



BSI

banca sammarinese
di investimento

Financial Statements

Year 2024

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CORPORATE OFFICERS AS AT 31/12/2024

Board of Directors

Gabriele Monti	Chairman
Emanuel Colombini	Directors
Paolo Mularoni	
Neni Rossini	
Pier Giovanni Terenzi	

Board of Auditors

Francesca Monaldini	Chairman
Fabrizio Cremoni	Standing Auditors
Alida Tosi	

Pierluigi Rossetti **Managing Director**

AB&D Audit Business & Development S.P.A. **Auditing Firm**

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Economic Operator Code	SM 18493
Share Capital	Euro 25,000,000.00 fully paid in
Registration	Companies Register No. 2771 of 29/05/2002 Register of Authorized Subjects No. 17 of 05/05/2006 Register of Parent Companies No. IC006 of 08/08/2022

Bank implementing the depositor protection system introduced by Delegated Decree No. 111/2011

PRESENCE WITHIN THE TERRITORY: BRANCHES

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BSDISMSDXXX

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BOARD OF DIRECTORS' REPORT ON MANAGEMENT

INTERNATIONAL MACROECONOMIC SCENARIO

Global growth continues uncertainly and with differentiated trends in different areas, in a global context of ongoing conflicts and probable intensification of protectionist policies exacerbating trade tensions.

In the United States, economic activity remains robust (+2.7% year-on-year), driven by consumption growth, while losing momentum in other advanced economies.

In particular, in the Eurozone, growth, initially contained, has weakened due to weak consumer and investment activity as well as a decline in exports, with a disappointing manufacturing sector, especially in Germany, and signs of slowdown in the services sector.

In China, annual growth has been recorded below expectations (+4.7%), mainly due to a rapid slowdown in consumption, ongoing issues in the real estate sector, and weak consumer confidence. In response to the slowdown, an important fiscal stimulus plan has been implemented.

Similarly in India, where the slowdown in the manufacturing sector has negatively affected growth dynamics, while in Japan a contraction in production has been observed due to temporary supply interruptions.

Inflation, after peaking in 2022, has continued to gradually decline globally and, in recent months, the median inflation has been slightly above 2%, despite the weakening of progress recorded in some countries and persistent pockets of high inflation in some emerging markets and developing economies in Europe and Latin America.

12-month consumer inflation has slightly risen in the United States and Japan, reaching 2.9% in December 2024, while in the United Kingdom it has decreased to 2.5%. In the Eurozone, however, inflation remains moderate, around 2%, with substantial stability in the core component and with a variation in service prices still above pre-COVID averages.

In this scenario, central banks have been more cautious in easing monetary policy, guided by indicators of activity and the labor market as well as exchange rates.

The Federal Reserve, which had already implemented two rate cuts during the year, decided in December to make an additional cut of 25 basis points, bringing rates to 4.25-4.50%, but envisaging a more gradual normalization process of monetary policy, considering the slower decline in inflation and the contained unemployment rate.

In the same month, the Bank of England, after the previous cut of 25 basis points, kept rates unchanged at 4.75%; a similar decision was also made by the Bank of Japan, which, despite expectations of an increase, kept rates unchanged at 2.50%.

On the European front, the ECB in 2024 cut the deposit interest rate by 100 basis points, bringing it to 3%, and continued in the first months of the new year with two further cuts of 25 basis points that brought the reference rate to 2.50%. However, the climate of uncertainty has led the ECB to reaffirm a cautious approach to new cuts, based on data, and has urged European governments to ensure sustainable public finances in line with the EU economic governance framework and prioritize structural reforms to stimulate growth and strategic investments.

Despite the gradual easing of monetary policy and its progressive transmission to the cost of bank funding and financing, the credit dynamics in the Euro area remain modest, given the high uncertainty and weak demand.

Compared to the tax policies implemented in different jurisdictions, the OECD Tax Policy Reforms 2024 gives us, at a general level, a framework that is substantially aligned with the forecasts of tightening the fiscal position aimed at rebuilding a budgetary maneuver margin.

In fact, the dominant trend shows signs of deceleration and reversal of expansionary policies with a shift in political attention towards creating a fiscal framework necessary to respond to future shocks and to support structural transformations.

Given the context of high uncertainty, the main international organizations, like the ECB, urge a consolidation of fiscal policy to put public debt on a sustainable path carefully calibrated to the conditions the economy is facing.

Moreover, according to the latest forecasts from the International Monetary Fund, global public debt is expected to have surpassed the threshold of 102 trillion dollars by the end of 2024, equivalent to 93% of global GDP, and will continue to grow until the end of the decade, approaching 100% of GDP by 2030, due to population aging, rising costs, and the likely increase in defense spending.

Leading the progression of debt are the two largest economies in the world: the United States of America and China. In particular, U.S. public debt represents 34.6% of total global debt, amounting to 35.3 trillion dollars and 121% of the country's GDP, while Chinese debt, amounting to 16.46 trillion dollars, covers 16.1% of total debt.

On the European front, the United Kingdom, with its 3.65 trillion dollars, is the country that has accumulated the highest public debt with an incidence on GDP of 101.8%; followed by France with 3.56 billion (112.3% of GDP), Italy with 3.25 billion (135.5% of GDP), Germany with 2.95 billion (62.7% of GDP), and Spain with 1.77 billion (102.3% of GDP).

Looking ahead, the latest data published by the International Monetary Fund provide a forecast of stable growth, albeit not very bright, positioned below the historical average (2000-2019) of 3.7%. These forecasts, substantially unchanged from the previous publication of October 2024, confirm global growth at 3.3% in both 2025 and 2026, but with a differentiated impact across different economies.

The growth rate of advanced economies is estimated at 1.7% in 2024 with projected growth of 1.9% and 1.8%, respectively, in 2024 and 2025.

The growth estimates for the American economy for 2024 stand at +2.8%, thanks to the robustness of demand and employment, the less restrictive orientation of monetary policy, and favorable financial conditions. However, projections for the following two years describe an economic slowdown with growth stopping at 2.7% in 2025 and 2.1% in 2026.

Geopolitical tensions continue to weigh on the Eurozone so much so that growth estimates for 2024 are at 0.8%.

The weak momentum of the manufacturing sector and political uncertainty have negatively impacted the 2025 projections which, following a downward revision of 0.2 percentage points from last October, are set at 1%. Meanwhile, growth is expected to rise to 1.4% in 2026, driven by stronger domestic demand, more favorable financial conditions, improved confidence, and reduced uncertainty. Among the Euro Area countries, Spain stands out with a growth of 3.1% in 2024, 2.3% in 2025, and 1.8% in 2026, leading the recovery; followed by France (respectively +1.1%, +0.8%, and +1.1%) and Italy (+0.7%, +0.6%, and +0.7%) while the dark moment of the German economy continues, for which a contraction of 0.2% is expected in 2024 with projections of slow recovery in the following two years (+0.3% for 2025 and 1.1% for 2026), which have also been revised downwards by 0.5 and 0.3 points compared to October.

The recovery of consumption supports the growth of the United Kingdom, despite the increased uncertainty of trade policies; estimates, slightly higher than those of the Euro Area, forecast the English economy growing by 0.9% in 2024, 1.6% in 2025, and 1.5% in 2026.

The growth forecasts for the Canadian economy are set at 1.3% in 2024 and 2% in the following two years, due to the recovery of consumption; however, limited to 2025, these have been cut by 0.4 percentage points due to greater uncertainty in trade policies.

In Japan, an economic contraction of around 0.2% is estimated for 2024 and modest growth in the following two years (1.1% in 2025 and 0.8% in 2026).

Growth is more robust in emerging markets and developing economies (4.2% for 2024 and 2025, 4.3% for 2026), although with substantial differences across different areas.

In China, growth, estimated at 4.8% in 2024, is expected to slightly contract in the following two years, settling at 4.6% in 2025 and 4.5% in the following year, driven by the recently announced fiscal package but hindered by uncertainty in trade policy and challenges in the real estate sector.

In India, thanks to strong domestic demand, growth will remain robust both in 2024 and in the following two years (+6.5%).

In the emerging European countries, economic growth is estimated at 3.2% in 2024 but is expected to contract to 2.2% in 2025 before rising to 2.4% in the following year. In particular, in Russia, the expected economic growth for 2024 appears to be higher than the average of emerging European countries (3.8%), contrary to projections for the following two years that report growth between 1.4 and 1.2 percentage points.

In Latin America and the Caribbean, growth is projected at 2.4% for 2024 and should roughly maintain this level in the following two years, despite the slowdown of the major economies in the region.

In the Middle East and Central Asia, a recovery in growth of around 2.4% is expected for 2024 and 3.6% - 3.9% in the following years. Compared to the October forecasts, estimates have been reduced due to the growth dynamics of Saudi Arabia, cut by over one percentage point due to OPEC production cuts.

In sub-Saharan Africa, the economy is expected to recover with growth rates of 3.8% for 2024 and 4.2% for the following two years.

The following table, taken from the WEO JAN 2025, describes the growth forecasts developed by IMF experts.

World Economic Outlook, January 2025 Update

Table 1. Overview of the World Economic Outlook Projections
 (Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
	Estimate		Projections		Difference from October 2024 WEO Projections 1/		Estimate	Projections	
	2023	2024	2025	2026	2025	2026	2024	2025	2026
World Output	3,3	3,2	3,3	3,3	0,1	0,0	3,4	3,2	3,1
Advanced Economies	1,7	1,7	1,9	1,8	0,1	0,0	1,8	1,9	1,7
United States	2,9	2,8	2,7	2,1	0,5	0,1	2,7	2,4	2,1
Euro Area	0,4	0,8	1,0	1,4	-0,2	-0,1	1,1	1,2	1,4
Germany	-0,3	-0,2	0,3	1,1	-0,5	-0,3	-0,1	0,8	0,9
France	1,1	1,1	0,8	1,1	-0,3	-0,2	0,7	1,0	1,2
Italy	0,7	0,6	0,7	0,9	-0,1	0,2	0,6	1,0	0,7
Spain	2,7	3,1	2,3	1,8	0,2	0,0	3,2	1,9	2,0
Japan	1,5	-0,2	1,1	0,8	0,0	0,0	0,7	0,8	0,7
United Kingdom	0,3	0,9	1,6	1,5	0,1	0,0	1,7	1,8	1,3
Canada	1,5	1,3	2,0	2,0	-0,4	0,0	1,8	2,1	1,9
Other Advanced Economies 3/	1,9	2,0	2,1	2,3	-0,1	0,0	1,7	2,8	1,7
Emerging Market and Developing Economies	4,4	4,2	4,2	4,3	0,0	0,1	4,6	4,2	4,2
Emerging and Developing Asia	5,7	5,2	5,1	5,1	0,1	0,2	5,6	4,9	5,1
China	5,2	4,8	4,6	4,5	0,1	0,4	4,9	4,5	4,5
India 4/	8,2	6,5	6,5	6,5	0,0	0,0	7,5	6,5	6,5
Emerging and Developing Europe	3,3	3,2	2,2	2,4	0,0	-0,1	2,3	2,9	1,6
Russia	3,6	3,8	1,4	1,2	0,1	0,0	2,7	1,2	1,2
Latin America and the Caribbean	2,4	2,4	2,5	2,7	0,0	0,0	2,6	2,7	2,4
Brazil	3,2	3,7	2,2	2,2	0,0	-0,1	4,1	2,1	2,3
Mexico	3,3	1,8	1,4	2,0	0,1	0,0	1,8	1,4	2,1
Middle East and Central Asia	2,0	2,4	3,6	3,9	-0,3	-0,3	...	...	...
Saudi Arabia	-0,8	1,4	3,3	4,1	-1,3	-0,3	5,0	1,2	4,1
Sub-Saharan Africa	3,6	3,8	4,2	4,2	0,0	-0,2	...	...	...
Nigeria	2,9	3,1	3,2	3,0	0,0	0,0	3,5	3,7	3,8
South Africa	0,7	0,8	1,5	1,6	0,0	0,1	1,7	0,6	2,2
Memorandum									
World Growth Based on Market Exchange Rates	2,8	2,7	2,9	2,8	0,1	0,1	2,9	2,7	2,6
European Union	0,6	1,0	1,4	1,7	-0,2	0,0	1,3	1,5	1,7
ASEAN-5 5/	4,0	4,5	4,6	4,5	0,1	0,0	4,9	3,9	5,0
Middle East and North Africa	1,8	2,0	3,5	3,9	-0,5	-0,3	...	...	...
Emerging Market and Middle-Income Economies	4,5	4,2	4,2	4,2	0,0	0,1	4,6	4,2	4,2
Low-Income Developing Countries	4,1	4,1	4,6	5,4	-0,1	-0,2	...	...	...
World Trade Volume (goods and services) 6/	0,7	3,4	3,2	3,3	-0,2	-0,1	...	...	...
Advanced Economies	0,0	2,2	2,1	2,5	-0,5	-0,3	...	...	...
Emerging Market and Developing Economies	2,0	5,4	5,0	4,6	0,3	0,2	...	...	...
Commodity Prices									
Oil 7/	-16,4	-1,9	-11,7	-2,6	-1,3	1,0	-10,8	-5,0	-2,2
weights)	-5,7	3,4	2,5	-0,1	2,7	-0,9	7,1	0,1	0,5
World Consumer Prices 8/	6,7	5,7	4,2	3,5	-0,1	-0,1	5,2	3,5	3,0
Advanced Economies 9/	4,6	2,6	2,1	2,0	0,1	0,0	2,2	2,1	2,0
Emerging Market and Developing Economies 8/	8,1	7,8	5,6	4,5	-0,3	-0,2	7,6	4,6	3,8

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 22–November 19, 2024. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. "..." indicates that data are not available or not applicable. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and October 2024 WEO forecasts. Countries for which forecasts have been updated relative to October 2024 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies) output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and projections are presented on a fiscal year (FY) basis, with FY 2023/24 (starting in April 2023) shown in the 2023 column. India's growth projections are 6.8 percent for 2025 and 6.5 percent for 2026 based on calendar year.

5/ Indonesia, Malaysia, Philippines, Singapore, Thailand.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average assumed price of oil in US dollars a barrel, based on futures markets (as of November 20, 2024), is \$69.76 for 2025 and \$67.96 for 2026.

8/ Excludes Venezuela.

9/ The assumed inflation rate for the euro area is 2.1 percent for 2025 and 2.0 percent for 2026, that for Japan is 2.0 percent for 2025 and 2.0 percent for 2026, and that for the United States is 2.0 percent for 2025 and 2.1 percent for 2026.

INTERNATIONAL FINANCIAL MARKETS

After a troubled 2022 and a significant recovery in 2023, global financial markets close 2024 with a complex balance sheet, marked by significant events that have caused relevant fluctuations in the main indices; more precisely:

- the gradual transition in the monetary policies of central banks that has fuelled significant movements in bond and equity markets;
- the trend of inflation that has significantly influenced consumption and investments;
- on the geopolitical front, the ongoing conflict between Russia and Ukraine and the clashes in the Middle East have exerted pressure on energy and raw materials, while the presidential elections in the United States have marked a return to more protectionist policies, resulting in increased uncertainty.

The stock indices continued the upward trend that began in 2023, although with significant geographical differences.

The US stock market recorded an annual increase of over 20%, with the Nasdaq showing, even in 2024, the best performance among the major global stock indices with a +28.6%; followed by the S&P500, with an increase of about 25 percentage points, and the Dow Jones with a rise of just under 13%. Leading the surge of the American stock market are technology stocks and those in the traditional energy sector, which have been positively influenced by the expectations of policies announced by the Trump administration, even though the outcome of the presidential elections has boosted the entire US equity market.

The stock markets of the old continent recorded an overall annual increase of 10%, contributed by the performance of technology sector stocks, driven by the gradual increase in technology investments, and the financial sector. Among the stocks with the worst performance, however, stand out those in the luxury sector, due to the stall in sales in China, and those in structurally troubled sectors, such as automotive. Among European indices, the German Dax stands out, at its historical highs with a gain of 18.8%, despite years of stagnation in growth in Germany. The FTSEMib closed the year with a positive change of 12.63%, benefiting from the rally of banking stocks, while the French CAC40 recorded a disappointing performance with an annual decline of 2.1%.

In Asia, the market recorded a good performance, thanks to China's economic stimulus measures. In particular, Hong Kong shows an increase of 17.9%, Shanghai 14.3% since the beginning of the year, and Shenzhen 11.2%.

Among emerging markets, Argentina and Turkey stand out where, following the new economic policies adopted, the stock index of Buenos Aires gains almost 155% and the Istanbul stock exchange records an increase of around 35%. Conversely, in Mexico, the index of the Mexico City stock exchange closed the year with a negative balance of about 10%, following the new tariffs introduced by the Trump administration.

The resilience of the economy, expectations of a more accommodative monetary policy, low default rates, and, nonetheless, the proposed economic policy of the new American administration have boosted corporate bonds, both in Europe and the United States.

As for government bonds, overall, performances have been significantly influenced by the cautious reduction of rate cuts adopted by the FED and ECB and the trend of inflation, which has not yet returned stably to targets. Despite this, in the last quarter of 2024, the yields on 10-year government bonds rose in all major economies, with a marked increase in the United States. On the European front, Italian bonds appreciated, thanks to the narrowing of spreads and economic growth, recording the best performance in the old continent; stagnation of growth and political instability, on the other hand, penalized German and French bonds.

Good performances were also recorded for corporate bonds, which closed the year with significant returns, in some cases even close to double digits, thanks to the resilience of the economy, the prospect of the new economic policy of the Trump administration, as well as specific factors, among which are highlighted the expectations of a more

accommodative monetary policy and a very low default rate.

The spreads of corporate bonds have shown great stability, even during periods of strong market stress, such as at the beginning of August, when equity volatility rose to record levels. In the second half of the year, strong flows from investors into this asset class led to a strong compression of spreads, which end 2024 at the lowest levels since 2021.

From a perspective, the scenario appears promising, but still uncertain, with markets continuing to monitor central bank policies, trade policies, and the evolution of the geopolitical situation.

On the currency front, the Dollar has appreciated against all major currencies, especially after Trump's presidential election victory, while the Euro has suffered from the weakness of the economic cycle in the Eurozone. At the end of December 2024, the Euro - US Dollar exchange rate was 1.035, compared to 1.1032 in December 2023. Expectations of tightening American trade policy have penalized both the Chinese and Mexican currencies while, due to the gradual tightening of the Bank of Japan's monetary policy, the Yen has strengthened.

2024 has also been a very positive year for cryptocurrencies, whose entry into traditional markets has been favored by the launch of ETFs and options on futures and coins. Bitcoin, which represents over 50% of the cryptocurrency market, has surpassed the threshold of 100 trillion dollars, marking an increase of over 120 percentage points. Notable performances include Toncoin (+136%), TRON (+139%), Ethena (+159%), Stellar (+161%), Hedera (+223%), Ripple (+239%), Dogecoin (+251%), SUI (+420%) and Pepe (+1700%).

In conclusion, a brief overview of the performance of the main commodity prices.

The price of gold has recorded a significant increase in 2024 as well, closing at just over 80 Euros per gram compared to 60 at the beginning of the year; the excellent performance of the precious metal, which confirms itself as a safe haven for investors, has continued to be influenced by geopolitical tensions and persistent inflation, but also by the increased demand from central banks for reasons of reserve diversification.

The oil market has continued to show volatility in 2024 as well. In January, prices were supported by geopolitical uncertainty, but as the months passed, a generalized weakness in demand emerged, especially in China and Europe, which negatively affected prices. However, due to the increasing hostilities between Iran and Israel and the possible repercussions on oil infrastructure and transport routes, prices rose again in the autumn months and, in the first half of January 2025, returned to around 80 dollars per barrel, following robust US macroeconomic data and the introduction of new American sanctions against the Russian oil sector.

In the first months of the year, a decline in natural gas prices was observed, which settled below the values of summer 2021.

The containment of prices was favoured both by winter temperatures above the seasonal average and by the weakness of industrial activity; moreover, the high level of storage has helped to reduce the need for further supplies. In the summer months, the reference price of natural gas rose again above 30 euros per megawatt hour, driven by the liveliness of global activity, technical factors, increased energy demand for air conditioning, and rising geopolitical tensions in the Middle East. Since October, after a period of high volatility, the price of natural gas has risen to 47 euros per megawatt hour, both due to demand-related factors and because of the interruption of Russian gas flows to Eastern Europe through Ukraine.

The prices of cocoa and coffee have recorded historic performances due to the weather. In fact, torrential rains have caused significant damage to crops in West Africa, leading to a triple-digit price increase, while the drought wave in Brazil has pushed coffee prices up by over 70%. Conversely, among foodstuffs, soybeans, corn, and wheat have recorded declining prices, as the spectre of shortages has receded and due to the tariffs announced by the American administration.

Prices for iron and steel are also down by over 20% due to the weakness of industrial production.

ECONOMIC PERFORMANCE IN ITALY

As mentioned above, in the Eurozone, growth, initially contained, has weakened due to the lack of dynamism in consumption and investment as well as the decline in exports, with a disappointing manufacturing sector - especially in Germany - and signs of a slowdown in the services sector. The data recently published by the International Monetary Fund provides growth forecasts estimated at 0.8% in 2024 and projections for the following two years, revised downwards compared to October 2024, set at +1.0% and +1.4%.

In this context, the expected growth for the Italian economy, like that of France and Germany, is below the European benchmark (+0.6% for 2024, +0.7% for 2025, and +0.9% for 2026).

The economic activity has increased moderately during the year, focusing on the first months of 2024, with a gross domestic product that stood at 2.192 trillion. Among the main causes of the slowdown were observed the decline in the manufacturing sector and the reduced contribution from construction, which has progressively seen the effect of the superbonus wane, partially offset by the recovery of services and, in particular, tourism. The contribution of exports was good while the internal demand was weighed down by the deceleration of household spending and the persistence of unfavourable conditions for investments.

On the employment front, the expansion of the number of employed continues, progressively growing since 2021, although in the second half of the year some signs of weakening in labour demand were observed. ISTAT sources report that in the first 10 months of 2024 the number of employed grew by 310 thousand units (+1.2%) with a greater increase in female employment (+1.6%, for a total of 165 thousand new employed) compared to male employment (+1.1% for a total of 145 thousand new employed). Among the new employed, there are 80 thousand self-employed workers and 441 thousand employees hired with permanent contracts, while temporary workers decreased by 211 thousand units.

In the same period, the employment rate rose from 61.9% to 62.5%, recording the best performance since 2004, while the unemployment rate fell from 7.2% to 5.8%; the inactivity rate of the population aged 15 to 64 increased, rising from 33.2% to 33.6%.

The dynamics of labour costs intensified during the year due to contractual renewals that favoured a gradual recovery of real wages, contributing to the gradual recovery of households' purchasing power.

As already noted, 2024 has been a complex year for the European manufacturing sector, with industrial production declining across the area and heavily penalized by the prices of raw materials and energy.

Although in Italy a sharp contraction was not observed as in Germany (-1.9%), industrial production confirmed the negative trend that began after the post-pandemic recovery of 2022.

In particular, in the first 9 months of 2024, industrial production fell by 3.3% compared to the same period in 2023, with an industrial production index that in October 2024 stood at 94.1 points against 97.4 in December 2023; the result was primarily due to the significant drop recorded in the first quarter (-1.4% quarter-on-quarter), which progressively eased towards the end of the second (-0.9%) and third (-0.6%).

Sectorally, very different performances were recorded; alongside a strong decline in the clothing-textile-leather sector and automotive, significant growth was recorded in the arms, repairs/installations, food, and paper sectors, while the oil refining and chemical sectors showed signs of resilience.

In the same period, an increase of about 50% in ordinary CIG in manufacturing was observed and a further reduction in business confidence in the sector, which recorded a slight further decline in orders.

Inflation confirms the downward trend initiated with the prices of goods and services, which in the first 11 months of 2024 recorded increases of around 1.2 percentage points.

Contributing to keeping consumer inflation below the 2% target was the decrease in prices in the sectors “Housing, water, electricity, and fuels”, “Transport”, and “Communications”. Conversely, prices for “Accommodation and food services” increased by about 3.4%, as did those for food products (+2.7%) and health services (2.3%), while those in the “Recreation, entertainment, and culture” sector remained stable.

The expansion of investments recorded in recent years continued in the first quarter of 2024, with an overall increase of 0.5%.

However, this progression weakened starting from the second half (+0.3%), also due to the end of tax incentives for the residential real estate sector (Superbonus), despite the multitude of construction sites related to the finalization of the PNNR. In the third quarter, moreover, business assessments regarding investment conditions worsened and evaluations of orders for capital goods fell, anticipating a weak investment dynamic in plants and machinery.

Despite low inflation and falling credit costs, consumption has been weak, with household spending continuing its slow positive trend in the first six months of the year. Thanks to the increase in income, supported by the gradual recovery of wages and the good performance of employment, household consumption grew significantly during the summer months, especially in the services component.

However, spending subsequently weakened again in the autumn months, affected by the deterioration of household confidence and still appealing saving opportunities.

The cuts in the ECB’s reference rates are progressively being transmitted to the cost of bank funding (which fell by 26 basis points in the August-November period, when it stood at 1.7%) and to that of credit (between August and November, interest rates were reduced both on new loans, which have an average rate of 4.5%, and on existing ones). The average cost of new mortgages for households for the purchase of homes has also decreased, settling at 3.2%, as has that of consumer credit (8.5%).

However, despite the slight acceleration recorded for loans aimed at purchasing homes, credit to households remained weak, reflecting the moderate expansion of demand.

As for loans to non-financial companies, 2024 was characterized by a substantial weakness in credit demand and still restrictive supply criteria. Furthermore, towards the end of the year, the weakness in credit demand was associated with net repayments of bond securities.

The Italian economy recorded GDP growth that resulted in an improvement in public debt compared to 2023. In fact, ISTAT data reports that in 2024, Italy’s net borrowing significantly decreased, settling at 3.4% of GDP compared to 7.2% recorded in 2023, in line with the assessments of the Government and the European Commission.

The ratio of debt to GDP has returned to grow, standing at 135.5%, compared to 134.6% in 2023.

The primary balance (i.e., the difference between state revenues and expenditures before interest on public debt is paid) is positive, at +0.4%, up from -3.6% in 2023, while the tax burden has increased by more than one percentage point, settling at 42.6% compared to 41.4% in 2023. Interest expenditure has also increased compared to the previous year (+9.5%).

ECONOMIC PERFORMANCE IN SAN MARINO

The recently published reports by the International Monetary Fund and the rating agencies S&P Global Ratings, Fitch, and Morningstar DBRS agree in attesting to the resilience of the San Marino economy, although the economic slowdown recorded in the European region and the high interest rates have negatively affected growth, due to the weakening of external demand.

In fact, the estimates indicate a real GDP growth of 0.40% for 2023 and a gradual recovery in 2024 (+0.70%), resulting from the regained performance of the industrial sector and the boost from the tourism sector, which has recorded levels of attendance significantly higher than pre-pandemic levels, and in 2025 (+1.3%).

The growth estimates have also been influenced by the inflation rate, which, since February 2024, has remained below the 2% threshold.

Appreciable results have also been achieved regarding the fiscal position, which recorded a primary balance in 2023, although the International Monetary Fund reiterated its invitation to adopt the necessary measures to bring public debt below the 60% of GDP threshold within the next three years. In this regard, in addition to a gradual rationalization of public spending, the adoption of a package of tax reforms aimed at introducing value-added tax and expanding the tax base of the general income tax, through a review of tax deductions, has been urged.

Similarly, an invitation has been made to improve the debt management strategy, in order to minimize refinancing risks, also considering the approaching deadline of the 350 million Eurobond in January 2027, as well as to implement the necessary structural reforms to revive potential growth.

It goes without saying that a rapid implementation of the recently negotiated Association Agreement with the EU, and full access to the single market, could deepen economic integration between San Marino and the Union, giving a significant boost to economic growth.

In an effort to provide a snapshot of San Marino economy, the main indicators are briefly reviewed.

The number of businesses operating in the territory records a positive balance of 97 units, rising from 5,150 in December 2023 to 5,247 in December 2024; in particular, the increase in the number of businesses has concerned financial and insurance activities (+28 businesses), professional, scientific and technical activities (+23 businesses), real estate activities (+18 businesses), information and communication services (+12 businesses), health and social assistance services (+10 businesses), and artistic, sports, entertainment and leisure activities (+8 businesses).

The workforce, as at December 31, 2024, stands at 24,814 units of which: 22,516 employees, 1,562 independents, and 736 unemployed. In particular:

- the number of employees increases overall by 549 units, rising from 21,967 in 2023 to 22,516 in 2024. The increase is largely attributable to the private sector, which records an average annual increase in employment of 456 units, rising from 18,112 in 2023 to 18,568 in 2024, while in the public sector there are on average 89 new entries for a total of employed that rises from 3,861 in 2023 to 3,950 in 2024;
- the number of independents breaks the negative trend recorded in recent years, recording an average annual increase of 6 units, rising from 1,556 in 2023 to 1,562 in 2024;
- the number of cross-border workers confirms the trend recorded in recent years and increases on average by 511 units, with a number of employed coming from outside the border rising from 7,608 in 2023 to 8,119 in 2024; the sectors and branches of economic activity that have contributed the most are those of commerce (+87 units), rentals/travel agencies/business support (+66 units), information and communication services (+60 units), professional, scientific and technical activities (+47 units), and accommodation and food services (+33 units);

- the number of unemployed increases on average in the year by 35 units, rising from 701 in 2023 to 736 in 2024, although comparing the data from December 2023 (791) with that of the same period in 2024 (772) shows a contraction of 19 units. A similar trend is also recorded regarding the number of strictly unemployed, which, in the same period, increases on average by 17 units, rising from 389 in 2023 to 406 in 2024, although in December 2023 there were 428 units registered against 422 in December 2024.

The good performance of San Marino labour market is also confirmed by the positive trend of the total employment rate, which has increased on average in the year by over 2 percentage points, and by the slight increase in the internal employment rate, which stands at 69.24%.

As for the total unemployment rate and the strict unemployment rate, a slight reduction has been observed in the year, with the former averaging at 4.41% and the latter at 2.43% compared to 4.22% and 2.34% in 2023.

On the social safety net front, the data from the first nine months of the year reflect the weakening of external demand, mainly due to the climate of uncertainty and high interest rates. In particular:

- as at September 2024, 170 companies have resorted to the Wage Integration Fund (CIG), mainly due to temporary market situations, of which 88 operate in the manufacturing sector, for a total of 520,450 hours requested and a number of workers involved of 14,586; in 2023, the companies that had resorted to CIG were 195, for a total of 460,479 hours requested and 13,088 workers involved;
- in 2024, the workers affected by processes of staff reduction or cessation of business activity placed in a state of mobility who benefited from the Special Economic Allowance (IES) were 1,820, compared to 2,149 in December 2024, for a total amount disbursed of 1.77 million euros.

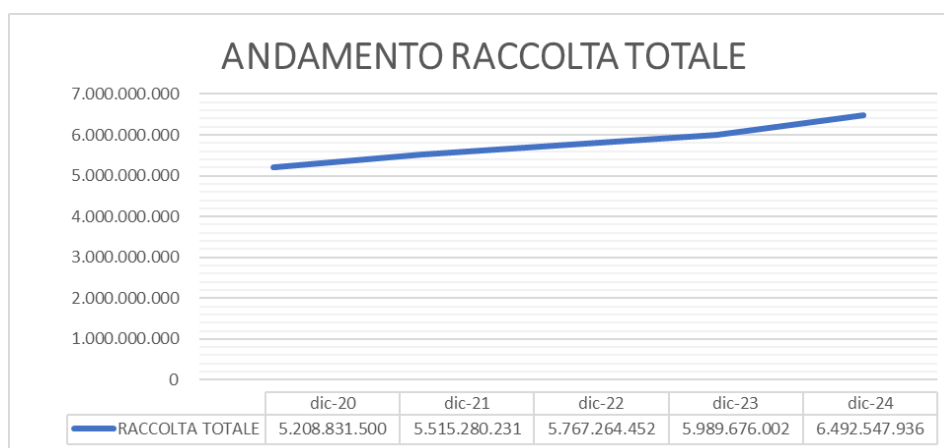
As for inflation, which significantly increased at the end of 2022 and in the first months of 2023, during 2024 it showed a slight upward trend, remaining below 2%. Among the categories of products and services that most influenced the acceleration of prices are: "Alcoholic beverages and tobacco" (+5.5%), "Food products and non-alcoholic beverages" (+3.0%), "Recreation, entertainment and culture" (+1.6%) and "Clothing and footwear" (+1.6%). Conversely, there was a slight decline in the categories "Transport" (-6.1%) and "Communications" (-0.7%).

SAN MARINO FINANCIAL SYSTEM

The San Marino financial sector as at December 31, 2024 was composed of 12 authorized entities under San Marino law; in particular: 4 banks, 3 management companies, 1 insurance company, 1 financial company, and 3 payment institutions. Furthermore, following the completion of the relevant authorization procedure, 51 foreign financial enterprises are authorized to carry out reserved activities as a service provider without establishment, of which 46 foreign insurance companies are authorized to conclude insurance contracts in San Marino, 2 foreign companies authorized to grant loans, and 3 foreign companies authorized to provide payment services. Completing the picture are 2 San Marino law companies that carry out servicing activities, and a vehicle company, established as part of the systemic securitization operation implemented at the end of 2023.

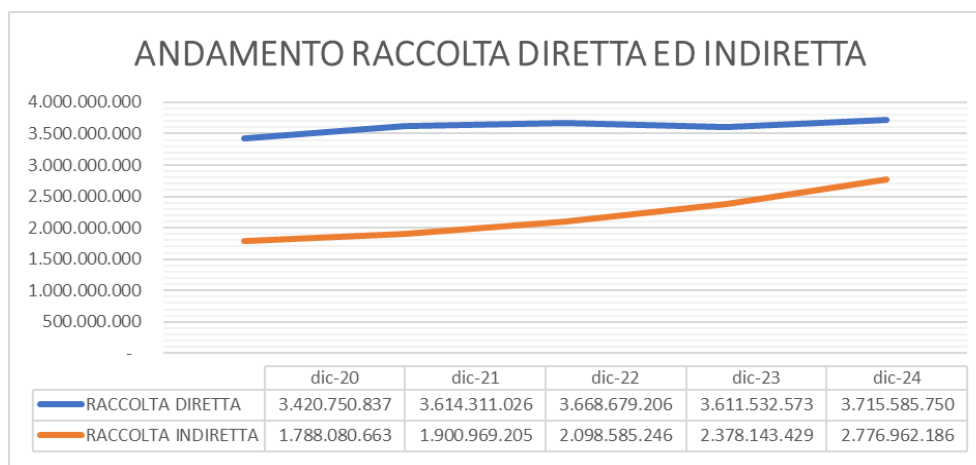
The sector has progressively seen the consolidation of depositors' trust even in the past year. The aggregated data processed by the San Marino Banking Association¹ shows a positive dynamic in bank deposits, both at the total collection level and at the level of individual components.

In particular, the total collection as at December 31, 2024 amounted to 6,492 million Euros, registering an annual increase of 8.40% - equal to 502 million - and 24.64% over the four-year period 2020 – 2024, as can be seen from the graph below.



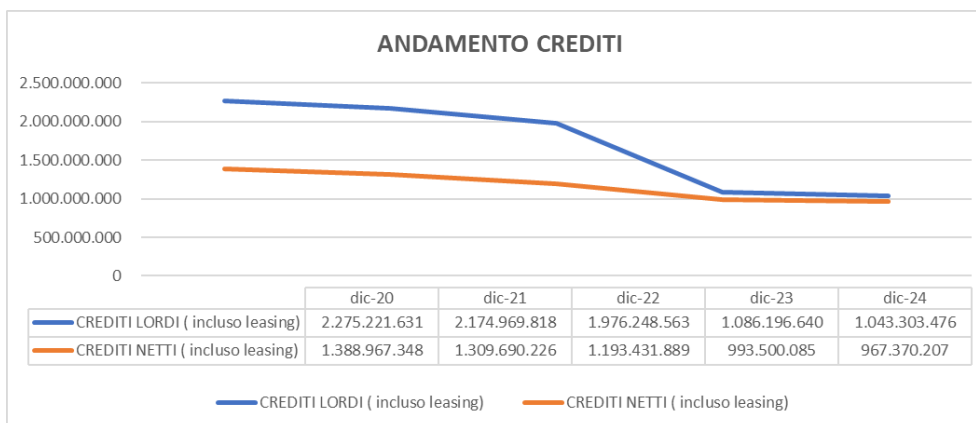
Examining in detail its components, direct collection recorded a year-on-year increase of 2.88%, amounting to 104 million Euros, while indirect collection, also driven by market trends, recorded an annual growth of 16.77%, totalizing 399 million Euros. In the following graph, the trends of direct and indirect collection are described for the four-year period 2020-2024.

¹ Data source: monthly report produced by the Associated Banks relating to the deposit and loan data extrapolated from the "SC Accounting Situation (Circular 2017/04)" report transmitted by them to the CBSM; the historical series is implemented starting from the survey as at December 31, 2020.



Similarly, during the same period, the foreign reserves of the Central Bank have consolidated and the liquidity of the system has significantly improved, while maintaining the possibility for it to benefit from a liquidity line for a maximum amount of 100 million euros in favour of BCSM until January 31, 2027, in case of pressures determined by the current international context.

As for the loans, 2024 has been characterized by a certain stability of the data, referring to both gross and net loans, while confirming the negative trend observed in previous years, as shown in the graph below. In fact, after the significant contraction registered in December 2023 due to the systemic securitization operation², the data related to gross loans shows a year-on-year reduction of 3.95% - equivalent to 43 million - while the data related to net loans reports a contraction of 2.63%, totalizing 26 million. These data have been influenced by the systemic restructuring operations carried out at the end of the year by Sammarinese banks as part of the initiatives aimed at the gradual reduction of NPE.



On the front of “Non Performing Loans” (NPL), significant progress has been made, thanks to systemic securitization and the massive write-off of non-performing loans fully provisioned carried out at the end of 2023, as well as the regulatory measures introduced by BCSM to reduce the risks arising from non-performing credit exposures within bank balance sheets and to prevent their re-accumulation.

In fact, as reported by S&P Global and Morningstar DBRS in their reports of November 12, 2024, and February 7, 2025, the gross NPL ratio has decreased from 63.1% at the end of 2020 to 24.6% at the end of June 2024 (net NPL ratio 18.5%), while, according to statistics compiled by the Central Bank regarding Q3 2024, gross non-performing credit exposures are estimated at a total of 249 million Euros, of which 103 million Euros are in default, with a

² As part of the systemic securitization operation pursuant to Law 157/2021 implemented in December 2023, a stock of NPL with a nominal value of 612 million Euros has been transferred from San Marino originators to the System Vehicle.

“coverage ratio” on the former of 30.7% rising to 47.3% on defaults. However, these data do not reflect the systemic restructuring operations completed last December, which were briefly mentioned earlier.

As for net worth (including the general banking risk fund), the aggregate figure as of September 30, 2024, derived from the BCSM Informative Bulletin Q3, stands at approximately 337 million Euros, compared to 323 million on December 31, 2024.

In an effort to follow up on the progressive adoption of recommendations made by supranational organizations and international parameters, the Sammarinese authorities, along with the system, have continued to work to find functional solutions for increasing capital levels, proceeding with the restructuring of the financial system to enhance efficiency and profitability.

SAN MARINO REGULATIONS

Primary regulations

During 2024, the following primary regulatory acts have been issued, impacting the San Marino banking and financial sector:

- Delegated Decree January 3, 2024 No. 2 Regulation of technologies based on distributed ledgers and related ratification measure (Delegated Decree August 29, 2024 No.138)
- Delegated Decree February 8, 2024 No. 20 Provisions regarding consumption
- Decree Law February 15, 2024 No. 22 Urgent measures for the resolution of the temporary crisis of businesses
- Decree Law February 21, 2024 No. 36 Regulation of migration flows for work reasons and for extraordinary needs for the year 2024 and related ratification measure (Decree Law March 19, 2024 No.54)
- Regulation March 15, 2024 No. 8 Provisions related to the functioning of the San Marino real estate market observatory
- Delegated Decree March 19, 2024 No. 55 Ratification of Delegated Decree December 29, 2023 No. 200 - Supervisory Body pursuant to Law August 30, 2021 No. 157
- Delegated Decree August 9, 2024 No. 116 Amendment to Delegated Decree June 25, 2018 No. 72 "Provisions regarding facilitated credit to support businesses" and subsequent amendments
- Delegated Decree August 12, 2024 No. 120 Provisions for the transposition of the eIDAS Regulation and the definition of secure electronic interaction methods and related ratification measure (Delegated Decree November 13, 2024 No. 173)
- Delegated Decree August 14, 2024 No. 123 Definition of the maximum spread and the nominal interest rate to be applied until September 30, 2024 to loans assisted by the state contribution referred to in Law March 31, 2015 No. 44 and subsequent amendments
- Delegated Decree August 23, 2024 No. 134 Provisions regarding consumption and related ratification measure (Delegated Decree October 29, 2024 No. 160)
- Law October 22, 2024 No. 155 Variation to the State and Public Entities Budget for the financial year 2024 and amendments to Law December 22, 2023 No. 194
- Delegated Decree October 23, 2024 No. 156 Issuance of public debt securities - Republic of San Marino, fixed rate 2.50%, December 23, 2025
- Delegated Decree December 2, 2024 No. 190 Regulation of migration flows for work reasons and for extraordinary needs for the year 2025
- Regulation December 4, 2024 No. 20 Regulation for the application of Mortgage Laws
- Regulation December 4, 2024 No. 21 Regulation for the application of the Registration Tax Law
- Law December 20, 2024 No. 202 State and Public Entities Budget for the Financial Year 2025 and Multi-Year Budgets 2025/2027
- Delegated Decree December 20, 2024 No. 206 Consumer protection authority

Secondary regulations

During 2024, the Central Bank of the Republic of San Marino adopted the following secondary measures:

- Regulation No. 2024-01 Miscellaneous targeted interventions for the revision of current supervisory provisions
- Regulation No. 2024-02 Regulation on insurance and reinsurance distribution
- Regulation No. 2024-03 Regulation on crypto-assets
- Regulation No. 2024-04 Regulation on payment operations

BANCA SAMMARINESE DI INVESTIMENTO

OPERATING PERFORMANCE

During the last financial year, the Bank has achieved and significantly exceeded the objectives set by the three-year development plan 2024-2026, approved by the Board of Directors in the meeting of March 27, 2024.

We can confidently state that the Bank has achieved exceptional performance, consolidating its prominent position in the Sammarinese financial landscape.

In particular, a comparative analysis with system data highlights that BSI, thanks to the strategic evolution towards the retail banking model, has reached a market share of 28% of the total direct and indirect collection in the Sammarinese financial system in just 13 years (as at December 31, 2023, this share was 25%).

The ambitious objectives set by the industrial plan for 2024 have been widely exceeded, including those related to the credit sector, continuing to support both families and Sammarinese economic operators.

The Bank's approach to credit granting remains focused on maximum prudence. It is gratifying to note that the market share of net performing loans has reached almost 22% of the total San Marino banking system.

The Private Banking segment has been further enhanced, with particular attention to high-standing clients. Investments in staff training have improved the quality of services offered, positioning the Bank as a reference point for personalized solutions. Additionally, projects have been initiated to expand the offering to foreign clients, in line with the needs of an increasingly globalized market.

Among the most significant events concerning the Bank during the year is the capital increase operation, carried out on December 18, 2024, which raised the share capital from Euro 21,500,000 to Euro 25,000,000.

The operation was carried out free of charge through the full use of the Revaluation Reserve and the Capital Increase Reserve, with limited recourse to the Ordinary Reserve and involved the issuance of 4,500 new ordinary shares assigned proportionally to BSI shareholders, as detailed in the relevant explanatory notes tables.

As at December 2024, the Bank became operational in receiving Instant Payments (incoming instant transfers), in line with European best practices. Instant transfers in euros are based on the SEPA Instant Credit Transfer system, which provides for continuous service availability (24 hours a day, 365 days a year), a maximum transaction execution time of ten seconds, and the obligation for the recipient's payment service provider to make funds immediately available and inform the receiving customer of the completed transaction. The Bank's ability to offer this service highlights its technological readiness and constant alignment with international standards.

The Bank expects to be operational in executing Instant Payments, that is, outgoing instant transfers, by the regulatory deadline of October 2025.

The implementation of instant transfers represents not only a technological milestone but also a concrete response to the growing demands for speed and security in banking transactions, confirming the institution's ability to respond promptly to technological innovations and market needs.

During 2024, the Bank allocated significant resources and strategic attention to support the activities of the subsidiary 739 SG S.p.A., achieving significant results. In particular, the volumes of managed savings associated with the four open-end mutual funds, created by the company and authorized by Banca Centrale, recorded significant

growth.

These tools, aimed at the retail market, are a cornerstone of the wealth management strategy adopted by the Group.

The acquisition of 739 SG S.p.A. was motivated by its potential synergies with the Bank, particularly through the placement of mutual funds with existing clients. The asset management sector has historically represented a strategic pillar for BSI, and the acquisition has been configured as a natural extension of the corporate vision. The integration of 739 SG has allowed for an expansion of the financial product offering with diversified and competitive solutions, strengthening the value proposition towards the market.

During the year, a gradual transfer of managed assets from internal wealth management to the mutual funds of 739 SG was initiated, while significant volumes of new clients were acquired. We remind you that BSI is currently the only distributor of the funds created by 739 SG.

Since their launch, the new funds have received a positive response from clients and total collections exceeded 200 million euros by the end of 2024.

BSI continues to be the reference point within the domestic market in the asset management sector.

We remind you that the company also manages two other funds:

- Loan Management Closed Alternative Fund
- Odisseo Closed Alternative Fund

Both funds are classified as management instruments for Non-Performing Loans (NPL) and have been included in the system securitization project, successfully completed in December 2023.

In line with the strategic objectives of the project, the two funds have completed the process of total transfer of the underlying assets, which included non-performing loans (NPL) as well as properties held as collateral for the loans. Currently, the portfolio managed by the funds includes exclusively residual liquidity arising from the transfers; bonds issued by the Republic of San Marino and junior and mezzanine ABS, issued as part of the securitization;

As provided for in the operational plan defined following the securitization, both entities will be progressively liquidated by 2025.

The workforce of the Bank as at 31/12/2024 remained unchanged compared to the previous year and records 60 employees. During the year, the resignations of some collaborators were promptly compensated with new hires, keeping the overall number of staff constant.

As at 31/12/2024, the staff was distributed as follows: 31 employees in the commercial network and 29 employees in the management offices.

The average age of the staff is 41 years, 55% are male and 45% female (data substantially unchanged compared to the past).

45% of the employees are graduates or have obtained a degree.

The branch network remained unchanged at 6 branches evenly distributed across the territory of the Republic.

The Board of Directors of the Bank maintains a high level of attention on risk management and the continuous improvement of the internal control system. During the year, the risk assessment activity led to the definition of a structured system of risk objectives and a complete review of the risk management and monitoring model. This review was conducted in compliance with international best practices, adopting an approach based on the Risk Appetite Framework (RAF), which ensures proactive and measurable management of business risks.

In compliance with current regulations, the Bank has established two strategic collegiate bodies, the Risk Committee, which plays a central role in monitoring and integrated risk management and the Anti-Money Laundering Committee, which specifically deals with the prevention of risks related to money laundering and the financing of terrorism, with the aim of supporting the General Management and the Heads of the relevant

Organizational Units in interpreting the phenomena related to current and potential risks that characterize the Bank's performance, in a perspective of conscious risk assumption and definition of the most appropriate management lines.

The function of Internal Audit remains outsourced and entrusted to the company PKF Italia S.p.A., based in Bologna. This approach ensures independent and highly qualified control over business procedures and processes, strengthening internal governance and ensuring effective monitoring in compliance with regulatory standards.

The training of personnel and company representatives has represented one of the strategic focuses of the 2024 fiscal year, in order to strengthen professional skills and promote organizational growth. During the year, targeted training paths were developed, designed to respond to the specificities of corporate roles. These paths included regulatory and technical updates, with particular attention to risk management.

In 2024, some members of the Board of Directors and the Board of Auditors, the General Manager, the Anti-Money Laundering and Compliance Functions, and the relevant staff participated in online training courses in the field of anti-money laundering.

In the final part of the year, San Marino Banking Association organized a training program focused on the association of San Marino with the European Union, structured into 3 modules and concluding with a Round Table held in January 2025. The meetings were attended by some members of the Board of Directors and the Board, as well as the General Management and the heads of various Functions of the Bank.

The staff of the Finance Area was also involved in specific training, partly online and partly in person, with counterparts and important international brokers with whom the Bank operates.

Regarding insurance activities, the Head of Intermediation Activities followed a training update course in e-learning mode, held over several sessions, in order to maintain the professionalism requirement as provided by BCSM Regulation No. 2007-02.

As every year, the Trustee Manager and the authorized colleagues participated in the technical update course for maintaining the qualification, organized for 2024 by the Trust Academy of San Marino.

In the field of human resource management, the General Manager participated in a specific training meeting organized by Anis and the company InForma.

In addition to courses held by external speakers, in-house training activities were carried out, aimed at all employees of the Institute, focusing on anti-money laundering and credit issues.

Finally, it is noted that English language courses offered by British Institutes San Marino, fully funded by the Bank, continued, in which the staff who requested it participated.

Below are the main asset and economic data achieved by the Bank.

The total collection at the end of 2024 amounts to Euro 1,821,343,691, of which Euro 776,516,924 from direct collection and Euro 1,044,826,677 from indirect collection. The figure, compared to the previous year, shows a significant growth of over 285 million Euros (+18%).

Regarding the Bank's treasury, as at 31/12/2024, liquidity is highlighted:

a) for Euro 114,535,568 from interbank deposits (sight and term) and deposits in foreign currency;
b) for Euro 536,166,291 from debt securities, and in negligible amounts of capital, distributed among various issuers; in particular, the trading portfolio amounts to Euro 114,747,779, while the immobilized securities amount to Euro 421,418,512.

The total treasury therefore amounts to Euro 650,701,859. The figure, compared to the previous year, shows a growth of over 40 million Euros (+6.57%). As in the past, investment strategies have been inspired by criteria of prudence and risk diversification.

On the lending side, the 2024 fiscal year recorded a slight increase in loans to ordinary customers, which amounted at the end of the year to Euro 197,755,326 (+1.20% compared to 2023) gross of value adjustments and including financial leasing operations. The bank continues to pursue a credit granting policy aimed at the fragmentation of credit, both in terms of the number of positions entrusted and the technical forms used, focusing almost exclusively on domestic borrowers.

Regarding deteriorated credit exposures (i.e. non-performing loans or NPL), as at 31/12/2024, gross non-performing loans amount to Euro 12,702,564 with value adjustments of Euro 6,475,368, probable defaults of Euro 1,108,757 with value adjustments of Euro 162,321, in addition to overdue/overdrawn loans of Euro 76,697 with value adjustments of Euro 14,264.

Given the modest amount of non-performing loans, the Bank did not directly join the well-known project of "system securitization" promoted by other San Marino credit institutions and finalized in December 2023. Therefore, BSI did not assume the role of originator (not having transferred its NPLs), but supported the project from its initial stages, also acquiring a 2.42% stake in the Institute for the Management and Recovery of Credits Spa (IGRC). The company acts as a master servicer within the securitization project.

Regarding the other holdings, in addition to the 100% stake in 739 SG, as previously mentioned, there are no variations. The Bank holds a minimal stake in the capital of the Central Bank of the Republic of San Marino Spa (1%), and a share, equal to 10%, in the share capital of Tenuta Santa Chiara Srl, a "static" real estate company under San Marino law.

Among the balance sheet ratios, we highlight the ratio of net loans to direct funding equal to 24.52%, the ratio of net non-performing loans to net loans equal to 3.27%, the ratio of equity to net loans equal to 36.94%, the cost/income ratio of 27.85%, and finally the R.O.E. equal to 34.37%.

Among the efficiency ratios, we highlight the total collection per employee equal to 30.3 million Euros and the intermediation margin per employee equal to 441,000 Euros.

The Bank's net equity as of 31/12/2024, including the General Financial Risk Fund, amounts to Euro 70,322,887.

The Regulatory Capital, as determined based on the provisions of the Supervisory Authority, stands at Euro 56,224,825, an increase compared to the figure recorded in 2023 of Euro 52,441,806. The Bank has capital adequate to cover potential risks, highlighting a total capital ratio of 18.77%, well above the minimum regulatory requirement of 11%.

The bank does not hold its own shares in the portfolio.

Among the most significant items in the income statement, we note that the interest margin has decreased from Euro 20,434,697 in 2023 to Euro 19,611,664 (-4%), while the intermediation margin has decreased from Euro 30,813,610 in 2023 to Euro 26,453,648 (-14%).

The net profit achieved in 2024 is equal to Euro 17,986,437. The economic result achieved is of great satisfaction and significance, representing the peak reached by the Bank in its history.

Regarding the value adjustments made on loans, we specify that during 2023, regulatory measures were adopted by the Supervisory Authority concerning calendar provisioning and classification of credit exposures.

The regulation took effect from January 1, 2024, and the Bank, consequently, during the year has applied the write-downs required by the new regulation. In this regard, always in safeguarding latent risks in the loan sector, with a view to sound and prudent management, the bank has increased the "non-adjusting loan write-down fund," established in 2023, from Euro 767,938 to Euro 1,901,595.

The general financial risk fund has remained unchanged and amounts to Euro 5,000,000. We remind that this fund serves to cover the general business risk to which the bank is exposed; being comparable to a capital reserve, it represents a positive component of the basic regulatory capital.

INTERNAL CONTROL SYSTEM

The Bank adopts a system of internal controls, defined as a structured set of rules, procedures, and organization, aimed at ensuring a sound and prudent management, as well as effectively overseeing risks. This system aims to ensure compliance with business strategies, achieving the effectiveness and efficiency of business processes, protecting assets, the reliability and integrity of accounting and management information, as well as the compliance of operations with legal, statutory, supervisory regulations and internal self-regulatory standards. The internal control system is structured on three levels:

- line controls (first level), aimed at ensuring the correct execution of operations. They are carried out by the same operational structures (for example, hierarchical controls) or incorporated into procedures, or executed within back-office activities;
- risk management and compliance controls (second level), which aim to verify compliance with the limits assigned to various operational functions, to check the compliance of business operations with regulations, including self-regulatory ones. They are entrusted to specific functions, in order to ensure the separation between operational and control functions;
- internal audit activities (third level), which aim to evaluate the functionality of the overall internal control system and identify anomalies, violations of procedures and regulations.

Internal Auditing carries out the third-level control activity, conducted continuously, periodically, or for exceptions, aimed at identifying anomalies, violations of procedures and regulations as well as evaluating the completeness, functionality, and adequacy of the internal control system and bringing to the attention of the Board of Directors and the General Management possible improvements to risk management policies, measurement tools, and procedures.

The Risk Manager is responsible for risk controls, understood as second-level controls aimed at contributing to the definition of risk measurement methodologies, verifying compliance with the limits assigned to various operational structures, and checking the consistency of the operations of individual production areas with the assigned risk-return objectives. He supports the General Management and the Board of Directors in the project phase of strategies, to assess the level of risks present in the activities carried out and those potential related to future choices. He monitors the level of risks, reporting to the General Management any deviations from the limits set by the Board of Directors.

The Compliance Officer continuously performs compliance checks, aimed at verifying the compliance of the activities carried out with the current regulations, including anti-money laundering legislation. He assists and trains collaborators, management, and the Board of Directors in complying with legal, statutory, supervisory, and applicable self-regulatory requirements.

The Anti-Money Laundering Officer performs monitoring and control functions to guard against the risk of involvement in money laundering and terrorist financing and interfaces with the Financial Information Agency.

EXPOSURE TO RISKS

As regards the overall management of the risks to which it is exposed, the Bank has defined the mapping of significant risks, which constitutes the framework within which risk assessment, measurement, monitoring and mitigation activities are carried out. To this end, it has identified all the significant risks to which it is, or could be,

exposed and which could jeopardise its operations, the pursuit of its strategies and the achievement of its corporate objectives. For each type of risk identified, the relative sources of generation are identified (also for the purposes of the subsequent definition of the tools and methodologies to monitor the relative measurement and management) and the structures responsible for management.

As for the monitoring and management of risks (credit, market, liquidity, interest rate, exchange rate, counterparty and operational risks), the Risk Committee met periodically to verify the level assumed by the risk indicators defined by the Board of Directors and to define any strategies for recovery in the event that limits were exceeded. If limits were exceeded, the Board of Directors was informed.

The risks identified are:

Credit and counterparty risk

Credit risk is defined as the risk that, in the course of a credit transaction, the debtor may default, even partially, on its obligations to repay principal and/or pay interest to its creditor. The definition of credit risk also includes the risk of downgrading of the debtor, i.e., the possibility that the creditworthiness of a counterparty turns out to be lower than originally estimated by the creditor.

The methods of managing and monitoring this risk are governed by the Credit Regulations. This document defines the Bank's lending policies and describes the guidelines for lending, the organisation of the lending process, the functions involved and the related risks. More specifically, with regard to strategic limits, the document describes their definition, the level allowed, the methods of monitoring and management of any overruns.

In order to reduce the risk of generating problem loans and to analyse predictive signals of insolvency situations, checks are carried out on anomalous trends, with consequent communication to the relevant organisational units aimed at restoring correct operations.

In addition to traditional lending activities, banks are normally exposed to position and counterparty risk with regard to securities transactions. To this end, the Bank defines appropriate strategic limits in terms of maximum exposure for each individual security, for homogeneous categories of securities (e.g., by asset class, currency, geographical area, etc.) and for each counterparty or banking group, the management and monitoring of which is governed by the Finance Regulations.

Market and exchange rate risk

In managing its proprietary portfolio, the Bank incurs market risks mainly due to the volatility of market rates and prices; possible fluctuations in the prices of securities purchased can generate actual losses (if the security is sold) or potential losses (mark-to-market valuation).

In order to adequately manage and monitor this type of risk, in line with the level of available capital, the Bank has set out the policies for carrying out the financial activities of treasury and securities portfolio management in its Finance Regulations. The document sets out the structure of the finance process, the functions involved, the types of risk involved, the rules for valuing securities in the proprietary portfolio, the strategic limits and the related control methods.

The Risk Management function is responsible for verifying the strategic limits defined in the Regulations and reports its findings to the Risk Committee, also informing the Board of Directors.

Interest rate risk - banking portfolio

The Bank's balance sheet is subject to the risk of fluctuations in interest rates. These fluctuations have an impact on both the profit and loss account and the statement of asset and liabilities, due to the different composition of assets and liabilities in terms of rate (fixed or floating) and repricing times.

The Risk Management function monitors this interest rate risk using ALM (Asset Liability Management) models, both in the short term (impact on net interest income) and in the medium/long term (impact on equity), with the objective of measuring the impact of fluctuations in market rates on the Bank's results of operations and economic value.

The results of interest rate risk monitoring, if exceeded, are submitted to the Risk Committee, as well as to the Board

of Directors.

Liquidity risk

An adequate level of liquidity is fundamental for the proper functioning of all the Bank's operations in both the short and medium to long term. In order to cope with this risk, it is therefore advisable to have an adequate level of liquid or readily liquid assets in the short term, and to maintain a correct ratio between assets and liabilities falling due in the medium to long term. The level of liquidity is also monitored by the Supervisory Authority, which has been requiring banks to send a specific report for some time.

The Bank has internally defined strategic limits whose management and monitoring is established by the Board of Directors in the Finance Regulations.

The results of liquidity risk monitoring were brought to the attention of the Risk Committee, as well as the Board of Directors, in the event of non-compliance with the established limit.

Operational risk

Operational risk is inherent to the banking business in that it is generated transversally by all business processes; the main sources of operational risk are attributable to possible internal fraud, the failure of information systems, professional obligations to customers or the nature or characteristics of the products offered.

The Bank has defined the organisational responsibilities and powers of both the top management and the business units, with the aim of controlling the risk in question.

RECLASSIFIED STATEMENT OF ASSETS AND LIABILITIES

ASSETS		31/12/2024	Impact	31/12/2023	Impact
	Inter-bank loans	114.535.568	12,78%	101.833.436	11,98%
	Customer loans	156.244.773	17,44%	155.364.018	18,27%
	Debt and capital securities	536.166.291	59,85%	508.727.537	59,83%
	Leased assets	34.140.901	3,81%	30.217.483	3,55%
AF	INTEREST-BEARING ASSETS	841.087.533	93,89%	796.142.474	93,64%
	Cash and cash equivalents	1.755.829	0,20%	3.689.937	0,43%
	Holdings	1.279.174	0,14%	1.272.999	0,15%
	Other assets	42.013.358	4,69%	39.944.119	4,70%
	Accrued revenues and deferred expenses	480.571	0,05%	531.740	0,06%
ANF	NON-INTEREST-BEARING ASSETS	45.528.932	5,08%	45.438.795	5,34%
	Intangible fixed assets	386.206	0,04%	539.346	0,06%
	Tangible fixed assets	8.861.331	0,99%	8.112.079	0,95%
AR	REAL ASSETS	9.247.537	1,03%	8.651.425	1,02%
	TOTAL ASSETS	895.864.002		850.232.694	

LIABILITIES		31/12/2024	Impact	31/12/2023	Impact
	Debts with banks	713.088	0,08%	2.327.875	0,27%
	Debts with customers	658.791.002	73,54%	607.531.750	71,45%
	Debts represented by financial instruments	116.174.422	12,97%	123.180.952	14,49%
PO	BEARING LIABILITIES	775.678.512	86,58%	733.040.577	86,22%
	Other liabilities	42.838.373	4,78%	43.487.106	5,11%
	Accrued expenses and deferred revenues	304.355	0,03%	295.161	0,03%
	Staff retirement allowances	361.514	0,04%	328.944	0,04%
	Risks and costs fund	4.456.766	0,50%	5.511.894	0,65%
	Provisions for credit risks	1.901.595	0,21%	767.938	0,09%
PNO	NON-BEARING LIABILITIES	49.862.603	5,57%	50.391.043	5,93%
	Fund for general financial risks	5.000.000	0,56%	5.000.000	0,59%
	Corporate capital	25.000.000	2,79%	21.500.000	2,53%
	Reserves / Revaluation Reserve	22.336.450	2,49%	23.255.001	2,74%
	Profits (Losses) for the financial year	17.986.437	2,01%	17.046.073	2,00%
PAT	ASSETS	70.322.887	7,85%	66.801.074	7,86%
	TOTAL LIABILITIES	895.864.002		850.232.694	

RECLASSIFIED PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT		31/12/2024	Var.	31/12/2023
	Interests received and proceeds	28.998.387	5,38%	27.518.965
	Interests paid and costs	(9.386.723)	(32,50%)	(7.084.268)
MI	INTEREST MARGIN	19.611.664	(4,03%)	20.434.697
	Commissions earned	6.555.665	(9,71%)	7.260.674
	Commissions paid	(2.227.795)	(17,06%)	(1.903.180)
CN	NET COMMISSIONS	4.327.870	(19,22%)	5.357.494
	Dividends and other proceeds	114.331	27,06%	89.979
	Profits (Losses) from financial operations	2.399.783	(51,34%)	4.931.440
MINT	INTERMEDIATION MARGIN	26.453.648	(14,15%)	30.813.610
	Administrative costs	(7.845.881)	(12,55%)	(6.970.839)
	Value adjustments on intangible fixed assets	(179.441)	17,67%	(217.962)
	Value adjustments on tangible fixed assets	(9.330.518)	24,67%	(12.386.140)
	Other operating proceeds/costs	9.989.438	(21,91%)	12.792.997
CO	OPERATING COSTS	(7.366.402)	(8,62%)	(6.781.944)
RG	GROSS OPERATING PROFIT	19.087.246	(20,57%)	24.031.666
	Funding of risk provisions	(1.407.312)	19,85%	(1.755.811)
	Value adjustments on credits	2.626.796	238,13%	(1.901.650)
	Value adjustments on financial activities	-	100,00%	(350.000)
	Extraordinary Proceeds/Costs	1.063.583	2846,57%	(38.724)
	Changes in the general financial risk fund	-	-	-
RL	PROFIT FOR THE FINANCIAL YEAR	21.370.313	6,93%	19.985.481
	Financial taxes	(3.383.876)	(15,12%)	(2.939.408)
RN	PROFIT FOR THE FINANCIAL YEAR	17.986.437	5,52%	17.046.073

HIGHLIGHTS AND INDICATORS

Key balance sheet figures (in EUR)

	31/12/2024	31/12/2023	31/12/2022	31/12/2021
Total assets	895.864.002	850.232.694	772.595.073	759.053.987
Net lending	190.385.674	185.581.501	179.324.845	167.792.330
Net doubtful credits	7.236.065	5.984.679	8.154.802	7.861.707
Overall value adjustments	7.369.652	9.846.626	8.022.956	7.772.445
Direct collection	776.516.924	731.874.666	673.510.463	676.587.141
Indirect collection:	1.044.826.677	803.867.685	570.151.895	511.449.642
- Operated	141.528.008	236.953.938	241.149.165	249.650.112
- Managed	701.888.046	468.905.910	304.063.492	235.722.539
- Custodian Bank	201.410.623	98.007.837	24.939.238	26.076.991
Net equity	70.322.887	66.801.074	53.173.551	48.922.754

Main economic data (in EUR)

	31/12/2024	31/12/2023	31/12/2021	31/12/2020
Interest margin	19.611.664	20.434.697	16.421.491	11.216.097
Intermediation margin	26.453.648	30.813.610	17.559.434	15.560.430
Administrative costs	7.845.881	6.970.839	6.670.669	6.207.898
Personnel costs	5.103.446	4.427.604	4.035.860	3.987.362
Operating costs	7.366.402	6.781.944	6.630.381	6.235.194
Profit for the financial year	17.986.437	17.046.073	7.700.797	8.057.281

Main structural and operational highlights

	31/12/2024	31/12/2023	31/12/2021	31/12/2020
Number of employees	60	60	59	56
Counters	6	6	6	6

Structural ratios (%)

	31/12/2024	var.	31/12/2023	var.	31/12/2022	var.	31/12/2021
Direct collection / Total assets	86,68	0,60	86,08	(1,10)	87,18	(1,96)	89,14
Net lending / Total assets	21,25	(0,58)	21,83	(1,38)	23,21	1,11	22,11
Net lending / Direct collection	24,52	(0,84)	25,36	(1,27)	26,63	1,83	24,80
Managed collection / Indirect collection	13,55	(15,93)	29,48	(12,82)	42,30	(6,52)	48,81
Operated collection / Indirect collection	67,18	8,85	58,33	5,00	53,33	7,24	46,09
Net equity / Total assets	7,85	(0,01)	7,86	0,97	6,88	0,44	6,45
Net equity / Net lending	36,94	0,94	36,00	6,34	29,65	0,50	29,16

Indicators of the quality of credit (%)

	31/12/2024	var.	31/12/2023	var.	31/12/2022	var.	31/12/2021
Net NPLs / Net lending	3,27	0,79	2,48	0,05	2,43	0,00	2,43
Net problem loans / Net lending	0,50	(0,23)	0,73	(0,01)	0,74	0,12	0,62
Net doubtful credits / Net lending	3,80	0,58	3,22	(1,32)	4,55	(0,14)	4,69
Net NPLs / Net equity	8,86	1,97	6,89	(1,31)	8,20	(0,14)	8,34

Profitability ratios (%)

	31/12/2024	var.	31/12/2023	var.	31/12/2022	var.	31/12/2021
Interest margin / Intermediation margin	74,14	7,82	66,32	(27,20)	93,52	21,44	72,08
Interest margin / Interest-bearing assets	2,33	(0,24)	2,57	0,27	2,29	0,72	1,58
Intermediation margin / Interest-bearing assets	3,15	(0,73)	3,87	1,42	2,45	0,27	2,19
Administrative costs / Intermediation margin	29,66	7,04	22,62	(15,37)	37,99	(1,91)	39,90
Cost / Income [cost/income]	27,85	5,84	22,01	(15,75)	37,76	(2,31)	40,07
Net profit / (Net equity - Net profit) [R.O.E.]	34,37	0,11	34,26	17,33	16,93	(2,78)	19,72
Net profit / Total assets [R.O.A.]	2,01	0,00	2,00	1,01	1,00	(0,06)	1,06

Efficiency ratios (in thousands of EUR)

	31/12/2024	var.	31/12/2023	var.	31/12/2022	var.	31/12/2021
Total deposits per employee	30.356	4.760	25.596	4.517	21.079	(136)	21.215
Net loans per employee	3.173	80	3.093	54	3.039	43	2.996
Intermediation margin per employee	441	(73)	514	216	298	20	278
Average personnel costs	85	11	74	5	68	(3)	71
Total operating costs per employee	123	10	113	1	112	1	111

STATEMENT OF CASH FLOW

	2024	2023
Cash and cash equivalents at the beginning of the financial year	3.689.937	6.804.349
Funds generated and collected	33.759.387	38.579.142
Profit for the financial year	17.986.437	17.046.073
Value adjustments on:	10.526.772	16.176.000
- Tangible and intangible fixed assets	9.509.959	12.604.102
- Financial assets	-	350.000
- Customer loans	1.016.813	3.221.898
Provisions for:	5.246.178	5.357.069
- Severance pay	367.761	334.157
- Risks and charges	4.878.417	5.022.912
Increase in funds collected	51.268.446	60.651.636
Debts with banks	-	516.304
Debts with customers	51.259.252	54.341.283
Debts represented by financial instruments	-	3.578.516
Other liabilities	-	2.153.891
Accrued expenses and deferred revenues	9.194	61.642
Decrease in funds used	1.797.210	-
Customer loans	1.746.041	-
Accrued revenues and deferred expenses	51.169	-
Total funds generated and collected	86.825.043	99.230.778
Use of funds generated from management operations	23.243.312	7.718.855
Distributed profit	11.235.000	4.400.000
Provisions for:	5.135.079	1.998.607
- Severance pay	335.191	312.707
- Risks and charges	4.799.888	1.685.900
Value recoveries on credits	3.643.609	1.320.248
Buyback of own shares	3.229.624	-
Increase in funds collected	56.245.789	94.626.335
Inter-bank loans	12.702.132	19.451.403
Customer loans	-	10.713.830
Bonds, shares, quotas and other financial instruments	27.438.754	54.865.882
Holdings	6.175	-
Tangible and intangible fixed assets	14.029.489	7.438.851
Other assets	2.069.239	2.008.287
Accrued revenues and deferred expenses	-	148.082
Decrease in funds used	9.270.050	-
Debts with banks	1.614.787	-
Debts represented by financial instruments	7.006.530	-
Other liabilities	648.733	-
Total funds used and invested	88.759.151	102.345.190
Cash and cash equivalents at the end of the financial year	1.755.829	3.689.937

SUBSEQUENT EVENTS

To date, there have been no events occurring after December 31, 2024 that would make the current balance sheet, financial position and results of operations materially different from those shown in these financial statements or such as to require adjustments or additions to the financial statements.

BUSINESS OUTLOOK

As in previous years, the Bank's activities will continue to be based on the development of volumes and prudent management. The growth trend of establishing relationships with new clients, which was a feature of the whole of 2024, is confirmed.

OTHER INFORMATION

The Company has no branches abroad and does not have own shares.

It is controlled by natural and legal persons, with whom it also has relationships of a financial nature both directly and with other companies in which the same parties hold investments.

The related credit exposures, all performing, issued at market conditions, do not give rise to any type of concern. In this regard, it is believed that any potential conflicts of interest have been appropriately neutralized.

The business model adopted does not provide for specific research and development initiatives, other than the continuous and constant refinement of the corporate culture and the products and services offered in order to adapt them to changing conditions and requirements.

IN MEMORY OF PAOLO MULARONI

In concluding the report on the 2024 exercise, the Board of Directors wishes to dedicate a heartfelt and grateful thought to our colleague and friend Paolo Mularoni, whose recent passing has deeply affected us.

Paolo was not only a competent and attentive advisor, but a figure of rare human quality, capable of combining professional rigor, strategic vision, and genuine sensitivity.

His commitment to the Board embodied the deepest values of our Bank, inherited from his father, Enzo Donald Mularoni, founder and President of BSI. Paolo was able to make these principles his own, safeguarding them with consistency and interpreting them with an innovative and passionate approach.

Those who were fortunate enough to work with him remember his sobriety of manners, his ability to listen, the sincerity of his thoughts, and the loyalty of his gestures.

Paolo loved the mountains and approached work with the same spirit: dedication, respect, and a genuine sense of teamwork.

Our sincerest thanks go to Paolo for the shared journey and for the example he leaves us.

His memory will continue to accompany us.

PROPOSAL FOR THE ALLOCATION OF PROFITS

Dear shareholders,

in consideration of the above and of the results achieved, we invite you to approve these draft financial statements as at and for the year ended 31/12/2024, consisting of the financial statements, the explanatory notes to the financial statements and related annexes as well as management report, as presented by the Board of Directors, both in their entirety and in their individual entries. We therefore propose that you allocate the profit of Euro 17,986,437.25 for the year as follows:

- allocation to the Legal Reserve of Euro 3,597,287.45;
- distribution of part of the profit of Euro 12,000,000.00 in proportion to their respective shareholdings;
- allocation of a portion of net profit equal to Euro 875,000.00 to a special optional reserve, available and distributable, "earmarked" exclusively for the benefit of the managing shareholders of BSI S.p.A. in proportion to their respective holdings;
- allocation to the item "Other reserves" of the remainder of the profit equal to Euro 1,514,149.80.

The Chairman of the Board of Directors
Monti Gabriele

San Marino, March 26, 2025

In implementation of the provisions of art. 83, paragraph 3, of Law No. 47 of February 23, 2006, as amended by art. 3 (deposit at the registered office) of Delegated Decree No. 19 of January 28, 2019, the undersigned legal representative certifies that these financial statements, with the explanatory notes, as of April 24, 2025 will be deposited at the registered office of Banca Sammarinese di Investimento S.p.A. with the right of shareholders to view them and to obtain a copy from the directors. Therefore, from that date, the period of 20 clear days preceding approval of the financial statements by the shareholders' meeting, as provided for by the aforementioned Article 83 of Law 47/2006 (as amended and supplemented), shall begin.

The Chairman of the Board of Directors
Monti Gabriele

FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

Assets		31/12/2024	31/12/2023
10	Cash in hand and at central banks and postal authorities	1.755.829	3.689.937
20	Treasury securities and other financial instruments eligible for refinancing with central banks:	-	-
	a) Treasury securities and other similar financial instruments	-	-
	b) other financial instruments eligible for refinancing with central banks	-	-
30	Inter-bank loans:	114.535.568	101.833.436
	a) sight credits	87.567.527	49.587.748
	b) other credits	26.968.041	52.245.688
40	Customer loans:	156.244.773	155.364.018
	a) sight credits	20.935.160	16.998.556
	b) other credits	135.309.613	138.365.462
50	Bonds and other debt financial instruments:	529.187.061	495.180.509
	a) issued by public bodies	87.192.707	83.563.311
	b) issued by banks	332.506.579	293.329.852
	c) of financial undertakings other than credit institutions	68.700.328	62.867.846
	d) issued by other bodies	40.787.447	55.419.500
60	Shares, quotas and other capital securities	6.979.230	13.547.028
70	Holdings:	825.523	819.348
	a) financial companies	818.023	811.848
	b) non-financial companies	7.500	7.500
80	Holdings in group businesses:	453.651	453.651
	a) financial companies	453.651	453.651
	b) non-financial companies	-	-
90	Intangible fixed assets:	386.206	539.346
	a) leasing	-	-
	of which assets to be leased	-	-
	b) assets resulting from annulled lease contracts	-	-
	of which for breach by tenant	-	-
	c) assets available from credit recovery	-	-
	of which assets available for credit termination through settlement agreement	-	-
	d) goodwill	-	-
	e) start-up costs	-	-
	f) other intangible fixed assets	386.206	539.346
100	Tangible fixed assets:	43.002.232	38.329.562
	a) leasing	32.968.525	30.077.462
	of which assets to be leased	168.255	150.175
	b) assets resulting from annulled lease contracts	1.172.376	140.021
	of which for breach by tenant	1.172.376	140.021

c) assets available from credit recovery	1.068.243	-
of which assets available for credit termination through settlement agreement	1.068.243	-
d) lands and buildings	7.139.452	7.337.144
e) other tangible fixed assets	653.636	774.935
110 Subscribed share capital not paid-in	-	-
of which called capital	-	-
120 Own shares and quotas	-	-
130 Other assets	42.013.358	39.944.119
140 Accrued revenues and deferred expenses:	480.571	531.740
a) accrued revenues	186.339	173.153
b) deferred expenses	294.232	358.587
150 Total Assets	895.864.002	850.232.694

BALANCE SHEET - LIABILITIES

Liabilities		31/12/2024	31/12/2023
10	Debts with banks:	713.088	2.327.875
	a) sight debts	713.088	952.777
	b) term or notice debts	-	1.375.098
20	Debts with customers:	658.791.002	607.531.750
	a) sight debts	462.186.579	453.084.837
	b) term or notice debts	196.604.423	154.446.913
30	Debts represented by financial instruments:	116.174.422	123.180.952
	a) bonds	-	-
	b) certificates of deposit	116.174.422	123.180.952
	c) other securities	-	-
40	Other liabilities	42.838.373	43.487.106
	of which outstanding cheques and similar securities	1.551.500	1.161.964
50	Accrued expenses and deferred revenues:	304.355	295.161
	a) accrued expenses	199.231	185.788
	b) deferred revenues	105.124	109.373
60	Staff retirement allowances	361.514	328.944
70	Risks and costs funds:	4.456.766	5.511.894
	a) retirement and similar costs funds	-	-
	b) tax funds	3.383.876	3.195.409
	c) other funds	1.072.890	2.316.485
80	Provisions for credit risks	1.901.595	767.938
90	Fund for general banking risks	5.000.000	5.000.000
100	Subordinated liabilities	-	-
110	Corporate capital	25.000.000	21.500.000
120	Issue premiums	-	-
130	Reserves:	22.336.450	21.528.937
	a) ordinary or legal reserve	10.335.243	7.255.630
	b) reserve for own shares or quotas	-	-
	c) statutory reserves	-	-
	d) other reserves	12.001.207	14.273.307
140	Revaluation reserve	-	1.726.064
150	Profits (Losses) carried forward	-	-
160	Profits (Losses) for the financial year	17.986.437	17.046.073
170	Total Liabilities	895.864.002	850.232.694

BALANCE SHEET - GUARANTEES AND COMMITMENTS

Items		31/12/2024	31/12/2023
10	Guarantees issued	33.306.709	33.397.587
	of which:		
	a) acceptances	110.329	126.275
	b) other guarantees	33.196.380	33.271.312
20	Commitments	20.336.690	22.056.275
	of which:		
	a) certain to be called on	6.123	4.637.738
	of which financial instruments	6.123	4.637.738
	b) not certain to be called on	5.034.132	673.866
	of which financial instruments	-	-
	c) other commitments	15.296.435	16.744.671
	Total	53.643.399	55.453.862

PROFIT AND LOSS ACCOUNT

Items of profit and loss account		31/12/2024	31/12/2023
10	Interests received and proceeds:	28.998.387	27.518.965
	a) on loans to banks	2.737.788	3.657.542
	b) on customer loans	10.050.207	9.970.925
	c) on debt securities	16.210.392	13.890.498
20	Interests paid and costs:	(9.386.723)	(7.084.268)
	a) on debts with banks	(315.724)	(230.931)
	b) on debts with customers	(6.180.122)	(4.486.207)
	c) on debts represented by securities	(2.890.877)	(2.367.130)
	of which on subordinated liabilities	-	-
30	Dividends and other proceeds:	114.331	89.979
	a) on shares, quotas and other capital securities	114.312	89.979
	b) on holdings	19	-
	c) on holdings in group businesses	-	-
40	Commissions earned	6.555.665	7.260.674
50	Commissions paid	(2.227.795)	(1.903.180)
60	Profits (Losses) from financial operations	2.399.783	4.931.440
70	Other operating proceeds	9.989.438	12.792.997
80	Other operating costs	-	-
90	Administrative costs:	(7.845.881)	(6.970.839)
	a) labour costs	(5.103.446)	(4.427.604)
	of which:		
	- wages and salaries	(3.278.094)	(2.907.232)
	- pension contributions	(1.173.164)	(948.186)
	- retirement allowances	(367.763)	(334.156)
	- severance indemnity-related costs	-	-
	- administrators and mayors	(246.720)	(185.866)
	- other personnel expenses	(37.705)	(52.164)
	b) other administrative costs	(2.742.435)	(2.543.235)
100	Value adjustments on intangible fixed assets	(179.441)	(217.962)
110	Value adjustments on tangible fixed assets	(9.330.518)	(12.386.140)
120	Provisions for risks and costs	-	(987.873)
130	Provisions to allowances for possible loan losses	(1.407.312)	(767.938)
140	Value adjustments on credits and provisions for guarantees and commitments	(1.016.813)	(3.221.898)
150	Value recoveries on credits and provisions for guarantees and commitments	3.643.609	1.320.248
160	Value adjustments on financial assets	-	(350.000)
170	Value recoveries on financial assets	-	-
180	Profits (Losses) on ordinary activities	20.306.730	20.024.205
190	Extraordinary proceeds	1.356.414	670.161
200	Extraordinary costs	(292.831)	(708.885)
210	Extraordinary Profits (Losses)	1.063.583	(38.724)
220	Income tax for the financial year	(3.383.876)	(2.939.408)
230	Variation to the Fund for general banking risks	-	-
240	Profits (Losses) for the financial year	17.986.437	17.046.073

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

SECTION A - ACCOUNTING PRINCIPLES

The financial statements for the year ended as at 31/12/2024 were prepared in accordance with the provisions:

- by Regulation 2016/02 on the preparation of the financial statements of banks issued by the Central Bank of the Republic of San Marino in fulfilment of the powers conferred pursuant to Law 165/2005;
- by Circular 2017/03 on disclosure requirements for company financial statements;
- by the manual for the compilation and transmission of reports to the supervisory body;
- by Companies' Law.

The financial statements consist of the Balance Sheet, Guarantees and Commitments, the Income Statement and the Explanatory Notes. They are integrated with the Directors' Report on Management.

The financial statements are drawn up in a clear manner and represent in a truthful and correct way the equity and financial situation and the economic result for the year.

The values shown are expressed in euro units and are compared with those of the previous year; in some cases, the values were reclassified for the purposes of data comparability.

The algebraic sum of the differences deriving from the rounding made on the items is included among "other assets/liabilities" for the balance sheet and among "extraordinary income/charges" for the income statement.

The various items of the financial statements match with the company accounts, which are drawn up in compliance with the various administrative events that occurred during the year.

The true and correct representation is made in accordance with the provisions of law; in the event of an exception, the reasons and the relative influence on the representation of the balance sheet and the economic result are explained in the explanatory notes.

In order to improve the level of clarity and truthfulness of the financial statements, the accounts were drawn up favouring, where possible, the representation of substance over form. In order to represent the financial situation in line with the actual financial movements of the bank's balance sheet items, the "above the line" accounts are drawn up by favouring, where possible, the time of settling transactions over that of negotiating.

Income and charges are posted in compliance with the principle of accrual, regardless of the date of collection and payment, and with the principle of prudence. The latter principle is privileged, provided there is no formation of non-explicit reserves.

In order not to reduce the information content of the financial statement data, no offsetting of items was made with a view to implementing the principles of truthfulness and clarity.

The devaluation and amortization of the asset elements are carried out exclusively by directly decreasing the value of these elements.

Section 1 – Illustration of accounting principles

Balance sheet and off-balance sheet assets and liabilities are valued according to the principle of prudence and on a going concern basis.

Cash and cash equivalents

This item includes currencies with legal tender, including banknotes and foreign coins, money orders, bankers' orders and postal orders, as well as equated securities, coupons and on-demand securities. Included are also collectable coins and medals as well as gold, silver and stamped values.

Loans to credit institutions

This item shows all loans to banks, whatever their technical form is, except for those represented by financial instruments, which require posting under item No. 50 "Bonds and other debt financial instruments" and entered at their estimated realizable value.

Loans to credit institutions also include the counter value of carry-over operations and repurchase agreements for which the transferee bank has a sale back obligation to the selling bank on the maturity of the securities. The amount posted is equal to the spot price paid. The spot transferred assets continue to be shown in the portfolio of the selling bank.

Loans to customers

This item shows the loans deriving from financing contracts with customers, whatever their technical form is, on condition that, and to the extent to which the loan was effectively granted. The loans that have not been disbursed yet, even though recorded in the accounts on the "contracting date", are not included in this item, but in the item concerning commitments. The loans represented by financial instruments are recorded in item 50 "Bonds and other debt financial instruments".

The partial contributions received for matured or disputed loans are directly reduced by the value of the same loans. The contributions received in advance for loans not yet matured must be posted under the liability item "debts with customers" or "other liabilities", depending on whether these contributions are interest bearing or not.

This item also includes the loans deriving from financial lease agreements for expired and not yet received rental charges and the connected loans for default interest.

"Loans to customers" comprise the counter value of carry-over operations and repurchase agreements in which the customer is obliged to the reverse repurchase of the securities spot transferred to the bank. The amount posted is equal to the spot price paid.

The loans are recorded in the financial statements at their estimated realizable value, calculated on the basis of the borrower's state of solvency, as well as the overall difficulty in servicing debt in countries where the borrowers reside.

The estimated realizable value is calculated on the basis of a valuation of all factors that characterize the history of the relationships in question, supported by assets, economic and financial information on borrowers, the nature of the economic activity performed and any guarantees issued.

It is reported that with the issuance of Regulation No. 2023/02, which in turn revised Regulation No. 2016/02, the taxonomy of credits towards customers has been modified effective January 1, 2024. Deteriorated credit exposures have been classified into three new subcategories (non-performing loans, probable defaults, and overdue and/or overdrawn) and it has therefore been necessary to adjust the deteriorated credits from the previous year to the new taxonomy to enhance their comparability.

Specifically:

- **“non-performing loans”** represent the full exposure of cash and off-balance sheet loans, regardless of the expectation or otherwise of possible losses, made to borrowers in a state of insolvency (even if not legally ascertained) or in similar situations. It is independent of the existence of any guarantees (real or personal) placed to safeguard the exposures. The entire exposure includes the accrued interest and the expenses incurred for the recovery activity. Excluded are the exposures whose anomalous situation can be traced back to country risk profiles.

Also included are:

- a) exposures towards public entities in a state of financial distress;
- b) exposures resulting from annulled lease contracts for breach by tenant, until a new financial lease of the same assets to another tenant or sale of the aforementioned assets to third parties, with consequent recovery of the credit within the limits of the amount collected from the sale or accounted for a new leasing contract, regardless of the repurchase of full availability of the asset and without prejudice to cases of extinction of any credit rights through a settlement agreement, which provides for the *datio in solutum* by the former tenant in favour of the former lessor of the economic value of his right to the return of any capital gain arising from the sale or relocation of the asset, with broad and mutual liberatory effect;
- c) exposures towards subjects for whom the conditions for their classification as non-performing loans exist and who present one or more lines of credit that meet the definition of deteriorated credit exposures subject to concession measures.

The assessment of non-performing loans is carried out by analysing the recovery possibilities on an analytical basis and determining the related expected loss.

- **“Unlikely to pay”** refer to credit exposures for which, in the creditor’s judgment, it is unlikely that, without resorting to actions such as the enforcement of guarantees, the debtor will fully comply (in principal and/or interest) with its credit obligations, regardless of the presence of any amounts (or installments) overdue and unpaid. It is therefore not necessary to wait for the explicit symptom of anomaly (the failure to repay), where there are elements that imply a risk of default by the debtor (for example, a crisis in the sector in which the debtor operates).

Within the framework of the credit exposure qualified as likely default, all cash and “off-balance sheet” exposures to the same debtor in the aforementioned situation should be included. Retail exposures can be classified in the category of likely defaults at the level of individual credit lines, provided that the creditor assesses that the conditions to classify the entire exposure to the same debtor in that category do not exist.

For such exposures, an analytical write-down is provided.

- **“Overdue and/or overdrawn loans”** refer to impaired credit exposures that are overdue and overdrawn, those credit obligations in arrears that exceed both of the following “materiality thresholds”:

- a) 100 euros for retail exposures and 500 euros for exposures other than retail (absolute threshold);
- b) 1% of the total exposure to a counterparty (relative threshold). This percentage will be applicable from January 1, 2028, while from January 1, 2024, to December 31, 2027, the percentages indicated below will apply:
 - 5% from January 1, 2024;
 - 3% from January 1, 2025;
 - 2% from January 1, 2027.

The absolute threshold is determined as the sum of all amounts of credit obligations in arrears owed by the same debtor to the creditor.

The relative threshold is determined as the ratio between the amount of credit obligations in arrears and the total amount of all credit exposures of the creditor to the same debtor. Once both thresholds are exceeded, the counting of overdue days for the definition of debtor default begins.

In determining the thresholds, the amounts in arrears related to principal, interest, and fees are considered, and it is not permitted to offset the amounts of credit obligations in arrears with available and unused credit lines.

For such exposures, an analytical write-down is provided.

- **“performing loans”** are written-down on an overall basis, in order to guarantee a hedging from the so called “physiological risk”; the write-down of loans is made with a decrease adjustment of the value booked in the assets.

Bonds and other debt financial instruments

The own securities portfolio is comprised of investment securities held for investment properties and trading securities held for treasury and trading.

This item shows all the financial debt instruments in the bank's portfolio, both long- and short-term, such as government securities, bonds, certificates of deposit and the other fixed or variable income financial instruments. Valuations were made pursuant to Regulation No. 2016/02 on the preparation of the financial statements of banks.

Shares, quotas and other capital financial instruments

The item includes all financial instruments with a nature of trading capital securities (shares and units). It also includes OIC quotas.

Investment portfolio

The financial instruments of the investment portfolio, including all the financial instruments intended to be held permanently by the bank (until natural expiry, except in exceptional events), listed and unlisted, are valued at purchase cost. They are written down in the event of a lasting deterioration of the issuer's debt repayment capacity, as well as of the associated Country Risk. These write-downs will be eliminated when the causes that determined them no longer exist. The same valuation criteria indicated above apply to financial instruments, listed and unlisted on organized (regulated) markets, which represent "off balance sheet" transactions connected to the investment portfolio.

Multi-year accrued assets and/or liabilities are recognized according to the result achieved by the difference between the book cost and the nominal repayment value divided by the residual duration of the security.

Trading portfolio

This portfolio includes all financial instruments held as investment but for negotiation purposes to meet treasury and trading needs.

Financial instruments that are part of the trading portfolio, listed or not listed on an organized (regulated) market, are valued at market value. For listed financial instruments, the market value is represented by the listing value. For unlisted financial instruments, the market value is determined on the basis of the value of similar listed and unlisted instruments or, if this is not possible, on the basis of reasonable estimates.

The value of the tradable financial instruments is determined with reference to the value determined on the balance sheet closing date.

The losses and gains originating from the comparison between the market value on December 31, 2024 with the latest book values were entered in the profit and loss account.

Holdings

This item includes all rights, whether represented or not by securities, in the capital of other companies which create a lasting relationship with the bank and are valued using the historical cost method. It is determined on the basis of the acquisition or subscription price, adjusted, if necessary, in the presence of losses in value deemed to be permanent. Writedowns made for permanent losses in value are recovered if the reasons that originated them no longer exist.

The Bank did not apply the fair value criterion to holdings, in compliance with the option right provided for by art. V.II.3 of the Regulation No. 2016/02 and referred to in point 5.1 of the Circular.

Intangible fixed assets

Intangible fixed assets are entered at the original purchase cost, directly adjusted for the depreciation carried out systematically on the basis of the estimated residual life. The ordinary annual depreciation rate is 20%. As regards intangible assets connected to contracts, the depreciation was calculated on the basis of the duration of the latter.

Tangible fixed assets

Tangible fixed assets are recognized at purchase cost, inclusive of additional charges and any other incremental expenses.

Assets are depreciated systematically by directly adjusting their value using the rates established by the tax law No. 166/2013, annex "D", art. D9, deemed appropriate and representative of the value corresponding to the residual useful life of the asset. If assets demonstrate an impairment value which is lower than its cost, this is written down. Should the assumptions supporting the original write-down no longer subsist, write-downs made in previous periods are not maintained.

Financial leasing

The amount of assets subject to financial lease is recorded in asset item 90 "Tangible fixed assets". The aforementioned category also includes assets awaiting first lease (purchased by the bank against a leasing contract already entered into with customers) and assets held against terminated contracts, the amount of which is detailed in a specific sub-item, to distinguish the component attributable to the situations of resolution for breach of the tenant. Loans relative to financial lease transactions are calculated according to the financial methodology, as provided for by Law No. 115 of 19/11/2001, and are recorded in the assets for the algebraic balance obtained from the difference between the financed capital or historic cost of the asset and the relative accumulated depreciation fed by the capital share of the fees accrued.

The instalments accrued during the year are entered under item 10 of the profit and loss account "interest income and similar revenues" for the part regarding the interest and under items 70 "Other operating income" and 110 "Value adjustments on tangible fixed assets" for the part regarding the capital, for an equal amount with a neutral effect on the operating result.

Foreign currency Assets and Liabilities

Assets and liabilities denominated in foreign currency and off-balance sheet transactions are recognized at the spot exchange rate in effect at year end, according to art. III.II.7 of Regulation No. 2016/02. The effect of this valuation is booked in the profit and loss account.

"Off-balance" sheet transactions in foreign currency are recognized at the spot exchange rate in effect at year end, if it is about spot transactions which have not been settled or forward transactions to "hedge" spot transactions. In the latter case, the differentials between forward exchange rate and spot exchange rate of the expiring contracts are recorded in the profit and loss account on an accrual basis and include the interests generated by covered assets and liabilities: this is to be recorded in the profit and loss account items 10 and 20 "Interest income (expenses) and similar revenues (charges)".

"Off-balance sheet" transactions (other than those on currencies)

Off-balance sheet transactions are recognized according to the same criterion adopted for assets/liabilities recorded in the financial statements, depending on whether these are posted as fixed assets or current assets.

Any trading contracts for securities (spot or forward) which have not been settled at year end are valued using criteria that are consistent with those adopted to value portfolio securities.

Derivative contracts entered into to hedge assets or liabilities are valued in a manner consistent with the assets and liabilities hedged. The differentials are recorded pro-rata temporis in income statement items 10-20 relating to "interest income (liabilities) and similar income (charges)", consistently with the costs and revenues generated by the hedged items.

The trading derivative contracts directly listed on organized markets, as well as those that take as a reference the parameters listed or that can be found on the information circuits normally used internationally, are valued on the market, meaning as such the price recorded on the last working day of the reference month or, in the absence of this, the last price recorded.

The difference between the current value of assets and liabilities and off-balance sheet transactions and the book value of the same elements and transactions is included in the balance of income statement item 60 "Profits (losses) from financial transactions".

Debts with banks

This item shows all the amounts due to credit institutions whatever their technical form, except for those represented by financial instruments which require to be posted under Liability items 30 and 100.

Debts with banks include the equivalent value of the financial instruments received by the selling bank as spot in repo and carry-over transactions for which the transferee bank is obliged to forward resale.

The abovementioned items are booked at nominal value.

Debts with customers

This item shows all the amounts due to customers whatever their technical form, except for those represented by financial instruments which require to be posted under Liability item No. 30.

Debts with customers include the equivalent value of the financial instruments received by the selling bank as spot in repo and carry-over transactions for which the transferee customer is obliged to forward resale.

The abovementioned items are booked at nominal value.

Debts represented by financial instruments

Debts represented by financial instruments are booked at nominal value.

In addition to bonds and certificates of deposit, this item includes, under the sub-item “other financial instruments”, its traced acceptances and the atypical securities according to article II.III.8 of Regulation 2007/07. Debt financial instruments which are past due but have not yet been repaid upon the reference date are also included.

The “Repurchasing agreements” on securities with customers, which provide for the obligation for the assignee of a spot resale of the securities in the transaction, are shown as “Debts with customers b) term or notice” and are booked at the “spot” value, while the underlying securities are represented in asset item “Bonds and other debt securities”.

Other assets and Other liabilities

This item contains all the assets and liabilities that are not associated to other assets or liability items. It also includes any (negative or positive) balances for items in transit and suspended that are not attributed to the relevant accounts. Payment means issued by the banks, such as bankers’ drafts, are posted under other liabilities.

Accruals and Deferrals

These are recognized according to the same accrual principle also adopted for the recognition of all income and charges, the portions of interest income and expense and other income and expense.

Asset and liability accounts have been adjusted directly, increasing or decreasing them, in the following cases:

- a) in Asset accounts, in relation to interest accrued on loans and securities;
- b) in Liability accounts, in relation to interest accrued on payables, represented or not represented by securities, which include “advanced” interest, including the issue discount for bonds and certificates of deposit.

Reserve for severance indemnities

The item shows the total amount of the severance indemnities allocated to the bank’s employees and which, as required by current legislation, is paid in full every year.

Provisions for risks and charges

These provisions exclusively cover losses, charges or payables of a set nature, of probable or certain existence, but which have no set amount or date of occurrence at year end.

The provisions for risks and charges include:

- allocations made against taxes to be settled, calculated on the basis of a realistic forecast of the tax charge, in

relation to the tax law in force;

- allocations made against any liabilities of which the exact amount or date of occurrence is unknown.

Provision for general financial risks

This item refers to the provision for general financial risks, whose function is to cover the general business risk to which the bank is exposed. Since it is comparable to a capital reserve, it represents a positive component of the basic regulatory capital (see article VII.II.2 of Regulation No. 2007/07 and Regulation No. 2011/03 and art. 40 of Regulation No. 2006/03). The balance of allocations and withdrawals (net change) recorded by the provision during the year is entered, with the relevant algebraic sign, in profit and loss account item 230 "Variation in the provision for general banking risks". Therefore, the establishment, feeding and use of the provision cannot take place when allocating the operating profit.

Subscribed capital

It corresponds to the product of the number of shares subscribed by shareholders and other contributors and their nominal value.

Reserves and Revaluation reserves

The equity reserves are shown in the Explanatory Notes in relation to their nature and distribution extent.

Guarantees

This item includes all personal guarantees given by the bank as well as assets assigned as collateral for third party obligations. These guarantees are recorded at the total value of the commitment made to beneficiaries.

Commitments

This item includes all the irrevocable commitments of specific or unspecific use, which may lead to credit risks (e.g. the margins available on irrevocable credit lines granted to customers or banks).

The commitments arising from derivative contracts are valued on the basis of their notional value.

Guarantees issued and commitments are entered as follows:

- deposit and financing contracts based on the amount to be disbursed;
- irrevocable credit lines based on the residual usable amount;
- other commitments and guarantees based on the value of the contractual commitment entered into by the Bank.

Interest, Commissions, Charges and Income

Interest, commissions, charges and income received and paid are recorded on an accrual basis.

Memorandum accounts

Third-party financial instruments and securities held as collateral and in custody are valued at year-end market prices.

Deferred taxes

By way of applying the accrual principle, borrowing the principles set out by IAS 12 and OIC No. 25, deferred taxes were calculated by recording advanced taxes after having verified the existence of a reasonable certainty of future taxable income.

Section 2 – Adjustments and provisions

No provisions and value adjustments were made in accordance with tax regulations.

SECTION B - INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES - ASSETS

1. Cash and cash equivalents with central banks and postal agencies (item 10 of assets)

Table 1.1
Composition of item 10 "Cash and cash equivalents with central banks and postal agencies"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Cash and cash equivalents with central banks and postal agencies:				
- Banknotes and coins	1.642.642	3.600.328	(1.957.686)	(54,38%)
- Foreign currency	112.926	67.357	45.569	67,65%
- Other values	260	22.252	(21.992)	(98,83%)
Total	1.755.829	3.689.937	(1.934.108)	(52,42%)

Item 10, "Cash and cash equivalents with central banks and post offices", includes all banknotes and coins in Euro as well as foreign currency notes held at cash desks and ATMs of the Bank's branches.

The item "Other values" includes upcoming bills of exchange sent for collection by counterparties in addition to foreign checks collected from customers awaiting settlement.

The decrease in the item compared to the values of the previous year (-52.42%) is mainly due to the Institute's use of the cash remittance service with the Central Bank.

2. Treasury securities and other financial instruments eligible for refinancing with central banks (item 20 of assets)

Table 2.1
Composition of item 20 “Treasury securities and other financial instruments eligible for refinancing with central banks”

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Treasury securities and other similar financial instruments	-	-	-	-
B) Other financial instruments eligible for refinancing with central banks	-	-	-	-
Total	-	-	-	-

Table not valued as data not present.

3. Inter-bank loans (item 30 of assets)

Table 3.1
Composition of item 30 “Inter-bank loans”

	31/12/2024			31/12/2023			Variations	
	Euros	Foreign currency	Total	Euros	Foreign currency	Total	Amount	%
A) Sight credits:	83.558.091	4.009.436	87.567.527	46.204.203	3.383.545	49.587.748	37.979.779	76,59%
A1. Current accounts for performed services	83.558.091	4.009.436	87.567.527	46.204.203	3.383.545	49.587.748	37.979.779	76,59%
A2. Current accounts	-	-	-	-	-	-	-	-
A3. Other	-	-	-	-	-	-	-	-
B) Other credits:	25.820.735	1.147.306	26.968.041	51.199.814	1.045.874	52.245.688	(25.277.647)	(48,38%)
B1. Term deposits	25.820.735	1.147.306	26.968.041	51.199.814	1.045.874	52.245.688	(25.277.647)	(48,38%)
B2. Current accounts	-	-	-	-	-	-	-	-
B3. Repos and reverse repos	-	-	-	-	-	-	-	-
B4. Other	-	-	-	-	-	-	-	-
Total	109.378.826	5.156.742	114.535.568	97.404.017	4.429.419	101.833.436	12.702.132	12,47%

Item 30 “Inter-bank loans” includes all loans to credit institutions, whatever their technical form is, except for loans represented by financial instruments, which are posted under asset item 50. These loans are shown in the financial statements at their presumed realizable value.

Item “A) Sight credits” includes all current accounts and demand deposits held with other San Marino and foreign credit institutions both in Euro and in foreign currency with the distinction of those opened for services rendered.

Item “B) Other credits” includes the time deposit with the Central Bank regarding the Compulsory Reserve and the Guarantee Fund for Transmission, as well as deposits with Mastercard Europe and Visa Europe in order to guarantee the operation of payment cards on the circuits.

The decrease of the item “B1. Term deposits” is related to the maturity repayment of term deposits at the Central Bank for Euro 25 million.

Table 3.2
Composition of cash credits to banks

Categories / Values	31/12/2024				31/12/2023			
	Gross exposure	Total value adjustments	Net exposure	Overall partial cancellations	Gross exposure	Total value adjustments	Net exposure	Overall partial cancellations
A) Doubtful loans:	-	-	-	-	-	-	-	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-	-	-
A1. Non-performing loans	-	-	-	-	-	-	-	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-	-	-
A2. Probable defaults	-	-	-	-	-	-	-	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-	-	-
A3. Overdue and/or overdrawn loans	-	-	-	-	-	-	-	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-	-	-
B) Performing loans	114.535.568	-	114.535.568		101.833.436	-	101.833.436	
of which subject to granting measures	-	-	-		-	-	-	
of which overdue and/or overdrawn	-	-	-		-	-	-	
of which deriving from financial leasing transactions	-	-	-		-	-	-	
Total	114.535.568	-	114.535.568		101.833.436	-	101.833.436	

“Inter-bank loans” are all considered collectible and therefore entirely classified among performing loans.

Table 3.3
Changes in doubtful loans to banks

Causals / Categories	Doubtful loans			Performing loans
	Non-performing loans	Substandard loans	Overdue and/or overdrawn loans	
A) Opening gross exposure	-	-	-	101.833.436
of which for past-due interests	-	-	-	-
B) Increases:	-	-	-	43.131.842
B1. Inflow from performing loans	-	-	-	-
B2. Inflow from other categories of doubtful loans	-	-	-	-
B3. Past-due interests	-	-	-	-
B4. New concessions	-	-	-	-
B5. Other increases	-	-	-	43.131.842
C) Decreases:	-	-	-	30.429.710
C1. Outflow to performing loans	-	-	-	-
C2. Outflow to other categories of doubtful loans	-	-	-	-
C3. Write-offs	-	-	-	-
C4. Collections / refunds	-	-	-	-
C5. Arising from sales	-	-	-	-
C6. Other decreases	-	-	-	30.429.710
D) Closing gross exposure as at 31/12/2024	-	-	-	114.535.568
of which for past-due interests	-	-	-	-

Table 3.4
Changes in total value adjustments on “Inter-bank loans”

Categories	Doubtful loans			Performing loans
	Non-performing loans	Substandard loans	Overdue and/or overdrawn loans	
A) Opening total adjustments	-	-	-	-
B) Increases:	-	-	-	-
B1. Value adjustments	-	-	-	-
of which for past-due interests	-	-	-	-
B2. Utilization of funds for possible loan losses	-	-	-	-
B3. Transfers from other categories of loans	-	-	-	-
B4. Other increases	-	-	-	-
C) Decreases:	-	-	-	-
C1. Value recoveries from valuation	-	-	-	-
of which for past-due interests	-	-	-	-
C2. Value recoveries from collection	-	-	-	-
of which for past-due interests	-	-	-	-
C3. Write-offs	-	-	-	-
C4. Transfers from other categories of loans	-	-	-	-
C5. Other decreases	-	-	-	-
D) Closing total adjustments as at 31/12/2024	-	-	-	-
of which for past-due interests	-	-	-	-

As all claims against credit institutions are considered collectible, no value adjustments have been made.

4. Customer loans (item 40 of assets)

Table 4.1
Composition of item 40 “Customer loans”

	31/12/2024			31/12/2023			Variations	
	Euros	Foreign currency	Total	Euros	Foreign currency	Total	Amount	%
A) Sight / Non-revolving loans:	20.935.018	142	20.935.160	16.998.356	200	16.998.556	3.936.604	23,16%
A1. Currents accounts	9.589.129	142	9.589.271	8.324.767	200	8.324.967	1.264.304	15,19%
A2. Other	11.345.889	-	11.345.889	8.673.589	-	8.673.589	2.672.300	30,81%
B) Other loans:	134.628.962	680.651	135.309.613	136.747.282	1.618.180	138.365.462	(3.055.849)	(2,21%)
B1. Current accounts	3.927.974	-	3.927.974	3.202.753	-	3.202.753	725.221	22,64%
B2. Discounted portfolio and subject to collection	12.312.483	-	12.312.483	13.916.199	-	13.916.199	(1.603.716)	(11,52%)
B3. Repos and reverse repos	-	-	-	-	-	-	-	-
B4. Other loans	118.388.505	680.651	119.069.156	119.628.330	1.618.180	121.246.510	(2.177.354)	(1,80%)
Total	155.563.980	680.793	156.244.773	153.745.638	1.618.380	155.364.018	880.755	0,57%

Item 40, “Customer loans” represents all the loans deriving from financing contracts entered into with customers, regardless of their technical form, and recorded in the financial statements at their presumed realizable value.

Items A1. and B1. “Current accounts” include the sum of debit balances of current accounts as well as interest in the form of current accounts according to the due date of the loan.

Items “A2. Other”, “B2. Discounted portfolio and subject to collection” and “B4. Other loans” include loans deriving from import/export financing transactions, open positions for portfolio advances subject to collection, loans with amortization plans and grants, the expense related to the use of credit cards issued by us, as well as non-performing loans.

The information required under the provisions of article V.II.2 paragraph 5 of Regulation 2016/02 is provided below with reference to the amounts of advances and loans granted to members of administrative, management or supervisory bodies, as well as commitments undertaken on their behalf as a result of guarantees provided of any kind and detailed as follows (exposure gross of value adjustments):

	31/12/2024	31/12/2023
Board of Directors	17.300	15.911
Control Body	10	8
Management Board	4.148	2.323
Total	21.458	18.242

Table 4.2
Secured customer loans

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) From mortgages	89.397.530	79.421.352	9.976.178	12,56%
B) From pledges on:	38.313.350	35.929.904	2.383.446	6,63%
B1. Cash deposits	961.886	2.688.153	(1.726.267)	(64,22%)
B2. Securities	4.500.395	3.196.611	1.303.784	40,79%
B3. Other valuables	32.851.069	30.045.140	2.805.929	9,34%
C) From guarantees by:	25.792.869	30.329.966	(4.537.097)	(14,96%)
C1. Public administrations	2.048.131	3.441.143	(1.393.012)	(40,48%)
C2. Monetary financial institutions	-	57.204	(57.204)	(100,00%)
C3. Investment funds other than money market funds	-	-	-	-
C4. Other financial companies	-	-	-	-
C5. Insurance companies	-	-	-	-
C6. Pension funds	-	-	-	-
C7. Non-financial companies	2.410.304	3.600.061	(1.189.757)	(33,05%)
C8. Households and non-profit institutions serving households:	21.334.434	23.231.558	(1.897.124)	(8,17%)
C8.1 Consumer and producer families	21.334.434	23.231.558	(1.897.124)	(8,17%)
C8.2 Non-profit institutions serving households	-	-	-	-
C9. Other	-	-	-	-
Total	153.503.749	145.681.222	7.822.527	5,37%

The table shows the total amount of “Customer loans” 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.

Table 4.3
Composition of cash credits to customers

Categories / Values	31/12/2024				31/12/2023			
	Gross exposure	Overall total adjustments	Net Exposure	Overall partial cancellations	Gross exposure	Overall total adjustments	Net Exposure	Overall partial cancellations
A) Doubtful loans:	13.888.018	6.651.953	7.236.065	664.956	15.170.050	9.126.999	6.043.051	546.041
of which subject to granting measures	-	-	-	-	-	-	-	-
of which from financial leases	2.016.655	469.685	1.546.970	90.112	2.212.623	1.383.725	828.898	-
A1. Non-performing loans	12.702.564	6.475.368	6.227.196	664.956	11.436.806	6.836.367	4.600.439	546.041
of which subject to granting measures	-	-	-	-	-	-	-	-
of which from financial leases	1.812.597	458.519	1.354.078	90.112	718.971	490.111	228.860	-
A2. Substandard loans	1.108.757	162.321	946.436	-	3.636.950	2.287.644	1.349.306	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which from financial leases	204.058	11.166	192.892	-	1.493.652	893.614	600.038	-
A3. Overdue and/or overdrawn loans	76.697	14.264	62.433	-	96.294	2.988	93.306	-
of which subject to granting measures	-	-	-	-	-	-	-	-
of which from financial leases	-	-	-	-	-	-	-	-
B) Performing loans	183.867.308	717.699	183.149.609		180.258.077	719.627	179.538.450	
of which subject to granting measures	189.276	946	188.330		-	-	-	
of which overdue and/or overdrawn loans	447.237	2.027	445.210		456.733	2.918	453.815	
of which from financial leases	32.975.374	148.941	32.826.433		29.734.171	138.893	29.595.278	
Total	197.755.326	7.369.652	190.385.674		195.428.127	9.846.626	185.581.501	

The table shows the situation of cash loans for each credit category as established by art. I.1.2 of Regulation No. 2007-07. The table also includes loans deriving from financial leasing transactions; therefore, the final net exposure coincides with the sum of asset items 40 "Customer loans", 90 "Intangible assets" and 100 "Tangible assets". In order to compare the data, the credit exposures as of 31/12/2023 have been reclassified based on the new provisions on the credit taxonomy.

"Value Adjustments" include the total write-downs accounted for over the years on the existing credit exposures at the end of the financial year, both analytically and on a flat-rate basis. Value adjustments for physiological risks on performing loans amount to approximately 0.4% of them.

The "Total partial write-offs" correspond to the cumulative amounts of partial write-offs made on impaired credit exposures.

Table 4.4
Changes in doubtful loans to customers

Causals / Categories	Doubtful loans			Performing loans
	Non-performing loans	Substandard loans	Overdue and/or overdrawn loans	
A) Opening gross exposure	11.436.806	3.636.950	96.294	180.258.077
of which for past-due interests	762.467	98.284	233	1.001
B) Increases	6.610.792	675.175	81.141	53.788.902
B1. Inflow from performing loans	828.850	265.301	19.842	
B2. Inputs from other categories of doubtful loans	497.272	-	398	8.017
B3. Past-due interests	104.087	19.890	484	23.411
B4. New concessions	-	142.500	-	43.223.693
B5. Other increases	5.180.583	247.484	60.417	10.533.781
C) Decreases:	5.345.034	3.203.368	100.738	50.179.671
C1. Outflow to performing loans	-	7.388	629	
C2. Outputs to other categories of doubtful loans	-	485.525	12.145	1.113.993
C3. Write-offs	357.575	-	-	-
C4. Collections / refunds	4.987.459	1.673.732	72.753	35.870.448
C5. Arising from sales	-	-	-	-
C6. Other decreases	-	1.036.723	15.211	13.195.230
D) Closing gross exposure as at 31/12/2024	12.702.564	1.108.757	76.697	183.867.308
of which for past-due interests	805.501	10.223	205	806

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 loans, including finance lease receivables.
 The Institute has revised in full all amounts receivable in an analytical way, providing for their reclassification taking into account the risk involved.

Table 4.5
Changes in total value adjustments on customer loans

Categories	Doubtful loans			Performing loans
	Non-performing loans	Substandard loans	Overdue and/or overdrawn loans	
A) Opening total adjustments	6.836.367	2.287.644	2.988	719.627
B) Increases:	2.066.379	32.771	13.457	216.138
B1. Value adjustments	761.345	31.021	12.730	211.716
of which for past-due interests	103.809	-	-	-
B2. Utilization of funds for possible loans	273.655	-	-	-
B3. Transfers from other categories of loans	1.031.379	1.750	727	4.422
B4. Other increases	-	-	-	-
C) Decreases:	2.427.378	2.158.094	2.181	218.066
C1. Value recoveries	834.754	1.125.570	1.542	212.325
of which for past-due interests	-	-	-	-
C2. Value recoveries from collection	1.235.049	-	-	-
of which for past-due interests	6.089	-	-	-
C3. Write-offs	357.575	-	-	626
C4. Transfers to other categories of loans	-	1.032.524	639	5.115
C5. Other decreases	-	-	-	-
D) Closing total adjustments as at 31/12/2024	6.475.368	162.321	14.264	717.699
of which for past-due interests	805.501	-	-	-

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

Table 4.6
Composition of "Customer loans" (net values) by economic activity sector

	31/12/2024	31/12/2023
A) Public administrations	710.298	1.421.675
B) Financial undertakings other than credit institutions	32.404	1.401
B1. Monetary financial institutions (other than credit institutions)	-	-
B2. Investment funds other than money market funds	-	-
B3. Other financial companies	32.404	1.401
B4. Insurance companies	-	-
B5. Pension funds	-	-
C) Non-financial companies:	113.096.052	110.439.118
of which persons deleted from the Register of Authorized Entities	-	-
C1. Industry	57.217.182	57.075.148
C2. Building	1.807.445	1.960.967
C3. Services	50.849.591	48.351.215
C4. Other non-financial companies	3.221.834	3.051.788
D) Households and non-profit institutions serving households:	76.546.920	73.719.307
D1. Consumer families	76.546.538	73.617.284
D2. Non-profit institutions serving households	382	102.023
E) Other	-	-
Total	190.385.674	185.581.501

This table shows the distribution of loans to customers and receivables from finance leases in relation to the economic sector to which the customers belong.

5. Bonds and other debt securities and Shares, quotas and other capital securities (items 50 – 60 of assets)

Table 5.1
Composition of investment and trading securities

Items / Values	Investment	Trading
Bonds and other debt securities:	421.418.512	107.768.549
A) issued by public bodies	85.534.873	1.657.834
B) issued by banks	245.827.057	86.679.522
C) issued by financial institutions other than credit institutions	57.228.952	11.471.376
D) issued by other bodies	32.827.630	7.959.817
Shares, quotas and other capital securities:	-	6.979.230
- Fondo Odisseo	-	4.928.506
- OIC	-	2.050.724
Total	421.418.512	114.747.779
of which unavailable for repurchase agreements with retrocession obligation	88.765.166	8.948.196

The securities in the own portfolio are mainly bonds, issued by sovereign states, banks and private companies belonging to zone A.

The trading portfolio is made up of securities intended for negotiation and/or kept for cash requirements.

The investment portfolio, as required by law, is valued at the purchase or transfer value from another portfolio, while the trading portfolio is valued at market value.

As regards the securities for which it was not possible to find a quotation, 0.82% of the total portfolio, the Bank made an estimate of the value on the basis of the evaluation criteria of the financial instruments envisaged by internal regulations.

Table 5.2
Composition of “investment securities”

Items / Values	31/12/2024			31/12/2023		
	Book value	Market value	Fair value	Book value	Market value	Fair value
1. Debt securities:	416.646.310	421.418.512	406.656.481	347.340.779	351.584.243	332.672.636
1.1 Bonds:	416.646.310	421.418.512	406.656.481	347.340.779	351.584.243	332.672.636
- Listed	373.208.957	377.678.729	367.163.996	316.843.578	320.750.102	303.830.418
- Unlisted	43.437.353	43.739.783	39.492.485	30.497.201	30.834.141	28.842.218
1.2 Other debt financial instruments:	-	-	-	-	-	-
- Listed	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-
2. Capital securities:	-	-	-	-	-	-
- Listed	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-
Total	416.646.310	421.418.512	406.656.481	347.340.779	351.584.243	332.672.636

Investment securities are made up of bonds issued by sovereign states and banks, while the remaining part is made up of bonds issued by private companies.

The financial instruments in the investment portfolio were valued at amortized cost and this valuation was also used in cases where the market value at the end of the year was lower than the amortized cost as these differences were generated by normal fluctuations in the financial markets.

Table 5.3
Annual variations to investment securities

	31/12/2024	31/12/2023
Opening balance	351.584.243	358.047.184
Increases:	197.190.595	67.909.344
1. Purchases	161.844.997	65.137.749
of which debt securities	161.844.997	65.137.749
2. Value recoveries	-	-
3. Transfers from trading portfolio	31.408.704	-
4. Other variations	3.936.894	2.771.595
Decreases:	127.356.326	74.372.285
1. Sales	-	3.192.766
of which debt securities	-	3.192.766
2. Redemptions	123.223.021	69.270.458
3. Value adjustments	-	-
of which lasting devaluations	-	-
4. Transfers to trading portfolio	2.009.860	-
5. Other variations	2.123.445	1.909.061
Closing balance	421.418.512	351.584.243

With specific resolutions of the Board of Directors, during the fiscal year, transfers of financial instruments were made from the free portfolio to the investment portfolio, in compliance with the limits set by the “framework resolution” of the Board of Directors and pursuant to Article IV.V.1 of Regulation No. 2016-02, given the dynamics of interest rates as well as to achieve greater stability of the portfolio. Such securities were transferred, as per regulations, at the market price on the day the transfer took place.

Pursuant to Article IV.V.1 of Reg. 2016-02, a transfer was made from the investment portfolio to the free portfolio of a security, for a nominal amount of Euro 2,000,000, following the non-payment of the coupon by the issuer; subsequently, it was sold on the market resulting in a negative impact on the income statement of the fiscal year for an amount of Euro 589,860.

Table 5.4
Composition of “trading securities”

Items / Values	31/12/2024	31/12/2023
	Fair value	Fair value
1. Debt financial instruments:	107.768.549	143.596.266
1.1 Bonds:	107.768.549	143.596.266
- Listed	104.630.050	126.806.458
- Unlisted	3.138.499	16.789.808
1.2 Other debt securities:	-	-
- Listed	-	-
- Unlisted	-	-
2. Capital securities:	6.979.230	13.547.028
- Listed	-	-
- Unlisted	6.979.230	13.547.028
Total	114.747.779	157.143.294

The carrying amount of trading financial instruments coincides with the “fair value” which is determined based on the valuation of the securities at the market price recorded on the last working day of the financial year, as indicated in the Explanatory Notes in Part A Section 1.

Regarding the variation of the item “2. Capital securities”, it is noted the distribution to the participants of the closed-end Fondo Odisseo of financial instruments issued by San Marino State which resulted in a reduction of the NAV of the related fund. These securities have been allocated by the Institute in the property investment portfolio.

Table 5.5
Annual variations to “trading securities”

	31/12/2024	31/12/2023
Opening balance	157.143.294	96.164.471
Increases:	294.213.040	361.546.464
1. Purchases	288.141.045	354.516.360
of which debt securities	286.652.333	353.651.702
of which capital securities	1.488.712	864.658
2. Write backs and revaluations	1.127.236	3.969.100
3. Transfers from investment portfolio	2.009.860	-
4. Other variations	2.934.899	3.061.004
Decreases:	336.608.555	300.567.641
1. Sales and redemptions	303.307.870	299.982.579
of which debt financial instruments	295.741.840	299.090.697
of which capital securities	7.566.030	891.882
2. Value adjustments and devaluations	215.730	487.047
3. Transfers to investment portfolio	31.408.704	-
4. Other variations	1.676.251	98.015
Closing balance	114.747.779	157.143.294

The present table shows the changes that occurred during the year in the amount of trading financial instruments.

Between “Purchases” and “Sales”, only the contracts for the sale of financial instruments held in the free property portfolio made with third parties and settled during the year are included. They also include subscriptions of financial instruments in issuance and reimbursements by the issuer of financial instruments.

The effect of the valuation of trading securities at market value is represented in the items “2. Write backs and revaluations” and “2. Value adjustments and devaluations”.

Regarding the items “3. Transfers to investment portfolio”, please refer to what was previously indicated regarding investment financial instruments.

6. Holdings (items 70 - 80 of assets)

Table 6.1
Holdings and Holdings in group companies

Denomination, legal form and headquarters	Activity performed	Share capital	Net equity	Profit / Loss	Share %	Book value (b)	Fair value	Net equity share (a)	Comparison (a-b)
A) Companies of the banking group						453.651			
A1. 739 Società di Gestione S.P.A. (San Marino) *	Other financial companies	500.000	886.792	378.341	100,00%	453.651		886.792	433.141
B) Other subsidiaries						-			
No investment									
C) Other investee companies						825.523			
C1. Banca Centrale della Repubblica di San Marino S.P.A. (San Marino) **	Monetary financial institutions	12.911.425	51.930.013	-	1,00%	811.848		519.300	(292.548)
C2. Tenuta Santa Chiara S.R.L. (San Marino)	Non-financial companies - Services				10,00%	7.500			
C3. Istituto per la Gestione e il Recupero dei Crediti S.P.A. (San Marino)	Other financial companies				2,42%	6.000			
C4. Bancomat S.P.A. (Italia)	Other financial companies				0,0005%	175			

(*) Information regarding the financial statements for the year 2024

(**) Information regarding the financial statements for the year 2023

No writedown of the equity investments held was made because the delta between the historical cost and the corresponding portion of the net equity is not to be considered a permanent loss of value.

With regard to the holdings in "Other investee companies" with a book value of less than Euro 10,000, only the name, legal form, registered office, activity carried out, percentage of capital owned, and the value attributed in the financial statements to the participation have been indicated as granted by Circular No. 2017/03.

During the month of February 2024, the Bank became part of the social structure of the company "Institute for the Management and Recovery of Credits S.P.A." through the subscription of a share of the company's capital increase to which San Marino credit institutions have adhered. The company acts as Master Servicer for the management and control activities related to the securitization of assets transferred by the San Marino banking system.

It is also noted the registration of the participation in the company "Bancomat S.P.A." which carries out the management of withdrawal and payment circuits in Italy for a share of social capital equal to 0.0005%.

Table 6.2
Composition of item 70 "Holdings"

Items / Values	31/12/2024			31/12/2023		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
In banks:	811.848	811.848		811.848	811.848	
- Listed	-	-		-	-	
- Unlisted	811.848	811.848		811.848	811.848	
In other financial companies:	6.175	6.175		-	-	
- Listed	-	-		-	-	
- Unlisted	6.175	6.175		-	-	
Other:	7.500	7.500		7.500	7.500	
- Listed	-	-		-	-	
- Unlisted	7.500	7.500		7.500	7.500	
Total	825.523	825.523		819.348	819.348	

As indicated in the evaluation criteria, the participations are valued in the financial statements at their acquisition price, possibly adjusted in the presence of losses of value deemed permanent.

Table 6.3
Composition of item 80 "Holdings in group companies"

Items / Values	31/12/2024			31/12/2023		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
In banks:	-	-		-	-	
- Listed	-	-		-	-	
- Unlisted	-	-		-	-	
In other financial companies:	453.651	453.651		453.651	453.651	
- Listed	-	-		-	-	
- Unlisted	453.651	453.651		453.651	453.651	
Other:	-	-		-	-	
- Listed	-	-		-	-	
- Unlisted	-	-		-	-	
Total	453.651	453.651		453.651	453.651	

The holdings in companies belonging to the Banca Sammarinese di Investimento S.P.A. group are also valued in the financial statements based on the acquisition price.

Table 6.4
Annual changes in item 70 "Holdings"

	31/12/2024
A) Opening balance	819.348
B) Increases:	6.175
B1. Purchases	6.000
B2. Write backs	-
B3. Revaluations	-
B4. Other changes	175
C) Decreases:	-
C1. Sales	-
C2. Value adjustments	-
of which permanent write-downs	-
C3. Other changes	-
D) Closing balance	825.523
E) Total revaluations	-
F) Total adjustments	-

With regard to the movement of the item "Holdings", reference is made to the notes at the bottom of table 6.1.

Table 6.5
Annual changes of item 80 "Holdings in group companies"

	31/12/2024
A) Opening balance	453.651
B) Increases:	-
B1. Purchases	-
B2. Write backs	-
B3. Revaluations	-
B4. Other changes	-
C) Decreases:	-
C1. Sales	-
C2. Value adjustments	-
of which permanent write-downs	-
C3. Other changes	-
D) Closing balance	453.651

During the financial year, no changes are reported regarding the valuation of holdings in group companies.

Table 6.6
Assets and liabilities to holdings (item 70)

	31/12/2024
Assets:	101.081.661
- Loans to banks	100.550.060
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Loans to other financial companies	-
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Loans to other companies	531.601
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Bonds and other debt financial instruments	-
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
Liabilities:	7.146
- Debts with banks	6.090
of which to related undertakings	-
- Debts with other companies	1.056
of which to related undertakings	-
- Debts represented by financial instruments	-
of which to related undertakings	-
- Subordinated liabilities	-
of which to related undertakings	-
Guarantees and commitments:	-
- Guarantees given	-
- Commitments	-

The breakdown of the assets and liabilities by investee company is shown below:

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- "Loans to banks": correspondent current accounts and term deposits;
- "Debts with banks": free deposit for crediting the POS settlement of the Tax Collection Department.

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- "Loans to other companies": receivables relating to a real estate leasing contract and to shareholder financing;
- "Debts with other companies": current account relationship.

There are no activities and liabilities towards other affiliated companies not previously mentioned.

Table 6.7
Assets and liabilities to holdings in group companies (item 80)

	31/12/2024
Assets:	414.388
- Loans to banks	-
of which subordinates	-
- Loans to other financial companies	414.388
of which subordinates	-
- Loans to other companies	-
of which subordinates	-
- Bonds and other debt financial instruments	-
of which subordinates	-
Liabilities:	968.863
- Debts with banks	-
- Debts with other companies	968.863
- Debts represented by financial instruments	-
- Subordinated liabilities	-
Guarantees and commitments:	-
- Guarantees given	-
- Commitments	-

The item "Loans to banks" includes the balances of current account and electronic money relationships held with the investee company 739 S.G., while the item "Loans to other financial companies" includes loans deriving from services provided by the subsidiary.

7. Intangible fixed assets (item 90 of assets)

Table 7.1
Description and changes of item 90 “Intangible fixed assets”

Annual variations	31/12/2024	Leased assets	of which assets to be leased	Assets resulting from annulled lease contracts	of which for breach by tenant	Assets available from credit recovery	of which assets available for credit termination through settlement agreement	Start-up costs	Establishment costs	Other intangible fixed assets
A) Opening balance	539.346	-	-	-	-	-	-	-	-	539.346
B) Increases:	26.301	-	-	-	-	-	-	-	-	26.301
B1. Purchases	26.301	-	-	-	-	-	-	-	-	26.301
B2. Value recoveries	-	-	-	-	-	-	-	-	-	-
of which for credit rating	-	-	-	-	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-	-
B4. Other variations	-	-	-	-	-	-	-	-	-	-
C) Decreases	179.441	-	-	-	-	-	-	-	-	179.441
C1. Sales	-	-	-	-	-	-	-	-	-	-
C2. Value adjustments	179.441	-	-	-	-	-	-	-	-	179.441
of which depreciations	179.441	-	-	-	-	-	-	-	-	179.441
of which lasting devaluations	-	-	-	-	-	-	-	-	-	-
of which for credit rating	-	-	-	-	-	-	-	-	-	-
C3. Other variations	-	-	-	-	-	-	-	-	-	-
D) Closing balance	386.206	-	-	-	-	-	-	-	-	386.206

This table shows the changes in intangible fixed assets entered in the balance sheet at their purchase cost net of constant portions of direct depreciation.

In the item “Purchases” mainly the project costs related to the new issuances of single-brand Mastercard and Bancomat debit cards are listed.

Table 7.2
Description of item 90 "Intangible fixed assets"

Items / Values	31/12/2024			31/12/2023		
	Purchase price / Production cost	Book value	Fair value	Purchase price / Production cost	Book value	Fair value
A) Financial lease	-	-		-	-	
of which assets to be leased	-	-		-	-	
B) Assets resulting from annulled lease contracts	-	-		-	-	
of which for breach by tenant	-	-		-	-	
C) Assets available from credit recovery	-	-		-	-	
of which assets available for credit termination through settlement agreement	-	-		-	-	
D) Goodwill	-	-		-	-	
E) Start-up costs	-	-		-	-	
F) Other intangible fixed assets	971.332	386.206		1.276.275	539.346	
Total	971.332	386.206		1.276.275	539.346	

The purchase price corresponds to the cost incurred for the acquisition of intangible assets that are still being amortized.

8. Tangible fixed assets (item 100 of assets)

Table 8.1
Description and changes of item 100 "Tangible fixed assets"

Annual variations	31/12/2024	Financial lease	of which assets to be leased	Assets resulting from annulled lease contracts	of which for breach by tenant	Assets available from credit recovery	of which assets available for credit termination through settlement agreement	Lands and buildings	Other tangible fixed assets
A) Opening balance	38.329.562	30.077.462	150.175	140.021	140.021	-	-	7.337.144	774.935
B) Increases:	27.046.830	24.185.948	8.745.789	1.701.142	1.701.142	1.068.243	1.068.243	-	91.497
B1. Purchases	15.805.905	14.646.405	-	-	-	1.068.243	1.068.243	-	91.257
B2. Value recoveries	793.752	793.752	-	-	-	-	-	-	-
of which for credit rating	793.752	793.752	-	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-
B4. Other variations	10.447.173	8.745.791	8.745.789	1.701.142	1.701.142	-	-	-	240
C) Decreases:	22.374.160	21.294.885	8.727.709	668.787	668.787	-	-	197.692	212.796
C1. Sales	2.579.896	1.920.009	-	644.002	644.002	-	-	-	15.885
C2. Value adjustments	9.355.394	8.936.006	91	24.785	24.785	-	-	197.692	196.911
of which depreciations	9.330.518	8.935.915	-	-	-	-	-	197.692	196.911
of which lasting devaluations	-	-	-	-	-	-	-	-	-
of which for credit rating	24.876	91	91	24.785	24.785	-	-	-	-
C3. Other variations	10.438.870	10.438.870	8.727.618	-	-	-	-	-	-
D) Closing balance	43.002.232	32.968.525	168.255	1.172.376	1.172.376	1.068.243	1.068.243	7.139.452	653.636

The table shows the changes in tangible fixed assets entered in the balance sheet at their purchase cost net of the related depreciation fund.

The present table includes the assets subject to financial leasing and awaiting financial leasing for lease resolution for their residual credit, possibly adjusted to take into account possible adjustments and/or recoveries of value on the credit exposure in relation to the evolution of the repayment capacity and the economic and asset situation of the lessee and any guarantors ("for creditworthiness").

In the item "Assets resulting from annulled lease contracts" the amount of resolved leases is recorded, for which the right of the former lessor to the capital gain remains. If the resolution is due to the lessee's default, this has been recorded in the relevant "of which for breach by tenant".

The item "Assets available from credit recovery" includes the value of tangible assets in the full availability of the Institute, availability arising from their datio in solutum for assignment to the creditor post judicial enforcement of the guarantee or for extinguishing settlement agreements of the credit. The latter are indicated to be included in the relevant "of which assets available for credit termination through settlement agreement".

In the column "Other fixed assets" the values at the end of the year of furniture and fittings, electrical and electronic

machines, equipment, and vehicles instrumental to the exercise of the activity are included.

Table 8.2
Description of item 100 "Intangible fixed assets"

Items / Values	31/12/2024			31/12/2023		
	Purchase price / Production cost	Book value	Fair value	Purchase price / Production cost	Book value	Fair value
A) Financial lease	84.630.715	32.968.525		83.850.253	30.077.462	
of which assets to be leased	797.684	168.255		3.219.133	150.175	
B) Assets resulting from annulled lease contracts	1.458.873	1.172.376		401.734	140.021	
of which for breach by tenant	1.458.873	1.172.376		401.734	140.021	
C) Assets available from credit recovery	1.068.243	1.068.243		-	-	
of which assets available for credit termination through settlement agreement	1.068.243	1.068.243		-	-	
D) Lands and buildings	8.479.719	7.139.452		8.479.719	7.337.144	
E) Other tangible fixed assets	3.175.799	653.636		3.121.501	774.935	
Total	98.813.349	43.002.232		95.853.207	38.329.562	

The purchase price corresponds to the cost incurred for the acquisition of each tangible fixed asset, still held in the bank's asset archive and increased by any accessory charges.

Table 8.3
Assets available from credit recovery

Items / Values	31/12/2024		31/12/2023	
	Book Value	Fair value	Book Value	Fair value
A) Assets available from credit recovery deriving from financial lease contracts:	-		-	
A1. Real estate	-		-	
of which for residential use	-		-	
of which for non-residential use	-		-	
A2. Movable assets	-		-	
of which vehicles	-		-	
of which aircraft	-		-	
of which other	-		-	
B) Assets available from credit recovery deriving from financial lease contracts:	1.068.243		-	
B1. Real estate	1.068.243		-	
of which for residential use	-		-	
of which for non-residential use	1.068.243		-	
B2. Movable assets	-		-	
of which vehicles	-		-	
of which aircraft	-		-	
of which other	-		-	
Total	1.068.243		-	

Following the proposal for the resolution of a debtor exposure of a client towards San Marino credit system, an agreement has been reached between the parties that has been formalized, in our case, in a settlement agreement for the transfer *datio in solutum* of the ownership of a non-residential property located in San Marino (quota 13/20) and reported in the balance sheet based on the appraisal value related to the relevant quota.

Table 8.4
Leasing to credit institutions and customers (residual capital credit and rents overdue)

Items / Values	Total at 31/12/2024	of which leasing to credit institutions	of which leasing to customers
Leasing - Total	34.373.401	-	34.373.401
A) of which for rents overdue	232.500	-	232.500
B) of which residual capital credit:	34.140.901	-	34.140.901
B1. Intangible fixed assets	-	-	-
- Financial lease	-	-	-
- Assets resulting from annulled lease contracts	-	-	-
B2. Tangible fixed assets	34.140.901	-	34.140.901
- Financial lease	32.968.525	-	32.968.525
- Assets resulting from annulled lease contracts	1.172.376	-	1.172.376

All financial lease contracts are made with private clients different from credit institutions.

9. Subscribed capital not paid in (item 110 of assets)

Table 9.1
Composition of item 110 “Subscribed capital not paid in”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Subscribed capital not paid in	-	-	-	-
of which called capital	-	-	-	-

The share capital is fully subscribed and paid up.

10. Transactions on own shares (item 120 of assets)

Table 10.1
Composition of social shares

	Number of shares	% on capital	Nominal value	Negotiation amount
Values at 31/12/2023	-	0,00%	-	-
Purchases	1.000	4,65%	1.000.000	3.229.625
Sales	1.000	4,65%	1.000.000	3.229.625
Values at 31/12/2024	-	0,00%	-	-
				Profit/loss
Negotiation profit/loss on own shares				-

The following is reported on the movements that occurred during the year in the item:

- repurchase of No. 1,000 shares from a partner following a judicial award at a total price of Euro 3,229,625 (nominal Euro 1 million);
- cancellation of all treasury shares held through a reduction of share capital and use of reserves.

The operations are in accordance with the shareholders' resolution of 18/12/2024 and overall have not resulted in any profit or loss from trading in own shares.

11. Other assets (item 130 of assets)

Table 11.1
Composition of item 130 "Other assets"

	31/12/2024	31/12/2023
Maintenance margins	-	-
Premiums paid for options	-	-
Other	42.013.358	39.944.119
of which other Debtors:	38.890.768	37.348.694
- Effects from SBF customers	17.420.932	16.779.542
- Effects after collection from customers	6.870.274	4.787.503
- Effects received from correspondent banks	5.364.507	5.828.285
- Illiquid effects	3.562.281	5.012.810
- IGR advances and withholding of the Tax Office	3.404.256	2.044.958
- Transitional accounts and items to be settled	1.855.418	1.344.896
- Loans to investee companies	413.100	395.700
- Suppliers in litigation	-	1.155.000
of which Deferred tax assets	-	-
of which Other related accounting items:	60.915	60.915
- Foreign securities tax credit	60.915	60.915
of which Other:	3.061.675	2.534.510
- Tax Credit Legislative Decree No. 72/2013	1.242.071	1.319.700
- Security deposits	820.150	820.150
- Other items	999.454	394.660
Total	42.013.358	39.944.119

The item "Tax Credit Legislative Decree No. 72/2013" includes the tax credit recognized by the Tax Office of the Republic of San Marino with Letter prot. No. 18216/2022/DG dated 21/02/2022 resulting from the Final Report of the Supervisory Committee pursuant to art. 7 of Law No. 223/2020. It should be noted that this tax credit derives from the loss recognized on the basis of the valuation at the certified NAV as at 31/12/2020 of Scudo Odisseo, a fund recognized in the financial statements following the block acquisition of assets and liabilities of Banca Nazionale Sammarinese (former Banca CIS). The Bank may use this credit to the extent of 5% of the final credit for each fiscal year. During 2024, the Bank used this credit to offset General Income Tax (IGR) withholdings of Euro 77,629.

In consideration of the contractual commitment undertaken by BNS and with the aim of sterilizing the economic impact deriving from the recording of capital losses deriving from the reduction of the NAV of the Odisseo Fund, San Marino banks communicated to former BNS S.p.A. Asset Management Company, through ABS, the booking of a credit towards such company for an amount corresponding to the capital losses recorded on the Fund. As at 31/12/2024, receivables due from this company amount to Euro 393,466 and are included in the table under item "Other items".

The item "Security deposits" includes a security deposit of Euro 750,000 for any penalties, as part of a proceeding in the preliminary phase pending before the Correctionnel Court of Marseilles, as well as a security deposit opened with the company SIAPay S.r.l. for the accounting settlement of postal payment slips collected by Poste San Marino S.p.A.

In the subheading "Suppliers in litigation", the discharge of the amount is recorded following the use of a portion of the "Legal action fund" under item 70 of the Liabilities and based on a mediation agreement with the supplier Enterprise S.P.A.

12. Accrued revenues and deferred expenses (item 140 of assets)

Table 12.1
Composition of item 140 “Accrued revenues and deferred expenses”

	31/12/2024	31/12/2023
Accrued revenues:	186.339	173.153
- Commissions/Fees on acquiring transactions	132.393	125.795
- Commissions and custody fees	32.162	12.266
- Interest on derivatives	19.434	33.716
- Rental income	1.600	-
- Consumer credit practices	750	1.150
- Other items	-	226
Deferred expenses:	294.232	358.587
- Insurance premiums	119.322	113.607
- Commissions/Fees on issuing/acquiring transactions	70.756	70.833
- Network fees	61.431	116.582
- Rental expenses	19.881	20.982
- Consumables	13.858	27.039
- Service benefits	7.660	7.967
- Other items	1.324	1.577
Total	480.571	531.740

With particular reference to this item, it should be noted that the Bank directly increased or decreased, where possible, the asset accounts to which accruals and prepayments refer as required by art. IV.1.14 of CBSM Regulation No. 2016/02.

SECTION C - INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES - LIABILITIES

13. Debts with banks (item 10 of liabilities)

Table 13.1
Description of item 10 “Debts with banks”

	31/12/2024			31/12/2023		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
A) Sight debts:	713.088	-	713.088	952.777	-	952.777
A1. Reciprocal accounts opened for services rendered	706.998	-	706.998	683.702	-	683.702
A2. Demand deposits	6.090	-	6.090	269.075	-	269.075
A3. Other	-	-	-	-	-	-
B) Term or notice debts:	-	-	-	-	1.375.098	1.375.098
B1. Bank overdrafts	-	-	-	-	-	-
B2. Term deposits	-	-	-	-	1.375.098	1.375.098
B3. Repos and reverse repos	-	-	-	-	-	-
B4. Other loans	-	-	-	-	-	-
Total	713.088	-	713.088	952.777	1.375.098	2.327.875

The table shows the debts that the Institute has towards other credit institutions by technical type.

The change in the item “B2. Term deposits” is attributable to term loans in currencies other than the Euro granted by credit institutions and settled during the year.

14. Debts with customers (item 20 of liabilities)

Table 14.1
Description of item 20 “Debts with customers”

	31/12/2024			31/12/2023		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
A) Sight:	455.442.521	6.744.058	462.186.579	449.097.681	3.987.156	453.084.837
A1. Overdrawn current accounts	453.619.370	6.744.058	460.363.428	447.339.855	3.987.156	451.327.011
A2. Sight savings deposits	359.649	-	359.649	434.939	-	434.939
A3. Other	1.463.502	-	1.463.502	1.322.887	-	1.322.887
B) Term or notice debts:	194.842.360	1.762.063	196.604.423	152.870.408	1.576.505	154.446.913
B1. Term overdrawn current accounts	-	-	-	-	-	-
B2. Time saving deposits	-	-	-	-	-	-
B3. Repos and reverse repos	99.114.659	-	99.114.659	81.869.825	-	81.869.825
B4. Other funds	95.727.701	1.762.063	97.489.764	71.000.583	1.576.505	72.577.088
Total	650.284.881	8.506.121	658.791.002	601.968.089	5.563.661	607.531.750

All amounts due to customers, regardless of their technical form, are posted in this table, except for those represented by financial instruments which must be included in Liability item 30.

Item “A) Sight” includes the credit balances of current accounts, savings deposits as well as the cash on prepaid cards issued by the Bank.

Item “B) Term or notice debts” shows balances relating to repurchase agreements and term deposits.

Table 14.2
Payables for electronic money

	31/12/2024	31/12/2023
For nominative instruments:	1.460.809	1.320.194
- of which rechargeable	1.460.809	1.320.194
- of which not rechargeable	-	-
For anonymous tools	-	-
Total	1.460.809	1.320.194

15. Debts represented by financial instruments (item 30 of liabilities)

Table 15.1
Composition of debts represented by financial instruments

	31/12/2024			31/12/2023		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
Bonds	-	-	-	-	-	-
of which held by credit institutions	-	-	-	-	-	-
Certificates of deposit	116.174.422	-	116.174.422	123.180.952	-	123.180.952
of which held by credit institutions	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-
of which acceptances traded	-	-	-	-	-	-
of which outstanding bills	-	-	-	-	-	-
of which atypical securities	-	-	-	-	-	-
Total	116.174.422	-	116.174.422	123.180.952	-	123.180.952

16. Other liabilities (item 40 of liabilities)

Table 16.1
Composition of item 40 "Other liabilities"

	31/12/2024	31/12/2023
Maintenance margins	-	-
Premiums received for options	-	-
Cheques in circulation and similar securities	1.551.500	1.161.964
Other	41.286.873	42.325.142
of which other Creditors:	1.704.292	2.534.131
- Supplier invoices to be received	921.326	752.266
- Payables to suppliers	342.569	714.112
- Employees salary account	304.099	269.842
- Payables to I.S.S.\FONDISS	120.809	211.396
- Sums in favour of third parties	10.724	582.160
- Payables to F.S.S.	3.687	3.344
- Payables to Trade Union Centres	1.078	1.011
of which Other:	39.582.581	39.791.011
- Transferor of SBF effects	25.379.195	25.450.895
- Transferors of after-collection effects	12.398.805	10.201.772
- Due to Tax Office	1.686.663	1.517.478
- Transitional accounts and items to be settled	117.918	2.620.866
Total	42.838.373	43.487.106

17. Accrued expenses and deferred revenues (item 50 of liabilities)

Table 17.1
Composition of item 50 “Accrued expenses and deferred revenues”

	31/12/2024	31/12/2023
Accrued expenses:	199.231	185.788
- Employee supplementary remuneration	193.669	178.669
- Derivative contracts	5.398	6.966
- Other items	164	153
Deferred revenues:	105.124	109.373
- Fees on endorsement loans	57.445	45.656
- Active rentals	19.973	20.000
- Foreign documentary credit commissions	17.265	5.839
- Interests on consumer credit practices	10.441	11.918
- Safe deposit box fees	-	25.960
Total	304.355	295.161

It should be noted that the Bank directly increased or decreased the liability accounts to which the accruals and deferrals refer as provided for by art. IV.I.14 of CBSM Regulation No. 2016/02.

18. Funds (items 60 - 70 - 80 of liabilities)

Table 18.1
Changes of item 60 "Staff retirement allowances"

	31/12/2024	31/12/2023
Opening balance	328.944	307.494
Increases:	367.763	334.157
- Provisions	367.763	334.157
- Other variations	-	-
Decreases:	335.193	312.707
- Uses	335.193	312.707
- Other variations	-	-
Closing balance	361.514	328.944

As required by current legislation, the severance allowance is paid annually to the employees of the Bank. Therefore, the current balance coincides with the portion relating to the current year to be settled by 2025.

Table 18.2
Composition of item 70 "Risks and costs funds"

Composition:	31/12/2024	31/12/2023
Retirement and similar costs fund	-	-
Taxes and fees funds	3.383.876	3.195.409
Other funds:	1.072.890	2.316.485
- Provision for legal disputes	740.540	2.000.000
- Fund for paid and unused leave	289.494	272.754
- Provision for payment card dispute risks	42.856	43.731
Total	4.456.766	5.511.894

Below are details of the "Other funds" in place at the end of the financial year:

- the "Provision for legal disputes" was established to cover the risks and legal charges associated with the case pending before the Court of Marseille, currently in the preliminary investigation phase;
- the "Fund for paid and unused leave" is valued on the basis of the remaining holiday hours at the end of the financial year not used by employees;
- the "Provision for payment card dispute risk" was created to cover any risks connected to complaints and/or disputes by customers regarding the operation of payment instruments.

No further liabilities are currently expected.

Table 18.3
Changes of “Taxes and fees reserves”

	31/12/2024	31/12/2023
Opening balance	3.195.409	1.612.048
Increases:	3.383.876	3.195.409
- Provisions	3.383.876	2.939.408
- Other variations	-	256.001
Decreases:	3.195.409	1.612.048
- Uses	3.195.409	1.612.048
- Other variations	-	-
Closing balance	3.383.876	3.195.409

In the item “Provisions”, the provision for the year to the “Fund for taxes and duties” is recorded based on the results related to the IGR tax return of the year.

In the item “Uses”, the payment to the Treasury of the balancing tax related to the resubmission of the IGR declaration for the year 2020 as well as that relating to the year 2023 is recorded.

Table 18.4
Changes of sub-item c) “Other provisions”

	31/12/2024	31/12/2023
Opening balance	2.316.485	1.330.772
Increases:	87.229	1.109.565
- Provisions	87.229	1.059.565
- Other variations	-	50.000
Decreases:	1.330.824	123.852
- Uses	1.327.824	73.852
- Other variations	3.000	50.000
Closing balance	1.072.890	2.316.485

The table highlights the movements that occurred during the year relating to the funds included in the item “Other funds” and in particular:

- provision to the “Provision for legal disputes” for Euro 1,259,460 to cover the risk relating to the dispute with suppliers;
- provisions and uses of the “Fund for paid and unused leave” for Euro 84,229 and Euro 67,489 respectively;
- allocation and other variations of the “Provision for the write-down of receivables for guarantees and commitments” for Euro 3,000;
- use of the “Provision for payment card dispute risk” for Euro 875.

Table 18.5
Changes of item 80 "Funds for possible loan losses"

	31/12/2024	31/12/2023
Opening balance	767.938	-
Increases:	1.407.312	767.938
- Provisions	1.407.312	767.938
- Other variations	-	-
Decreases:	273.655	-
- Uses	273.655	-
- Other variations	-	-
Closing balance	1.901.595	767.938

Following the resolutions of the Board of Directors, the Institute, through a provision made under item 130 of the Income Statement amounting to Euro 1,407,312, prudentially established a non-adjusting credit risk fund for the Assets items in order to deal with any credit risks. This fund was created following the recent entry into force of Circular No. 2023/01 regarding minimum coverage of impaired credit exposures and the new taxonomy of credit exposures.

During the financial year, a partial use of this fund is recorded for Euro 273,655 to cover impaired credit exposures classified as non-performing.

19. Fund for general financial risks, Subordinated liabilities, Corporate capital, Issue premiums, Reserves, Revaluation reserve, Profits (losses) carried forward and Profit (loss) for the financial year (items 90 - 100 - 110 - 120 - 130 - 140 - 150 - 160 of liabilities)

Table 19.1
Composition of items 90 “Fund for general financial risks”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Opening balance	5.000.000	5.000.000	-	-
Contributions in the year	-	-	-	-
Uses in the year	-	-	-	-
Closing balance	5.000.000	5.000.000	-	-

No movements are recorded during the financial year for the “Fund for general financial risks”.

Table 19.2
Composition of item 100 “Subordinated liabilities”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Subordinated liabilities	-	-	-	-
of which held by credit institutions	-	-	-	-
of which hybrid capitalization instruments	-	-	-	-

Table not valued as data not present.

Table 19.3
Composition of item 110 “Corporate capital”

	31/12/2024			31/12/2023			Variations	
	Number of shares	Nominal value	Total value	Number of shares	Nominal value	Total value	Amount	%
Ordinary	25.000	1.000	25.000.000	21.500	1.000	21.500.000	3.500.000	16,28%
Total	25.000	1.000	25.000.000	21.500	1.000	21.500.000	3.500.000	16,28%

Based on the Shareholders’ Resolution of 18/12/2024, the Institute repurchased from a shareholder n. 1,000 own shares proceeding with their cancellation and issuing free of charge No. 4,500 new shares allocated to shareholders in proportion to their respective participation in the capital.

Table 19.4
Composition of item 120 "Issue premiums"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Issue premiums	-	-	-	-

Table not valued as data not present.

Table 19.5
Composition of item 130 "Reserves"

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Ordinary or legal reserve	10.335.243	7.255.630	3.079.613	42,44%
B) Reserve for own shares or quotas	-	-	-	-
C) Statutory reserves	-	-	-	-
D) Other reserves	12.001.207	14.273.307	(2.272.100)	(15,92%)
Total	22.336.450	21.528.937	807.513	3,75%

Item "A) Ordinary or legal reserve" represents the compulsory allocation required by the CBSM Regulation 2007-07. The item "D) Other reserves" contains:

- the restricted reserve relating to the detaxation of reinvested profits pursuant to Law No. 166/2013 art. 63 equal to Euro 1,080,497;
- the distributable reserves available to the Shareholders' Meeting for Euro 10,920,710.

The variations that occurred in the reserve items are mainly related to the operation of the free capital increase, which will be further detailed at the bottom of table 19.10.

Table 19.6
Composition of item 140 "Revaluation reserve"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Revaluation reserve	-	1.726.064	(1.726.064)	(100,00%)

At the end of the financial year, the "Revaluation reserve" was made up as follows:

- revaluation of the property used as the registered and operational headquarters of the Institute, located in Via Monaldo da Falciano No. 3, Falciano (San Marino), and registered in the reserve net of the 5% substitute tax as required by art. 22 of Law No. 113/2020 for Euro 744,614 (Board of Directors resolution of 09/09/2020);
- revaluation of the property used as the registered and operational headquarters of the Institute, located in Via Monaldo da Falciano No. 3, Falciano (San Marino), and registered in the reserve net of the 5% substitute tax as

required by art. 16 of Law No. 171/2022 for Euro 568,108 (Board of Directors resolution of 25/01/2023);

- revaluation of the property located in Piazza Marino Tini No. 2, Dogana (San Marino), registered in the reserve net of the 5% substitute tax as required by art. 16 of Law No. 171/2022 for Euro 413,342 (Board of Directors resolution of 25/01/2023).

The "Revaluation Reserve" previously described has been fully utilized in the context of the free capital increase operation of the company's share capital.

Table 19.7
Composition of item 150 "Profits (losses) carried forward"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Profits (Losses) for the financial year	-	-	-	-

Table not valued as data not present.

Table 19.8
Composition of item 160 "Profits (losses) for the financial year"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Profits (Losses) for the financial year	17.986.437	17.046.073	940.364	5,52%

Table 19.9
Composition to the net equity in the last 4 years

	31/12/2024	31/12/2023	31/12/2022	31/12/2021
Corporate capital	25.000.000	21.500.000	21.500.000	21.500.000
Uncalled capital	-	-	-	-
Issue premiums	-	-	-	-
Ordinary or legal reserve	10.335.243	7.255.630	5.715.471	4.104.015
Other reserves	12.001.207	14.273.307	12.512.669	9.516.844
Operating result	17.986.437	17.046.073	7.700.797	8.057.281
Profits (Losses) carried forward	-	-	-	-
Fund for general financial risks	5.000.000	5.000.000	5.000.000	5.000.000
Revaluation reserve	-	1.726.064	744.614	744.614
Total	70.322.887	66.801.074	53.173.551	48.922.754

Table 19.10
Statement of changes in net equity

	Opening balance	Allocation of the previous year's result		Changes of the year				Net equity at 31/12/2024
		Reserves	Dividends and other destinations	Changes in reserves	Issuance of new shares	Changes in participatory interests	Other variations	
Subscribed and paid-up capital:	21.500.000			-	4.500.000	-	(1.000.000)	25.000.000
- ordinary shares	21.500.000			-	4.500.000	-	(1.000.000)	25.000.000
- other shares	-			-	-	-	-	-
Issue premiums	-			-	-	-	-	-
Reserves:	21.528.937	7.046.073		(6.238.560)	-	-	-	22.336.450
- ordinary or legal	7.255.630	3.409.215		(329.602)	-	-	-	10.335.243
- other	14.273.307	3.636.858		(5.908.958)	-	-	-	12.001.207
Profit (Loss) for the financial year	17.046.073	(7.046.073)	(10.000.000)					17.986.437
Fund for general financial risks	5.000.000						-	5.000.000
Revaluation reserve	1.726.064			(1.726.064)		-	-	-
Net equity	66.801.074	-	(10.000.000)	(7.964.624)	4.500.000	-	(1.000.000)	70.322.887

This table represents the movement of the Institute's equity during the financial year.

The profit for the financial year 2023 (Euro 17,046,073) has been partially allocated to reserves (Euro 7,046,073) and partially distributed to the shareholders (Euro 10,000,000) as per the shareholders' resolution of 13/05/2024.

During the year, the distribution of the earmarked reserve in favour of employee manager shareholders for Euro 1,235,000 was also carried out.

Regarding the operation of the free capital increase of Euro 4,500,000 previously commented on, the following movements are noted:

- reduction of the share capital by Euro 1,000,000 following the cancellation of treasury shares acquired by the shareholder and the related reduction of the treasury shares reserve;
- issuance of new shares free of charge for Euro 4,500,000 through the use of the following equity reserves:
 - full use of the "Revaluation Reserve" for Euro 1,726,064;
 - full use of the reserve established based on the provisions of BCSM letter Prot. No. 20/13417 of 22/12/2020 with the exclusive purpose of increasing the share capital for Euro 2,444,334;
 - partial use of the ordinary reserve for Euro 329,602.

Table 19.11
Composition of Saving Collection by business sector

	31/12/2024	31/12/2023
A) Public administrations	139.155.120	127.312.592
B) Financial companies other than credit institutions:	29.440.988	31.779.855
B1. Monetary financial institutions (other than credit institutions)	-	-
B2. Investment funds other than money market funds	22.131.431	27.574.615
B3. Other financial companies	7.216.659	4.107.126
B4. Insurance companies	92.898	98.114
B5. Pension funds	-	-
C) Non-financial companies:	190.902.081	144.293.817
of which persons deleted from the Register of Authorized Entities	993.477	1.030.013
C1. Industry	55.808.590	46.651.485
C2. Building	3.758.928	3.822.342
C3. Services	128.191.392	91.653.517
C4. Other non-financial companies	3.143.171	2.166.473
D) Households and non-profit institutions serving households	417.018.735	428.488.402
D1. Consumer families	404.146.918	414.408.763
D2. Non-profit institutions serving households	12.871.817	14.079.639
E) Other	-	-
Total	776.516.924	731.874.666

SECTION D – INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES – GUARANTEES AND COMMITMENTS

20. Guarantees and commitments

Table 20.1
Composition of “guarantees issued”

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Endorsement credits of a trade nature	9.164.370	8.103.640	1.060.730	13,09%
B) Endorsement credits of a financial nature	2.775.449	2.709.505	65.944	2,43%
C) Assets set up as collateral:	21.366.890	22.584.442	(1.217.552)	(5,39%)
- of third party bonds	124.000	124.000	-	-
- of own bonds	21.242.890	22.460.442	(1.217.552)	(5,42%)
Total	33.306.709	33.397.587	(90.878)	(0,27%)

Item “C) Assets set up as collateral – of third party bonds” includes mortgage guarantees given on behalf of third parties in relation to restructured loans and leased assets.

Item “C) Assets set up as collateral – of own bonds ” includes guarantees given to:

- BFF Bank (Euro 1,644,374) for the use of transmission services for the payment system;
- Cassa Centrale Banca (Euro 14,717,321) and Banca Popolare di Sondrio (Euro 4,881,195) for foreign operations.

These guarantees can be issued both in the form of financial instruments and liquidity and the nature of their composition is explained in table 20.5 “Loans guarantees to assume the debts”. They are lent not against a debt already incurred but against the possibility that the debt may emerge.

Table 20.2
Composition of unsecured loans

	31/12/2024	31/12/2023	Variations Amount	%
A) Credit commitments of a trade nature:	9.164.370	8.103.640	1.060.730	13,09%
A1. Acceptances	110.329	126.275	(15.946)	(12,63%)
A2. Guarantees and endorsements	5.902.795	5.847.958	54.837	0,94%
A3. Strong comfort letter	-	-	-	-
A4. Other	3.151.246	2.129.407	1.021.839	47,99%
B) Credit commitments of a financial nature:	2.775.449	2.709.505	65.944	2,43%
B1. Acceptances	-	-	-	-
B2. Guarantees and endorsements	2.775.449	2.709.505	65.944	2,43%
B3. Strong comfort letter	-	-	-	-
B4. Other	-	-	-	-
Total	11.939.819	10.813.145	1.126.674	10,42%

Table 20.3
Situation of unsecured loans to credit institutions

	31/12/2024			31/12/2023		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
A) Doubtful loans	-	-	-	-	-	-
of which non-performing loans	-	-	-	-	-	-
of which substandard loans	-	-	-	-	-	-
of which overdue and/or overdrawn loans	-	-	-	-	-	-
B) Performing loans	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table not valued as data not present.

Table 20.4
Situation of unsecured loans to customers

	31/12/2024			31/12/2023		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
A) Doubtful loans	-	-	-	-	-	-
of which non-performing loans	-	-	-	-	-	-
of which substandard loans	-	-	-	-	-	-
of which overdue and/or overdrawn loans	-	-	-	-	-	-
B) Performing loans	11.939.819	-	11.939.819	10.813.145	-	10.813.145
Total	11.939.819	-	11.939.819	10.813.145	-	10.813.145

Table 20.5
Loans guarantees to assume the debts

Liabilities	Amounts of collateral assets
Debts with banks	21.242.890

The assets pledged as collateral for own bonds already described in table 20.1 are valued in this table at market value and are represented by financial instruments entered under item 50 of Assets "Bonds and other debt financial instruments". These securities are deposited as security with the counterparties.

Table 20.6
Margin loans on credit lines

	31/12/2024	31/12/2023
A) Central Banks	-	-
B) Other banks	-	-
C) Other financial companies	-	-
Total	-	-

Table not valued as data not present.

Table 20.7
Composition of “spot commitments”

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Commitments to grant finance certain to be called on	-	-	-	-
of which commitments for financing to be granted	-	-	-	-
B) Commitments to exchange financial instruments certain to be called on	-	-	-	-
C) Commitments to grant finance not certain to be called on	5.034.132	673.866	4.360.266	647,05%
of which passive margins usable on credit lines	5.034.132	673.866	4.360.266	647,05%
of which put option issued	-	-	-	-
D) Commitments to exchange financial instruments not certain to be called on	-	-	-	-
E) Other commitments	-	-	-	-
Total	5.034.132	673.866	4.360.266	647,05%

The item “C) Commitments to grant finance not certain to be called on” includes the available margins that can be used on credit lines granted by the Bank to customers.

Table 20.8
Forward commitments

Operation category	Coverage	Negotiation	Other transactions
1. Trades	-	6.123	-
1.1 Financial instruments	-	6.123	-
- purchases	-	3.062	-
- sales	-	3.061	-
1.2 Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
2. Deposits and loans	-	-	-
- to be given	-	-	-
- to be received	-	-	-
3. Derivative contracts	15.296.435	-	-
3.1 With exchange of capital	-	-	-
a) Securities	-	-	-
- purchases	-	-	-
- sales	-	-	-
b) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
c) Other values	-	-	-
- purchases	-	-	-
- sales	-	-	-
3.2 Without exchange of capital	15.296.435	-	-
a) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
b) Other values	15.296.435	-	-
- purchases	15.296.435	-	-
- sales	-	-	-

The item “1. Trades” shows all the off-balance sheet transactions in place at the end of the year relating to forward purchase contracts not yet settled. The contracts providing for the exchange of two currencies were indicated referring only to the currency to be purchased.

In the item “3. Derivative contracts” are attributable the nominal values of the reference capital of derivative contracts that involve or do not involve the forward exchange of capital. Interest rate derivatives are conventionally classified as purchases or sales depending on whether they involve the Institute in the purchase or sale of the fixed rate.

Table 20.9
Financial derivatives

Operation category	Coverage	Negotiation	Other transactions
1. Derivative contracts:	778.476	-	-
1.1 With exchange of capital:	-	-	-
a) Securities	-	-	-
- purchases	-	-	-
- sales	-	-	-
b) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
c) Other values	-	-	-
- purchases	-	-	-
- sales	-	-	-
1.2 Without exchange of capital:	778.476	-	-
a) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
b) Other values	778.476	-	-
- purchases	778.476	-	-
- sales	-	-	-

Financial derivative contracts refer exclusively to the hedging of interest rate risk on fixed-rate assets and are shown in this table at their market value according to the method indicated in art. I.I.2 point 44 of Regulation No. 2016/02.

Table 20.10
Credit derivatives

Operation category	Coverage	Negotiation	Other transactions
1. Protection purchases:	-	-	-
1.1 With exchange of capital	-	-	-
1.2 Without exchange of capital	-	-	-
2. Protection sales:	-	-	-
2.1 With exchange of capital	-	-	-
2.2 Without exchange of capital	-	-	-

Table not valued as data not present.

SECTION E - INFORMATION ABOUT THE STATEMENT OF ASSETS AND LIABILITIES – MEMORANDUM ACCOUNTS

21. Memorandum accounts

Table 21.1
Memorandum accounts

Items	31/12/2024	31/12/2023
1. Asset management:	157.415.527	270.165.497
a) Customer asset management	157.415.527	270.165.497
of which cash	15.887.519	33.211.559
of which cash deposited at the reporting institution	15.887.519	33.211.559
of which debt securities	96.291.179	166.974.925
of which debt securities issued by the reporting institution	-	-
of which debt securities issued by other San Marino credit institutions	-	-
of which capital securities and OIC shares	45.236.829	69.979.013
of which capital securities issued by the reporting institution	-	-
b) Portfolios managed by third parties	-	-
2. Custody and administration of financial instruments:	1.215.906.097	945.164.091
a) Deposited third parties securities	701.888.046	468.905.910
of which debt securities issued by the reporting institution	-	-
of which debt securities issued by other San Marino credit institutions	-	-
of which capital securities and other securities issued by the reporting institution	53.336.450	46.173.931
of which third-party financial instruments deposited with third parties	459.496.859	339.841.366
b) Owned securities deposit with third parties	514.018.051	476.258.181
3. Financial instruments, liquid assets and other assets related to custodian bank activity:	223.542.054	126.505.764
a) Cash	27.262.675	32.705.859
of which cash deposited by the reporting institution	22.131.431	27.574.615
b) Debt securities	187.762.590	92.876.593
of which debt securities issued by the reporting institution	-	-
of which debt securities issued by other San Marino credit institutions	-	-
c) Capital securities, OIC shares, other financial instruments	8.516.789	-
of which capital securities issued by the reporting institution	-	-
d) Assets other than financial instruments and cash	-	923.312

The decrease in item “1. Asset management” is to be attributed to the start of the disinvestment activities of the assets managed by BSI in favor of the subscription by customers of units of the open funds issued and managed by the subsidiary 739 S.G.

The item “2. a) Deposited third parties securities - of which capital securities and other securities issued by the reporting institution” includes the dematerialized shares of the Bank present in the managed dossiers of the shareholders and valued on the basis of the provisions of CBSM Prot. 22/ 2350. Therefore, the market value is determined as a fraction of the net worth.

The item “3. Financial instruments, liquid assets and other assets related to custodian bank activity” includes the activities connected to the investment funds managed by the subsidiary 739 S.G. of which our Institute is the custodian bank. In this item, it is noted, as a consequence of what was indicated previously in item 1, the increase in assets managed by the subsidiary 739 Società di Gestione S.P.A. by Euro 97 million (+76.7%).

Table 21.2
Mediation for third parties: execution of orders

Items	31/12/2024	31/12/2023
A) Purchases	480.071.639	250.792.286
of which purchases not settled at the reference date	-	1.968.206
B) Sales	124.037.538	64.095.479
of which sales not settled at the reference date	-	347.530

Table 21.3
Composition of Indirect Deposits by economic activity sector

	31/12/2024	31/12/2023
A) Public administrations	29.111.990	14.665.474
B) Financial companies:	252.270.095	161.994.546
B1. Monetary financial institutions	19.590.238	36.618.990
B2. Investment funds other than money market funds	201.410.623	98.007.837
B3. Other financial institutions	31.269.234	27.367.719
B4. Insurance companies	-	-
B5. Pension funds	-	-
C) Non-financial companies:	145.898.814	116.976.284
of which persons deleted from the Register of Authorized Entities	6.368.913	6.627.886
C1. Industry	12.333.975	13.201.014
C2. Building	993.765	866.176
C3. Services	129.879.812	101.400.938
C4. Other non-financial companies	2.691.262	1.508.156
D) Households and non-profit institutions serving households:	617.545.778	510.231.381
D1. Consumer families	614.256.645	508.075.757
D2. Non-profit institutions serving households	3.289.133	2.155.624
E) Other	-	-
Total	1.044.826.677	803.867.685

Table 21.4
Trust activity

	31/12/2024	31/12/2023
1. Transferable assets:	66.346.149	78.065.248
1.1 Financial instruments	60.614.461	73.891.534
1.2 Liquid assets	5.731.688	4.173.714
2. Company holdings:	-	-
2.1 Units or shares of joint-stock companies	-	-
2.2 Shareholders' loans	-	-
2.3 Liquid assets	-	-
3. Loans to third parties:	-	-
3.1 Financial instruments	-	-
3.2 Liquid assets	-	-
4. Other movable or intangible assets:	-	-
4.1 Movable or intangible assets	-	-
4.2 Liquid assets	-	-
5. Total of trust activity	66.346.149	78.065.248
5.1 of which total liquid assets	5.731.688	4.173.714

The reduction of the overall value of the fiduciary activity is mainly attributable to the closure of a fiduciary mandate and the simultaneous transfer of financial instruments to the fiduciaries.

Table 21.5
Assets held when acting as trustee

	31/12/2024	31/12/2023
A) Assets:		
A1. Cash and cash equivalents	-	-
A2. Loans	-	-
A3. Securities	-	-
A3.1 Debt securities	-	-
A3.2 Capital securities	-	-
A3.3 OIC	-	-
A3.4 Other	-	-
A4. Holdings	-	-
A5. Other financial assets	-	-
A6. Immovable assets	-	-
A7. Registered movable assets	-	-
A8. Other products and services	-	-
Total assets held in Trust	-	-
B) Liabilities:		
B1. Debts	-	-
B2. Other liabilities	-	-
Total liabilities held in Trust	-	-
C) Operating income and charges:		
C1. Income related to assets in Trust	-	-
C2. Charges related to assets in Trust	-	-
Difference between income and charges	-	-

Table not valued as data not present.

SECTION F - INFORMATION ABOUT THE PROFIT AND LOSS ACCOUNT

22. Interests (items 10 - 20 of the profit and loss account)

Table 22.1
Composition of item 10 "Interests received and proceeds"

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) On Treasury Securities and other financial instruments eligible for refinancing with central banks:	-	-	-	-
A1. Treasury Securities and other similar financial instruments	-	-	-	-
A2. Other financial instruments eligible for refinancing with central banks	-	-	-	-
B) On inter-bank loans:	2.737.788	3.657.542	(919.754)	(25,15%)
B1. Current accounts	2.058.041	1.793.539	264.502	14,75%
B2. Deposits	90.504	1.291.251	(1.200.747)	(92,99%)
B3. Other loans	589.243	572.752	16.491	2,88%
of which on financial leases	-	-	-	-
C) On customer loans:	10.050.207	9.970.925	79.282	0,80%
C1. Current accounts	820.905	776.876	44.029	5,67%
C2. Deposits	-	-	-	-
C3. Other loans	9.229.302	9.194.049	35.253	0,38%
of which on financial leases	1.669.348	1.830.833	(161.485)	(8,82%)
D) On debt securities from banks:	9.429.608	8.770.282	659.326	7,52%
D1. Certificates of deposit	-	-	-	-
D2. Bonds	9.429.608	8.770.282	659.326	7,52%
D3. Other financial instruments	-	-	-	-
E) On financial debt instruments from customers (issued by other issuers)	6.780.784	5.120.216	1.660.568	32,43%
E1. Bonds	6.780.784	5.120.216	1.660.568	32,43%
E2. Other financial instruments	-	-	-	-
Total	28.998.387	27.518.965	1.479.422	5,38%

Interest on loans to credit institutions is allocated to item "B1. Current accounts" when generated on correspondent accounts.

As regards customers, interest generated by the technical form of current account on demand falls under item "C1. Current accounts", while mortgages, loans, leases and other loans generate interest allocated to item "C3. Other loans".

Among the main variations, the following stands out:

- the decrease in interest on loans to credit institutions due to the reduction of the remuneration rate on the amount of the time deposit established with the Central Bank regarding the Mandatory Reserve;
- the increase in interest on financial instruments held in the proprietary portfolio.

Table 22.2
Composition of item 20 “Interests paid and costs”

			Variations	
	31/12/2024	31/12/2023	Amount	%
A) On debts with banks:	315.724	230.931	84.793	36,72%
A1. Current accounts overdrafts	5.385	368	5.017	1.363,32%
A2. Deposits	115.450	85.330	30.120	35,30%
A3. Other debts	194.889	145.233	49.656	34,19%
B) On customer debts:	6.180.122	4.486.207	1.693.915	37,76%
B1. Current accounts overdrafts	515.704	380.822	134.882	35,42%
B2. Deposits	2.487.566	1.588.967	898.599	56,55%
B3. Other debts	3.176.852	2.516.418	660.434	26,25%
C) On debts represented by securities with banks	-	-	-	-
of which on certificates of deposit	-	-	-	-
D) On debts represented by securities with customers	2.890.877	2.367.130	523.747	22,13%
of which on certificates of deposit	2.890.877	2.364.388	526.489	22,27%
E) On subordinated liabilities	-	-	-	-
of which on hybrid capitalization instruments	-	-	-	-
Total	9.386.723	7.084.268	2.302.455	32,50%

The increase in interest expenses on debts to customers is attributed to the increase in savings collection, particularly in the item “B2. Deposits”, where the remuneration interest to customers on term deposits in Euro and/or in different currencies is recorded.

23. Dividends and other revenues (item 30 of the profit and loss account)

Table 23.1
Composition of item 30 "Dividends and other revenues"

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) On shares, quotas and other capital financial instruments	114.312	89.979	24.333	27,04%
B) On holdings	19	-	19	-
C) On holdings in group companies	-	-	-	-
Total	114.331	89.979	24.352	27,06%

In the item "A) On shares, quotas and other capital financial instruments", the income received from participation in OIC quotas present in the proprietary portfolio is reported, while in the item "B) on holdings", the collection of the dividend paid by the subsidiary Bancomat S.P.A. is noted, as resolved by the Shareholders' Meeting on 10/05/2024.

24. Commissions (items 40 - 50 of the profit and loss account)

Table 24.1
Composition of item 40 "Commissions earned"

			Variations	
	31/12/2024	31/12/2023	Amount	%
A) Guarantees issued	162.889	155.518	7.371	4,74%
B) Credit derivatives	-	-	-	-
C) Investment services:	2.473.069	3.846.362	(1.373.293)	(35,70%)
C1. receipt and transmission of orders (let. D 1 enc.1 LISF)	843.986	651.174	192.812	29,61%
C2. execution of orders (let. D2 enc.1 LISF)	196.019	481.470	(285.451)	(59,29%)
C3. management of securities portfolio (let. D4 enc.1 LISF)	1.433.064	2.713.718	(1.280.654)	(47,19%)
C4. placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
D) Consultancy services	-	-	-	-
E) Distribution of third-party services and products other than placement:	106.616	94.800	11.816	12,46%
E1. asset management	-	-	-	-
E2. insurance products	106.616	94.800	11.816	12,46%
E3. other services or products	-	-	-	-
F) Collection and payment services	2.051.218	1.811.634	239.584	13,22%
G) Custodian bank services	356.166	40.444	315.722	780,64%
H) Securities custody and management	289.964	190.191	99.773	52,46%
I) Trust services	2.500	2.500	-	-
L) Operation of tax services and treasury	-	-	-	-
M) Currency transactions	196.454	142.811	53.643	37,56%
N) Commissions for collective management services (letters E and F, Annex 1 LISF)	-	-	-	-
O) Electronic money	107.390	76.196	31.194	40,94%
P) Issuance/Management of credit/debit cards	429.135	388.400	40.735	10,49%
Q) Commissions related to servicer activity	-	-	-	-
R) Other services	380.264	511.818	(131.554)	(25,70%)
Total	6.555.665	7.260.674	(705.009)	(9,71%)

The reduction in the item "C) Investment services" is to be attributed to the reduction of transactions in the portfolio managed by the Institute.

Table 24.2
Composition of item 5 “Commissions paid”

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Guarantees received	-	-	-	-
B) Credit derivatives	-	-	-	-
C) Investment services:	453.120	395.412	57.708	14,59%
C1. receipt and transmission of orders (let. D 1 enc.1 LISF)	-	-	-	-
C2. execution of orders (let. D2 enc.1 LISF)	87.734	64.512	23.222	36,00%
C3. management of securities portfolios (let. D4 enc.1 LISF):	365.386	330.900	34.486	10,42%
C3.1 own portfolio	12.667	7.883	4.784	60,69%
C3.2 third-party portfolio	352.719	323.017	29.702	9,20%
C4. placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
D) Door-to-door sale of financial instruments, products and services	-	-	-	-
E) Collection and payment services	1.222.757	1.123.272	99.485	8,86%
F) Commissions for distributors	-	-	-	-
G) Electronic money	80.544	50.634	29.910	59,07%
H) Issuance/Management of credit/debit cards	321.857	258.105	63.752	24,70%
I) Other services	149.517	75.757	73.760	97,36%
Total	2.227.795	1.903.180	324.615	17,06%

Table 24.3
MC: information on commission income and expense

The table is not completed as it is not applicable.

25. Profits (losses) from financial operations (item 60 of the profit and loss account)

Table 25.1
Composition of item 60 “Profits (losses) from financial operations”

Items / Operations	Securities transactions	Currency transactions	Transaction on precious metals	Other transactions
A1. Revaluations	1.127.236			-
A2. Write-downs	(215.730)			-
B. Other profits / losses (+/-)	1.180.120	308.157	-	-
Total	2.091.626	308.157	-	-
1. Government securities	323.689			
2. Other debt financial instruments	1.761.005			
3. Capital financial instruments	6.932			
4. Contracts derived from financial instruments	-			

Gains and losses on the value of the securities of the trading portfolio as at 31/12/2023 are entered in the items “A1. Revaluations” and “A2. Write-downs” respectively.

The item “B. Other profits/losses” includes the profits and losses deriving from the negotiation and sale of financial instruments and from transactions for the sale of currencies other than the Euro.

26. Other operating income (item 70 of the profit and loss account) and Other operating charges (item 80 of the profit and loss account)

Table 26.1
Composition of items 70 - 80 "Other operating income", "Other operating charges"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Other operating income:				
- Capital share of leasing fees	8.935.915	11.969.483	(3.033.568)	(25,34%)
- Account and deposit management fees	597.322	558.728	38.594	6,91%
- Recovery of expenses	113.822	103.103	10.719	10,40%
- Rental income	31.627	10.000	21.627	216,27%
- Other operating income	310.752	151.683	159.069	104,87%
Total	9.989.438	12.792.997	(2.803.559)	(21,91%)
Other operating charges				
Total	-	-	-	-

With particular reference to "Other operating income", expenses were recovered from the subsidiary 739 S.G. S.P.A. for the performance of Risk Management and Compliance functions, for software and network support fees, as well as compensation for the secondment of Institute employees.

27. Administrative costs (item 90 of the profit and loss account)

Table 27.1
Number of employees by category

	Average as at 31/12/2024	Personnel cost as at 31/12/2024	Number as at 31/12/2024	Average as at 31/12/2023	Personnel cost as at 31/12/2023	Number as at 31/12/2023
A) Senior managers	10,00	1.770.100	10	10,00	1.586.953	10
B) Managers	3,00	373.686	3	3,75	484.881	3
C) Remaining personnel:	46,42	2.675.235	47	46,08	2.117.741	47
C1. Office employees	46,42	2.675.235	47	46,08	2.117.741	47
C2. Other personnel	-	-	-	0,00	-	-
Total	59,42	4.819.021	60	59,83	4.189.575	60

This table includes all staff with employment contracts, both fixed-term and open-ended.

The workforce, stable compared to the previous financial year, is made up of:

- No. 10 executives of which No. 1 General Manager, No. 1 Deputy General Manager and No. 8 Officials in charge of operational areas and branches;
- No. 3 middle managers;
- No. 47 clerical staff.

For further qualitative and quantitative information on personnel, see the relevant section of the Management Report.

Table 27.2
Composition of sub-item b) "Other administrative costs"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Other administrative expenses	2.742.435	2.543.235	199.200	7,83%
of which Remuneration for independent auditors	75.625	55.425	20.200	36,45%
of which for services other than budget review	-	-	-	-
of which Other:	2.666.810	2.487.810	179.000	7,20%
a) supervisory and associative burdens	775.123	592.749	182.374	30,77%
b) network service fees	695.356	602.868	92.488	15,34%
c) services	429.831	385.916	43.915	11,38%
d) utilities and service fees	152.584	176.759	(24.175)	(13,68%)
e) insurance	144.348	192.227	(47.879)	(24,91%)
f) rental expenses	102.641	102.939	(298)	(0,29%)
g) consumable materials	93.151	83.640	9.511	11,37%
h) transfer to the Depositors Guarantee Fund	69.639	103.372	(33.733)	(32,63%)
i) maintenance and repair	60.166	78.553	(18.387)	(23,41%)
j) taxes and duties	39.399	36.688	2.711	7,39%
k) agency cost	21.970	56.343	(34.373)	(61,01%)
l) advertising	13.018	13.451	(433)	(3,22%)
m) other general expenses	69.584	62.305	7.279	11,68%

No significant deviations are noted regarding "Other administrative expenses" which are almost stable compared to the previous financial year.

Table 27.3
Remuneration

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Directors	185.000	135.266	49.734	36,77%
B) Auditors	61.720	50.600	11.120	21,98%
C) Managers	463.390	435.539	27.851	6,39%
Total	710.110	621.405	88.705	14,27%

This table shows the remuneration paid to Directors, Auditors and Managers for their work. As far as Directors and Auditors are concerned, the cost coincides with the amount paid to them for carrying out their activities.

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

Table 28.1
Composition of item 100-110 “Value adjustments on tangible and intangible fixed assets”

			Variations	
	31/12/2024	31/12/2023	Amount	%
A) Intangible fixed assets:	179.441	217.962	(38.521)	(17,67%)
of which on leased assets	-	-	-	-
of which on other intangible assets:	179.441	217.962	(38.521)	(17,67%)
A1. Multi-year fees	119.616	142.381	(22.765)	(15,99%)
A2. Software	55.905	71.661	(15.756)	(21,99%)
A3. Trademarks and patents	3.920	3.920	-	-
B) Tangible fixed assets:	9.330.518	12.386.140	(3.055.622)	(24,67%)
of which on assets leased	8.935.915	11.969.483	(3.033.568)	(25,34%)
of which on other intangible assets:	394.603	416.657	(22.054)	(5,29%)
B1. Lands and buildings	197.692	197.669	23	0,01%
B2. Electronic office devices	134.523	135.874	(1.351)	(0,99%)
B3. Furniture	29.729	41.281	(11.552)	(27,98%)
B4. Systems and technical equipment	24.933	31.465	(6.532)	(20,76%)
B5. Vehicles	7.726	10.368	(2.642)	(25,48%)
Total	9.509.959	12.604.102	(3.094.143)	(24,55%)

Table 28.2
Composition of item 120 “Provisions for risks and charges”

			Variations	
	31/12/2024	31/12/2023	Amount	%
Provisions (relating to sub-item “Other funds” of Liabilities)	-	987.873	(987.873)	(100,00%)

The Institute has not made provisions for risks and charges during the financial year.

Table 28.3
Item 130 "Allowances for possible loan losses"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Provisions (relating to item "Credit risk funds" of Liabilities)	1.407.312	767.938	639.374	83,26%

With regard to the provisions for credit risk funds, refer to what is indicated at the bottom of table 18.5 of Liabilities.

Table 28.4
Composition of item 140 "Value adjustments on credits and provisions for guarantees and commitments"

	31/12/2024	31/12/2023	Variations	
			Amount	%
A) Value adjustments on credits	1.016.813	3.221.898	(2.205.085)	(68,44%)
of which:				
- lump-sum adjustments for country risk	-	9	(9)	(100,00%)
- other lump-sum adjustments	33.200	57.697	(24.497)	(42,46%)
B) Provisions for guarantees and commitments	-	-	-	-
of which:				
- lump-sum adjustments for country risk	-	-	-	-
- other lump-sum adjustments	-	-	-	-
Total	1.016.813	3.221.898	(2.205.085)	(68,44%)

With a view to controlling and monitoring the insolvency risks of debtors, the Bank made prudent provisions based on the presumable realization values of loans.

Table 28.5
Different types of movements of the financial year

	31/12/2024		31/12/2023	Variations	
	Analytical	Lump sum		Amount	%
A) Total cash credit write-downs:	625.412	33.200	3.129.540	(2.470.928)	(78,95%)
A1. Non-performing loans	403.771	-	870.208	(466.437)	(53,60%)
A2. Substandard loans	31.021	-	2.050.951	(2.019.930)	(98,49%)
A3. Past due / overrun loans	13.971	-	1.556	12.415	797,88%
A4. Other loans	176.649	33.200	206.825	3.024	1,46%
B) Total losses on cash credits:	358.201	-	92.358	265.843	287,84%
B1. Non-performing loans	357.575	-	92.285	265.290	287,47%
B2. Substandard loans	-	-	-	-	-
A3. Overdue and/or overdrawn loans	-	-	73	(73)	(100,00%)
A4. Other loans	626	-	-	626	-
Total cash value adjustments (A+B)	983.613	33.200	3.221.898	(2.205.085)	(68,44%)
C) Total advances on guarantees and commitments:	-	-	-	-	-
C1. Guarantees	-	-	-	-	-
C2. Commitments	-	-	-	-	-
Total (A+B) + C	983.613	33.200	3.221.898	(2.205.085)	(68,44%)

Value adjustments derive from the application of the evaluation criteria described in Part A of these explanatory notes. They are therefore classified as "analytical" and "lump-sum" depending on the aggregate to which the valuation relates.

Table 28.6
Composition of item 150 "Value adjustments and provisions for guarantees and commitments"

	31/12/2024		31/12/2023	Variations	
				Amount	%
Write backs	3.643.609		1.320.248	2.323.361	175,98%
- of which on non-performing loans	2.304.172		1.017.596	1.286.576	126,43%
- of which on substandard loans	1.125.570		42.213	1.083.357	2.566,41%
- of which on overdue and/or overdrawn loans	1.542		316	1.226	387,97%
- of which on other credits	212.325		260.123	(47.798)	(18,38%)

The increase in value adjustments is mainly due to collections on impaired credit positions.

Table 28.7
Composition of item 160 “Value adjustments on fixed financial assets”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Value adjustments	-	350.000	(350.000)	(100,00%)
- of which on investments	-	350.000	(350.000)	(100,00%)
- of which on investments in group companies	-	350.000	(350.000)	(100,00%)
- of which on investments in associated companies	-	-	-	-
- of which on investments valued at equity	-	-	-	-
- of which on other capital financial instruments	-	-	-	-
- of which on debt financial instruments	-	-	-	-
- of which on derivative financial instruments	-	-	-	-

There have been no value adjustments on financial fixed assets during the financial year.

Table 28.8
Composition of item 170 “Value recoveries on fixed financial assets”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Value recoveries	-	-	-	-
- of which on investments	-	-	-	-
- of which on investments in controlled companies	-	-	-	-
- of which on investments in associated companies	-	-	-	-
- of which on investments valued at equity	-	-	-	-
- of which on other capital financial instruments	-	-	-	-
- of which on debt financial instruments	-	-	-	-
- of which on derivative financial instruments	-	-	-	-

Table not valued as data not present.

29. Extraordinary income (item 190 of the profit and loss account) and Extraordinary expenses (item 200 of the profit and loss account)

Table 29.1
Composition of item 190 - 200 "Extraordinary income", "Extraordinary expenses"

	31/12/2024	31/12/2023	Variations	
			Amount	%
Extraordinary income:				
- Profit from realization of investment securities	895.362	399.083	496.279	124,35%
- Release of positive difference on legal dispute fund	355.000	-	355.000	-
- Capital gains	19.229	-	19.229	-
- Prescribed credits Law No. 165/2005 Art. 149	-	183.324	(183.324)	(100,00%)
- Other active contingencies	86.823	87.754	(931)	(1,06%)
Total	1.356.414	670.161	686.253	102,40%
Extraordinary expenses:				
- Losses from realization of investment securities	275.551	342.103	(66.552)	(19,45%)
- Capital losses	15.885	110.328	(94.443)	(85,60%)
- Taxes relating to previous years	-	256.001	(256.001)	(100,00%)
- Other extraordinary expenses	1.395	453	942	207,95%
Total	292.831	708.885	(416.054)	(58,69%)

30. Change in the General financial risk fund (item 230 of the profit and loss account)

Table 30.1
Composition of item 230 “Change in the General financial risk fund”

	31/12/2024	31/12/2023	Variations	
			Amount	%
Change in the General financial risk fund	-	-	-	-

Table not valued as data not present.

SECTION G - OTHER INFORMATION TABLES

31. Prudential aggregates

Table 31.1
Prudential aggregates

	Amount / %
Regulatory capital	
A1. Core capital	57.061.681
A2. Supplementary capital	-
A3. Deductions	836.856
A4. Regulatory capital	56.224.825
Risk assets and supervisory ratios	
B1. Weighted risk assets	299.615.808
C1. Regulatory capital / Weighted risk assets	18,77%
Supervisory requirements	
D1. Market risks	
Asset coverages:	36.311.879
E1. Minimum capital coverage of operational risks	3.196.674
E2. Capital coverage of debtor default risks	32.957.739
E3. Supervisory expectations for minimum coverage of impaired credit exposures	157.466
Available capital margin or Capital requirement (if negative)	19.912.946

The Bank has capital suitable for covering potential risks, showing a total capital ratio of 18.77%, above the required regulatory margins of 11%.

With protocol communications No. 22/3413 of 31/03/2022 and No. 22/6395 of 23/06/2022, Regulation No. 2013-01 art. 16 c. 10 and lastly Regulation No. 2024/01 art. 15 c. 5, the Central Bank exceptionally and temporarily granted a partial exemption until 31/12/2024 with regard to the deductions from the supplementary capital of net capital losses on the fixed portfolio pursuant to art. VII.II.3 paragraph 3 of Regulation No. 2007/07, which were therefore calculated in the percent amount of 25% instead of 50%.

With reference to the prudential treatment of the assets deriving from the system securitization operation held indirectly through the Odisseo Fund, the Central Bank requested with letter prot. No. 24/3881 of 14/04/2024 that these components of the fund be weighted according to the look-through criterion. A weighting of 135% was therefore applied to the ABS-Mezzanines (share equal to Euro 608,597), a weighting of 405% was applied for the first year to the ABS-Juniors (share equal to Euro 1,606.334) and finally, a weighting of 75% (deduced from paragraph 4, paragraph 1 of Circular No. 2022/01) was applied to the Escrow Account (share equal to Euro 64,833). The balance sheet total of these assets, equal to Euro 2,279.764, yields a weighted value of Euro 7.375.885, equal to

an average weighting coefficient of 323.5371%.

With reference to the Central Bank Letter Prot. No. 25/2754 of 06/03/2025, the table highlights the distinction of the minimum capital coverages required by supervisory provisions.

32. Major risks and related parties

Table 32.1
Major risks

	31/12/2024	31/12/2023	Variations	
			Amount	%
Amount	6.173.205	5.831.016	342.189	5,87%
Number	1	1	-	-

This table shows the total weighted amount (risk position, direct and indirect, gross of any portion deducted from the regulatory capital) and the number of positions that constitute a “major risk” according to current supervisory regulations.

Table 32.2
Risks to related parties

	31/12/2024	31/12/2023	Variations	
			Amount	%
Amount	7.274.004	2.501.301	4.772.703	190,81%
Number	11	12	(1)	(8,33%)

This table shows the total weighted amount (risk position, direct and indirect, gross of any portion deducted from the regulatory capital) and the number of risk positions towards related parties and parties connected to them, in accordance with the provisions of the supervisory regulations in force.

33. Time distribution of assets and liabilities

Table 33.1
Time distribution of assets and liabilities

	Total	Sight	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From more than 1 year to 18 months	From more than 1 year to 18 months	From more than 18 months to 2 years	From more than 18 months to 2 years	From more than 2 years to 5 years	From more than 2 years to 5 years	More than 5 years	More than 5 years	No term
Fixed rate (F) - Variable rate (V)						F	V	F	V	F	V	F	V	
1. Assets														
11 Treasury securities and other financial instruments eligible for refinancing with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Loans to credit institutions	114,535,568	87,567,527	-	-	-	-	-	-	-	-	-	-	-	26,968,041
13 Loans to customers	190,385,674	15,291,005	22,285,654	9,473,009	9,852,167	1,145,497	7,577,106	974,090	7,193,469	3,783,667	31,860,793	7,367,862	67,339,261	6,242,094
14 Bonds and other debt financial instruments	529,187,061	3,136,460	28,916,610	17,247,954	30,475,294	14,183,368	8,969,732	14,098,875	8,006,485	113,677,799	109,274,157	142,134,755	36,927,111	2,138,461
15 Off-balance sheet transactions	53,643,399	5,192,078	1,319,059	2,907,850	4,479,366	157,847	-	1,935,269	-	5,150,356	-	8,984,214	124,000	23,393,360
2. Liabilities														
21 Debts with banks	713,088	713,088	-	-	-	-	-	-	-	-	-	-	-	-
22 Debts with customers	658,791,002	462,187,452	63,535,394	66,756,968	58,985,001	4,058,951	-	3,259,101	-	8,135	-	-	-	-
23 Debts represented by financial instruments:	116,174,422	626,945	59,019,749	12,772,703	29,684,567	7,642,385	-	5,643,279	-	784,794	-	-	-	-
- Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Certificates of deposit	116,174,422	626,945	59,019,749	12,772,703	29,684,567	7,642,385	-	5,643,279	-	784,794	-	-	-	-
- Other financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Other liabilities: cheques in circulation and similar securities	1,551,500	1,551,500	-	-	-	-	-	-	-	-	-	-	-	-
25 Subordinated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Off-balance sheet transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-

This table represents a time span of the residual life of the balance sheet asset and liability items which corresponds to the time interval between the reference date of the financial statements and the contractual maturity date of each transaction. For residual life bands exceeding 1 year, the table distinguishes the amounts related to fixed rate (F) and variable rate (V) relationships.

Regarding item 1.2 “Loans to credit institutions”, the following are included under the item “No term”:

- the restricted deposits regarding Mandatory Reserve and Guarantee Fund for Processing respectively for Euro 25,576,323 and Euro 131,924;
- the collateral deposits at Mastercard Europe and Visa Europe for Euro 1,249,794;
- the collateral deposit at BFF Bank for the processing of the INPS Pension service for Euro 10,000.

For item 1.3 “Loans to customers”, for transactions with amortization plans, reference has been made to the residual duration of the individual installment. Under the item “No term”, the amount of non-performing loans is relevant as well as any receivables for which it has not been possible to identify an appropriate temporal allocation.

For item 1.4 “Bonds and other debt financial instruments”, in the “No term”, the amount of financial instruments in default issued by entities that have not duly honoured the deadlines for capital repayment and/or interest payment is relevant.

34. Securitization transactions

The bank did not carry out any securitization transactions.

35. Payment institutions and electronic money institutions: further information

Section not completed as not applicable.

36. More information on credit cards/debit cards/e-money

Table 36.1
Volumes of payment transactions

Type of operation	31/12/2024				31/12/2023			
	Amount of operations	Number of operations	Commissions received	Expense recoveries	Amount of operations	Number of operations	Commissions received	Expense recoveries
a) Credit cards	35.426.618	400.372	45.555	136.675	31.665.669	355.596	56.945	112.804
b) Debit cards	47.999.719	816.402	61.723	185.182	40.788.045	664.395	73.350	145.301
c) Electronic money	20.877.302	231.208	26.846	80.544	14.213.861	178.408	25.561	50.634
Total	104.303.639	1.447.982	134.124	402.401	86.667.575	1.198.399	155.856	308.739

Table 36.2
Fraudulent uses

Type of operation	31/12/2024				31/12/2023			
	Amount of operations	Number of operations	Charges for the intermediary	Insurance reimbursements	Amount of operations	Number of operations	Charges for the intermediary	Insurance reimbursements
a) Credit cards	78.159	289	-	-	17.480	102	-	-
b) Debit cards	579	38	-	-	583	16	-	-
c) Electronic money	5.809	131	-	-	5.477	25	-	-
Total	84.547	458	-	-	23.540	143	-	-

Table 36.3
Credit cards revoked due to insolvency

Risk operation type	31/12/2024		31/12/2023	
	Amount	Number of cards	Amount	Number of cards
a) On the intermediary	-	-	-	-
b) On third parties	-	-	-	-
Total	-	-	-	-

Table not valued as data not present.

Table 36.4
Data related to acquiring activity

	31/12/2024		31/12/2023	
	Number	Amount	Number	Amount
P.O.S.				
Number of Points of Sale (P.O.S.) contracted with the reporting entity	850		778	
Number of merchants affiliated with the reporting institution	637		608	
Payment transactions at merchants affiliated with the reporting institution	1.498.315	101.521.676	1.277.207	82.672.958
A.T.M.				
Number of Automatic Teller Machines (A.T.M.) operated by the reporting institution	6		6	
Withdrawal transactions at A.T.M.'s operated by the reporting institution	97.667	16.372.240	89.528	14.615.010
Transactions other than withdrawal transactions at A.T.M. operated by the reporting institution	614	16.610	532	13.940

37. Management Company (MC): Information on assets management (collective and individual)

Section not completed as not applicable.

38. Securitization

Section not completed as not applicable.

SECTION H - OTHER INFORMATION

None.

REPORT
OF THE BOARD OF STATUTORY AUDITORS
TO THE FINANCIAL STATEMENTS FOR THE YEAR CLOSED AS AT 31.12.2024

BANCA SAMMARINESE D'INVESTIMENTO S.P.A.
Registered Office in Falciano – Via Monaldo da Falciano No. 3
Republic of San Marino
Share Capital € 25,000,000.00 fully paid in
Companies Register Registration of the Republic of San Marino No. 2771 of
29/05/2002
Registered on 05/05/2006 under No. 17 in the Register of Authorized Persons
Economic Operator Code SM18493

Dear Shareholders,

this report of the Board of Statutory Auditors to the financial statements for the year ended as at December 31, 2024, which we are pleased to submit to your attention, is divided into three sections:

1. Activities carried out
2. Financial statements
3. Conclusions

* * *

1. Activities carried out

The draft financial statements for the year ended as at December 31, 2024, made available to the Board of Statutory Auditors within the terms provided for by law and submitted for your review and approval, have been prepared in accordance with the provisions of the law and, in particular, with Article 29 et seq. of Law 165/2005 (LISF), Article VI.II.2 of Regulation 2007-07 issued by the Central Bank of the Republic of San Marino, as amended, to the principles set forth in Regulation 2016-02, to the criteria established by the Law on Companies 47/2006, as amended, as well as in compliance with the provisions issued by the Supervisory Authority of the Central Bank of the Republic of San Marino.

It should be noted that your Company has proceeded, in accordance with the law, to the appointment of the auditing company Ab&d Audit Business & Development s.p.a., reason for which the Board of Statutory Auditors is not responsible for auditing activities.

During the 2024 financial year, the Board of Statutory Auditors:

- exercised the supervisory activities entrusted to it, in compliance with current legislation, regulations, recommendations and circulars issued by the Central Bank, as well as the instructions and notes pertaining to the Financial Information Agency of the Republic of San Marino;
- supervised compliance with the law and the bylaws and compliance with the principles of proper administration by the corporate bodies;
- verified, to the extent of its competence, the corporate activities aimed at adjusting the organizational structure of the Company to the current regulations and this through direct observations, acts of inspection and control, sample checks, collection

of information from the Heads of the Structure, the administrative and control department, as well as through meetings with the auditing firm aimed at the mutual exchange of relevant data and information;

- attended the meetings of the Board of Directors, obtaining from the administrative body information on the general performance of management, its expected outlook, the industrial and programmatic plan characterizing the company and the problematic activities involving the Institute; as well as receiving information on credits and relations of major economic, financial and patrimonial importance;
- maintained coordination with the appointed auditing firm, as well as with Internal Auditing, the Compliance Officer and the Anti-Money Laundering Officer, all performing internal control functions;
- generally verified the functioning of the different organizational areas, as well as assessed the degree of effectiveness of internal controls, particularly focusing on risk control, the functioning of Internal Auditing as well as the degree of reliability of the information-accounting system;
- ensured that corporate transactions were deliberated and formalized in accordance with the law and the bylaws;
- assessed the substantial legal adequacy of the primary regulatory activity approved by the Institute, also attesting to the company's extensive efforts aimed at implementing the information systems suitable for the application of the regulations on preventing and combating money laundering and terrorist financing;
- the Board of Statutory Auditors did not receive any reports from the Shareholder Member during the year under review (pursuant to former Article 65 of Law 47/2006); furthermore, no complaints were filed pursuant to former Article 66 of Law 47/2006.

The 2024 financial year closed with a profit of 17,986,437.25 and the Board of Directors in the Explanatory Notes to the Financial Statements explained the valuation criteria adopted for the various items and provided the required information on both the Statement of Assets and Liabilities and the Profit and Loss Account.

Among the significant events, during the financial year the Bank completed a transaction for the purchase of its own shares, subsequently cancelled with a simultaneous reduction and subsequent increase of Share Capital free of charge through appropriate available equity reserves.

2. Financial statements

The financial statements, as stipulated in Article 29 of Law 165/2005 and Article VI.II.2 of Regulation 2007-07, as amended, consist of the following documents: the Statement of Assets and Liabilities, which reproduces the qualitative and quantitative composition of the bank's net equity; the Profit and Loss Account, which provides a demonstration of the economic result produced during the period as a result of operations, through the presentation of the positive and negative components that determined it; the Explanatory Notes to the financial statements, which complete the information given in the summary statements of assets and liabilities and the profit and loss account, indicating the valuation and preparation criteria adopted, as well as the analytical description of certain items in the financial statements; the Report of the Board of Directors, which describes and evaluates the management performance in the various sectors in which the bank has operated, and the situation of the enterprise as a whole, through a historical and prospective analysis of investments, costs and revenues.

The financial statements are summarized in the following results, as reclassified by the Board of Auditors:

Statement of assets and liabilities:		
ASSETS		
Intangible fixed assets	Euro	386.206
Tangible fixed assets net of funds	Euro	43.002.232
Fixed financial assets	Euro	1.279.174
Current assets: cash and cash equivalents	Euro	116.291.397
Current assets (net of the Allowance for doubtful accounts); credits and securities	Euro	734.424.422
Accrued revenues and deferred expenses	Euro	480.571
TOTAL ASSETS	Euro	895.864.002
Net equity		
Share capital	Euro	25.000.000
Other reserves	Euro	22.336.450
Current Earnings (Losses)	Euro	17.986.437
LIABILITIES		
Employees' termination benefits provision	Euro	361.514
Provision for risks and charges	Euro	4.456.766
Provision for credit risks	Euro	1.901.595
Provision for general banking risks	Euro	5.000.000
Subordinated liabilities	Euro	0
Debts with banks	Euro	713.088
Debts with customers, securities and others	Euro	817.803.797
Accrued liabilities and deferred income	Euro	304.355
TOTAL LIABILITIES AND NET EQUITY	Euro	895.864.002
Guarantees, commitments, risks and order accounts	Euro	53.643.399
Profit and loss account:		
Positive components	Euro	53.057.627
Negative components	Euro	35.071.190
Current Earnings (Losses)	Euro	17.986.437

Regarding the financial statements for the year ended as at December 31, 2024, in addition to the foregoing, the Board of Statutory Auditors certifies that it has:

- supervised the general approach given to the financial statements themselves and their compliance with the law with reference to their formation and structure. The valuation of the items in the financial statements was carried out in accordance with the principle of prudence and accrual and with a view to the continuation of business activities.
- verified the correspondence of the financial statements to the facts and information of which it has become aware in the course of the performance of its duties, during the year there were no exceptional cases that made it necessary to resort to exemptions under Article 75 of Law 47/2006.

3. Conclusions

On the basis of the documentation exhibited and the audits carried out during the audit activities performed, no serious irregularities, reprehensible facts or otherwise significant facts put in place by the Company and such as to be mentioned in this report have been detected.

In addition to this, taking into account that the report extended by the independent auditors Ab&d Audit Business & Development s.p.a. on April 24, 2025 on these financial statements does not raise any issues, the Board of Statutory Auditors has ascertained that, to the best of its knowledge and to the extent of its competence, the financial statements do not appear to be affected by significant errors and as a whole were drawn up clearly and in compliance with current civil and tax laws, representing, to the best of the Board's knowledge, a true and fair view of the equity and financial situation and the economic result for the financial year.

In view of the foregoing, and to the extent of its competence, the Board of Statutory Auditors finds no reason to object to the approval of the draft financial statements for the year ended as at December 31, 2024 and the formulated Explanatory Notes to the financial statements, as presented by the Board of Directors.

In accordance with the law, the undersigned members of the Board of Statutory Auditors declare that they continue to meet the subjective and objective conditions required by San Marino law for assuming corporate office.

San Marino, April 29, 2025

Dott. Francesca Monaldini
Chairman of the Board of Statutory Auditors

Avv. Alida Tosi
Member of the Board of Statutory Auditors

Dott. Fabrizio Cremoni
Member of the Board of Statutory Auditors

REPORT OF THE INDEPENDENT AUDITING COMPANY PURSUANT TO ART. 33 OF LAW N. 165/2005, ART. 68 OF LAW N. 47/2006, ART. VI.II.3 OF REGULATION N. 2007-07 AND ART. VIII.I.1 OF REGULATION N. 2016-02 ISSUED BY THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO

*To the Shareholders of
BANCA SAMMARINESE DI INVESTIMENTO S.p.A.*

Opinion

We carried out the audit of the Financial Statements of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. (hereinafter also the Bank), consisting of the Balance Sheet as at December 31, 2024, Income Statement for the year ended on that date and the Explanatory Notes to the Financial Statements.

In our opinion, the Financial Statements give a true and fair view of the equity and financial position of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. as at December 31, 2024 and the economic result for the year closed as at such date, in accordance with San Marino's regulations, including Regulation No. 2016-02, issued by the Central Bank of the Republic of San Marino, which govern the drafting criteria.

Elements at the basis of the Opinion

We carried out the audit in compliance with the requirements of national regulations issued in the Republic of San Marino and, where applicable, with the International Standards on Auditing. Our responsibilities under these principles are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent from the Bank in accordance with the rules and principles on ethics and independence applicable in San Marino's legal system to the audit of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A note to public disclosure

Without changing our judgment, we would like to draw attention to what is stated by the Board of Directors in the Management Report and in the Explanatory Notes to the Financial Statements on the following significant events.

- During the financial year, the Bank completed a transaction for the purchase of its own shares, subsequently cancelled with a simultaneous reduction and subsequent increase in share capital free of charge by using specific available equity reserves, all as better detailed in sections 10 and 19 of the Explanatory Notes and in the paragraph “Management Performance” of the Report.
- During the financial year, the Bank, pursuant to article IV.V.1 of Regulation No. 2016-02, has:
 - made transfers of financial instruments from the free portfolio to the fixed portfolio for € 31.4 million;
 - carried out the transfer from the fixed portfolio to the free portfolio of a security with a nominal value of € 2 million, the subsequent sale of which had a negative impact on the income statement of the financial year for € 0.6 million.
 All as better detailed in Table 5.3 of the Explanatory Notes.
- The Bank increased the value of item 80 of the balance sheet liabilities “Provisions for credit risks” by € 1.4 millions against possible credit risks by means of a provision under item 130 of the income statement “Allocations to provisions for credit risks”; it also used the same item for € 0.3 millions, all as better detailed in Table 18.5 of the Notes to the Financial Statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the San Marino regulations governing the drafting criteria and, within the terms established by the law, for that part of internal control deemed necessary by the Directors themselves to allow the preparation of the Financial Statements without significant errors due to fraud or unintentional behaviour or events.

The Directors are responsible for the assessment of the Bank’s ability to continue an operating entity and, in preparing the Financial Statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure on the matter. The Directors use the going concern assumption in preparing the Financial Statements unless they have considered that the conditions exist for the liquidation of the Bank or the interruption of business, or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by the law, the Bank’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to acquire reasonable certainty that the Financial Statements as a whole do not contain significant errors, due to fraud or unintentional behaviour or events, and to issue an auditor's report that includes our judgment. Reasonable certainty means a high level of security which, however, does not provide the assurance that an audit carried out in compliance with the legislation in force in the Republic of San Marino and, where applicable, with the International Standards on Auditing, will always identify a significant error, if existing. Errors can result from fraud or unintentional behaviour or events and are considered significant if it can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by the users on the basis of the Financial Statements.

As part of the audit carried out in accordance with the legislation in force in the Republic of San Marino and, where applicable, with the International Standards on Auditing, we exercised our professional judgment and maintained professional scepticism throughout the audit. Furthermore:

- o we identified and assessed the risks of material errors in the Financial Statements due to fraud or unintentional behaviour or events; we defined and performed audit procedures in response to these risks; we acquired sufficient and appropriate audit evidence on which to base our judgment. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error arising from unintentional behaviour or events, since fraud may imply the existence of collusion, forgery, intentional omissions, misleading representations or internal audit forcing;
- o we acquired a relevant understanding of the internal control for auditing purposes in order to define appropriate circumstantial audit procedures and not to express an opinion on the effectiveness of the internal control of the Bank;
- o we assessed the appropriateness of the accounting principles used, as well as the reasonableness of accounting estimates made by the Directors, including the related disclosure;
- o we reached a conclusion on the appropriateness of the use of the business continuity assumption by the Directors and, based on the audit evidence, on the presence of significant uncertainty regarding events or circumstances that may give rise to significant doubts about the Bank's ability to continue operating as an operating entity. In the presence of significant uncertainty, we are required to draw attention in the audit report to the related disclosure, or, if such disclosures are inadequate, to reflect this fact in the formulation of our judgment. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Bank ceasing to operate as an operating entity;
- o we assessed the presentation, structure and content of the Financial Statements as a whole, including the disclosure, and whether the Financial Statements represent the underlying transactions and events in order to provide a correct representation.

We informed the managers of the *governance* activities, identified at an appropriate level, among other aspects, of the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in the internal control identified during the audit.

Report on other provisions of law and regulations

Judgment pursuant to art. VIII.I.1, paragraph 2, letter a) and b) of Regulation No. 2016-02 issued by the Central Bank of the Republic of San Marino (the Regulation)

The Directors of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. are responsible for the preparation of the management report as at December 31, 2024, including its consistency with the related Financial Statements and its compliance with the Regulation.

We have carried out the procedures indicated in the Regulation (SA Italia) No. 720B in order to express an opinion on the consistency of the management report with the Financial Statements of the Bank as at December 31, 2024 and on its compliance with the Regulation, as well as to issue a declaration on any relevant incorrect statements.

In our opinion, the management report is consistent with the Financial Statements of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. as at December 31, 2024 and drafted in compliance with the Regulation.

With reference to the declaration referred to in art. VIII.I.1, paragraph 2, letter b) of the Regulation, based on the knowledge and understanding of the company and the related context acquired during the audit, we have nothing to report.

Other aspects

It is highlighted that the Bank holds a controlling interest; considering the current regulatory framework, the Bank, as the parent company, will prepare the consolidated Financial Statements in accordance with regulatory terms.

San Marino, April 24, 2025

AB & D Audit Business & Development S.p.A.

Marco Stolfi
Auditor