

Banca Sammarinese di Investimento S.p.A.  
**BILANCIO DI ESERCIZIO 2012**

**REPORT OF THE BOARD OF DIRECTORS  
ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 12/31/2012**

Dear Shareholders,

we are pleased to submit the Financial Statements as at 12/31/2012 for your consideration and for your approval. Before illustrating the Bank's activities and the results achieved during the financial year, it is considered necessary to refer briefly to the economic international trend of the Republic of San Marino, with a focus on banking and financial system.

**The international economic situation**

2012 has been a year characterized by a slowdown, due to reduced activity in both advanced countries and emerging ones and involving the world economy. The expectations on the growth of the global economy have been revised downwards in the years 2012/2013.

In the Euro Area the differences in growth between countries are confirmed, but the slowdown has also been extended to the traditionally stronger economies; Italy, Spain, Portugal and Greece appear instead already in recession, as well as Belgium and the Netherlands.

In the first half of 2012, in economic terms, the GDP has increased in Japan, the United States and Germany, and has remained steady in France and fell in Italy and UK. According to OECD estimates, overall, the aggregate GDP of the G7 for 2012 will increase by 1.4%, but in a very uneven manner: Germany will grow by 0.9%, France will remain stationary, and Great Britain will decline by 0.7%, while the U.S.A. and Japan will grow by 2.3% and 2.2%, respectively.

Italy, Spain, Portugal and Greece were particularly affected by the crisis of the industrial field, with significant reductions in orders and loss of entire production units, with a strong deterioration in the rates of unemployment, especially among young people.

The economic slowdown also affects the economies of the BRIC countries, with growth stood at 3% with regard to Brazil, and development respectively of 7.5%, 6.6% and 4%, relative to China, India and Russia.

According to the latest projections by the International Monetary Fund (IMF), spread in October 2012, the world economy would increase by 3.3 percent this year and 3.6 next year (3.8 in 2011). The slowdown in 2012 was due in large part to the weakening of the economic activity in the Euro Area and in emerging countries.

The trend of GDP would remain highly heterogeneous: in both years, it would expand to rhythms of less than 2 percent in all the advanced countries and more than 5 in the emerging economies.

The global economic outlook is subject to high risks associated with the uncertainty over the sovereign debt crisis in the Euro area and the intensity of the slowdown in emerging economies, as well as on the strongly strict fiscal policy that would result in the beginning of 2013 in the United States due to the absence of numerous tax breaks and the entry into force of the public spending cuts agreed in August 2011. Further downside risks stem from the possibility of sharp increases in oil prices as a result of the tensions in the Middle East.

*Forecasts of GDP growth*

	2011	2012	2013
United States	1,8	2,2	2,1
Euro area	1,4	-0,4	0,2
Italy	0,4	-2,3	-0,7
Germany	3,1	0,9	0,9
France	1,7	0,1	0,4
Spain	0,4	-1,5	-1,3
Great Britain	0,8	-0,4	1,1

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Japan	-0,8	2,2	1,2
Russia	4,3	3,7	3,8
China	9,2	7,8	8,2
India	6,8	4,9	6,0
Brazil	2,7	1,5	4,0

Source: FMI – World Economic Outlook 10/2012

At the same time, the climate in international financial markets has improved but remains uncertain, reflecting the weakness of the economy, the uncertainty on the timing and mode of requests for aid from the countries in difficulty, the conditions to be applied, on the state of some national banking systems. Such stresses could make it more difficult to take the necessary adjustment measures.

**The situation in San Marino**

The economy of San Marino has experienced a general decline of the main indicators as a result of a combination of factors that have a negative impact in the period.

The already difficult international situation collided with an internal crisis of the system originated, among other things, from the problems related to the housing market, the events that have affected the financial system and the persistence of a tense relations with neighboring Italy that has determined, even for 2012, the non-inclusion of San Marino in the "white list" despite the signing of the Agreement on economic / financial cooperation in June 2012.

The macroeconomic scenario shows that 2012 was the fifth consecutive year of decline in GDP (-2%), in particular due to the real estate sector and the arising allied industries. Also another important economic sector for San Marino such as tourism was adversely affected by the international crisis; the influx of tourists has decreased over the year by about 170,000 (from 2,038,359 in 2011 to 1,869,393 in 2012).

GDP at constant prices					
	2007	2008	2009	2010	2011
San Marino	+3,5	-3,4	-12,8	-5,2	-2,6

Source: FMI – World Economic Outlook 10/2012

The economic activities (corporations, sole proprietorships, freelancers, etc.) decreased by 301 units, rising from 5,908 to 5,607 active subjects (in particular, the companies declined from 3,208 to 2,919).

Another fact of considerable concern is the reduction of public and private employees, which rose from 19,500 to 18,612 units, with a simultaneous increase in the unemployment rate, which rose from 4.72% as at 12/31/2011 to 5.70% as at 12/31/2012 (1,332 units).

The residents in the Republic increased by 291 units, rising from 32,166 of 12/31/2011 to 32,457 as at 12/31/2011 as at 12/31/2012; the households have remained virtually unchanged (from 13,870 to 13,880 as at 12/31/2012).

Inflation is beginning to grow again, and after dropping to 2.8% in August 2011, in September 2012 stood at 3.1%.

As stated by the IMF, the economy of San Marino cannot return to a sustained growth in the absence of a full normalization of relations with Italy. However, significant progress has been achieved to meet the international demands, from the weakening of banking and tax secrecy, the application of more accurate exchange of information in tax matters and the fight against money laundering.

**The financial system in San Marino**

The financial sector was made up as at 12/31/2012 from 33 authorized persons, almost halved over the previous year (as at 12/31/2011 persons authorized by BCSM were 62). This decrease is due to merger and consolidation of credit

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institutions (IBS/BAC, Bank Partner/CIS, BSM/SMIB, Asset Bank/BCS) and to liquidations, voluntary and unfortunately relocated, which involved several financial companies. Even for 2013 further reductions are expected.

The pooled system data show a general continuation of the volumes after 4 years of strong declines. Compared with the data of the end of 2011 with those of 09/30/2012 (last date of data survey by BCSM) it should be noted that direct deposits remained virtually unchanged (5.068 million Euros as at 09/30/2012 compared to 5.15 billion Euros of 12/31/2011), the indirect funding has increased from 2119 to 2216 million Euros, so the total deposits increased slightly from 7269 to 7285 million Euros (+ 0.22%).

On the contrary lending slowed down from 3.839 million Euros of 12/31/2011 to 3.691 billion million of 09/30/2012 (- 3.86%). Similar to neighboring Italy, it continues to deteriorate the quality of the loan portfolio, in which the incidence of suffering increased and has gone from 10.2% of 12/31/2011 to 12.21% of 09/30/2012.

The total net assets of the banks of San Marino have decreased from 749 million to 612 million Euros. This decline reflects not only the reduced ability to produce income, even the transfers of assets and liabilities between banks of San Marino, refined over the first nine months of 2012 following the known mergers.

The reading of the aggregated data of the system, showed in the following table, helps to understand that the financial system of San Marino has undergone distortion in recent years.

	31/12/2008	31/12/2009	31/12/2010	31/12/2011	30/09/2012
Direct collection	9.162	7.146	5.900	5.150	5.068
Indirect collection	4.650	3.043	2.617	2.119	2.216
<b>Total collection</b>	<b>13.812</b>	<b>10.190</b>	<b>8.517</b>	<b>7.269</b>	<b>7.285</b>
Lending	5.399	5.169	4.858	3.839	3.691
<b>Net assets</b>		<b>1.214</b>	<b>1.068</b>	<b>749</b>	<b>612</b>

Source: BCSM – data in millions of Euro

### **San Marino Investment Bank**

Dear Shareholders,

the year 2012 was a turning point for San Marino Investment Bank, which gave concrete start to the planned extension of the corporate mission, presented and authorized by BCSM in December 2011.

The Bank, while maintaining and continuing to strengthen the financial sector, a service that over the years has reached levels of excellence, intended to be characterized as a retail bank serving families and businesses in the area, with the goal of protecting and enhance savers' deposits and assist, through targeted funding, both the private sector and production stages. The expansion of the branch network aims at reaching this goal.

During the year, it has followed up on the planned capital increase which has allowed us to bring the share capital of our institute to EUR 16,200,000.

We briefly retrace the major events of 2012.

In February, the employees already present in the company, were supported by new professionals including the General Director. These are resources with specific skills, all aiming at achieving the objectives set by the aforementioned business plan for expansion. In detail, the number of the employees has gone from 9 as at 12/31/2011 to 24 as at 12/31/2012.

On 03/31/2012 it was successfully performed the migration of the information system from the XF procedure to the GESBANK procedure. The adoption of this application, approved as part of the expansion plan, ranks as a corollary of the development strategy undertaken, as this information system is a flexible and economically competitive instrument. GESBANK has also become the reference application of San Marino banking system, being adopted by as many as 4 out of 7 institutions.

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In May the branch in Dogana was opened; in July, the branch of Borgo Maggiore, while during the autumn the restructuring of Rovereta branch has been completed. The territorial development project will be completed with the opening of the branch in Città, scheduled for next June. The restructuring of the rooms of the headquarters of the General Management for Rovereta is currently underway to complete.

From the second quarter of 2012, the Bank has enriched its offer, acquiring new services and products. We remind you the main ones:

- ability to deliver different types of Subsidized Loans, thanks to agreements signed with the Secretariat of Finance of the Republic of San Marino;
- Web Banking service of the latest generation with on-line information, functionality of Interbank Corporate Banking and complete reports in PDF format;
- online trading service evolved through specific agreements signed with SAXO BANK;
- placement of international debit cards, Conad Cards, Viacard Telepass;
- POS service and service of e-commerce;
- accession to the SMAC convention for the placement of cards and POS;
- possibility to subscribe GPMs and PACs of various kinds;
- realization of the ATM network at any branch.

Please also note that the Bank is enrolled in the Professional Trustee Register at the BCSM, although, to date, this activity has not yet been initiated.

The Bank has also started a major revision and redefined the organization that resulted in the approval of the new organizational and functional chart of the new company by the Board of Directors. At the same time, it was updated and integrated throughout the domestic legislation in order to make it functional and compliant with the new organizational structure. This revision was also aimed at containing the operational risk because the bank has adopted a rigid structure of executive powers and has clearly defined the responsibilities related to them.

Particular attention was paid to risk management and the internal control system by increasing staffing of the Compliance-Inspectorate and using external consultants with proven experience with the task to train and support the new staff.

With regard to the credit risk, it has being carried out a thorough analysis of loan positions with a view to risk classification, putting in place any useful initiative aimed at the recovery and protection of the same in the case of non-performing loans. Given the particular economic time, the institute puts extreme emphasis on the monitoring of the credit risk that is routinely analyzed by the Credit Risk Control Office.

The bank has taken extreme caution with regard to the investment policies in securities in order to limit market, interest rate and counterpart risk.

The Board of Directors, taking into account the still small size of the Institute and the inevitable incompatibility between the roles, evaluated also the absence on the market of personnel with an appropriate professional profile, preferred to outsource the Risk Manager, using the San Marino company called San Marino Advisor Srl, which already has been working with leading companies in the financial landscape of the Republic.

Also for 2012, the Internal Audit function has been outsourced to the company Baker Tilly Consulaudit of Bologna, an Italian leading accounting firm.

Below please find the main data of the Financial Statements and Income Statement.

Total deposits at the end of 2012 amounted to € 235,671,434 of which € 146,560,317 of direct funding and € 89,111,117 of indirect funding. The figure for the previous year registers a growth of more than 66 million Euros (+39%), which is clearly higher than that recorded by the system.

With regard to the treasury of the Bank, as at 12/31/2012, we highlight liquidity:

- a) for € 54,309,070 arising from interbank deposits at sight and with an end, to which must be added currency deposits, almost exclusively in U.S. dollars, for a total of € 2,091,947;
- b) income from securities for € 56,186,386 divided on different issuing entities; in particular, the trading book amounted to € 42,003,708 and € 14,182,678 in investment securities.

The total cash amounts, therefore, to € 112,587,403, considerable amount given the size of the Bank and the downturn of the economy in general.

The investment strategies have been inspired by prudence and diversification criteria, in a very difficult environment, where in addition to the crisis in the real economy scenarios of possible collapse of the single European currency have experienced.

On the lending side, the year 2012 has been characterized by a substantial increase in loans to ordinary customers,

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which amounted to € 49,327,929 at the end of year (+53%) of which € 7,539,716 arising from finance leases. This increase was made thanks to the strategy adopted on credit, aimed at splitting it, both in terms of number of positions assigned as well as in terms of technical forms used.

As for the non-performing loans, impaired loans for € 5,720,874 and liabilities for € 840,657 are registered on 12/31/2012. There are also past due/overdue for € 11,720. The data shown are net of value adjustments which totaled € 2,328,107

We highlight the important audit of the bank's loan portfolio performed in 2012 that, with the fundamental contribution of the Shareholders, led to perform value adjustments on loans to customers for € 6,859,753 and € 547,498 on financial investments. Please refer to the notes to accounts for further details.

The net assets of the bank at 12/31/2012 amounted to € 16,311,163, increasing compared to the amount of the previous year (+13%). At the same time, it decreased, due to the strong volume growth, the ratio of net assets / balance sheet assets, which rose from 11.43% in 2011 to 9.28% in 2012.

The bank holds no treasury shares.

The profit earned is equal to € 106,685, net of the various provisions made; the profit of the last year stood at € 3,693. The economic result achieved, however, is positive in the presence of a so unfavorable economic situation; it is of great satisfaction if you take into account the important investments made during the year, for the realization of the project to expand the company's mission described above.

Among the indicators of income that have the highest increases, we point out the net interest income grew by 29.09%, from € 1,030,862 in 2011 to € 1,330,766 in 2012, profits from financial transactions increased by 165 , 80% from € 942,978 in 2011 to € 2,506,464 in 2012. At the same time, they are obviously increased the operating costs from € 2,034,960 to € 2,975,066 in 2012 (+ 46.20%).

Dear members, in consideration of the foregoing and of the results obtained, we invite you to approve these Financial Statements, proposing the capitalization of all income earned, subject to the provisions required.

The Board of Directors  
The Chairman

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STATEMENT AS PER FORMER ART. 6, PARAGRAPH X OF LAW No. 47 DATED FEBRUARY 23, 2007 AND SUBSEQUENT  
AMENDMENTS

- **Dr. Enzo Donald Mularoni**, born in Detroit (USA) on September 9, 1952, a resident of Borgo Maggiore (RSM) in Via Brandolina no. 51, ISS code 15821, a citizen of San Marino, Chairman of the Board of Directors of "**Banca Sammarinese di Investimento S.p.A.**", based in Rovereta (RSM), Via Monaldo da Falciano no. 02, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2012;

- **Emanuel Colombini**, born in San Marino (RSM) on February 28, 1978, a resident of Serravalle (RSM) in Strada del Cardio no. 61, ISS code 22616, a citizen of San Marino, a director of "Banca Sammarinese di Investimento S.p.A.", based in Rovereta (RSM), Via Monaldo da Falciano no. 02, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2012;

- **Roberto Ragini**, born in San Marino (RSM) on May 3, 1956, a resident of Dogana (RSM) in Via Tre Settembre no. 184, ISS code 9689, a citizen of San Marino, a director of "Banca Sammarinese di Investimento S.p.A.", based in Rovereta (RSM), Via Monaldo da Falciano no. 02, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2012;

**declare**

under their own responsibility, the permanence for every one of the objective and subjective conditions required by the law no. 47 dated February 23, 2006 and subsequent amendments and additions for the assumption of the office of director.

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Dr. Enzo Donald Mularoni

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Emanuel Colombini

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Roberto Ragini

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**BALANCE SHEET: ASSETS**

	31/12/2012		31/12/2011	
	<i>Part amounts</i>	<i>Total amounts</i>	<i>Part amounts</i>	<i>Total amounts</i>
<b>10 Cash and cash equivalents</b>		<b>528.228</b>		<b>261.696</b>
<b>20 Inter-bank loans</b>		<b>56.401.017</b>		<b>37.393.784</b>
(a) sight credits	26.569.007		26.830.308	
(b) other credits	29.832.010		10.563.476	
<b>30 Customer loans</b>		<b>41.788.213</b>		<b>28.554.882</b>
<b>40 Bonds and other debt securities</b>		<b>56.186.386</b>		<b>50.328.032</b>
(a) issued by public bodies	7.942.156		990.000	
(b) issued by banks	39.701.609		39.624.794	
- of which: own securities	-		5.053.689	
(c) issued by financial institutions (companies)	5.772.768		7.428.807	
(d) issued by other bodies	2.769.853		2.284.431	
<b>50 Shares, quotas and other capital securities</b>		-		<b>395.481</b>
<b>60 Holdings</b>		-		-
<b>70 Holdings in group businesses</b>		-		-
<b>80 Intangible fixed assets</b>		<b>745.839</b>		<b>226.915</b>
- of which: goodwill	-		-	
<b>90 Tangible fixed assets</b>		<b>8.277.044</b>		<b>3.726.974</b>
- of which: leasing	7.539.716		3.587.401	
- of which: assets to be leased	-		-	
<b>100 Uncalled capital</b>		-		-
<b>110 Owned shares and quotas</b>		-		-
<b>120 Other assets</b>		<b>10.500.712</b>		<b>5.350.915</b>
<b>130 Accrued revenues and deferred expenses:</b>		<b>1.364.150</b>		<b>97.412</b>
(a) accrued revenues	1.238.896		57.622	
(b) deferred expenses	125.254		39.790	
<b>140 TOTAL ASSETS</b>		<b>175.791.589</b>		<b>126.336.091</b>

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**BALANCE SHEETS : LIABILITIES**

	31/12/2012		31/12/2011	
	Part amounts	Total amounts	Part amounts	Total amounts
<b>10 Debts with banks</b>		<b>154.078</b>		<b>107.535</b>
(a) sight debts	154.078		107.535	
(b) term or notice debts	-		-	
<b>20 Debts with customers</b>		<b>42.822.726</b>		<b>42.455.858</b>
(a) sight debts	38.802.442		21.928.418	
(b) term or notice debts	4.020.284		20.527.440	
<b>30 Debts represented by securities</b>		<b>95.493.100</b>		<b>56.666.000</b>
(a) bonds	-		10.000.000	
(b) certificates of deposit	95.493.100		46.666.000	
(c) other securities	-		-	
<b>40 Other liabilities</b>		<b>11.470.809</b>		<b>3.941.321</b>
<b>50 Accrued expenses and deferred revenues :</b>		<b>1.354.530</b>		<b>693.687</b>
(a) accrued expenses	1.351.678		693.687	
(b) deferred expenses	2.852		-	
<b>60 Staff retirement allowances</b>		<b>174.449</b>		<b>28.587</b>
<b>70 Risks and costs funds :</b>		<b>30.734</b>		<b>-</b>
(a) retirement and similar costs funds	-		-	
(b) tax funds	-		-	
(c) other funds	30.734		-	
<b>80 Allowances for possible loan losses</b>		<b>-</b>		<b>-</b>
<b>90 Fund for general banking risks</b>		<b>-</b>		<b>250.000</b>
<b>100 Subordinated liabilities</b>		<b>7.980.000</b>		<b>8.000.000</b>
<b>110 Corporate capital</b>		<b>16.200.000</b>		<b>13.000.000</b>
<b>120 Issue premium</b>		<b>-</b>		<b>-</b>
<b>130 Reserves</b>		<b>4.478</b>		<b>1.189.410</b>
(a) ordinary reserves	738		445.866	
(b) treasury stock reserves	-		-	
(c) extraordinary reserves	2.954		738.322	
(d) other reserves	786		5.222	
<b>140 Revaluation reserves</b>		<b>-</b>		<b>-</b>
<b>150 Profits (Losses) carried forward</b>		<b>-</b>		<b>-</b>
<b>160 Profits (Losses) for the financial year</b>		<b>106.685</b>		<b>3.693</b>
<b>170 TOTAL LIABILITIES</b>		<b>175.791.589</b>		<b>126.336.091</b>



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**GUARANTEES AND COMMITMENTS**

	31/12/2012		31/12/2011	
	<i>Part amounts</i>	<i>Total amounts</i>	<i>Part amounts</i>	<i>Total amounts</i>
<b>10 Guarantees issued</b>		<b>1.135.075</b>		<b>1.145.669</b>
- of which:				
(a) acceptances	-		-	
(b) other guarantees	1.135.075		1.145.669	
<b>20 Commitments</b>		<b>1.157.654</b>		<b>21.148.027</b>
- of which:				
(a) certain to be called on	1.075.654		21.148.027	
of which: financial instruments	148.496		21.148.027	
(b) not certain to be called on	82.000		-	
of which: financial instruments	-		-	
(c) other commitments	-		-	

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**PROFIT AND LOSS ACCOUNT**

	31/12/2012		31/12/2011	
	Part amounts	Total amounts	Part amounts	Total amounts
<b>10 Interest received and proceeds</b>		<b>4.225.297</b>		<b>3.011.828</b>
- of which:				
(a) on customer loans	1.357.527		1.175.029	
(b) on debt securities	1.602.611		1.428.659	
<b>20 Interest paid and cost</b>		<b>(2.894.531)</b>		<b>(1.980.966)</b>
- of which:				
(a) on debts with customers	(270.997)		(683.449)	
(b) on debts represented by securities	(2.614.380)		(1.295.767)	
<b>30 Dividends and other proceeds:</b>		<b>5.650</b>		<b>-</b>
(a) on shares, quotas and other variable income securities	5.650		-	
(b) on holdings	-		-	
(c) on holdings in group businesses	-		-	
<b>40 Commissions earned</b>		<b>267.348</b>		<b>281.267</b>
<b>50 Commissions paid</b>		<b>(190.080)</b>		<b>(74.698)</b>
<b>60 Profits (Losses) from financial operations</b>		<b>2.506.464</b>		<b>942.978</b>
<b>70 Other operating proceeds</b>		<b>1.428.743</b>		<b>266.511</b>
<b>80 Other operating costs</b>		<b>-</b>		<b>(92)</b>
<b>90 Administrative costs:</b>		<b>(2.949.731)</b>		<b>(1.878.250)</b>
(a) labour costs	(1.937.031)		(690.602)	
- salaries and wages	(1.418.932)		(504.224)	
- pension contributions	(343.650)		(111.037)	
- retirement allowances	(174.449)		(53.712)	
- severance indemnity-related costs	-		(21.629)	
(b) other administrative costs	(1.012.700)		(1.187.648)	
<b>100 Value adjustments on intangible fixed assets</b>		<b>(123.732)</b>		<b>(79.740)</b>
<b>110 Value adjustments on tangible fixed assets</b>		<b>(1.330.346)</b>		<b>(343.389)</b>
<b>120 Provisions for risks and costs</b>		<b>-</b>		<b>-</b>
<b>130 Provisions to allowances for possible loan losses</b>		<b>-</b>		<b>-</b>
<b>140 Value adjustments on credits and provisions for guarantees and commitments</b>		<b>(6.859.753)</b>		<b>(75.000)</b>
<b>150 Value recoveries on credits and provisions for guarantees and commitments</b>		<b>-</b>		<b>-</b>
<b>160 Value adjustments on financial assets</b>		<b>(547.498)</b>		<b>-</b>
<b>170 Value recoveries on financial assets</b>		<b>-</b>		<b>-</b>
<b>180 Profit (Loss) on ordinary activities</b>		<b>(6.462.169)</b>		<b>70.449</b>
<b>190 Extraordinary proceeds</b>		<b>6.489.736</b>		<b>120.039</b>
<b>200 Extraordinary costs</b>		<b>(170.882)</b>		<b>(186.795)</b>
<b>210 Extraordinary Profit (Loss)</b>		<b>6.318.854</b>		<b>(66.756)</b>
<b>220 Variation to the fund for general banking risks</b>		<b>250.000</b>		<b>-</b>
<b>230 Income tax for the financial year</b>		<b>-</b>		<b>-</b>
<b>240 Profit (Loss) for the financial year</b>		<b>106.685</b>		<b>3.693</b>

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**RESTATED BALANCE SHEET**

**ASSETS**

	31/12/2012	Impact	31/12/2011	Impact
Inter-bank loans	56.401.017	32,08%	37.393.784	29,60%
Customer loans	41.788.213	23,77%	28.554.882	22,60%
Debt and capital securities	56.186.386	31,96%	50.723.513	40,15%
Leased assets	7.539.716	4,29%	3.587.401	2,84%
<b>AF INTEREST-BEARING ASSETS</b>	<b>161.915.332</b>	<b>92,11%</b>	<b>120.259.580</b>	<b>95,19%</b>
Cash and cash equivalents	528.228	0,30%	261.696	0,21%
Intangible fixed assets	745.839	0,42%	226.915	0,18%
Tangible fixed assets	737.328	0,42%	139.573	0,11%
Other assets	10.500.712	5,97%	5.350.915	4,24%
Accrued revenues and deferred expenses	1.364.150	0,78%	97.412	0,08%
<b>ANF NON-INTEREST-BEARING ASSETS</b>	<b>13.876.257</b>	<b>7,89%</b>	<b>6.076.511</b>	<b>4,81%</b>
<b>TOTAL ASSETS</b>	<b>175.791.589</b>	<b>100,00%</b>	<b>126.336.091</b>	<b>100,00%</b>

**LIABILITIES**

	31/12/2012	Impact	31/12/2011	Impact
Debts with banks	154.078	0,09%	107.535	0,09%
Debt with customers	42.822.726	24,36%	42.455.858	33,61%
Debts represented by securities	95.493.100	54,32%	56.666.000	44,85%
Subordinated liabilities	7.980.000	4,54%	8.000.000	6,33%
<b>PO BEARING LIABILITIES</b>	<b>146.449.904</b>	<b>83,31%</b>	<b>107.229.393</b>	<b>84,88%</b>
Other liabilities	11.470.809	6,53%	3.941.321	3,12%
Accrued expenses and deferred revenues	1.354.530	0,77%	693.687	0,55%
Staff retirement allowances	174.449	0,10%	28.587	0,02%
Risks and costs funds	30.734	0,02%	-	-
<b>PNO NON-BEARING LIABILITIES</b>	<b>13.030.522</b>	<b>7,41%</b>	<b>4.663.595</b>	<b>3,69%</b>
Fund for general banking risk	-	-	250.000	0,20%
Corporate capital	16.200.000	9,22%	13.000.000	10,29%
Reserves	4.478	0,00%	1.189.410	0,94%
Profit (Loss) for the financial year	106.685	0,06%	3.693	0,00%
<b>PAT ASSETS</b>	<b>16.311.163</b>	<b>9,28%</b>	<b>14.443.103</b>	<b>11,43%</b>
<b>TOTAL LIABILITIES</b>	<b>175.791.589</b>	<b>100,00%</b>	<b>126.336.091</b>	<b>100,00%</b>

Banca Sammarinese di Investimento S.p.A.  
**BILANCIO DI ESERCIZIO 2012**  
**RECLASSIFIED INCOME STATEMENT**

	31/12/2012	31/12/2011	Variation
Interest received and proceeds	4.225.297	3.011.828	40,29%
Interest paid and cost	(2.894.531)	(1.980.966)	46,12%
<b>MI INTEREST MARGIN</b>	<b>1.330.766</b>	<b>1.030.862</b>	<b>29,09%</b>
Commissions earned	267.348	281.267	(4,95%)
Commissions paid	(190.080)	(74.698)	154,46%
<b>CN NET COMMISSIONS</b>	<b>77.268</b>	<b>206.569</b>	<b>(62,59%)</b>
Dividends and other proceeds	5.650	-	-
Profits/Losses from financial operations	2.506.464	942.978	165,80%
<b>MINT INTERMEDIATION MARGIN</b>	<b>3.920.148</b>	<b>2.180.409</b>	<b>79,79%</b>
Administrative costs	(2.949.731)	(1.878.250)	57,05%
Value adjustments on intangible fixed assets	(123.732)	(79.740)	55,17%
Value adjustments on tangible fixed assets	(1.330.346)	(343.389)	287,42%
Other operating proceeds/costs	1.428.743	266.419	436,28%
<b>CO OPERATING COSTS</b>	<b>(2.975.066)</b>	<b>(2.034.960)</b>	<b>46,20%</b>
<b>RG GROSS OPERATING PROFIT</b>	<b>945.082</b>	<b>145.449</b>	<b>549,77%</b>
Value adjustments on credits	(6.859.753)	(75.000)	9046,34%
Value adjustments on financial assets	(547.498)	-	-
Extraordinary proceeds/costs	6.318.854	(66.756)	(9565,60%)
Variation to the fund for general banking risks	250.000	-	-
<b>RN PROFIT FOR THE FINANCIAL YEAR</b>	<b>106.685</b>	<b>3.693</b>	<b>2788,84%</b>

Banca Sammarinese di Investimento S.p.A.  
**BILANCIO DI ESERCIZIO 2012**  
**HIGHLIGHTS**

**Key balance sheet figures (In EUR)**

	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Total assets	175.791.589	126.336.091	120.381.234	123.543.656
Net lending	49.327.929	32.142.283	31.193.354	30.434.182
Net non-performing loans	6.573.251	11.783.243	10.497.560	9.542.087
Provision for adjustments on doubtful loans	2.156.832	1.078.132	1.001.809	1.465.094
Direct collection	146.560.317	102.107.309	99.626.334	101.087.577
Indirect collection:	89.111.117	62.014.090	62.242.966	81.923.079
- operated	17.264.481	-	-	-
- managed	71.846.636	62.014.090	62.242.966	81.923.079
Net equity	16.311.163	14.443.103	14.615.410	14.603.999

**Main structural and operational highlights**

	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Number of employees	24	10	10	8
Counters	3	1	1	1

**Main economic and operation data (In EUR)**

	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Interest margin	1.330.766	1.030.862	942.988	1.213.825
Intermediation margin	3.920.148	2.180.409	2.630.260	4.497.362
Administrative costs	2.949.731	1.878.250	2.024.655	1.583.185
Personnel costs	1.937.031	690.602	774.403	708.015
Operating costs	2.975.066	2.034.960	2.232.276	1.780.260
Profit for the financial year	106.685	3.693	6.189	1.142.903

Banca Sammarinese di Investimento S.p.A.  
**BILANCIO DI ESERCIZIO 2012**  
**RATIOS**

**Structural ratios (%)**

	31/12/2012	var.	31/12/2011	var.	31/12/2010	var.	31/12/2009
Direct collection / Total assets	83,37	2,55	80,82	(1,94)	82,76	0,94	81,82
Net lending / Total assets	28,06	2,62	25,44	(0,47)	25,91	1,28	24,63
Net lending / Direct collection	33,66	2,18	31,48	0,17	31,31	1,20	30,11
Operated collection / Indirect collection	19,37	19,37	-	-	-	-	-
Managed collection / Indirect collection	80,63	(19,37)	100,00	-	100,00	-	100,00
Net equity / Total assets	9,28	(2,15)	11,43	(0,71)	12,14	0,32	11,82
Net equity/ Net lending	33,07	(11,87)	44,93	(1,92)	46,85	(1,13)	47,99

**Indicators of the quality of credit (%)**

	31/12/2012	var.	31/12/2011	var.	31/12/2010	var.	31/12/2009
Net NPLs / Net lending	1,70	(12,52)	14,23	9,88	4,35	(0,71)	5,06
Net problem loans / Net lending	11,60	7,20	4,40	(8,09)	12,49	12,49	0,00
Net doubtful credits / Net lending	13,33	(23,33)	36,66	3,01	33,65	2,30	31,35
Net NPLs / Net equity	5,15	(26,51)	31,67	22,39	9,27	(1,26)	10,54

**Profitability ratios (%)**

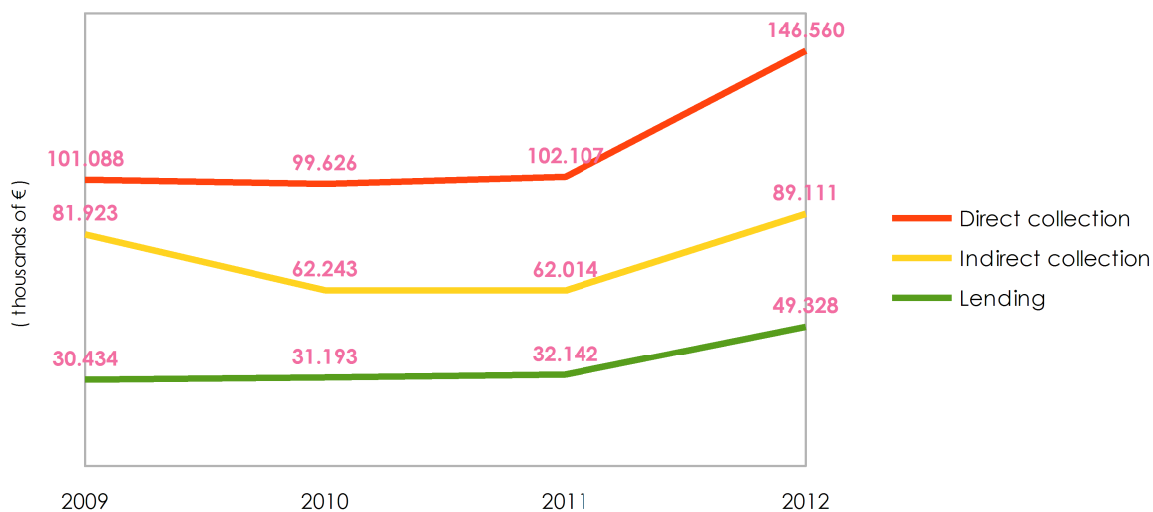
	31/12/2012	var.	31/12/2011	var.	31/12/2010	var.	31/12/2009
Interest margin / Intermediation margin	33,95	(13,33)	47,28	11,43	35,85	8,86	26,99
Interest margin / Interest-bearing assets	0,82	(0,04)	0,86	0,04	0,82	(0,24)	1,06
Intermediation margin / Interest-bearing assets	2,42	0,61	1,81	(0,48)	2,29	(1,63)	3,92
Administrative costs / Intermediation margin	75,25	(10,90)	86,14	9,17	76,98	41,77	35,20
Cost / Income	75,89	(17,44)	93,33	8,46	84,87	45,28	39,58
Net profit / (Net Equity – Net profit) [R.O.E.]	0,66	0,63	0,03	(0,02)	0,04	(8,45)	8,49
Net profit / Total Assets [R.O.A.]	0,06	0,06	0,00	(0,00)	0,01	(0,92)	0,93

**Efficiency ratios (In thousands of EUR)**

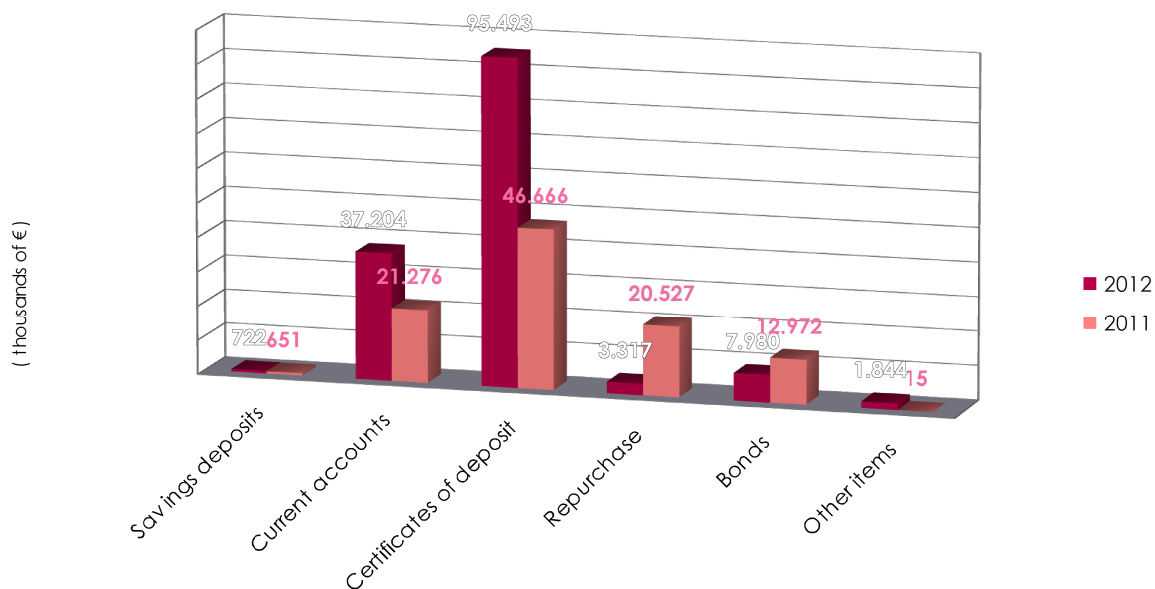
	31/12/2012	var.	31/12/2011	var.	31/12/2010	var.	31/12/2009
Total deposits per employee	9.820	(6.592)	16.412	225	16.187	(6.689)	22.876
Net loans per employee	2.055	(1.159)	3.214	95	3.119	(685)	3.804
Intermediation margin per employee	163	(55)	218	(45)	263	(299)	562
Average personnel costs	81	12	69	(8)	77	(11)	89
Total operating costs per employee	124	(80)	203	(20)	223	1	223

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**BILANCIO DI ESERCIZIO 2012**

**Temporal evaluation of the deposits and loans**



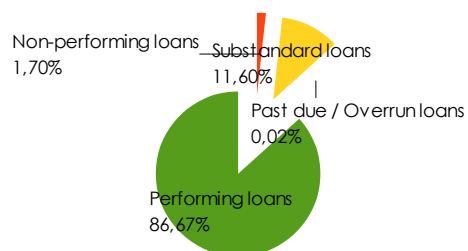
**Composition of direct collection**



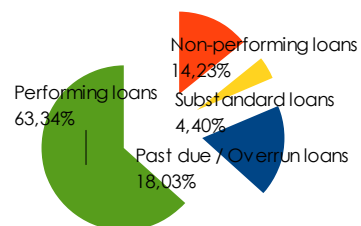
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**BILANCIO DI ESERCIZIO 2012**

**Situation of net loans to customers**

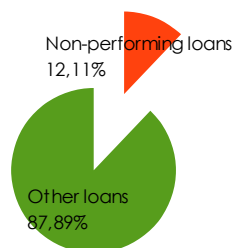
**2012 - Banca Sammarinese di Investimento**



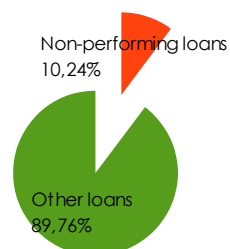
**2011 - Banca Sammarinese di Investimento**



**2012 - Sammarinese banking system (\*)**



**2011 - Sammarinese banking system**



(\*) data at 30/09/2012



Banca Sammarinese di Investimento S.p.A.  
**BILANCIO DI ESERCIZIO 2012**  
**STATEMENT OF CASH FLOW**

**FUNDS GENERATED AND COLLECTED**

2012

<b>Funds generated and collected</b>		<b>9.202.028</b>
Profit for the financial year	106.685	
Value adjustments on intangible fixed assets	2.001.576	
Value adjustments on credits and provisions for guarantees and commitments	6.859.753	
Provision for severance pay	174.449	
Provision for risks and charges	59.565	
<b>Increase in funds collected</b>		<b>47.430.842</b>
Other liabilities	7.529.488	
Debts with banks	46.543	
Debts evidenced by securities	38.827.100	
Debts with customers	366.868	
Accrued expenses and deferred revenues	660.843	
<b>Decrease in funds invested</b>		<b>395.481</b>
Shares and other equity	395.481	
<b>Variation to net equity</b>		<b>3.200.000</b>
Increase in share capital	3.200.000	
<b>Total funds generated and collected</b>		<b>60.228.351</b>

**FUNDS USED AND INVESTED**

2012

<b>Write-backs and use of funds generated from management operations</b>		<b>57.418</b>
Use of provisions for risks and charges	28.831	
Use of the provision for severance pay	28.587	
<b>Increase in funds invested</b>		<b>58.712.308</b>
Other assets	5.149.797	
Cash and cash equivalents	266.532	
Inter-bank loans	19.007.233	
Customer loans	20.093.084	
Intangible fixed assets	642.656	
Tangible fixed assets	5.880.416	
Bonds and other debt securities	6.405.852	
Accrued revenues and deferred expenses	1.266.738	
<b>Decrease in funds collected</b>		<b>20.000</b>
Subordinated liabilities	20.000	
<b>Variation to net equity</b>		<b>1.438.625</b>
Change in reserve for general banking risks	250.000	
Working capital reserves	1.188.625	
<b>Total funds used and invested</b>		<b>60.228.351</b>

## **Section A**

# **ASSESSMENT CRITERIA**

The Financial Statements related to the financial year ended on December 31, 2012 were prepared in accordance with the provisions of Regulation no. 2008-02 on the preparation of the financial statements of banks issued on September 23, 2008 (and updated on December 7, 2012) from the Central Bank of the Republic of San Marino, in accordance with Article 39 of Law No. 165 dated November 17, 2005.

The Financial Statements include the Balance Sheet, the Guarantees and Commitments, the Income Statement and the Notes to the accounts. The Financial Statements shall be accompanied by the report of the Directors on the management, the report of the Statutory Auditors and the Report of the Independent Auditors.

The Financial Statements shall be drawn up clearly and give a true and fair view of the assets, the financial situation and the result of its operations.

The values shown are expressed in Euros and are compared with those of the previous financial year. We also apply the regulations issued by the Central Bank, Supervision Division.

The algebraic sum of the differences arising from the rounding of the items is recorded under "Other assets / liabilities" in the balance sheet and under "Extraordinary income/expenses" in the Income Statement.

The various items of the Financial Statement are reflected in the corporate accounting which was prepared in compliance with the various administrative events occurred during the period.

The true and fair representation is made according to the provisions of the Law; in the event of an exception, the reasons and the relevant influence on the representation of the balance sheet, the financial position and the results of operations are explained in the notes to the accounts.

In order to improve the level of clarity and truth of the Financial Statements, the accounts were prepared in such a way, where possible, to privilege the representation of the substance over form. In order to provide a representation of the financial position closer to the actual movements of the financial balance sheet of the bank, accounts "above the line" are prepared to give preference, where possible, to the time of settlement of transactions rather than the bargaining one.

The recognition of income and expenses is in accordance with the accrual principle, regardless of the collection date and payment date, and the principle of prudence. Priority is given to the latter principle, provided that there is no explicit formation of reserves.

In order not to reduce the information content of the Financial Statements data according to the principles of truth and clarity, no item compensations were made.

The depreciation and amortization of assets are carried out solely by the direct adjustment decreasing the value of these elements with the exception of the value adjustments on receivables in implied leasing, which are detected through allocations to provisions for risks and charges to item 70 of Liabilities.

## **Section 1 - Presentation of the assessment criteria**

The assessment of assets and liabilities shown in the Financial Statements and out of them are carried out according to the principle of prudence and the going concern basis.

### **\* Cash and cash equivalents (item 10 of assets)**

This item includes legal currency, including banknotes and coins in foreign currency, money orders, cashier's and postal checks as well as similar securities, warrants and securities due on demand. It also includes coins and collection medals as well as gold, silver and stamps.

### **\* Inter-bank loans (item 20 of assets)**

This item includes all amounts due from banks, regardless of their technical form, except those represented by financial instruments that must be allocated to the item no. 40 "Bonds and other debt instruments" and are recorded at their estimated realizable value.

Receivables from banks include the countervalue of the repurchase agreements, in which the assignee bank has the obligation to resell the securities to the transferor bank. The amount is equal to the price paid in cash. The assets transferred continue to appear in the portfolio held by the transferor bank.

### **\* Customer loans (item 30 of assets)**

This item includes credits arising from contracts of financing to customers, whatever is their technical form, and provided that, to the extent that, there was the actual disbursement of the loan. The credits not yet disbursed, although recognized under accounting records as "contract date", are not included in this item, but in the relevant item of the securities. The credits represented by securities are recorded under item 40 "Debt securities and other debt instruments."

The partial payments received for past due or overdue directly reduce the value of the receivables. Payments received

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in advance against receivables not yet due are included in liabilities, "due to customers" or "other liabilities", depending on whether the payments themselves are bearing interest or not.

This item also includes credits arising from finance leases for installments due and not yet received and related receivables for default interest.

Among the "Credits to customers" there is the value of the repurchase agreements, in which the customer has the obligation to repurchase the underlying securities to the bank. The amount recorded is equal to the price paid in cash.

The credits are recorded in the balance sheet according to the estimated realizable value determined on the basis of the solvency of the debtor and, at a flat rate, depending on the situation of debt-servicing difficulties faced by the country of residence of the debtor.

The determination of the net realizable value is made based on an evaluation of all the elements characterizing the trend of the relationships, supported by the balance sheet, income statement and financial debtors information, by the nature of the business and any guarantees given.

In detail:

- **Non performing loans:** they identify the area of the credits, regardless of the forecast of potential losses to persons in a state of insolvency, even if not established by a court, or in similar situations; this item includes the entire exhibition before interests accounted and recognized for expenses incurred in the recovery activities of the ground portion of the interest deemed not recoverable. The assessment of non-performing credits is analyzing the chances of recovery on an individual basis and determining the relative loss alleged.

- **Substandard loans:** they are loans to borrowers under temporary difficulties, which it is expected to be resolved within a reasonable period of time. The assessment is carried out on an individual basis. Furthermore, the Substandard loans as a result of Regulation no. 2008-02, also include funding for which they were due and not paid, even if only partially:

3 half-yearly installments or 5 quarterly installments for the loans of original maturity of more than 36 months

2 half-yearly installments or 3 quarterly installments whose duration is less than or equal to 36 months

If the amortization schedule of the loan provided monthly installments, the number of overdue and unpaid fees considered is as follows:

equal to 7 for loans longer than 36 months

equal to 5 for the loans of less than 36 months.

- **Past due and/or overrun loans:** they identify with all exposures to individual customers holding cash and off-balance sheet loans, other than the doubtful and substandard ones, which, to date, have expired or overdue on an ongoing basis by more than 90 days; if such exposures amount to 20% of overall exposure, a write-down was expected for these loans.

- **Loans to countries at risk:** they are exposures due from borrowers belonging to the countries of Zone B; this category is a residual part of loans, so a general write-downs was made

- **Restructured loans:** these are the cash and "off balance sheet" loans for which a bank, due to the deterioration of the financial situation of the borrower, agrees to modify the original contractual terms (i.e., rescheduling of deadlines, debt and/or interest reduction, etc.) that give rise to a loss. Excluded are loans to companies for which it is provided for the cessation of the activity (for example, cases of voluntary liquidation or similar situations). The assessment also excludes the loans whose anomalous situation is due solely to factors pertaining to the country risk.

- **Performing loans:** these are written down based on a standard method, to ensure coverage of the so-called "inherent risk"; the impairment of receivables is performed with downward adjustment of the value recorded in the balance sheet.

**\* Bonds and other debt securities (item 40 of assets)**

The securities portfolio consists of securities held for investment and trading securities held for trading and treasury.

This item includes all debt instruments held in the portfolio of the bank, comprising tangible and intangible assets, such as government bonds, bonds, certificates of deposit and other financial instruments at fixed or variable income.

The assessments were performed in accordance with Regulation no. 2008-02 dated 09/23/2008 by the BCSM on the preparation of the Financial Statements of the banks.

**Investment portfolio**

The financial instruments of the investment portfolio, including all listed and unlisted financial instruments intended to be held for long term by the bank (until the natural expiry, unless exceptional events) are valued at their acquisition cost. They are written down in the event of permanent impairment of the ability to repay the debt by the issuer and the related country risk. These write-downs will be eliminated at if their reasons lack. Listed and unlisted financial instruments on organized (regulated) markets, which are "off balance sheet" transactions related to the investment portfolio, apply the same accounting policies as set forth above.

Please note that the long-term active and / or passive accrued expense depending on the result achieved by the difference between the cost to book and the nominal repayment amount divided by the remaining life of the security.

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**Trading portfolio**

This portfolio includes all financial instruments held for investment purposes but for trading purposes to meet the cash and trading requirements.

The financial instruments which form part of the trading portfolio, listed or unlisted on an organized (regulated) market, are valued at market value. For the listed financial instruments, the market value is the value of listing. For the unlisted financial instruments, the market value is determined based on the value of similar listed and unlisted instruments or if this is not possible, based on reasonable estimates.

The determination of the value of trading securities is made by reference to the value determined at the date of the balance sheet.

The capital gains and losses, arising from the comparison between the market value at the date of December 31, 2012 with the latest book value, have been accounted for in the income statement.

**\* Intangible fixed assets (item 80 of assets)**

Intangible assets are recorded at their original acquisition cost, adjusted for amortization carried out directly, systematically, based on the expected remaining life. The ordinary annual depreciation rate is 20%. With reference to the intangible assets related to contracts, the depreciation was calculated based on the duration of the latter.

**\* Tangible fixed assets (item 90 of assets)**

Tangible fixed assets are recorded at their purchase cost, including ancillary costs and any additional expenses to increase.

The depreciation of fixed assets is carried out systematically with direct adjustment of the value by using the tax rates established by the Rey Decree no. 3 dated January 20, 1986, deemed adequate and representative of the value corresponding to the remaining useful life of the asset. If the asset has a value below the cost, we proceed to its devaluation. The impairment losses recognized in prior periods are not maintained if the reasons lack.

Please note that the letter Prot. 5584 dated 05/18/2012 by Tax Office of the Republic of San Marino has authorized the request of the bank to use depreciation equal to one half of the ordinary fee in relation to all durable goods acquired during the year to enhance the technical infrastructure of the Institute, so taking into account the actual useful life of the assets.

**\* Financial lease (leasing)**

The amount of the assets under finance leases is recorded in item 90 of "tangible assets". Loans related to finance lease transactions are determined using the financial method, as provided by Law no. 115 dated 11/19/2001, and recorded as assets for the algebraic balance obtained by the difference between the capital funded or the historical cost of the asset and the related accumulated amortization powered by the principal amount of the fees due.

The interests of the fees accrued during the financial year are under item 10 of the income statement "Interest income and similar income on receivables" and, the capital is under items 70 "Other operating income" and 110 "Value adjustments on tangible assets" for the same amount with a neutral effect on the operating result.

**\* Assets and liabilities in currency**

The assets and liabilities and the off balance sheet transactions are valued at the spot rate as at the balance sheet date, as set out in art. III.II.6 of Regulation no. 2008-02. The effect of this valuation is recognized in the income statement.

Foreign currency "off balance sheet" transactions are recorded at the spot rate of exchange as at the balance sheet date; in the case of spot transactions not yet settled or "hedging" transactions. In the latter case, the spreads between spot exchange rate and term to maturity of the contracts are recorded in the income statement according to criteria of timing and complement the interest on the assets and liabilities being hedged: it shall be counted in the income statement 10 and 20 "Interest income (expense) and income (expense)".

**\* "Off balance sheet" transactions (other than those on currency)**

Off balance sheet transactions are assessed using the same criteria as for the assets / liabilities recognized in the financial statements according to whether they are recorded as intangible assets or non-constituent fixed assets.

The contracts for the sale of (spot or forward) securities, not yet settled at the balance sheet date, are assessed using criteria consistent with those adopted for the assessment of the securities in the portfolio.

**\* Debts to banks (item 10 of liabilities)**

This item includes all amounts due to banks, regardless of their technical form, except those represented by financial instruments that should be brought under item 30.

Amounts due to banks include the amount of the value of the securities received by the originating bank in the

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operations of repurchase agreements and swaps in which the assignee bank assumes the obligation to resell. The above items are recorded at their nominal value.

**\* Debts to customers (item 20 of liabilities)**

This item includes all amounts due to customers, regardless of their technical form, except those represented by financial instruments that must be allocated to the item no. 30.

Amounts due to customers include the amount of the countervalue of the securities received by the originating bank in the operations of repurchase agreements and swaps in which the client transferee customer assumes the obligation to resell.

The above items are recorded at their nominal value.

**\* Debts represented by securities (item 30 of liabilities)**

Debts represented by financial instruments are recorded at their nominal value.

This item, as well as bonds and certificates of deposit, includes in the item "other financial instruments", their acceptances as well as atypical securities traded in Art. II.III.8 of Regulation no. 2007-07. Also included are financial instruments of debt that, at the date of the balance sheet, have not yet been repaid.

The "Repurchase agreements" operations on securities with customers, which provide that the transferee is obliged to resell the securities involved in the transaction, shown as "Term or with deposit due to customers b)" and are recorded at their "spot" value, while the underlying securities are shown under the item "Bonds and other debt securities."

**\* Other assets – Other liabilities (item 120 of assets – item 40 of liabilities)**

This item includes all assets and liabilities not attributable to other assets or liabilities. It includes also balances ("debit balance" or "credit balance") of temporary or suspense items not allocated to destination accounts. Among other liabilities, the means of payment drawn on the bank, such as bank drafts, are also under detection.

**\* Accrued expenses and deferred income (items 130 and 50 of liabilities)**

They are recognized in accordance with the principle of accrual, however, the principle adopted for accounting of all income and expenses, the share of interest income and expense and other income and expenses.

Prepayments and accrued income are shown separately in the balance sheet in the appropriate sub-items of the assets and liabilities.

**\* Staff retirement allowances (item 60 of liabilities)**

The Provision for severance indemnities (TFR) fully covers the seniority of all the employees of this company accrued at the balance sheet date, will be paid directly to the beneficiaries on an annual basis as permitted by applicable laws.

**\* Provisions for risks and charges (item 70 of liabilities)**

These funds are intended solely to cover the losses, expenses or debts of a specific nature, either probable or certain, but for which, at the balance sheet date, have an uncertain amount and date of occurrence.

Provisions for risks and charges include:

- Provisions made for taxes to be paid, calculated based on a realistic estimate of the tax burden, in relation to the tax provision in force;
- Provisions to cover potential liabilities of which the exact amount or date of occurrence is not known;
- Provisions on implicit leasing receivables.

**\* Guarantees**

This item includes all the guarantees provided by the bank as well as the assets sold as guarantee obligations of third parties.

**\* Commitments**

This item includes every irrevocable certain or uncertain commitment, which may give rise to credit risks (i.e. margins available on irrevocable lines of credit granted to customers or banks).

The commitments arising from derivative contracts are valued in relation to their notional value.

Guarantees issued and commitments are recorded as follows:

- The contracts of deposit and loan based on the amount to be given;
- The irrevocable lines of credit based on the residual amount to be used;

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- Other commitments and guarantees based on the value of the contractual commitment by the Bank.

**Section 2 - Adjustments and tax provisions**

No provisions and value adjustments solely for tax purposes were performed.

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**Section B/1**

**INFORMATION ON THE STATEMENT OF ASSETS AND LIABILITIES: ASSETS**

**Cash and cash equivalents (item 10 of assets)**

**Table 1.1  
Breakdown of assets item 10 "Cash and cash equivalents"**

The item 10 "Cash and cash equivalents" includes all of the money and coins in Euros and foreign currency lying in the branches of the Institute. The increase, compared to the previous survey, is due to the new availability of cash held at the banks of the two new branches of Borgo Maggiore and Dogana.

			Amount	Variation
	31/12/2012	31/12/2011		%
Banknotes and coins	504.960	245.659	259.301	105,55%
Foreign currency cash	23.268	16.037	7.231	45,09%
<b>Total</b>	<b>528.228</b>	<b>261.696</b>	<b>266.532</b>	<b>101,85%</b>

**Inter-bank loans (item 20 of assets)**

**Table 2.1  
Breakdown of assets item 20 "Inter-bank loans"**

The item 20 "Loans to banks" includes all amounts due from banks, regardless of their technical form, with the exception of loans represented by securities which are returned to item 40 of assets. These receivables are stated at their estimated realizable value.

The item "On demand" includes all current accounts and demand deposits held with other foreign and San Marino banks in Euro and in foreign currency.

The item "Time deposits - currency" includes the deposit guarantying the operation of the prepaid credit cards previously traced in item 120 "Other assets".

The absolute change in positive of EUR 19,007,233 (50.83%) is mainly due to liquidity coming from new customers in deposits maturing within 6 months.

	31/12/2012		31/12/2011		Amount	Variation
	In Euro	In foreign currency	In Euro	In foreign currency		%
<b>Sight credits:</b>	<b>25.309.070</b>	<b>1.259.937</b>	<b>25.435.332</b>	<b>1.394.976</b>	<b>(261.301)</b>	<b>(0,97%)</b>
- Free deposits	18.644.697	-	-	-	18.644.697	-
- Current accounts	6.664.373	1.259.937	25.435.332	1.394.976	(18.905.998)	(70,47%)
- Other	-	-	-	-	-	-
<b>Other credits :</b>	<b>29.000.000</b>	<b>832.010</b>	<b>10.563.476</b>	-	<b>19.268.534</b>	<b>182,41%</b>
- Term deposits	29.000.000	832.010	10.000.000	-	19.832.010	198,32%
- Current accounts	-	-	-	-	-	-
- Repos and reverse repos	-	-	-	-	-	-
- Others	-	-	563.476	-	(563.476)	(100,00%)
<b>Total</b>	<b>54.309.070</b>	<b>2.091.947</b>	<b>35.998.808</b>	<b>1.394.976</b>	<b>19.007.233</b>	<b>50,83%</b>

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**Table 2.2**  
**Breakdown of cash credits to banks**

The item "Non-performing loans" includes a credit which the Institute holds in respect of the "Credito Sammarinese SpA being wound up." This credit has been carefully written down for the full amount. The remaining loans are shown under "Performing loans", considered collectable and therefore no further adjustments have not made.

	31/12/2012			31/12/2011		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
<b>Bad and doubtful loans :</b>	<b>44.677</b>	<b>44.677</b>	-	<b>1.376.197</b>	<b>812.721</b>	<b>563.476</b>
- Non-performing loans	44.677	44.677	-	1.376.197	812.721	563.476
- Substandard loans	-	-	-	-	-	-
- Restructured loans	-	-	-	-	-	-
- Past due/ overrun loans	-	-	-	-	-	-
- Unsecured loans to countries at risk	-	-	-	-	-	-
<b>Performing loans</b>	<b>56.401.017</b>	-	<b>56.401.017</b>	<b>36.830.308</b>	-	<b>36.830.308</b>
<b>Total</b>	<b>56.445.694</b>	<b>44.677</b>	<b>56.401.017</b>	<b>38.206.505</b>	<b>812.721</b>	<b>37.393.784</b>

**Table 2.3**  
**Changes in bad and doubtful loans to banks**

The table shows the increases and decreases occurred during the financial year in the amount of gross exposures. The Institute has carried out the zeroing following payments amounting to EUR 364,293 ("Collection"), of the old debts owed by no. 2 foreign issuers that were in default status for an amount of EUR 1,011,904 ("Cancellation").

	Non-performing loans	Substandard loans	Restructured loans	Past due/ overrun loans	Unsecured loans to countries at risk
<b>Opening gross exposure</b>	<b>1.376.197</b>	-	-	-	-
<i>of which: for past-due interests</i>	-	-	-	-	-
<b>Increases :</b>	<b>44.677</b>	-	-	-	-
- inflow from loans	44.475	-	-	-	-
- past-due interests	202	-	-	-	-
- Other increases	-	-	-	-	-
<b>Decreases :</b>	<b>1.376.197</b>	-	-	-	-
- outflow to loans	-	-	-	-	-
- write-offs	1.011.904	-	-	-	-
- collections	364.293	-	-	-	-
- arising from sales	-	-	-	-	-
- Other decreases	-	-	-	-	-
<b>Closing gross exposure at 31/12/2012</b>	<b>44.677</b>	-	-	-	-
<i>of which: for past-due interests</i>	202	-	-	-	-

**Table 2.4**  
**Changes in total value adjustments on "Inter-bank loans"**

The table shows the movements during the year in the amount of the value adjustments on loans to banks. In relation to what has been previously described in Tables 2.2 (Credito Sammarinese SpA in LCA) and 2.3 (Cancellation), it has been undertaken to increase the value adjustments on loans, which at the end of 2011 stood at EUR 812,721, of EUR 608,153



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	Non-performing loans	Substandard loans	Restructured loans	Past due/overrun loans	Unsecured loans to countries at risk	Performing loans
<b>Opening total adjustments</b>	<b>812.721</b>	-	-	-	-	-
<b>Increases :</b>	<b>608.153</b>	-	-	-	-	-
- Value adjustments	608.153	-	-	-	-	-
<i>of which: for past-due interests</i>	202	-	-	-	-	-
- Utilization of allowance for possible loan losses	-	-	-	-	-	-
- Transfers from other categories of loans	-	-	-	-	-	-
- Other increases	-	-	-	-	-	-
<b>Decreases :</b>	<b>1.376.197</b>	-	-	-	-	-
- Value recoveries from valuation	-	-	-	-	-	-
<i>of which: for past-due interests</i>	-	-	-	-	-	-
- Value recoveries from collection	-	-	-	-	-	-
<i>of which: for past-due interests</i>	-	-	-	-	-	-
- Write-offs	1.011.904	-	-	-	-	-
- Transfers from other categories of loans	-	-	-	-	-	-
- Other decreases	364.293	-	-	-	-	-
<b>Closing total adjustments at 31/12/2012</b>	<b>44.677</b>	-	-	-	-	-
<i>of which: for past-due interests</i>	202	-	-	-	-	-

**Table 2.5**  
**Composition of item "Inter-bank loans" according to residual life**

The residual life corresponds to the time interval between the date of the financial statements and the contractual maturity of each transaction. To meet the liquidity needs of customers around 50% of loans to banks are at sight. In the case of bound operations, the deadline does not exceed 6 months. The security deposit previously described in Table 2.1 is attributed to the category of "Expiry date not given".

	31/12/2012	31/12/2011
Sight	26.569.007	26.830.308
From 1 day to 3 months	22.000.000	5.000.000
From 3 months+ to 6 months	7.000.000	5.000.000
From 6 months+ to 1 year	-	-
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	832.010	563.476
<b>Total</b>	<b>56.401.017</b>	<b>37.393.784</b>

**Customer loans (item 30 of assets)**

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**Table 3.1**  
**Breakdown of assets item 30 "Customer loans"**

The item 30 "Loans to customers" is the collection of credits arising from loan agreements entered into with customers, whatever is their technical form, and are stated at their estimated realizable value.  
 The items "C/c assets (at sight/other receivables)" include the summation of the debit balances on current accounts, including interest, in the form of current account according to the maturity of the loan itself.  
 The items "Other", "Discounted portfolio and sbf" and "Other loans" include credits arising from financing import / export transactions, open positions for portfolio advances, mortgage relationships with amortization schedule, grants and the loans.

	31/12/2012		31/12/2011		Amount	Variation %
	In Euro	In foreign currency	In Euro	In foreign currency		
<b>Sight / non-revolving loans :</b>	<b>28.841.408</b>	<b>3.168</b>	<b>23.714.008</b>	<b>30</b>	<b>5.130.538</b>	<b>21,64%</b>
- Current accounts	16.264.354	3.168	19.172.691	30	(2.905.199)	(15,15%)
- Other	12.577.054	-	4.541.317	-	8.035.737	176,95%
<b>Other loans :</b>	<b>12.943.637</b>	<b>-</b>	<b>4.840.844</b>	<b>-</b>	<b>8.102.793</b>	<b>167,38%</b>
- Current accounts	2.556.122	-	-	-	2.556.122	-
- Discounted portfolio and subject to collection	8.060.973	-	1.967.874	-	6.093.099	309,63%
- Repos and reverse repos	-	-	-	-	-	-
- Other loans	2.326.542	-	2.872.970	-	(546.428)	(19,02%)
<b>Total</b>	<b>41.785.045</b>	<b>3.168</b>	<b>28.554.852</b>	<b>30</b>	<b>13.233.331</b>	<b>46,34%</b>

**Table 3.2**  
**Secured customer loans**

This table indicates the total amount of "Loans to customers" that are assisted, in whole or in part, by real and personal guarantees. If a credit is partially guaranteed, only the amount of loans guaranteed has been shown.

	31/12/2012		31/12/2011		Amount	Variation %
	In Euro	In foreign currency	In Euro	In foreign currency		
<b>From mortgages</b>	<b>2.337.472</b>	<b>-</b>	<b>865.413</b>	<b>-</b>	<b>1.472.059</b>	<b>170,10%</b>
<b>From pledges on :</b>	<b>3.808.382</b>	<b>-</b>	<b>6.278.318</b>	<b>-</b>	<b>(2.469.936)</b>	<b>(39,34%)</b>
- Cash deposits	606.924	-	1.503.567	-	(896.643)	(59,63%)
- Securities	3.201.458	-	4.774.751	-	(1.573.293)	(32,95%)
- Other valuables	-	-	-	-	-	-
<b>From guarantees by :</b>	<b>15.655.032</b>	<b>-</b>	<b>2.042.376</b>	<b>-</b>	<b>13.612.656</b>	<b>666,51%</b>
- states	107.047	-	-	-	107.047	-
- other government bodies	-	-	-	-	-	-
- banks	-	-	-	-	-	-
- other finance companies	-	-	-	-	-	-
- other issuers	15.547.985	-	2.042.376	-	13.505.609	661,27%
<b>Total</b>	<b>21.800.886</b>	<b>-</b>	<b>9.186.107</b>	<b>-</b>	<b>12.614.779</b>	<b>137,32%</b>

**Table 3.3**  
**Breakdown of cash credits to customers**

The table shows the situation of cash credits for each category of credit, as dictated by art. 1.1.2 of Regulation no. 2007-

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07, which also includes credits arising from finance leases. That said, the total table item does not necessarily coincide with the item 30 "Due to customers" because it takes into account the receivables originated by financial leasing in the financial statements in items 80 and 90 "Tangible and intangible assets".

	31/12/2012			31/12/2011		
	Gross exposure	Overall total adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
<b>Bad and doubtful loans :</b>	<b>8.730.083</b>	<b>2.156.832</b>	<b>6.573.251</b>	<b>12.861.375</b>	<b>1.078.132</b>	<b>11.783.243</b>
<i>of which: from financial leases</i>	-	-	-	-	-	-
- Non-performing loans	2.424.062	1.583.405	840.657	5.620.301	1.046.717	4.573.584
<i>of which: from financial leases</i>	-	-	-	-	-	-
- Substandard loans	6.293.684	572.810	5.720.874	1.437.955	23.820	1.414.135
<i>of which: from financial leases</i>	-	-	-	-	-	-
- Restructured loans	-	-	-	-	-	-
<i>of which: from financial leases</i>	-	-	-	-	-	-
- Past due / overrun loans	12.337	617	11.720	5.803.119	7.595	5.795.524
<i>of which: from financial leases</i>	-	-	-	-	-	-
- Unsecured loans to countries at risk	-	-	-	-	-	-
<b>Performing loans</b>	<b>42.925.953</b>	<b>171.275</b>	<b>42.754.678</b>	<b>20.359.997</b>	<b>957</b>	<b>20.359.040</b>
<i>of which: from financial leases</i>	7.540.120	404	7.539.716	3.587.401	-	3.587.401
<b>Total</b>	<b>51.656.036</b>	<b>2.328.107</b>	<b>49.327.929</b>	<b>33.221.372</b>	<b>1.079.089</b>	<b>32.142.283</b>

The value adjustments due to the physiological risks on performing loans amount to about 0.4% of the same.

**Table 3.4**  
**Changes in bad and doubtful loans to customers**

This table provides a representation of the up and down changes that occurred during the financial year in the amount of gross exposures of doubtful credits.

During 2012 the Institute has been revised in full all amounts receivable in an analytical way, providing for their reclassification taking into account the risk involved. In 2012, the entire exposure to the Delta Group (Carifin Italia SpA in liquidation and Plusvalore SpA) was classified as substandard and therefore represents almost all the item "Other increases".

	Non-performing loans	Substandard loans	Restructured loans	Past due/overrun loans	Unsecured loans to countries at risk
<b>Opening gross exposure</b>	<b>5.620.301</b>	<b>1.437.955</b>	-	<b>5.803.119</b>	-
<i>of which: for past-due interests</i>	354.815	-	-	-	-
<b>Increases :</b>	<b>1.140.780</b>	<b>7.293.684</b>	-	<b>12.336</b>	-
- inflow from performing loans	789.873	71.791	-	12.284	-
- past-due interests	76.264	-	-	52	-
- other increases	274.643	7.221.893	-	-	-
<b>Decreases :</b>	<b>4.337.019</b>	<b>2.437.955</b>	-	<b>5.803.118</b>	-
- outflow to loans	-	385.474	-	81.986	-
- write-offs	4.325.382	1.000.000	-	6.292	-
- collections	11.637	880.573	-	-	-
- arising from sales	-	-	-	-	-
- other decreases	-	171.908	-	5.714.840	-

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<b>Closing gross exposure on 31/12/2012</b>	<b>2.424.062</b>	<b>6.293.684</b>	<b>-</b>	<b>12.337</b>	<b>-</b>
<i>of which: for past-due interests</i>	161.572	-	-	52	-

**Table 3.5**  
**Changes in total value adjustments on customer loans**

This table shows the changes that occurred during the year in the amount of the total value adjustments on cash.

	Non-performing loans	Substandard loans	Restructured loans	Past due/overrun loans	Unsecured loans to countries at risk	Performing loans
<b>Opening total adjustments</b>	<b>1.046.717</b>	<b>23.820</b>	-	<b>7.595</b>	-	<b>957</b>
<b>Increases :</b>	<b>4.862.069</b>	<b>1.572.810</b>	-	<b>617</b>	-	<b>861.286</b>
- Value adjustments	4.754.612	1.000.000	-	-	-	861.286
<i>of which: for past-due interests</i>	-	-	-	-	-	-
- Utilization of allowance for possible loans	-	-	-	-	-	-
- Transfers from other categories of loans	107.457	572.810	-	617	-	-
- Other increases	-	-	-	-	-	-
<b>Decreases :</b>	<b>4.325.381</b>	<b>1.023.820</b>	-	<b>7.595</b>	-	<b>690.968</b>
- Value recoveries	-	-	-	-	-	-
<i>of which: for past-due interests</i>	-	-	-	-	-	-
- Value recoveries from collection	-	-	-	-	-	-
<i>of which: for past-due interests</i>	-	-	-	-	-	-
- Write-offs	4.325.381	1.000.000	-	6.292	-	35.207
- Transfers to other categories of loans	-	23.820	-	1.303	-	655.761
- Other decreases	-	-	-	-	-	-
<b>Closing total adjustments on 31/12/2012</b>	<b>1.583.405</b>	<b>572.810</b>	-	<b>617</b>	-	<b>171.275</b>
<i>of which: for past-due interests</i>	-	-	-	-	-	-

**Table 3.6**  
**Composition of assets item "Customer loans" according to residual life**

The term "residual life" means the time interval between the date of the financial statements and the contractual maturity of each transaction. In particular, for transactions with repayment plans, reference was made to the remaining duration of a single instalment.

	31/12/2012	31/12/2011
Sight	24.928.542	20.837.607
From 1 day+ to 3 months	2.168.560	-
From 3 months+ to 6 months	3.668.827	393.535
From 6 months+ to 1 year	1.325.054	261.144
From 1 year+ to 18 months	1.283.650	168.070
From 18 months+ to 2 years	1.101.010	168.821
From 2 years+ to 5 years	7.101.508	995.305
5 years+	6.802.238	1.156.712

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No term	948.540	4.573.688
<b>Total</b>	<b>49.327.929</b>	<b>28.554.882</b>

**Bonds and other debt securities and shares, quotas and other capital securities  
(items 40 and 50 of assets)**

**Table 4.1  
Composition of investment and trading securities**

The securities in the portfolio are exclusively owned bonds issued by sovereign states, banks and private companies belonging to zone A.  
The trading portfolio consists of securities held for trading and/or maintained for the cash requirements. The investment portfolio, as required by law, is valued at purchase or transfer value from another portfolio, while the trading portfolio is valued at its market value.

	<b>Investment</b>	<b>Trading</b>
<b>Bonds and other debt securities :</b>	<b>14.182.678</b>	<b>42.003.708</b>
- issued by public bodies	2.621.239	5.320.917
- issued by banks	11.018.913	28.682.696
- issued by financial institutions	542.526	5.230.242
- issued by other bodies	-	2.769.853
<b>Shares, quotas and other capital securities</b>	-	-
<b>Total at 31/12/2012</b>	<b>14.182.678</b>	<b>42.003.708</b>

**Table 4.2  
Breakdown of investment securities**

Investment securities consist of bonds issued by sovereign States and banks.

	<b>31/12/2012</b>		<b>31/12/2011</b>	
	<b>Book Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
<b>Debt securities :</b>	<b>14.182.678</b>	<b>13.860.946</b>	<b>14.542.694</b>	<b>11.997.517</b>
- Bonds	14.182.678	13.860.946	12.773.414	10.675.849
listed	6.055.824	6.037.842	-	-
unlisted	8.126.854	7.823.104	12.773.414	10.675.849
- Other debt securities	-	-	1.769.280	1.321.668
listed	-	-	-	-
unlisted	-	-	1.769.280	1.321.668
<b>Capital securities :</b>	-	-	-	-
- listed	-	-	-	-
- unlisted	-	-	-	-
<b>Totals</b>	<b>14.182.678</b>	<b>13.860.946</b>	<b>14.542.694</b>	<b>11.997.517</b>

**Table 4.3  
Annual variations to investment securities**

<b>31/12/2012</b>	<b>31/12/2011</b>
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<b>Opening balance</b>	<b>14.542.694</b>	<b>10.269.507</b>
<b>Increases :</b>	<b>20.274.848</b>	<b>6.723.187</b>
- Purchases	-	-
<i>of which: debt securities</i>	-	-
- Value recoveries	-	-
- Transfers from trading portfolio	19.702.823	6.604.151
- Other variations	572.025	119.036
<b>Decreases :</b>	<b>20.634.864</b>	<b>2.450.000</b>
- Sales	4.408.398	-
<i>of which: debt securities</i>	-	-
- Redemptions	7.105.980	1.450.000
- Value adjustments	547.498	-
<i>of which: lasting devaluations</i>	-	-
- Transfers to trading portfolio	8.401.223	1.000.000
- Other variations	171.765	-
<b>Closing balance</b>	<b>14.182.678</b>	<b>14.542.694</b>

**Table 4.4**  
**Breakdown of "Trading securities"**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Market value</b>	<b>Market value</b>
<b>Debt securities :</b>	<b>42.003.708</b>	<b>35.785.338</b>
- Bonds	42.003.708	35.785.338
listed	11.656.580	-
unlisted	30.347.128	35.785.338
- Other debt securities	-	-
listed	-	-
unlisted	-	-
<b>Capital securities :</b>	<b>-</b>	<b>395.481</b>
- listed	-	395.481
- unlisted	-	-
<b>Total</b>	<b>42.003.708</b>	<b>36.180.819</b>

**Table 4.5**  
**Annual variations to "Trading securities"**

	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Opening balance</b>	<b>36.180.819</b>	<b>29.496.973</b>
<b>Increases :</b>	<b>263.121.853</b>	<b>265.308.772</b>
- Purchases	251.970.573	261.447.727
<i>of which: debt securities</i>	250.890.075	254.758.823
<i>of which: capital securities</i>	1.080.498	6.688.904
- Value recoveries and revaluation	1.028.591	2.861.045
- Transfers from investment portfolio	8.401.223	1.000.000

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- Other variations	1.721.466	-
<b>Decreases :</b>	<b>257.298.964</b>	<b>258.624.926</b>
- Sales and redemption	237.344.090	251.853.986
<i>of which: debt securities</i>	235.856.923	245.010.607
<i>of which: capital securities</i>	1.487.167	6.843.379
- Value adjustments and revaluation	174.550	166.789
- Transfers to investment portfolio	19.702.823	6.604.151
- Other variations	77.501	-
<b>Closing balance</b>	<b>42.003.708</b>	<b>36.180.819</b>

The valuation of investment securities is based on market value as at 12/31/2012. The effect of this method finds its effects under the item "Write-downs and write-ups" and "Value adjustments and write-downs."

**Transactions on own shares (item 110 of assets)**

During 2012 repurchase and sale of own shares in the portfolio have not been entered.

**Investments (items 60 and 70 of assets)**

The Bank does not hold investments in other companies.

**Intangible fixed assets (item 80 of assets)**

**Table 7.1**  
**Movements and description of assets item 80 "Intangible fixed assets"**

This table shows the change of the intangible assets in the balance sheet at their acquisition cost, net of direct straight-line depreciation.

The item "Purchases" consists mainly of the purchase of the software and costs of transition to the new information Gesbank system as well as costs incurred for the design and implementation of new branches of Rovereta, Borgo Maggiore and Dogana.

	31/12/2012	Leased assets	Set up charges	Other deferred charges
<b>Opening balance</b>	<b>226.915</b>	-	-	<b>226.915</b>
<b>Increases :</b>	<b>642.656</b>	-	-	<b>642.656</b>
- Purchases	642.656	-	-	642.656
- Value recoveries	-	-	-	-
- Revaluations	-	-	-	-
- Other variations	-	-	-	-
<b>Decreases :</b>	<b>123.732</b>	-	-	<b>123.732</b>
- Sales	-	-	-	-
- Value adjustments	123.732	-	-	123.732
<i>of which, depreciations</i>	123.732	-	-	123.732
<i>of which, lasting devaluations</i>	-	-	-	-
- Other variations	-	-	-	-
<b>Closing balance at 31/12/2012</b>	<b>745.839</b>	-	-	<b>745.839</b>

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**Tangible fixed assets (item 90 of assets)**

**Table 8.1**  
**Movements and description of assets item 90 "Tangible fixed assets"**

The table below shows the movements in property, plant and equipment recorded in the balance sheet at their acquisition cost, net of accumulated depreciation.

There was an increase in "Purchases" for the acquisition of new assets leased to third parties under finance leases and purchases of tangible assets related to the preparedness of the new branches in Rovereta, Borgo Maggiore and Dogana.

	31/12/2012	Leased assets	Assets to be leased	Real estate	Other tangible assets
<b>Opening balance</b>	<b>3.726.974</b>	<b>3.587.401</b>	-	-	<b>139.573</b>
<b>Increases :</b>	<b>6.267.206</b>	<b>5.573.054</b>	-	-	<b>694.152</b>
- Purchases	6.267.206	5.573.054	-	-	694.152
- Value recoveries	-	-	-	-	-
- Revaluations	-	-	-	-	-
- Other variations	-	-	-	-	-
<b>Decreases :</b>	<b>1.717.136</b>	<b>1.620.739</b>	-	-	<b>96.397</b>
- Sales	386.237	385.837	-	-	400
- Value adjustments	1.330.346	1.234.349	-	-	95.997
<i>of which, depreciations</i>	1.330.346	1.234.349	-	-	95.997
<i>of which, lasting devaluations</i>	-	-	-	-	-
- Other variations	553	553	-	-	-
<b>Closing balance at 31/12/2012</b>	<b>8.277.044</b>	<b>7.539.716</b>	-	-	<b>737.328</b>

Below is the analytical composition of item 90 "Tangible fixed assets":

	Purchase cost	Accumulated depreciation	Book value
<b>Movable property:</b>	<b>1.287.456</b>	<b>(550.128)</b>	<b>737.328</b>
- Furniture and various furnishings	557.440	(308.809)	248.631
- Plant and equipment	528.214	(161.789)	366.425
- Electrical and electronic machinery	170.802	(56.395)	114.407
- Vehicles	31.000	(23.135)	7.865
<b>Movable assets under finance lease:</b>	<b>18.750.420</b>	<b>(11.210.704)</b>	<b>7.539.716</b>
- Vehicles	1.458.243	(482.308)	975.935
- Equipment	103.158	(13.520)	89.638
- Fleet	307.513	(257.141)	50.372
- Plants	16.881.506	(10.457.735)	6.423.771

**Other assets (items 120 and 130 of assets)**

**Table 9.1**



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Breakdown of assets item 120 "Other assets"

	31/12/2012	31/12/2011
Maintenance margins	-	-
Premiums paid for options	-	-
Others :	10.500.712	5.350.915
- Other debtors	95.401	340.589
- Effects received from correspondent banks	213.008	116.300
- Effects from SBF customers	6.046.816	2.450.974
- Effects after collection from customers	310.921	24.208
- Illiquid effects	3.593.275	-
- Transitional accounts-items to be settled	35.991	-
- I.G.R. advances and withholding of the Tax Office	203.576	327.939
- Other items	1.724	2.090.905
<b>Total</b>	<b>10.500.712</b>	<b>5.350.915</b>

**Table 9.2**  
**Composition of assets item 130 "Accrued revenues and deferred expenses"**

With particular reference to this item, it is evident that for the year 2012 the Institute has not directly adjusted up or down the asset accounts to which accruals and deferrals relate as provided by art. IV.I.13 of Regulation no. 2008-02 of the Central Bank.

	31/12/2012	31/12/2011
<b>Accrued revenues on :</b>	<b>1.238.896</b>	<b>57.622</b>
- on loans and grants	15.678	-
- on foreign transactions	34.631	-
- on banks	308.316	53.722
- on securities	869.168	-
- on leasing transactions	1.579	-
- on other transactions	9.524	3.900
<b>Deferred expenses</b>	<b>125.254</b>	<b>39.790</b>

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**Section B/2**

**INFORMATION ON THE STATEMENT OF ASSETS AND LIABILITIES: LIABILITIES**

**Debts with banks (item 10 of liabilities)**

**Table 10.1**  
**Description of item of liabilities 10 "Debts with banks"**

The table shows the debts that the Institute has towards San Marino and foreign banks. There are no particular deviations from the previous year if not due to movements of items on correspondent accounts.

	31/12/2012		31/12/2011		Variation	
	In Euro	In foreign currency	In Euro	In foreign currency	Amount	%
<b>Sight debts :</b>	<b>154.078</b>	-	<b>107.535</b>	-	<b>46.543</b>	<b>43,28%</b>
- Current accounts overdrafts	154.078	-	107.535	-	46.543	43,28%
- Demand deposits	-	-	-	-	-	-
- Other	-	-	-	-	-	-
<b>Term or notice debt :</b>	-	-	-	-	-	-
- Current accounts overdrafts	-	-	-	-	-	-
- Time deposits	-	-	-	-	-	-
- Repos and reverse repos	-	-	-	-	-	-
- Other loans	-	-	-	-	-	-
<b>Total</b>	<b>154.078</b>	-	<b>107.535</b>	-	<b>46.543</b>	<b>43,28%</b>

**Table 10.2**  
**Composition of debts with banks according to residual life**

Please note that "residual life" means the time interval between the date of the financial statements and the contractual maturity of each transaction. As can be seen, the Institute does not have debts to other banks other than those relating to the ordinary operation.

	31/12/2012	31/12/2011
Sight	154.078	107.535
From 1 day+ to 3 months	-	-
From 3 months+ to 6 months	-	-
From 6 months+ to 1 year	-	-
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	-	-
<b>Total</b>	<b>154.078</b>	<b>107.535</b>

**Debts with customers (item 20 of liabilities)**

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**Table 11.1**  
**Breakdown of item 20 of liabilities "Debts with customers"**

This table lists all the amounts due to customers regardless of their technical form, except those represented by financial instruments which are brought back to item 30 of liabilities.

Compared to the year 2011, the item "Expiry or with notice" shows a substantial reduction of customers' investments in the technical form of repurchase agreements, but, at the same time, it also shows an increase in the item "At sight" of liquidity in the customers' accounts.

	31/12/2012		31/12/2011	
	In euro	In foreign currency	In euro	In foreign currency
<b>Sight debts :</b>	<b>36.471.137</b>	<b>2.331.305</b>	<b>20.379.997</b>	<b>1.548.421</b>
- Current accounts overdrafts	34.873.151	2.331.305	19.728.207	1.548.421
- Sight savings deposits	722.726	-	651.790	-
- Other	875.260	-	-	-
<b>Term or notice debts:</b>	<b>4.020.284</b>	<b>-</b>	<b>20.527.440</b>	<b>-</b>
- Time deposits	-	-	-	-
- Time savings deposits	-	-	-	-
- Repos and reverse repos	3.317.296	-	20.527.440	-
- Other funds	702.988	-	-	-
<b>Total</b>	<b>40.491.421</b>	<b>2.331.305</b>	<b>40.907.437</b>	<b>1.548.421</b>

**Table 11.2**  
**Composition of debts with customers according to residual life**

The table shows how the amounts due to customers have maturity up to 1 year.

	31/12/2012	31/12/2011
Sight	38.802.442	21.928.418
From 1 day+ to 3 months	2.365.459	18.902.913
From 3 months+ to 6 months	1.102.003	1.624.527
From 6 months+ to 1 year	552.822	-
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	-	-
<b>Total</b>	<b>42.822.726</b>	<b>42.455.858</b>

**Funds (items 60, 70 and 80 of liabilities)**

**Table 12.1**  
**Movements of item 60 of liabilities "Staff retirement allowances"**

As required by law, the TFR is paid annually to employees of the Institute. Accordingly, the balance at the end of 2012 coincides with the relative share of the current year to be settled within the next year.

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	31/12/2012	31/12/2011
<b>Opening balance</b>	<b>28.587</b>	<b>47.589</b>
<b>Increases :</b>	<b>174.449</b>	<b>53.712</b>
- Provisions	174.449	53.712
- Other variations	-	-
<b>Decreases :</b>	<b>28.587</b>	<b>72.714</b>
- Utilization	28.587	72.714
- Other variations	-	-
<b>Closing balance</b>	<b>174.449</b>	<b>28.587</b>

**Table 12.2**  
**Breakdown of item 70 of liabilities "Risks and fees funds"**

	31/12/2012	31/12/2011
Taxes and fees fund	-	-
Fund for post-employment benefits and similar obligations	-	-
Other funds :	30.734	-
- Fund for paid and unused leave	30.734	-
<b>Total</b>	<b>30.734</b>	<b>-</b>

**Table 12.4**  
**Shifting of sub-item c) "Other provisions"**

"It was allocated to the item Paid unused leave" lurking in the previous item 40 "Other liabilities" for EUR 29,817, moved in 2012 for uses of EUR 28,831 and provisions of EUR 29,748

	31/12/2012	31/12/2011
<b>Opening balance</b>	<b>-</b>	<b>-</b>
<b>Increases :</b>	<b>59.565</b>	<b>-</b>
- Provisions	29.748	-
- Other variations	29.817	-
<b>Decreases:</b>	<b>28.831</b>	<b>-</b>
- Utilization	28.831	-
- Other variations	-	-
<b>Closing balance</b>	<b>30.734</b>	<b>-</b>

**Other liabilities (items 40 and 50 of liabilities)**

**Table 13.1**  
**Composition of item 40 of liabilities "Other liabilities"**

	31/12/2012	31/12/2011
Maintenance margins	-	-
Premiums received for options	-	-
Other :	11.470.809	3.941.321

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- Cheques in circulation	264.491	13.451
- Transferor of SBF effects	9.793.833	2.536.603
- Transferor of After-collection effects	501.837	69.494
- Due to Tax Office	240.670	137.000
- Transitional accounts and items to be settled	171.134	545.917
- Other creditors	498.844	638.856
<b>Total</b>	<b>11.470.809</b>	<b>3.941.321</b>

**Table 13.2**  
**Composition of item 50 of liabilities "Accrued expenses and deferred revenues"**

Please note that, as for item 50 of the assets, the Institute has not adjusted directly the increased or decreased liability accounts to which accruals and deferrals relate as provided by art. IV.I.13 of Regulation no. 2008-02 of the Central Bank.

	31/12/2012	31/12/2011
<b>Accrued expenses on :</b>	<b>1.351.678</b>	<b>693.687</b>
- on certificates of deposit	1.261.407	426.290
- on savings deposits	34.660	-
- on repurchase agreements	3.770	183.886
- on bonds	50.435	63.304
- other transactions	1.406	20.207
<b>Deferred revenues</b>	<b>2.852</b>	<b>-</b>

**Corporate capital, reserves, issue premium, subordinated liabilities, fund for general banking risks and profit for the financial year (items 90, 100, 110, 120, 130, 150 and 160 of liabilities)**

**Table 14.1**  
**Composition of item 90 of liabilities "Fund for general banking risks"**

The "Provision for general banking risks" set up to cover the general business risks to which the Bank is exposed, during the year had the following changes:

- Transfer of EUR 250,000 to the "Provision for loan losses" for value adjustments as approved by the Board of Directors on 04/06/2012;
- Reconstitution of the fund with a contribution of EUR 500,000 as approved by the Board of Directors on 12/19/2012;
- Use of EUR 500,000 of the fund as a result of a write-down of a capitalized asset on 12/31/2012. Please refer to the notes to Table 25.7 - Breakdown of item 160 "Value adjustment of financial assets" for a further discussion on the operation.

	31/12/2012	31/12/2011
<b>Opening balance</b>	<b>250.000</b>	<b>250.000</b>
Inflow in the financial year	500.000	-
Utilization in the financial year	750.000	-
<b>Closing balance</b>	<b>-</b>	<b>250.000</b>

**Table 14.2**  
**Breakdown of item 100 of liabilities "Subordinated liabilities"**

Based on the recent provisions of the Central Bank, the bond buybacks can no longer be traced in item 40 "Debt securities and financial instruments", but it shall be handed directly down to the bonds stated in the liabilities. Therefore, the difference from the previous year is due to the bond buybacks by customers for a total value of EUR 20,000.

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			Amount	Variation
	31/12/2012	31/12/2011		%
Subordinated liabilities	7.980.000	8.000.000	(20.000)	(0,25%)

**Table 14.3**  
**Breakdown of item 110 of liabilities "Corporate capital or endowment fund"**

During the financial year, taking into account the negative trend of the pending cases relating to non-performing loans, the shareholders' meeting, noting the losses, has resolved to reduce the share capital by EUR 4,802,000, use part of the reserves for EUR 1,189,410, proposing the simultaneous reconstruction of the share capital through the issue of no. 4,802 shares with a unit value of EUR 1,000 fully subscribed by the shareholders.

At the end of July 2012 a further operation was completed to increase the share capital by EUR 3,200,000 which currently amounts to EUR 16,200,000 (fully paid up).

			Amount	Variation
	31/12/2012	31/12/2011		%
Number of shares	16.200	13.000	3.200	24,62%
Nominal value	1.000	1.000	-	-
<b>Corporate capital</b>	<b>16.200.000</b>	<b>13.000.000</b>	<b>3.200.000</b>	<b>24,62%</b>

**Table 14.5**  
**Breakdown of item 130 of liabilities "Reserves"**

With a resolution dated May 30, 2012, the shareholders' meeting approved the allocation of profits of the year 2011 as follows:

- Contribution of EUR 738 to the "Ordinary reserve"
- Contribution of EUR 2,954 to the "Extraordinary reserve"

The use of reserves has already been detailed in the item 110.

			Amount	Variation
	31/12/2012	31/12/2011		%
Ordinary reserve	738	445.866	(445.128)	(99,83%)
Extraordinary reserve	2.954	738.322	(735.368)	(99,60%)
Reserve for own transactions	-	-	-	-
Other reserves	786	5.222	(4.436)	(84,95%)
<b>Total</b>	<b>4.478</b>	<b>1.189.410</b>	<b>(1.184.932)</b>	<b>(99,62%)</b>

**Table 14.7**  
**Breakdown of item 160 "Profit (Loss) for the financial year"**

			Amount	Variation
	31/12/2012	31/12/2011		%
Profit/Loss for the year	106.685	3.693	102.992	2788,84%

**Table 14.8**  
**Variation to net equity in the last 4 years**

	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Corporate capital	16.200.000	13.000.000	13.000.000	13.000.000
Uncalled capital	-	-	-	-

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Issue premium	-	-	-	-
Ordinary reserve	738	445.866	439.677	211.096
Other reserves	3.740	743.544	919.544	-
Operating performance	106.685	3.693	6.189	1.142.903
Profits (Losses) carried forward	-	-	-	-
Fund for general banking risks	-	250.000	250.000	250.000
<b>Total</b>	<b>16.311.163</b>	<b>14.443.103</b>	<b>14.615.410</b>	<b>14.603.999</b>

**Table 14.9**  
**Table of net equity variations**

We summarize the key events that have characterized the changes in shareholders' equity during the financial year:

- Allocation of the financial year 2011 profit entirely in capital reserves for EUR 3,693, as approved by the shareholders meeting on May 30, 2012;
- Reduction of the share capital by EUR 4,802,000 and simultaneous re-establishment of the same amount, as approved by the shareholders meeting on May 15, 2012;
- Use of capital reserves and fund for general banking risks for the coverage of non-performing loans, as approved by the shareholders meeting on May 15, 2012;
- Increase in share capital of EUR 3,200,000, as approved by the General meeting on June 15, 2012, to date fully paid.

	Value at 31/12/2011	Profit allocation	Other variations	Profit for the financial year	Value at 31/12/2012
Fund for general banking risks	250.000	-	(250.000)	-	-
Corporate capital	13.000.000	-	3.200.000	-	16.200.000
Issue premium	-	-	-	-	-
Reserves:	1.189.410	3.693	(1.188.625)	-	4.478
a) Ordinary reserve	445.866	738	(445.866)	-	738
b) Extraordinary reserve	738.322	2.955	(738.323)	-	2.954
c) Other reserves	5.222	-	(4.436)	-	786
Profit (Loss) for the financial year	3.693	(3.693)	-	106.685	106.685
<b>Total Net Equity</b>	<b>14.443.103</b>	<b>-</b>	<b>1.761.375</b>	<b>106.685</b>	<b>16.311.163</b>

**Revaluation reserves (item 140 of liabilities)**

None.

**Prudential aggregates**

**Table 16.1**  
**Prudential aggregates**

	Amount - %
<b>Regulatory capital</b>	
- Basic assets	15.565.324
- Supplementary assets	2.200.000
- Elements to be deducted	4.232.433

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- Assets for supervisory purposes	13.532.891
<b>Assets at risk and capital adequacy ratio</b>	
- Weighted risks assets	65.720.440
- Assets for supervisory purposes/Weighted risks assets	20,59%

**Guarantees and commitments**

**Table 17.1**  
**Composition of "Guarantees issued"**

	31/12/2012	31/12/2011	Amount	Variation %
Endorsement credits of a trade nature	903.263	884.196	19.067	2,16%
Endorsement credits of a financial nature	231.812	261.473	(29.661)	(11,34%)
Assets pledged as collateral security	-	-	-	-
<b>Total</b>	<b>1.135.075</b>	<b>1.145.669</b>	<b>(10.594)</b>	<b>(0,92%)</b>

**Table 17.2**  
**Composition of credit commitments**

	31/12/2012	31/12/2011	Amount	Variation %
<b>Credit commitments of a trade nature :</b>	<b>903.263</b>	<b>884.196</b>	<b>19.067</b>	<b>2,16%</b>
- Acceptances	-	-	-	-
- Guarantees and endorsements	903.263	884.196	19.067	2,16%
- Strong comfort letter	-	-	-	-
- Other	-	-	-	-
<b>Credits commitments of a financial nature :</b>	<b>231.812</b>	<b>261.473</b>	<b>(29.661)</b>	<b>(11,34%)</b>
- Acceptances	-	-	-	-
- Guarantees and endorsements	231.812	261.473	(29.661)	(11,34%)
- Strong comfort letter	-	-	-	-
- Other	-	-	-	-
<b>Total</b>	<b>1.135.075</b>	<b>1.145.669</b>	<b>(10.594)</b>	<b>(0,92%)</b>

**Table 17.5**  
**Composition of "Spot commitments"**

The operations of repurchase agreements, which are present in the memorandum accounts at 2011 year-end, amounting to EUR 21,148,027, were not covered by the survey during the year 2012 at it is expected an explicit recognition of the internal assets and liabilities, depending on the type of transaction, the value of receivables or payables connected.

The item "Commitments to exchange financial instruments with certain use" of this table includes amounts for purchasing and selling securities that, at the date of the balance sheet, had not yet reached the settlement date (purchases from regular sales of EUR 74,233 and by regular sale of EUR 74,262).

The item "Commitments to disburse funds for uncertain use" includes available margins on lines of credit granted by the customer for a total of EUR 82,000.

Variation



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	31/12/2012	31/12/2011	Amount	%
<b>Commitments to grant finance certain to be called on</b>	-	-	-	-
<i>of which: commitments for financing to be granted</i>	-	-	-	-
<b>Commitments to exchange financial instruments certain to be called on</b>	<b>148.496</b>	<b>21.148.027</b>	<b>(20.999.531)</b>	<b>(99,30%)</b>
<b>Commitments to grant finance not certain to be called on :</b>	<b>82.000</b>	-	<b>82.000</b>	-
<i>of which: passive margins usable on credit lines</i>	82.000	-	82.000	-
<i>of which: put option issued</i>	-	-	-	-
<b>Commitments to exchange financial instruments not certain to be called on</b>	-	-	-	-
<b>Other commitments</b>	-	-	-	-
<b>Total</b>	<b>230.496</b>	<b>21.148.027</b>	<b>(20.917.531)</b>	<b>(98,91%)</b>

**Table 17.6**  
**Composition of "Forward commitments"**

The item "Trades" lists all the outstanding off-balance transactions at year-end relating to contracts of sale not yet settled. The contracts involving the exchange of two currencies have been shown with reference to the single currency to be purchased.

	Coverage	Negotiation	Other transactions
<b>Trades :</b>	-	<b>927.158</b>	-
- Financial instruments	-	-	-
purchases	-	-	-
sales	-	-	-
- Currencies	-	927.158	-
currency against currency	-	-	-
purchases against EUR	-	458.600	-
sales against EUR	-	468.558	-
<b>Deposits and loans :</b>	-	-	-
- to be given	-	-	-
- to be received	-	-	-
<b>Derivative contracts</b>	-	-	-

**Concentration and distribution of assets and liabilities**

**Table 18.1**  
**Major risks**

	31/12/2012	31/12/2011	Amount	Variation %
Amount	15.215.828	7.628.853	7.586.975	99,45%
Number	5	4	1	25,00%

**Table 18.2**

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**Risks with related parties**

			Amount	Variation
	31/12/2012	31/12/2011		%
Amount	4.317.297	2.017.616	2.299.681	113,98%
Number	12	1	11	1100,00%

**Table 18.3**  
**Distribution of customer loans for main debtor categories**

			Amount	Variation
	31/12/2012	31/12/2011		%
States	-	-	-	-
Other public bodies	-	-	-	-
Financial companies	5.677.972	7.191.638	(1.513.666)	(21,05%)
Non-financial companies	25.708.873	7.118.205	18.590.668	261,17%
<i>of which Industry</i>	8.158.816	2.877.083	5.281.733	183,58%
<i>of which Construction</i>	28.731	36.342	(7.611)	(20,94%)
<i>of which Services</i>	17.521.326	4.204.780	13.316.546	316,70%
Households	15.237.658	13.914.979	1.322.679	9,51%
Other	2.703.426	3.917.461	(1.214.035)	(30,99%)
<b>Total</b>	<b>49.327.929</b>	<b>32.142.283</b>	<b>17.185.646</b>	<b>53,47%</b>

**Table 18.4**  
**Temporal distribution of assets and liabilities**

This table shows a time cross-section of the remaining life of the asset and liability of the balance sheet. The column "Deadline not conferred" shows the doubtful credits and receivables for which there was found an appropriate allocation of temporal relevance.

	Total	Sight	From 1 day+ to 3 months	From 3 months+ to 6 months	From 6 months+ to 1 year	From 1 year+ to 18 months	From 1 year+ to 18 months	From 18 months+ to 2 years	From 18 months+ to 2 years	From 2 years+ to 5 years	From 2 years+ to 5 years	More than 5 years	More than 5 years	No term
						F	V	F	V	F	V	F	V	
<b>ASSETS:</b>														
Inter-bank loans	56.401.017	26.569.007	22.000.000	7.000.000	-	-	-	-	-	-	-	-	-	832.010
Customer loans	49.327.929	24.928.542	2.168.560	3.668.827	1.325.054	148.267	1.135.383	109.270	991.740	306.205	6.795.302	4.504	6.797.734	948.541
Bonds and other debt securities	56.186.386	-	7.213.241	1.241.444	20.769.147	14.073.139	10.859.020	2.030.395	-	-	-	-	-	-
Off-balance sheet operations	2.136.466	9.058	171.233	943.158	243.424	34.000	-	34.600	-	250.309	-	450.684	-	-
<b>LIABILITIES:</b>														
Debts with banks	154.078	154.078	-	-	-	-	-	-	-	-	-	-	-	-
Debts with customers	42.822.726	38.802.442	2.365.459	1.102.003	552.822	-	-	-	-	-	-	-	-	-
Debts represented by securities:														
- bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- certificates of deposit	95.493.100	5.659.000	28.783.000	26.435.000	34.216.100	400.000	-	-	-	-	-	-	-	-
- other securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities: cheques in circulation	264.491	-	264.491	-	-	-	-	-	-	-	-	-	-	-
Subordinated liabilities	7.980.000	-	-	-	4.980.000	-	-	-	-	-	3.000.000	-	-	-

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Of-balance  
sheet operations

1.001.421

- 74.263 927.158

**Suspence accounts**

**Table 19.1  
Suspence accounts**

The Institute has set Asset Management among its products whose item "Asset management", at the end of the year, shows a total amount of € 17,264,481 consisting of cash, deposited entirely at our Institute, and equity financial instruments and debt issued by us.

The item "Financial instruments held on deposit - of which fin. tools and other securities issued by the bank (equity securities)" also include some BSI shares for a value of EUR 12,312,000.

	31/12/2012	31/12/2011
<b>Asset management :</b>	<b>17.264.481</b>	-
- Customer asset management	17.264.481	-
<i>of which cash</i>	2.559.333	-
<i>of which debt securities</i>	13.372.068	-
<i>of which debts</i>	1.333.080	-
- Portfolios managed by third parties	-	-
<b>Securities custody and management :</b>	<b>128.053.021</b>	<b>105.288.179</b>
- Deposited third party securities	71.846.636	62.014.090
<i>of which: owned issued securities (debts)</i>	7.980.000	12.972.000
<i>of which: owned issued securities (equities)</i>	12.312.000	-
<i>of which: third party securities deposited with third parties</i>	47.444.886	45.767.090
- Owned securities deposited with third parties	56.206.385	43.274.089
<b>Securities and other values related to the custodian bank's activity</b>	<b>-</b>	<b>-</b>

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**Part C**

**INFORMATION ON THE STATEMENT OF EARNINGS**

**Interests (items 10 and 20 of profit and loss account)**

**Table 20.1**  
**Breakdown of item 10 "Interests received and proceeds"**

The general increase of the items listed below is mainly attributable to the increase in the number of customers and volumes, the result of the new corporate mission as retail bank.

	31/12/2012	31/12/2011	Amount	Variation %
<b>On inter-bank loans :</b>	<b>1.265.159</b>	<b>408.140</b>	<b>857.019</b>	<b>209,98%</b>
- Current accounts	640.823	119.352	521.471	436,92%
- Deposits	624.336	288.788	335.548	116,19%
- Other loans	-	-	-	-
<i>of which: on financial leases</i>	-	-	-	-
<b>On customer loans:</b>	<b>1.357.527</b>	<b>1.175.029</b>	<b>182.498</b>	<b>15,53%</b>
- Current accounts	659.329	798.768	(139.439)	(17,46%)
- Deposits	-	-	-	-
- Other loans	698.198	376.261	321.937	85,56%
<i>of which: on financial leases</i>	183.303	137.123	46.180	33,68%
<b>On debt securities from banks :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Certificates of deposit	-	-	-	-
- Bonds	-	-	-	-
- Other securities	-	-	-	-
<b>On debt securities from customers (other issuers) :</b>	<b>1.602.611</b>	<b>1.428.659</b>	<b>173.952</b>	<b>12,18%</b>
- Bonds	1.602.611	1.428.659	173.952	12,18%
- Other securities	-	-	-	-
<b>Total</b>	<b>4.225.297</b>	<b>3.011.828</b>	<b>1.213.469</b>	<b>40,29%</b>

**Table 20.2**  
**Breakdown of item 20 "Interest paid and costs"**

"Interest expense and similar charges" are increasing compared to last financial year, in particular, the item "On debt securities to customers" for customer investments in certificates of deposit.

	31/12/2012	31/12/2011	Amount	Variation %
<b>On debts with banks :</b>	<b>9.154</b>	<b>1.750</b>	<b>7.404</b>	<b>423,09%</b>
- Current accounts overdrafts	9.154	1.750	7.404	423,09%
- Deposits	-	-	-	-
- Other debts	-	-	-	-
<b>On debts with customers :</b>	<b>270.997</b>	<b>683.449</b>	<b>(412.452)</b>	<b>(60,35%)</b>

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- Current accounts overdrafts	255.590	111.442	144.148	129,35%
- Deposits	15.407	12.754	2.653	20,80%
- Other debts	-	559.253	(559.253)	(100,00%)
<b>On debts represented by securities with banks:</b>	-	-	-	-
<i>of which: on certificates of deposit</i>	-	-	-	-
<b>On debts represented by securities with customers:</b>	<b>2.435.089</b>	<b>1.295.767</b>	<b>1.139.322</b>	<b>87,93%</b>
<i>of which: on certificates of deposit</i>	2.162.393	953.843	1.208.550	126,70%
<b>On subordinated liabilities</b>	<b>179.291</b>	-	<b>179.291</b>	-
<b>Total</b>	<b>2.894.531</b>	<b>1.980.966</b>	<b>913.565</b>	<b>46,12%</b>

**Dividends and other revenues (table for item 30)**

**Table 21.1**  
**Breakdown of item 30 "Dividends and other revenues"**

			<b>Variation</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>Amount</b>	<b>%</b>
On shares, quotas and other capital financial instruments	5.650	-	5.650	-
On holdings	-	-	-	-
On holdings in bank group companies	-	-	-	-
<b>Totals</b>	<b>5.650</b>	<b>-</b>	<b>5.650</b>	<b>-</b>

**Commissions (table for items 40 and 50)**

**Table 22.1**  
**Breakdown of item 40 "Commissions earned"**

			<b>Variation</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>Amount</b>	<b>%</b>
Guarantees issued	6.067	3.215	2.852	88,71%
Credit derivatives	-	-	-	-
Investment services:	49.717	680	49.037	7.211,32%
- receipt and transmission of orders (let. D1 enc. 1 LISF)	30.063	-	30.063	-
- execution of orders (let. D2 enc. 1 LISF)	4.384	680	3.704	544,71%
- management of securities portfolio (let. D4 enc.1 LISF)	15.270	-	15.270	-
- placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
Consultancy services	-	-	-	-
Distribution of third-party services and products other than placement :	-	-	-	-
- asset management	-	-	-	-
- insurance products	-	-	-	-
- other services or products	-	-	-	-
Collection and payment services	103.732	48.020	55.712	116,02%

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Custodian bank services	-	-	-	-
Securities custody and management	58.594	77.378	(18.784)	(24,28%)
Trust services	5.750	56.126	(50.376)	(89,76%)
Operation of tax services and treasury	-	-	-	-
Currency transactions	20.820	-	20.820	-
Other services	22.668	95.848	(73.180)	(76,35%)
<b>Total</b>	<b>267.348</b>	<b>281.267</b>	<b>(13.919)</b>	<b>(4,95%)</b>

**Table 22.2**  
**Breakdown of item 50 "Commissions paid"**

			Amount	Variation
	31/12/2012	31/12/2011		%
Guarantees received	-	-	-	-
Credit derivatives	-	-	-	-
Investment services :	62.426	-	62.426	-
- receipt and transmission of orders (let. D1 enc.1 LISF)	-	-	-	-
- order execution (let. D2 enc. 1 LISF)	2.757	-	2.757	-
- management of securities portfolios (let. D4 enc.1 LISF) :	59.669	-	59.669	-
own portfolio	30.012	-	30.012	-
third-party portfolio	29.657	-	29.657	-
- placement of securities (let. D5 and D6 enc. 1 LISF)	-	-	-	-
Door-to-door sale of financial instruments, products and services	-	-	-	-
Collection and payment services	46.399	50.344	(3.945)	(7,84%)
Other services	81.255	24.354	56.901	233,64%
<b>Total</b>	<b>190.080</b>	<b>74.698</b>	<b>115.382</b>	<b>154,46%</b>

**Profits and losses from financial operations (table for item 60)**

**Tabled 23.1**  
**Composition of item 60 "Profits (Losses) from financial operations"**

	Securities transactions	Currency transactions	Other transactions
Revaluations	1.029.090	-	-
Write-downs	174.550	-	-
Other profits / losses (+/-)	1.573.011	78.913	-
<b>Total by operative division</b>	<b>2.427.551</b>	<b>78.913</b>	<b>-</b>
<i>of which: government securities</i>	404.912	-	-
<i>of which: other debt-based financial instruments</i>	2.011.496	-	-
<i>of which: capital financial instruments</i>	11.143	-	-
<i>of which: contracts derived from financial instruments</i>	-	-	-

**Administrative costs (table for item 90)**

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**Table 24.1**  
**Number of employees by category**

As a result of the development plan, please note how the employees have more than doubled bringing the total number of employees from 10 of 2011 year-end to the current 24. The workforce consists of 11 directors (1 general manager, 2 deputy general managers and 8 officials responsible for the operational areas and branches), 1 manager and 12 employees. 67% of current employees are male while the remaining 33% are women.

	Average	Number as of 31/12/2012	Number as of 31/12/2011
Senior managers	10	11	1
Managers	1	1	1
Remaining personnel :	10	12	8
- office employees	10	12	8
- other personnel	-	-	-
<b>Total</b>	<b>21</b>	<b>24</b>	<b>10</b>

**Table 24.2**  
**Breakdown of sub-item "b) Other administrative costs"**

The item under consideration shows that "Other administrative expenses" have been downsized compared with last year by about 15% thanks to a policy of revision of total expense and a renegotiation of the same that led, for example, a saving on the item of expenditure "Canons and network services" (reduction of 42.68%) thanks to the adoption of a new banking information system (Gesbank application) and the management of the entire banking operations that currently is performed entirely within the Institute and no longer, in part, outsourced to external companies.

	31/12/2012	31/12/2011	Amount	Variation %
Professional consultations	280.744	214.163	66.581	31,09%
Rental expenses	136.984	103.760	33.224	32,02%
Network services fee	273.555	477.225	(203.670)	(42,68%)
Insurance	29.182	21.410	7.772	36,30%
Maintenance and repair	17.161	75.081	(57.920)	(77,14%)
Utilities and service fees	44.558	24.718	19.840	80,27%
Supervisory and associative burdens	66.388	62.524	3.864	6,18%
Taxes and duties	7.155	55.701	(48.546)	(87,15%)
Other general expenses	156.973	153.066	3.907	2,55%
<b>Total</b>	<b>1.012.700</b>	<b>1.187.648</b>	<b>(174.948)</b>	<b>(14,73%)</b>

**Adjustments, write-backs and provisions (items 100, 110, 120, 130, 140, 150, 160 and 170 of profit and loss account)**

**Table 25.1**  
**Composition of items 100 and 110 "Value adjustments on tangible and intangible fixed assets"**

The difference compared to the previous financial year is due to the value adjustments on the purchase of new capital equipment to carry out the banking activity (incidence on the difference of about 6%) in addition to net value of the assets held under finance leases reported in items 80 and 90 of Assets in the Balance Sheet (94%). The latter will not have an impact on the operating result as they will be offset from registration under the item 70 "Other operating income" of the part of capital relating to finance lease.

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			Amount	Variation
	31/12/2012	31/12/2011		%
<b>Value adjustments on intangible fixed assets :</b>	<b>123.732</b>	<b>79.740</b>	<b>43.992</b>	<b>55,17%</b>
- Software	90.268	70.666	19.602	27,74%
- Multi-year fees	33.464	9.074	24.390	268,79%
<b>Value adjustments on tangible fixed assets :</b>	<b>1.330.346</b>	<b>343.389</b>	<b>986.957</b>	<b>287,42%</b>
- Furniture	48.308	53.070	(4.762)	(8,97%)
- Systems and technical equipment	28.549	14.015	14.534	103,70%
- Electronic office devices	12.940	6.718	6.222	92,62%
- Vehicles	6.200	6.200	-	-
- Goods in leasing	1.234.349	263.386	970.963	368,65%
<b>Total</b>	<b>1.454.078</b>	<b>423.129</b>	<b>1.030.949</b>	<b>243,65%</b>

**Table 25.4**  
**Composition of item 140 "Value adjustments on credits and provisions for guarantees and commitments"**

As previously described in the tables relating to the "Due from banks" and "Loans to customers", the Institute proceeded to revise receivables from third parties during all the financial year. We, therefore, proceeded to attribute all the adjustments made on the basis of the expected realizable values directly in the Income Statement.

			Amount	Variation
	31/12/2012	31/12/2011		%
<b>Value adjustments on credits</b>	<b>6.859.753</b>	<b>75.000</b>	<b>6.784.753</b>	<b>9.046,34%</b>
<i>of which: lump-sum adjustments for country risk</i>	-	-	-	-
<i>of which: other lump-sum adjustments</i>	165.749	8.552	157.197	1.838,13%
<b>Provisions for guarantees and commitments</b>	-	-	-	-
<i>of which: lump-sum adjustments for country risk</i>	-	-	-	-
<i>of which: other lump-sum provisions</i>	-	-	-	-
<b>Total</b>	<b>6.859.753</b>	<b>75.000</b>	<b>6.784.753</b>	<b>9.046,34%</b>

**Table 25.5**  
**Different types of movement of the financial year**

	31/12/2012		31/12/2011	Amount	Variation
	Analytical	Lump sum			
<b>Total cash credit write-downs:</b>	<b>324.880</b>	<b>156.089</b>	<b>75.000</b>	<b>405.969</b>	<b>541,29%</b>
- Non performing loans	324.880	-	42.628	282.252	662,13%
- Substandard loans	-	-	23.820	(23.820)	(100,00%)
- Other loans	-	156.089	8.552	147.537	1.725,18%
<b>Total losses on cash credits :</b>	<b>6.369.124</b>	<b>9.660</b>	-	<b>6.378.784</b>	-
- Non performing loans	5.337.285	-	-	5.337.285	-
- Substandard loans	1.000.000	-	-	1.000.000	-
- Other loans	31.839	9.660	-	41.499	-
<b>Total cash value adjustments</b>	<b>6.694.004</b>	<b>165.749</b>	<b>75.000</b>	<b>6.784.753</b>	<b>9.046,34%</b>
<b>Total advances on guarantees and commitments:</b>	-	-	-	-	-



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- Guarantees	-	-	-	-	-
- Commitments	-	-	-	-	-
<b>Total</b>	<b>6.694.004</b>	<b>165.749</b>	<b>75.000</b>	<b>6.784.753</b>	<b>9.046,34%</b>

**Table 25.7**  
**Composition of item 160 "Value adjustments on financial fixed assets"**

Value adjustments on financial fixed assets relate entirely to the write-down of a subordinated bond, held within the portfolio owned by the Bank under investment securities.

This security had been issued by Dutch credit institute "SNS BANK" and purchased by the Bank on 12/15/2010 for a nominal value of EUR 550,000 and a historical cost of EUR 547,184.

Following the unexpected financial collapse of the issuing company and the subsequent nationalization of the institution by the Dutch government, in the early months of 2013, the security has been withdrawn from the market.

The Board of Directors of the Bank, in the light of the above facts and believing that the value of the financial asset was not recoverable, during its meeting dated February 28, 2013, has therefore resolved:

- The total devaluation of the security, recorded in the Financial Statements as at 12/31/2012 for an amount of EUR 547,498, partially covered by use of the Fund for general banking risks amounting to EUR 500,000;
- The activation of all legal actions aimed at obtaining compensation, while recognizing their uncertainty.

	31/12/2012	31/12/2011	Amount	Variation %
<b>Value adjustments</b>	<b>547.498</b>	-	<b>547.498</b>	-
<i>of which on investments</i>	-	-	-	-
<i>of which on investments in group companies</i>	-	-	-	-
<i>of which on other equity instruments</i>	-	-	-	-
<i>of which on debt instruments</i>	547.498	-	547.498	-
<i>of which on derivative financial instruments</i>	-	-	-	-

**Other items in the profit and loss account (items 70, 80, 190 and 200 of profit and loss account)**

**Table 26.1**  
**Composition of item 70 "Other operating proceeds"**

As shown in the footnote to Table 25.1, this item includes the share capital of the finance lease payments accrued during the financial year and is the greater impact part of this item.

	31/12/2012	31/12/2011	Amount	Variation %
Proceeds for recovery expenses	194.394	3.126	191.268	6.118,62%
Other proceeds lease principal	1.234.349	263.385	970.964	368,65%
<b>Total</b>	<b>1.428.743</b>	<b>266.511</b>	<b>1.162.232</b>	<b>436,09%</b>

**Table 26.2**  
**Composition of item 80 "Other operating costs"**

	31/12/2012	31/12/2011	Amount	Variation %
Rounding-off	-	92	(92)	(100,00%)
<b>Total</b>	<b>-</b>	<b>92</b>	<b>(92)</b>	<b>(100,00%)</b>

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**Table 26.3**  
**Composition of item 190 "Extraordinary proceeds"**

It is recognized that the Bank Shareholders' Meeting dated May 15, 2012, considering that the interim loss as at 03/31/2013 of approximately 6,000,000 Euros was an exceptional and extraordinary event and, therefore, it deemed advisable to reduce the share capital and the partial use of reserves affecting the income statement under the item "extraordinary income" for a total amount of EUR 5,990,623.90. This is in order to cover the loss cited above, The above items include also gains on disposal of investment securities for EUR 425,673, contingent assets for EUR 55,309 and other extraordinary income for EUR 18,128.

	31/12/2012	31/12/2011	Amount	Variation %
Extraordinary proceeds	6.489.736	120.039	6.369.697	5.306,36%
<b>Total</b>	<b>6.489.736</b>	<b>120.039</b>	<b>6.369.697</b>	<b>5.306,36%</b>

**Table 26.4**  
**Composition of item 200 "Extraordinary costs"**

The item is characterized by the fee for the exercise of reserved activities attributable to the year 2009 amounting to EUR 75,000 and, given the proposed tax loss for the year, the fee for the year 2010 for the same amount. With reference to the previous financial year, the remaining costs of an extraordinary nature reduced.

	31/12/2012	31/12/2011	Amount	Variation %
Non-deductible bank tax	150.000	75.000	75.000	100,00%
Other contingent liabilities	20.882	111.795	(90.913)	(81,32%)
<b>Total</b>	<b>170.882</b>	<b>186.795</b>	<b>(15.913)</b>	<b>(8,52%)</b>

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**Section D**

**OTHER INFORMATION**

**Directors and statutory auditors**

**Table 27.1  
Remuneration**

As shown in the table, no fees were given during this financial year to the Directors as a result of their formal renunciation.

	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>Amount</b>	<b>Variation</b>
				<b>%</b>
Directors	-	-	-	-
Statutory auditors	26.466	25.000	1.466	5,86%
<b>Total</b>	<b>26.466</b>	<b>25.000</b>	<b>1.466</b>	<b>5,86%</b>

**Other information**

None.