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Shareholders' General Meeting Report for the Joint Stock Company BANCA SAMMARINESE DI INVESTIMENTO S.p.A.

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On this day of **Thursday 19 May 2011** at **4:30 PM** at the **second** call the Shareholders General Meeting was convened to debate and decide on the following:

Order of the Day

1) Examination of the Board of Directors' Report on the Balance Sheet for the financial year ending on 31 December 2010;

2) Examination of the Board of Auditors' Report on the Balance Sheet for the financial year ending on 31 December 2010;

3) Examination of the Auditing Company's Report on the Balance Sheet for the financial year ending on 31 December 2010;

4) Examination, debate and approval of the Explanatory Notes for the financial year ending on 31 December 2010, and consequent resolutions.

Either personally or by proxy, 95% of the share capital of €13,000,000.00 fully paid-up is present, with share certificate no. 8 being absent; Chairman Mr. Enzo Donald Mularoni, born on 9 September 1952 in Detroit (USA), residing in Borgo Maggiore (RSM) at Via Brandolina no. 51, ISS code 15821, a citizen of San Marino, and the members Board of Directors, listed here below, are present:

- Dr. Giorgio Giordani, born on 18 August 1959 in Castel San Pietro Terme (BO) and residing in Serravalle (RSM) at Via G. Angeli no. 33, ISS code 112586, a citizen of San Marino, Director;

- Terenzi Pier Giovanni, born on 13 April 1963 in San Marino (RSM), residing in Falciano (RSM) at Via delle Bosche no. 34, ISS code 5213, a citizen of San Marino, Director;
- Mr. Roberto Ragini, born on 03 May 1956 in San Marino and residing in Dogana at Via Tre Settembre no. 184, a citizen of San Marino, ISS code 9689, Director;
- and the members of the Board of Auditors, listed here below:
- Alfredo Amici, Lawyer, born 01 August 1966 in San Marino (RSM) and residing in Fiorentino (RSM) at Via Coste di Maria Paola no. 10, ISS code 19077, a citizen of San Marino, President;
- Dr. Giuseppe Dini, born on 04 June 1957 at Sant'Angelo in Vado (PU) and residing in Rimini (RN) at Via delle Rondine no. 5, apt. 2, an Italian citizen, member;
- Accountant Marco CEVOLI born in Rimini on 19 July 1967 and residing in Dogana at Via Antonio Canova no. 51, an Italian citizen, ISS code 31333, member.

The following absences have been justified:

-Emanuel Colombini born on 28 February 1978 in San Marino and residing in Serravalle at Strada Scalaria no. 5, a citizen of San Marino ISS code 22616, Director;
- Dr. Pier Luigi Martelli born on 20 June 1956 in Bologna and residing at Via della Repubblica no. 44 in San Lazzaro di Savena (BO), an Italian citizen, Director.

Presiding is the Chairman of the Board of Directors, who, having determined and acknowledged the full legality of the General Meeting convened by special notice given on 02 May 2011, declared the session to be open, calling the undersigned Notary to act as Secretary.

The Chairman opens the session by showing the Balance Sheet as of 31 December 2010, the Board of Directors' Report, the Explanatory notes, and the Reports of the Board of Auditors and the Auditing Company, all of which are provided in full as photocopies here below.

The General Meeting, after hearing the comments of the Chairman and the Board of Auditors, unanimously approves the Explanatory Notes and the Balance Sheet closing on 31 December 2010, and resolves to allocate the year's profits of €6,189.00 to the Ordinary Reserves Fund;

With no other business to be decided, the session is closed at 5 PM after reading and approval of this report.

The Chairman	The Auditors
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The Secretary

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(*stamp*: Dr. MANUEL MICHELONI, LAWYER * PUBLIC NOTARY OF SAN MARINO)

SAN MARINO, 20 MAY 2011

THIS IS A CERTIFIED TRUE COPY OF THE ORIGINAL ISSUED FOR LEGAL USE

DR. MANUEL MICHELONI, LAWYER AND NOTARY

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(*stamp*: Dr. MANUEL MICHELONI, LAWYER * PUBLIC NOTARY OF SAN MARINO)

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Board of Directors Report
on the Balance Sheet
for the 2010 Financial Year

	Board of Directors
Chairman	Enzo Donald Mularoni
	Pier Giovanni Terenzi
	Giordani Giorgio
	Emanuel Colombini
	Roberto Ragini
	Pier Luigi Martelli
	Board of Auditors
Chairman	Alfredo Amici
	Marco Cevoli
	Giuseppe Dini

General Manager
Vilmo Monatanari

Auditing Company
Audit world s.r.l.

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Dear Shareholders,

The economic situation

The forecasts for world economic growth seem to be stronger than a few months ago. In the face of the vigorous expansion of emerging economies, assessments of the dynamics of the American economy have also improved. International trade flows will be able to expand further over the course of the year at a significant rate. At the Group of Twenty summit which took place in Seoul in November, the heads of state approved a plan of action, focused on the coordination of economics policies, with the aim of pursuing a more balanced growth on a global level.

Consumer price inflation in developed countries has been affected since last autumn by the rising costs of raw materials, fueled primarily by the increasing demand by emerging economies.

In the final months of 2010, returns on long-term government securities in the major advanced economies increased gradually. Since the beginning of November, tensions have heightened again concerning the sovereign debt markets of several countries in the Euro area, after a temporary lull in October.

Contributing to this were fears of contagion sparked by serious difficulties in the Irish banking system. The spread on the returns of ten-year government securities issued by Greece, Ireland, Spain and Portugal with respect to German bonds has shown a stark increase; a more restrained increase was seen in Italy and Belgium. In the second half of January, pressures were alleviated. Since November, purchases of government securities by Eurosystem increased in the context of the Securities Markets Programme. At the end of that month, the finance ministers of the countries of the European Union approved an economic aid plan for Ireland at the request of the Irish government. At the same time, the ministers of the Eurogroup defined the principal features of a permanent mechanism to protect the financial stability of the area (European Stability Mechanism).

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The GDP of the Euro area during 2010 is expanding, even though growth is not very homogeneous. Italy is one of the countries where the results of the recovery are more difficult to see. In the third trimester of 2010, the GDP in Italy slowed by 0.3 per cent with respect to the previous period. Export has continued to provide the main impulse for economic activity, while the contribution of domestic demand, which was already modest, has decreased in response to the reduction in investments in machinery and equipment following the expiration of tax incentives.

Economic activity, notably industrial production, weakened toward the end of the year. The consumer buying behaviors of families continue to be oriented towards caution, feeling the effect of the weakness of available income and the uncertain prospects concerning the conditions of the labor market. In a context characterized by expectations of a slow return toward pre-crisis production levels, businesses are favoring more flexible contract types as opposed to full-time permanent employment. Employment rates have continued to decline, although slightly, confirming the trend toward reduction that has shown to be more pronounced among young people.

The banking system

According to the most credible estimates, in Italy the GDP should maintain the slow growth rate that marked this past year for both 2011 and 2012, at values around 1 per cent. Production expansion, slowed by low domestic demand, would be lower than in the Euro area, which estimates agree to be around 1.5 per cent. If confirmed, this situation would not lead to a steady recovery in employment rates. Consumer inflation is projected at 2 per cent for the two-year period of 2011-12.

Banca Sammarinese di Investimento

The sadly notorious criticism of the Republic of San Marino has assailed all sectors of the economy, aggravated by the stagnancy of conditions and a general lack of confidence. Bilateral relations with Italy have not shown any significant improvement, veritably influencing every economic aspect of the Country. Actual unemployment is growing and social safety valves are being used at a rate that is cause for concern. The difficulties of the public budget, already disclosed by the Government at the time of Balancing, have been made clear by the latest legislative measures. If, however, as is hoped, the difficulties in bilateral relations are overcome shortly, even at the cost of some sacrifice and hardship, leveraging on the healthy financial strengths and human resources that San Marino is still able to express, a path of development with an optimistic outlook on the future can again be found.

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The data relative to the domestic banking system reflect the context of the described situation. System revenues have fallen progressively since 2008, and in 2010 a further reduction of -15.3 % was recorded with respect to the previous year. Figures for the first trimester of 2011 are not yet public, but there is reason to think that signs of inversion have not yet been adverted.

For loans, as well, performance is decreasing. The negative trend of 2009 (-4.9%) has continued in 2010 and the yearly rate is fixed at -6%. In particular it must be pointed out that the aggregate value of loans has grown by more than 2.8 million Euros due to the effect of leasing activities and unpaid debts. The direct loans/revenues ratio has gone from 72% in 2009 to 83% in 2010; in parallel, there has been a deterioration in the quality of the credit, which is also seen by the defaults/loans ratio which has gone from 2.9% in 2009 to 5.1% in 2010.

Revenues

The active net/total assets ratio has grown on a yearly basis by 0.3%, aggravated by the reduction (in absolute values) of the net assets by more than 146 million Euros.

The definition of age-old affairs involving various banking entities of San Marino will contribute to sector recovery and development. The new ownership structures and operational guidelines will inevitably condition the remaining assets, coming to influence new structural frameworks for the entire sector. The selectivity process has already begun. Since the second semester of 2009, there have been voluntary liquidation processes by finance corporations, a new phenomenon for the financial economic model of San Marino.

Loans to customers

The scenario traced thus-far shows the difficulties that Banca Sammarinese di Investimento, as well, has had to face, and is the cause of the reduction of profits with the respect to the previous year. The information, however, is not as negative as it might appear if the consolidation of capital achieved by the Bank is taken into consideration. The Regulatory Capital has grown by 14.57% and the solvency ratio has increased by 8.12 percentage points.

With regard to returns, the reduction was due to a set of causes, with the primary cause being the reduction of the interest margin as a consequence of the extinguishing of loans and the decrease in volume managed, which was not sufficiently compensated by the granting of new credit or by the consolidation of new business sectors. Even service commissions show poor vitality, especially for the part concerning the additional consultation as an effect of the so-called "scudo-ter" *(translator's note:: Italy's third tax shield).* The returns obtained on financial investments and trading activities contribute positively to the statement of earnings. With regard to the management of the specific credit risk, monitoring of anomalous positions has continued, as well as an accurate selection of lines of credit. The credit default dynamic, with specific reference to the unpaid loans division, registers a decrease of -17.25%. In parallel, the watchlisted/overdue loans category has grown overall by +15.54%. The solvability of the credit situations was governed by intervening, where necessary, with adequate itemized and lump-sum write-downs, with the purpose of safeguarding the solidity of the capital assets.

Financial activities

From the perspective of operational costs, an increase is shown, determined principally by the costs for implementing new assets for start-up of new business areas.

Interbank portfolio

Performance derived from financial operations is economically satisfactory, although the Bank does not hold structures considered to be high risk in its capital assets. Corporate choices concerning innovative financial instruments have always been marked by a cautious stance. Typical activities of the corporate core business are favored. Valuations for next year again show the uncertainties determined by the economic stage described above, which could lead to a further increase in credit risk, caused by the deterioration of the general economic situation. It will be necessary to carefully monitor upcoming developments in the economic cycle, with the difficult task of reconciling the need for growth in terms of loans to improve profitability, with the intensification of risks. In this context, the importance of human resources adequacy should be considered, especially in reference to professional qualifications, just as their rational employment and complete involvement in a context of greater sense of responsibility and sharing of corporate goals should be favored.

Equity

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Human Resources

Hereafter the most prominent and significant aspects of the performance achieved by BSI in the year 2010 are highlighted.

Internal Auditing System

At the end of December, total revenues exceeded 146 million Euros, 99.5 of which were direct revenues and 46.541 million of which were indirect revenues. The total amount with respect to the previous year is down by 16% in line with the aggregate values (-16.8%).

Direct revenues represent 63.14% of the total supply, which remains stable with respect to 2009 (-1.38%), a positive countertrend with respect to the performance of the San Marinian system (-15.80%).

Statement of earnings

Indirect revenues are showing a decrease on a yearly basis of 36.51%. The dynamic of this sector was determined by the repatriation of assets and the performance of the quotations that influenced the risk propensities of investors. The reduction primarily involves administrative revenues from third-party funds.

For the 2010 financial year, credits toward ordinary clientele are essentially steady.
In terms of overall volumes, short-term credits bear the most weight, representing 82% of total loans, with respect to mid/long term operations which weigh in at 12%.
For long-term mortgages for the purchase or renovation of property, no loans, secured and unsecured mortgages were granted, whereas previous ones account for 11.58% of loans.
Due to the effect of the merger with the FSI finance corporation, toward the end of the year an increase is seen in the "other credits" section due primarily to leasing activities.
The focus on the absorption of loans by the first ten customers has increased slightly, with an incidence of 5.2% on the total.
The risk positions towards the capital shareholders again show an excess with respect to utilization, at maximum peaks, that has grown by 22.94% over the previous year.
The average return on loans is equal to 2.78% with an average rate of return of 0.70%.

At the conclusion of the financial year, the Bank's global securities portfolio exceeds € 39 million Euros (-14.33% with respect to 2009), representing 32.55% of capital assets.
In particular, the portfolio available for sale surpasses 11 million Euros, while the bank's own portfolio is valued at over 18.5 million Euro, and the strategic portfolio is set at just above 10 million Euros.
Towards the end of the financial year it was decided, based on indications and analyses provided through the Finance Committee, to establish another Portfolio to be held until due date, made up of investments considered to be residual. The Bank intends and has the ability to maintain the securities in this portfolio for all of their residual life, with the purpose of supporting the interest margin.
The composition strategies for the aforementioned portfolios, therefore, were targeted to reaching natural goals for prudence in terms of risk (credit, interest rate and liquidity), but also considering that the level of returns would decrease decidedly over the course of the financial year. Therefore, in the first stage of the year in which the financial crisis was still showing its effects, orientation was toward a rather limited mid-term duration of the available for sale Portfolio, initially favoring adjustable rate securities and directing part of longer term investments toward the Portfolio to be held until due. Subsequently the fixed rate component was progressively increased, which increased the portfolio's volatility without prejudice to the mid-term duration.
Having increased the fixed rate component, and therefore the mid-term duration of the portfolio, allowed a benefit following both the reduction in revenues and the improvement of the risk premium.

Management Evolution

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The policy of caution adopted in the last two-year period has allowed the Institution to avoid all liquidity risks. In fact, the position net of interbank loans has passed from

€38,818,401 in 2009 to €42,732,765 at the end of 2012, marking a net increase of +10.80%. Remaining an extremely liquid Institution, even throughout 2010, was significant in terms of contribution to the interest margin given the low returns on interbank deposits.

The net Assets of the Bank's Balance Sheet as of 31 December 2010 amount to €14,365,410, which is stable with regard to the previous financial year's amount. The active net assets capital ratio went from 11.62% in 2009 to 11.94% in 2010.
The corporation does not hold proprietary shares and/or subsidiary shares in its portfolio, nor has it purchased or given up any during the financial year.

Following the incorporation merger, FSI personnel was completely absorbed into the Bank (+3 employees). The increase in personnel expenses reflects the assimilation of the FSI employees, which in some cases took over the positions of outgoing Bank personnel. Corporate personnel has been strengthened in terms of the administrative accounting sector and securities back office.
In 2010, the training process was based on off-site courses that involved themes such as compliance, anti-money laundering measures and audits. Training courses in the corporate computer system must also be highlighted due to the significant economic burden sustained for them.

In the awareness that management is a process in constant evolution which must accompany Bank growth, over the course of 2010 activities have continued with the purpose of improving and rationalizing all of the organizational and procedural executive committees. The Internal Audit system has been out-sourced, with the authorization of the Central Bank, to a top company in accounts auditing. In corporate risks management, the internal Revision Office continues its activities: survey of risks involved in the principal procedures, verification of organizational framework adequacy and the management techniques used in the Bank. Toward the end of 2010, Risk management was assigned in order to improve the integrated management of all risks (market, credit, counterparty, liquidity, etc.).

The profits earned are equal to € 6,189 = net of the allocation of €250,000 to the Provision for General Banking Risks. The reduction with respect to the previous financial year is due to the reduction of the interest margin and the lower contribution of securities trading. The results obtained from financial investments are positive, as is the economic performance achieved by trading activities. Operational costs are growing (+25.7%), partly due to the incorporation merger with FSI. The most significant growth is seen under the "other administrative expenses" entry (+42.86%), in which context user licenses and software fees, consultations, site running costs, and start-up costs for BIANCA, the BSI card, appear. The sub-item also contains part of the indirect taxes, which are particularly significant throughout the financial year. In the future it will be necessary to act further to control expense items, increasing the level of efficiency and improving their incidence on the performance of brokered volumes.

With the following values analysis, a synthetic picture is provided of the most important management actions that have influenced the formation of economic performance, referring to the explanatory notes for the specific information.
The Interest Margin is set at about €942,988 according to the components expressed in the following table:

	Customers	Securities	Banks and others	Total
Interest income	1,177,179	788,892	276,242	2,242,313
Interest payable	141,304	1,157,194	827	1,299,325
.2010 Interest Margin	1,035,875	- 368,302	275,415	942,988
2009 Interest Margin	1,081,090	- 1,736,127	1,865,135	1,210,098
Variation	-4.18%	-78.79%	-85.23%	-22.07%

The contribution to the interest margin is represented primarily by the customer component (+109.85%) for 29.21% of the interbank amount and with a negative figure (-39.06%) for securities investments.
The interest margin in relation to the total assets goes from 0.97% in 2009 to 0.78% in 2010.
The Overall Intermediation Margin is set at € 1,193,290 million (-31.87%) with a contribution of 20.98% of Net Commissions which amount to € 250,302, a clear decrease from the previous financial year.
The Financial Management Performance is at € 1.437 million, which shows a significant decrease due to the fall in revenues for the reasons indicated above.
The Net Value Adjustments on Tangible and Intangible Assets amount respectively to € 133,449 and €9,892,985. It is worth calling attention to the adjusted value of the tangible fixed assets referred to the Bank's leasing activities and recorded in the accounts with the financial amortization and depreciation method. This recording in the accounts is the reason for the positive balance of "Other Expenses/Management Proceeds (€9,818,881).

In the first months of 2011 no particularly significant events occurred that would influence the normal performance of the Bank's economic and financial situation and net worth.
Upon normalization of money markets, and upon the weak signs of recovery of economic activities and the announced rise in policy rates, there is an expectation of a gradual reallocation of savings toward more profitable components with a longer term. Despite positive signs, the economic weakening of businesses and the decreased financial wealth of families may determine growing risk levels of the credits portfolio. This will require paying greater attention to the solvability conditions of clientele, as well as the allocation of further resources to equity Funds.
In the first months of 2011, the financial markets are "dormant" and not even natural catastrophes, guerilla warfare and socio-political upheaval have brought disruption.

Financial management and trading profile still show the effects of the country reputation risk and their contribution is lower than budget forecasts. The creation of the residual activities portfolio has absorbed about 25% of the resources previously used for interbanking. The position net of interbank loans at the end of March 2011 amounts to € 34,086,809, 53% of which is repayable upon demand, which goes to confirm that the Bank does not run any liquidity risks.
The Banks' activities will continue to be developed on the domestic market on the business model prevalently tailored to traditional activities of revenues and loans, which are anchored to criteria of transparency and good practice in customer relations, trademarks that have always characterized our initiatives. Along with the Institution's usual activities, it will have to develop new business areas which, taking advantage of its excellent liquidity parameters, a singular case in the system, can differentiate its operations, making BSI a small, but solid bank with easily recognizable distinguishing features.

Dear shareholders,

In consideration of what has been set forth and the results which have been achieved, it can be affirmed that the financial year in question was characterized by a careful and conscious management, which, in accordance with the key principles foreseen by law, has been able to keep the risks generated by the continuing negative economic phase under control. Given what has been set forth, we invite you to approve this financial year Balance Sheet, proposing the capitalization of the revenues earned, with the exception of mandated reserves.

The Chairman of the
Board of Directors

Mr. Enzo Donald Mularoni, Engineer

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BSI

BALANCE SHEET

FOR THE 2010 FINANCIAL YEAR

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STATEMENT OF ASSETS AND LIABILITIES

AND STATEMENT OF EARNINGS

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STATEMENT OF ASSETS AND LIABILITIES

Assets

	Assets items	31 Dec 2010	31 Dec 2009
10	Cash holdings	212,192	1,214,797
20	Receivables with banks	43,885,399	39,226,379
	a. repayable upon demand	31,324,204	26,726,379
	b. other receivables	12,561,195	12,500,000
30	Receivables with customers	27,342,568	30,434,182
	Bonds and other debt-based financial	39,196,287	45,169,114
	instruments	6,585,722	5,589,594
	a. public issuers	28,286,140	37,502,970
	b. bank issued	2,307,621	4,477,000
	b.1 *of which* proprietary financial	3,909,135	1,592,350
	instruments	415,290	484,200
50	c. by finance corporations (businesses)	570,193	-
60	(e)		-
70	d. by other issuers		1,545,000
80	Shares, quotas and other capital	280,418	302,461
	instruments		-
90	Holdings	4,052,388	275,951
	Holdings in bank group companies	3,850,786	-
	Intangible fixed assets	-	-
100	a. *of which* start-up	-	-
110	Tangible assets	-	-
120	a. *of which* finance leasing	4,746,311	5,119,090
130	b. *of which* goods waiting to be rented out	95,478	256,682
	Capital subscribed and not paid-up	50,346	217,330
	Proprietary shares and quotas	45,132	39,352
140	Other assets	120,381,234	123,543,656
	Accruals and deferrals		
	a. accruals		
	b. deferrals		
	Total assets		

STATEMENT OF ASSETS AND LIABILITIES

Liabilities

	Liabilities items	31 Dec 2010	31 Dec 2009
10	Bank liabilities	591,440	406,978
	a. repayable upon demand	591,440	406,978
	b. other liabilities	-	
20	Liabilities to customers	20,307,955	23,592,777
	a. repayable upon demand	13,608,084	19,988,394
	b. term or notice liabilities	6,699,871	3,604,383
30	Liabilities represented by financial	73,536,000	76,819,000
	instruments	10,000,000	10,000,000
	a. bonds	63,536,000	66,819,000
	b. deposit certificates		-
40	c. other financial instruments	3,023,272	2,748,580
50	Other liabilities	259,568	257,710
	Accruals and deferrals	259,568	257,710
	a. accruals		-
60	b. deferrals	47,589	40,237
70	Termination benefits	-	74,375
	Risks and fees funds		74,375
	a. post employment benefit funds		-
	b. tax funds		-
80	c. other funds		-
90	Loan risks funds	250,000	250,000
100	Provision for general banking risk	8,000,000	5,000,000
110	Subordinated liabilities	13,000,000	13,000,000
120	Share capital		-
130	Share premium reserve	1,359,221	211,096
	Reserves	439,677	211,096
	a. ordinary reserves		-
	b. treasury share reserves	914,322	-
	c. extraordinary reserves	5,222	-
140	d. other reserves		-
150	Revaluation reserves		0
160	Profits (losses) brought-forward (+/-)	6,189	1,142,903
170	Profit (loss) for the year (+/-)	120,381,234	123,543,656
	Total liabilities		

PLEDGED ASSETS AND COLLATERAL

Balance sheet items	31 Dec 2009	31 Dec 2010

10	Collateral provided	1,422,016	2,203,273
	a. acceptance		
	b. other collateral	1,422,016	2,203,273
20	Pledged assets	7,089,559	-
	a. for specified use	7,089,559	-
	a.1. *of which* financial instruments	7,089,559	-
	b. for unspecified use		-
	b.1. *of which* financial instruments		-
	c. other pledges assets		-
30	Total	8,511,575	2,203,273

STATEMENT OF EARNINGS

	Statement of Earnings items	31 Dec 2009	31 Dec 2010
10	Interest income and similar revenues	2,242,313	3,791,304
	a. on receivables with customers	1,177,179	1,300,614
	b. on debt securities	788,892	621,178
	c. on receivables with banks	276,242	1,869,512
20	Interest payable and similar charges	1,299,325	2,581,206
	a. on liabilities to customers	141,304	219,524
	b. on liabilities represented by securities	1,157,194	2,357,305
	c. on liabilities to banks	827	4,377
30	Dividends and other revenues	-	3,727
	a. on shares		3,727
	b. on holdings		-
	c. on group business holdings		-
40	Commission fee income	339,504	645,970
50	Commission fees payable	89,202	104,405
60	Profits (losses) from financial operations (+/-)	1,436,970	2,741,972
70	Other management revenues	9,818,881	2,952
80	Other management expenses	68	-
90	Administrative expenses	2,024,655	1,583,185
	a. personnel expenses	774,403	708,015
	a.1. salaries and wages	480,732	420,089
	a.2. social security and benefit contributions	128,439	122,376
	a.3. termination benefits	56,578	43,452
	a.4. post employment benefit funds	26,654	47,846
	a.5. directors and auditors	82,000	74,252
	a.6. other personnel expenses		-
	b. other administrative expenses	1,250,252	875,170
100	Value adjustments to intangible fixed assets	133,449	111,247
110	Value adjustments to tangible fixed assets	9,892,985	88,780
120	Allocations for risks and charges	-	-
130	Allocations for risks on credits	-	-
140	Value adjustments on loans and reserves for collateral and pledged assets	250,000	902,010
150	Value recoveries on loans and reserves for collateral and pledged assets	-	-

160	Value adjustments on financial assets	-	-
170	Value recoveries on financial assets	-	-
180	Profit (loss) from ordinary assets	147,984	1,815,092
190	Extraordinary revenues	23,138	78,776
200	Extraordinary charges	164,933	500,965
210	Extraordinary Profit (loss)	-141,795	-422,189
220	Variation of the Provision for general banking	0	-250,000
230	risks (+/-)	0	0
240	Financial year tax	6,189	1,142,903
	Profit (loss) for the financial year		

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EXPLANATORY NOTES

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EXPLANATORY NOTES FOR THE 2010 YEARLY BALANCE SHEET

In compliance with the legal provisions in force, these Explanatory Notes, drawn up only for the parts relevant to the assets of Banca Sammarinese di Investimento, with rounding and/or cut-offs to the Euro, complete the Balance Sheet.

Part A - EVALUATION CRITERIA

Section 1- Outline of the criteria

The application of the principle of substance prevailing over form has influenced the drawing up of this Balance Sheet, which has at any rate been drawn up following principles of clarity and truthful and proper representation of the company's situation, in terms of both net worth and financial and economic profile. In light of operational continuity, which implicates operational evaluations, the accounting drafts criteria have stayed the same, and there have not been waivers to the evaluation criteria of asset or profit items during the year.

The application of the principle of caution has led to the analytical evaluation of the elements which make up each item of assets or liabilities, and there has not been any offset of entries.

The risks and losses recorded are those for this financial year, even where discovered after year closing; only profits made before the date of financial year closing have been entered. Conversely, proceeds and commission fees were considered without regard to the date of receipt or payment in compliance with the matching principle.

In drawing up these explanatory notes, before setting forth the criteria used to draw up parts B and C, evidence must be given, in relation to time parallelism, as well, of two reclassifications which differ from the past and were performed according to the reformulation of Regulation 2008/2. Specifically, this regards the cheques in circulation (€152,800) included in liabilities represented by securities which are reclassified in these notes as other liabilities, and repurchase agreements

(€3,604,383) which go from liabilities represented under financial instruments to term or notice liabilities to customers.

The *liabilities to customers* are valued at their supposable realization value. It is specified that this evaluation was made reducing by the par value of the loans the respective loans depreciation fund, calculated analytically on the individual positions. With regard to watchlisted loans, the Bank did not feel it necessary to proceed with any depreciations, in consideration of the conviction that the creditor is in good faith but needs to be carefully monitored.

The *liabilities to banks* are recorded at par value, mostly repayable upon demand.

Cash holding are valued at par value.

With regard to *securities*, the proprietary portfolio on 31 December 2010 was valued at market value. Consistent with these evaluations and in compliance with the provisions of the central bank (letter to banks dated 15 December 2008, protocol 08/8251), securities by issuers in default are inserted with the defaulted loans classified under liabilities to banks. Assets in foreign currency are converted using the exchange rate in force when they took place.

Assets and *liabilities held in foreign currency* were converted to euro using the exchange rate on the date of 31 December 2010. Profits and losses on exchange rates are recorded in the statement of earnings at the time of actual payment of the loan or debt in foreign currency. At the accounts closing date, the liabilities or loans in foreign currency are revalued at the exchange rate of the last day of the period (31/12/2010) with debit or credit on the statement of earnings of profits or losses on exchange rates.

Fixed assets were amortized with the principle of the permanence of methods, and no changes to the amortization criteria are reported, nor are there liquidations or divestures of goods. In the fixed assets funds, according to company continuity, depreciation has been calculated at constant rates. *Intangible fixed assets* are recorded at their historical purchase value, inclusive of accessory fees or any other fees directly attributable to the good, and are indicated in the balance sheet table, net of respective depreciations (direct depreciation). The depreciation rates, recorded on the statement of earnings, were calculated with respect to the residual life of the good and in compliance with applicable legislation. *Tangible fixed assets* are recorded at the purchase cost, including ancillary costs directly charged and adjusted from the corresponding depreciation funds. The depreciation rates attributed on the Statement of Earnings were calculated in a systematic and constant manner, with respect to the residual life of the good, on the basis of the rates considered to be representative of the technical-economic life of the assets, which are not, however, different from those set by Law no. 3 dated 20 January 1986 and subsequent amendments. The tangible fixed assets of *rental* properties were valued at the cost of purchase including additional charges and are reported in the assets of the statement of assets and liabilities net of respective depreciation funds. The depreciation rates for the year were calculated using the financial depreciation procedure.

Ordinary *maintenance expenses* are debited in full on the statement of earnings, whereas no capital expenditures are recorded for the assets.

The *TERMINATION BENEFITS Fund* represents the effective liability matured with employees in compliance with the collective employment agreements for the category.

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Following the allocation, by accrual, the Loans Depreciation Fund amounts to a total of € 1,861,810=.

Holdings in subsidiaries or connected companies do not appear due to the effect of the incorporation merger, which was recorded using the net asset method. This corporate operation brought a positive effect to the BSI balance sheet, which is due mainly to the interest income with customers. In the context of the Finanziaria Sammarinese di Investimento absorbed into BSI, with considerable capital and economic effects, both real estate and equipment leasing are represented. Another effect of the merger is the respective increase of the number of bank employees, and therefore the personnel expenses. Further details are provided here below in the comments for each individual Balance Sheet area.

Liabilities are recorded at their par value, which is equal to their assumed redemption value.

Accruals and deferrals have attributed income items to the Statement of Earnings which are in common for more than one financial year solely for the accrual share. The amount of this share has been determined proportionally on the basis of time criteria. With regard to securities accruals, mortgage loans have been considered under the entry of reference.

Pledged assets and collateral are indicated in the memorandum accounts at their contract value. Under *Collaterals*, those lent by the bank are listed, valued at the overall value of the amount pledged to beneficiaries; under pledged assets, on the other hand, are all of the irrevocable pledges for specified or unspecified use that can lead to a credit risk.

The operational *proceeds and costs* are attributed to the Statement of Earnings on an accrual basis.

Section 2 - Adjustments and reserves

The Balance Sheet shows a recorded profit, net of reserves, equal to €6,189=. The resources of the General Bank Risks Fund established last year have been appropriated to the Loans Depreciation Fund; reclassified under item 140 of the Statement of Earnings, in order to enable comparison with the 2009 value, the same line also shows "Value adjustments to loans and reserves for collateral and pledged assets". A new appropriation to the Provision for General Banking Risks has been made for €250,000= on an accrual basis with the purpose of increasing equity strength partly in consideration of the Debt Restructuring Plan with Delta.

The principles used in drafting the balance sheet for the year ending 31 December 2010 are not substantially different from those used to draw up the previous year's balance sheet, particularly with regard to valuations and continuity with the same principles and legal provisions.

Part B - INFORMATION ON THE STATEMENT OF ASSETS AND LIABILITIES

1.1 Cash holdings (assets item 10)

	31 Dec 2010	31 Dec 2009	Variations Amounts
Cash holdings	197,912	1,207,213	(1,009,301)
Foreign currency	14,280	7,584	6,696
Total	212,192	1,214,797	(1,002,605)

Table for Assets Item 20 : Receivables with banks (2.1)

Details of technical forms	31 December 2010 In Euro	31 December 2010 In foreign currency	31 Dec 2009 In Euro	31 Dec 2009 In foreign currency	Variation Amount	%
a. Repayable	29,319,260	2,004,944	24,588,044	0		
upon demand			0			
a.1. Demand	29,319,260	2,004,944	24,588,044	0		
deposits			0			
a.2. Cash at bank						
a.3. Others						
b. Other	12,561,195	0	12,500,000	0	0	
receivables	12,000,000		12,500,000	0	0	
b.1. Time			0	0		
deposits			0	0		
b.2. Cash at						
bank	561,195		0	0		
b.3. Repos and reverse repos						
b.4. Others						
c. TOTALS	41,880,455	2,004,944	37,088,044	2,138,335	0	
d. OVERALL TOTAL	43,885,399		39,226,379		4,659,020	12%

Situation of cash receivables with banks (2.2)

Category/Values	31 December 2010			31 Dec 2009		
1. Doubtful loans	1,376,197	815,002	561,195	-	-	-
1.1 Bad loans	1,376,197	815,002	561,195	-	-	-
1.2 Watchlisted			-	-	-	-
loans			-	-	-	-
1.3 Overdue claims			-	-	-	-
1.4 Unsecured claims to countries at risk						
2. Performing loans	43,324,204		43,324,204	39,226,379	-	39,226,379
3. TOTALS	44,700,401	815,002	43,885,399	39,226,379	-	39,226,379

Defaulted securities have been reclassified in this category.

Table of doubtful loans to banks (2.3)

Reasons for payment / Categories	Bad loans	Watchlisted	Overdue claims	Unsecured claims to countries at risk
1. Gross initial exposure				
1.1 of which interest on arrears				
2. Increase variations	1,376,197	0	0	0
2.1 Income from performing loans				
2.2 Interest on arrears				
2.3 Other increase variations	1,376,197			
3. Decrease variations	0	0	0	0
3.1 Costs on performing loans				
3.2 Cancellations				
3.3 Proceeds				
3.4 Proceeds from assignments				
3.5 Other decrease variations				
4. Final gross exposure on 31 December 2010	1,376,197	0	0	0

Table of overall value adjustments of Liabilities to banks (2.4)

Reasons for payment / Categories	Bad loans	Watchlisted loans	Overdue claims	Unsecured claims to countries at risk	Performing loans
1. Adjustments to the initial value	815,002	0	0	0	0
2. Increase variations					
2.1 Value adjustments					
2.1.1 of which, for interest on arrears	815,002				
2.2 Use of credit risks fund					
2.3 Transfers from other loan categories					
2.4 Other increase variations					
3. Decrease variations	0	0	0	0	0
3.1 Recovery of valuation value					
3.1.1 of which, interest on arrears					
3.2 Value recovery from revenue					
3.3 Cancellations					
3.4 Transfers to other loan categories					
3.5 Other decrease variations					
4. Final value adjustments on 31 Dec 2010	815,002	0	0	0	0
4.1 of which, for interest on arrears					

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Breakdown of Liabilities to banks based on residual life (2.5)

Term	31 Dec 2010	31 Dec 2009
1. Repayable upon demand	31,324,204	26,726,379
2. From 1 day+ to 3 months		12,500,000
3. From 3 months+ to 6	12,000,000	0
months		0
4. From 6 months+ to 1 year		0
5. From 1 year+ to 18 months		0
6. From 18 months+ to 2 years		0
7. From 2 years+ to 5 years		0
8. 5 years+	561,195	0
9. No term		
10. TOTALS	43,885,399	39,226,379

Details of Assets item 30: Receivables with customers (3.1)

	31/12/2010		31/12/2009		Variation	
	In Euro	In foreign currency	In Euro	In foreign currency	Amount	%
1. Repayable upon	22,804,807	69	24,596,527	725	0	0
demand / non-						
revolving	21,452,233	69	23,051,397	725	0	0
1.1 Cash at bank	1,352,574		1,545,130	0	0	
1.2 Others						
2. Other receivables	4,537,692	0	5,836,930	0	0	0
2.1 Cash at bank			987,270	0	0	
2.2 Discounted	1,313,413		1,227,691	0	0	
portfolio and subject						
to collection			0	0	0	
2.3 Repos and	3,224,279		3,621,969	0	0	
reverse repos						
2.4 Other loans						
3. TOTALS	27,342,499	69	30,433,457	725	0	0
4. OVERALL TOTAL	27,342,568		30,434,182		3,091,614	10.16%

Secured receivables with customers (3.2)

	31/12/2010	31/12/2009	Variation	
			Amount	%
1. By liens	949,103	1,028,326	-79,223	0
2. By pledge on:	6,235,532	2,663,225	3,572,307	1
2.1 Cash deposits	2,736,375	2,151,455	584,920	0
2.2 Securities	3,499,157	511,770	2,987,387	0
2.3 Other values		0		0
3. By guarantees	4,446,658	0	4,446,658	0
3.1. State issued		0		0
3.2 Issued by other public		0		0
bodies		0		0
3.3 Bank issued		0		0
3.4 Issued by other				
finance corporations	4,446,658	0	4,446,658	0
3.5 By other issuers				
4. TOTALS	11,631,293	3,691,551	7,939,742	215%

Position of cash receivables with customers (3.3)

	31/12/2010 Gross Exposure	Overall Value Adjustments	Net Exposure	31/12/2009 Gross Exposure	Overall Value Adjustments	Net Exposure
1. Doubtful	11,499,369	1,001,809	10,497,560	11,007,181	1,465,094	9,542,087
loans	0	0	0	0	0	0
1.1 of which, from finance leasing operations						
1.2 Bad	2,235,560	880,000	1,355,560	2,989,510	450,763	1,538,747
loans			0	0	0	0
1.2.1 of which, from			0	1,376,197	766,769	609,428
finance leasing	4,018,878	121,809	3,897,069	0	0	0
operations			0	0	0	0
1.2.2 of which,	5,244,931		5,244,931	8,017,671	14,331	8,003,340
securities in			0	0	0	0
default						
1.3			0	0	0	0
Watchlisted loans						
1.3.1 of which, from finance leasing operations						
1.4 Overdue claims						
1.4.1 of which, from finance leasing operations						
1.5 Unsecured claims to countries at risk						
2.	16,845,008		16,845,008	20,993,810	101,715	20,892,095
Performing			0	0	0	0
loans						
2.1 of which, from finance leasing operations						
3. TOTALS	28,344,377	1,001,809	27,342,568	32,000,991	1,566.809	30,434,182
3.1 of		0	0	0	0	0
which, from						
finance	0	0	0	1,376,197	766,769	609,428
leasing operations						
3.2 of which, from						

securities in
default
The total in the table is closely connected to the customer receivables value. The leasing operations loans are listed with the tangible fixed assets.

Table of doubtful loans to customers (3.4)

Reasons for payment / categories	Bad Loans	Watchlisted Loans	Overdue Claims	Unsecured claims to countries at risk
1. Initial gross exposure	2,989,510		8,017,671	
1.1 of which, for interest on arrears	80,550			
2. Increase variations	3,235,769	4,018,878	1,315,217	0
2.1 Income from performing loans	3,010,722	3,818,072	1,263,891	
2.2 Interest on arrears				
2.3 Other increase variations	225,047	200,806	51,326	
3. Decrease variations	3,989,719	0	4,087,957	0
3.1 Costs on performing loans				
3.2 Cancellations				
3.3 Proceeds	2,613,521		269,885	
3.4 Proceeds from assignments				
3.5 Other decrease variations	1,376,198		3,818,072	
4. Final gross exposure on 31 December 2010	2,235,560 232,081	4,018,878	5,244,931	0

Table of Overall Value Adjustments for customer receivables (3.5)

Reasons for payment / Categories	Bad loans	Watchlisted loans	Overdue claims	Unsecured claims to countries at risk	Performing loans
1. Overall initial value adjustments	1,450,763 398,790	 121,809	14,331 0	 0	101,715 0
2. Increase variations	398,790	121,809			
2.1 Value adjustments					
2.1.1 of which, for interest on arrears					
2.2 Use of credit risks fund					
2.3 Transfers from other loan categories					
2.4 Other increase variations					
3. Decrease variations	969,553	0	14,331	0	101,715
3.1 Recovery of valuation value	154,551		14,331		101,715
3.1.1 of which, interest on arrears					
3.2 Value recovery from revenue	815,002				
3.3 Cancellations					
3.4 Transfers to other loan categories					
3.5 Other decrease variations					
4. Final value adjustments on 31 Dec 2010	880,000	121,809	0	0	0
4.1 of which, for interest on arrears					

Breakdown of Customer receivables based on residual life (3.6)

Term	31 Dec 2010	31 Dec 2009
1. Repayable upon demand	21,452,371	24,338,102
2. From 1 day+ to 3 months	755,068	41,721
3. From 3 months+ to 6 months	266,128 476,504	218,441 1,026,928
4. From 6 months+ to 1 year	187,252	221,077

5. From 1 year+ to 18 months	183,045	203,617
6. From 18 months+ to 2 years	979,956	1,087,695
7. From 2 years+ to 5 years	1,454,127	1,684,972
8. 5 years+	1,588,117	1,611,629
9. No term		
10. TOTALS	27,342,568	30,434,182

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Breakdown of fixed asset and current asset financial instruments - items 40-50 of Assets (4.1)

Items/Values	Fixed Assets	Current Assets
1. Bonds and other debt-based financial instruments:	10,269,507	28,926,780
a. Public issued		6,585,722
b. Bank issued	9,765,393	18,520,747
b.1. of which proprietary financial instruments		2,307,621
c. By finance corporations (businesses) (e)	504,114	3,405,021
d. By other issuers		415,290
2. Shares, quotas and other capital financial instruments		570,193
a. Funds quotas		570,193
b.		
3. TOTALS	10,269,507	29,496,973

Tables of fixed asset financial instruments (4.2)

Items/Values	31 Dec 2010		31Dec 2009	
	Balance Sheet Value	Market Value	Balance Sheet Value	Market Value
1. Debt-based financial instruments	10,269,507	9,324,297	8,162,604	7,077,309
1.1 Bonds	10,269,507	9,324,297	8,162,604	7,077,309
1.1.1. Listed				
1.1.2. Not listed	10,269,507	9,324,297	8,162,604	7,077,309
1.2 Other debt-based financial instruments				
2.1.1.(sic) Listed				
2.1.2. (sic)Not listed				
2. Capital financial instruments				
2.1 Listed				
2.2 Not Listed				
3. TOTALS	10,269,507	9,324,297	8,162,604	7,077,309

Annual fixed asset financial instruments variations (4.3)

	31-Dec-2010	31-Dec-2009
1. Opening inventory	8,162,604	13,954,387
2. Increases	2,106,903	14,528
2.1 Purchases		
2.1.1 of which, debt-based financial instruments		
2.2 Value recoveries		
2.3 Transfers from current assets portfolio	2,106,903	
2.4 Other variations		14,528
3. Decreases		5,806,311
3.1. Sales		
3.1.1. of which, debt-based financial instruments		
3.2 Reimbursements		930,000
3.3 Value adjustments		498,911
3.3.1. of which, lasting devaluations		
4.1 (sic) Transfers from current assets portfolio		4,377,400
5.1 (sic) Other variations		
4. Closing inventory	10,269,507	8,162,604

Table of the current assets financial instruments (4.4)

Items/Values	31 Dec 2010 Market Value	31 Dec 2009 Market Value
1. Debt-based financial instruments	28,926,780	37,006,510
1.1 Bonds	26,337,860	37,006,510
1.1.1. Listed		
1.1.2. Not listed	26,337,860	37,006,510
1.2 Other debt-based financial instruments	2,588,920	
1.2.1.Listed		
1.2.2. Not listed	2,588,920	
2. Capital financial instruments	570,193	
2.1 Listed		
2.2 Not Listed	570,193	
3. TOTALS	29,496,973	37,006,510

Annual current asset financial instruments variations (4.5)

	31-Dec-2010	31-Dec-2009
1. Opening inventory	37,006,511	8,119,821
2. Increases	190,759	559,477,326
2.1 Purchases		556,530,854
2.1.1 of which, debt-based financial instruments		524,111,085
2.1.2. of which, capital financial instruments		32,419,769
2.2 Value recoveries and revaluations	190,759	2,693,179
2.3 Transfers from fixed assets portfolio		
2.4 Other variations		253,293
3. Decreases		530,590,636
3.1. Sales		530,339,538
3.1.1. of which, debt-based financial instruments		497,427,905
3.1.2. of which, capital financial instruments		32,911,633
3.2 Value adjustments and devaluations		
3.3 Transfers from fixed assets portfolio		
3.4 Other variations		251,098
4. Closing inventory	10,269,507	37,006,511

Annual variations to item 70: Holdings in bank group companies (6.5)

	31-Dec-2010
1. Opening inventory	1,545,000
2. Increases	
2.1 Purchases	
2.2 Value recoveries	
2.3 Revaluations	
2.4 Other variations	
3. Decreases	1,545,000
3.1. Sales	
3.2 Value adjustments	
3.2.1. of which, lasting devaluations	
3.3 Other variations	
4. Closing inventory on 31-Dec-2010	1,545,000
5. Revaluations on 31-Dec-2010	
6. Total adjustments on 31-Dec-2010	

The movements under the Holdings item are in reference to FSI s.p.a, whose official merger was recorded on 18 October 2010.

Movements and description of Assets item 80: Intangible fixed assets (7.1)

Table name

Annual variations	31 Dec 2010	Leasing goods	System costs	Other multi-year costs
1. Opening inventory	302,461	0	0	302,461
2. Increases	111,406			111,406
2.1 Purchases	111,406			111,406
2.2 Value recoveries	0			
2.3 Revaluations				
2.4 Other increase variations				
3. Decreases	133,449	0	0	133,449
3.1 Sales	0			
3.2 Value adjustments	133,449			133,449
3.2.1. of which, depreciations	133,449			133,449
3.2.2. of which, lasting	0			
devaluations	0			
3. Closing inventory on 31-Dec-2010	280,418	0	0	280,418

Movements and description of Assets item 90: Tangible fixed assets (8.1)

Annual variations	31 Dec 2010	Leasing goods	Goods waiting to be rented	Real estate	Other fixed assets
1. Opening inventory	275,951		0	0	275,951
2. Increases	13,772,044	13,765,000			7,044
2.1 Purchases	12,007,044	12,000,000			7,044
2.2 Value recoveries	0				
2.3 Revaluations	0				
2.4 Other increase variations	1,765,000	1,765,000			
3. Decreases	9,995,607	9,914,214	0	0	81,393
3.1 Sales	0				
3.2 Value adjustments	9,995,607	9,914,214			81,393
3.2.1. of which, depreciations	0 0	9,914,214			81,393
3.2.2. of which, lasting devaluations	0				
3.3 Other decrease variations					
3. Closing inventory on 31-Dec-2010	4,052,388	3,850,786	0	0	201,602

The leasing value comes from the merger of FSI with BSI

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Breakdown of Assets item 120 (9.1)

	31 Dec 2010	31 Dec 2009
Other assets:		
Maintenance margins		
Premiums paid for options		
Others	4,746,311	5,119,090
Totals	4,746,311	5,119,090

Table of Liabilities item 10: Liabilities to banks (10.1)

Details of technical forms	31 December 2010			31 Dec 2009		
	In Euro	In foreign currency	Total	In Euro	In foreign currency	Total
a. Repayable upon	591,440	0	591,440	406,977	1	0
demand	591,440		591,440	406,977	1	0
a.1. Liabilities				0	0	
accounts				0	0	
a.2. Demand						
accounts						
a.3. Others						
b. Term or notice	0	0	0	0	0	0
b.1. Liabilities				0	0	
accounts				0	0	
b.2. Time deposits				0	0	
b.3. Repos and						
reverse repos				0	0	
b.4. Other loans						
c. TOTALS	591,440		591,440	406,977	1	0
d. OVERALL TOTAL	591,440		591,440	406,978		406,978

Breakdown of debts with banks based on residual life (10.2)

Term	31 Dec 2010	31 Dec 2009
1. Repayable upon demand	591,440	406,978
2. From 1 day+ to 3 months		
3. From 3 months+ to 6 months		
4. From 6 months+ to 1 year		
5. From 1 year+ to 18 months		
6. From 18 months+ to 2 years		
7. From 2 years+ to 5 years		
8. 5 years+		
9. No term		
10. TOTALS	591,440	406,978

Table of Liabilities item 20: Liabilities to customers (11.1)

Details of technical forms	31 December 2010			31 Dec 2009		
	In Euro	In foreign currency	Total	In Euro	In foreign currency	Total
a. Repayable	11,870,026	1,738,058	0	18,149,012	1,839,382	0
upon demand	11,152,340	1,738,058	0	17,147,945	1,839,382	0
a.1. Liabilities	717,686			1,001,067		
accounts						
a.2. Savings						
accounts						
a.3. Others						

b. Term or notice	6,699,871	0	0	3,604,383	0	0
b.1. Restricted liabilities accounts	6,699,871			3,604,383		
b.2. Time savings deposits						
b.3. Repos and reverse repos						
b.4. Other Funds						
c. TOTALS	18,569,897	1,738,058	0	21,753,395	1,839,382	0
d. OVERALL TOTAL	20,307,955		21,753,395	25,592,777		23,592,777

Breakdown of Debts with customers based on residual life (11.2)

Term	31 Dec 2010	31 Dec 2009
1. Repayable upon demand	13,608,084	19,988,394
2. From 1 day+ to 3 months		
3. From 3 months+ to 6 months	4,998,357	3,604,383
4. From 6 months+ to 1 year	1,701,514	
5. From 1 year+ to 18 months		
6. From 18 months+ to 2 years		
7. From 2 years+ to 5 years		
8. 5 years+		
9. No term		
10. TOTALS	20,307,955	23,592,777

12.1 Movements under item 60 "termination benefits" (12.1)

	31 Dec 2010	31 Dec 2009
Opening inventory	40,237	23,644
Increases	47,589	40,237
- reserves	47,589	40,237
- other variations		
Decreases	(40,237)	(23,644)
- utilization	(40,237)	(23,644)
- other variations		
Closing inventory	47,589	40,237

12.2 Breakdown of item 70 "Risks and fees fund" (12.2)

Breakdown:	31 Dec 2010	31 Dec 2009
Taxes and fees fund		
Funds for post employment benefits and similar obligations		74,375
Other funds		
Total	0	74,375

Breakdown of item 40: Other Liabilities (13.1)

Technical type	31 Dec 2010	31 Dec 2009
1. Maintenance margins		
2. Premiums received for options	90,000	152,800
3. Cheques in circulation	2,933,272	2,595,780
4. Other		
4.1		
…		
Total	3,023,272	2,748,580

Breakdown of item 90: Provision for general banking risks (14.1)

Items/Values	31 Dec 2010	31 Dec 2009
1. Opening inventory	250,000	
2. Contributions during the year	250,000	250,000
3. Utilization during the year	250,000	
4. Closing inventory	250,000	250,000

14.2 Breakdown of item 100: Subordinated liabilities

	31-Dec-2010	31 Dec 2009	Absolute Variations and %	
Subordinated liabilities	8,000,000	5,000,000	3,000,000	60%

The increase regards the new issue of BSI-4 subordinated bond with term of 1 March 2015.4

14.3 Share Capital

	31-Dec-2010	31 Dec 2009	Absolute Variations
Ordinary shares no.	13,000	13,000	
For a value of	1000	1,000	

14.5 Reserves

	31-Dec-2010	31 Dec 2009	Absolute Variations and %	
Ordinary reserves	439,677	211,096	228,581	108%
Extraordinary reserves	914,322			
Other reserves	5,222			
Total	1,359,221	211,096		

14.7 Profit/Loss for the year

	31-Dec-2010	31 Dec 2009	Absolute Variations and %	
Profit for the year	6,189	1,142,903	1,136,714	-99%
Loss for the year				

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Table 14.8 - Variations to net assets

	Share capital	Share capital not paid-up	Share premium reserve	Ordinary reserves	Other reserves	Year's performance	New Losses	Total
31-Dec-2007	8,000,000	=	=	13,839	=	(+)191,945		8,205,784
31-Dec-2008	13,000,000	=	=	205,784	=	(-)4,994,689		8,221,095
31-Dec-2009	13,000,000	=	=	211,096	=	(+)1,142,903		14,353,999
31-Dec-2010	13,000,000	=	=	439,677	919,544	(+)6189		14,365,410

16.1 Prudent aggregate funds

	Amount
Regulatory Capital	
A1. Base Capital	14,329,770
A2. Additional Capital	4,927,395
A3. Items to deduct	(2,607,182)
A4. Regulatory Capital	16,649,983
Assets at risk and capital adequacy ratio	
B1. Risk-adjusted assets	39,949,712
C1. Regulatory capital/Risk adjusted assets	41.68%

Breakdown of item 10: Collateral provided (17.1)

Items/Values	31-Dec-2010	31 Dec 2009	Absolute Variations and %
1. Commercial unsecured loans	1,352,826	1,881,673	
2. Financial unsecured loans	69,190	321,600	
3. Assets pledged as collateral			
4. TOTALS	1,422,016	2,203,273	

Breakdown of Unsecured Loans (17.2)

Items/Values	31-Dec-2010	31 Dec 2009	Absolute Variations and %
1. Commercial unsecured loans	1,352,826	1,881,673	528,847
1.1 Acceptance	1,352,826	1,881,673	
1.2 Sureties and guarantees			
1.3 Parent company guarantees			
1.4 Other			
2. Financial unsecured loans	69,190	321,600	-252,410.0
2.1 Acceptance			

2.2 Sureties and guarantees	69,190	321,600		
2.3 Parent company guarantees				
2.4 Other				
3. TOTALS	1,422,016	2,203,273	-781,257.00	-0.35

Breakdown of Current obligations (17.5)

Items/values	31/12/2010	31/12/2009	Absolute and % Variations
1. Obligations to pay out funds for specified use			
1.1. of which, obligations to issue loans			
2. Obligations to exchange specified use financial instruments	7,089,559		
3. Obligations to pay out funds for unspecified use			
3.1. of which, liabilities margins useable on lines of credit			
3.2. of which, put options issued			
4. Obligations to exchange unspecified use financial instruments			
5. Other obligations			
6. TOTALS	7,089,559.00		

18.1 High risks

	31-Dec-2010	31 Dec 2009	Absolute Variations	
Total	5,645,817	8646382	- 3,000,565	-35%
Number	2	4	2	-50%

18.2 Risks to related parties

	31-Dec-2010	31 Dec 2009	Absolute Variations	
Total	4,522,935	2,673,199	1,849,736	69%
Number	2	1	1	

Distribution of customer liabilities by main categories of debtors (18.3)

Items/values	31/12/2010	31/12/2009	Absolute and % Variations	
1. Nations				
2. Other public bodies				
3.Finacial businesses	7,046,190	10,848,531	3,802,341	35.05%
4. Non-financial businesses	4,282,137	9,029,061	4,496,924	49.81%
4.1 of which, industrial businesses	1,842,815	22,856		
4.2 of which, construction businesses	2,291,256	2,286,235		
4.3 of which, services	148,066	6,719,970		
5. Consumer families	12,726,727	9,506,785	3,219,942	0.00%
6. Others	3,037,514	1,049,805	1,987,709	189.34 %
7. TOTALS	27,092,568	30,434,182	-3,341,614	-10.98%

Time distribution of assets and liabilities

(translator's note: table divided into two parts for formatting purposes)

Residual duration on 31-Dec-2010	Total	Repayable upon demand	From 1 day+ to 3 months	From 3 months+ to 6 months	From 6 months+ to 1 year
Fixed Rate (F)/Adjustable Rate (A)					
1. Assets					
1.1 Bank Receivables	43,885,399	31,324,204		12,000,000	476,504
1.2 Customer Receivables	27,342,568	221,452,372	755,068	266,128	1,403,788
1.3 Bonds and other debt-based financial instruments	39,196,287	2,339,548	197,424	1,610,019	
1.4 Off-balance sheet operations					
2. Liabilities					
2.1 Liabilities to Banks	591,440	591,440			
2.2 Liabilities to customers	20,307,955	13,608,085		6,699,870	
2.3 Debt represented by financial instruments	73,536,00		41,133,000	13,040,000	383,000
2.3.1 Bonds	10,000,000				
2.3.2 Certificates of Deposit	63,536,000		41,133,000	13,040,000	383,000
2.3.3 Other financial instruments					
2.4 Other Liabilities: cheques in circulation					
2.5Subordinated liabilities	8,000,000				
2.6 Off-balance sheet operations					

(translator's note: part two of above table)

Residual duration on 31-Dec-2010	From 1 year+ to 18 months		From 18 months+ to 2 years		From 2 years+ to 5 years		More than 5 years		
Fixed Rate (F)/Adjustable Rate (A)	F	A	F	A	F	A	F	A	
1. Assets									
1.1 Bank Receivables									
1.2 Customer Receivables		187,252		183,045		979,956		1,454,127	1
1.3 Bonds and other debt-based financial instruments	3,491,628		4,236,674		20,376,732		4,544,229	996,245	
1.4 Off-balance sheet operations									
2. Liabilities									
2.1 Liabilities to Banks									
2.2 Liabilities to customers									
2.3 Debt represented by financial instruments	8,980,000	10,000,000							
2.3.1 Bonds		10,000,000							
2.3.2 Certificates of Deposit	8,980,000								
2.3.3 Other financial instruments									
2.4 Other Liabilities: cheques in circulation									
2.5Subordinated liabilities						8,000,000			
2.6 Off-balance sheet operations									

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Memorandum accounts (19.1)

Items/values	31 Dec 2010	31 Dec 2009
1. Asset management		
1.1 Customer asset management		
1.1.1. of which, financial instruments and other self-issued securities (debt securities)		
1.1.2. of which, financial instruments and other self-issues securities (equity securities)		
1.2 Own portfolios managed by third-parties;		
2. Safe custody and administration of financial instruments	98,813,165	126,202,148
2.1 Third-party financial instruments in deposit	62,242,966	81,923,079
2.1.1. of which, financial instruments and other self-issued securities (debt securities)	15,699,000	10,523,000
2.1.2. of which, financial instruments and other self-issued securities (equity securities)		
2.1.3. of which, third-party financial instruments deposited with third-parties	43,268,966	71,400,079
2.2 Own financial instruments deposited with third-parties	36,570,199	44,279,069
3. Financial instruments and other securities connected to the banks depositary operations		

PART C - INFORMATION ON THE STATEMENT OF EARNINGS

Table for item 10: Interest income and similar revenues (20.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. On receivables with banks	276,241	1,869,512	-1,593,271	-85%
1.1. Cash at bank	139,276	501,016		
1.2 Deposits	136,965	1,365,816		
1.3 Other loans		2,680		
1.3.1 *of which*, on leasing operations				
2. On receivables with customers	1,177,180	1,300,614	-123,434	-9%
2.1 Cash at bank	726,967	1,067,791		
2.2. Deposits				
2.3 Other loans	450,213	232,823		
2.3.1. *of which*, on leasing operations	141,394			
3. On debt-based financial instruments with banks			0	
3.1 Certificates of Deposit				
3.2 Bonds				
3.3 Other financial instruments				
4. On debt-based financial instruments with customers (other issuers)	788,892	621,178	167,714	-27%
4.1 Bonds	788,892	621,178		
4.2 Other financial instruments				
5. Totals	2,242,313	3,791,304	-1,548,991	-41%

Table for item 20: interest payable and similar charges (20.2)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. On liabilities to banks	827	4,377	-3,550	-81%
1.1. Liabilities account	827	4,377		
1.2 Deposits				
1.3 Other debts				
2. On liabilities to customers	141,304	219,524	-78,220	36%
2.1 Liabilities account	71,915	145,460		
2.2. Deposits	14,055	57,554		
2.3 Other debts	55,334	16,510		
3. On debts represented by debt-based financial instruments with banks	1,157,194		1,157,194	100%
3.1 *of which*, on Certificates of Deposit	896,625			
4. On debts represented by debt-based financial instruments with customers		2,357,305	-2,357,305	100%
4.1 *of which*, on Certificates of Deposit		1,862,341		
5. On Subordinates liabilities			0	
6. Totals	1,299,325	2,581,206	-1,281,881	-50%

Table for item 30: Dividends and other revenues (21.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
a. On shares, quotas and other capital financial instruments		3,727	-3,727	-100%
b. On holdings				
c. On holdings in bank group companies				
d. Totals		3,727	-3,727	-100%

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Table for item 40: Commission fee income (22.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Collateral provided	5,136	8,925	-3,789	-42%
2. Credit derivatives	-			
3. Investment services:	3,465	-	3,465	100%
3.1 order receipt and transmission (let. D1 enc. 1 LISF)				
3.2 order execution (let. D2 enc. 1 LISF)	3,465	-		
3.3 financial instrument portfolio management (let. D4 enc.1 LISF)				
3.4 financial instrument collocation (let D5 and D6 enc 1 LISF)				
4. Financial instrument consultancy operations	-	221,584	-221,584	-100%
5. Distribution of third-party services and products other than collocation	-	-		
5.1 asset management				
5.2 insurance products				
5.3 other services and products				
6. Receipt and payment services	38,331	364,900	-326,569	-89%
7. Depositary bank services	-	-		
8. Safe custody and administration of financial instruments	74,388	-	74,388	100%
9. Trust services	96,232	46,106	50,126	-100%
10. Collection and tax services	-	-		
11. Exchange trading	-	-		
12. Other services	121,952	4,455	117,497	2637%
13. Totals	339,504	645,970	-306,466	-47%

Table for item 50: Commission fees payable (22.2)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Collateral provided				
2. Credit derivatives				
3. Investment services:	11,577	-	11,577	100%
3.1 order receipt and transmission (let. D1 enc. 1 LISF)				
3.2 order execution (let. D2 enc. 1 LISF)	11,577			
3.3 financial instrument portfolio management (let. D4 enc.1 LISF)	-	-		
3.3.1 own portfolio				
3.3.2 third-party portfolios				
3.4 financial instrument collocation (let D5 and D6 enc 1 LISF)				
4. Off-site offering of financial instruments, products and services				
5. Receipt and payment services	52,762	71,672	-18,910	-26%
6. Other services	24,863	32,733	-7,870	-24%
7. Totals	89,202	104,405	-15,203	-15%

Table for item 60: Profits (losses) from financial operations (23.1)

	Financial instruments	Values	Other operations
1. Revaluations	190,759		
2. Devaluations	83,966		
3. Other profits (losses) (+/-)	1,310,260	19,917	
4. Total by operative division	1,417,053	19,917	0
a. Government securities			
b. Other debt-based financial instruments			
c. Capital financial instruments	1,417,053		
d. Contracts derived from financial instruments			

Number of employees per category (24.1)

	Average	No. on 31 Dec 2010	No. on 31 Dec 2009
1. Senior managers	1	1	1
2. Managers	1	1	1
3. Remaining personnel	8	8	6
3.1 Office employees	8	8	6
3.2 Other personnel			
4. Total	10	10	8

The employment increase is due to the absorption of FSI personnel.

Table of sub-item b. other administrative expenses (24.2)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Other administrative expenses	1,250,252	875,170	375,082	43%
1.1 General expenses	399,175	410,831		
1.2 Taxes	29, 096	15,018		
1.3 Insurance	24,714	22,537		
1.4 Headquarters and facilities expenses	198,861	23,664		
1.5 Utilities and service fees	493,206	336,181		
1.6 Legal and notary fees	79,664	66,939		
1.7 Other	25,436			

Breakdown of items 100-110: Value adjustments to tangible and intangible fixed assets (25.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Value adjustments on intangible fixed assets:	133,449	111,247	22,202	20%
1.1 Software	133,449	22,935		
1.2 Multi-year headquarters fees		54,100		
1.3 Professional consultations		27,281		
1.4 Other		6,931		
of which, on leased goods				
2. Value adjustments on tangible fixed assets:	9,892,985	88,780	9,804,205	11043%
2.1 Furniture	52,944	50,945		
2.2 Systems and technical equipment	6,652	9,910		
2.3 Headquarters systems	15,597	23,390		
2.4 Vehicles	6,200	4,535		
2.5 Goods in leasing	9,811,592			
of which, on leased goods	9,811,592			
3. Totals	10,026,434	200,027	9,826,407	49.13%

The annual shift is sue to the incorporation of FSI spa. Leasing operations are therefore a new business of the bank.

Breakdown of item 140: Value adjustments on loans (25.4)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Value adjustments on loans:	250,000	902,010		
other lump-sum adjustments	250,000	902,010		
Totals	250,000	902,010	-652,010	-72%

Breakdown of item 70: Other management revenues (26.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
Other management revenues	9,818,881	2,952		
Totals	9,818,881	2,952	9,815,929	3325.18%

The 2010 figure is due to leasing operations; specifically, the quota of principal of the financial amortization is shown.

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Breakdown of item 80: Other management expenses (26.2)

	31 Dec 2010	31 Dec 2009	Variations amount	%
Other management expenses	68	-		
Totals	68	-	68	100%

Breakdown of item 190: Extraordinary revenues (26.3)

	31 Dec 2010	31 Dec 2009	Variations amount	%
Extraordinary revenues	23,138	78,776		
Totals	23,138	78,776	-55,638	-71%

Breakdown of item 200: Extraordinary charges (26.3)

	31 Dec 2010	31 Dec 2009	Variations amount	%
Extraordinary charges	164,933	500,965		
Totals	164,933	500,965	-336,032	-67%

Table of directors' and auditors' remuneration (27.1)

	31 Dec 2010	31 Dec 2009	Variations amount	%
1. Directors	50,000	48,712	1,288	3%
2. Auditors	32,000	25,540	6,460	25%
3. Totals	82,000	74,252	74,252	10%

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BANCA SAMMARINESE DI INVESTIMENTO S.P.A.

Via Consiglio dei Sessanta, 99
47891 - DOGANA
Republic of San Marino

AUDITING COMPANY REPORT
In accordance with art. 33
of the Law governing banking, financial, and insurance services and businesses
(LISF - Law no. 165 dated 17 Nov 2005)
Balance Sheet Closed on 31 Dec 2010

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AUDITING COMPANY REPORT

To the Shareholders of
BANCA SAMMARINESE DI INVESTIMENTO S.P.A.

1. We audited BANCA SAMMARINESE DI INVESTIMENTO S.P.A.'s balance sheet for the financial year which closed on 31 December 2010. The Directors of the Company are responsible for drawing up the balance sheet. Our responsibility is to express a professional opinion on the balance sheet based on our audits.

2.We conducted our audit according to the international standards on auditing (ISA) and in compliance with the laws of the Republic of San Marino which govern financial statements. In compliance with the aforementioned standards, the audit was planned and performed in order to obtain all required information, so as to ascertain whether the financial statements are free from material misstatement and are reliable as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as an assessment of the adequacy and sincerity of the accounting principles used and the reasonableness of estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the previous financial year, from which figures are provided for reference in accordance with legal provisions in force, reference is made to our report dated March 2010.

3. In our opinion, the financial statements of BANCA SAMMARINESE DI INVESTIMENTO S.P.A. for the financial year which closed on 31 December 2010, in their entirety, are in compliance with the standards which govern their drafting; these have therefore been drawn up in a transparent and sincere manner, fairly presenting the financial position and economic performance of the Company.

4. As an informational notice contained in the explanatory notes, we report that the Provision for general banking risks, by nature net assets, was used for value adjustments on loans, with a credit of €250,000 on the year's statement of earnings. Subsequently, this provision was increased with an allocation equal to €250,000 for the purposed of increasing equity strength.

AUDIT

WORLD S.r.l.

Alessia Scarano
Auditing

Accountant

(*signature:*

Alessia Scarano)

San Marino, 15 April 2011

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BANCA SAMMARINESE DI INVESTIMENTO S.P.A.

Via Consiglio dei Sessanta n. 99 – Dogana (R.S.M.)

Legally Recognized 29 May 2002 – Registered under no.2771 of the Companies Register

Share Capital Euro 13,000,000.00 fully paid-up – C.O.E. SM18493

***** *** *****

BOARD Of AUDITORS YEAR-END CLOSING BALANCE SHEET REPORT - 31 DECEMBER 2010

*** *** ***

Dear Shareholders,

The proposed financial statement for the financial year ending on 31 December 2010, which the Chairman of the Board of Directors submits for your approval as prescribed by law, has been drawn up in accordance with the provisions of Law no. 47 dated 23 February 2006 and subsequent amendments, as well as Law 165/2005 (LISF) and the decrees of the Central Bank – Supervisory Division, and specifically with Regulation 2/2008 concerning the Explanatory Notes.

The aforementioned document is therefore made up of the statement of assets and liabilities, the statement of earnings and the explanatory notes.

The report of the Auditing Company has also been made available to the Board of Auditors, containing a judgment of conformity for the 31 December 2010 Balance Sheet without reserve and without having found any irregularities, but with an informational note showing the use of the provision for general banking risks against loan value adjustments and subsequent allocation of €250 thousand to increase equity strength.

With regard to this, the Board, considering the extent of loans toward the "Gruppo Delta" company, agrees with the decision of the administrative body to allocate € 250 thousand to the Provision for General Banking Risks, partly in consideration of possible losses which could arise from following the plan proposed by the

Commissioners.

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The balance sheet, the explanatory notes and the Board of Directors Report for the 2010 financial statement were made available to the Board of Auditors in compliance with the deadline set by article 83, paragraph 1 of the Law as stated under the previous point here above.

The Statement of Assets and Liabilities and the Statement of Earnings report, in summary, the following values:

Statement of Assets and Liabilities:		
ASSETS		
Intangible fixed assets	Euro	280,418
Tangible fixed assets net of funds	Euro	4,052,388
Fluid assets: cash holdings	Euro	44,097,591
Fluid assets (net of Loans Depreciation Fund) loans and securities	Euro	71,855,359
Accruals and deferrals	Euro	95,478
TOTAL ASSETS	**Euro**	**120,381,234**
Net Assets		
Share Capital	Euro	13,000,000
Other reserves	Euro	1,359,221

Profit (Loss) for the year	Euro	6,189
LIABILITIES		
Termination benefits	Euro	47,589
Provision for General Banking Risks	Euro	250,000
Subordinated Debt	Euro	8,000,000
Debts with banks	Euro	591,440
Debts with customers, securities and others	Euro	96,867,227
Accrued and deferred liabilities	Euro	259,568
TOTAL NET ASSETS AND LIABILITIES	**Euro**	**120,381,234**
Collateral, pledged assets, risks and memorandum accounts	Euro	7,089,559
Statement of earnings:		
Positive items	Euro	13,860,806
Negative items	Euro	13,854,617
Profit (Loss) for the year	Euro	6,189

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The Board of Auditors has fulfilled its obligations in accordance with the supervisory legislation in force and in compliance with the provisions of Law 47/2006 and subsequent amendments, whereas, as far as accounting operations are concerned, an auditing company has been commissioned.

MONITORING OPERATIONS

During the year which ended on 31 December 2010, we monitored compliance with the law and the charter, ensuring compliance with proper management principles, as well as monitoring, within the scope of our responsibilities, the adequacy of the accounting management system, in accordance with the principles dictated by the professional Bodies.

With respect to the performance of our tasks, we inform you that:

- we participated in the shareholders meetings and Board of Directors' meetings;

- we have received information from the administrative body regarding the activities carried out and the most important economic, financial and capital operations carried out by the company, for which reason we can guarantee the compliance of the actions performed with the law and the charter;

- over the course of monitoring, no complaint reports were filed as per article 65 of Law 47/2006, furthermore no complaint reports were filed as per article 66 of Law 47/2006;
- we did not receive news of omissions, reprehensible actions, restrictions, objections or irregularities that would mandate express mention in this report;
- we have ensured the adequacy of the accounting management system and its capacity to correctly represent management operations by examining company documents.

Overall, in reference to the activities it has carried out, the Board of Auditors does not have anything specific to report.

With regard to the balance sheet for the year ending on 31 December 2010, we have monitored its general structure, as well as its compliance with the legal requirements

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governing its drafting and structure. It is noted that proposed the financial statement was drawn up with adequate and proper evaluation criteria, consistent with those adopted for previous years.

We do not have anything in particular to report.

The 2010 financial year shows a positive result of € 6,189, and the Board of Directors has shown the evaluation criteria used for the various items in the Explanatory Notes, providing the required information regarding both the statement of assets and liabilities and the statement of earnings.

During the financial year, there were no exceptional cases requiring appeal to waivers as stated in article 75 of Law no. 47/2006.

We have ensured that the balance sheet corresponds to the truth and to the information available to us through the operations required by our task, and we have nothing to report in this regard.

Finally, based on the information received from the company and through monitoring operations we have performed, there are no irregularities or reserves to report. We therefore propose that the Shareholders proceed with approval of the balance sheet drawn up by the Board of Directors on 31 December 2010 together with the proposal to allocate the year's Profits as outlined at the bottom of the "Board of Directors Report on the 2010 Proposed Balance Sheet."

The members of the Board of Auditors, in accordance with article 6 of Law no. 47 dated 23 February 2006, declare, under their own personal responsibility, that the objective and subjective conditions foreseen by Law for the role held remain, and that they do not fall under the conditions foreseen by article 60 of the same Law

San Marino., 9 May 2011

The Board of Auditors

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