1.707	-	-	1.707	8.590
5.3 Receivables due from customers	-	1.092.098	43.418	-	1.135.516	890.403
- for financial leasing	-	1.090.423	43.398	-	1.133.821	885.822
- for factoring	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- for other receivables	-	1.675	20	-	1.695	4.581
6. Other assets	-	-	-	20.450	20.450	17.643
7. Hedging derivatives	-	-	-	8.619	8.619	-
Total	11	1.095.419	43.418	29.069	1.167.917	918.788

1.2 Interest income and similar income: other information

There is no further information to be given.

1.3 Breakdown of item 20 "Interest expense and similar expenses"	FUNDING	SECURITIES	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Payables due to banks	568.664	-	-	568.664	400.298
2. Payables due to financial institutions	2.566	-	-	2.566	3.336
3. Payables due to customers	1.580	-	-	1.580	140
4. Securities issued	-	-	-	-	-
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities valued at *fair value*	-	-	-	-	-
7. Other liabilities	-	-	300.901	300.901	237.590
8. Hedging derivatives	-	-	-	-	397
Total	572.810	-	300.901	873.711	641.761

The item "Other liabilities" includes the balance of interest relating to "Liabilities from assets transferred and not written off", valued at amortised cost.

Section 2 - Commissions - Items 30 and 40

2.1 Breakdown of item 30 "Commission income"	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Financial leasing transactions	82.628	73.136
of which: sundry services and recoveries	82.628	73.136
2. Factoring transactions	-	-
3. Consumer credit	-	-
4. Merchant banking	-	-
5. Guarantees given	9.639	-
6. Services:		
- third party fund management	-	-
- currency trading	-	-
- product distribution	-	-
- other	-	-
7. Collection and payment services	-	-
8. *Servicing* of securitisation transactions	-	54
9. Other commissions	3.597	4.232
Total	95.864	77.422

Part C) Information on the Income Statement (CONTINUED)

2.2 Breakdown of item 40 "Commission expense"	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Guarantees received	78	376
3. Distribution of third party services	-	-
3. Collection and payment services	-	-
4. Other commissions:	71.583	65.210
- reporting and acquisition of financial and operating leases	11.693	11.455
- sundry charges for financial leasing transactions	56.655	49.588
- other	3.235	4.167
Total	71.661	65.586

Section 3 - Dividends and similar income - Item 50

3.1 Breakdown of item 50 "Dividends and similar income"	TOTAL 31.12.2008		TOTAL 31.12.2007	
ITEMS/INCOME	DIVIDENDS	INCOME FROM UCIT UNITS	DIVIDENDS	INCOME FROM UCIT UNITS
1. Financial assets held for trading	-	-	-	-
2. Available-for-sale financial assets	-	-	-	-
3. Financial assets valued at *fair value*	-	-	-	-
4. Equity investments:	54	-	57	-
4.1. in non-*merchant banking* activities	54	-	57	-
4.2. in *merchant banking* activities	-	-	-	-
Total	54	-	57	-

The balance of dividends and similar income includes the amount of dividends received in relation to the investment in the subsidiary Zao Locat Leasing Russia.

Section 4 - Net income from trading - Item 60

4.1 Breakdown of item 60 "Net income from trading"						
ITEMS/INCOME COMPONENTS	CAPITAL GAINS	PROFIT FROM TRADING	CAPITAL LOSSES	LOSSES FROM TRADING	NET INCOME AS AT 31.12.2008	NET INCOME AS AT 31.12.2007
1. Financial assets	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-	-
1.3 UCIT units	-	-	-	-	-	-
1.4 Funding	-	-	-	-	-	-
1.5 Other	-	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Securities issued	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-
3. Derivatives	**5**	**-**	**-**	**-**	**5**	**122**
Total	**5**	**-**	**-**	**-**	**5**	**122**

The item contains the changes in the *fair value* of derivative contracts finalised in relation to securitised assets and classified as "held for trading" that do not meet IAS 39 requisites to be classified as hedging derivatives.

Section 5 - Net income from hedging - Item 70

The item has a balance equal to zero.

Section 6 - Net income from financial assets at *fair value* - Item 80

The item has no balance.

Section 7 - Net income from financial liabilities at *fair value* - Item 90

The item has no balance.

Section 8 - Profit (Loss) for transfer / repurchase - Item 100

The item has no balance.

Part C) Information on the Income Statement (Continued)

Section 9 - Net value adjustments due to impairment - Item 110

9.1 Breakdown of item 110 "Net value adjustments due to impairment of loans"

	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC	PORTFOLIO	SPECIFIC	PORTFOLIO	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Receivables due from banks	**-**	**-**	**-**	**-**	**-**	**-**
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
2. Receivables due from financial institutions	**-**	**-**	**-**	**-**	**-**	**-**
- for leasing	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
3. Receivables due from customers	**160.028**	**-**	**(51.674)**	**(44.838)**	**63.516**	**49.094**
- for leasing	159.954	-	(51.288)	(44.838)	63.828	48.881
- for factoring	-	-	(114)	-	(114)	(166)
- for consumer credit	-	-	-	-	-	-
- for guarantees and commitments	-	-	-	-	-	-
- other receivables	74	-	(272)	-	(198)	379
Total	**160.028**	**-**	**(51.674)**	**(44.838)**	**63.516**	**49.094**

9.2 Breakdown of sub-item 110.b "Net value adjustments due to impairment of financial assets available for sale"

The sub-item does not have a balance.

9.3 Breakdown of sub-item 110.c "Net value adjustments due to impairment of financial assets held to maturity"

The sub-item does not have a balance.

9.4 Breakdown of sub-item 110.d "Net value adjustments due to impairment of other financial assets"

	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
TRANSACTIONS/ INCOME COMPONENTS	DERECOGNITIONS	OTHER		INTEREST	OTHER	INTEREST	OTHER	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Guarantees given	-	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Funding allocation commitments	-	3.852	-	-	-	-	-	3.852	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**3.852**	**-**	**-**	**-**	**-**	**-**	**3.852**	**-**

The item contains the write-downs for the commitments to disburse funds for contracts not yet effective.

Section 10 - Administrative expenses - Item 120

10.1 Breakdown of item 120.a "Personnel costs"	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Employees	**38.677**	**38.120**
a) wages, salaries and similar charges	27.953	24.346
b) social security contributions	7.724	7.103
c) employee severance indemnity	-	-
d) welfare expense	1.336	821
e) provisions for employee severance indemnity	427	68
f) other expense	3.239	7.206
g) chargebacks for seconded personnel	(2.002)	(1.424)
2. Other personnel	**2.207**	**849**
3. Directors/Auditors	**1.287**	**1.233**
Total	**42.171**	**40.202**

Sub-item 2 "Other personnel" contains services for temporary employment contracts, while sub-item 3 "Directors/auditors" includes emoluments for the financial year.

10.2 Breakdown of item 120.b "Other administrative expenses"	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Direct duties and taxes	**1.262**	**717**
2. Other costs and expense	**22.875**	**19.568**
a) fees paid to external professionals	661	836
b) insurance	274	259
c) advertising	1.966	2.867
d) security systems and armoured transport	281	173
e) provision of sundry services by third parties	9.811	6.997
f) real estate expense	3.360	2.649
g) maintenance and instalments for furniture, machines and equipment	1.788	1.573
h) postal, telephone, printers and other office expense	2.435	2.116
i) rentals and other charges	1.114	903
l) other expense	1.185	1.195
Total	**24.137**	**20.285**

Part C) Information on the Income Statement (Continued)

Section 11 - Net write-downs of property, plant and equipment - Item 130

11.1 Breakdown of item 130 "Net write-downs of property, plant and equipment"	AMORTISATION/ DEPRECIATION	WRITE-DOWNS DUE TO IMPAIRMENT	WRITE-BACKS	NET PROFIT (LOSS)
1. Assets for business use	**1.834**	**-**	**-**	**1.834**
1.1 owned	1.834	-	-	1.834
a) land	-	-	-	-
b) buildings	816	-	-	816
c) moveables	166	-	-	166
d) capital goods	308	-	-	308
e) other	544	-	(921)	(377)
1.2 purchased under financial lease	-	-	-	-
a) land	-	-	-	-
b) buildings	-	-	-	-
c) moveables	-	-	-	-
d) capital goods	-	-	-	-
e) other	-	-	-	-
2. Assets regarding financial leasing	**-**	**-**	**-**	**-**
3. Assets held for investment purposes	**993**	**-**	**-**	**993**
of which under operating lease	993	-	-	993
Total	**2.827**	**-**	**(921)**	**1.906**

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

12.1 Breakdown of item 140 "Net value adjustments on intangible assets"	AMORTISATION/ DEPRECIATION	WRITE-DOWNS DUE TO IMPAIRMENT	WRITE-BACKS	NET PROFIT (LOSS)
1. Goodwill	**-**	**-**	**-**	**-**
2. Other intangible assets	**80**	**-**	**-**	**80**
2.1 owned	80	-	-	80
2.2 purchased under financial lease	-	-	-	-
3. Assets regarding financial leasing	**-**	**-**	**-**	**-**
4. Assets under operating lease	**-**	**-**	**-**	**-**
Total	**80**	**-**	**-**	**80**

Section 13 - Net income from valuation at *fair value* of property, plant and equipment and intangible assets - Item 150

The item has no balance.

Section 14 - Net provisions for risks and charges - Item 160

14.1 Breakdown of item "Net provisions for risks and charges"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Other provisions		
1.1 Legal disputes: revocatory action	(1.174)	885
1.2 Other	4.906	(954)
Total	**3.732**	**(69)**

Section 15 - Other operating charges - Item 170

15.1 Breakdown of item "Other operating charges"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Operating lease instalments	651	649
Total	**651**	**649**

The item includes the lease rentals paid for operating lease contracts where the company is the lessee.

Section 16 - Other operating income - Item 180

16.1 Breakdown of item 180 "Other operating income"

	TOTAL 31.12.2008	TOTAL 31.12.2007
Other	2.610	1.430
Total	**2.610**	**1.430**

Part C) Information on the Income Statement (Continued)

Section 17 - Profit (loss) from equity investments - Item 190

17.1 Breakdown of item 190 "Profit (Loss) from equity investments"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Income	**-**	**23.291**
1.1 Revaluations	-	-
1.2 Gains from disposal	-	23.291
1.3 Write-backs	-	-
1.4 Other increases	-	-
2. Charges	**-**	**-**
2.1 Write-downs	-	-
2.2 Losses from disposal	-	-
2.3 Write-downs due to impairment	-	-
2.4 Other decreases	-	-
Net gains (losses)	**-**	**23.291**

The profit was reported following the sale of the equity investment in Locat Rent S.p.A. (50% shareholding) to AXUS Italiana S.r.l., a company of the Société Générale Group, which took place on 31 August 2007.

Section 18 - Profit from disposal of investments - Item 200

18.1 Breakdown of item 200 "Profit (Loss) from disposal of investments"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Real estate	**-**	**-**
1.1 Gains from disposal	-	-
1.2 Losses from disposal	-	-
2. Other assets	**12**	**(4)**
2.1 Gains from disposal	12	6
2.2 Losses from disposal	-	(10)
Net gains (losses)	**12**	**(4)**

The item includes capital gains and losses recorded upon disposal of assets for functional use.

Section 19 - Income tax for the year - Item 210

19.1 Breakdown of item 210 "Income tax for the year"

	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Current taxes	75.595	79.981
2. Changes in current taxes from previous years	306	(718)
3. Decrease in current taxes for the year	-	-
4. Changes in prepaid taxes	(4.269)	(683)
5. Changes in deferred taxes	(3.290)	(2.831)
Taxes for the year	68.342	75.749

19.2 Reconciliation between theoretical tax charge and actual tax charge

	TOTAL 31.12.2008		TOTAL 31.12.2007	
	IRES	IRAP	IRES	IRAP
Pre-tax profit (loss)	181.044	318.468	202.306	202.306
Insignificant items (1)	-	-	-	42.573
Adjusted pre-tax profit (a)	181.044	318.468	202.306	244.879
Applicable tax rates (b)	27,50%	4,82%	33,00%	4,75%
Tax based on applicable tax rates (a*b)	**49.787**	**15.350**	**66.761**	**11.632**
Effect of permanent tax differences	5.153	(414)	(184)	(437)
PEX Regime - Locat Rent S.p.A.	1.161	-	(6.456)	(1.095)
Changes in taxes for the previous year	(2.695)	-	1.146	529
Write-down of loans	-	-	-	3.853
Actual tax provisions for the year	**53.406**	**14.936**	**61.267**	**14.482**
Total	68.342		75.749	

(1) They basically include "Personnel costs" (non-deductible for IRAP purposes)

Section 20 - Profit (Loss) of groups of assets held for disposal net of taxes - Item 220

The item has no balance.

Part C) Information on the Income Statement (Continued)

Section 21 - Income Statement: other information

21.1 Analytical breakdown of interest income and commission income								
	INTEREST INCOME			COMMISSION INCOME				
ITEMS/COUNTERPARTY	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS	BANKS	FINANCIAL INSTITUTIONS	CUSTOMERS	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Financial leasing	**409**	**203**	**1.133.821**	**57**	**18**	**82.609**	**1.217.118**	**955.166**
- real estate	352	176	708.925	54	6	22.246	731.761	575.926
- moveable goods	-	5	206.986	-	6	32.615	239.612	197.695
- capital goods	57	22	215.360	4	6	26.851	242.299	175.257
- intangible assets	-	-	2.550	-	-	897	3.447	6.288
2. Factoring	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- on current receivables	-	-	-	-	-	-	-	-
- on future receivables	-	-	-	-	-	-	-	-
- on loans acquired outright	-	-	-	-	-	-	-	-
- on loans acquired below their original value	-	-	-	-	-	-	-	-
- for other funding	-	-	-	-	-	-	-	-
3. Consumer credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- special-purpose loans	-	-	-	-	-	-	-	-
- salary-guaranteed loans	-	-	-	-	-	-	-	-
4. Guarantees and commitments	**-**	**-**	**-**	**9.639**	**-**	**-**	**9.639**	**-**
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	9.639	-	-	9.639	-
Total	**409**	**203**	**1.133.821**	**9.697**	**18**	**82.609**	**1.226.757**	**955.166**

21.2 Other information

21.2.1 Earnings per share		
	TOTAL 31.12.2008	TOTAL 31.12.2007
Net profit	112.702.372	126.556.802
Number of outstanding shares	205.065.531	186.280.305
Nominal value	2,00	2,00
Earnings per share	0,5760	0,6794

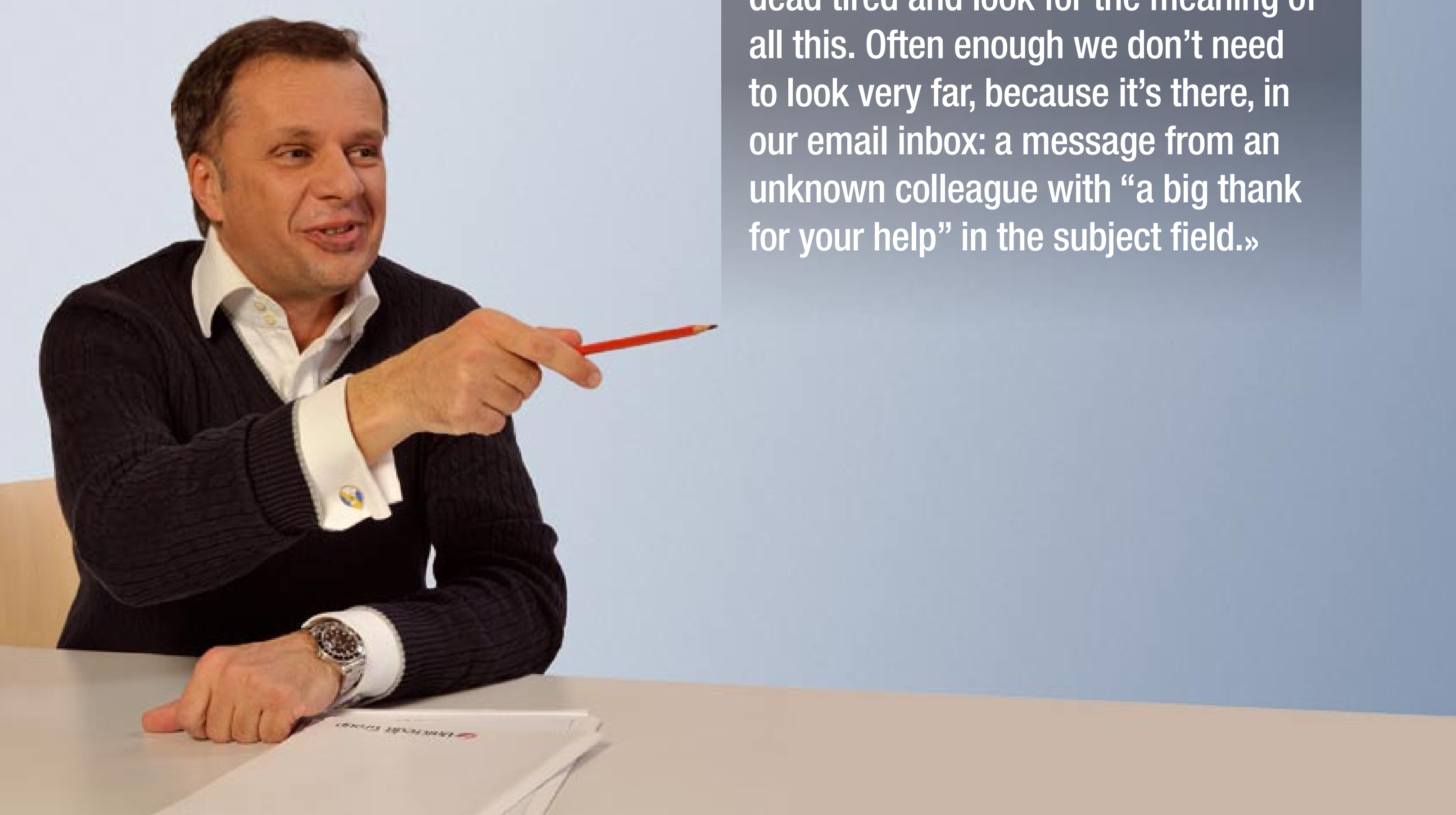
* The profit was calculated by taking into account the average number of shares

«Monday morning, my smiling face and the confidence that I am the right person in the right place.
On the front of my desk is a plaque about my customers: SERVE ME THE WAY YOU WANT ME TO SERVE YOU.
This is the golden rule of my commitment, which has given me the power and passion to work every day for the last ten years.»

Agnieszka Kuk
Poland

Paolo Massola
Romania

«Often, at the end of a demanding day of hard work, we feel beat and dead tired and look for the meaning of all this. Often enough we don't need to look very far, because it's there, in our email inbox: a message from an unknown colleague with "a big thank for your help" in the subject field.»



Notes to the Accounts

Part D) Other information

Part D) Other information

(amounts in thousands of euro)

Section 1 - Specific references to activities carried out

A. Financial Leasing

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

See tables in section A.2 below.

A.2 Classification by time bracket of financial leasing receivables

	31.12.2008					
	EXPLICIT CREDIT	MINIMUM PAYMENTS			GROSS INVESTMENT	
		PRINCIPAL		INTEREST		
TIME BRACKET			OF WHICH GUARANTEED RESIDUAL VALUE			OF WHICH NON-GUARANTEED RESIDUAL VALUE
Up to 3 months	238.324	732.669	706.614	203.948	936.617	26.201
from 3 months to 1 year	11.476	2.111.395	1.999.509	558.329	2.669.723	112.479
between 1 year and 5 years	7.909	7.749.075	6.887.690	1.888.844	9.637.919	866.640
over 5 years	15.803	6.487.296	4.172.889	1.655.284	8.142.581	2.328.288
Unlimited duration	411.985	891.257	681.784	135.179	1.026.436	210.546
Gross total	**685.497**	**17.971.692**	**14.448.486**	**4.441.584**	**22.413.276**	**3.544.154**
Write-downs	**(160.420)**	**(244.583)**	**-**	**-**	**(244.583)**	**-**
Net total	**525.077**	**17.727.109**	**14.448.486**	**4.441.584**	**22.168.693**	**3.544.154**

	31.12.2007					
	EXPLICIT CREDIT	MINIMUM PAYMENTS			GROSS INVESTMENT	
		PRINCIPAL		INTEREST		
TIME BRACKET			OF WHICH GUARANTEED RESIDUAL VALUE			OF WHICH NON-GUARANTEED RESIDUAL VALUE
Up to 3 months	170.726	647.338	615.728	161.572	797.296	20.482
from 3 months to 1 year	7.733	1.863.447	1.737.113	440.137	2.256.552	80.883
between 1 year and 5 years	8.399	6.702.749	5.996.124	1.460.662	8.098.836	651.662
over 5 years	5.035	5.254.041	3.295.020	1.120.448	6.368.023	1.971.929
Unlimited duration	211.350	239.095	207.033	15.522	254.617	32.552
Gross total	**403.243**	**14.706.670**	**11.851.018**	**3.198.341**	**17.775.324**	**2.757.508**
Write-downs	**(116.748)**	**(171.292)**	**-**	**-**	**(171.292)**	**-**
Net total	**286.495**	**14.535.378**	**11.851.018**	**3.198.341**	**17.604.032**	**2.757.508**

By minimum payments we mean the residual instalments provided contractually, the total of which constitutes the gross investment.

The current value of minimum payments, calculated at the implicit interest rate of the individual contracts, represents the net investment and is equal to the total of the principals.

The data does not include the balances relating to assets in progress and assets to be leased.

A.3 Classification of leasing receivables by type of leased asset

	PERFORMING LOANS		IMPAIRED LOANS			
	31.12.2008	31.12.2007	31.12.2008		31.12.2007	
				OF WHICH: NON-PERFORMING LOANS		OF WHICH: NON-PERFORMING LOANS
A. Real estate	**11.866.940**	**9.982.571**	**642.679**	**170.300**	**126.079**	**80.135**
- land	-	-	-	-	-	-
- buildings	11.866.940	9.982.571	642.679	170.300	126.079	80.135
B. Capital goods	**3.545.818**	**2.928.728**	**138.058**	**42.856**	**54.024**	**25.845**
C. Moveable property	**3.240.147**	**2.881.739**	**171.401**	**98.413**	**55.476**	**19.556**
- automobiles	1.572.363	1.445.145	64.923	28.850	26.328	8.530
- aircraft and rolling stock	1.667.784	1.436.594	106.478	69.563	29.148	11.026
- other	-	-	-	-	-	-
D. Intangible assets	**90.903**	**93.001**	**417**	**417**	**-**	**-**
- trademarks	90.903	93.001	417	417	-	-
- software	-	-	-	-	-	-
- other	-	-	-	-	-	-
Total	**18.743.808**	**15.886.039**	**952.555**	**311.986**	**235.579**	**125.536**

A.4 Classification of assets regarding financial leasing

	UNOPTIONED ASSETS		ASSETS WITHDRAWN FOLLOWING AGREEMENT CANCELLATION		OTHER ASSETS	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007(*)
A. Real estate	**-**	**-**	**-**	**-**	**-**	**-**
- land	-	-	-	-	-	-
- buildings	-	-	1.523	3.303	-	-
B. Capital goods	**-**	**-**	**-**	**-**	**-**	**-**
C. Moveable property	**-**	**-**	**-**	**-**	**-**	**-**
- automobiles	-	-	-	-	-	-
- aircraft and rolling stock	-	-	-	-	-	-
- other	-	-	-	-	-	-
D. Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
- trademarks	-	-	-	-	-	-
- software	-	-	-	-	-	-
- other	-	-	-	-	-	-
Total	**-**	**-**	**1.523**	**3.303**	**-**	**-**

* The amount of the assets to be leased has been reclassified under item 60 “Receivables”

Part D) Other information (CONTINUED)

A.5 Write-downs

ITEM	31.12.2007	INCREASES FROM BUSINESS COMBINATIONS (*)	INCREASES	DECREASES	31.12.2008
1. Specific	**161.391**	**73.328**	**108.110**	**(54.140)**	**288.689**
1.1 on performing assets	**-**	**-**	**-**	**-**	**-**
- real estate leasing	-	-	-	-	-
- capital goods leasing	-	-	-	-	-
- moveable property leasing	-	-	-	-	-
- intangible assets leasing	-	-	-	-	-
1.2 on impaired assets	**161.391**	**73.328**	**108.110**	**(54.140)**	**288.689**
Real estate leasing	*13.759*	*13.161*	*35.082*	*(9.246)*	*52.756*
- non-performing	12.701	6.262	15.324	(4.076)	30.211
- problem	1.058	1.759	9.182	(262)	11.737
- restructured	-	-	2.241	-	2.241
- expired	-	5.140	8.335	(4.908)	8.567
Capital goods leasing	*99.571*	*50.338*	*44.839*	*(26.405)*	*168.343*
- non-performing	89.028	46.592	16.593	(19.633)	132.580
- problem	6.292	2.251	13.492	(4.443)	17.592
- restructured	-	-	2.484	-	2.484
- expired	4.251	1.495	12.270	(2.329)	15.687
Moveable property leasing	*48.061*	*9.829*	*26.717*	*(18.489)*	*66.118*
- non-performing	40.521	8.686	10.003	(14.623)	44.587
- problem	3.581	752	5.489	(2.015)	7.807
- restructured	-	-	-	-	-
- expired	3.959	391	11.225	(1.851)	13.724
Intangible assets leasing	-	-	*1.472*	-	*1.472*
- non-performing	-	-	1.472	-	1.472
- problem	-	-	-	-	-
- restructured	-	-	-	-	-
- expired	-	-	-	-	-

A.5 Write-downs continued

A.5 Write-downs					
ITEM	31.12.2007	INCREASES FROM BUSINESS COMBINATIONS (*)	INCREASES	DECREASES	31.12.2008
2. Portfolio	**126.649**	**14.425**	**71.634**	**(96.394)**	**116.314**
2.1 on performing assets	**126.649**	**14.425**	**71.634**	**(96.394)**	**116.314**
- real estate leasing	56.886	6.465	24.006	(49.082)	38.275
- capital goods leasing	29.856	5.940	26.698	(24.526)	37.968
- moveable property leasing	39.031	2.020	20.769	(22.289)	39.531
- intangible assets leasing	876	-	161	(497)	540
2.2 on impaired assets	**-**	**-**	**-**	**-**	**-**
Real estate leasing	-	-	-	-	-
- non-performing	-	-	-	-	-
- problem	-	-	-	-	-
- restructured	-	-	-	-	-
- expired	-	-	-	-	-
Capital goods leasing	-	-	-	-	-
- non-performing	-	-	-	-	-
- problem	-	-	-	-	-
- restructured	-	-	-	-	-
- expired	-	-	-	-	-
Moveable property leasing	-	-	-	-	-
- non-performing	-	-	-	-	-
- problem	-	-	-	-	-
- restructured	-	-	-	-	-
- expired	-	-	-	-	-
Intangible assets leasing	-	-	-	-	-
- non-performing	-	-	-	-	-
- problem	-	-	-	-	-
- restructured	-	-	-	-	-
- expired	-	-	-	-	-
Total	**288.040**	**87.753**	**179.744**	**(150.534)**	**405.003**

* balance of write-downs on the UniCredit Mediocredito Centrale S.p.A. leasing business

A.6 Other information

A.6.1 Potential fees recorded as income during the financial year

Potential fees (adjustments due to index-linking) are recorded in the Income Statement under “Interest income” and, as at 31 December 2008, showed a positive balance of 233,531 thousand euro, compared with the positive balance of 168,490 thousand euro as at 31 December 2007.

Part D) Other information (Continued)

A.6.2 Amount of receivables for lease back operations	TOTAL 31.12.2008		TOTAL 31.12.2007	
	NO. OF CONTRACTS	EXPOSURE	NO. OF CONTRACTS	EXPOSURE
A. Real estate	2.388	3.146.723	2.312	2.660.812
B. Capital goods	1.167	324.154	894	207.140
C. Moveable property	344	152.151	224	134.655
D. Intangible assets	-	-	5	32.974
Total	3.899	3.623.028	3.435	3.035.581

A.6.3 General description of significant contracts

The Company carries out its business almost exclusively through finance lease contracts, following the systems in line with the policies of the Italian leasing market.

D. Guarantees and commitments

D.1 Value of guarantees and commitments	TOTAL 31.12.2008					
	TOTAL VALUES	BOOK VALUE				
			CHANGES			
				OF WHICH: FOR WRITE-DOWNS		
		ORIGINAL VALUE		SPECIFIC	PORTFOLIO	BOOK VALUE
1. Guarantees	**4.441.686**	**-**	**-**	**-**	**-**	**4.441.686**
a) financial	4.441.686	-	-	-	-	4.441.686
- Banks	4.441.686	-	-	-	-	4.441.686
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
b) commercial	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
2. Commitments	**1.043.376**	**-**	**-**	**(3.852)**	**-**	**1.039.524**
a) to disburse funds (irrevocable)	1.043.376	-	-	(3.852)	-	1.039.524
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
of which: for certain use	-	-	-	-	-	-
- Customers	1.043.376	-	-	(3.852)	-	1.039.524
of which: for certain use	1.043.376	-	-	(3.852)	-	1.039.524
b) Other	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
Total	**1.043.376**	**-**	**-**	**-**	**-**	**5.481.210**

D.1 Value of guarantees and commitments

	TOTAL 31.12.2007					
	TOTAL VALUES	BOOK VALUE				
			CHANGES			
				OF WHICH: FOR WRITE-DOWNS		
		ORIGINAL VALUE		SPECIFIC	PORTFOLIO	BOOK VALUE
1. Guarantees	**208**	**-**	**-**	**-**	**-**	**208**
a) financial	208	-	-	-	-	208
- Banks	208	-	-	-	-	208
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
b) commercial	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
2. Commitments	**1.597.335**	**-**	**-**	**-**	**-**	**1.597.335**
a) to disburse funds (irrevocable)	1.597.335	-	-	-	-	1.597.335
- Banks	255	-	-	-	-	255
- Financial institutions	-	-	-	-	-	-
of which: for certain use	-	-	-	-	-	-
- Customers	1.597.080	-	-	-	-	1.597.080
of which: for certain use	1.597.080	-	-	-	-	1.597.080
b) Other	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
Total	**1.597.543**	**-**	**-**	**-**	**-**	**1.597.543**

D.2 Existing guarantees and commitments towards customers with impaired exposures

The item has no balance.

D.3 Loans registered in the financial statements as a result of discussion

The item has no balance.

Part D) Other information (Continued)

(amounts in thousands of euro)

Section 2 - Securitisation transactions

Qualitative information

1. General aspects
In previous years, the Company implemented a substantial securitisation plan pursuant to the provisions of Italian Law 130/99 on performing loans arising from lease contracts, in view of a greater correlation between the maturity of funds raised and that of loans, increased diversification of sources of funding and improvement of capital adequacy ratios.

In respect of all the transactions, the Company acted as servicer, pursuant to and for the purpose of Italian Law 130/99, for transferred portfolios, as it continued to collect and administer loans, receiving remuneration in exchange, which was expressed as a percentage of the amounts collected during the period considered.

2. Characteristics of individual operations
The characteristics are specified in detail in the following tables, also reporting operations still in existence carried out during previous financial years.

STRATEGIES, PROCESSES AND TARGETS	Operations carried out with a view to achieving greater correlation between the maturity of funds raised and that of loans, increased diversification of sources of funding and improvement of capital adequacy ratios.
INTERNAL MEASUREMENT AND RISK CONTROL SYSTEMS	The portfolio of each securitisation transaction undergoes constant monitoring and monthly and quarterly reports are drafted as prescribed in the operation's contractual documentation, providing evidence of the status of loans and collection trends.
ORGANISATIONAL STRUCTURE AND SYSTEMS FOR REPORTING TO TOP MANAGEMENT	The Company has set up a special coordinating structure at the Administrative and Operating Processes Division. Periodical reports are sent to the Company's Top Management, providing evidence of the trend of operations and collections as well as on the status of loans.
HEDGING POLICIES	Stipulation by the Vehicle of an IRS contract covering the portfolio at a fixed rate and a Basic Swap to hedge the portfolio at an index-linked rate (and respective back to backs between Originator and Swap counterpart).
INFORMATION ON ECONOMIC SECURITISATION RESULTS	The trend in amounts collected is in line with the forecasts made in the business plan according to which the return on equity tranches (including the extra spread) is in line with expected returns for investments with a similar risk level.

(amounts in thousands of euro)

SECURITISATION:	LOCAT SECURITISATION VEHICLE 2 S.r.l.		LOCAT SV S.r.l. - SERIES 2005 (EX LOCAT SECURITISATION VEHICLE 3)		LOCAT SV S.r.l. - SERIES 2006	
Transaction type:	Traditional		Traditional		Traditional	
Originator:	Locat S.p.A.		Locat S.p.A.		Locat S.p.A.	
Issuer:	Locat Securitisation Vehicle 2 S.r.l.		Locat SV S.r.l. (ex Locat Securitisation Vehicle 3 S.r.l.)		Locat SV S.r.l.	
Servicer:	Locat S.p.A.		Locat S.p.A.		Locat S.p.A.	
Arranger:	Bayerische Hypo und - Vereinsbank, AG London Branch (ex UniCredit Banca Mobiliare S.p.A.)		Bayerische Hypo und - Vereinsbank, AG London Branch (ex UniCredit Banca Mobiliare S.p.A.)		Bayerische Hypo und - Vereinsbank, AG London Branch (ex UniCredit Banca Mobiliare S.p.A.)	
Purpose of the transaction:	Release of Regulatory Capital/Funding		Release of Regulatory Capital/Funding		Release of Regulatory Capital/Funding	
Type of asset securitised:	Cash credits from leasing contracts on automobiles, capital goods and real estate		Cash credits from leasing contracts on automobiles, capital goods and real estate		Cash credits from leasing contracts on automobiles, capital goods and real estate	
Quality of asset securitised:	performing		performing		performing	
Date of closing:	29-sept-04		14-oct-05		14-nov-06	
Nominal value of the portfolio:	€ 2.525.254.058		€ 2.000.000.136		€ 1.972.909.866	
Gross amount of pre-existing write-backs/ write-downs:						
Gains or losses from completed disposals:						
Portfolio disposal price:	€ 2.500.000.000		€ 2.000.000.136		€ 1.972.909.866	
Bank guarantees given:						
Third party guarantees given:						
Credit facilities granted by the bank:	-		-			
Credit facilities granted by third parties:						
Other forms of Credit Enhancement:	-		-			
Other significant information:	Portfolio recovery clause		Portfolio recovery clause		Portfolio recovery clause	
Rating Agencies:	Standard & Poor's / Moody's		Standard & Poor's / Moody's		Standard & Poor's / Moody's	
Amount of risks transferred via credit or other derivatives:						
Tranching amount and conditions:						
· ISIN	IT0003733083	IT0003733091	IT0003951107	IT0003951115	IT0004153661	IT0004153679
· Type	Senior	Mezzanine	Senior	Senior	Senior	Senior
· Grade	A	B	A1	A2	A1	A2
· Rating	AAA/Aaa	A/A2	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa
· Trading venue	Dublin	Dublin	Dublin	Dublin	Dublin	Dublin
· Issue date	18.10.2004	18.10.2004	18.11.2005	18.11.2005	14.12.2006	14.12.2006
· Official maturity date	01.12.2024	01.12.2024	12.12.2026	12.12.2026	01.12.2028	01.12.2028
· Call option	Clean-up call		Clean-up call		Clean-up call	
· Expected average life					1,88	8,9
· Rate	Euribor 3 m + 18 b.p.	Euribor 3 m + 55 b.p.	Euribor 3 m + 7 b.p.	Euribor 3 m + 15 b.p.	Euribor 3 m + 8 b.p.	Euribor 3 m + 16 b.p.
· Level of subordination	-	Sub. B	-	-	-	_
· Nominal value on issue	€ 2.374.000.000	€ 126.000.000	€ 451.000.000	€ 1.349.000.000	€ 400.000.000	€ 1.348.000.000
· Nominal value at year-end	€ 915.614.766	€ 126.000.000	€ 0	€ 906.104.414	€ 172.111.040	€ 1.348.000.000
· Subscribers	Institutional investors		Institutional investors		Institutional investors	

Part D) Other information (Continued)

(amounts in euro)

SECURITISATION:	LOCAT SECURITISATION VEHICLE 2 S.r.l.		LOCAT SV S.r.l. - SERIES 2005 (EX LOCAT SECURITISATION VEHICLE 3)		LOCAT SV S.r.l. - SERIES 2006	
· ISIN	-		IT0003951123	IT0003951131	IT0004153687	IT0004153695
· Type	D.P.P.		Mezzanine	Mezzanine	Mezzanine	Mezzanine
· Grade	-		B	C	B	C
· Rating	-		A/A2	BBB/Baa2	A/A2	BBB/Baa2
· Trading venue	-		Dublin	Dublin	Dublin	Dublin
· Issue date	18.10.2004		18.11.2005	18.11.2005	14.12.2006	14.12.2006
· Official maturity date	01.12.2024		12.12.2026	12.12.2026	01.12.2028	01.12.2028
· Call option	Clean-up call		Clean-up call		Clean-up call	
· Expected average life					17,12	17,12
· Rate	Euribor 3 m + 50 b.p.		Euribor 3 m + 39 b.p.	Euribor 3 m + 61 b.p.	Euribor 3 m + 35 b.p.	Euribor 3 m + 60 b.p.
· Level of subordination	Equity		Sub. A1, A2	Sub. A1, A2, B	Sub. A1, A2	Sub. A1, A2, B
· Nominal value on issue	€ 25.254.058		€ 160.000.000	€ 33.000.000	€ 152.000.000	€ 64.000.000
· Nominal value at year-end	€ 26.091.248		€ 160.000.000	€ 33.000.000	€ 152.000.000	€ 64.000.000
· Subscribers	Retained risk		Institutional investors		Institutional investors	
· ISIN			IT0003951149		IT0004153885	
· Type			Junior		Junior	
· Grade			D		D	
· Rating			-		n.r.	
· Trading venue			-		0	
· Issue date			18.11.2005		14.12.2006	
· Official maturity date			12.12.2026		01.12.2028	
· Call option			Clean-up call			
· Expected average life					17,12	
· Rate			Euribor 3 m + 200 b.p.		Euribor 3 m + 200 b.p.	
· Level of subordination			Equity		Equity	
· Nominal value on issue			€ 7.000.136		€ 8.909.866	
· Nominal value at year-end			€ 7.000.136		€ 8.909.866	
· Subscribers			UniCredit Leasing S.p.A. ex Locat S.p.A.		UniCredit Leasing S.p.A. ex Locat S.p.A.	

(amounts in euro)

SECURITISATION:	LOCAT SV S.r.l. - SERIES 2008		LOCAT SV S.r.l. - SERIES 2-2008	
Transaction type:	Traditional		Traditional	
Originator:	Locat S.p.A.		Locat S.p.A.	
Issuer:	Locat SV S.r.l.		Locat SV S.r.l.	
Servicer:	Locat S.p.A.		Locat S.p.A.	
Arranger:	Bayerische Hypo und - Vereinsbank, AG London Branch		Bayerische Hypo und - Vereinsbank, AG London Branch	
Purpose of the transaction:	Funding		Funding	
Type of asset securitised:	Cash credits from leasing contracts on automobiles, capital goods and, real estate		Cash credits from leasing contracts on automobiles, capital goods and, real estate and seagoing craft of various types	
Quality of asset securitised:	performing		performing	
Date of closing:	22.04.2008		06.11.2008	
Nominal value of the portfolio:	€ 2.488.922.538		€ 2.596.454.676	
Gross amount of pre-existing write-backs/write-downs:				
Gains or losses from completed disposals:				
Portfolio disposal price:	€ 2.488.922.538		€ 2.596.454.676	
Bank guarantees given:				
Third party guarantees given:				
Credit facilities granted by the bank:	-		-	
Credit facilities granted by third parties:				
Other forms of Credit Enhancement:	-		-	
Other significant information:	Portfolio recovery clause		Portfolio recovery clause	
Rating Agencies:	Standard & Poor's / Moody's		Standard & Poor's	
Amount of risks transferred via credit or other derivatives:				
Tranching amount and conditions:				
· ISIN	IT0004372253	IT0004372261	IT0004432941	IT0004432933
· Type	Senior	Senior	Senior	Junior
· Grade	A1	A2	A	B
· Rating	AAA/Aaa	AAA/Aaa	A+	n.r.
· Trading venue	Dublin	Dublin	Dublin	-
· Issue date	22.05.2008	22.05.2008	20.11.2008	20.11.2008
· Official maturity date	22.05.2035	22.05.2035	20.11.2035	20.11.2035
· Call option	Clean-up call		Clean-up call	
· Expected average life	from 1.56 to 1.94 years based on the scenario	from 1.56 to 1.94 years based on the scenario	from 1.56 to 4.37 years based on the scenario	
· Rate	Euribor 3 m + 65 b.p.	Euribor 3 m + 65 b.p.	Euribor 3 m + 80 b.p.	Euribor 3 m + 200 b.p.
· Level of subordination	-	-	-	Equity
· Nominal value on issue	€ 550.000.000	€ 1.591.000.000	€ 2.300.500.000	€ 295.954.676
· Nominal value at year-end	€ 550.000.000	€ 1.591.000.000	€ 2.300.500.000	€ 295.954.676
· Subscribers	UniCredit S.p.A.		UniCredit S.p.A.	UniCredit Leasing S.p.A. ex Locat S.p.A.
· ISIN	IT0004372279	IT0004372287		
· Type	Mezzanine	Mezzanine		
· Grade	B	C		
· Rating	A/Aa3	BBB/A3		
· Trading venue	Dublin	Dublin		
· Issue date	22.05.2008	22.05.2008		
· Official maturity date	22.05.2035	22.05.2035		
· Call option	Clean-up call			
· Expected average life	from 1.56 to 11.74 years based on the scenario	from 1.56 to 12.07 years based on the scenario		
· Rate	Euribor 3 m + 300 b.p	Euribor 3 m + 450 b.p.		
· Level of subordination	Sub A1, A2	Sub A1, A2, B		
· Nominal value on issue	€ 141.000.000	€ 61.000.000		
· Nominal value at year-end	€ 141.000.000	€ 61.000.000		
· Subscribers	UniCredit Leasing S.p.A. - ex Locat S.p.A.			

Part D) Other information (CONTINUED)

(amounts in euro)

SECURITISATION:	LOCAT SV S.r.l. - SERIES 2008		LOCAT SV S.r.l. - SERIES 2-2008	
· ISIN	IT0004372295			
· Type	Junior			
· Grade	D			
· Rating	n.r.			
· Trading venue	-			
· Issue date	22.05.2008			
· Official maturity date	22.05.2035			
· Call option				
· Expected average life	17,12			
· Rate	Euribor 3 m + 200 b.p.			
· Level of subordination	Equity			
· Nominal value on issue	€ 145.922.536			
· Nominal value at year-end	€ 145.922.536			
· Subscribers	UniCredit Leasing S.p.A. ex Locat S.p.A.			

Quantitative information

1. Exposures deriving from securitisations broken down by quality of underlying asset

	OFF-BALANCE SHEET EXPOSURES						GUARANTEES GIVEN						CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
UNDERLYING ASSET QUALITY/ EXPOSURES	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:	**-**	**-**	**202.000**	**202.000**	**490.324**	**642.778**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	202.000	202.000	490.324	642.778	-	-	-	-	-	-	-	-	-	-	-	-
B. With third party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			**202.000**	**202.000**	**490.324**	**642.778**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

In the case of securitisation transactions in which the transferred assets remain fully recorded in Balance Sheet assets, gross and net exposures, correspond to the "controlled risk", measured, respectively, as the difference between assets transferred and the corresponding liabilities on the date of transfer and the Balance Sheet reference date.

The gross cash exposure represents the balance at the transaction closing date, whilst the net balance refers to the Balance Sheet date.

2. Exposures deriving from main "own" securitisations broken down by securitised asset type and by exposure type

	OFF-BALANCE SHEET EXPOSURES						GUARANTEES GIVEN						CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
SECURITISED ASSET TYPE/ EXPOSURES	BOOK VALUE	WRITE-DOWNS/ WRITE-BACKS	BOOK VALUE	WRITE-DOWNS/ WRITE-BACKS	BOOK VALUE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Subject to full derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferor/type																		
Underlying credit type																		
B. Subject to partial derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	-	-	**202.000**	-	**642.778**	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferor/type																		
Underlying loan type																		
C.1 Locat Securitisation Vehicle 2																		
Lease instalments - automobiles/ capital goods/real estate	-	-	-	-	103.162	-	-	-	-	-	-	-	-	-	-	-	-	-
C.2 Locat SV - Series 2005																		
Lease instalments - automobiles/ capital goods/real estate	-	-	-	-	46.382	-	-	-	-	-	-	-	-	-	-	-	-	-
C.3 Locat SV - Series 2006																		
Lease instalments - automobiles/ capital goods/real estate	-	-	-	-	47.582	-	-	-	-	-	-	-	-	-	-	-	-	-
C.4 Locat SV - Series 2008																		
Lease instalments - automobiles/ capital goods/real estate	-	-	202.000	-	149.841	-	-	-	-	-	-	-	-	-	-	-	-	-
C.5 Locat SV - Series 2-2008																		
Lease instalments - automobiles/ capital goods/real estate/seagoing craft of various types	-	-	-	-	295.811	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	**202.000**	-	**642.778**	-	-	-	-	-	-	-	-	-	-	-	-	-

Part D) Other information (Continued)

3. Total securitised assets underlying junior securities or other forms of credit		
ASSETS/VALUES	TRADITIONAL SECURITISATIONS	SYNTHETIC SECURITISATIONS
A. Own underlying assets:	**9.006.886**	**-**
A.1 Subject to full derecognition	**-**	**-**
1. Non-performing	-	X
2. Problem	-	X
3. Restructured exposures	-	X
4. Matured exposures	-	X
5. Other assets	-	X
A.2 Subject to partial derecognition	**-**	**-**
1. Non-performing	-	X
2. Problem	-	X
3. Restructured exposures	-	X
4. Matured exposures	-	X
5. Other assets	-	X
A.3 Not derecognised	**9.006.886**	**-**
1. Non-performing	41.981	-
2. Problem	18.144	-
3. Restructured exposures	4.362	-
4. Matured exposures	92.886	-
5. Other assets	8.849.513	-
B. Third party underlying assets:	**-**	**-**
1. Non-performing	-	-
2. Problem	-	-
3. Restructured exposures	-	-
4. Matured exposures	-	-
5. Other assets	-	-
Total	**9.006.886**	**-**

4. Servicer activities - collection of securitised loans and security reimbursements by the SPV

SERVICER	SPV	ASSETS SECURITISED AS AT 31.12.2008		LOAN COLLECTIONS COMPLETED IN 2008		PERCENTAGE OF SECURITIES REIMBURSED AS AT 31.12.2008					
						SENIOR		MEZZANINE		JUNIOR	
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING
UniCredit Leasing S.p.A. ex Locat S.p.A.	Locat Securitisation Vehicle 2 S.r.l.	29.921	1.093.186	5.373	659.517	-	61,43%	-	-	-	-
UniCredit Leasing S.p.A. ex Locat S.p.A.	Locat S.V. S.r.l. - Series 2005	47.469	1.074.730	8.235	719.358	-	49,66%	-	-	-	-
UniCredit Leasing S.p.A. ex Locat S.p.A.	Locat S.V. S.r.l. - Series 2006	63.241	1.682.366	9.921	971.088	-	13,04%	-	-	-	-
UniCredit Leasing S.p.A. ex Locat S.p.A.	Locat S.V. S.r.l. - Series 2008	15.997	2.440.952	247	540.974	-	-	-	-	-	-
UniCredit Leasing S.p.A. ex Locat S.p.A.	Locat S.V. S.r.l. - Series 2-2008	745	2.558.279	-	119.425	-	-	-	-	-	-
Total		**157.373**	**8.849.513**	**23.776**	**3.010.362**						

Please note that, with regard to the company Locat SV S.r.l., two new transactions have been carried out during the financial year.

5. Financial liabilities against financial assets transferred and not written off

LIABILITIES/ASSETS PORTFOLIO	FINANCIAL ASSETS VALUED AT FAIR VALUE	AVAILABLE-FOR-SALE FINANCIAL ASSETS	FINANCIAL ASSETS HELD TO MATURITY	PAYABLES TO BANKS	PAYABLES TO CUSTOMERS	TOTAL
1. Payables due to customers	**-**	**-**	**-**	**-**	**8.161.299**	**8.161.299**
a) against fully recognised assets:	-	-	-	-	-	-
Locat Securitisation Vehicle 2	-	-	-	-	1.019.942	1.019.942
Locat SV - Series 2005	-	-	-	-	1.075.807	1.075.807
Locat SV - Series 2006	-	-	-	-	1.698.011	1.698.011
Locat SV - Series 2008	-	-	-	-	2.104.334	2.104.334
Locat SV - Series 2-2008	-	-	-	-	2.263.205	2.263.205
b) against partially recognised assets	-	-	-	-	-	-
2. Payables due to banks	**-**	**-**	**-**	**-**	**-**	**-**
a) against fully recognised assets:	-	-	-	-	-	-
b) against partially recognised assets	-	-	-	-	-	-
Total 2008	**-**	**-**	**-**	**-**	**8.161.299**	**8.161.299**
Total 2007	**-**	**-**	**-**	**-**	**4.977.514**	**4.977.514**

Part D) Other information (CONTINUED)

(amounts in thousands of euro)

Section 3 - Information on risks and related hedging policies

3.1 CREDIT RISK

Qualitative information

1. General aspects

As from 31 December 2008, the management and, more generally, the administration of credit risks are carried out by means of the most advanced methodology, as required by Circular no. 263 of the Bank of Italy: the Advanced Internal Ratings Based system (AIRB).

This system is based on an IT platform that, over the years, has enabled the Company to manage direct and indirect risks (per counterpart and groups) through the integration of all accounting and management information of the relationship, from the first registration to the end of the relationship.

Since 2001, this platform has been further enriched with an IT instrument (electronic practice) that has also allowed to acquire and manage, both automatically and manually, all credit information of the customers and, in some cases, to analyse the credit worthiness and assume the risks in real time (electronic deliberation).

Since 2005, credit processes and instruments have been further implemented so as to comply with the new Revised International Capital Framework of June 2004 issued by the Basel Committee, with Circular no. 263 of December 2006 published by the Bank of Italy and with Circular no. 216 of July 2007 issued by the Bank of Italy.

2. Organisational and regulatory aspects

The whole credit activity (analysis, payment, monitoring and control) is carried out based on the said AIRB system, in compliance with the policies that have been issued in the last years by the Parent Company UniCredit S.p.A. and resolved by the Board of Directors of the Company. Compliance with these policies is ensured by the widespread diffusion of Service Orders, Organisational Communications and Credit Recommendations, as well as by the update of different dossiers on the regulation of credit activity.
The diffusion of all necessary information is ensured by the fact that all documents are available to employees on the corporate portal.
More specifically, from 2005 to 2008 several training courses have been carried out on the AIRB System, in class, in audio/video-conference, at the company's headquarters and throughout the territory.

3. Management, measurement and control systems

The classification, monitoring and management of risks are fully supported by the IT System, which is duly integrated into the Group Systems and is able to automatically acquire and manage credit information coming from the greater part of the Italian Credit Bureaux and Risk Centres.

Classification of customers

In January 2006, the implementation of the AIRB System and the need to have - where customers are equal - an univocal counterparty rating, led the Company to classify them in a way similar to the provisions set out within the Group.

The distribution of loans according to this classification is provided below:

CUSTOMER TYPE	COMMITMENTS 31.12.2008
Foreign	406.189
Corporate	10.154.881
Small businesses	6.900.914
Newcos	174.231
Public/private institutions	101.102
Banks/Asset Management/Insurance	158.215
Natural persons/professionals	750.827
Large Corporate	305.822
Multinationals	727.507
Total commitments to tenants	**19.679.688**
Sundry receivables (*)	43.171
Total commitments	**19.722.859**

(*) invoices to be issued for pre-leasing interests and other receivables due from non-leaseholders.

Rating system

With regard to the common criteria that are shared by the whole Group, the IT System of the Company identifies the customers' segment and directly acquires the "top" rating from a Bank of the Group (thus ensuring the univocality of the rating within the Group) or it activates a rating system similar to that of the bank for exclusive customers.

In order to take account of the peculiarities of the lease (i.e. different default rates of the lease product compared to other banking products and, with regard to finance lease, of different default rates according to the segment: capital goods, real estate, registered vehicles and aircraft) the transaction rating is calculated, which is also called pool or contract rating.

Within the AIRB System, the Company has also identified an Exposure At Default model - EAD (showing that this value is mainly in line with the contract exposure on the analysis date) and a Loss Given Default grille - LGD (based on the information arising from the contracts terminated after litigation in the last 8 years).

While taking into account, following the default, all internal and external costs and revenues that have been duly discounted, the most significant factor that affects the LGD is the asset, so that a distribution of loans by macro-segment has proven significant; this is provided below together with the Probability of Default (average PD) and the average LGD.

PERFORMING CONTRACTS	COMMITMENTS 31.12.2008	AVERAGE PD	AVERAGE LGD
Registered vehicles	1.568.963	3,33%	32,81%
Capital goods	3.634.419	2,66%	49,14%
Aircraft	1.682.054	5,21%	36,87%
Real estate	11.841.442	2,64%	15,98%
Total segments	**18.726.878**	**2,93%**	**25,71%**
Unclassified	43.171		
Total commitments	**18.770.049**		

CONTRACTS IN DEFAULT	COMMITMENTS 31.12.2008	AVERAGE PD	AVERAGE LGD
Registered vehicles	65.638	100,00%	26,30%
Capital goods	137.744	100,00%	34,93%
Aircraft	110.437	100,00%	41,27%
Real estate	638.991	100,00%	10,40%
Total segments	**952.810**	**100,00%**	**18,55%**

Total performing and default contracts	**19.722.859**

Use of AIRB - Credit powers

Based on these values - that have been calculated and historicised for each contract upon payment and monitoring - the Company has progressively enriched and steered both the acquisition of transactions and the management of risks.
The AIRB values have been included in all credit instruments used by the Company and available to both analysts and deliberating bodies.

For each transaction to be analysed or existing contract with the same counterpart and/or group, the PD and LGD, that are duly weighted and influenced by the maturity, establish a sort of "weighted risk exposure" that determines the body that has the power to take resolutions.

The weighted risk (i.e. the nominal exposure multiplied by the weighting factor), that is automatically calculated by the IT System, is described in the reports supporting the payment and influences the powers of all Company's deliberating bodies, including collective bodies and the electronic deliberation.
The same IT system monitors that the delegated powers allow the deliberating body to authorise the transaction; otherwise, the inclusion of the resolution and the progress of the application would not be possible.

It is obvious that the above-mentioned indications are one of the aspects of the proxy system. Credit powers are influenced by many other factors, that are mainly managed by the IT System: limits on the type of assets (e.g. horses); type of customer (e.g. weapons manufacturers); type of transaction (e.g. lease-back, loans); amount (aggregations with other Group's exposures, in Italy and abroad, "Non-Binding Opinion" of holdings, supervision limits, etc.).
The Probability of Default and, more generally, the Expected Loss influence the credit payment system, by supporting analysts and defining the weighted risks and, consequently, also the deliberating bodies.

Part D) Other information (Continued)

Use of AIRB - Pricing

The Expected Loss, that has been transformed into annual risk cost, allows the Company to calculate the pricing of each transaction.
In this case, other values linked to each transaction are taken into account, among which: capital cost (AIRB compliance), internal costs, funding cost, commissions to the commercial network, Economic Value Added (EVA).
Also this fully automated system influences all contracts, requires a representation in the reports supporting the payment and includes a strict proxy process which records and historicises any change in the original conditions, by adequately supporting the derogating functions.

Use of AIRB - Classification of loans

The values and indications provided by the AIRB System have also influenced the classification of loans.

As set out by the regulations, the so-called past due loans have been established between performing loans and restructured/problem/non-performing loans. These are represented by contracts past due by more than 180 days (90 days for foreign counterparts) with materiality threshold (overdue portion over an exposure higher than 5%).

Performing contracts have been classified based on the time elapsed as overdue, in order to both facilitate risk management and duly represent the 90 days maturity, that shall replace the 180 days maturity as from 2012, pursuant to the law.

The complete classification and the loans as at 31 December 2008 are detailed below:

LOAN CLASSIFICATION	COMMITMENTS 31.12.2008	AVERAGE PD
Performing/no risk	17.404.467	1,90%
Performing - Risk grade I	492.981	12,70%
Performing - Risk grade II	741.276	19,10%
Performing - Risk grade III	88.154	21,50%
Past Due 180 + Past Due 90	485.541	100,00%
Restructured	45.873	100,00%
Problem	109.194	100,00%
Non-performing	312.202	100,00%
Total	**19.679.688**	
Unclassified	43.171	
Total commitments	**19.722.859**	

The said classification of loans was linked with specific credit recovery activities.
The processes include automated solicitation activities in the less serious cases, sometimes accompanied by phone collection activities carried out by internal structures over the territory.
If these activities do not produce satisfactory outcomes, they are managed by the Group's Bank specialised in credit recovery (UniCredit Credit Management Bank S.p.A.), with which a specific agreement was signed. In the most serious cases, the contracts are terminated and managed by the legal sector of the Company or of UniCredit Credit Management Bank S.p.A..

Use of AIRB - Value Adjustments

Starting from this year, the Expected Loss, that has been defined according to the AIRB methodology, also governs the value adjustments on performing and default contracts.

With regard to performing contracts, the Company has complied with the group policy concerning the losses incurred, but not yet recorded, according to which the provisions on these contracts are equal to the Expected Loss product of each contract for the delay between the impairment of the debtor's financial position and the classification of the loan among default assets (Loss Confirmation Period - LCP).

Through the implementation of this policy, the Company comes into line with the IAS standards, according to which no provisions should be made for performing counterparts (whose fees have to bear the cost of the risk without the need for further provisions), by planning value adjustments so as to take into account the hidden risk in some positions, although this has not been already measured by the IT system.

For the LCP estimate, the time difference between the last regular payment of the customer and the date of recording of the default was calculated, by taking into account - at the beginning of the period - only those agreements for which payment defaults had already been registered. Through this methodology, that is shared with the Parent Company, the LCP as at 31 December 2008 was equal to 9.147 months (76.2% y-o-y).

The provisions for performing contracts were equal to the result arising from the related EL and the said LCP, as shown in the following table.

PERFORMING CONTRACTS	COMMITMENTS 31.12.2008	PA
Registered vehicles	1.568.963	18.138
Capital goods	3.634.419	50.535
Aircraft	1.682.054	33.738
Real estate	11.841.442	50.228
Total segments	**18.726.878**	**152.639**
Loss Confirmation Period		76,20%
Total Performing-No risk provisions		**116.312**

It is necessary to add 3,852 thousand euro to these performing provisions, for commitments taken for contracts signed but not yet effective (these adjustments are not shown in the financial statements as a reduction of the loan, but as an increase in the item "Other liabilities").

COMMITMENT CLASSIFICATION	COMMITMENTS 31.12.2008	AVERAGE PD	AVERAGE LGD	PA
Registered vehicles	13.030	2,11%	31,10%	84
Capital goods	259.450	1,98%	47,69%	2.611
Aircraft	131.177	4,34%	41,31%	2.026
Real estate	664.712	0,33%	15,98%	334
Total commitments	**1.068.369**	**1,25%**	**26,97%**	**5.055**
LCP year-on-year				76,20%
Total provisions				**3.852**

Part D) Other information (CONTINUED)

With regard to the provision of default contracts, only the EL was taken into account and finally - since the PD was equal to 100% - only the LGD was considered, that was differentiated according to the type of asset.

This LGD was increased due to the valuation of the residual exposure following the sale of the assets and it was mitigated for past due contracts, so as to take into account the percentage of return to the performing category.

Finally, with regard to the quantification of provisions, the time effect and the manual adjustments made for single transactions ("best approximation of the expected loss") have been taken into account.

The adjustments on default positions according to the said methodology are detailed below:

LOAN TYPE	PROVISIONS 31.12.2008
Past Due	37.989
Restructured	4.725
Problem	37.137
Non-performing	209.493
Total default	**289.344**

Use of AIRB - Control actions
First-and second-level control actions (both analytic and synthetic) are adequately supported by the IT System that, in many cases, represents the first and most efficient instrument for operational control.

The most important values of the AIRB System (first of all, PD and LGD) were included in the Credits Datamart of the Company (created in 2002) that represents the source of data for differentiated analyses on the credit portfolio and for the preparation of the related management reports.

Through the said AIRB elements, reports are created on the portfolio quality for relevant values, such as: submitting channel, deliberating body, area, branch, geographical area, product.

2.3 Credit risk mitigation techniques
The credit risk is mitigated, on the occasion of paying out new credit lines, or in the case of transfers, relocations, additions, by real and personal guarantees.

The process entailing the acquisition and management of guarantees is particularly strict and involves a careful first- and second-level control activity.
The overall operations are supported by an adequate IT System, that enables to fill in documents automatically (sureties, repurchase agreements, succession commitments, commitment patronage, pledges, etc.) with information compliant with the provisions taken upon proposal. Amendments to standard texts through documented requests on the System can only be made by the Legal and Credit Analysis Organisational units.
Guarantee documents are vetted by the manager before and during signature (asset, signature and powers), then by the branch (documents are matched with what is stored in the System) and eventually by the headquarters (formal completeness of the document before storing it in flame-proof storage areas with confirmation delivery of the most important documents).

Even though the guarantee is an accessory element to the main risk, the IT System automatically verifies direct and indirect previous risks, involving the customer (group) and the guarantor (group), informing itself of any higher risk, for the purposes of the definition by the deliberating body (this risk is weighted in a way similar to that of underlying direct risks, always based on AIRB values).

The acquired asset, that is classified in pre-established categories, plays a central role in real guarantees. Each class of asset is assigned a depreciation value that is also updated by an internal technical office. This allows the asset to be valued for resolution purposes. A specific technical form, stored in the System and linked to the proposal, is prepared for high value assets. Finally, an inspection by an external professional is required for used assets, properties and particular assets. If the assets are more standardised (for example, light- and heavy-duty vehicles), the asset is valued using the LGD of the related asset category.

2.4 Impaired financial assets

The process of managing impaired financial assets was subject to a deep restructuring during the second half of 2008.

The "phone collection" structures of the Company - which operate in the first stages of insolvency - were sided, as already mentioned above, by some UniCredit Credit Management Bank S.p.A. structures that, according to a new agreement signed with the Company, carry out credit recovery activities until the closure of the dossier.

The activities are:

- governed by internal rules and the said agreement, which set out limits and specific resolution autonomy;
- supported by the IT System (further implementations are being carried out, aimed at improving the control and operations by using and taking into account also the AIRB values);
- governed by Headquarters' structures of the Company under the control of the CRO Division (Credit Risk Officer) that, in its turn, reports to the administrative bodies.

2.5 Basel II - The standard methodology

2008 is the first of two years of experience necessary for the Company to request authorisation from the Bank of Italy for the application of the AIRB methodology (the endorsement request will be submitted by 31 December 2009).

The Company - that qualifies as Financial Broker registered in the Special List - has to follow the Supervisory Instructions set out in Circular no. 216 of 5 August 1996 and subsequent amendments, solely with regard to the standard methodology.

In this context, the Company - also through the support provided by the UniCredit Group - distributed its portfolio in the classes established by the regulations: bank portfolios, supervised brokers, public entities, etc. but also retail portfolio and the portfolio of "exposures guaranteed by real estate property".

In the latter case the Company meets all the conditions required by legal regulations and in particular:

- it has been keeping the market values of real estate property constantly updated for the past two years through semi-automated procedures that take account of public price lists;
- it has engaged its own external experts to update the value of the real estate property as required by the legal provisions;
- it manually feeds, for all transactions, a field in the IT System which establishes if the debtor repayment ability depends, to a great extent, from the cash flows generated by the underlying property.

Part D) Other information (CONTINUED)

Quantitative information

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

1.1 Breakdown of financial assets						
PORTFOLIO/QUALITY	NON-PERFORMING	PROBLEM ASSETS	RESTRUCTURED ASSETS	MATURED ASSETS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	-	-
2. Financial assets valued at *fair value*	-	-	-	-	-	-
3. Available-for-sale financial assets	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
5. Receivables due from banks	-	-	-	-	31.208	31.208
6. Receivables due from financial institutions	-	-	-	-	73.781	73.781
7. Receivables due from customers	312.858	109.193	45.873	485.542	18.758.374	19.711.840
8. Other assets	-	-	-	-	-	-
9. Hedging derivatives	-	-	-	-	-	-
Gross Total	312.858	109.193	45.873	485.873	18.863.032	19.816.829
of which: transferred assets not written off	41.981	18.144	4.362	92.886	8.849.513	9.006.886
Net Total	270.877	91.049	41.511	392.656	10.013.850	10.809.943

2. Exposure towards banks, financial institutions and customers (Item 60 of assets)

2.1 Exposures: gross and net values				
EXPOSURE TYPE/VALUE	GROSS EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO WRITE-DOWNS	NET EXPOSURE
A. IMPAIRED ASSETS				
1) Non-performing	**523.500**	**(210.642)**	**-**	**312.858**
- Funding	523.500	(210.642)	-	312.858
- Securities	-	-	-	-
- Credit commitments	-	-	-	-
- Grant commitments	-	-	-	-
- Other assets	-	-	-	-
2) Problem assets	**146.479**	**(37.286)**	**-**	**109.193**
- Funding	146.479	(37.286)	-	109.193
- Securities	-	-	-	-
- Credit commitments	-	-	-	-
- Grant commitments	-	-	-	-
- Other assets	-	-	-	-
3) Restructured assets	**50.598**	**(4.725)**	**-**	**45.873**
- Funding	50.598	(4.725)	-	45.873
- Securities	-	-	-	-
- Credit commitments	-	-	-	-
- Grant commitments	-	-	-	-
- Other assets	-	-	-	-
4) Matured assets	**523.531**	**(37.989)**	**-**	**485.542**
- Funding	523.531	(37.989)	-	485.542
- Securities	-	-	-	-
- Credit commitments	-	-	-	-
- Grant commitments	-	-	-	-
- Other assets	-	-	-	-
Total A	**1.244.108**	**(290.642)**	**-**	**953.466**
B. PERFORMING ASSETS				
- Funding	18.979.675	-	(116.312)	18.863.363
- Securities	-	-	-	-
- Credit commitments	-	-	-	-
- Grant commitments	-	-	-	-
- Other assets	-	-	-	-
Total B	**18.979.675**		**(116.312)**	**18.863.363**
Total A+B	**20.223.783**	**(290.642)**	**(116.312)**	**19.816.829**

Part D) Other information (Continued)

3. Credit concentration

3.1 Breakdown of loans to companies

3.1.1 Allocation of funding by business segment		
EXPOSURE TYPE/VALUE	TOTAL 31.12.2008	TOTAL 31.12.2007
1. Debt securities issued by:	**-**	**-**
a) Governments	-	-
b) Other public institutions	-	-
c) Other issuers:	-	-
- non-financial companies	-	-
- finance companies	-	-
- insurance companies	-	-
- other	-	-
2. Funding to:	**8.542.073**	**9.618.671**
a) Governments	11	-
b) Other public institutions	72.640	43.620
c) Other issuers:	8.469.422	9.575.051
- non-financial companies	7.679.036	8.572.260
- finance companies	134.766	124.594
- insurance companies	276	678
- other	655.344	877.519
3. Impaired assets	**796.093**	**180.021**
a) Governments	-	-
b) Other public institutions	1.641	5.339
c) Other issuers:	794.452	174.682
- non-financial companies	760.794	161.641
- finance companies	1.418	223
- insurance companies	-	-
- other	32.240	12.818
4. Transferred assets not written off	**9.004.839**	**5.117.291**
a) Governments	-	-
b) Other public institutions	-	-
c) Other issuers:	9.004.839	5.117.291
- non-financial companies	8.487.645	5.086.023
- finance companies	35.136	25.507
- insurance companies	48	28
- other	482.010	5.733
Total	**18.343.005**	**14.915.983**

The amounts do not include the balances relating to assets in progress and assets to be leased.

3.1.2. Allocation of funding to non-financial companies by business segment		
BUSINESS SEGMENT	TOTAL 31.12.2008	TOTAL 31.12.2007
Agriculture - forestry - fishing	83.857	103.740
Energy	233.350	196.408
Minerals, ferrous and non-ferrous metals (non-fossil, non-fertile)	122.952	95.115
Minerals and non metal-based mineral products	296.008	220.834
Chemical products	124.364	99.507
Metal products except machines and transport	884.452	758.768
Agricultural and industrial machinery	495.381	418.781
Office machines, data processors, precision instruments, optical instruments and similar	135.274	129.626
Electrical materials and supplies	208.649	182.288
Transport	280.162	220.531
Foods, beverages and tobacco products	407.900	312.086
Textiles, leather and footwear, apparel	419.854	350.900
Paper, paper goods, printing and publishing products	384.924	360.353
Rubber and plastic products	210.299	178.148
Other industrial products	348.012	280.901
Building and public works	1.787.022	1.311.405
Marketing, salvage and repair services	2.346.254	1.919.059
Hotel, restaurant and bar services	445.929	292.375
Internal transport services	694.430	584.778
Sea and air transport services	316.154	315.934
Transport-related services	266.795	197.688
Communications services	40.907	33.326
Other saleable services	6.394.546	5.257.373
Total	**16.927.475**	**13.819.924**

3.2 Significant exposures

In line with the Bank of Italy's provisions, exposures in excess of 15% of the Company's regulatory capital are considered large risks.
As at 31 December 2008 there was an exposure that amounted to large risks.

31.12.2008		31.12.2007	
No. of positions	Amount (in thousands of euro)	No. of positions	Amount (in thousands of euro)
1	169.711	-	-

Part D) Other information (Continued)

3.2 MARKET RISK

3.2.1 Interest rate risk

Qualitative information

1. General aspects

The management and control of market risks are carried out according to well-established procedures, that are adequately supported by the IT system and duly governed by corporate rules.

Even if the Company does not operate in trading, it is exposed to both interest rate risk and exchange rate risk, although the low level of these risks does not imply the need to hold capital to this regard.

The management of market risks implies a first control by a specialised structure within the Chief Financial Officer area, and a second phase control made by a Chief Risk Officer's structure. Adequate reports are discussed during the Risk Committee of the Company, at least on a quarterly basis.

Quantitative information

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

ITEMS/RESIDUAL LIFE	UP TO 3 MONTHS	3 - 6 MONTHS	6 MONTHS 1 YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS	INFINITE LIFE
1. Assets	**8.567.314**	**227.437**	**100.514**	**692.380**	**263.384**	**392.186**	**566.914**
1.1 Debt securities	-	-	-	-	186	-	-
1.2 Receivables	8.567.314	227.437	100.514	692.380	263.198	392.186	566.914
1.3 Other assets	-	-	-	-	-	-	-
2. Liabilities	**9.887.928**	**388.235**	**287.737**	**39.035**	**10.946**	**602**	**235.335**
2.1 Payables	9.887.928	388.235	287.737	39.035	10.946	602	235.335
2.2 Securities issued	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-
3. Derivatives	**3.108.202**	**45.832**	**54.954**	**168.549**	**26.799**	**9.961**	**-**

2. Models and other methodologies for measuring and managing interest rate risk

In line with the guidelines provided by the Parent Company, the Company uses Sensitivity Analysis and Gap Liquidity Analysis methodologies for measuring interest rate risk. These methodologies allow accurate monitoring of positions and timely definition of any corrective actions.

3.2.2 Price risk

Qualitative and quantitative information

Given the nature of its operations, the Company is not exposed to price risks.

3.2.3 Exchange rate risk

Qualitative information

1. General aspects

The Company's operations regarding exchange rates entail the assumption of loans during leasing operations carried out in foreign currencies i.e. index-linked to the trend in exchange rates of foreign currencies.

Operations are systematically monitored, with the aim of ensuring a substantial cancelling of the overall net exposure for each currency.

Quantitative information

1. Breakdown of assets, liabilities and derivatives by currency

	CURRENCY					
ITEMS	US DOLLARS	GB POUNDS	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
1. Financial assets	**(97.258)**	**-**	**(66.044)**	**-**	**(145.287)**	**(2)**
1.1 Debt securities	-	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-	-
1.3 Receivables	(97.258)	-	(66.044)	-	(145.287)	(2)
1.4 Other financial assets	-	-	-	-	-	-
2. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities	**96.312**	**-**	**65.955**	**-**	**143.552**	**-**
3.1 Payables	96.312	-	65.955	-	143.552	-
3.2 Securities issued	-	-	-	-	-	-
3.3 Other financial liabilities	-	-	-	-	-	-
4. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**
5. Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
5.1 Derivatives classed as assets	-	-	-	-	-	-
5.2 Derivatives classed as liabilities	-	-	-	-	-	-
Total assets	**(97.258)**	**-**	**(66.044)**	**-**	**(145.287)**	**(2)**
Total liabilities	**96.312**	**-**	**65.955**	**-**	**143.552**	**-**
Imbalance (+/-)	**(946)**	**-**	**(89)**	**-**	**(1.735)**	**(2)**

Part D) Other information (Continued)

Values are expressed in thousands of euro, using the exchange rate ruling at the year end.
The surplus of debit positions over credit positions refers to payables in foreign currencies assumed for finance lease transactions which, although in euro, are index-linked to the exchange rate of the same currency as the loan.

3.3 Operational risks

Qualitative information

1. General aspects, operational risk management processes
In March 2008, the Bank of Italy authorised UniCredit Leasing S.p.A. to apply the advanced methodology for the management of operational risks: the AMA model (Advanced Measurement Approach).

This authorisation was obtained thanks to the work carried out in the last four years and confirmed by the positive results achieved in the validation of processes, structures and tools set up by the Company itself, as well as by the verifications carried out on the subject by UniCredit Audit S.p.A. and by the Parent Company (Operational Risk Management function).

The Company has been working for several years with a well-established procedure, that is integrated into all company structures, duly supported by the IT System and managed by a specialised team and by a risk committee that periodically assesses any report and criticality.

UniCredit Leasing S.p.A. is able to identify, measure, monitor and mitigate the operational risks by means of recording processes, classification systems, adequate reports and proper proposals to change operations or aimed at adding further control points to mitigate errors or frauds or to reduce potential risks arising from the analysis of indicators.

Quantitative information

Loss classification by Basel 2 event type

	2006			
EVENT TYPE	No. OF LOSS EVENTS	LOSS VOLUMES	RECOVERED VOLUMES	NET LOSS VOLUMES
01 - Internal fraud	2	124.950	76.950	48.000
02 - External fraud	5	1.059.858	338.596	721.262
03 - Employment and work safety-related	-	-	-	-
04 - Customers, products and operating practices	-	-	-	-
05 - Damage to property, plant and equipment	45	47.187	28.234	18.953
06 - Work stoppages and IT system malfunction	1	1.000	-	1.000
07 - Process execution, delivery and management	47	75.016	6.361	68.655
TOTAL LOSSES	**100**	**1.308.011**	**450.141**	**857.870**

2007				2008			
No. OF LOSS EVENTS	LOSS VOLUMES	RECOVERED VOLUMES	NET LOSS VOLUMES	No. OF LOSS EVENTS	LOSS VOLUMES	RECOVERED VOLUMES	NET LOSS VOLUMES
-	-	35.984	-35.984	-	-	-	-
6	22.613	121.600	-98.987	-	-	198.412	-198.412
-	-	-	-	1	100.100	-	100.100
-	-	-	-	-	-	-	-
70	80.172	40.716	39.456	13	26.004	8.001	18.003
-	-	-	-	-	-	-	-
65	786.238	66.811	719.427	30	194.200	1.012	193.188
141	**889.023**	**265.111**	**623.912**	**44**	**320.304**	**207.425**	**112.879**

The amounts of (gross and net) operational losses in 2008 is significantly lower than in the two previous financial years.

The Company has not incurred operational losses with regard to Basel II events: “Internal fraud” (item 01), “External fraud“ (item 02), “Clients, products and business practices” (item 04) and “Business disruption and systems failures” (item 06).
With regard to “External frauds” (item 02), the activities aimed at recovering the amounts not paid after a significant loss event occurred in 2006 are being carried out.

On the other hand, a loss related to “Employment practices and safety on the workplace” (item 03) is recorded for the first time, with regard to a dispute with a former employee.

The item 05 “Damage to physical assets” records an up and down performance and mainly refers to car accident claims of owned cars and to franchises of hire cars.
Losses on “Execution, delivery and process management” (item 07) are the most significant, even if the interventions on the processes allowed to decrease their number.

Part D) Other information (Continued)

Section 4 - Transactions with related parties

Types of related parties, as defined by IAS 24, that are significant for UniCredit Leasing S.p.A., include:

- subsidiary companies;
- the Parent Company and companies belonging to the UniCredit Group;
- the Directors and top management of UniCredit Leasing S.p.A. and UniCredit Group (*"key management personnel"*);
- close family members of *"key management personnel"* and companies controlled by (or connected with) *"key management personnel"* or their close family members;
- pension funds in favour of employees of UniCredit Group.

In order to ensure that any legal and regulatory provisions currently in force concerning the disclosure of transactions with related parties are constantly complied with, the UniCredit Group has adopted for some time a procedure to identify the transactions in question according to which the deliberating bodies provide suitable information flows to fulfil the disclosure requirements imposed by applicable provisions.

In particular, the Parent Company has issued indications necessary for systematically fulfilling the above-mentioned reporting obligations with which all the companies belonging to the UniCredit Group must comply.

All transactions with related parties have been suitably identified on the basis of current provisions and were carried out at similar conditions as those applied for transactions entered into with independent third parties.

4.1 Information about transactions with related parties

The related party transactions in question were usually carried out at conditions similar to those applied to transactions completed with independent third parties.

Intra-group transactions were carried out on the basis of assessments of reciprocal economic advantage and the conditions to be applied were defined in observance of essential correctness, bearing in mind the common aim of creating value for the whole Group.

The same principle was also applied in the case of provisions of services, together with the principle of settling such services on a minimal basis commensurate with recovering the relevant production costs.

The statement enclosed with the report on operations contains the equity and economic results relating to operations existing with companies of the UniCredit Group, broken down into individual counterparts.

No transactions were carried out with related parties other than those mentioned above.

Note also, for the purposes of current provisions, that during the 2008 financial year, no atypical and/or unusual transactions were carried out which, in terms of significance/importance, could give rise to doubts about the proper safeguarding of company's assets, with related parties or individuals other than the related parties.

4.2 Information on director and auditor remuneration

	2008	2007
a) Directors	1.214	1.233
b) Statutory Auditors	73	82

Section 5 - Other information details

5.1 Average number of employees by grade		
GRADE	31.12.2008	31.12.2007
Executives	25	23
Grade 3/4 managers	103	98
Grade 1/2 managers	98	93
Remaining staff	307	267
TOTAL	**533**	**481**

5.2 Share-based payments

The Company does not have any share-based payment agreements in place.
Long-term bonus plans (Stock Option and Performance Share), from which some key resources of the Company will benefit, are based on equity instruments of the Parent Company UniCredit S.p.A..

5.2.1 Qualitative information

Outstanding instruments
The medium/long-term bonus plans for Company employees include ***Equity-Settled Share Based Payments*** which provide for the transfer of shares of the Parent Company UniCredit S.p.A..

This category includes allocations, namely:
- **Stock Options** granted to selected beneficiaries from Top and Senior Management and to Key Resources;
- **Performance Shares** allocated to selected beneficiaries from Top and Senior Management and to Key Resources represented by UniCredit ordinary bonus shares which the Parent Company undertakes to allocate, subject to the achievement of the pre-established performance objectives, both at Group level and for each Division, in the Strategic Plan approved and amended, if need be, by the Board of Directors of the same Parent Company;
- **Restricted Shares** allocated to selected beneficiaries from Middle Management.

Evaluation model
Stock Options
To estimate the value of the stock options the *Hull and White* model has been adopted.
The model is based on a distribution of prices on a trinomial tree through the *Boyle* algorithm and estimates the probability of early exercise based on a deterministic model connected with:

- the achievement of a Market Value equal to a multiple (M) of the Strike value;
- the propensity to early exit by the allottees (E) once the *Vesting* Period has elapsed.

The following table reports the assessments and parameters relating to the *Stock Options*.

Part D) Other information (CONTINUED)

Stock Option	STOCK OPTION 2008	STOCK OPTION 2007
Exercise price (€)	4,185	7,094
Market price of UniCredit share (€)	4,185	7,094
Grant Date	25-jun-08	12-jun-07
Start of Vesting period	09-jul-08	13-jul-07
End of Vesting period	09-jul-12	13-jul-11
Plan maturity	09-jul-18	13-jul-17
Multiple Exercise (M)	1,5	1,5
Post-vending exit rate (E)	3,73%	3,73%
Dividend Yield (*)	4,85%	2,83%
Implicit volatility	20,56%	17,30%
Risk Free Rate	4,65%	4,63%
Unit value of option on assignment (€)	**0,655**	**1,329**

(*) ratio between the average of the dividends paid by UniCredit S.p.A. in the 2005-2008 period and the market value of the share upon allocation

The parameters were quantified as follows:

- **Exit rate:** percentage on an annual basis of rights cancelled following disposals during the *Vesting* period;
- **Dividend-Yield:** average of dividend yields of the last four years, in line with the duration of the *Vesting* period;
- **Implicit volatility:** average of the daily implicit volatility on a historic series relating to a time horizon equal to the *Vesting* period;
- **Exercise Price:** arithmetic mean of the official prices of UniCredit shares of the month preceding the awarding resolution passed by the Board of Directors of UniCredit S.p.A.;
- **Market price of UniCredit shares:** equal to the Strike price so as to reflect the allocation of "*at-the-money*" options at the award date.

Other share instruments (Performance Share)

The economic value of a *Performance Share* is equal to the share price reduced by the present value of the dividends that have not been allocated in the period of time between the promise date and the future delivery of the share. The parameters are estimated using a procedure similar to those of *Stock Options*.

The following table shows the parameters relating to the *Performance Shares* promised in 2008 and their unit values.

Other share instruments	PERFORMANCE SHARE 2008	PERFORMANCE SHARE 2007
Grant Date	25-jun-08	12-jun-07
Start of Vesting period	01-jan-11	01-jan-10
End of Vesting period	31-dec-11	31-dec-10
Market price of UniCredit share (€)	4,185	7,094
Economic value of Vesting terms (€)	-0,705	-1,015
Unit value of Performance Shares when promised (€)	**3,48**	**6,079**

Other share instruments (Restricted shares)
The value of Restricted shares is equal to the share price at the time of allocation. During 2008, no new Restricted Share plans have been allocated by the Parent Company.

5.2.2. Quantitative information

Effects on the Economic Result
All *Share-Based Payments* allocated after 7 November 2002 with expiry of vesting period after 1 January 2005 fall with the application sphere of the provision.

Effects on equity and income of share-based payments (thousands of euro)				
	31.12.2008		31.12.2007	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
Charges	**259**		**49**	
- *relating to Equity Settled Plans*	259		49	
- *relating to Cash Settled Plans*	-		-	
Amounts paid to UniCredit S.p.A. for vested plans (*)		**64**		4.174
Amounts matured to UniCredit S.p.A. (*)	**437**		**242**	

(*) amount equal to the accrued value of the services rendered by the employees who benefit from the plans that provide for the transfer of UniCredit S.p.A. shares

5.3 The Parent Company and management and coordination activity

The Parent company is UniCredit S.p.A. with registered office in Rome at Via Minghetti 17.

Pursuant to art. 3 of Legislative Decree 38/05, UniCredit S.p.A. drafts the consolidated financial statements; a copy of the consolidated financial statements, the report on operations and the Notes to the Accounts will be filed with the office of the Rome companies register in which the company is registered.
The Company is subject to the management and coordination activity of UniCredit S.p.A. and, in this regard, the main data of the last financial statements approved by the Parent company are summarised pursuant to art. 2497 bis of the Civil Code.

Identification details of the Parent Company:

Tax Code and VAT number 00348170101
Registration in the Register of Bank Groups no. 3135.1

Part D) Other information (Continued)

UniCredit S.p.A. - Reclassified Balance Sheet as at 31.12.2007	(millions of euro)
Assets	
Cash and cash equivalents	4.027
Financial assets held for trading	11.157
Receivables from banks	162.820
Receivables from customers	21.716
Financial investments	78.469
Hedges	568
Property, plant and equipment	24
Goodwill	3.544
Other intangible assets	106
Tax assets	4.113
Non-current assets and groups of discontinued assets	712
Other assets	2.281
Total assets	**289.537**
Liabilities and shareholders' equity	
Payables due to banks	97.941
Customer deposits and securities	118.738
Financial liabilities held for trading	7.726
Financial liabilities valued at *fair value*	6.016
Hedges	1.886
Provisions for risks and charges	1.105
Tax liabilities	1.884
Liabilities linked to groups of discontinued assets	371
Other liabilities	3.250
Shareholders' equity:	50.620
- capital and reserves	48.581
- valuation reserves, available-for-sale assets and cash flow hedges	173
- net profit	1.866
Total liabilities and shareholders' equity	**289.537**

UniCredit S.p.A. - Reclassified Income Statement - 2007	(millions of euro)
Net interest	-1.158
Dividends and other income from equity investments	2.783
Interest margin	**1.625**
Net commissions	61
Net income from trading, hedges and *fair value*	66
Balance of other income/charges	23
Trading and other income	**150**
EARNINGS MARGIN	**1.775**
Personnel costs	-346
Other administrative expense	-300
Cost recoveries	39
Write-downs of property, plant and equipment and intangible assets	-14
Operating costs	**-621**
OPERATING PROFIT (LOSS)	**1.154**
Net provisions for risks and charges	-18
Integration costs	-67
Net write-downs on loans and on provisions for guarantees and commitments	22
Net gains from investments	564
PROFIT BEFORE TAX	**1.655**
Income taxes for the year	211
NET PROFIT	**1.866**

Part D) Other information

5.2.3 Details of remuneration of independent auditors and other companies in the network

As provided by Article no. 149 duodecies of Consob Regulation no. 11971/99 and subsequent amendments and integrations, the details of the remuneration paid to KPMG S.p.A., the independent auditors engaged to perform the audit of the Company pursuant to Legislative Decree no. 58/98, and other companies belonging to its network, are set out below:

(amounts in thousands of euro)

	SERVICE PROVIDER	FEES
Audit*	KPMG S.p.A.	231
Certification services		
Tax consulting		
Other services**	KPMG S.p.A.	360

* It includes the emoluments paid to perform the audit of the financial statements, to assess regular book-keeping and the correct recording of business operations in the accounting records and to audit the half-year report
** This item includes the emoluments paid for the fairness opinion expressed with regard to the merger project of Unicredit Global Leasing S.p.A. into Locat S.p.A. with a simultaneous change of the company name to UniCredit Leasing S.p.A.

5.2.4 Rating

Valuations made on the company by the main international rating agencies:

AGENCIES	SHORT-TERM DEBT	MEDIUM/LONG-TERM DEBT	OUTLOOK	DATE OF LAST REVIEW
Moody's Investor Service	P-1	A1	Stable	07-oct-08
Standard & Poor's	A-1	A	Negative	06-oct-08

5.2.5 Statement of asset revaluations pursuant to specific laws		
	LAW 413/91	TOTAL
Real estate for own use	209	209
TOTAL	**209**	**209**

Rosmarie Reiter
Austria

«I help our customers even if I cannot sell them one of our products. A woman who had to help pay a debt for her son could not qualify for credit from us at the time.
So I helped her through asking her son's creditor for a repayment extension and I was able to make her a very happy and satisfied customer!»

Efren Maldonado

«Our commitment =
understanding +
innovation =
financial solutions =
customer satisfaction.»

Annexes to the Financial Statements

Details of Relations with UniCredit Group Companies

(in thousands of euro)

	UNICREDIT S.P.A.	UNICREDIT CORPORATE BANKING S.P.A.	UNICREDIT BANCA S.P.A.	UNICREDIT BANCA DI ROMA S.P.A.	UNICREDIT GLOBAL LEASING S.P.A.
ASSETS					
20. Financial assets held for trading					
60. Receivables	546	1.546		6.077	
70. Hedging derivatives		3			
140. Other assets	567.191	6.869	353	109	32
TOTAL ASSETS	**567.737**	**8.418**	**353**	**6.186**	**32**
LIABILITIES					
10. Payables	9.332.284	1.033.867	1.418	166	
30. Trading liabilities					
50. Hedging derivatives		102			
70. Tax liabilities					
a) current	(74.330)				
90. Other liabilities	10.718	785	362	110	
TOTAL LIABILITIES	**9.268.672**	**1.034.754**	**1.780**	**276**	**-**

	UNICREDIT S.P.A.	UNICREDIT CORPORATE BANKING S.P.A.	UNICREDIT BANCA S.P.A.	UNICREDIT BANCA DI ROMA S.P.A.	UNICREDIT GLOBAL LEASING S.P.A.
Items					
10. Interest income and similar income	15.783	867		112	
20. Interest expense and similar charges	(559.276)	(9.872)	(1)		
30. Commission income	9.639	34			
40. Commission expense	(1.537)	(2.462)	(9)	(110)	
50. Dividends and similar income					
60. Net income from trading					
70. Net income from hedging		(59)			
120. Administrative expenses					
a) personnel expenses	(353)	85	4		665
b) other administrative expenses	(472)		(28)		
170. Other operating charges					
180. Other income					
Income items	**(536.216)**	**(11.407)**	**(34)**	**2**	**665**

(*) UniCredit Audit S.p.A., UniCredit Consumer Financing Bank S.p.A., UniCredit Private Banking S.p.A., UniCredit Medio Credito Centrale S.p.A., Fineco Bank S.p.A., Banco di Sicilia S.p.A., I-Faber S.p.A., UniCredit Produzione Accentrata S.p.A., UniCredit Global Information Services S.p.A., UniCredit Banca Assurance Management & Administration S.r.l., UniCredit Factoring S.p.A.

UNICREDIT CREDIT MANAGEMENT BANK S.P.A.	BAYERISCHE HYPO- UND VEREINSBANK AG	QUERCIA SOFTWARE S.P.A.	UNICREDIT REAL ESTATE S.P.A.	ZAO LOCAT LEASING RUSSIA	OTHER (*)	BALANCES AS AT 31.12.2008	BALANCES AS AT 31.12.2007
	39.635					39.635	3.663
		4.202	1.936	17.815	235	32.357	41.919
	520					523	12.802
410					261	575.225	695.614
410	**40.155**	**4.202**	**1.936**	**17.815**	**496**	**647.740**	**753.998**
	218		8			10.367.961	10.677.162
	39.866					39.866	3.501
	55.286					55.388	6.096
						(74.330)	(58.726)
1.211		1	550		341	14.078	93.606
1.211	**95.370**	**1**	**558**	**-**	**341**	**10.402.963**	**10.721.639**

UNICREDIT CREDIT MANAGEMENT BANK S.P.A.	BAYERISCHE HYPO- UND VEREINSBANK AG	QUERCIA SOFTWARE S.P.A.	UNICREDIT REAL ESTATE S.P.A.	ZAO LOCAT LEASING RUSSIA	OTHER (*)	BALANCES AS AT 31.12.2008	BALANCES AS AT 31.12.2007
	8.271	254	129	1.706	24	27.146	18.565
						(569.149)	(400.179)
					36	9.709	1.377
(2.574)		(8)	(4)		(61)	(6.765)	(1.401)
				54		54	57
	(8)					(8)	122
	(61.512)					(61.571)	11.079
		445			(1.129)	(283)	(47)
(723)		(1)	(947)		(3.575)	(5.746)	(3.374)
						_	(1.436)
			1.179			1.179	796
(3.297)	**(53.249)**	**690**	**357**	**1.760**	**(4.705)**	**(605.434)**	**(374.441)**

Balance Sheet of the Investee Company Zao Locat Leasing Russia

(amounts in euro)

ASSETS	31.12.2008	31.12.2007
10 Cash and cash equivalents	-	-
20 Financial assets held for trading	-	-
30 Financial assets valued at *fair value*	-	-
40 Available-for-sale financial assets	-	-
50 Financial assets held to maturity	-	-
60 Receivables	102.285.174	92.677.212
70 Hedging derivatives	-	-
80 Value adjustments to financial assets subject to macro-hedging	-	-
90 Equity investments	-	-
100 Property, plant and equipment	70.529	99.409
110 Intangible assets	-	-
120 Tax assets	-	-
a) current	-	-
b) prepaid	-	-
130 Non-current assets and groups of discontinued assets	-	-
140 Other assets	14.492.640	21.914.526
TOTAL ASSETS	**116.848.343**	**114.691.147**

(amounts in euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2008	31.12.2007
10 Payables	107.774.777	101.252.452
20 Securities issued	-	-
30 Financial liabilities held for trading	-	-
40 Financial liabilities valued at *fair value*	-	-
50 Hedging derivatives	-	-
60 Value adjustments to financial liabilities subject to macro-hedging (+/-)	-	-
70 Tax liabilities		
a) current	878.555	-
b) deferred	-	2.046.191
80 Liabilities linked to discontinued assets	-	-
90 Other liabilities	1.325.280	3.866.483
100 Employee severance indemnity	-	-
110 Provisions for risks and charges:		
a) pensions and similar obligations	-	-
b) other provisions	-	-
120 Capital	2.591.866	2.973.378
130 Treasury shares (-)	-	-
140 Equity instruments	-	-
150 Share premium	-	-
160 Reserves	3.088.173	1.004.406
170 Valuation reserves	-	-
180 Profit/Loss for the year	1.189.692	3.548.237
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**116.848.343**	**114.691.147**

Income Statement of the Investee Company Zao Locat Leasing Russia

(amounts in euro)

ITEMS	31.12.2008	31.12.2007
10 Interest income and similar income	13.347.916	12.465.603
20 Interest expense and similar charges	(5.645.959)	(5.214.898)
INTEREST MARGIN	**7.701.957**	**7.250.705**
30 Commission income	123.462	85.921
40 Commission expense	(49.521)	(52.305)
NET COMMISSIONS	**73.941**	**33.616**
50 Dividends and similar income	-	-
60 Net income from trading	-	-
70 Net income from hedging	(2.318.468)	600.927
80 Net income from financial assets valued at *fair value*	-	-
90 Net income from financial liabilities valued at *fair value*	-	-
100 Profit/loss from disposals or buybacks of:		
a) loans	-	-
b) available-for-sale financial assets	-	-
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
EARNINGS MARGIN	**5.457.430**	**7.885.248**
110 Net write-downs for impairment of:		
a) loans	-	-
b) available-for-sale financial assets	-	-
c) financial assets held to maturity	-	-
d) other financial assets	-	-
120 Administrative expenses		
a) personnel expenses	*(1.141.282)*	*(882.767)*
b) other administrative expenses	*(2.375.606)*	*(1.844.337)*
130 Net write-downs of property, plant and equipment	(42.858)	(70.295)
140 Net write-downs of intangible assets	-	-
150 Net income from valuation of property, plant, equipment and intangible assets at *fair value*	-	-
160 Net provisions for risks and charges	-617.713	-
170 Other operating charges	-	-
180 Other operating income	9.294	1.105
OPERATING PROFIT	**1.289.265**	**5.088.954**
190 Gains (Losses) from equity investments	-	-
200 Gains (Losses) from disposal of investments	-	-
PROFIT/LOSS BEFORE TAX	**1.289.265**	**5.088.954**
210 Income tax for the year	(99.573)	(1.540.717)
NET PROFIT/LOSS FOR THE YEAR	**1.189.692**	**3.548.237**
220 Net gains (losses) from groups of discontinued assets	-	-
PROFIT/LOSS FOR THE YEAR	**1.189.692**	**3.548.237**

Ernst Jürgen Rohde
Germany

«A good customer relationship is about more than just the volume of business. I am not satisfied until my clients recognize me and my company as their preferred business partner. This recognition I have to earn every day anew.»

«Based on my experience, I am convinced of the importance of long-lasting customer relationships. The roots of my success are anchored in deep customer satisfaction, followed with a steadily growing confidence in myself, my personal competence and my ability to find the right solutions.»

Sandra Stigger
Austria

Board of Statutory Auditors' Report

Milan, 2 April 2009

Dear Shareholders,

on 9 January 2009, the Shareholders' Meeting appointed new officers to the company's governance boards.

The current Board of Statutory Auditors consists of five members, two of whom were already members of the Board of Statutory Auditors in office in 2008.
In consideration of this, we report to you on the supervisory activities performed by the previous Board of Statutory Auditors, also on the basis of the records filed in the Auditor's Book. We hereby represent that supervisory activities were conducted in compliance with laws and regulations in force, bearing in mind the Code of Conduct for Statutory Auditors recommended by the National Board of Chartered Accountants and Accounting Experts.

Specifically, we report that the Board of Statutory Auditors:
- oversaw compliance with laws in force and the Memorandum of Association;
- attended all shareholders' meetings and Board of Directors' meetings, which were found to be conducted in compliance with the Articles of Association, laws and regulations that govern meeting procedures; in this regard we can reasonably affirm that the actions decided and implemented all complied with laws in force and the Articles of Association, and did not appear to be manifestly imprudent, risky, in conflict with the interests of the company or shareholder resolutions, or such as to jeopardise the capital and assets of the company;
- obtained from the directors, during their meetings, information on the general performance of operations and their outlook;
- held regular meetings with the head of the internal control department and the auditing officer, from which no data or information emerged requiring mention in this report;
- learnt information on and oversaw the adequacy of the organisational structure of the company, also through information obtained from department heads; in this regard we have no observations to report;
- oversaw compliance with anti-money laundering laws;
- oversaw the adequacy of the administrative and accounting system, and the reliability of the system in correctly recording operational events, via information learnt from department heads and the auditing officer and the inspection of company documentation; in this regard we have no observations to report.

During our supervisory activities, as described above, no further facts of significance emerged requiring notification to supervisory authorities or mention in this report. In addition to this, no reports were received under Article 2408 of the Italian Civil Code. We further report that, on the basis of information learnt, no additional duties were delegated to the independent auditors or entities belonging to the same network as the independent auditors beyond those specified in the Notes to the Financial Statements as at 31 December 2008.

Within the scope of our remit, we have examined the draft financial statements for the year ended 31 December 2008, submitted to us by the Board of Directors in compliance with the Italian Civil Code.

In this regard we report that:
- the draft financial statements were prepared in compliance with IAS/IFRS and drafted in accordance with instructions approved by the Governor of the Bank of Italy on 14 February 2006;
- the Report on Operations includes the information required by the Bank of Italy, Consob and Isvap in their communication No. 2 dated 6 February 2009 regarding business continuity and financial risks;
- the Notes to the Accounts duly carry a statement of compliance with applicable international accounting standards, and indicate the main valuation criteria adopted.

As we are not responsible for the auditing of the accounts reported in the financial statements, we inspected the general reporting layout of the statements, and their general compliance with laws in force governing the form and structure of financial statements; in this regard we have no observations to report.
We verified that the financial statements accurately reflect the information we learnt during the performance of our duties, and in this regard have no observations to report.

In consideration of the findings reported by the independent auditors KPMG S.p.A., in accordance with Article 156 of Legislative Decree No. 58 of 24 February 1998, the Board of Statutory Auditors raises no objections to the approval of the financial statements for the year ended 31 December 2008, and endorses the proposal for the allocation of profits for the year.

The Board of Statutory Auditors

Daniele Andretta
Romano Conti
Ferruccio Magi
Vincenzo Nicastro
Michele Paolillo

«We had a foreign tourist turn to us with a problem. Even though it was not possible to resolve his problem from our office, I took my time to help him. I think he left satisfied, reassured that his bank is there for him anywhere he goes. These are the moments when we can show our true commitment to the bank and our customers. Every one of our employees represents the whole UniCredit Group.»

Reet Trumm
Estonia

Peter Bodensteiner
Germany

«One of our core values is trust. Trust is the most important asset in financial markets. In our business, we receive the trust of our clients every time they use UniCredit Group as their point of entry to international markets. This makes it necessary every day to work towards earning our clients' trust for tomorrow.»

Independent Auditors

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono 02 6763.1
Telefax 02 67632445
e-mail it-fmauditaly@kpmg.it

Relazione della società di revisione ai sensi dell'art. 156 e dell'art. 165 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
UniCredit Leasing S.p.A.

1 Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dallo stato patrimoniale, dal conto economico, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalla relativa nota integrativa, della UniCredit Leasing S.p.A. (già Locat S.p.A.) chiuso al 31 dicembre 2008. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05, compete agli amministratori della UniCredit Leasing S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione emessa da altro revisore in data 19 marzo 2008.

3 A nostro giudizio, il bilancio d'esercizio della UniCredit Leasing S.p.A. al 31 dicembre 2008 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto e i flussi di cassa della UniCredit Leasing S.p.A. per l'esercizio chiuso a tale data.

4 Come richiesto dalla legge, gli amministratori della Società hanno inserito nella nota integrativa i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della UniCredit Leasing S.p.A. non si estende a tali dati.

5 La responsabilità della redazione della relazione sulla gestione in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della UniCredit Leasing S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione con il bilancio, come richiesto dall'art. 156, comma 4-bis, lettera d), del D.Lgs. 58/98. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio della UniCredit Leasing S.p.A. al 31 dicembre 2008.

Milano, 2 aprile 2009

KPMG S.p.A.

Paolo Valsecchi
Socio

Shareholders' Resolution

Resolutions adopted by the Ordinary and Extraordinary Shareholders' Meeting held on 21 April 2009 (first call)

The Shareholders, having heard the Reports of the Board of Directors and the Board of Statutory Auditors on the year 2008, hereby approve the resolution to:

- approve the Financial Statements for the year ended 31 December 2008, consisting of the Balance Sheet, Income Statement and Notes to the Accounts;
- allocate the profit for the year, as reported in the Financial Statements, of 112,702,372 (one hundred and twelve million, seven hundred and two thousand, three hundred and seventy-two) euro as follows:
  5% to the legal reserve: 5,635,119 (five million, six hundred and thirty-five thousand, one hundred and nineteen) euro;
  Donation to UNIDEA Foundation: 1,000,000 (one million) euro;
  To the extraordinary reserve: 106,067,253 (one hundred and six million, sixty-seven thousand, two hundred and fifty-three) euro;
- approve the Financial Statements of the company "UniCredit Global Leasing S.p.A." (merged into "UniCredit Leasing S.p.A."), for the year ended 31 December 2008, consisting of the Balance Sheet, Income Statement and Notes to the Accounts;
- carry forward the loss for the year, as reported in the Financial Statements, of 23,296,927 (twenty-three million, two hundred and ninety-six thousand, nine hundred and twenty-seven) euro.

The Shareholders also approved the resolutions to:

- accept the resignation of the director Mr Frederik Geertman;
- appoint (until the expiry of the Board of Directors' term of office, that is until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2011) Mr Renato Martini as director;
- extend the appointment of the independent auditors "KPMG S.p.A." for the auditing of the financial statements for the years ended 31 December 2008, 2009, 2010, 2011 and 2012, for the limited auditing of half-yearly reports, and for the activities required by Article 155 of Legislative Decree No. 58/98;
- approve the appointment of the independent auditors "KPMG S.p.A." for the auditing of the internal consolidated financial statements for the year ended 31 December 2008 of "UniCredit Global Leasing S.p.A." (merged into "UniCredit Leasing S.p.A.");
- transfer the branch located in the City of Milan from Via Litta 9 to Via Vittor Pisani 10;
- transfer the branch located in the City of Naples from Via Riviera di Chiaia 276 to Via Imbriani 30;
- transfer the branch located in the City of Turin from Via Chisola 1 to Via Nizza 150;
- amend, as a consequence, Article 3 (three) of the Articles of Association, governing company branches;
- amend Article 17 (seventeen) of the Articles of Association via the amendment of sub-section 4 (four) and the addition of a new sub-section 5 (five).

Milan, 21 April 2009

Branch Network

Registered Office, Head Office and Branches

REGISTERED OFFICE
Piazza di Porta S.Stefano, 3
40125 Bologna

HEAD OFFICE
Viale Bianca Maria, 4
20129 Milan
Tel: 02.5568.1 - fax 02.5568.300
e-mail: locat@locat.it

BRANCHES

BARI - Via Roberto da Bari, 87
Tel: 080.5242.643 - fax: 080.5242.748

BOLOGNA - Piazza di Porta S.Stefano, 3
Tel: 051.4205111 - fax: 051.4205401

BRESCIA - Via F.lli Lechi, 58
Tel: 030.2892811 - fax: 030.2892837

BUSTO ARSIZIO - P.zza San Giovanni, 2
Tel: 0331.39301 - fax: 0331.321308

CATANIA - Via Giacomo Puccini, 25
Tel: 095.2508411 - fax: 095.326180

LUCCA - Viale Puccini, 311/a
Tel: 0583.310511 - fax: 0583.53578

MILAN - Via Vittor Pisani, 10
Tel: 02.366606.11 - fax: 02.36660340

NAPLES -Via Paolo Emilio Imbriani, 30
Tel: 081.19708011 - fax: 081.19708050

PARMA - Viale Mentana, 146-148
Tel: 0521.383011 - fax: 0521.289582

PESARO - Via Gagarin, 191
Tel: 0721.425111 - fax: 0721.26740

PESCARA - P.zza della Rinascita, 5
Tel: 085.2949511 - fax: 085.4225101

PRATO -Viale della Repubblica, 36
Tel: 0574.55941 - fax: 0574.595707

ROME - P.zza della Libertà, 20
Tel: 06.36081201 - fax: 06.3214500

ROME - Viale Boncompagni, 8
Bulding “G”
Tel: 06 96512.1 - fax 06.96512.880

TURIN - Via Nizza, 150
Tel: 011.55681 - fax: 011.5568411

TREVISO Villorba - Via della Repubblica, 22
Tel: 0422.303008 - fax: 0422.300648

UDINE - Viale del Ledra, 108
Tel: 0432.536111 - fax: 0432.536130

VERONA - Via Roveggia, 43/b
Tel: 045.8238711 - fax: 045.82387254

VICENZA -Viale Mazzini, 77/a
Tel: 0444.997511 - fax: 0444.322874

LOCAT LEASING POINTS

BERGAMO - P.zza Vittorio Veneto, 12
c/o UniCredit Corporate Banking S.p.A
Tel: 035.3889849 fax 035.3889857

CAGLIARI - Via Cuggia, 20
c/o UniCredit Banca S.p.A
Tel: 070.6848885 - fax: 070.6400931

MODENA - Via Corassori, 70
c/o UniCredit Corporate Banking S.p.A
Tel: 059.2929239 - fax: 059.2918217

MONZA - Corso Milano, 7
c/o UniCredit Corporate Banking S.p.A
Tel: 039.2398291 - fax: 039.2398212

PADUA - Via delle Granze, 8/a
c/o UniCredit Corporate Banking S.p.A
Tel: 049.7621508 - fax: 049.7625301

PALERMO - Via Roma, 235
c/o UniCredit Banca S.p.A
Tel: 091.6010423 - fax: 091.6010311

C/O ALL BRANCHES OF UNICREDIT GROUP BANKS:

UniCredit Corporate Banking S.p.A.

UniCredit Banca S.p.A.

UniCredit Private Banking S.p.A.

Fineco Bank S.p.A.

UniCredit Consumer Financing Bank S.p.A.

UniCredit Credit Management Bank S.p.A.

UniCredit Banca di Roma S.p.A.

Banco di Sicilia S.p.A.

C/O ACCREDITED BANKS:

Banco Emiliano Romagnolo S.p.A.

Banca del Cividale S.p.A.

Bancasai S.p.A.

Banca Sara Banca della Rete S.p.A.

Cassa Rurale e Artigianale di Brendola Credito Cooperativo S.C. a.r.l.

Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A.

Cassa di Risparmio di Fossano S.p.A.

Cassa di Risparmio di Saluzzo S.p.A.

Banca Cassa di Risparmio di Savignano S.p.A.

Cassa di Risparmio di Bra S.p.A.

Credito Emiliano S.p.A.

Credit Suisse (Italy) S.p.A.

UniCredit Leasing S.p.A.
Headquarters: Viale Bianca Maria, 4 - 20129 Milan
Registered office: Piazza di Porta Santo Stefano, 3 - 40125 Bologna
VAT no. 04170380374 – Tax Code and Bologna
Register of Companies no. 03648050015
Special Register of Financial Intermediaries 19319
Bank Groups Register no. 3135.1
Share capital: 410,131,062 euro