

Financial Statement 2024



Index

- 01** Corporate position
3 - 4
- 02** Shareholders' meeting
5 - 6
- 03** Report of the board of directors
7 - 69
- 04** Financial statements representation
70 - 75
- 05** Explanatory notes
76 - 154
- 06** Auditors' report
155 - 161
- 07** Independent auditors' report
162 - 166

01

Corporate position

Board of Directors

Emanuele Cesarini

Chairman (appointed by the Shareholders' Meeting on 28/05/2024)

Franco Gallia

Vice Chairman (appointed by the Shareholders' Meeting on 28/05/2024)

Micaela Licia Menicucci

General Manager

Board Members

Francesco Gennari

Elisa Fabris

(appointed by the Shareholders' Meeting on 27/02/2025)

Gian Primo Giardi

(appointed by the Shareholders' Meeting on 28/05/2024)

Board of Statutory Auditors

Vanessa Tavolini

Chairman

Erika Marani

Auditor

Giorgio Rusticali

Auditor

General Management

Micaela Licia Menicucci

Director

Marco Castronovo

Deputy Director

Riccardo Terenzi

Deputy Director

02

Shareholders' meeting

On Friday **23 May 2025** – first meeting at 5:00 p.m. and **second meeting at 5:30 p.m.** - venue Villa BAC, in via del Pubblico Precettore 31 - 47891 Falciano (Republic of San Marino), will hold the

SHAREHOLDERS' MEETING

To discuss the following

AGENDA

1. Reports of the Board of Directors, the Board of Statutory Auditors, and the Auditing Firm on the Financial Statements for the year ended as of 31 December 2024;
2. Review, discussion, and approval of the Financial Statements for the year ended as of 31 December 2024, including the Explanatory Notes, and including the transfer of the excess portion of the 2023 ordinary reserve to the extraordinary reserve; adoption of related and resulting resolutions;
3. Appointment of the auditing firm for the 2025–2027 period;
4. Determination of the amount to be allocated to charitable purposes.

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Pursuant to Article 16 of the Articles of Association:

"Only shareholders who are registered in the shareholders' register at least five days before the date set for the first meeting are entitled to attend the meeting."

Pursuant to Article 20 of the Articles of Association:

"The meeting is duly constituted when it is attended by as many shareholders who represent in person or by proxy:

- at least 65% of the share capital in first meeting;
- at least 50% of the share capital at second meeting.

At the first and second meeting, the Shareholders' Meeting resolves by a majority vote of the shares represented at the meeting.

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San Marino, 30 april 2025

The Chairman of the Board of Directors
Emanuele Cesarini

03

Report of the board of directors

Report of the board of directors on the 2024 financial statements

TABLE OF CONTENTS

The macroeconomic scenario	9
The evolving regulatory framework and compliance activities	23
Introduction	28
General principles for the preparation of the management report	30
Results for the year and performance for the period	36
Statements of assets and liabilities	43
Loans to customers	43
Assets under management	45
Financial investments	47
Interbank	49
Shareholdings	50
Relations with subsidiaries and affiliates	51
Net equity and capital ratios	52
Communication, marketing and commercial activity	54
Organizational activity and operational structure	56
Staff	57
Risk management and control methodologies	61
Significant events occurring after the end of the financial year	66
Business outlook	67
Proposal for the approval of the financial statements and allocation of results for the year	68
Subjective and objective conditions	69

The macroeconomic scenario

The international context

Global growth

Global growth continues to be uncertain and uneven across different regions, within a global context of ongoing conflicts and a likely intensification of protectionist policies exacerbating trade tensions.

In the United States, economic activity remained strong (+2.7% year-on-year), driven by consumer spending, while momentum weakened in other advanced economies.

In particular, growth in the Eurozone, initially subdued, weakened further due to lackluster consumer spending and investment, as well as declining exports. The manufacturing sector was especially disappointing, particularly in Germany, with signs of a slowdown also in the services sector.

In China, growth was recorded at a lower-than-expected annual rate (+4.7%), mainly due to a rapid decline in consumption, persistent problems in the real estate sector, and low consumer confidence. As a response to the slowdown, a significant fiscal stimulus plan was implemented.

Inflation

After peaking in 2022, inflation continued to gradually decline globally. In recent months, the median sequential core inflation rate has hovered just above 2%, despite slowing progress in some countries and persistent high-inflation pockets in certain emerging markets and developing economies in Europe and Latin America.

Twelve-month inflation rates slightly rose in the United States and Japan, reaching 2.9% in December 2024. In contrast, inflation in the Eurozone remained moderate at around 2%, with core inflation largely stable and service price increases still above pre-COVID averages.

Monetary policy

In this context, central banks adopted a more cautious approach to loosening monetary policy, guided by indicators related to economic activity, labor markets, and exchange rates.

The Federal Reserve, having already implemented two rate cuts earlier in the year, approved another 25-basis point cut during its December meeting, bringing the rate to 4.25 - 4.50%, while signaling a more gradual normalization of monetary policy.

In the same month, the Bank of England, after a previous 25 basis point cut, kept its rates unchanged at 4.75%. Similarly, the Bank of Japan, despite expectations of a rate hike, maintained its rates at 2.50%.

In Europe, the ECB cut its deposit rate by 100 basis points in 2024, bringing it to 3%, and continued with three additional 25 basis point cuts in early 2025, bringing the reference rate to 2.25%. Due to ongoing uncertainty, the ECB reaffirmed a cautious, data-driven approach toward further cuts.

Despite the gradual easing of monetary policy and its progressive transmission to bank funding costs and lending rates, credit dynamics in the Euro area remain subdued, given elevated uncertainty and weak demand.

Fiscal policy and public debt

According to the OECD's 2024 Tax Policy Reforms, fiscal policies across jurisdictions largely align with forecasts of tighter fiscal stances aimed at rebuilding budgetary flexibility.

The dominant trend shows signs of a slowdown and reversal of expansionary policies, shifting political attention toward building a fiscal framework capable of responding to future shocks and supporting structural transformations.

Given the high uncertainty, major international organizations, like the ECB, are urging fiscal consolidation to place public debt on a sustainable trajectory, carefully calibrated to prevailing economic conditions.

The latest forecasts from the International Monetary Fund indicate that global public debt will continue to grow through the end of the decade, nearing 100% of global GDP by 2030, due to population aging, rising costs, and likely increases in defense spending.

The world's two largest economies, United States and China, are driving this debt growth. Specifically, U.S. public debt accounts for 34.6% of total global debt, while Chinese debt, amounting to \$16.46 trillion, represents 16.1% of the global total.

In Europe, the United Kingdom holds the highest public debt-to-GDP ratio at 101.8%, followed by France (112.3%), Italy (135.5%), Germany (62.7%), and Spain (102.3%).

Growth outlook

According to the latest IMF data (WEO JAN 2025), the outlook points to stable but lackluster growth, falling below the historical average of 3.7% for 2000 - 2019. Forecasts place global growth at 3.3% for both 2025 and 2026, with different levels of resilience across economies.

Advanced economies are projected to grow by 1.7% in 2024, with growth forecasts of 1.9% in 2025 and 1.8% in 2026.

U.S. economic growth is expected to reach +2.8% in 2024, driven by strong demand, employment, less restrictive monetary policy, and favorable financial conditions. However, projections for the following two years show a slowdown, with growth slowing to 2.7% in 2025 and 2.1% in 2026.

Geopolitical tensions continue to weigh on the Eurozone, with 2024 growth projections limited to 0.8%. The manufacturing sector's weak momentum and political uncertainty negatively impacted 2025 projections, which stand at 1%. 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 Eurozone countries, Spain stands out with 3.1% growth in 2024, leading the recovery; meanwhile, the German economy remains in a slump, with a projected contraction of -0.2% in 2024 and slow recovery forecasted for the next two years (+0.3% in 2025 and +1.1% in 2026).

In the UK, consumption recovery is supporting growth despite heightened trade policy uncertainty. Forecasts place UK GDP growth at 0.9% for 2024, 1.6% in 2025, and 1.5% in 2026.

Japan is expected to experience a -0.2% contraction in 2024, followed by modest growth of 1.1% in 2025 and 0.8% in 2026.

Growth in emerging markets and developing economies is more robust, at 4.2% for both 2024 and 2025, and 4.3% for 2026, though with significant regional disparities.

The table below, taken from the WEO JAN 2025, outlines IMF growth forecasts by region and country.

World economic outlook, january 2024 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/				
	2023	2024	2025	2026	2025	2026	Estimate	Projections	
							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	1,1	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
Nonfuel (average based on world commodity import 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.

However, following the trade policies introduced by newly elected President Trump at the start of 2025, the OECD in March revised its global GDP estimate downward to 3.1% for 2025. For 2026, growth is expected to remain below 3%. Estimating the impact of protectionism on the global economy and on individual countries is complex, given the prevailing climate of uncertainty and potential redefinitions of policy measures to be adopted.

Markets in general

After a turbulent 2022 and a significant recovery in 2023, global financial markets closed 2024 with a complex outcome, shaped by major events that triggered considerable volatility across major indices and asset classes. Notably:

- The gradual shift in central banks' monetary policy spurred significant movements in bond and equity markets;
- inflation trends substantially influenced both consumption and investment;
- on the geopolitical front, the ongoing war between Russia and Ukraine and conflicts in the Middle East exerted pressure on energy and commodity prices, while the U.S. presidential elections marked a return to more protectionist policies, contributing to heightened uncertainty.

Equity indices

Stock markets continued the upward trend that began in 2023, though with significant geographical differences.

The U.S. stock exchange posted an annual gain exceeding 20%, with the Nasdaq again achieving the best performance among the world's major stock indices in 2024, rising by +28.6%. This was followed by the S&P 500 with an increase of about 25%, and the Dow Jones, which rose by just under 13%. The U.S. rally was led by technology and traditional energy stocks.

In Europe, stock exchanges saw an overall annual increase of 10%, driven by strong performance in the technology sector, bolstered by rising tech investment, and the financial sector. Among European indices, Germany's DAX stood out, hitting all-time highs with a gain of 18.8%, despite years of economic stagnation. Italy's FTSEMib closed the year with a positive variation of +12.63%, benefiting from a rally in bank stocks, while France's CAC40 recorded a disappointing annual performance, down -2.1%.

In Asia, the market performed well, supported by China's economic stimulus measures. Notably, Hong Kong rose by +17.9%, and Shanghai by +14.3%.

The economy's resilience, expectations of a more accommodative monetary policy, low default rates, and the anticipated economic policies of the new U.S. administration all contributed to driving up corporate bonds, both in Europe and the United States.

Bond indices

As for government bonds, their performance was significantly affected by the cautious pace of rate cuts implemented by the Fed and the ECB, and by inflation trends, which have not yet stabilized at target levels. Nevertheless, in Q4 2024, yields on 10-year government bonds rose across all major economies, with a marked increase in the United States. In Europe, Italian bonds appreciated thanks to narrowing spreads and economic growth, achieving the best performance in the region. Meanwhile, German and French bonds were penalized by stagnating growth and political instability.

Corporate bonds also performed well, closing the year with solid returns.

Currencies

In the foreign exchange market, the U.S. dollar appreciated against all major currencies, especially after Trump's presidential election victory. The euro weakened due to the Eurozone's sluggish economic cycle. At the end of December 2024, the EUR/USD exchange rate was 1.035, down from 1.1032 in December 2023. Expectations of tighter U.S. trade policy negatively affected both the Chinese yuan and Mexican peso, while the Japanese yen strengthened thanks to the Bank of Japan's gradually tightening monetary policy. Starting in 2025, the global scenario shifted due to the U.S.'s protectionist trade policies, which prompted competing countries to devalue their own currencies to mitigate the negative impact of tariffs.

Cryptocurrencies

2024 was also a very positive year for cryptocurrencies, whose integration into traditional markets was supported by the launch of ETFs and options on futures and coins. Bitcoin, which accounts for more than 50% of the cryptocurrency market, surpassed the \$100 trillion threshold, marking an increase of over 120 percentage points.

Commodities

To conclude, here is a brief overview of the price trends of major commodities: The price of gold saw a significant increase again in 2024, closing the year with a value slightly above €80 per gram, compared to €60 at the beginning of the year. The precious metal's strong performance, confirming its role as a safe-haven asset for investors, was once again driven by geopolitical tensions, persistent inflation, and increased central bank demand aimed at diversifying reserves. The oil market continued to exhibit volatility in 2024. In January, prices were supported by geopolitical uncertainty, but as the months progressed, a broad-based decline in demand, especially in China and Europe, negatively affected prices. However, in the autumn months, oil prices began to rise again due to

increasing hostilities between Iran and Israel and the potential impacts on oil infrastructure and transport routes.

In the first few months of the year, natural gas prices declined, falling below summer 2021 levels. This downward trend was aided by above-average winter temperatures, weak industrial activity, and high storage levels, which reduced the need for further supplies. During the summer months, natural gas prices climbed back above €30 per megawatt-hour, driven by robust global activity, technical factors, increased energy demand for air conditioning, and rising geopolitical tensions in the Middle East. By October, after a period of high volatility, natural gas prices had risen to €47 per megawatt-hour, due to both demand-side factors and the interruption of Russian gas flows to Eastern Europe through Ukraine.

Cocoa and coffee prices reached historic highs due to climate-related factors. In contrast, prices for soybeans, corn, and wheat declined, as the threat of shortages diminished and due to tariffs announced by the U.S. administration. Prices for iron and steel also fell by more than 20%, reflecting the weakness of industrial production.

The Italian economy

Growth slows down

As mentioned earlier, in the Eurozone, growth, initially modest, further weakened due to low levels of consumer spending, investment, and falling exports, along with a disappointing manufacturing sector (particularly in Germany) and signs of a slowdown in services. Recently published data from the International Monetary Fund forecasts growth in the Eurozone at 0.8% in 2024, with revised projections for the following two years at +1.0% and +1.4%, respectively, lower than the October 2024 estimates.

In this context, the expected growth for the Italian economy, like that of France and Germany, falls below the European average: +0.6% in 2024, +0.7% in 2025, and +0.9% in 2026.

Economic activity increased only slightly during the year, with the gross domestic product reaching €2,192 billion. Among the main causes of the slowdown were the contraction in the manufacturing sector and the limited contribution from the construction sector, which were partially offset by a recovery in services, especially in tourism. Exports contributed positively, while household consumption slowed and investment conditions remained unfavorable.

Employment

On the employment front, the number of employed persons continued to grow, maintaining the upward trend seen since 2021. However, in the second half of the year, some signs of weakened labor demand emerged. According to ISTAT, in the first 10 months of 2024 the number of employed people increased by 310,000 units (+1.2%), with a greater increase in female employment (+1.6%,

totaling 165,000 new female employees) compared to male employment (+1.1%, totaling 145,000 new male employees).

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 dynamics of labor costs intensified during the year as a result of contract renewals which favored a gradual recovery of real wages, contributing to the gradual recovery of households' purchasing power.

Industrial production

As already noted, 2024 was a complex year for the European manufacturing sector, with a decline in industrial production across the area, heavily affected by raw material and energy prices.

Although Italy did not experience a sharp contraction 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, as a result of the marked decline recorded in the first quarter (-1.4% quarter-on-quarter), which progressively lessened at the end of the second (-0.9%) and third (-0.6%) quarters.

Inflation

Inflation confirmed the downward trend already underway, with prices of goods and services in the first 11 months of 2024 increasing by about 1.2 percentage points, maintaining consumer inflation below the 2% target.

Investments and consumption

The investment expansion observed 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 expiry of tax incentives for the residential real estate sector (Superbonus), despite the numerous construction sites linked to the finalization of the PNRR (National Recovery and Resilience Plan). Furthermore, in the third quarter, companies' assessments of investment conditions worsened, and evaluations of capital goods orders declined.

Despite low inflation and falling credit costs, consumption remained weak, with household spending continuing its slow positive trend in the first half of the year, and a significant increase in household consumption during the summer months, especially in the services component. However, spending weakened again in the autumn months, affected by deteriorating household confidence and still attractive saving opportunities.

Credit and financing conditions.

The ECB's reference rate cuts are progressively being transmitted to bank funding costs (down by 26 basis points from August to November, settling at 1.7%) and to credit costs (from August to November, interest rates declined both on new loans, with an average rate of 4.5%, and on existing ones). The average cost of new household mortgages for home purchases also fell, reaching 3.2%, as did consumer credit (8.5%).

However, despite a slight acceleration in financing for home purchases, household credit remained weak, reflecting the moderate expansion of demand. As for loans to non-financial corporations, 2024 was characterized by substantially weak credit demand and still restrictive supply criteria.

Public finances

The Italian economy recorded GDP growth which led to an improvement in public debt compared to 2023. ISTAT data show that in 2024, the Italian net borrowing significantly decreased, reaching 3.4% of GDP compared to 7.2% in 2023, in line with the Government's and European Commission's assessments.

The debt-to-GDP ratio rose again, standing at 135.5%, compared to 134.6% in 2023.

The San Marino scenario

Growth estimates

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

In fact, estimates indicate real GDP growth of 0.40% for 2023 and a gradual recovery in 2024 (+0.70%), driven by the regained performance of the industrial sector and the momentum of the tourism sector, which recorded levels of attendance well above pre-pandemic levels, and in 2025 (+1.3%).

Growth estimates were also affected by the inflation rate which, since February 2024, has stood below the 2% threshold.

Fiscal position and public debt

Appreciable results were also achieved with regard to the fiscal position, which recorded a primary surplus in 2023, although the International Monetary Fund reiterated the call 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 the gradual rationalisation of public spending, the adoption of a package of tax reforms has been urged, aimed at introducing value-added tax and at broadening the taxable base of general income tax, through a review of tax deductions.

Similarly, a call was made to improve the debt management strategy, in order to minimize refinancing risks, also considering the approaching maturity of the €350 million Eurobond in January 2027, as well as to implement the structural reforms needed to revive potential growth.

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

Economic indicators

With the aim of offering a snapshot of the San Marino economy, the main indicators are briefly reviewed.

The number of operating companies in the territory shows a positive balance of 97 units, rising from 5,150 in December 2023 to 5,247 in December 2024.

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

- the number of employees increased overall by 549 units, largely attributable to the private sector, which recorded an average annual increase of 456 employees, while the public sector saw an average of 89 new entries during the year;
- the number of self-employed workers broke the negative trend recorded in recent years, increasing from 1,556 in 2023 to 1,562 in 2024;
- the number of cross-border workers confirmed the growth trend of recent years and increased on average by 511 units, with the number of workers coming from outside the border rising from 7,608 in 2023 to 8,119 in 2024;
- the number of unemployed increased from 701 in 2023 to 736 in 2024.

The good performance of the San Marino labor market is also confirmed by the positive trend in the overall employment rate, which increased by more than 2 percentage points on average during the year, and by the slight increase in the internal employment rate, which stands at 69.24%.

On the front of social shock absorbers, 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.

Inflation

As for inflation, which rose significantly at the end of 2022 and in the early months of 2023, during 2024 it showed a slight upward trend, standing below 2%.

The San Marino financial system

Operators

As of 31 December 2024, the San Marino financial sector consisted of 12 authorised entities under San Marino law; specifically: 4 banks, 3 asset management companies, 1 insurance company, 1 financial company, and 3 payment institutions. Additionally, following completion of the relevant authorisation procedure, 51 foreign financial companies are authorised to operate reserved activities under the regime of cross-border service provision without establishment. These include: 46 foreign insurance companies authorised to enter into insurance contracts in San Marino, 2 foreign companies authorised to grant loans, and 3 foreign companies authorised to provide payment services. Completing the picture are 2 San Marino-based companies engaged in servicing activities, and a special purpose vehicle company, established as part of the systemic securitisation transaction finalised at the end of 2023.

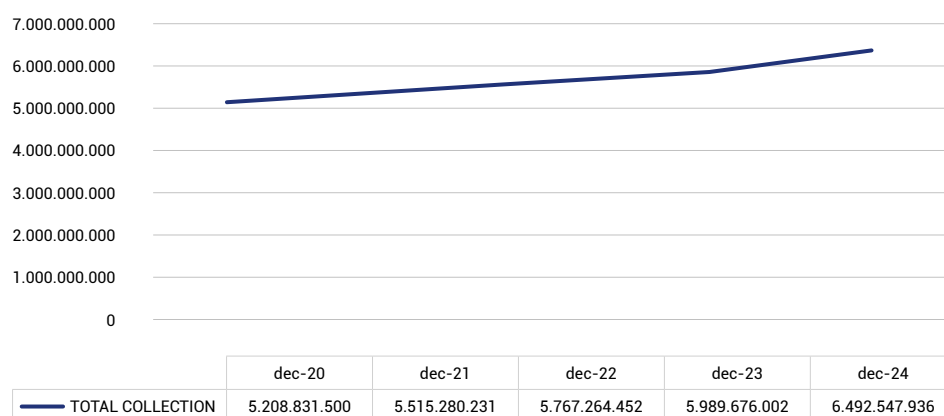
Deposit

The sector has seen a progressive consolidation of depositor confidence again in the past year. The aggregate data processed by the San Marino Banking Association¹ indicate a positive trend in banking funding, both in terms of total collection and in its individual components.

In particular, total deposits as of 31 December 2024 amounted to €6,492 million, recording an annual increase of 8.40%, equal to €502 million, and an increase of 24.64% over the four-year period 2020–2024, as shown in the graph below.

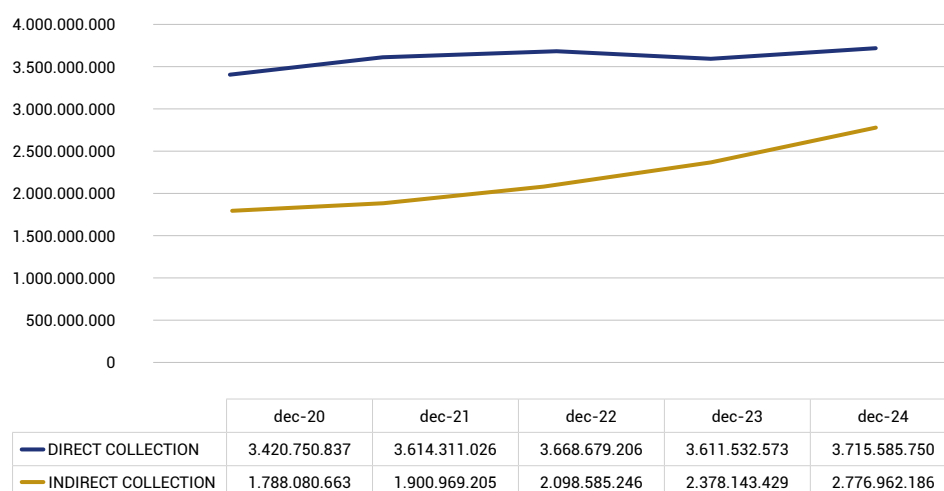
¹ Data source: ABS.

Total collection trend



A detailed examination of its components shows that direct deposit recorded an annual increase of 2.88%, equal to €104 million, while indirect funding, also driven by market performance, marked an annual progression of 16.77%, totaling €399 million. The graph below shows the trends of direct and indirect deposits in the 2020–2024 four-year period.

Direct and indirect collection trend

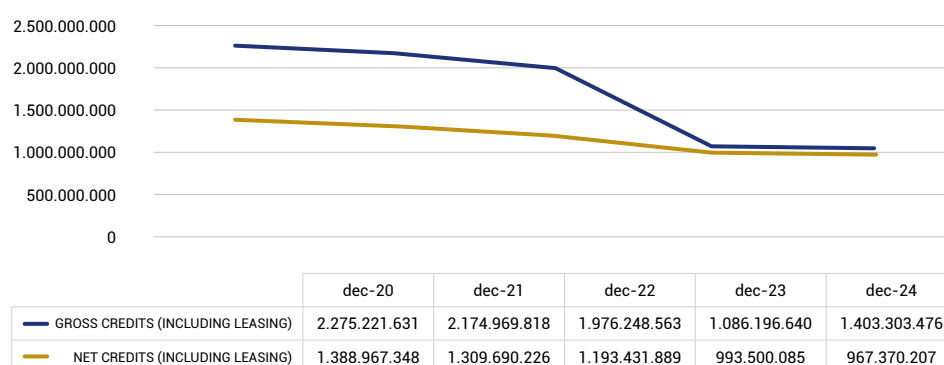


Similarly, over the same period, the currency reserves of the Central Bank have been consolidated and system liquidity has improved, while maintaining the possibility for the system to benefit from a liquidity line of up to €100 million in favor of the CBSM until 31 January 2027, in case of pressures resulting from the current international context.

Loans

With regard to loans, 2024 was marked by a certain stability in the figures, relating both to gross and net loans, while still confirming the negative trend observed in recent years, as shown in the graph below. In fact, after the significant contraction recorded in December 2023 due to the systemic securitisation operation², the figure for gross loans shows a year-on-year reduction of 3.95%, equal to €43 million, while net loans recorded a contraction of 2.63%, amounting to a total of €26 million. These figures were affected by the systemic restructuring operations carried out at the end of the year by San Marino banks as part of initiatives aimed at the progressive reduction of NPEs.

Credit trend



On the front of Non-Performing Loans (NPLs), significant progress has been made, thanks to the system-wide securitisation and the massive write-off of impaired loans fully carried out at the end of 2023, as well as the regulatory measures introduced by the Supervisory Authority to reduce the risks arising from impaired credit exposures on banks' balance sheets and to prevent their reaccumulation.

In fact, as reported by S&P Global and Morningstar DBRS in their reports dated 12 November 2024 and 7 February 2025, the gross NPL ratio fell 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 prepared by the Central Bank regarding the third quarter of 2024, gross impaired credit exposures are estimated at a total of €249 million, of which €103 million are classified as bad loans, with a coverage ratio on the former of 30.7%, rising to 47.3% for bad loans.

² As part of the systemic securitisation operation pursuant to Law 157/2021 concluded in December 2023, a portfolio of NPLs with a nominal value of €612 million was transferred by the San Marino originators to Veicolo di Sistema.

Equity

The aggregate equity (including the General Financial Risk Fund), as at 30 September 2024, as reported in the CBSM Information Bulletin for the third quarter, amounts to approximately €337 million, compared to €323 million as of 31 December 2023.

With the aim of progressively implementing the recommendations issued by supranational organizations and aligning with international parameters, the San Marino Authorities, together with the system, have continued working to find solutions conducive to increasing capital levels, while pursuing efficiency and profitability.

The regulatory framework evolution and compliance activities

San Marino legislation and compliance activities

During 2024, the Compliance Function of the BAC Group undertook the adaptation of internal regulations, procedures, and processes to the San Marino regulatory framework, which is aligned with international standards and constantly evolving.

Banking and financial regulation

For the current year, it is noted that the interventions of the Legislator are fully in line with the path undertaken by the Republic of San Marino for the progressive alignment with European regulations, further strengthened in view of the opportunities, and related commitments, that will arise from the Association Agreement with the European Union. The following Regulations issued by the Central Bank in 2024 are cited:

- **Regulation 2024-01 "Miscellany of targeted revisions to current supervisory provisions"**, this measure updates secondary legislation to reflect changes in primary legislation and consolidates, on a regulatory basis, the interpretative and applicative guidelines already issued by the Supervisory Authority;
- **Regulation 2024-02 "Regulation on insurance and reinsurance distribution"**, this measure replaces the Regulation on insurance intermediation (Regulation no. 2007-02) and supplements the Regulation on life insurance activities (Regulation no. 2008-01);
- **Regulation 2024-03 "Regulation on crypto activities"**, this falls within the implementing provisions of Law no. 165 of 17 November 2005, as amended by Delegated Decree no. 138 of 29 August 2024 "Regulation of Distributed Ledger Technologies," and by the aforementioned Delegated Decree itself;
- **Regulation 2024-04 "Regulation on payment operations (SEPA)"**, this measure completely replaces Regulation no. 2013-05, modifies Regulation no. 2020-04 on payment services and electronic money issuance, and updates the sector's regulation in light of the additions introduced by Regulation (EU) 886/2024 on instant payments;
- **Regulation 2024-05 "Regulation on investment services and activities"**, this falls within the implementing provisions of Law no. 165 of 17 November 2005 and the following Decrees:
 - Delegated Decree no. 61 of 29 March 2019, implementing EU Directive 2014/65 (known as MiFID II) on financial instrument markets, EU Regulation 600/2014 (known as MiFIR II), and EU Directive 2014/57 (known as MAD II) on market abuse and EU Regulation 596/2014 (known as MAR);

- Delegated Decree no. 50 of 26 March 2019 "Provisions on access to the activity of credit institutions and on prudential and supplementary supervision of the financial sector," implementing Directive 2002/87/EC, Directive 2013/36/EU and EU Regulation 575/2013".

The following additional measures of interest to the banking and financial system are also mentioned:

- **Law no. 155 of 22 October 2024 "Amendments to the State Budget and the Budget of Entities in the Broader Public Sector for the 2024 fiscal year and amendments to Law no. 194 of 23 December 2023,"** introducing changes to the 2024 Financial Law, specifically regarding the tax treatment of capital gains on real estate transferred to banks and the registration tax on banking contracts;
- **Law no. 202 of 20 December 2024 "State Budget and budgets of public entities for the 2025 fiscal year and multi-year budgets 2025/2027";**
- **Delegated Decree no. 173 of 13 November 2024 (ratifying Delegated Decree no. 120 of 12 August 2024) "Provisions for the implementation of the eIDAS Regulation and the definition of secure electronic interaction methods,"** which completes San Marino legislation on electronic signatures.
- In the area of automatic exchange of information, two updates to the Guidelines were issued (version 3.0 published on 19/02/2024 and version 3.1 published on 18/09/2024).

Furthermore, in the area of AML (Anti-Money Laundering), the following sector regulations are highlighted:

- **AIF Circular no. 2024/01 "Regulation on the register of beneficial ownership pursuant to Art. 23 quater of Law no. 92/2008 and subsequent amendments":** following the amendments introduced to Law no. 92/2008 by DD no. 154/2023, the register of beneficial ownership is managed by the Financial Intelligence Agency;
- **AIF Circular no. 2024/01 Inter-category Series "Regulation on the account and safety deposit box archive pursuant to Art. 23 sexies of Law no. 92/2008 and subsequent amendments":** the archive introduced by the amendments to the anti-money laundering law contains information on payment accounts, securities accounts, virtual accounts, and safety deposit boxes maintained by the Financial Intelligence Agency.

Finally, a significant measure ratified in 2024 concerning financing is highlighted: *Delegated Decree no. 57 of 19 March 2024 (ratifying Delegated Decree no. 198 of 29 December 2023) "Measures to mitigate interest rates on mortgage loans for primary residences."*

Major legislative interventions in the San Marino legal system

PRIMARY LEGISLATION	TITLE	SUBJECT MATTER
Delegated Decree no. 2 of 3 January 2024	"Regulation of distributed ledger technologies"	Corporate law
Delegated Decree no. 15 of 30 January 2024	"Amendment of provisions relating to personal deductions under Article 16 and Article 148, paragraph 8, of Law no. 166 of 16 December 2013 and subsequent amendments"	Tax and fiscal
Delegated Decree no. 16 of 30 January 2024	"Update of transformation and revaluation coefficients for contributory pension schemes"	Employment law
Delegated Decree no. 17 of 2 February 2024	"Amendments and coordination to Law no. 157 of 29 November 2022 and subsequent amendments – Pension System Reform"	Employment law
Regulation no. 4 of 6 February 2024	"Amendments to Chapter II of Regulation no. 3 of 11 May 2020 and subsequent amendments on family support measures"	Tax and fiscal
CBSM Regulation 2024-01 published on 09.02.2024	"Miscellany of targeted revisions to current supervisory provisions"	Supervisory provisions
Decree-Law no. 22 of 15 February 2024	"Urgent measures to resolve the temporary crisis of businesses"	Corporate law
Delegated Decree no. 23 of 15 February 2024	"Cost of living adjustment and related coefficients pursuant to Article 32, ninth paragraph, of Law no. 15 of 11 February 1983 and subsequent amendments"	Employment law
Guidelines version 3.0 of 19 February 2024	"Automatic exchange of information"	Tax and fiscal
Delegated Decree no. 27 of 19 February 2024 (ratifying Delegated Decree no. 178 of 13 December 2023)	"Update of incentives for energy efficiency of buildings"	Credit
Delegated Decree no. 32 of 20 February 2024 (ratifying Delegated Decree no. 168 of 30 November 2023)	"Sismabonus for seismic risk reduction"	Credit
Delegated Decree no. 35 of 21 February 2024	"Adjustment of the pension cap pursuant to Article 14 of Law no. 157 of 29 November 2022"	Employment law
Delegated Decree no. 47 of 8 March 2024	"Amendments to Decree no. 15 of 26 April 1976 and subsequent amendments - Consolidated text of legislative provisions on family allowances"	Employment law
Delegated Decree no. 50 of 14 March 2024 (ratifying Delegated Decree no. 185 of 18 December 2023)	"Regulation of economic activities"	Corporate law
Regulation no. 8 of 15 March 2024	"Provisions on the functioning of the San Marino real estate market observatory"	Urban planning and cadastral
Delegated Decree no. 55 of 19 March 2024 (ratifying Delegated Decree no. 200 of 29 December 2023)	"Supervisory Body pursuant to Law no. 157 of 30 August 2021"	Securitisation
Delegated Decree no. 57 of 19 March 2024 (ratifying Delegated Decree no. 198 of 29 December 2023)	"Measures to mitigate interest rates on mortgage loans for primary residences"	Credit

CBSM Regulation 2024-02 published on 14.06.2024	"Regulation on insurance and reinsurance distribution"	Supervisory provisions
AIF Circular 2024/01	Regulation on the register of beneficial ownership pursuant to Art. 23 quater of Law no. 92/2008 and subsequent amendments	Anti-money laundering
Delegated Decree no. 110 of 9 August 2024	"Reorganization of the separate management, coordination measures on pensions, revision of employment rules for pension recipients, and family solidarity"	Employment law
Delegated Decree no. 113 of 9 August 2024	"Simplified tax regime for foreign business activities"	Tax and fiscal
Delegated Decree no. 116 of 9 August 2024	"Amendment to Delegated Decree no. 72 of 25 June 2018 'Provisions on subsidized credit for business support' and subsequent amendments"	Credit
Delegated Decree no. 120 of 12 August 2024	"Provisions for the implementation of the eIDAS Regulation and the definition of secure electronic interaction methods"	Electronic signature
Delegated Decree no. 123 of 14 August 2024	"Definition of the maximum spread and nominal interest rate to be applied until 30 September 2024 to loans supported by the state contribution under Law no. 44 of 31 March 2015 and subsequent amendments"	Credit
Delegated Decree no. 134 of 23 August 2024	"Provisions on consumer protection"	Consumer protection
Delegated Decree no. 138 of 29 August 2024 (ratifying Delegated Decree no. 2 of 3 January 2024)	"Regulation of distributed ledger technologies"	Corporate law
Delegated Decree no. 140 of 30 August 2024 (ratifying Delegated Decree no. 16 of 30 January 2024)	"Update of transformation and revaluation coefficients for contributory pension schemes"	Employment law
Guidelines version 3.1 of 18 September 2024	"Automatic exchange of information"	Tax and fiscal
CBSM Regulation 2024-03 published on 25.09.2024	"Regulation on crypto activities"	Supervisory provisions
Law no. 155 of 22 October 2024	"Amendments to the State Budget and the Budget of Entities in the Broader Public Sector for the 2024 fiscal year and amendments to Law no. 194 of 23 December 2023"	Finance
Delegated Decree no. 156 of 23 October 2024	"Issuance of public debt securities - Republic of San Marino, fixed rate 2.50%, 23 December 2025"	Finance
Delegated Decree no. 160 of 29 October 2024 (ratifying Delegated Decree no. 134 of 23 August 2024)	"Provisions on consumer protection"	Consumer protection
Delegated Decree no. 162 of 30 October 2024 (ratifying Delegated Decree no. 110 of 9 August 2024)	"Reorganization of the separate management, coordination measures on pensions, revision of employment rules for pension recipients, and family solidarity"	Employment law
Delegated Decree no. 166 of 4 November 2024	"Provisions on international commercial arbitration"	Civil procedural law
CBSM Regulation 2024-04 published on 7 November 2024	"Regulation on SEPA payment operations"	Supervisory provisions
Delegated Decree no. 173 of 13 November 2024 (ratifying Delegated Decree no. 120 of 12 August 2024)	"Provisions for the implementation of the eIDAS Regulation and the definition of secure electronic interaction methods"	Electronic signature

CBSM Regulation 2024-05 published on 28 November 2024	"Regulation on investment services and activities"	Supervisory provisions
Regulation no. 20 of 4 December 2024	"Regulation for the application of mortgage laws"	Tax and fiscal
Regulation no. 21 of 4 December 2024	"Regulation for the application of the law on registration taxes"	Tax and fiscal
Regulation no. 22 of 4 December 2024	"Regulation for the application of the law on inheritance taxes"	Tax and fiscal
Delegated Decree no. 192 of 6 December 2024	"Safeguarding the effects of Delegated Decree no. 137 of 29 August 2024 'Support measures for the redevelopment of hotel accommodation facilities'"	Credit
Law no. 202 of 20 December 2024	"State and Public Entities Budgets for the 2025 Fiscal Year and Multi-Year Budgets 2025/2027"	Finance
Delegated Decree no. 205 of 20 December 2024	"Sectors of activity subject to the authorization of the State Congress"	Corporate law
Delegated Decree no. 206 of 20 December 2024	"Consumer Protection Authority"	Consumer protection
AIF Circular 2024/01 Inter-category Series published on 20.12.2024	"Regulation of the account and safety deposit box archive pursuant to Art. 23 sexies of Law no. 92/2008 and subsequent amendments"	Anti-money laundering
Delegated Decree no. 209 of 30 December 2024	"New system for the electronic customs clearance of goods"	Tax and fiscal

Foreign branches

The Bank has no branches outside the San Marino territory.

Introduction

Dear Shareholders,

The year 2024, for Banca Agricola Commerciale S.p.A. (hereinafter also BAC, the Bank, or the Parent Company), was marked by the stability of its shareholder structure. Regarding the scope of the BAC Group, the presence of the following companies, wholly or majority-owned by the Parent Company, is confirmed:

- BAC Investments SG Spa, a wholly owned subsidiary and management company established in 2018 authorized to exclusively carry out the promotion and management of mutual investment funds. The company manages seven open-end mutual funds aimed at the general public and subject to UCITS² regulations (previously authorized by CBSM);
- BAC Life Spa, a wholly owned subsidiary, the only San Marino Life Insurance Company operating in the territory, for which BAC has also acted as an insurance intermediary since 2009, when the Company was established;
- BAC Trustee Spa, a wholly owned subsidiary, is engaged in the business of Professional Trustee, as well as resident agent, in line with the provisions of current San Marino regulations;
- BAC Real Estate Srl (formerly IBS Immobiliare S.r.l.), a wholly owned subsidiary responsible for the management and enhancement of real estate assets;
- San Marino Finanza e Previdenza Srl, established in 2021 with a 51 % stake, in a joint venture with the Italian-registered company Finanza e Previdenza Srl, serves as the insurance agency of the Banking Group, handling the placement of non-life and life insurance policies.

As for equity investments in other companies outside the Banking Group, it should be noted that at the end of 2023 BAC, together with the other San Marino banks, completed the important system securitization process in accordance with Law 157/2021, transferring a large part of its impaired loans (so-called NPLs) to the newly established Veicolo di Sistema.

For the execution of the securitisation operation and to ensure the recovery of the loans transferred by the banks to Veicolo di Sistema, the following companies were established:

- I.G.R.C. Spa, Master Servicer of the operation, in which BAC holds a 10.08% stake, proportional to the transferred loans, together with the other San Marino banks and the Eccellentissima Camera;
- S3 – Special Servicer Sammarinese Srl, tasked with acting as Special

² The acronym UCITS (Undertakings for Collective Investment in Transferable Securities) refers to Directive 65/EC dated 13/01/2019 of the European Union, which sets the terms for the placement of funds domiciled in one.

Servicer of the operation, in which BAC holds a 33.00% stake, jointly with the other originating banks.

Finally, during 2024, BAC increased its shareholding in the San Marino company NCO Immobiliare S.r.l. to 50%. This company, equally owned with another bank, was established in 2022 to better safeguard their respective credit claims against a common debtor.

Other significant equity interests include:

- S.S.I.S. Spa (San Marino Information Systems Company), held in equal shares (50%) with another San Marino bank;
- Centro Servizi Srl, held at 33.33% jointly with two other San Marino banks, operating in the IT sector;
- BKN301 Spa, a San Marino payment institution, in which BAC holds a 19.22% stake.

General principles for the preparation of the management report

The management report is intended to ensure a correct, true and clear representation of the economic-financial situation in terms of form and content. It provides information in accordance with the preparation basis of the concise statement of assets and liabilities and profit and loss account, strictly reconciled with the mandatory financial statement layouts. The Report is accompanied by several tables (Main data, Reclassified financial statement schedules), as well as an analysis of the results for the year and the performance for the period.

Main data

Profit and loss account data

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Financial Margin	15.786.216	17.452.472	-1.666.256	-9,55%
Net commissions	5.299.145	5.212.558	86.587	1,66%
Profits and losses from financial operations	534.198	1.288.239	-754.040	-58,53%
Other expenses	-63.681	-	-63.681	100,00%
Other income	2.200.644	2.135.096	65.548	3,07%
Brokerage income	7.970.306	8.635.893	-665.587	-7,71%
Net interest and other banking income	23.756.522	26.088.365	-2.331.843	-8,94%
Personnel expenses	-7.753.433	-7.849.656	96.223	-1,23%
Administrative expenses	-5.006.913	-5.126.789	119.875	-2,34%
Adjustments to property, plant and equipment and intangible assets	-1.464.194	-1.388.285	-75.909	5,47%
Operating expenses	-14.224.541	-14.364.730	140.189	-0,98%
Operating income	9.531.981	11.723.635	-2.191.654	-18,69%
Provisions for risks and charges and net adjustments to receivables	-4.672.258	-5.400.908	728.650	-13,49%
Provisions for credit risks	-	-	-	-
Value adjustments on financial fixed assets	98.302	139.737	-41.436	-29,65%
Value adjustments on non-instrumental fixed assets	-	-	-	-
Extraordinary profit/loss	565.765	570.253	-4.488	-0,79%
Change in the provision for general financial risks (+/-)	-	-1.423.222	1.423.222	-100,00%
Income taxes for the year	-470.000	-	-470.000	100,00%
Profit/(loss) for the year	5.053.790	5.609.496	-555.705	-9,91%

Based on the reporting layouts required by the Supervisory Authority (see CBSM Regulation 2016/02), brokerage income includes the principal and interest portions of lease payments made by customers. The principal portions are offset by corresponding depreciation entries under value adjustments to tangible fixed assets. In the present reclassification, for the purpose of a more accurate representation of interim economic results, the aforementioned items are shown net of the principal portion and the corresponding depreciation quota of said leases.

Balance sheet data

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Total assets	890.106.427	937.181.395	-47.074.968	-5,02%
Cash	4.210.108	4.482.087	-271.979	-6,07%
Loans to customers	260.639.936	277.856.002	-17.216.066	-6,20%
<i>of which Impaired loans</i>	32.156.485	33.074.237	-917.752	-2,77%
Financial assets	264.059.092	236.834.365	27.224.727	11,50%
Net interbank position	116.890.311	161.639.684	-44.749.373	-27,68%
Equity investments	13.649.091	13.467.854	181.237	1,35%
Property, plant and equipment/ intangible assets	116.099.049	117.713.876	-1.614.827	-1,37%
Other assets	114.558.839	125.187.527	-10.628.688	-8,49%
Total Liabilities	890.106.426	937.181.395	-47.074.969	-5,02%
Due to customers and securities issued	699.765.839	744.745.193	-44.979.353	-6,04%
<i>of which Payables</i>	532.890.036	534.578.366	-1.688.330	-0,32%
<i>of which Payables represented by securities</i>	166.875.803	210.166.827	-43.291.023	-20,60%
Other liabilities	86.371.010	93.591.086	-7.220.076	-7,71%
Provisions for risks and charges	1.913.931	1.843.326	70.604	3,83%
Provision for risks on non-adjustable receivables	600.000	600.000	-	-
Provision for general financial risks	1.423.222	1.423.222	-	-
Subordinated liabilities	2.400.988	2.400.922	66	-
Shareholders' equity (including result for the year)	97.631.437	92.577.646	5.053.790	5,46%

Financial assets of customers

DESCRIPTION	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
A) Direct deposits	703.191.000	748.452.326	-45.261.326	-6,05%	100%	100%
Savings Deposits	1.238.497	1.471.373	-232.876	-15,83%	0,18%	0,20%
Customer current accounts in euros and foreign currency	445.899.292	423.055.241	22.844.051	5,40%	63,41%	56,52%
Repurchase agreements	31.568.674	67.990.077	-36.421.404	-53,57%	4,49%	9,08%
Other funds	54.183.573	42.061.675	12.121.898	28,82%	7,71%	5,62%
Certificates of deposit	166.875.803	210.166.827	-43.291.023	-20,60%	23,73%	28,08%
Internal checks	1.024.173	1.306.211	-282.039	-21,59%	0,15%	0,17%
Subordinated liabilities	2.400.988	2.400.922	66	-	0,34%	0,32%
B) Raccolta gestita (valore di mercato)	832.006	3.590.835	-2.758.829	-76,83%		
of which Cash	101.060	276.317	-175.257	-63,43%		
of which Subordinated Loan	-	-	-	-		
C) Assets under administration (market value)	687.139.903	584.167.817	102.972.086	17,63%		
of which Bac Investments SG funds	131.727.382	109.374.923	22.352.459	20,44%		
of which Subordinated loan	2.395.000	2.395.000	-	-		
D) Custodian Bank activities	131.727.382	109.374.923	22.352.459	20,44%		
of which Cash	5.585.784	5.249.412	336.372	6,41%		
of which Subordinated Loan	-	-	-	-		
Total deposits	1.514.808.447	1.437.665.172	77.143.275	5,37%		

MAIN INDICATORS

	31/12/2024	31/12/2023
Structure data		
Number of employees e.o.p.	104	107
Number of branches	8	8
Credit risk ratios		
Net non-performing loans/Net loans to customers	4,13%	3,93%
Net doubtful loans/Net loans to customers	12,34%	* 12,29%
Coverage on total loans	4,06%	4,66%
Coverage on total loans including adjustments on supervisory expectations (Calendar Provisioning)	5,52%	n.d.
Supervisory capital and ratios		
Supervisory capital	71.913.150	64.621.056
Weighted risk assets	336.254.775	364.848.408
Supervisory capital/weighted assets (total capital ratio)	21,39%	17,71%
Total assets	892.160.020	939.113.407
Profitability indicators		
Financial margin/brokerage margin	66,45%	66,90%
Services margin/brokerage margin	33,55%	33,10%
Cost/income ratio	59,88%	55,06%
Operating income/brokerage margin	40,12%	44,94%
Leverage (average assets/average equity)	9,14	10,14
ROA e.o.p.	0,57%	0,60%
ROE e.o.p. (NP including general financial risk provision)	5,10%	5,97%

* Reclassification of credit exposures as of 31/12/2023 based on the new taxonomy introduced by Regulation no. 2023/02, supplementing and amending Regulation no. 2016-02, Article I.1.3.

Reclassified balance sheet schedules

RECLASSIFIED ASSETS	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
Cash and cash equivalents	4.210.108	4.482.087	-271.979	-6,07%	0,47%	0,48%
Loans to banks	118.943.905	163.571.696	-44.627.791	-27,28%	13,33%	17,42%
Loans to customers	260.639.936	277.856.002	-17.216.066	-6,20%	29,21%	29,59%
Financial assets	264.059.092	236.834.365	27.224.727	11,50%	29,60%	25,22%
Shareholdings	13.649.091	13.467.854	181.237	1,35%	1,53%	1,43%
Tangible fixed assets	114.036.746	115.513.060	-1.476.314	-1,28%	12,78%	12,30%
Intangible fixed assets	2.062.304	2.200.816	-138.512	-6,29%	0,23%	0,23%
Other assets	114.558.838	125.187.527	-10.628.689	-8,49%	12,84%	13,33%
Total assets	892.160.020	939.113.407	-46.953.387	-5,00%	100,00%	100,00%

RECLASSIFIED LIABILITIES	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
Due to banks	2.053.594	1.932.012	121.582	6,29%	0,23%	0,21%
Due to customers	532.890.036	534.578.366	-1.688.330	-0,32%	59,73%	56,92%
Debts represented by securities	166.875.803	210.166.827	-43.291.023	-20,60%	18,70%	22,38%
Other liabilities	86.371.010	93.591.086	-7.220.076	-7,71%	9,68%	9,97%
Provisions for risks and charges	1.913.931	1.843.326	70.604	3,83%	0,21%	0,20%
Provision for non-adjustable credit risks	600.000	600.000	-	-	0,07%	0,06%
Provision for general financial risks	1.423.222	1.423.222	-	-	0,16%	-
Subordinated liabilities	2.400.988	2.400.922	66	-	0,27%	0,26%
Net equity	97.631.437	92.577.646	5.053.790	5,46%	10,94%	9,86%
- Capital and reserves	92.577.646	86.968.151	5.609.496	6,45%	10,38%	9,26%
- Retained losses	-	-	-	-	-	-
- Result for the year	5.053.790	5.609.496	-555.705	-9,91%	0,57%	0,60%
Total liabilities	892.160.020	939.113.407	-46.953.387	-5,00%	100,00%	100,00%

RECLASSIFIED PROFIT AND LOSS ACCOUNT	31/12/2024	% Intermed. margin	31/12/2023	% Intermed. margin	CHANGE	
					Absolute	%
Interest income and similar charges	24.989.278	105,19%	24.463.527	93,77%	525.751	2,15%
of which a) Interest receivable from customers	14.051.167	59,15%	15.401.196	59,03%	-1.350.029	-8,77%
b) Interest income to banks	3.961.089	16,67%	3.392.128	13,00%	568.961	16,77%
c) Interest income on debt securities	6.977.022	29,37%	5.670.203	21,73%	1.306.819	23,05%
Interest expense and similar charges	-10.029.889	-42,22%	-7.818.830	-29,97%	-2.211.059	28,28%
of which a) Interest payable to customers	-4.937.586	-20,78%	-4.001.244	-15,34%	-936.341	23,40%
b) Interest expense on debt represented by securities	-5.088.373	-21,42%	-3.815.068	-14,62%	-1.273.305	33,38%
c) Interest payable to banks	-3.930	-0,02%	-2.517	-0,01%	-1.413	56,13%
Net interest income	14.959.389	62,97%	16.644.697	63,80%	-1.685.308	-10,13%
Dividends and other revenue	826.827	3,48%	807.775	3,10%	19.052	2,36%
Financial margin	15.786.216	66,45%	17.452.472	66,90%	-1.666.256	-9,55%
Net commissions	5.299.145	22,31%	5.212.558	19,98%	86.587	1,66%
of which a) Commission income	7.387.758	31,10%	7.310.287	28,02%	77.470	1,06%
b) Commissions payable	-2.088.613	-8,79%	-2.097.729	-8,04%	9.116	-0,43%
Profit and losses on financial transactions	534.198	2,25%	1.288.239	4,94%	-754.040	-58,53%
of which a) On securities	231.988	0,98%	968.239	3,71%	-736.251	-76,04%
b) On foreign exchange	302.210	1,27%	320.000	1,23%	-17.789	-5,56%
Other net income *	2.200.644	9,26%	2.135.096	8,18%	65.548	3,07%
Other net expenses	-63.681	-0,27%	-	-	-63.681	100,00%
Services margin	7.970.306	33,55%	8.635.893	33,10%	-665.587	-7,71%
Services margin net of profits and losses from financial transactions	7.436.108	31,30%	7.347.655	28,16%	88.453	1,20%
Intermediation margin	23.756.522	100,00%	26.088.365	100,00%	-2.331.843	-8,94%
Operating expenses	-14.224.541	-59,88%	-14.364.730	-55,06%	140.189	-0,98%
of which a) Personnel Expenses	-7.753.433	-32,64%	-7.849.656	-30,09%	96.223	-1,23%
b) Other administrative expenses:	-5.006.913	-21,08%	-5.126.789	-19,65%	119.875	-2,34%
c) Depreciation on fixed assets: tangible and intangible*	-1.464.194	-6,16%	-1.388.285	-5,32%	-75.909	5,47%
Operating income	9.531.981	40,12%	11.723.635	44,94%	-2.191.654	-18,69%
Provisions and net adjustments to loans and advances	-4.402.049	-18,53%	-4.806.317	-18,42%	404.267	-8,41%
Allocations to provisions for credit risks	-	-	-	-	-	-
Provisions for risks and charges	-270.209	-1,14%	-594.591	-2,28%	324.382	-54,56%
Value adjustments/reversals on financial fixed assets	98.302	0,41%	139.737	0,54%	-41.436	-29,65%
Value adjustments on non-instrumental fixed assets	-	-	-	-	-	-
Income from ordinary activities	4.958.025	20,87%	6.462.465	24,77%	-1.504.440	-23,28%
Extraordinary income (loss)	565.765	2,38%	570.253	2,19%	-4.488	-0,79%
Change in provision for general financial risks (+/-)	-	-	-1.423.222	-5,46%	1.423.222	-100,00%
Income taxes	-470.000	-1,98%	-	-	-470.000	100,00%
Profit (loss) for the year	5.053.790	21,27%	5.609.496	21,50%	-555.705	-9,91%

* Net of the share capital accrued during the year, relating to the lease payments for the assets covered by the financial leasing agreements.

Results for the year and performance for the period

Profit and loss account

Operating result structure⁴

The profit and loss account closes with a positive result of €5.054 million, a decrease compared to the previous year's performance, which recorded a profit of €5.609 million, a reduction of 9.91% (€-0.555 million), although not burdened by income tax expenses, which in the current year amounted to €0.470 million. This result was influenced by the slow decline in interest rates that occurred in 2024, reversing the trend of 2022 and 2023, with a contraction in profitability in terms of interest margin, mainly due to higher interest expense compared to the previous year. Dividends recorded a slight increase (+2.36%), thanks to a higher contribution from subsidiaries. Overall, the financial margin decreased by €-1.666 million (-9.55%), while the service margin fell by €-0.665 million (-7.71%) due to the lower performance of the item "profits and losses from financial operations," which, although still positive, declined by €-0.754 million (-58.53%) due to the valuation of financial instruments in the proprietary portfolio as of 31/12/2024.

The earnings achieved supported the maintenance of substantial net value adjustments on loans of €4.402 million, as well as additional provisions to risk and expense funds amounting to €0.270 million.

Please refer to the following paragraphs for a more detailed view of the margins and interim results that contributed to the final result for the financial year.

The financial margin

The financial margin amounted to €15.786 million (a decrease of €1.666 million compared to 2023).

The decrease in the margin reflects the trend of slowly and steadily declining interest rates throughout 2024, with a reduction in the contribution from loans to customers, also due to lower credit demand because of the still high cost of funding (down €1.350 million, -8.77%). Additionally, the trend in interest rates led to an increase in interest expenses paid to customers, due to the adjustment dynamics on interest-bearing liabilities. The margin from financial investments

⁴ The data shown refer to the reclassified profit and loss account.

showed a positive change of €1.294 million (+35.74%), thanks to better coupon flows from the proprietary securities portfolio. Similarly, the interbank margin increased by 16.74% (€+0.567 million), driven by higher interest income on deposits.

Finally, it is worth noting the contribution of dividends and other income from the invested stock of debt and equity securities, which rose by €0.019 million (+2.36%) compared to the previous year, due to the higher contribution from subsidiaries based on their earnings results.

FINANCIAL MARGIN FORMATION	31/12/2024	31/12/2023	CHANGE		% Of interest margin	
			Absolute	%	31/12/2024	31/12/2023
Interest income on loans to customers	14.051.167	15.401.196	-1.350.029	-8,77%	89,01%	88,25%
Interest expense on amounts due to customers	-2.875.068	-1.951.452	-923.617	47,33%	-18,21%	-11,18%
Interest expense on securities liabilities (CD bonds)	-5.088.373	-3.815.068	-1.273.305	33,38%	-32,23%	-21,86%
Margin customers	6.087.725	9.634.676	-3.546.951	-36,81%	38,56%	55,21%
Interest income on debt securities	6.977.022	5.670.204	1.306.819	23,05%	44,20%	32,49%
Interest expense on debts represented by securities (repo)	-2.062.517	-2.049.793	-12.725	0,62%	-13,07%	-11,74%
Financial investments margin	4.914.505	3.620.411	1.294.094	35,74%	31,13%	20,74%
Banking margin	11.002.230	13.255.087	-2.252.857	-17,00%	69,70%	75,95%
Interest income from credit institutions	3.961.089	3.392.128	568.961	16,77%	25,09%	19,44%
Interest expense from credit institutions	-3.930	-2.517	-1.413	56,13%	-0,02%	-0,01%
Interbank margin	3.957.159	3.389.611	567.548	16,74%	25,07%	19,42%
Dividends and other income	826.827	807.775	19.052	2,36%	5,24%	4,63%
Financial margin	15.786.216	17.452.472	-1.666.257	-9,55%	100,00%	100,00%

Intermediation margin

The intermediation margin, amounting to €23.756 million, shows a decrease of €-2.331 million (-8.94%) compared to the previous year. The tables below highlight that the decline in net interest, discussed in the previous paragraph, combined with the reduction in intermediation income, contributed to the result achieved. The result from the management of the proprietary securities portfolio ("profits and losses from financial operations") shows a positive contribution, although down from the previous year, due to market dynamics marked by high volatility in December 2024.

The service margin, totaling €7.970 million, decreased compared to 2023 (-7.71%) and was negatively affected by the lower performance in the segment of profits and losses from financial operations, as illustrated above. On the side of net fee and commission income, amounting to €5.299 million, a positive performance is recorded, equal to €+0.086 million (+1.66%). The main increases in commissions occurred in: securities intermediation and retrocessions for the distribution of insurance and managed savings products, and in services related to issuing/managing credit/debit cards. Other operating income and expenses supported the intermediation margin through the recording of rental income from income-generating properties, pending potential disposals.

PROFIT AND LOSS ACCOUNT	31/12/2024	31/12/2023	CHANGE		% Of interest margin	
			Absolute	%	31/12/2024	31/12/2023
Interest margin	14.959.389	16.644.697	-1.685.308	-10,13%	62,97%	63,80%
Dividends and other revenues	826.827	807.775	19.052	2,36%	3,48%	3,10%
Intermediation revenues and other	7.970.306	8.635.893	-665.587	-7,71%	33,55%	33,10%
Intermediation margin	23.756.522	26.088.365	-2.331.843	-8,94%	100,00%	100,00%

INTERMEDIATION REVENUES AND OTHER	31/12/2024	31/12/2023	CHANGE		% Of interest margin	
			Absolute	%	31/12/2024	31/12/2023
Net commissions	5.299.145	5.212.558	86.587	1,66%	66,49%	60,36%
Commission income	7.387.758	7.310.287	77.470	1,06%	92,69%	84,65%
- Guarantees given	110.913	115.598	-4.685	-4,05%	1,39%	1,34%
- Investment services	658.011	577.797	80.214	13,88%	8,26%	6,69%
<i>of which Receipt and transmission of orders</i>	655.794	571.784	84.010	14,69%	8,23%	6,62%
<i>of which Portfolio management of financial instruments</i>	2.217	6.013	-3.795	-63,12%	0,03%	0,07%
- Distribution of services and products of third parties other than placement	1.323.480	1.207.716	115.763	9,59%	16,61%	13,98%
<i>of which Insurance products</i>	607.662	480.357	127.305	26,50%	7,62%	5,56%
<i>of which Other services or products</i>	715.817	727.359	-11.542	-1,59%	8,98%	8,42%
- Cash-in and payment services	742.233	780.767	-38.534	-4,94%	9,31%	9,04%
- Issuing/managing credit/debit cards	1.801.468	1.708.645	92.823	5,43%	22,60%	19,79%
- Custodian bank services	237.537	216.161	21.376	9,89%	2,98%	2,50%
- Storage and administration of financial instruments	334.254	307.705	26.549	8,63%	4,19%	3,56%
- Currency trading	216.712	257.632	-40.920	-15,88%	2,72%	2,98%
- Trust services	126.211	120.913	5.298	4,38%	1,58%	1,40%
- Other services	1.836.938	2.017.353	-180.415	-8,94%	23,05%	23,36%
<i>of which Current accounts</i>	1.253.241	1.420.187	-166.946	-11,76%	15,72%	16,45%
<i>of which Cash-ins and payments</i>	139.423	121.351	18.073	14,89%	1,75%	1,41%
<i>of which Fees</i>	131.352	126.345	5.007	3,96%	1,65%	1,46%
<i>of which Loans granted</i>	199.559	245.603	-46.044	-18,75%	2,50%	2,84%
Commissions payable	-2.088.613	-2.097.729	9.117	-0,43%	-26,20%	-24,29%
- Collection and payment services	-177.590	-162.451	-15.139	9,32%	-2,23%	-1,88%
- Credit/debit card issuing/management	-1.434.302	-1.324.619	-109.683	8,28%	-18,00%	-15,34%
- Management services, brokerage, cons.	-400.236	-521.799	121.563	-23,30%	-5,02%	-6,04%
- Currency trading	-	-44.460	-	-	-	-0,51%
- Other services	-76.485	-44.401	-32.084	72,26%	-0,96%	-0,51%
Profits and losses from financial transactions	534.198	1.288.239	-754.040	-58,53%	6,70%	14,92%
On securities:	231.988	968.239	-736.251	-76,04%	2,91%	11,21%
- Trading of securities	2.199.336	572.120	1.627.216	284,42%	27,59%	6,62%
- Valuation of securities	-1.967.348	396.119	-2.363.467	-596,66%	-24,68%	4,59%
- Currency trading	302.210	320.000	-17.789	-5,56%	3,79%	3,71%
- On other transactions	-	-	-	-	-	-
Operating income and expenses	2.136.963	2.135.096	1.867	0,09%	26,81%	24,72%
Other income	2.078.498	2.037.644	40.854	2,00%	26,08%	23,60%
Expense recoveries .	122.146	97.453	24.694	25,34%	1,53%	1,13%
Other charges	-63.681	-	-63.681	100,00%	-0,80%	-
Services margin net of profit and loss from financial operations	7.436.108	7.347.655	88.454	1,20%	93,30%	85,08%
Margin on services	7.970.306	8.635.893	-665.587	-7,71%	100,00%	100,00%

Operating result

The operating result, positive at €9.532 million, although showing a decrease of €-2.192 million (-18.69%) compared to 2023, remains at a satisfactory level after having absorbed operating costs of over €14 million.

PROFIT AND LOSS ACCOUNT	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Net interest and other banking income	23.756.522	26.088.365	-2.331.843	-8,94%
Administrative expenses	-12.760.347	-12.976.445	216.098	-1,67%
- Personnel expenses	-7.753.433	-7.849.656	96.223	-1,23%
- General expenses	-4.829.920	-4.958.997	129.077	-2,60%
- Indirect taxes and duties	-176.994	-167.792	-9.202	5,48%
Value adjustments on tangible and intangible fixed assets	-1.464.194	-1.388.285	-75.909	5,47%
Total operating costs	-14.224.541	-14.364.730	140.189	-0,98%
Operating income	9.531.981	11.723.635	-2.191.654	-18,69%

Operating costs

Total operating costs amounted to €14.224 million, registering a saving of €0.140 million (-0.98%) compared to 2023.

Personnel expenses, amounting to €7.753 million, show a reduction of approximately €0.096 million (-1.23%). The decrease is mainly attributable to a reduction in staff, which at the end of 2024 stood at 104 employees (down by 3 units). During the year, the renewal of the National Collective Labour Agreement (CCNL) was signed, after more than 14 years since its expiration; therefore, this item reflects the contractual increases granted to employees and managers, mitigated by strike days recorded during the union negotiations.

Other administrative expenses totaled €4.830 million, down by €-0.129 million (-2.60%). Cost containment was seen in software license maintenance and training expenses (-10.74%), machinery maintenance costs (-26.68%), and property management and maintenance expenses (-57.87%). Other cost items experienced increases due to inflationary pressures.

Depreciation of tangible and intangible fixed assets, calculated based on the residual useful life and in line with the fiscal depreciation rates set by Law 166/2013, amounted to €1.464 million, an increase of €0.075 million (+5.47%) compared to the corresponding item in 2023. The difference is due to investments related to the Bank's core IT system.

Value adjustments/writebacks on financial fixed assets involved the fund included in the Green Arrow Private Debt fixed asset portfolio, with a value

reversal of €0.098 million.

Net adjustments/writebacks for impairment of loans, guarantees and commitments

As of December 2024, net adjustments on loans and provisions for guarantees and commitments amounted to €4.402 million, detailed as follows: €6.431 million for provisions and value adjustments on loans, and €2.029 million for value reversals, showing a decrease of 8.41% compared to the previous year. Among the entries recorded in 2024 is the sixth annual installment of suspended AQR adjustments, amounting to €4.581 million, as defined in 2019 at the conclusion of the Asset Quality Review (AQR) exercise and amortized in accordance with Article 40 of Law 173/2018 and with specific authorization from the Supervisory Authority.

Additionally, provisions for risks and charges totaling €0.891 million were made to address potential risks from legal disputes and ongoing proceedings, with an additional €0.270 million added during the year.

For a detailed analysis of the so-called "Credit Quality" dynamics, please refer to the relevant section of this Report.

Income from ordinary activities

Income from ordinary activities amounts to €4.958 million, down €1.504 million (-23.28%) compared to 2023.

Extraordinary revenues and charges

The Bank recorded extraordinary income of €0.741 million and extraordinary expenses of €-0.175 million.

Among the main items of extraordinary income are: €0.148 million from capital gains on the disposal of real estate originating from terminated leasing contracts, and €0.330 million from the release of surplus provisions related to expenses that became definitive during the year.

Extraordinary expenses include various minor items totaling €0.175 million.

Income tax

The tax rate is 8.51% and reflects the calculation of taxes in accordance with applicable regulations. For the 2024 fiscal year, taxable income amounted to €0.470 million, despite the existence of prior fiscal losses that are still carry-forward eligible under Article 11 of Law 154/2019.

Formation of the operating result

For explanatory purposes, the following table reclassifies the steps leading from operating result to net profit for the period, compared with the 2023 data.

PROFIT AND LOSS ACCOUNT	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Operating income	9.531.981	11.723.635	-2.191.654	-18,69%
Provisions and value adjustments	-4.573.956	-5.261.170	687.214	-13,06%
- Provisions and value adjustments on receivables	-6.431.238	-6.825.030	393.791	-5,77%
- Reversals of value adjustments on receivables and provisions	2.029.189	2.018.713	10.476	0,52%
- Provisions for credit risks	-	-	-	-
- Provisions for risks and charges	-270.209	-594.591	324.382	-54,56%
- Value adjustments on financial assets financial assets	98.302	139.737	-41.436	-29,7%
- Value adjustments on owned non-profit furniture/furniture	-	-	-	-
Profit from ordinary activities	4.958.025	6.462.465	-1.504.440	-23,28%
Extraordinary income	741.006	662.801	78.205	11,80%
Extraordinary expenses	-175.241	-92.548	-82.692	89,35%
Balance extraordinary income	565.765	570.253	-4.488	-0,79%
Profit before tax	5.523.790	7.032.718	-1.508.927	-21,46%
Income tax for the year	-470.000	-	-470.000	100,00%
Change in reserve for general banking risks (+/-)	-	-1.423.222	1.423.222	-100,00%
Net income	5.053.790	5.609.496	-555.705	-9,91%

The 2024 financial year closes with a net profit of €5.054 million, compared to a profit of €5.609 million at the end of December 2023 (-9.91%), after accounting for income taxes of €0.470 million, which were not present in the previous year.

Statement of Assets and Liabilities

Loans to customers

Net loans to customers amount to €260.640 million, down €17.216 million from the previous year (-6.20%).

DESCRIPTION	31/12/2024	31/12/2023 proforma*	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
Total gross loans	271.674.524	291.425.306	-19.750.782	-6,78%	100,00%	100,00%
Analytical and flat-rate value adjustments	11.034.588	13.569.304	-2.534.716	-18,68%	4,06%	4,66%
<i>Of which analytical adjustments on doubtful loans</i>	<i>9.586.215</i>	<i>12.367.023</i>	<i>-2.780.808</i>	<i>-22,49%</i>	<i>3,53%</i>	<i>4,24%</i>
Rapporto di copertura	4,06%	4,66%	-	-	-	-
Total loans net of provisions for risk on credits	260.639.936	277.856.002	-17.216.066	-6,20%	95,94%	95,34%
Loans net of non-performing loans	256.074.496	273.650.109	-17.575.613	-6,42%	94,26%	93,90%
Non-performing/performing loans	5,74%	6,10%	-	-	-	-
Non-performing loans net of advances	15.600.028	17.775.197	-2.175.169	-12,24%	5,74%	6,10%
Non-performing loans net of advances	4.838.902	6.844.256	-2.005.354	-29,30%	1,78%	2,35%
Analytical value adjustments	4.838.902	6.844.256	-2.005.354	-29,30%	1,78%	2,35%
Coverage ratio	31,02%	38,50%	-	-	-	-
Non-performing loans net of value adjustments	10.761.126	10.930.941	-169.815	-1,55%	3,96%	3,75%
Total probable defaults	22.739.909	27.592.963	-4.853.054	-17,59%	8,37%	9,47%
Loss projections	4.659.153	5.516.376	-857.223	-15,54%	1,71%	1,89%
Analytical value adjustments	4.659.153	5.516.376	-857.223	-15,54%	1,71%	1,89%
Coverage ratio	20,49%	19,99%	-	-	-	-
Probable defaults net of value adjustments	18.080.756	22.076.587	-3.995.831	-18,10%	6,66%	7,58%
Total past due and/or overdue	3.402.763	1.139.360	2.263.403	198,66%	1,25%	0,39%
Loss forecasts	88.160	6.391	81.769	1279,44%	0,03%	-
Lump-sum value adjustments	88.160	6.391	81.769	1279,44%	0,03%	-
Coverage ratio	2,59%	0,56%	-	-	-	-
Past due and/or overdue net of value adjustments	3.314.603	1.132.969	2.181.634	192,56%	1,22%	0,39%
Total impaired credit exposures	41.742.700	46.507.520	-4.764.820	-10,25%	15,36%	15,96%
Loss forecasts	9.586.215	12.367.023	-2.780.808	-22,49%	3,53%	4,24%
Value adjustments	9.586.215	12.367.023	-2.780.808	-22,49%	3,53%	4,24%
Coverage ratio	22,97%	26,59%	-	-	-	-
Faulty loans net of value adjustments	32.156.485	34.140.497	-1.984.012	-5,81%	11,84%	11,72%
Total performing loans	229.931.824	244.917.786	-14.985.962	-6,12%	84,64%	84,04%
Value adjustments	1.448.373	1.202.281	246.092	20,47%	0,53%	0,41%
Coverage ratio	0,63%	0,49%	-	-	-	-

* Reclassification of credit exposures as of 31/12/2023 based on the new taxonomy introduced by Regulation no. 2023/02, supplementing and amending Regulation no. 2016-02, Article I.1.3.

With regard to **gross impaired loans**, it is noted that the Supervisory Authority, through the issuance of Regulation no. 2023/02, which in turn revised BCSM Regulation no. 2016/02, aligned, effective 1 January 2024, the credit taxonomy with the current EU supervisory provisions. Therefore, three subcategories for non-performing credit exposures have been introduced: "bad loans", "Probable defaults", "Past due and/or overdrawn". The subcategory "Unsecured loans to at-risk countries" has been eliminated, while the subcategories "Substandard" and "Restructured" have effectively been incorporated into "Probable defaults." The table referred to here presents the new taxonomy for impaired loans, including reclassified values as of 31/12/2023, to facilitate comparison.

Credit quality

We recall the significant reduction in doubtful loans achieved in 2023 thanks to the completion of the systemic securitisation operation pursuant to Law no. 151/2021, which was extensively detailed in the previous year's financial statements. The operation allowed for the removal of gross NPLs with a nominal value of €57.983 million (as of 31/12/22), with a net book value of €17.730 million. As originator, BAC subscribed mezzanine and junior tranches totaling €11.410 million, included in the proprietary fixed-income securities portfolio. Gross non-performing loans at the end of 2024 amount to €41.742 million, a reduction of €4.764 million (-10.25%) compared to the previous year, representing 15.36% of total loans, versus a system average of 19.00%⁵.

Bad loans (gross values) account for 5.74% of total customer loans (6.10% as of 31/12/2023), for a nominal amount of €15.600 million, down €2.175 million (-12.24%). System data indicate a gross bad loan ratio of 9.5%⁶.

The coverage ratio for non-performing loans, due to the value adjustments made during the year, stands at 22.97%, increasing to 32.46% when including minimum prudential capital requirements calculated for supervisory purposes (so-called calendar provisioning). The system-wide coverage ratio for doubtful loans is 35.3%⁷.

Performing loans ("in bonis") amount to €229.932 million (€244.918 million as of 31/12/2023). These loans were subject to a write-down of 0.63%, in line with the historical-statistical analysis conducted using transition matrices.

Of the total customer loans, amounting to €271.675 million, value adjustments total €11.035 million. The overall coverage ratio is 4.06%, rising to 5.52% when calendar provisioning is included, compared to 4.66% as of 31/12/2023.

Throughout the year, BAC continued its policy of close monitoring and recovery efforts for non-performing positions, contributing to the reduction achieved.

⁵ Quarterly Information Bulletin of the Central Bank of the Republic of San Marino – 4th Quarter 2024

⁶ Quarterly Information Bulletin of the Central Bank of the Republic of San Marino – 4th Quarter 2024

⁷ Quarterly Information Bulletin of the Central Bank of the Republic of San Marino – 4th Quarter 2024

Assets under management

The year just ended shows total customer funding of €1,514.808 million (including Custodian Bank activity for the company BAC Investments SG Spa.), an increase over the previous year, with a portfolio shift toward managed savings products and administered assets.

The table below presents customers' financial assets, reclassified compared to the requirements of Regulation 2016/02, including in the managed aggregate both the BAC Investments SG S.p.A. Funds and the BAC Life S.p.A. policies distributed through the Parent Company's network.

Customer deposits

DESCRIPTION	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
A) Direct deposits	703.191.000	748.452.326	-45.261.326	-6,05%	100%	100%
Savings deposits	1.238.497	1.471.373	-232.876	-15,83%	0,18%	0,20%
Customers' euro and foreign currency accounts	445.899.292	423.055.241	22.844.051	5,40%	63,41%	56,52%
Repurchasing agreements	31.568.674	67.990.077	-36.421.404	-53,57%	4,49%	9,08%
Other funds	54.183.573	42.061.675	12.121.898	28,82%	7,71%	5,62%
Certificates of deposit	166.875.803	210.166.827	-43.291.023	-20,60%	23,73%	28,08%
Internal cheques	1.024.173	1.306.211	-282.039	-21,59%	0,15%	0,17%
Subordinate liabilities	2.400.988	2.400.922	66	-	0,34%	0,32%
B) Managed deposits (market value)	354.242.956	317.428.343	36.814.613	11,60%		
of which Cash	5.686.844	5.525.729	161.115	2,92%		
of which Subordinate Loans	-	-	-	-		
C) Administered deposits (market value)	465.456.335	379.705.232	85.751.103	22,58%		
of which Bac Investments SG funds	131.727.382	109.374.923	22.352.459	20,44%		
of which Subordinate Loans	2.395.000	2.395.000	-	-		
Total deposits	1.514.808.447	1.437.665.172	77.143.274	5,37%		

Direct deposits amounted to €703.191 million, a decrease of €45.261 million (-6.05%) compared to year-end 2023.

The reduction in the aggregate is due to the rise in yields on bond securities, which led savers to prefer such investments over traditional direct deposit products.

Among the components of direct deposits is a subordinated bond issue maturing in 2025, reserved for professional clients and BAC shareholders, totaling €2.4 million. As required by regulatory provisions, it is also reported under indirect deposits, within administered and managed assets.

Indirect deposits, totaling €819.699 million and including managed assets, increased by €122.566 million (+17.58%) compared to the 2023 figure of

€697.134 million. Of particular note is the result achieved in managed assets, which grew by 11.60% over the previous year.

Since 2022, the funds of BAC Investments SG S.p.A. have adhered to the European "SFDR" Regulation (Sustainable Finance Disclosure Regulation), due to the funds' investment policies being responsibly oriented towards the consideration of environmental, social, and governance (ESG) risks and opportunities on behalf of subscribers. For this reason, investment choices prioritise Collective Investment Schemes (CISs) that implement policies to mitigate sustainability risks. The certification obtained demonstrates the quality of the subsidiary's funds.

Financial investments

The total stock of financial investments increased by €27.225 million in absolute terms (+11.50%) compared to the year ending 31/12/2023. During the year under review, the Bank rebalanced its securities portfolio in favor of government-issued debt securities, particularly within the free portfolio, taking advantage of more dynamic trading. The securities portfolio includes debt instruments, collective investment schemes (CIS), listed shares on regulated markets, structured products, as well as mezzanine and junior tranches subscribed by the Bank, in its role as originator, as part of the systemic securitisation operation previously mentioned. Additional details are provided in the Explanatory Notes.

In the fixed asset investment segment, there was a total decrease of €1.376 million (-0.88%).

Among the fixed-income securities is the Green Arrow Private Debt Fund, valued at €1.336 million, assigned following the liquidation of the Tower Credit Opportunities PLC Fund in 2021. During the year, it provided partial capital repayments and contributed to profitability through dividends and revaluation of shares based on the year-end NAV.

FINANCIAL ASSETS	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Investment securities	154.705.974	156.082.206	-1.376.232	-0,88%
<i>of which Bonds</i>	153.369.312	153.049.801	319.511	0,21%
Trading securities	109.353.119	80.752.159	28.600.959	35,42%
<i>of which Bonds</i>	92.466.127	57.628.328	34.837.800	60,45%
Total financial portfolio	264.059.092	236.834.365	27.224.727	11,50%

FINANCIAL ASSETS - DEBT SECURITIES Nature of Issuer	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Investment securities	153.369.313	153.049.802	319.511	0,21%
<i>of which Public issuers</i>	26.031.008	19.369.754	6.661.255	34,39%
<i>of which Credit issuers</i>	37.060.631	38.933.420	-1.872.789	-4,81%
<i>of Financial enterprises other than credit institutions</i>	82.390.549	85.449.775	-3.059.225	-3,58%
<i>of which Other</i>	7.887.124	9.296.853	-1.409.729	-15,16%
Investment securities	92.466.127	57.628.328	34.837.800	60,45%
<i>of which Public issuers</i>	57.321.006	16.501.630	40.819.376	247,37%
<i>of which Credit issuers</i>	2.048.736	27.130.623	-25.081.886	-92,45%
<i>of Financial enterprises other than credit institutions</i>	27.759.330	8.047.138	19.712.192	244,96%
<i>of which Other</i>	5.337.054	5.948.936	-611.882	-10,29%
Total debt securities	245.835.440	210.678.129	35.157.311	16,69%

FINANCIAL ASSETS - DEBT SECURITIES Fixed/variable rate	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Investment securities	153.369.312	153.049.801	319.511	0,21%
of which Fixed-rate	46.372.956	64.648.006	-18.275.050	-28,27%
of which Variable rate	106.996.357	88.401.795	18.594.562	21,03%
Trading securities	92.466.127	57.628.328	34.837.800	60,45%
of which Fixed rate	65.779.491	11.710.016	54.069.475	461,74%
of which Variable rate	26.686.637	45.918.312	-19.231.675	-41,88%
Total debt securities	245.835.440	210.678.129	35.157.311	16,69%

The non-fixed investment portfolio saw its balance increase in absolute terms by €28.601 million (+35.42%), with a reallocation toward bonds compared to 31/12/2023 (+60.45%). During the year, sales were executed to take advantage of opportunities for profit realization.

The non-fixed portfolio includes two San Marino law collective investment schemes (CIS) stemming from past system rescue operations: the Loan Management Fund, valued at €2.580 million, and the Fondo Odisseo, valued at €4.928 million. These represent residual values, updated to the NAV as of 31/12/2024, after the distribution of assets to subscribers, which for BAC amounted to a total of €7.122 million.

Interbank activity

As part of its financial operations, at the end of 2024 the Bank recorded a positive net interbank balance of €116.890 million. Compared to the corresponding figure at the end of 2023, the balance registered a decrease of €-44.749 million (-27.68%). The maintained level of net position confirms a significant interbank surplus, demonstrating the Bank's constant attention to liquidity safeguards through the management and monitoring of related risks, within a framework of prudent treasury asset administration.

DESCRIPTION	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
Loans to banks	118.943.905	163.571.696	-44.627.791	-27,28%	100,00%	100,00%
- In euro	114.488.070	156.078.647	-41.590.576	-26,65%	96,25%	95,42%
- In foreign currency	4.455.834	7.493.049	-3.037.215	-40,53%	3,75%	4,58%
Amounts due to banks	2.053.594	1.932.012	121.582	6,29%	100,00%	100,00%
- In euro	2.053.594	1.931.172	122.422	6,34%	100,00%	99,96%
- In foreign currency	-	840	-840	-100,00%	-	0,04%
Net position	116.890.311	161.639.684	-44.749.373	-27,68%	100,00%	100,00%
- In euro	112.434.476	154.147.475	-41.712.998	-27,06%	96,19%	95,36%
- In foreign currency	4.455.834	7.492.209	-3.036.375	-40,53%	3,81%	4,64%

Shareholdings

DESCRIPTION	31/12/2024	31/12/2023	CHANGE		COMPOSITION	
			Absolute	%	31/12/2024	31/12/2023
Shareholdings	5.797.079	5.615.842	181.237	3,23%	42,47%	41,70%
Investments in group companies	7.852.013	7.852.013	-	-	57,53%	58,30%
Investments in group companies	13.649.092	13.467.854	181.237	1,35%	100,00%	100,00%

A summary illustration of the main subsidiaries in the various areas of the Group's operations was given in the introductory notes to the Management Report to which reference should be made.

The Group's equity investments in subsidiaries did not change in 2024; as thoroughly explained in the Explanatory Notes, the valuation method was changed from the equity method to the cost method. For the latter, the corresponding equity value of the investments as of 31/12/2023 was used. This change was made to streamline the preparation of the individual statutory financial statements, in view of the entry into force, effective 31/12/2024, of the requirement to prepare consolidated financial statements, as defined by CBSM Regulation 2023/04. In light of this obligation placed on the Parent Company, the adoption of the cost valuation method will not reduce the scope of information disclosed to third parties.

The values of other minority shareholdings remain unchanged.

For a more detailed overview, refer to paragraph 6. "Equity Investments" in the Explanatory Notes.

Relations with subsidiaries and affiliates

Transactions with subsidiaries are part of the Bank's ordinary operations and are conducted at normal market conditions. For the purpose of providing information about the relationships finalized with Group companies, the following tables show the credit/debit relationships maintained with each investee company, relating to the balances of correspondent accounts. In its capacity as the Parent Company, the bank provides outsourced services to its subsidiaries, regulated at market conditions.

ASSETS AND LIABILITIES TO SUBSIDIARIES		
	31/12/2024	31/12/2023
Assets	-	-
Due from customers	16.351	-
Bonds and other debt financial instruments	-	-
Total assets	16.351	-
Liabilities	-	-
Due to customers	2.804.172	1.517.254
Debts represented by financial instruments	-	-
Other liabilities	-	-
Total liabilities	2.804.172	1.517.254
Guarantees and commitments	-	-
- Guarantees given	-	-
- Commitments	-	-

Transactions with the controlling shareholder (holder of 64.72% of BAC's share capital) and related parties fall within the Bank's ordinary operations and are conducted under market conditions. In particular, financial dealings with the controlling shareholder (and related parties) are regulated under market conditions and are recorded under loans to and deposits from customers, or under guarantees issued on behalf of third parties.

For details of financial relationships with investee companies, refer to Tables 6.6 and 6.7 of the Explanatory Notes.

Net equity and capital ratios

Net equity

Net Equity amounts to **€99.069 million**, compared to €94.015 million at the end of 2023, reflecting an increase of €5.054 million.

The change in equity is attributable to the positive result for the 2024 financial year.

The Bank's equity is presented below in comparison with the 2023 data:

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Capital and Reserves	94.015.246	88.405.751	5.609.496	6,35%
Share capital - subscribed and paid-up shares	20.880.080	20.880.080	-	-
Ordinary reserve fund	50.046.289	46.936.389	3.109.900	6,63%
Extraordinary reserve fund	-	-	-	-
Share premium reserve fund	-	-	-	-
Own share reserve fund	14.378	14.378	-	-
Non-distributable reserve fund	3.467.150	967.554	2.499.596	258,34%
General Financial Risk Fund	1.423.222	1.423.222	-	-
Revaluation reserves	18.184.127	18.184.127	-	-
Retained loss	-	-	-	-
Income for the year	5.053.790	5.609.496	-555.705	-9,91%
Total	99.069.036	94.015.246	5.053.790	5,38%

Share capital

The fully subscribed and paid-up share capital amounts to €20,880,080.00 divided into 803,080 shares with a nominal value of €26.00 each.

Own shares

The number of own shares is 553 shares with a nominal value of €14,378, corresponding to 0.07% of the subscribed capital. As required by current legislation, the Bank has established a specific reserve fund of the same amount to match the own shares held in its portfolio.

Regulatory capital and capital ratios

If the proposal for profit allocation is approved by the Shareholders' Meeting, €2,407,581 in favor of shareholders as dividends and €2,646,209 to reserves,

the **Regulatory Capital**, including only the capitalized profit, will amount to **€71.913 million** (€74.321 million before distribution), with a Total Capital Ratio of **21.39%** (22.10% before distribution), representing an improvement of 3.68 percentage points compared to 31/12/2023. This is despite the fact that the Regulatory Capital still deducts suspended amounts from previously made AQR adjustments, which remain at €18.327 million.

Considering the minimum capital requirements to cover debtor default risk, operational risk, and supervisory expectations for minimum coverage of impaired credit exposures (the so-called "Calendar provisioning"), the Bank did not show any capital shortfall in the just-concluded year for Prudential Supervision purposes. On the contrary, it recorded a significant capital surplus of €28.125 million (€30.532 million before distribution).

Communication, marketing and commercial activity

During 2024, the new **BKN World Elite** credit cards were launched on the market, premium credit cards designed to meet the needs of the most demanding clients by offering numerous comprehensive support services and insurance coverages, **as well as reloadable corporate prepaid credit cards** for businesses wishing to control their expenses while providing employees and collaborators with safe and cutting-edge payment tools.

In the same period, customer merchants' POS terminals were integrated with the Union Pay payment network, making the service usable also for other types of debit and credit cards.

During the year, **new products** were designed and developed, also promoted through our social media channels:

1. **"Bac Under 30"** the account dedicated to young people aged 18 to 30, an initiative aimed at attracting a younger customer target;
2. **"Bac 14-18"** the account dedicated to very young individuals, an initiative to attract new generations.

BAC's social media activity continues to grow, standing out for its high number of posts and a constant increase in followers, visits, and impressions. BAC's initiatives continue to be effective and influential, inspiring competitors and pushing the industry toward more frequent and professional communication, in line with new standards.

Sponsorship: BAC continued the sponsorship started in 2023 with the San Marino Athletics Federation (FSAL). On the occasion of the 2024 Paris Olympic Games, the Bank accompanied the young San Marino athlete admitted to this important global sporting event in her role as San Marino's flag bearer.

BAC Calendar 2025: For the first time in over 100 years of history, BAC presented its own calendar to the Captains Regent, a project that celebrates the history, culture, and identity values of the Republic of San Marino.

New BAC visual identity. The refresh of the BAC Group's visual communication has been completed, with a new graphic identity for companies, products, and services. Color palettes, official fonts, and coordinated elements have been defined, with customized graphics and images for each offering.

BAC continues to participate in charitable, sports, social, and cultural initiatives in support of the local area, among which the most noteworthy are:

Charity initiatives: donations to Caritas Vicariale of San Marino; Oncology Association; Centro Anch'io Foundation; and Carità senza Confini (Charity Without Borders);

Sports: partnerships with San Marino Athletics Federation; Academy Ballet; San Marino Swimming Federation;

Social and Cultural: Student Association.

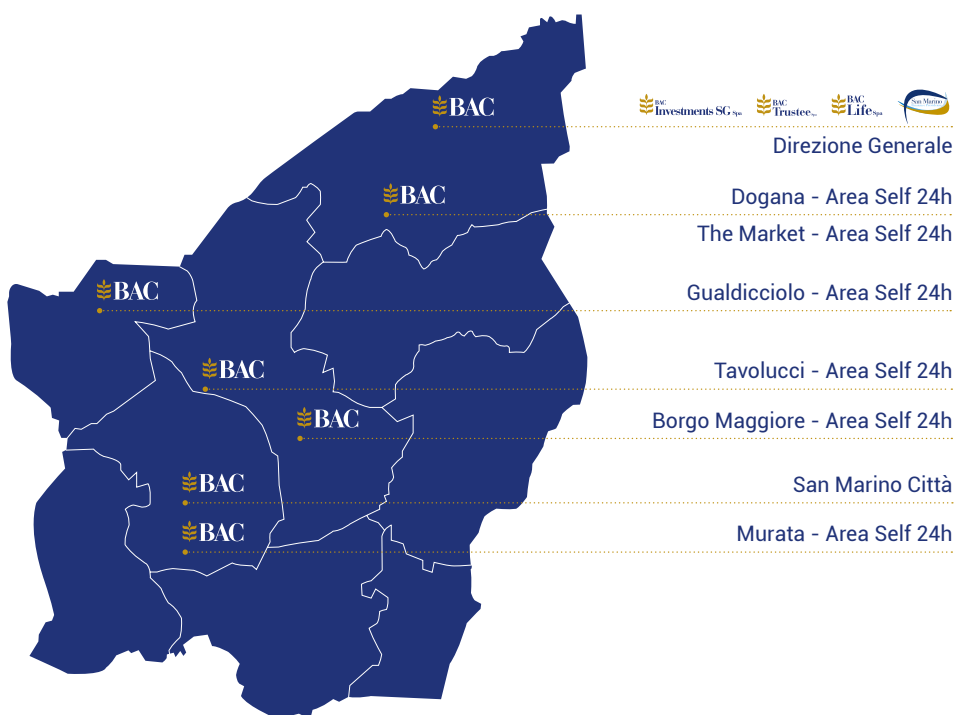
Thanks to its retail network structured around a distribution model consisting of main branches and satellite offices, BAC has a widespread presence across the Republic, thereby offering prompt responses to customers and ensuring maximum flexibility. Its organizational structure is as follows:

- The General Directorate, along with the four subsidiaries: BAC Investments

SG Spa, BAC Life Spa, BAC Trustee Spa, and San Marino Finanza e Previdenza Srl;

- 5 branches and 3 information desks to cover the entire San Marino territory;
- 6 Self-service areas open 24 hours a day to ensure complete and constant service;
- Web Banking to have your bank always just a click away.

Repubblica di San Marino



Organizational activity and operational structure

Organizational activity and the evolution of the IT infrastructure have been geared toward the development of new products and services, and the adaptation of procedures to the changing regulatory and legislative environment.

Particular attention was paid to the revision of the Policy Framework dedicated to cybersecurity and related risk management, as well as to the enhancement of cybersecurity safeguards.

Operational structure and projects

The following are the major projects in 2024:

IT AREA

Advanced monitoring services for the IBM Power technological infrastructure and Network Operation Center services related to firewalls were activated.

MONETARY AREA AND PAYMENT SYSTEMS

During the year, final testing and activation phases of new components of the Banking Information System were completed. These components were developed to align the System with the new messaging standards of payment systems (Italian banking service CBI).

The digital payment service for San Marino taxes and utilities was activated. This service allows for online payment of San Marino Treasury bills conveniently, without needing to visit the branch.

Activities were undertaken to join and adapt to the Instant SCT service, in line with regulatory deadlines.

Finally, in the second half of the year, the project for activating the payment service for taxes to the Italian Public Administration via BAC's Internet Banking system was launched and completed.

ORGANIZATION AREA

Organizational and operational activities initiated and overseen for the proper functioning of the facilities and services provided by the Bank, mainly involved the constant monitoring of internal production processes with a view to evolving their efficiency levels through technological and/or functional interventions.

Notably, an evaluation was conducted for a compliance solution based on Artificial Intelligence. The solution is dedicated to regulatory monitoring, enabling the delegation of repetitive tasks and leveraging AI support to consult and compare regulations, thereby enhancing oversight of compliance risks.

Staff

Evolution and composition of the workforce

As of 31 December 2024, the Bank's staff consisted of 104 employees, marking a reduction of 3 compared to the previous year due to employment terminations. The number was further reduced to 103 following the retirement of an employee effective 1 January 2025.

All employees are on permanent contracts.

Law 153/2023 allowed for the maintenance/activation of secondments to Group Companies and Associated Companies. During the year, there was an increase in secondments related to the securitisation operation, involving the companies I.G.R.C. Spa and S3 Special Servicer Sammarinese Srl.

Part-time arrangements, involving 16 employees, along with absences due to leaves of absence, union leave, and parental leave, brought the full-time equivalent (FTE) to 91.24 units.

As of 1 January 2024, a new Deputy General Manager was appointed from among the Bank's employees, bringing the General Management team to three members.

At the end of the year, the workforce included: 3 Managers, representing 2.88% of the total workforce; 19 Executives (18.27%); 13 Middle Managers (12.50%); and 69 Clerks (66.35%).

The average age of staff is 49.51 years.

51.32% of the staff are employed in the Commercial Network, while 48.68% are part of the General Management and Organizational Units.

The following tables show the breakdown of staff by job title, age bracket, length of service and educational qualifications.

COMPOSITION BY QUALIFICATION	MALE	FEMALE	TOTAL	% INCIDENCE
Managers	2	1	3	2,88%
Executives	13	6	19	18,27%
Middle managers	10	3	13	12,50%
Clerks	32	37	69	66,35%
Total	57	47	104	100,00%

COMPOSITION BY AGE	MALE	FEMALE	TOTAL	% INCIDENCE
Over 50	33	26	59	56,73%
From 41 to 50	17	16	33	31,73%
From 31 to 40	6	5	11	10,58%
Up to 30	1	0	1	0,96%
Total	57	47	104	100,00%

COMPOSITION BY LENGTH OF SERVICE	MALE	FEMALE	TOTAL	% INCIDENCE
Over 30	16	19	35	33,65%
From 21 to 30	20	11	31	29,81%
From 11 to 20	17	14	31	29,81%
Up to 10	4	3	7	6,73%
Total	57	47	104	100,00%

COMPOSITION BY EDUCATIONAL QUALIFICATION	MALE	FEMALE	TOTAL	% INCIDENCE
Degree	15	14	29	27,88%
Diploma	41	33	74	71,15%
Other	1	0	1	0,96%
Total	57	47	104	100,00%

Training

The training planning process aims to develop the skills and knowledge necessary to achieve strategic objectives, support change processes, and improve both organizational and individual performance.

The training hours completed in 2024 totaled over 4,000.

The training activities were divided into three specific macro-areas:

1. training activities to comply with regulatory requirements: mandatory courses to meet legal and regulatory obligations;
2. initiatives to strengthen commercial activity: targeted training to improve skills in the areas of Finance, Insurance, and Credit;
3. manager training: programs to improve leadership, communication, cooperation, and trust.

Regulatory training covered anti-money laundering for all staff. Specific sessions were reserved for Senior Management, while the RIA (Anti-Money Laundering Officer) and SRIA (Deputy) participated in conferences and courses organized by top-tier training providers.

As an insurance intermediary, BAC fulfilled the training obligation under BCSM Regulation 2007-02 through both e-learning and classroom courses, attended by staff and managers involved in insurance intermediation.

Employees qualified to operate as trustees completed the annual refresher course required to maintain their certification.

The Workers' Safety Representative (RLS) attended a safety update event.

With regard to personal data processing under the GDPR (European Regulation) and Law 171/2018, staff completed an online course, which concluded with a knowledge assessment test.

Cybersecurity training for all staff continued, essential for recognizing and addressing cybersecurity threats.

The professional training program in Internal Auditing at ABI enabled one colleague to earn certification by passing the final test.

A specialized consulting firm supported the Risk Manager function in aligning

the Bank's risk management processes with the new regulation on investment services and activities; the Risk Manager also participated in the workshop "Risk & Finance Evolution: new efficiency and business opportunities for banks." IT personnel participated in the web seminar on the Dora Regulation.

Staff in the commercial network, particularly branch managers, deputy managers, private and affluent relationship managers, attended two external training sessions focused on analyzing prospective markets, financial products (using specific tools), and customer needs to provide comprehensive consulting. In finance, the biweekly "Morning Meeting" continued, in which an internal speaker shared analysis and developments of financial markets with participants.

All staff were introduced to the new European insurance regulation and its impacts on work activities.

On the credit side, with internal instruction, colleagues involved in credit assessment, analysis, and approval attended a training session on the new credit classification issued by the Central Bank. KPI (key performance indicators) for evaluating company performance were also addressed internally. Credit unit staff participated in mentorships tailored for small business relationship managers. Credit analysts received training on tools adopted by the Bank to evaluate companies (including asset, financial, and economic dimensions, and sustainability performance). They also attended ABI's Corporate Credit Analyst course: "New methods of assessment and monitoring of companies Lom EBA." Those handling NPL recovery took part in the course promoted by Tidona on "Bank withdrawal and termination in credit lines, current accounts, and mortgages."

The Bank supported participation in webinars organized by the San Marino Chamber of Commerce on "Tools and regulations for business crisis management in San Marino and Italy."

The company paid particular attention to topics related to the Association Agreement with the European Union, promoting attendance in the ABS training program and events organized by various institutions.

Participation was also recorded in events related to business intelligence, artificial intelligence and ethics, the use of the internet and social networks in the workplace, marketing, international trade and payments, as well as the "Banking Forum, 17th edition," and the "Ambrosetti Forum: Today and Tomorrow's Scenarios for Competitive Strategies," and the ABI "Payments Expo."

Special attention was devoted to training for managers, those responsible for one or more team members, who, under the guidance of a highly qualified instructor, participated in sessions on "Leadership, communication, trust, and synergy." Similarly, the General Management members followed the same program.

In conclusion, the training was designed to meet regulatory requirements, enhance commercial skills, and promote employees' professional growth, thereby contributing to the overall success of the company.

Union relations

In June 2024, negotiations for the renewal of the Collective Labor Agreement for employees in the San Marino banking sector were concluded, with the agreement signed on June 26, 2024. Additionally, on December 4, 2024, the Company-level

Labor Agreement for Managers was also signed.
Both contracts will be valid until 31 December 2025.

Risk management and control methodologies

The internal control system (hereinafter referred to as ics) consists of a set of rules, procedures and organizational structures that aim to ensure compliance with corporate strategies and the achievement of effectiveness and efficiency of business processes, safeguarding the value of activities, the reliability and integrity of accounting and management information and the compliance of operations with the current applicable regulations.

The Bank structured its internal control system in a way to make sure that its activities are based on sound and prudent management and effective risk management which is in line with the strategies and policies adopted and enables it to achieve its corporate objectives in compliance with plans, procedures and internal regulations as well as with the law and supervisory regulations.

The internal controls involve the administrative bodies, the Board of Statutory Auditors, the Management and all staff with different roles and are an integral part of the Bank's daily activities.

The control system is divided into three levels:

- line controls (first level), aimed at ensuring the right execution of operations. They are carried out by the same operating structures (for example, hierarchical controls) or incorporated into procedures or performed as part of back-office activities;
- risk management and compliance controls (second level), which aim to verify compliance with the limits assigned to the various operating functions, to check the compliance of the company's operations with the regulations, including those of self-regulation. They are entrusted to specific functions, in order to ensure the separation between operational and control functions;
- the internal audit activity (third level), which aims to assess the functionality of the overall internal control system and identify anomalous trends, violations of procedures and regulations. It is conducted continuously, periodically or by exception, including through on-site audits by the Internal Auditing Function.

The Internal Auditing Function (hereinafter referred to as IA) is responsible for assessing the completeness, adequacy and functionality of the internal control system and bringing possible improvements to risk management policies as well as measurement tools and procedures to the attention of the Board of Directors and the Head of the Executive Structure.

The IA also aims to contribute to the protection of the assets and Group stability and all its member companies and to provide a "reasonable guarantee" that the company organization can efficiently achieve its objectives.

The IA Officer reports directly to the Board of Directors, prepares the guidelines and the annual audit/inspection plan to be carried out with regard to the Bank and all Group Entities for which the Function has been outsourced and in any case without prejudice to the power to intervene on the entire perimeter, and proposes the same to the Board of Directors for their approval.

All other Control Functions - **Risk Management, Compliance, Anti-Money Laundering** - also report directly to the Board of Directors, in compliance with current regulations and best practices.

The Risk Management Function deals with second-level controls in the risk management area, and contributes particularly to the definition of risk measurement methods, verifies compliance with the limits assigned to the various operating structures and checks the consistency of the operations of individual production areas with the assigned risk-return objectives. The Risk Management function has an overall view of all the risks assumed by the Bank and more so by the Group, and gathers the specific skills pertaining to the management of the various types of risk within it, ensuring the promotion of a risk culture at corporate level.

The Compliance Officer (Compliance Function), is the guarantor of the verification of the Bank's regulatory compliance and its Subsidiaries where applicable, with the provisions of the law, the articles of association, and the supervisory regulations, ensuring compliance with the same. In particular, he ensures the adequacy, functionality and reliability of the controls in line with legal and regulatory requirements as well as internal policies and procedures. He provides consultancy on compliance to corporate bodies and staff and collaborates in the definition of internal policies, procedures and processes to ensure compliance and to manage the so-called "compliance risk".

In addition, he manages the Complaints Department by carrying out the following activities: collecting and recording complaints submitted by customers, carrying out their investigation and involving the competent business units as well as preparing periodic reports.

As for the **Anti-Money Laundering Officer**, he is in charge of managing internal reports and carrying out in-depth analysis on them, moreover, he carries out the analysis of the transactions carried out by customers in order to search and acquire useful information for the analysis of the movements and, if the conditions are met, he transmits the relevant information to FIA. He acts as a liaison with the aforementioned Agency and responds promptly to any requests coming from it. Finally, he ensures that access to his archives is forbidden to unauthorized persons and is responsible for the confidentiality of the documents. All control functions, in order to pursue full risk awareness in managing control processes, maintain continuous critical interaction through periodic exchanges and reciprocal sharing of information flows.

Risk management policies

Concerning the overall management of risks to which it is exposed, the Bank defined the map of significant risks which constitutes the framework within which the risk assessment, measurement, monitoring and mitigation activities are developed. To this end, it identified all the significant risks to which it is, or could be exposed to that could jeopardize its operations, the pursuit of its strategies and the achievement of 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 instruments and methodologies to monitor the relative measurement and management) and the structures responsible for management.

On the subject of monitoring and managing risks (credit, market, liquidity, interest rate, exchange rate, counterparty and operational), the Risk Committee

met periodically to assess the level reached by the risk indicators as defined by the Board of Directors and to define any return strategies in case of limits being exceeded. If the limits were exceeded, the Board of Directors was informed.

Credit and counterparty risk

Credit risk is defined as the risk that, as part of a credit transaction, the debtor does not fulfil his obligations to repay the principal and/or pay interest, even partially, to his 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 procedures for managing and monitoring this risk are governed by the current Credit Regulations. The document defines the Bank's policies on credit disbursement and sets out the guidelines that must guide the lending activity, the organisation of the lending process, the functions involved and the risks associated with it. Concerning strategic limits, the document contains their definition, the permitted level, the monitoring methods and the management of any excesses.

The Prudential Supervisory Regulations (CBSM Regulation 2007-07) require the bank to maintain a level of regulatory capital sufficient to cover 11% of the total risk-weighted assets to cover the risk of loss due to default by debtors. These credit risk weighting coefficients applied to the exposure net of value adjustments, are differentiated according to three parameters and, particularly, debtor counterparties, country risk and guarantees received.

In order to focus more on the management and monitoring of non-performing loans, the Bank adopted regulations relating to doubtful loans. The document defines the procedures for classification, management and assessment of doubtful loans. Impaired loans are assigned to specific internal organisational units. In order to reduce the risk of generating non-performing loans and analyse predictive signs of insolvency situations, checks are carried out on anomalous trends, with consequent communication to the organisational units in charge of restoring correct operations.

The credit risk limits that are monitored by the Risk Management function concern: duration limits, limits on the maximum amount financed for mortgage loans compared to the estimated value of the property, as well as specific limits on financial leasing transactions, such as duration, amount of advance rent and amount of final redemption.

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

Market and exchange rate risk

In managing its own portfolio, the Bank incurs market risks mainly due to the volatility of interest rates and market prices; possible fluctuations in the prices of the securities purchased may 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, consistent with the level of available capital, the Bank defined the policies on carrying out the financial activity of treasury and securities portfolio management within the Treasury Management 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 related control methods.

The Risk Management Function is responsible for assessing the strategic limits defined in the Regulations and reports the results to the Risk Committee and also informing the Board of Directors in case of excesses. The market risk limits that are monitored by the Risk Management Function concern the own portfolio (securities and banks) and in particular the Maximum Acceptable Loss, the VAR (Value At Risk), the maximum composition limits.

In addition, the Risk Management Function is responsible for verifying compliance with the limit relating to exchange rate risk defined in the Finance Regulations. The monitoring concerns the level assumed by the open position in exchange rates.

Interest rate risk - banking portfolio

The bank's financial statement is subject to the risk due to fluctuations in interest rates. These fluctuations have an impact on both the economic and equity level, due to the different composition of assets and liabilities in terms of interest rates (fixed or variable) and in terms of repricing times.

The Risk Management Function is responsible for monitoring the aforementioned interest rate risk through ALM (Asset Liability Management) models, both in the short-term (impact on interest margin) and in the medium/long term (impact on equity), with the aim of measuring the impact of fluctuations in market rates on the bank's earnings and economic value.

The results of the interest rate risk monitoring, in case of excesses, were submitted to the Risk Committee as well as to the Board of Directors.

Liquidity risk

An adequate level of liquidity is essential for the proper functioning of the all-bank operations in both the short and medium to long term. In order to face this risk, it is therefore advisable to have an adequate level of liquid or readily liquid assets in the short term and to be part of a correct ratio between assets and liabilities maturing in the medium-long term. The liquidity level is also monitored by the Supervisory Authority, which for some time now required banks to send

specific reports.

The Bank defined its internal strategic limits whose management and monitoring are established in the Finance Regulations approved by the Board of Directors. The liquidity risk limit monitored by the Risk Management Function is represented by the coverage ratio of sight deposits. The indicator expresses the bank's ability to cope with any reductions in at-sight deposits.

The results of liquidity risk monitoring were submitted to the Risk Committee as well as the Board of Directors.

Operational risk

Operational risk is inherent to the exercise of banking activity as it is generated transversally by all company processes; the main sources of operational risk are attributable to possible internal fraud, malfunctioning of information systems, professional obligations towards customers or the nature or characteristics of the products offered.

The Bank defined the responsibilities and articulated organisational powers, both on the top management bodies and on the company's organisational units, aimed at controlling the risk in question.

The internal audit function, within the broader scope of its own control activities, carries out specific and targeted checks on operational risks.

In terms of capital absorption, current legislation on Prudential Supervision (CBSM Regulation 2007-07) provides for the application of the so-called Basic method of Basel (Basic Indicator Approach). In particular, the minimum capital coverage required is equal to 15% of the average gross intermediation margin of the last three financial years.

Charity

BAC has always paid great attention to socially oriented charitable initiatives characterized by high ethical values. As usual, also in the year 2023, and in compliance with the resolutions of the Shareholders' Meeting, the Bank's Board of Directors supported the following associations during the past financial year:

- Carità senza confini (Charity without borders),
- Caritas Vicariale di San Marino,
- Associazione Progetto Sorriso,
- Associazione Oncologica,
- Fondazione Centro Anch'io.

Significant events occurring after the end of the financial year

The year 2025 began with significant market volatility, attributable to the economic policies enacted by the United States. This instability was further exacerbated by the introduction of heavy customs duties announced by President Trump, elected in November 2024. The declared measures have already led international bodies to revise downward the growth forecasts for major world economies, with the possibility of further revisions due to the persistent uncertainty.

The decisions made by the U.S. government, and the resulting effects on the trade policies of the countries involved, may lead to a reassessment of monetary strategies adopted by central banks, potentially accelerating the reduction of interest rates.

The Bank will continue to carefully monitor market developments and trusts that the composition of its assets will allow it to navigate the current volatile environment without adverse effects.

Regarding Fondo Odisseo, in which the Bank holds a share valued at €4.9 million, stemming from the transfer of assets from the former Banca CIS Spa, now SGA Spa, it is reported that in the early months of 2025 a liquidation agreement was reached. This agreement also involved the transferring party, in accordance with guarantees previously issued to the acquiring banks, and will allow for the recognition of significant positive effects on the Bank's equity.

Business outlook

At the beginning of 2025, the Board of Directors approved the 2025–2027 three-year Industrial Plan, reaffirming the Bank's business model as a commercial institution deeply rooted in the territory, placing customer relationships at the center of its activity, managed by relationship managers and specialized divisions in both Corporate and Private banking. The development of services offered in Asset Management, Insurance, and, more broadly, in Wealth Protection will continue, leveraging the specialization gained by the product companies within the Banking Group.

Forecasts for the period confirm the maintenance of adequate levels of profitability and capital strength, which will allow the Bank to effectively address the new regulatory impacts introduced by Regulation no. 2024-05 on investment financial services (albeit with various phase-in periods), and to mitigate any negative effects resulting from the current climate of uncertainty in international markets.

At the same time, preparatory activities will continue in anticipation of the entry into force of the Association Agreement with the EU, the effective date of which has not yet been announced. This agreement will represent a significant turning point, bringing with it important challenges and growth opportunities for the country and the financial system. The emerging direction is one of specialization, with prospects for banking services in the Tech and Fintech sectors. It will be essential to adopt a new cultural approach in which the human relationship continues to play a central role. At the same time, to tackle emerging challenges, it will be crucial to focus on competitiveness, enhancing professional excellence, product innovation, and an effective pricing strategy.

We wish to express our sincere thanks to all the staff of the Bank and the Group for their dedication in carrying out their duties and for the results achieved.

We extend our esteemed appreciation to the Board of Statutory Auditors and the Supervisory Authority for their dialogue and support.

Our most heartfelt gratitude, last but not least, goes to our customers for choosing the services and products offered by the Bank and the Group.

Proposal for the approval of the financial statements and allocation of results for the year

Dear Shareholders,

We submit the financial statements for the year ended as of 31 December 2024 for your approval, consisting of the Statement of Assets and Liabilities, Profit and Loss Account, and Explanatory Notes to the Financial Statements in addition to the Management's Report on Operations.

Having again recorded a significant capital surplus in 2024, above the minimum regulatory requirements, the Board of Directors proposes to the Shareholders' Meeting the following allocation of the net profit of €5,053,790.27:

- €1,010,758.05 to the statutory reserve, in compliance with the statutory and regulatory requirement of 20% of the profit;
- €1,635,451.22 to the extraordinary reserve;
- €2,407,581.00 to be distributed to shareholders as a dividend of €3.00 per share.

With regard to the allocation of the 2023 profit, which was entirely assigned to reserves as resolved by the Shareholders' Meeting on 28/05/2024, it is noted that the statutory reserve was funded with €3,109,899.89, corresponding to 55.44% of the profit, thus well above the 20% statutory and regulatory requirement. Therefore, the Board proposes to the Meeting the transfer of the excess portion from the statutory reserve to the extraordinary reserve, thereby requalifying the reserves as follows:

- €1,121,899.13, equal to 20% of the 2023 profit, to the statutory reserve, in line with the statutory and regulatory requirement;
- €1,988,000.76 to the extraordinary reserve.

Following the above approvals, the composition of the Net Equity for the 2024 financial year will be as follows:

PATRIMONIO NETTO	31/12/2024
Share capital - subscribed and paid-up shares	20.880.080
Ordinary reserve fund	49.069.046
Extraordinary reserve fund	3.623.452
Share premium reserve fund	-
Reserve fund for treasury shares	14.378
Non-distributable reserve fund	3.467.150
General Financial Risk Fund	1.423.222
Revaluation reserves	18.184.127
Losses carried forward	-
Income for the year	-
Total	96.661.456

Subjective and objective conditions

Pursuant to article 6, paragraph 10, of Law no. 47 of 23/02/2006 and subsequent amendments and additions, all members of the Board of Directors of the Banca Agricola Commerciale of the Repubblica of San Marino S.p.A. declare the subjective and objective conditions provided for by law for holding the office of Chairman and Directors under their own responsibility.

San Marino, 23 april 2025

The Chairman of the Board of Directors

04

Financial statements representation

Statement of assets and liabilities - Assets

CODE	ASSET ITEMS	31/12/2024	31/12/2023
10	Cash and cash equivalents with central banks and post offices	4.210.108	4.482.087
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	Loans to banks	118.943.905	163.571.696
	a) At sight	95.876.306	138.812.738
	b) Other receivables	23.067.599	24.758.958
40	Loans to customers	220.539.458	233.531.952
	a) At sight	75.703.080	79.094.242
	b) Other receivables	144.836.378	154.437.710
50	Bonds and other debt financial instruments	245.835.440	210.678.129
	a) Public issuers	83.352.015	35.871.384
	b) Bank issuers	39.109.368	66.064.043
	c) Financial firms other than banks	110.149.879	93.496.913
	d) Other issuers	13.224.178	15.245.789
60	Shares, stocks and other capital financial instruments	18.223.653	26.156.236
70	Shareholdings	5.797.079	5.615.841
	a) Financial firms	5.009.872	4.976.172
	b) Non-financial businesses	787.207	639.669
80	Equity investments in group companies	7.852.013	7.852.014
	a) Financial firms	7.351.227	7.351.227
	b) Non-financial businesses	500.786	500.787
90	Intangible fixed assets	2.379.444	2.571.169
	a) Financial leasing	317.140	370.353
	of which Assets under construction	-	-
	b) Assets awaiting lease	-	-
	of which Due to default by the tenant	-	-
	c) Assets available from debt collection	-	-
	of which Assets available for credit extinction through a settlement agreement	-	-
	d) Goodwill	-	-
	e) Installation expenses	-	-
	f) Other intangible fixed assets	2.062.304	2.200.816
100	Tangible fixed assets	153.820.083	159.466.757
	a) Financial leasing	39.782.351	43.953.697
	of which Assets under construction	567.568	191.806
	b) Assets awaiting lease	987	-
	of which Due to default by the tenant	987	-
	c) Assets available from debt collection	88.851.187	89.728.688
	of which Assets available for credit extinction through a settlement agreement	88.851.187	89.728.688
	d) Lands and buildings	24.603.602	25.318.570
	e) Other tangible fixed assets	581.956	465.802
110	Capital subscribed and not paid-in	-	-
	of which Called-up capital	-	-
120	Own shares or quotas	14.378	14.378
130	Other assets	113.943.789	124.367.691
140	Accrued income or prepaid expenses	615.050	819.836
	a) Accrued income	169.303	287.370
	b) Prepaid expenses	445.747	532.466
150	Total assets	892.174.400	939.127.786

Statement of assets and liabilities - Liabilities

CODE	LIABILITY ITEMS	31/12/2024	31/12/2023
10	Amounts due to banks	2.053.594	1.932.012
	a) At sight	1.355.455	1.252.864
	b) Term or without notice	698.139	679.148
20	Amount due to customers	532.890.036	534.578.367
	a) At sight	447.273.471	424.526.614
	b) Term or without notice	85.616.565	110.051.753
30	Payables represented by financial instruments	166.875.803	210.166.827
	a) Bonds	-	-
	b) Certificates of deposit	166.875.803	210.166.827
	c) Other financial instruments	-	-
40	Other liabilities	86.008.506	93.468.169
	of which checks in circulation and similar securities	1.024.173	1.306.211
50	Accrued expenses and deferred income	362.506	122.916
	a) Accrued expenses	-	-
	b) Deferred income	362.506	122.916
60	Severance	523.492	533.015
70	Reserves for risks and charges	1.390.439	1.310.312
	a) Provisions for pensions and similar obligations	-	-
	b) Tax reserves	483.803	13.803
	c) Other reserves	906.636	1.296.509
80	Provisions for credit risks	600.000	600.000
90	Provision for general financial risks	1.423.222	1.423.222
100	Subordinate liabilities	2.400.988	2.400.922
110	Subscribed capital	20.880.080	20.880.080
120	Share premium reserve	-	-
130	Reserves	53.527.817	47.918.321
	a) Ordinary or legal reserve	50.046.289	46.936.389
	of which Reserve in tax suspension	1.227.968	1.227.968
	b) Reserve for own shares or quotas	14.378	14.378
	c) Statutory reserves	-	-
	d) Other reserves	3.467.150	967.554
140	Revaluation reserves	18.184.127	18.184.128
150	Retained earnings (losses) carried forward	-	-
160	Profit (loss) for the year	5.053.790	5.609.495
170	Total liabilities	892.174.400	939.127.786

Guarantees and commitments

CODE	ITEMS	31/12/2024	31/12/2023
10	Guarantees given	15.440.751	17.057.986
	of which a) Acceptances	-	-
	b) Other guarantees	15.440.751	17.057.986
20	Commitments	16.539.180	8.421.028
	of which a) For specific use	13.975.958	3.806.575
	of which <i>Financial instruments</i>	-	-
	b) For unspecific use	1.023.725	3.178.555
	of which <i>Financial instruments</i>	-	-
	c) Other commitments	1.539.497	1.435.898
	Total	31.979.931	25.479.014

Profit and loss account

CODE	PROFIT AND LOSS ACCOUNT ITEMS	31/12/2024	31/12/2023
10	Interest income and similar revenues	24.989.278	24.463.527
	a) On loans to banks	3.961.089	3.392.128
	b) On loans to customers	14.051.167	15.401.196
	c) On debt securities	6.977.022	5.670.203
20	Interest expense and similar charges	10.029.889	7.818.829
	a) On amounts due to banks	3.930	2.517
	b) On amounts due to customers	4.937.586	4.001.244
	c) On debts represented by financial instruments	5.088.373	3.815.068
	of which On subordinate liabilities	71.916	71.784
30	Dividends and other revenues	826.827	807.775
	a) On stocks, quotas and other equity securities	106.965	123.873
	b) On shares	-	-
	c) On groupcompany shares	719.862	683.902
40	Commission income	7.387.758	7.310.285
50	Commission income	2.088.613	2.097.729
60	Profits (losses) on financial transactions (+/-)	534.198	1.288.239
70	Other operating income	10.177.434	12.032.996
80	Other overhead costs	63.681	0
90	Administrative expenses	12.760.347	12.976.444
	a) Personnel expenses	7.753.433	7.849.655
	of which - Wages and salaries	5.476.772	5.519.644
	- Social security charges	1.482.056	1.505.261
	- Severance	518.082	511.750
	- Pensions and similar obligations	-	-
	- Directors and auditors	196.075	243.003
	- Other personnel expenses	80.448	69.997
	b) Other administrative expenses	5.006.914	5.126.789
100	Value adjustments on intangible fixed assets	311.700	321.104
110	Value adjustments on tangible fixed assets	9.129.283	10.965.081
120	Provisions for risks and charges	270.209	594.591
130	Provisions for credit risks	-	-
140	Value adjustments on loans and on provisions for guarantees and commitments	6.431.238	6.825.030
150	Write-backs on loans and provisions for guarantees and commitments	2.029.189	2.018.713
160	Value adjustments on financial fixed assets	-	17.947
170	Write-backs on financial fixed assets	98.302	157.684
180	Profit (loss) from ordinary activities	4.958.026	6.462.464
190	Extraordinary income	741.006	662.801
200	Extraordinary income	175.242	92.548
210	Extraordinary profit (loss)	565.764	570.253
220	Taxes for the year	470.000	-
230	Change in the provision for general financial risks	-	-1.423.222
240	Profit (loss) for the year	5.053.790	5.609.495

Cash flow statement (amounts in euro)

FUNDS GENERATED AND COLLECTED	31/12/2024	31/12/2023	FUNDS USED AND INVESTED	31/12/2024	31/12/2023
Funds generated from operations	22.270.176	26.345.189	Write-backs and utilisation of funds generated from operations	3.302.749	2.580.782
Profit (loss) for the year	5.053.790	5.609.496	Use of retirement fund	-	-
Provision for retirement fund	-	-	Use of severance indemnity fund	543.580	517.229
Provision for severance	534.057	534.170	Use of provisions for bad debts	-	-
Provision for general financial risks	-	1.423.222	Use of provisions for risks and charges	729.980	44.840
Allocation to provision for risks and charges	340.107	649.141	Decrease in the provision for bad debts	2.029.189	2.018.713
Provision for taxes and fees	470.000	-			
Increase in provision for bad debts	6.431.238	6.842.976			
Value adjustments on tangible and intangible fixed assets	9.440.984	11.286.185			
INCREASE IN FUNDS COLLECTED	361.238	48.502.352	Increase in funds invested	38.941.134	27.793.342
Due to banks	121.582	-	Cash and other valuables	-	-
Due to customers	-	-	Loans and advances to banks	-	-
Payables represented by financial instruments	-	48.502.352	Loans and advances to customers	-	-
Other liabilities	-	-	Bonds and other debt securities	35.157.311	19.258.189
Accrued liabilities and deferred income	239.590	-	Shares and other equity securities	-	-
Subordinated liabilities	66	-	Shareholdings	181.238	-
			Shareholdings in group companies	-	232.038
			Tangible and intangible fixed assets	3.602.585	7.889.959
			Other assets	-	-
			Subscribed and unpaid capital	-	-
			Accrued income and deferred expenses	-	413.156
Decrease in funds invested	72.051.488	68.213.915	Decrease in funds collected	52.439.019	112.754.704
Cash and other valuables	271.979	3.573.686	Due to banks	-	1.197.835
Loans and advances to banks	44.627.791	2.444.999	Due to customers	1.688.331	102.403.458
Loans and advances to customers	8.590.445	32.514.332	Payables represented by financial instruments	43.291.024	-
Bonds and other debt securities	-	-	Other liabilities	7.459.665	9.037.828
Shares and other equity securities	7.932.583	16.310.944	Accrued liabilities and deferred income	-	115.517
Shareholdings	-	4.198	Subordinated liabilities	-	66
Shareholdings in group companies	-	-			
Tangible and intangible fixed assets	-	-			
Other assets	10.423.902	13.365.756			
Subscribed and unpaid capital	-	-			
Accrued income and deferred expenses	204.787	-			
CHANGES IN EQUITY:	-	67.371	Changes in equity	-	-
Increase in 'other reserves	-	67.371			
Capital contribution	-	-			
Total funds generated and collected	94.682.902	143.128.828	Total funds used and invested	94.682.902	143.128.828

05

Explanatory notes

Explanatory notes to the financial statements 31/12/2024

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

PART A - Accounting principles	80
Section 1 - Illustration of accounting principles	80
Section 2 - Value adjustments and provisions made in application of tax regulations	87
PART B - Information on the Statement of Assets and Liabilities	88
PART C - Information on the Profit and Loss Account	135
PART D - Other information tables	149
PART E - Other information	153

Structure and content of the financial statements

The financial statements for the year 2024 were prepared in accordance with the provisions of the Regulation no. 2008-02 about the preparation of the financial statements of banks issued on 23 September 2008 by the Central Bank of the Republic of San Marino, pursuant to article 39 of Law no. 165 of 17 November 2005.

As in previous years, particular attention was paid, on both form and content basis, to clarity, as well as to the truthful and correct representation of the Bank's real asset and financial situation. The accounting principles established by the applicable law were also applied.

The Financial Statements consist of the Balance Sheet, divided into asset and liability sections, and Guarantees and Commitments; the Profit and Loss Account prepared in a vertical format; and the Explanatory Notes. These are accompanied by the Directors' Management Report, the Board of Statutory Auditors' Report, and the Auditors' Report.

The statement of assets and liabilities and the profit and loss account are comprised of items (marked in Arab numbers), sub-items (marked by letters) and further details (the "of which" of the items and sub-items). The items, sub-items and relative details constitute the financial statements.

The addition of new items is allowed, on condition that their content cannot be traced back to any of the items already included in the schedules, and only if it is for a significant amount. Further information is provided in the explanatory notes.

The sub-items envisaged by the schedules may be grouped when they satisfy one of the two following conditions:

- a. the amount of the sub-items is negligible;
- b. the grouping aids the clarity of the financial statements; in this case the explanatory notes must provide a separate indication of the sub-items that were grouped.

For each account on the statement of assets and liabilities and on the profit and loss account the amount of the previous fiscal year is indicated. If the accounts are not comparable, those relative to the previous year must be adapted; any incomparability and adaptation or the impossibility of performing the latter must be indicated and commented upon in the explanatory notes.

The Explanatory Notes tables present current year data alongside prior year data for comparison. In this regard, some detail tables in these financial statements are labeled "pro forma." These are tables that, due to the newly updated regulatory framework concerning financial statements, have been appropriately reclassified compared to the 2023 approved financial statements to make the data comparable.

The statement of assets and liabilities and the profit and loss account also contain accounts for which no amounts were recorded in both the fiscal year to which the financial statements refer and those of the previous year.

If an element in the statement of assets or liabilities is classified under different items of the balance sheet, the fact that it refers to items other than that under

which it was posted must be indicated in the explanatory notes when such is necessary to the comprehension of the financial statements.

The various entries in the Financial Statements correspond to the company's accounts which were drawn up in correspondence to the administrative transactions that occurred during the year.

In general, no conditions arose that entailed changing the way that the entries in the financial statements, or the relative criteria, are represented with respect to the previous year. In the cases in which this occurred, clear information is provided in the analysis of the single entry.

The accounts on the first day of the fiscal year correspond to those carried forward from the financial statements approved for the previous year.

The financial statements and the explanatory notes were drawn up in Euros, without decimal figures.

The recognition of incomes and charges was made on an accrual basis, regardless of the date of collection or payment, and in accordance with the principle of prudence. The latter principle presides, unless the formation of non-explicit reserves is envisaged.

In order to not reduce the information content of the financial statement's figures, implementing principles of truthfulness and clarity, income and expenses were not offset.

The write-down, amortization of asset items was exclusively made by means of a direct adjustment decreasing the value of said items.

Assets acquired in the name or on behalf of third parties are not shown in the financial statements. Assets managed by the credit or financial body in the latter's name but on behalf of third parties are shown in the financial statements only if the body in question is the title holder; unless specified otherwise, the amount of said assets is indicated in the explanatory notes, broken down into the various asset and liability items.

The tables of the explanatory notes set out in the 2017/03 application circular of Regulation 2016/02 are not given in this document if they are zero and not significant for Banca Agricola Commerciale Spa, for the illustration of the Stock and Flow data of the activity carried out by the Bank.

PART A - Accounting principles

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 (asset item no. 10)

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 (asset item no. 30)

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".

Loans to credit institutions also contain 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 (asset item no. 40)

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 are posted under the liability item "amounts due to customers" or "other liabilities", depending on whether these contributions are interest bearing or not.

This item must include also 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.

Loans are recorded in the financial statements according at their estimated realizable value calculated on the basis of the borrower's state of solvency as well as on the basis of the capacity of the individual borrower to service the debt and regularly fulfil the obligations undertaken.

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.

The following are the aggregates included in the item:

Non-performing loans: are a category of 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. This item represents the full exposure, including interest recorded and the expenses incurred for collection activities, adjusted by the portion of interest that is considered unrecoverable. Non-performing loans are valued analyzing the likelihood of their recovery on an analytical basis and calculating the relative presumed loss.

Probable defaults: These are credit exposures for which it is unlikely that, without resorting to actions such as enforcement of guarantees, the debtor will fully meet their credit obligations (in terms of principal and/or interest), regardless of any past due amounts. Therefore, it is not necessary to wait for explicit signs of default (such as missed payments), when there are indicators implying a risk of debtor default (e.g., a crisis in the debtor's industry). Within an exposure classified as "probable default," all cash and "off-balance sheet" exposures to the same debtor are included. For retail exposures, classification in this category is applied at the level of each credit line. Evaluation is generally carried out on an analytical basis.

Past due and/or overdue loans: These are exposures to customers with individual on-balance-sheet or off-balance-sheet credits overdue by more than 90 days, exceeding both of the following "materiality thresholds":

- a. €100 for retail exposures and €500 for non-retail exposures (absolute threshold);
- b. 5% of the total exposure to a counterparty (relative threshold).

The absolute threshold is calculated as the sum of all overdue credit obligations owed by the same debtor to the lender. The relative threshold is calculated as the ratio between the amount of overdue obligations and the total credit exposure to that debtor.

For such exposures, if the amount is small, a flat-rate impairment is applied. They are considered "of limited amount" if they meet the following significance thresholds:

- the value of the individual gross exposure is less than 0.5% of Regulatory Capital;
- the total value of gross exposures subject to flat-rate impairment is less than 5% of Regulatory Capital.

Otherwise, analytical impairment is applied.

Performing loans: represent loans for which there is no evidence of deterioration in the solvency of the debtors and which are subject to flat-rate write-downs. Flat-rate value adjustments are made on the basis of available information which makes it possible to appreciate the level of risk of the homogeneous category

of loans considered, as well as its foreseeable evolution, and which take into account the risk historically latent in the loan portfolio. In determining these adjustments, any analytical write-downs already made with regard to individual positions are taken into account. Flat-rate write-downs are carried out on the basis of the historical series of substandard and non-performing loans and write-downs of the Bank's loan portfolio, by homogeneous category of debtor.

It should be noted that the taxonomy of loans described above was amended, effective 1 January 2024, with the issuance of CBSM Regulation 2023/02, which in turn revised CBSM Regulation 2016/02, introducing the following three sub-categories for impaired credit exposures: "Non-performing," "Probable default," and "Past due and/or overdue." The sub-category "Unsecured loans to "at risk" countries" has been deleted, while the sub-categories of Substandard and Restructured loans have actually been brought under the sub-category: "Probable defaults."

Accordingly, the tables relating to loans for the previous year have been adjusted on a pro forma basis to facilitate comparability.

Bonds and other financial instruments (asset item no. 50)

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, which are index-linked on the basis of predetermined parameter (e.g., the interbank interest rate).

The securities include only reacquired and tradable securities issued by the bank itself.

The financial instruments in the investment portfolio and the trading portfolio are recorded in the assets for an amount that includes (excludes) the accrued portion of the negative (positive) differences between the purchase cost and the repayment value upon the maturity of the same financial instruments.

The valuation of non-fixed financial instruments, as required by Article IV.I.1 paragraph 3 of BCSM Regulation no. 2016/02, is based on the market value as of the balance sheet closing date.

The financial instruments are considered as financial fixed assets and therefore subject to the valuation rules pursuant to article III.II.3 of CBSM Regulation 2008-02, only if they are destined to stable investments by the bank.

More specifically:

- Long-term financial instruments represent a financial fixed asset and are made according to the parameters established by the management body. The final balance of investment securities was therefore valued at the weighted average cost, for instruments that had already been included in the investment portfolio the previous year, while their purchase cost was recorded for new acquisitions during the year. The accrued portion of the difference between the book value or purchase value and the lower/higher repayment value of the security is also recognized by recording it in the assets under item no. 50 "Bonds and other financial instruments" with respect to the value of each specific security. In the event of the lasting

deterioration of the issuer's state of solvency, or the ability to repay the debt by the country of residence of the latter, investment securities are written down. Other write-downs may be recorded to take the following into account:

- the relevant share prices of securities listed on regulated markets;
- market trends, for other securities. Write-downs made for impairment losses are reversed if the reasons for which they were made no longer apply.
- Financial instruments not held as fixed assets are held for trading or treasury needs; they are measured at "fair value" as specified in paragraph 5 of Article III.II.5 of CBSM Regulation 2016/02:
 - a. for listed financial instruments, the "fair value" or market value is represented by the listed value, i.e., the market value recognized as of the balance sheet date, resulting in the recognition of both capital loss and capital gain, as required by the new regulatory provisions that amended Article IV.I.1 paragraph 3 of CBSM Regulation 2016/02.
 - b. the market value of unlisted financial instruments is calculated on the basis of the value of similar listed and unlisted instruments, or, if the latter is not possible, on the basis of reasonable estimates.
 - c. the own shares held by the Bank are recorded at their par value.

The cost is calculated using the "average weighted rolling cost" formula on a daily basis, adjusted by the portion of the accrued net underwriting spread. Any losses or gains, limited to listed securities, which emerge from the comparison between the average rolling cost, as illustrated above, and the market value, are recorded in the profit and loss account.

Additional allocations to the fixed asset portfolio may be possible under specific regulatory interventions, for which adequate and comprehensive information is provided.

Shares, units and other equity financial instruments (asset item 60)

This item includes financial instruments of an equity nature, such as shares and units of collective investment schemes (CIS). These are valued at market price as of the balance sheet closing date, pursuant to Article IV.I.1 paragraph 3 of CBSM Regulation 2016/02, even if they are included in the investment portfolio.

Shareholdings (asset items 70 and 80)

As an exception, pursuant to Article II.II.3, paragraph 1, letter b) – General Principles – of CBSM Regulation 2016/02, a change was approved in the valuation criterion for equity investments held in Group companies and in associates with a holding of 50% or more, switching from the equity method to the cost method. The cost value used for the affected investments corresponds to their equity value as of 31/12/2023.

This change was made to simplify the preparation of the individual statutory financial statements, in light of the entry into force, as of 31/12/2024, of the requirement to prepare consolidated financial statements, as defined in CBSM Regulation 2023/04.

As the Parent Company is now required to prepare consolidated financial statements, the adoption of the cost method in the individual financial statements does not reduce the extent of information disclosed to third parties. Dividends paid by subsidiary companies are recorded on a "cash" basis.

Dividends paid by companies which do not have the above characteristics are

recorded on a "cash" basis, namely, in the period in which they are resolved upon, which usually coincides with the period in which they are collected.

Shareholdings in other uncontrolled companies representing financial fixed assets are valued at purchase cost. They are written down in the event of permanent deterioration of the issuer's situation and are written back if the reasons originating them no longer subsist.

Intangible fixed assets (asset item 90)

Intangible fixed assets are recorded in the balance sheet at cost, including accessory charges, and are amortized over a period not exceeding five years. For assets subject to rapid technological obsolescence, a three-year amortization period is applied.

The cost of intangible fixed assets is amortized each year through direct adjustments to the value of the assets, based on their remaining useful life, and in accordance with the tax depreciation rates set by Law no. 166/2013.

Tangible fixed assets (asset item 100)

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 of 16/12/2013, 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.

No depreciation is applied to non-instrumental assets returned to ownership following early termination of leasing contracts.

Financial lease transactions (leasing – asset items 90 and 100)

The amount of assets subject (or awaiting to be subject) to financial lease is recorded under item 90 of assets "Intangible fixed assets," or under item 100 of assets "Tangible fixed assets," if the asset is tangible.

Loans relative to financial lease transactions are calculated according to the financial methodology and are recorded in the assets as the algebraic balance obtained from the difference between the financed capital or historic cost of the asset and the relative accumulated depreciation; the latter increases thanks to the principal of the various instalments accrued. Furthermore, the instalments accrued during the year are entered under interest income and similar revenues for the part regarding the interest, and under other operating income for the part regarding the capital. At the same time, the bank reduces the value of the leased asset by the principal, posting a cost (equal to the principal) in the profit and loss account and directly reducing the value of the leased asset.

At year-end, the cost entry used is included in item 100 "Value adjustments of intangible fixed assets" or item 110 "Value adjustments of tangible fixed assets," depending on the nature of the leased asset.

Assets and liabilities in foreign currency

Assets and liabilities in foreign currency, as well as off-balance-sheet

transactions, are valued at the spot exchange rate in effect on the balance sheet closing date.

The difference between the current value of asset and liability items and off-balance-sheet transactions, and their respective book values, is recognized in the income statement under item 60 "Profits (losses) from financial transactions".

Amounts due to credit institutions (liability item 10)

This item shows all the amounts due to national or foreign banks whatever their technical form, except for those represented by bonds or other securities which require to be posted under liability item no. 30 and 100.

The amounts due to 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.

Amounts due to customers (liability item 20)

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.

The amounts due to 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 above items are recorded at nominal value.

Payables represented by financial instruments (liability item 30)

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 CBSM Regulation 2007/07. It should be noted that in this item the bank has exclusively entered those certificates of deposit issued. Debt financial instruments which are past due but have not yet been repaid upon the reference date are also included.

The spot value of repurchase agreement ("pronti contro termine") transactions is reported under the specific item 20 of liabilities, while the underlying securities are recorded under assets in item 50 "Bonds and other debt securities." In fact, in the case of repurchase agreements with an obligation to reverse the transaction, the transferring bank retains ownership of the assets underlying the operation, thereby increasing liquidity on the spot and, consequently, recording a definite liability toward the transferee (a liability, not a commitment).

Other assets - Other liabilities (asset item 130 – liability item 40)

These represent all assets and liabilities that cannot be classified under other asset or liability items. This item also includes any residual balances (debit or credit) of suspense and transit accounts not attributed to the appropriate accounts. Additionally, under other liabilities, it includes payment instruments drawn on the bank, such as cashier's checks.

Also included are non-interest-bearing cash deposits held with clearing institutions as collateral for derivative transactions (so-called margin accounts). The item also includes any revaluations of off-balance-sheet transactions involving financial instruments, currencies, interest rates, stock indices, or other

assets, regardless of whether they are for trading or hedging purposes.

Accruals and deferrals (asset item 140 and liability item 50)

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.

Accruals and deferrals are indicated separately in the balance sheet under specific sub-items of assets and liabilities. The Bank adjusts the related balance sheet items directly, either increasing or decreasing them, with the corresponding accruals and deferrals.

Severance (liability item 60)

The personnel severance fund fully covers the seniority of all employees of this company accrued at year end.

Provisions for risks and charges (liability item 70)

These provisions are intended to cover only losses, charges or payables of a set nature, the existence of which is probable or certain, the amount or date of occurrence of which, however, could not be determined at the end of the financial year.

These funds are composed of:

- the provisions for taxes, comprising allocations made for direct current taxation. These represent a reasonable forecast of the tax charges for the period calculated on the basis of current tax legislation;
- the charity fund and religious and cultural initiatives;
- the provision for passive causes;
- the provision for outstanding charges.

Provisions for risks on credits (liability item 80)

The provisions for credit risks include all the funds that are destined to cover only possible credit risks and therefore do not have an adjustment function. The provisions for risks on credits are made through specific allocations charged to the profit and loss account item no. 130 "Provisions for risks on credits" and not through the allocation of the profit for the year.

General financial risk fund (liability item 90)

It is intended to cover the general risk of the banking enterprise and, therefore, is in the nature of equity. The balance of any change is recorded in a specific item in the profit and loss account.

Reserves (liability item 130)

The ordinary reserve consists of the allocation of profits formed in previous years as required by the articles of association. Furthermore, it contains the reconstruction of the suspended taxation reserve following the extraordinary demerger operation by reverse incorporation of the company Istituto Bancario Sammarinese Spa, which occurred in November 2012.

Guarantees given (item 10)

Figurano tutte le garanzie personali prestate dalla banca, nonché le attività

cedute a garanzia di obbligazioni proprie e di terzi.

Commitments (item 20)

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.

Interest, commissions, charges and income

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

Deferred taxes

To truly represent a real economic situation of the Bank, it has been used the deferred taxation. This is determined considering the fiscal effect connected with temporal differences between accounting value of assets and liabilities and their fiscal value that will determine taxable amounts in the future. To this end, "temporal differences" mean those differences which will result in taxable income, namely, deductions from taxable income in the future periods. In particular, they are registered assets for in-advance taxes when exists the reasonable certainty that they will be paid. They are registered liabilities for deferred taxes when it is likely that they will become an effective cost. In advance taxes are part of the item "other assets", whereas deferred taxes are part of the item "taxation fund".

Section 2 – Value Adjustments and provisions made in application of tax regulations

No value adjustments or provisions have been made in these financial statements exclusively in application of tax regulations.

PART B - Information on the statement of assets and liabilities

Information on the Statement of Assets and Liabilities – Assets

1. Cash and cash equivalents with central banks and post offices (asset item 10)

Table 1.1 - detail of item 10 "Cash and cash equivalents with central banks and post offices"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Cash and cash equivalents:				
Vault cash	3.112.193	3.230.629	-118.436	-3,67%
Foreign currency Vault	217.509	71.307	146.202	205,03%
ATM	636.295	655.885	-19.590	-2,99%
Cheques in € / currency	208.047	488.628	-280.581	-57,42%
Other values	36.064	35.639	426	1,19%
Total	4.210.108	4.482.087	-271.979	-6,07%

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

Table 2.1: detail of item 20 "Treasury securities and other financial instruments eligible for refinancing with central banks"

Data not present.

3. Loans to credit institutions (asset item 30)

Table 3.1: detail of item 30 "Loans to credit institutions"

DESCRIPTION	31/12/2024			31/12/2023			CHANGE	
	In euro	In foreign currency	Total	In euro	In foreign currency	Total	Amount	%
A) At sight	91.420.472	4.455.834	95.876.306	131.319.689	7.493.049	138.812.738	-42.936.432	-30,93%
A1. Reciprocal accounts opened for services rendered	86.134.585	-	86.134.585	124.370.024	-	124.370.024	-38.235.439	-30,74%
A2. Active current accounts	5.285.887	4.455.834	9.741.721	6.949.665	7.493.049	14.442.714	-4.700.993	-32,55%
A3. Others	-	-	-	-	-	-	-	-
B) Other receivables:	23.067.599	-	23.067.599	24.758.958	-	24.758.958	-1.691.359	-6,83%
B1. Fixed deposits	23.067.599	-	23.067.599	24.758.958	-	24.758.958	-1.691.359	-6,83%
B2. Active current accounts	-	-	-	-	-	-	-	-
B3. Repurchase agreement and active carryovers	-	-	-	-	-	-	-	-
B4. Others	-	-	-	-	-	-	-	-
Totale			118.943.905			163.571.696	-44.627.791	-27,28%

The composition of loans to credit institutions shows a decrease in demand deposits by €42,936,432 and in the "Other loans" item by €1,691,359, totaling €44,627,791. This change reflects the Bank's management policies, in compliance with the liquidity risk safeguards established in the current internal RAF Regulation (Risk Appetite Framework).

Item B1 "Term deposits" includes: the mandatory reserve term deposit established by Decree no. 162 of December 3, 2009; the term deposit for the 2022/2023/2024 contribution to the Deposit Guarantee Fund; the term deposit as collateral for transactions processed through BCSM pursuant to Regulation no. 2013-03; as well as term deposits held with two credit institutions as guarantees for mutual contractual obligations (symmetrically recorded under item 10 of liabilities as deposits made with BAC by the same credit institutions). Finally, the term deposits include the Escrow account, established as collateral for payments related to the Senior class securities from the system-wide NPL securitisation operation under Law no. 157/2021 and subsequent amendments, completed in December 2023.

Table 3.2: situations of cash loans to credit institutions

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) Impaired credit exposures	-	-	-	-	-	-	-	-
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	-	-	-	-	-	-	-	-
A1. Non-performing loans	-	-	-	-	-	-	-	-
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
Of which Arising from financial leasing transactions	-	-	-	-	-	-	-	-
A2. Probable defaults	-	-	-	-	-	-	-	-
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	-	-	-	-	-	-	-	-
A3. Overdue and/or in arrears	-	-	-	-	-	-	-	-
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	-	-	-	-	-	-	-	-
B) Performing credit exposures	118.943.905	-	118.943.905	-	163.571.696	-	163.571.696	-
of which subject to concessionary measures	-	-	-	-	-	-	-	-
of which Past due and/or in overdraft	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	-	-	-	-	-	-	-	-
Total	118.943.905	-	118.943.905	-	163.571.696	-	163.571.696	-
of which Subject to concession measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing operations	-	-	-	-	-	-	-	-
of which Deposits to central banks and demand deposits to other credit institutions	118.235.766	-	-	-	162.882.548	-	-	-

(*) Value to be displayed for disclosure purposes

Table 3.3: dynamics of doubtful loans to credit institutions

CATEGORIES / VALUES	31/12/2024			
	Impaired credit exposures			Performing loan exposures
	Non-performing loans	Probable defaults	Past due and/or overdue	
A) Initial gross exposure	-	-	-	163.571.696
<i>of which For default interest</i>	-	-	-	-
B) Changes in increase	-	-	-	2.548.074.851
B1. Inflows from performing credit exposures	-	-	-	-
B2. Inflows from other categories of impaired credit exposures	-	-	-	-
B3. Interest on arrears	-	-	-	-
B4. New concessions	-	-	-	-
B5. Other changes in increase	-	-	-	2.548.074.851
C) Changes in decreases	-	-	-	2.592.702.642
C1. Outflows to performing credit exposures	-	-	-	-
C2. Outflows to other categories of impaired credit exposures	-	-	-	-
C3. Write-offs	-	-	-	-
C4. Collections/repayments	-	-	-	-
C5. Realizations for disposals	-	-	-	-
C6. Other decreases	-	-	-	2.592.702.642
D) Final gross exposure as of 31/12/2024	-	-	-	118.943.905
<i>of which For interest on arrears</i>	-	-	-	-

Table 3.4: dynamics of total value adjustments of "Loans to credit institutions"

Data not present.

4. Loans to customers (asset item 40)

Table 4.1: breakdown of item 40 "Loans to customers"

DESCRIPTION	31/12/2024			31/12/2023			CHANGE	
	In euro	In foreign currency	Total	In euro	In foreign currency	Total	Amount	%
A) At sight / revocation	74.944.879	758.201	75.703.080	78.260.569	833.673	79.094.242	-3.391.162	-4,29%
A1. Active current accounts	9.871.522	202	9.871.724	10.899.204	173	10.899.377	-1.027.653	-9,43%
A2. Others	65.073.357	757.999	65.831.356	67.361.365	833.500	68.194.865	-2.363.509	-3,47%
B) Other credits	144.559.811	276.567	144.836.378	154.437.710	-	154.437.710	-9.601.332	-6,22%
B1. Active current accounts	2.896.991	-	2.896.991	3.297.090	-	3.297.090	-400.099	-12,13%
B2. Discounted wallet and subject to collection	2.920.778	-	2.920.778	3.198.961	-	3.198.961	-278.183	-8,70%
B3. Repurchasing agreements and active carryovers	-	-	-	-	-	-	-	-
B4. Other financing	138.742.042	276.567	139.018.609	147.941.659	-	147.941.659	-8.923.050	-6,03%
Total	219.504.690	1.034.768	220.539.458	232.698.279	833.673	233.531.952	-12.992.494	-5,56%

Loans are reported at their estimated realizable value, that is, net of analytical and flat-rate impairments applied by the Bank, depending on their classification.

Table 4.2: guaranteed loans to customers

DESCRIPTION	31/12/2024		31/12/2023		CHANGE	
	In euro	In foreign currency	In euro	In foreign currency	Amount	%
A) From mortgages	81.814.672	-	82.741.438	-	-926.766	-1,12%
B) From pledge on	7.360.312	-	6.668.425	-	691.887	10,38%
B1. cash deposits	2.216.198	-	2.382.579	-	-166.381	-6,98%
B2. securities	1.169.216	-	1.009.862	-	159.354	15,78%
B3. other values	3.974.898	-	3.275.984	-	698.914	21,33%
C) From guarantees of	111.059.109	-	123.437.796	-	-12.378.687	-10,03%
C1. Public administrations	26.784.038	-	31.052.216	-	-4.268.178	-13,75%
C2. Monetary financial institutions	-	-	-	-	-	-
C3. Investment funds other than money market funds	-	-	-	-	-	-
C4. Other financial institutions	-	-	-	-	-	-
C5. Insurance companies	-	-	-	-	-	-
C6. Pension funds	-	-	-	-	-	-
C7. Non-financial corporations	76.883.548	-	83.182.541	-	-6.298.993	-7,57%
C8. Families and non-profit institutions serving families	7.307.443	-	8.538.007	-	-1.230.564	-14,41%
<i>C8.1. Consumer and producer families</i>	<i>7.307.443</i>	<i>-</i>	<i>8.538.007</i>	<i>-</i>	<i>-1.230.564</i>	<i>-14,41%</i>
<i>C8.2 Non-profit institutions serving families</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
C9. Others	84.080	-	665.032	-	-580.952	-87,36%
Total	200.234.093	-	212.847.659	-	-12.613.566	-5,93%

The table summarizes all types of secured loans expressed at net values. The data analysis highlights that the amount of net loans backed by real and personal guarantees accounts for 76.82% of the total net loans shown in Table 4.3 below; furthermore, 34.21% are backed by real guarantees (pledge or mortgage).

Table 4.3: situation of cash loans to customers

CATEGORIES / VALUES	31/12/2024				31/12/2023 proforma			
	Gross exposure	Total value adjustments	Net exposure	Overall partial cancellations (*)	Gross exposure	Total value adjustments	Net exposure	Overall partial cancellations (*)
A) Impaired credit exposures	41.742.700	9.586.215	32.156.485	13.206.984	46.507.520	12.367.023	34.140.497	12.233.437
of which Subject to concessionary measures	850.449	51.367	799.082	-	-	-	-	-
of which Arising from financial leasing transactions	10.358.955	736.814	9.622.141	-	10.176.684	1.540.476	8.636.208	-
A1. Non-performing loans	15.600.028	4.838.902	10.761.126	5.367.002	17.775.197	6.844.256	10.930.941	4.393.455
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	2.334.696	179.117	2.155.579	-	3.067.890	821.452	2.246.438	-
A2. Probable defaults	22.739.909	4.659.153	18.080.756	7.839.982	27.592.963	5.516.376	22.076.587	7.839.982
of which Subject to concessionary measures	850.449	51.367	799.082	-	-	-	-	-
of which Arising from financial leasing transactions	4.818.414	477.551	4.340.863	-	7.108.794	719.024	6.389.770	-
A3. Overdue and/or in arrears	3.402.763	88.160	3.314.603	-	1.139.360	6.391	1.132.969	-
of which Subject to concessionary measures	-	-	-	-	-	-	-	-
of which Arising from financial leasing transactions	3.205.845	80.146	3.125.699	-	-	-	-	-
B) Performing credit exposures	229.931.824	1.448.373	228.483.451	-	244.917.786	1.202.281	243.715.505	-
of which Subject to concessionary measures	6.019.830	37.925	5.981.905	-	-	-	-	-
of which Past due and/or in arrears	15.168.963	95.565	15.073.398	-	62.526.067	306.377	62.219.690	-
of which Arising from financial leasing transactions	33.027.209	208.071	32.819.138	-	38.348.532	187.908	38.160.624	-
Total	271.674.524	11.034.588	260.639.936	13.206.984	291.425.306	13.569.304	277.856.002	12.233.437
of which subject to concession measures	6.870.279	89.292	6.780.987	-	-	-	-	-
of which arising from financial leasing operations	43.386.164	944.885	42.441.279	-	48.525.216	1.728.384	46.796.832	-

(*) Value to be displayed for disclosure purposes.

The table in question includes, together with the so-called traditional loans to customers, also loans from financial leasing activities. It therefore expresses the sum of the balance sheet items "40 – Loans to customers", "90 a) - of which intangible financial leasing" and "90 b) - of which assets pending lease", "100 a) - of which tangible financial leasing" and 100 b) - of which tangible assets pending lease".

Nonetheless, the remaining debt of fixed assets under lease agreements, expressed net of the related accumulated depreciation, remains accounted for in tangible and intangible assets. Financial assets classified as non-performing are composed of two main elements: loans connected to overdue and unpaid instalments, included in the balance of the items in Table 4.1, and the residual

principal debt which, although attributable to the underlying non-performing loan, remains recorded in the financial statements, pursuant to Law No. 115 of 19 November 2001, under the item fixed assets under finance leases, under the sub-item "assets awaiting lease termination".

For the calculation of the net value of loans, and therefore of the estimated value losses, reference is made to the valuation criteria set out in these Explanatory Notes.

It should be noted that in the previous financial year, the Bank participated in the system-wide securitisation finalised in December 2023, governed by Law no. 157/2021.

Banca Agricola transferred a portfolio of non-performing loans with a net transfer value of €17.669 million, in exchange for which the Veicolo di Sistema issued senior, mezzanine, and junior class securities, the latter two of which were subscribed by BAC itself. For details, refer to the subsequent Table 5.1.

Among the on-balance-sheet loans to customers, within the context of the system-wide securitisation transaction, is a subordinated loan to Veicolo di Sistema amounting to €1.044 million.

Table 4.4: dynamics of doubtful loans to customers

REASONS / CATEGORIES	31/12/2024			
	Impaired credit exposures			Performing loan exposures
	Non-performing loans	Probable defaults	Past due/overdue loans	
A) Initial gross exposure	17.775.197	27.592.963	1.139.360	244.917.786
<i>of which for interest on arrears</i>	<i>62.680</i>	<i>365.431</i>	<i>60</i>	<i>-</i>
B) Increases	2.033.599	57.509.817	4.489.134	640.335.347
B1. Inflows from performing credit exposures	47.384	10.785.380	3.871.544	-
B2. Inflows from other categories of impaired credit exposures	1.778.948	708.847	24.701	6.648.712
B3. Interest on arrears	5.412	28.251	10.104	25.714
B4. New concessions	-	1.809.936	-	50.650.410
B5. Other increases	201.855	44.177.403	582.785	583.010.511
C) Decreases	4.208.768	62.362.871	2.225.731	655.321.309
C1. Outflows to performing credit exposures	-	6.603.050	45.663	-
C2. Outflows to other categories of impaired credit exposures	-	1.803.187	709.310	14.704.307
C3. Write-offs	2.234.170	240.349	-	1.786
C4. Collections/reimbursements	1.008.479	28.076.910	1.460.481	572.837.025
C5. Realizations for disposals	731.250	-	-	-
C6. Other decreases	234.869	25.639.375	10.277	67.778.191
D) Final gross exposure as of 31/12/2024	15.600.028	22.739.909	3.402.763	229.931.824
<i>of which for interest on arrears</i>	<i>51.058</i>	<i>356.386</i>	<i>114</i>	<i>-</i>

Although the securitisation reduced impaired credit exposures and maintained the NPL ratio at 12.34%, same level of 2023 (12.29%), monitoring activities on

customer loans continued, as did recovery actions on impaired loans, leading to a decrease in the gross value by €4,764,820.

The new indicator introduced by CBSM Circular 2023/01, known as the NPE ratio, also showed improvement, from 15.43% in 2023 to 14.87% in 2024.

This ratio measures the proportion of gross impaired loans to customers and impaired issued guarantees against the total amount of gross on-balance-sheet loans, total issued guarantees, and loans to banks, excluding deposits with central banks and sight deposits with other credit institutions.

The loan loss provision, amounting to €11,034,588, fed by provisions, reversals, and uses during the year, ensures an accounting coverage ratio for impaired positions of 22.97%. This rises to 32.46% when including minimum capital coverage, calculated in compliance with the so-called Calendar provisioning, directly deducted from the Available Capital Margin in Prudential Supervision reporting, broken down as follows: 2.59% on past due and overdrawn exposures, 28.34% on probable defaults, and 44.98% on non-performing loans.

Across total customer loans, the overall coverage amounts to 4.06% of gross loans, rising to 5.52% when including the minimum capital coverage from Calendar provisioning, of which 0.63% applies to performing loans.

Table 4.5: dynamics of total value adjustments of loans to customers

REASONS / CATEGORIES	31/12/2024			
	Impaired credit exposures			Performing loan exposures
	Non-performing loans	Probable defaults	Past due/overdue loans	
A) Initial total value adjustments	6.844.256	5.516.376	6.391	1.202.281
B) Incremental changes	454.100	1.190.709	92.222	1.053.918
B1. Value adjustments	229.945	1.122.981	68.211	428.402
<i>of which for interest on arrears</i>	5.412	-	-	-
B2. Utilizations of loan loss provisions	-	-	-	-
B3. Transfers from other categories of credit exposure	224.155	67.728	24.011	625.516
B4. Other changes in increases	-	-	-	-
C) Changes in decreases	2.459.454	2.047.932	10.453	807.826
C1. Reversals of valuation adjustments	43.211	836.614	5.733	721.355
<i>of which for interest on arrears</i>	-	-	-	-
C2. Writebacks from collection	175.315	117.567	79	1.512
<i>of which for interest on arrears</i>	-	-	-	-
C3. Cancellations	2.234.170	241.543	-	66
C4. Transfers to other categories of credit exposure	-	852.208	4.451	84.893
C5. Other decreases	6.758	-	190	-
D) Final total value adjustments as of 31/12/2024	4.838.902	4.659.153	88.160	1.448.373
<i>of which for interest on arrears</i>	51.058	-	-	-

Table 4.6: breakdown of "Loans to customers" (net values) by economic sector

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Public administrations	2.066.330	4.253.972	-2.187.642	-51,43%
B) Financial companies other than credit institutions	3.243.455	3.646.024	-402.569	-11,04%
- Monetary financial institutions	-	-	-	-
- Investment funds other than monetary market funds	-	-	-	-
- Other financial institutions	3.243.246	3.644.696	-401.450	-11,01%
- Insurance companies	209	1.328	-1.119	-84,26%
- Pension funds	-	-	-	-
C) Non-financial companies	172.106.071	179.996.613	-7.890.542	-4,38%
<i>of which subjects canceled from the register of authorized subjects</i>	-	2.998	-2.998	-100%
- Industry	81.909.757	85.062.939	-3.153.182	-3,71%
- Construction	6.506.572	7.933.483	-1.426.911	-17,99%
- Services	83.562.036	86.671.459	-3.109.423	-3,59%
- Other non-financial companies	127.706	328.732	-201.026	-61,15%
D) Families and non-profit institutions serving families	83.224.080	89.959.393	-6.735.313	-7,49%
- Consumer and producer families	77.687.918	84.280.152	-6.592.234	-7,82%
- Non-profit institutions serving families	5.536.162	5.679.241	-143.079	-2,52%
E) Other	-	-	-	-
Total	260.639.936	277.856.002	-17.216.066	-6,20%

Below is a summary of the loans granted to members of the administrative, management, or supervisory bodies.

DESCRIPTION	AGREED	USED	GUARANTEES GIVEN
Auditors	65.000	-	-
Board members	-	-	-
Management	10.000	-	-
Total	75.000	-	-

The transactions carried out by the Bank with related parties were conducted under normal market conditions, as confirmed by checks performed by the Internal Auditing Function. In the case of credit facilities, these checks were requested in advance during the assessment phase by the Credit Unit and are periodically monitored.

5. Bonds and other debt financial instruments and shares, accrued and other capital financial instruments (asset items: 50-60)

Table 5.1: breakdown of investment and trading financial instruments

ITEMS /VALUES	31/12/2024	
	Fixed assets	Non fixed assets
Bonds and other debt financial instruments:	153.369.312	92.466.128
a) Of public issuers	26.031.008	57.321.007
b) Credit institutions	37.060.631	2.048.737
c) Financial companies other than credit institutions	82.390.549	27.759.330
d) Other issuers	7.887.124	5.337.054
Shares stocks and other capital financial instruments	1.336.662	16.886.991
a) Scudo Loan Management	-	2.580.485
b) Fondo green arrow private debt fund (ex TCO)	1.336.662	-
c) Fondo odisseo	-	4.928.506
d) Other equity securities	-	407.220
e) Other funds	-	8.970.780
<i>of which unavailable for repurchase agreements with retrocession obligation</i>	31.341.927	-
Total	154.705.974	109.353.119

The non-fixed securities included under the item "Bonds and other debt financial instruments" are recorded at market value as of the balance sheet date, i.e., 31/12/2024, as required by the valuation criteria set out in Article IV.I.1, paragraph 3, of CBSM Regulation no. 2016/02, as detailed in the relevant section of these Explanatory Notes.

As previously explained in reference to Table 4.3 concerning on-balance-sheet loans to customers, following the conclusion of the system-wide securitisation transaction, BAC subscribed on 14/12/2023 to the ABS junior note, with a nominal value of €7,034,980, and the ABS mezzanine note, with a nominal value of €4,376,188. Both were included in the fixed asset portfolio and valued at their subscription price of 100. The ABS senior note, with a nominal value of €6,368,692, was placed on the money market. According to the Transaction Program and the applicable legislation, part of the proceeds from the sale of the ABS senior note was allocated as collateral for the transaction.

As part of the securitisation transaction, the San Marino banks, also on behalf of the Non-Banking Transferors, undertook to provide the Master and Special Servicer with the financial resources necessary to fulfil the obligations arising from the payment of Mezzanine Costs. Accordingly, during the financial year, the Non-Banking Transferors exchanged Junior class notes with the Banks in return for Mezzanine class notes. For BAC, this transaction resulted in an increase in Mezzanine notes, which have higher priority in the payment waterfall, and a decrease in Junior notes, with a net value of €1.260 million.

The value of these securities as of 31/12/2024 was maintained at 100 based on the following supporting factors:

- during the period from the issuance of the notes to 31/12/2024, the securitisation transaction performed better than initially estimated, both for the June 2024 and December 2024 payment dates. This is further evidenced by the partial repayment of the Senior tranche for an amount exceeding initial forecasts;
- the Junior tranche is subject to a specific prudential treatment that allows for the gradual absorption of regulatory capital. In this regard, supporting the positive performance of the transaction, the risk weighting as of December 2024 did not deteriorate due to cash flow dynamics;
- the Mezzanine tranche is also subject to a conservative prudential regime, though it remains stable; the maintenance of its current valuation is also supported by cash flow trends and business plan projections, which will nonetheless require appropriate periodic review.

For certain structured and high-yield bond securities included in both the fixed and non-fixed portfolios, the Bank commissioned valuations from leading independent consulting firms, adopting the fair value as of 31 December 2024.

The item "shares, units and other capital financial instruments" consists of, for investment securities:

- from the Green Arrow Private Debt Fund, assigned to us following the liquidation of the Tower Credit Opportunities PLC Fund on 31/12/2021, valued at Net Asset Value (market value).

The item "shares, units and other capital financial instruments" is composed of, for securities not held as fixed assets:

- the units of the San Marino law funds Loan Management and Odisseo, originating from previous system rescue operations, with respective carrying amounts of €2,580,485 and €4,928,506, adjusted to the NAV (Net Asset Value) as of 31/12/2024. The completion of the well-known system-wide securitisation transaction, in which the above-mentioned funds participated, resulted in the replacement of the underlying loans with ABS securities of the Mezzanine and Junior classes. The remaining assets of the funds, consisting of San Marino government bonds, were distributed to the fund participants. As a result of this transaction, the Bank received SAN MARINO 1% 22/32, SAN MARINO 1.5% 23/37, and SAN MARINO 1.75% 23/42 bonds, for a total value of €7,121,403, included in the fixed securities portfolio, with a corresponding reduction in the value of the fund holdings, which are expected to be liquidated by the end of the 2025 financial year.
- Units of collective investment schemes and shares also valued at market price as of the balance sheet date, in accordance with supervisory provisions under Article IV.I.1, paragraph 3, of CBSM Regulation 2016-02.

Table 5.2: breakdown of "Investment financial instruments"

ITEMS / VALUES	31/12/2024			31/12/2023		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
1. Financial debt instruments	152.244.956	153.369.313	142.930.963	151.936.312	153.049.801	141.432.154
1.1 Bonds	152.244.956	153.369.313	142.930.963	151.936.312	153.049.801	141.432.154
- Listed	43.048.713	43.227.645	40.236.141	49.803.069	49.933.935	45.356.172
- Not listed	109.196.243	110.141.668	102.694.822	102.133.243	103.115.866	96.075.982
1.2 Other financial debt instruments	-	-	-	-	-	-
- Listed	-	-	-	-	-	-
- Not listed	-	-	-	-	-	-
2. Equity financial instruments	7.442.554	1.336.661	1.336.661	7.442.554	3.032.405	3.032.405
- Listed	-	-	-	-	-	-
- Not listed	7.442.554	1.336.661	1.336.661	7.442.554	3.032.405	3.032.405
Total	159.687.510	154.705.974	144.267.624	159.378.866	156.082.206	144.464.559

The differences identified between the book value and the fair value are attributable to:

- €89,833 for the recognition of the amortised discount, as required by regulations and specified in the valuation criteria, and
- €10,348,516 for differences compared to market prices; such differences, being related to investments that by their nature will be held to maturity, are expected to be offset by the redemption value based on the current assessment of issuer risk. Therefore, in the absence of further indications of capital impairment, they are not considered to be lasting losses in value.

The portfolio under discussion includes a listed subordinated debt security issued by a major international banking institution, with a book value of €4,176,218.

Table 5.3: annual changes in investment financial instruments

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	156.082.206	154.572.880
Increases	8.697.481	13.373.070
1. Purchases	8.323.850	12.431.168
<i>of which Debt financial instruments</i>	<i>8.323.850</i>	<i>12.431.168</i>
2. Value recoveries	98.302	157.684
3. Transfers from the investment portfolio	-	-
4. Other increases	275.329	784.218
Decreases	10.073.713	11.863.744
1. Sales	1.260.850	-
<i>of which Debt financial instruments</i>	<i>1.260.850</i>	-
2. Refunds	8.492.530	10.266.190
<i>of which Debt financial instruments</i>	<i>6.698.485</i>	<i>10.266.190</i>
3. Value adjustments	-	-
<i>of which Lasting devaluations</i>	-	-
4. Transfers to the investment portfolio	-	-
5. Other decreases	320.333	1.597.554
Closing balance	154.705.974	156.082.206

It should be noted that the items "Purchases" and "Sales" include the exchange transactions involving the Mezzanine and Junior securities, as well as the allocation of San Marino government bonds resulting from the distribution of part of the assets of the Loan Management and Odisseo Funds, transactions already referenced in Table 5.1.

The other changes, both increases and decreases, reflect, on a net basis, the amortised discounts and accruals, where applicable.

Table 5.4: breakdown of "Trading financial instruments"

ITEMS / VALUES	31/12/2024	31/12/2023
	Fair value	Fair value
1. Financial debt instruments	92.466.128	57.628.328
1.1 Bonds	92.466.128	57.628.328
- Listed	62.197.861	21.313.932
- Not listed	30.268.267	36.314.396
1.2 Other financial debt instruments	-	-
- Listed	-	-
- Not listed	-	-
2. Equity financial instruments	16.886.991	23.123.831
- Listed	-	-
- Not listed	16.886.991	23.123.831
Total	109.353.119	80.752.159

Table 5.5: annual changes in "Trading financial instruments"

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	80.752.159	79.314.239
Increases	322.901.703	71.743.571
1. Purchases	318.652.755	67.196.464
<i>of which Debt financial instruments</i>	313.100.869	54.475.011
<i>of which Equity financial instruments</i>	5.551.887	12.721.453
2. Value recoveries and revaluations	684.728	3.226.313
3. Transfers from the investment portfolio	-	-
4. Other increases	3.564.220	1.320.794
Decreases	294.300.743	70.305.651
1. Sales and refunds	290.406.107	67.402.514
<i>of which Debt financial instruments</i>	269.385.353	37.223.495
<i>of which Equity financial instruments</i>	21.020.754	30.179.019
2. Value adjustments and write-downs	3.144.466	2.436.727
3. Transfers to the investment portfolio	-	-
4. Other decreases	750.170	466.410
Closing balance	109.353.119	80.752.159

6. Shareholdings (asset Items: 70-80)

Table 6.1: shareholdings and investments in group companies

DESCRIPTION	Legal status	Registered office	Activities carried out	Share capital	Net equity*	Profit/Loss	Share capital %	Book value (B) 31/12/2024	Fair Value	Share of net equity (A)	Comparisons (A-B)
A. Imprese del gruppo											
Bac Trustee	S.p.a.	Via Tre Settembre, 316 - 47891 Dogana RSM	Non-financial company	100.000	223.355	117.403	100,00%	211.613	-	223.355	11.742
BAC Life	S.p.a	Via Tre Settembre, 316 - 47891 Dogana RSM	Insurance activities	6.000.000	6.865.849	80.219	100,00%	6.785.630	-	6.865.849	80.219
Bac Real Estate	S.r.L	Via Tre Settembre, 316 - 47891 Dogana RSM	Real estate trading activities	75.000	261.742	12.942	100,00%	261.742	-	261.742	-
BAC Investments SG	S.p.a.	Via Tre Settembre, 316 - 47891 Dogana RSM	Other financial institutions	500.000	595.027	294.288	100,00%	565.598	-	595.027	29.429
San Marino finanza e previdenza	S.r.l.	Via Tre Settembre, 316 - 47891 Dogana RSM	Non-financial company	26.000	56.226	24.419	51,00%	27.430	-	28.675	1.245
B. Imprese collegate											
Società servizi informatici sammarinese S.S.I.S	S.p.a.	Strada Cardio, 22 - 47899 Serravalle RSM	Automatic data processing services	500.000	553.528	3.251	50,00%	275.138	-	276.764	1.626
Centro servizi	S.r.l.	Via XXV Marzo, 58 - 47895 Domagnano RSM	Automatic data processing services	74.886	862.639	166.946	33,33%	333.333	-	287.518	-45.815
BKN301 Spa	S.p.a.	Via III Settembre, 99 - 47891 Dogana	Other financial institutions	4.528.361	12.591.205	25.818	19,22%	916.931	-	2.420.030	1.503.099
NCO Immobiliare Srl	S.p.a.	Via III Settembre, 99 - 47891 Dogana	Services	75.000	21.840	-53.160	50,00%	177.702	-	10.920	-166.782
S3 Special Servicer Sammarinese Srl	S.r.l.	Piazza Bertoldi, 8 Serravalle 47899	Other financial institutions	25.500	25.500	-	33,00%	8.415	-	8.415	-
C. Altre imprese partecipate											
Banca Centrale della Repubblica di San Marino	S.p.a.	Via del Voltone, 120 - 47890 San Marino RSM	Banking activities	12.911.425	51.930.013	-	5,00%	4.059.242	-	2.596.501	-1.462.741
Agenzia per lo sviluppo economico - Camera di commercio	S.p.a.	Strada di Paderna, 2 - 47895 Domagnano RSM	Services	77.466	9.271.733	7.733.002	1,33%	1.033	-	123.314	122.281
I.G.R.C.	S.p.a.	Piazza Bertoldi, 8 - Serravalle 47899	Other financial institutions	100.000	100.039	39	10,08%	25.000	-	10.084	-14.916
Bancomat Spa	S.p.a.	Via Silvio D'Amico, 53 - 00145 Roma	Other financial institutions	36.917.523	105.895.629	3.825.171	0,00%	285	-	847	562

As stated in the valuation criteria, to which reference is made for further details, equity investments held in Group companies and in associates with a holding percentage equal to or greater than 50% have been valued using the cost method, unlike in previous years, when the equity method was applied.

For clarity, the effects of this change on the representation of the equity, financial, and economic position are presented below, as required by Law no. 165/2005, Article 32, and CBSM Regulation 2016/02, Article II.II.3. Had the continuity of the equity method valuation been maintained, the capitalisation of undistributed profits from subsidiaries would have resulted in an overall increase in the revaluation reserve of €124,261 and a corresponding increase in the "Shareholdings" item, without any impact on the profit and loss account. Additionally, there would have been a write-down of €166,782 related to an associate not belonging to the Group, which posted a negative result for the year. This was not considered a lasting loss in value.

Investee companies

The investment in the Central Bank of the Republic of San Marino S.p.A. remained unchanged at 5% of the share capital. The value of the share recorded in the financial statements reflects the revaluation that took place in 2013.

The ownership percentage in S.S.I.S. S.p.A. (Società Sistemi Informatici Sammarinese) remains at 50% of the share capital, jointly held with another San Marino credit institution.

The investments in Agenzia per lo Sviluppo Economico – Camera di Commercio S.p.A., equal to 1.33%, and in BKN S.p.A., at 19.22%, also remain unchanged.

The Bank also holds 33.33% of Centro Servizi S.r.l., jointly with two other local banks.

Among the investee companies is also NCO Immobiliare S.r.l., established in 2022 together with other San Marino banks, with the aim of protecting the respective credit claims toward a common debtor. In 2024, the share capital was replenished, and the Bank increased its stake to 50% through the acquisition of additional shares, jointly with another San Marino bank.

The Bank is also a shareholder in companies established to serve the system-wide securitisation transaction, with the following holdings: 33.00% in S3 Special Servicer Sammarinese S.r.l. (Special Servicer) and 10.08% in I.G.R.C. S.p.A. (Master Servicer).

With reference to the difference between the book value and the corresponding share of equity in the investments in the Central Bank of the Republic of San Marino S.p.A., in IGRC S.p.A., and in Centro Servizi S.r.l., there are currently no grounds to recognize lasting losses in value.

Group shareholdings

In 2024, the company BAC Investments SG S.p.A., in its seventh year of operation, closed with a net profit of €294,288, of which 90% is proposed for distribution as dividends, according to the proposal of the administrative body.

BAC Life S.p.A. closed the year with a final result of €80,219, which the administrative body has proposed to allocate to reserves.

BAC Trustee S.p.A., formerly Bac Fiduciaria S.p.A., transferred all fiduciary mandate management activities to the Parent Company in 2020. The 2024 draft financial statements, approved by the administrative body, included the distribution of 90% of the net profit to the sole shareholder BAC, amounting to €117,403.

BAC Real Estate S.r.l., wholly owned, closed with a net profit of €12,942, which will be entirely distributed to the Parent Company.

Among the Group's equity investments is San Marino Finanza e Previdenza S.r.l., an insurance brokerage agency. The company, 51% owned, closed the year with a net profit of €24,419, of which 90% will be distributed.

The following tables provide information on the aggregate movements relating to the equity investments held.

The dividend distribution policies will have their cash impact in 2025.

Table 6.2: breakdown of item 70 "Shareholdings"

ITEMS / VALUES	31/12/2024			31/12/2023		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
In credit institutions	645.571	4.059.242	-	645.571	4.059.241	-
- Listed	-	-	-	-	-	-
- Not listed	645.571	4.059.242	-	645.571	4.059.241	-
In other financial firms	950.631	950.631	-	916.931	916.931	-
- Listed	-	-	-	-	-	-
- Not listed	950.631	950.631	-	916.931	916.931	-
Others	787.065	787.206	-	614.528	639.669	-
- Listed	-	-	-	-	-	-
- Not listed	787.065	787.206	-	614.528	639.669	-
Total	2.383.267	5.797.079	-	2.177.030	5.615.841	-

Table 6.3: breakdown and changes in item 80 "Shareholdings in group companies"

ITEMS / VALUES	31/12/2024			31/12/2023		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair Value
In credit institutions	-	-	-	-	-	-
- Listed	-	-	-	-	-	-
- Not listed	-	-	-	-	-	-
In other financial firms	6.500.000	7.351.228	-	6.500.000	7.351.228	-
- Listed	-	-	-	-	-	-
- Not listed	6.500.000	7.351.228	-	6.500.000	7.351.228	-
Others	188.260	500.785	-	188.260	500.786	-
- Listed	-	-	-	-	-	-
- Not listed	188.260	500.785	-	188.260	500.786	-
Total	6.688.260	7.852.013	-	6.688.260	7.852.014	-

Table 6.4: annual changes in item 70 "Shareholdings"

DESCRIPTION	31/12/2024
A) Opening balance	5.615.841
B) Increases	220.167
B1. Purchases	91.437
B2. Value recoveries	-
B3. Revaluations	-
B4. Other increases	128.730
C) Decreases	38.929
C1. Sales	-
C2. Value adjustments	-
<i>of which lasting devaluations</i>	-
C3. Other decreases	38.929
D) Closing balance	5.797.079
E) Total revaluations	-
F) Total adjustments	-

Table 6.5: annual changes in item 80 "Shareholdings in group companies"

DESCRIPTION	31/12/2024	31/12/2023
A) Opening balance	7.852.014	7.619.975
B) Increases	-	249.986
B1. Purchases	-	-
B2. Value recoveries	-	-
B3. Revaluations	-	79.986
B4. Other increases	-	170.000
C) Decreases	1	17.947
C1. Sales	-	-
C2. Value adjustments	-	17.947
<i>of which Lasting devaluations</i>	-	17.947
C3. Other decreases	1	-
D) Closing balance	7.852.013	7.852.014

Table 6.6: assets and liabilities to investee companies (item 70)

DESCRIPTION	31/12/2024
Assets	96.835.866
- Loans to credit institutions	89.075.574
<i>of which Subordinates</i>	-
<i>of which Associated companies</i>	-
<i>of which Subordinates</i>	-
- Loans to other financial companies	5.844.836
<i>of which: subordinates</i>	-
<i>of which Associated companies</i>	5.734.607
<i>of which Subordinates</i>	-
- Loans to other companies	1.915.456
<i>of which Subordinates</i>	-
<i>of which Associated companies</i>	1.915.456
<i>of which Subordinates</i>	-
- Bonds and other debt financial instruments	-
<i>of which Subordinates</i>	-
<i>of which Associated companies</i>	-
<i>of which Subordinates</i>	-
Liabilities	306.836
- Amounts due to credit institutions	-
<i>of which Associated companies</i>	-
- Amounts due to other companies	306.836
<i>of which Associated companies</i>	300.094
- Payables represented by financial instruments	-
<i>of which Associated companies</i>	-
- Subordinate liabilities	-
<i>of which Associated companies</i>	-
Guarantees and commitments	667.306
- Guarantees given	-
- Commitments	667.306

The "loans to credit institutions," amounting to €89,075,574, consist of balances held with the Central Bank of the Republic of San Marino, including the mandatory reserve deposit (ROB) and the Deposit Guarantee Fund, as well as the Escrow Account established in 2023 to guarantee payments related to the senior securities from the securitisation transaction. The item "loans to other financial companies, of which to associated companies," valued at €5,734,607, represents receivables from the investees BKN301 S.p.A. and S3 Special Servicer S.r.l. The "loans to other companies," amounting to €1,915,456, include exposures to SSIS S.p.A. and NCO Immobiliare S.r.l. Among the liabilities are the current account

balances held by BKN301 S.p.A., SSIS S.p.A., NCO Immobiliare S.r.l., and Centro Servizi S.r.l., classified as associated companies, as well as the current account balance held by Camera di Commercio S.p.A.

Table 6.7: assets and liabilities with investee companies belonging to the bank group (item 80)

DESCRIPTION	31/12/2024
Assets	16.352
- Loans to credit institutions	-
<i>of which Subordinates</i>	-
- Loans to other financial companies	16.352
<i>of which Subordinates</i>	-
- Loans to other companies	-
<i>of which Subordinates</i>	-
- Bonds and other debt financial instruments	-
<i>of which Subordinates</i>	-
Liabilities	2.804.172
- Amounts due to credit institutions	-
- Amounts due to other companies	2.804.172
- Payables represented by financial instruments	-
- Subordinate liabilities	-
Guarantees and commitments	-
- Guarantees given	-
- Commitments	-

The item "Due to other companies" consists of the current account balances of the subsidiary companies.

7. Intangible fixed assets (asset item 90)

Table 7.1: description and movements of item 90 "intangible fixed assets"

ANNUAL CHANGES	31/12/2024	Financial leasing	of which assets under construction	Assets awaiting lease termination	of which due to default by the tenant	Assets available from debt collection	of which assets available for credit extinction by means of a settlement agreement	Goodwill	Capital expenditure	Other intangible fixed assets
A. Opening balance	2.571.169	370.353	-	-	-	-	-	-	-	2.200.816
B. Increase	120.295	95	-	-	-	-	-	-	-	120.200
B1. Purchases	120.200	-	-	-	-	-	-	-	-	120.200
B2. Value recoveries	-	-	-	-	-	-	-	-	-	-
of which By creditworthiness	-	-	-	-	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-	-
B4. Other increases	95	95	-	-	-	-	-	-	-	-
C. Decreases	312.020	53.308	-	-	-	-	-	-	-	258.712
C1. Sales	-	-	-	-	-	-	-	-	-	-
C2. Value adjustments	311.887	53.175	-	-	-	-	-	-	-	258.712
of which Depreciation and amortization	311.700	52.988	-	-	-	-	-	-	-	258.712
of which Lasting devaluations	-	-	-	-	-	-	-	-	-	-
of which By creditworthiness	187	187	-	-	-	-	-	-	-	-
C3. Other decreases	133	133	-	-	-	-	-	-	-	-
D. Closing balance	2.379.444	317.140	-	-	-	-	-	-	-	2.062.304

Other intangible assets consist of the expenses of: software purchases, leasehold improvements, Studies, Research, Miscellaneous deferred costs, and Concessionary rights. Software is valued at cost, including all analysis, installation and training expenses. In addition, any fully amortized intangible assets are accounted for at zero by deducting both the asset value and the value of the related provision. Amortization rates have been calculated in relation to their remaining useful life.

The bank, in 2009, acquired from the Eccellentissima Camera of the Republic of San Marino the concessionary rights for the construction of an underpass for use by the institution for 30 years; therefore, the expenses incurred for the rights and construction works for its construction were recorded in a special item of intangible fixed assets to be amortized over the duration of the concession.

CONCESSION RIGHTS AND UNDERPASS WORKS	2024	2023
Opening balance at purchase cost	1.254.395	1.254.395
Expenses incurred during the year	-	-
Closing balance at historical cost	1.254.395	1.254.395
To deduct depreciation fund	-661.118	-619.305
<i>of which Depreciation charge for the year</i>	<i>-41.813</i>	<i>-41.813</i>
Closing balance	593.277	635.090

Table 7.2: breakdown 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 leasing	564.524	317.140	-	564.524	370.353	-
<i>of which Assets under construction</i>	-	-	-	-	-	-
B) Assets awaiting lease termination	-	-	-	-	-	-
<i>of which Due to default by the tenant</i>	-	-	-	-	-	-
C) Assets available from debt collection	-	-	-	-	-	-
<i>of which Assets available for credit extinction by means of a settlement agreement</i>	-	-	-	-	-	-
D) Goodwill	-	-	-	-	-	-
E) Start-up costs	-	-	-	-	-	-
F) Other intangible fixed assets	3.470.974	2.062.304	-	3.459.238	2.200.816	-
Total	4.035.498	2.379.444	-	4.023.762	2.571.169	-

8. Tangible fixed assets (asset item 100)

Table 8.1: movements and description of item 90 "Tangible fixed assets"

ANNUAL CHANGES	31/12/2024	Financial leasing	of which Assets under construction	Assets awaiting lease termination	of which Due to default by the tenant	Assets available from debt collection	of which Assets available for credit extinction by means of a settlement agreement	Lands and buildings	Other intangible fixed assets
A) Opening balance	159.466.757	43.953.697	191.806	-	-	89.728.688	89.728.688	25.318.570	465.802
B) Increase	13.508.112	11.317.530	2.121.833	84.902	84.902	803.102	803.102	1.004.483	298.095
B1. Purchases	12.324.459	10.386.596	1.672.083	84.902	84.902	634.866	634.866	920.000	298.095
B2. Value recovery	-	-	-	-	-	-	-	-	-
of which By creditworthiness	-	-	-	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-
B4. Other increases	1.183.653	930.934	449.750	-	-	168.236	168.236	84.483	-
C) Decreases	19.154.786	15.488.876	1.746.071	83.915	83.915	1.680.603	1.680.603	1.719.451	181.941
C1. Sales	7.706.595	5.332.151	-	1.075	1.075	1.600.206	1.600.206	773.163	-
C2. Value adjustments	9.394.944	8.201.995	2.654	6.920	6.920	57.800	57.800	946.288	181.941
of which Depreciation and amortization	9.246.369	8.118.140	-	-	-	-	-	946.288	181.941
of which Lasting devaluations	64.408	-	-	6.608	6.608	57.800	57.800	-	-
of which By creditworthiness	84.168	83.855	2.654	313	313	-	-	-	-
C3. Other decreases	2.053.247	1.954.730	1.743.417	75.920	75.920	22.597	22.597	-	-
D. Closing balance	153.820.083	39.782.351	567.568	987	987	88.851.187	88.851.187	24.603.602	581.956

Table 8.2: breakdown of item 100 "Tangible 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 leasing	108.237.403	39.782.351	-	120.954.662	43.953.697	-
of which Assets under construction	2.314.583	567.568	-	642.500	191.806	-
B) Assets awaiting lease termination	-	987	-	-	-	-
of which Due to default by the tenant	-	987	-	-	-	-
C) Assets available from debt collection	-	88.851.187	-	-	89.728.688	-
of which Assets available for credit extinction by means of a settlement agreement	-	88.851.187	-	-	89.728.688	-
D) Lands and Buildings	42.135.383	24.603.602	-	42.008.674	25.318.570	-
E) Other tangible fixed assets	1.248.368	581.956	-	1.162.739	465.802	-
Total	151.621.154	153.820.083	-	164.126.075	159.466.757	-

"Item B. Assets awaiting lease termination" includes fixed assets returned to full possession of the Bank as a result of termination due to default of the lessees of lease contracts. These amounts are also included in the table detailing loans to customers, as required by the regulations on the preparation of financial statements (CBSM Regulation 2016/02).

Item C. "Assets available from credit recovery" refers to real estate properties acquired over the years following settlement agreements and write-offs of credit positions related to defaulting customers classified under non-performing leasing. These assets are not instrumental to the company's operations and are therefore not subject to depreciation. To optimize the management of these assets, the Bank has established a dedicated unit within the organizational structure, named the Real Estate Function, which handles their maintenance, sale, or re-leasing.

Item E. "Other tangible fixed assets" includes: furniture, safes and systems, electronic equipment, and vehicles. As with intangible fixed assets, any fully depreciated tangible fixed assets are written off in the accounts by eliminating both the asset value and the corresponding depreciation fund.

Table 8.3: assets acquired from credit recovery

ITEMS / VALUES	31/12/2024		31/12/2023	
	Book value	Fair value	Book value	Fair value
A) Assets acquired from credit recovery deriving from financial leasing contracts	78.244.408	-	79.467.946	-
A1. Real estate	78.244.408	-	79.467.946	-
<i>of which For residential use</i>	12.945.160	-	13.105.336	-
<i>of which For non-residential use</i>	65.299.248	-	66.362.610	-
A2. Movable property	-	-	-	-
<i>of which Vehicles</i>	-	-	-	-
<i>of which Naval aircraft</i>	-	-	-	-
<i>of which Other</i>	-	-	-	-
B. Assets acquired from credit recovery deriving from other loan agreements	10.606.779	-	10.260.742	-
B1. Real estate	10.606.779	-	10.260.742	-
<i>of which For residential use</i>	4.256.103	-	4.411.213	-
<i>of which For non-residential use</i>	6.350.676	-	5.849.529	-
B2. Movable property	-	-	-	-
<i>of which Vehicles</i>	-	-	-	-
<i>of which Naval aircraft</i>	-	-	-	-
<i>of which Other</i>	-	-	-	-
Total	88.851.187	-	89.728.688	-

Assets acquired through credit recovery are recorded under balance sheet assets at the appraised value determined at the time of the settlement agreement finalized with the customer, and are subsequently updated periodically, within the limit of the credit exposure.

Table 8.4: leasing to credit institutions and customers (residual principal and overdue rents)

CATEGORIES/ VALUES	Total 31/12/2024	of which leasing to credit institutions	of which leasing to customers
Leasing - Total	42.441.278	-	42.441.278
A) Of which for overdue fees	2.340.800	-	2.340.800
B) Of which residual principal credit	40.100.478	-	40.100.478
B1. Intangible fixed assets	-	-	-
- Financial leasing	317.140	-	317.140
- Assets awaiting lease termination	-	-	-
B2. Tangible fixed assets	-	-	-
- Financial leasing	39.782.351	-	39.782.351
- Assets awaiting lease termination	987	-	987

9. Subscribed and unpaid capital (asset item 110)

Table 9.1: breakdown of item 110 "Subscribed and unpaid capital"

Data not present.

10. Transactions on own shares (asset item 120)

Table 10.1: breakdown of company shares

DESCRIPTION	Number of shares	% On capital	Nominal value	Trading amount
Values as of 31/12/2023	553	0,07%	14.378	14.378
Purchases	-	-	-	-
Sales	-	-	-	-
Values as of 31/12/2024	553	0,07%	14.378	14.378

				Profit / loss
Profit / loss from trading on treasury shares during the year				-

Own shares are recorded at their par value of €26 each, with a total countervalue of €14,378.

11. Other Assets (asset item 130)

Table 11.1: breakdown of item 130 "Other Assets"

OTHER ASSETS	31/12/2024	31/12/2023
Guarantee margins	-	-
Premiums paid for options	-	-
Other	113.943.789	124.367.691
of which Miscellaneous Debtors:	113.943.789	124.367.691
<i>Advances to be Settled</i>	4.729.876	4.478.405
<i>Other miscellaneous items (Security deposits and other receivables)</i>	3.519.311	1.695.404
<i>Customers for invoices issued</i>	276.422	613.033
<i>Accounting Items Related to Taxation</i>	9.468.291	9.806.171
- <i>Tax Credit L 227/2020</i>	8.188.963	8.661.844
- <i>Deferred tax assets ex lege 154/2019 art.11</i>	1.144.327	1.144.327
- <i>Other related accounting items</i>	135.000	-
<i>Douments on collection</i>	75.919.751	82.744.924
<i>Amounts to be received from other customers</i>	1.703.092	1.781.486
<i>Amounts to be received from Banks</i>	-	339.459
<i>Suspension for value adjustments Law 173/2018 art.40</i>	18.327.047	22.908.809
Of which Other	-	-
Total	113.943.789	124.367.691

"Other Assets" includes all assets not attributable to other asset items. It also includes any inventories of traveling and suspended items not allocated to the relevant accounts.

The item: "Suspension of value adjustments pursuant to Article 40 Law 173/2018" corroborated for 18.327.047, represents the AQR adjustments still suspended, by virtue of the relevant law, for 5/10 of the initial amount.

The item "Tax credit Law 227/2020," valued at €8,188,963, corresponds to the tax credit recognized by the Tax Office, net of utilizations, pursuant to Law no. 227/2020, which established the maximum amount of tax benefits arising from the NAV valuations as of 31/12/2020 of the Loan Management Fund and Fondo Odisseo.

The item "Deferred tax assets pursuant to Law 154/2019, Article 11" includes deferred taxes calculated on tax losses that are fully and indefinitely carry-forwardable, through the step-by-step recognition process applied by the Bank.

12. Accrued income and prepaid expenses (asset item 140)

Table 12.1: breakdown of item 140 "Accrued income and prepaid expenses"

DESCRIPTION	31/12/2024	31/12/2023
A) Accrued income	169.303	287.370
- On rental income	144.303	287.370
- On lease payments	25.000	-
B) Prepaid expenses	445.747	532.466
- On rent payable	20.971	21.000
- On administrative expenses	138.672	177.141
- On securitization charges	286.104	334.325
Total	615.050	819.836

Relevant accruals are carried as adjustments to assets and liabilities in compliance with the provisions of CBSM Regulation 2016/02, Article IV.I.14. Item 140 includes residual amounts not attributable to specific asset and liability items. Prepaid expenses include, in particular, up-front costs for setting up the securitization transaction pertaining to BAC in the amount of €286.104.

Information on the Statement of Assets and Liabilities - Liabilities

13. Debiti verso enti creditizi (voce 10 del passivo)

Tabella 13.1: dettaglio della voce 10 "Debiti verso enti creditizi"

DESCRIPTION	31/12/2024			31/12/2023			CHANGE	
	In euro	In foreign currency	Total	In euro	In foreign currency	Total	Amount	%
A) At sight:	1.355.455	-	1.355.455	1.252.024	840	1.252.864	102.591	8,19%
A1. Reciprocal accounts opened for services rendered	1.355.455	-	1.355.455	1.252.024	-	1.252.024	103.431	8,26%
A2. Free deposits	-	-	-	-	-	-	-	-
A3. Others	-	-	-	-	840	840	-840	-100,00%
B) At term or with notice	698.139	-	698.139	679.148	-	679.148	18.991	2,80%
B1. Passive current accounts	-	-	-	-	-	-	-	-
B2. Term deposits	698.139	-	698.139	679.148	-	679.148	18.991	2,80%
B3. Repurchasing agreements and passive carry-overs	-	-	-	-	-	-	-	-
B4. Other financing	-	-	-	-	-	-	-	-
Total	2.053.594	-	2.053.594	1.931.172	840	1.932.012	121.582	6,29%

Time deposits include amounts set up by a Credit Institution to guarantee mutual contractual obligations undertaken (mirrored in Item 30 of Assets are deposits set up by Bac with the same Credit Institution in the same amount).

14. Due to customers (liability item 20)

Table 14.1: details of item 20 "Due to customers"

DESCRIPTION	31/12/2024			31/12/2023 proforma			CHANGE	
	In euro	In foreign currency	Total	In euro	In foreign currency	Total	Amount	%
A) At sight:	441.569.703	5.703.768	447.273.471	416.418.340	8.239.096	424.657.436	22.616.035	5,33%
A1. Passive current accounts	440.195.523	5.703.768	445.899.291	414.816.145	8.239.096	423.055.241	22.844.050	5,40%
A2. Savings deposits	1.238.497	-	1.238.497	1.471.373	-	1.471.373	-232.876	-15,83%
A3. Others	135.683	-	135.683	130.822	-	130.822	4.861	3,72%
B) Term or with notice	85.616.565	-	85.616.565	110.051.753	-	110.051.753	-24.435.188	-22,20%
B1. Term passive current accounts	-	-	-	-	-	-	-	-
B2. Restricted savings deposits	-	-	-	-	-	-	-	-
B3. Repurchase agreements and passive carry-overs	31.568.674	-	31.568.674	67.990.078	-	67.990.078	-36.421.404	-53,57%
B4. Other funds	54.047.891	-	54.047.891	42.061.675	-	42.061.675	11.986.216	28,50%
Total	527.186.268	5.703.768	532.890.036	526.470.093	8.239.096	534.709.189	-1.819.153	-0,34%

The following table provides a breakdown of liability item 20. In reclassifying customer liabilities, internal checks were excluded and recorded under "Other liabilities" for an amount of €1,024,173 (€1,306,211 as of 31/12/2023).

Table 14.2: liabilities for electronic money

DESCRIPTION	31/12/2024	31/12/2023
For named instruments	135.698	130.822
<i>of which rechargeable</i>	135.698	130.822
<i>of which non-refillable</i>	-	-
For anonymous instruments	-	-

The table shows the total amount of top-ups made by customers on prepaid cards that can be used as a means of payment.

15. Amounts represented by financial instruments (liability item 30)

Table 15.1: breakdown of amounts represented by financial instruments

DESCRIPTION	31/12/2024			31/12/2023			CHANGE	
	In euro	In foreign currency	Total	In euro	In foreign currency	Total	Amount	%
Bonds	-	-	-	-	-	-	-	-
<i>of which Held by credit institutions</i>	-	-	-	-	-	-	-	-
Certificates of deposit	166.875.803	-	166.875.803	210.166.827	-	210.166.827	-43.291.024	-20,60%
<i>of which Held by credit institutions</i>	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-
<i>of which Negotiated acceptances</i>	-	-	-	-	-	-	-	-
<i>of which Outstanding bills</i>	-	-	-	-	-	-	-	-
<i>of which Atypical securities</i>	-	-	-	-	-	-	-	-
Total	166.875.803	-	166.875.803	210.166.827	-	210.166.827	-43.291.024	-20,60%

The composition reflects the different investment choices made by customers.

16. Other liabilities (liability item: 40)

Table 16.1: breakdown of item 40 "Other liabilities"

OTHER LIABILITIES	31/12/2024	31/12/2023
Guarantee margins	-	-
Awards received for options	-	-
Cheques in circulation and similar securities	1.024.173	1.306.211
Others	84.984.333	92.161.958
<i>Other residual items</i>	<i>169.893</i>	<i>164.492</i>
<i>Receivables for collection</i>	<i>78.451.447</i>	<i>84.861.853</i>
<i>Commitments to suppliers and invoices to be received</i>	<i>2.381.828</i>	<i>3.148.958</i>
<i>Amounts to be paid to the tax authorities</i>	<i>727.036</i>	<i>584.936</i>
<i>Amounts to be settled with banks</i>	<i>216.047</i>	<i>183.795</i>
<i>Amounts to be paid to third parties</i>	<i>3.038.082</i>	<i>3.217.924</i>
Total	86.008.506	93.468.169

The "amounts payable to the Tax Office" include the withholdings made by the Bank in its capacity as tax withholding agent pursuant to Law no. 166/2013, pending payment within the legal deadlines.

17. Accrued expenses and deferred income (liabilities item 50)

Table 17.1: breakdown of item 50 "Accrued expenses and deferred income"

DESCRIPTION	31/12/2024	31/12/2023
A) Accrued liabilities	-	-
A1. Accrued liabilities on derivative contracts	-	-
B) Deferred income	362.506	122.916
B1. Deferred income from foreign portfolio	4.046	4.978
B2. Deferred commission income unsecured loans	53.750	56.502
B3. Other deferred income	75.698	-
B4. Deferred income on rental income	229.012	61.436
Total	362.506	122.916

Pursuant to Article IV.I.13 of CBSM Regulation 2016/02 on the preparation of financial statements which requires the assets and liabilities of banks to be adjusted directly with the evidence of accrued income and expenses, item 50 includes residual amounts not attributable to specific asset and liability items.

18. Provisions (liability items 60 - 70 - 80)

Table 18.1: movements of item 60 "Severance"

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	533.015	516.074
Increases:	534.057	534.170
- Provisions	534.057	534.170
- Other increases	-	-
Decreases:	543.580	517.229
- Uses	543.580	517.229
- Other decreases	-	-
Closing balance	523.492	533.015

Severance, as required by current regulations, is paid annually to employees. Therefore, the balance corresponds to the portion for the year 2024.

Table 18.2: breakdown of item 70 "Provisions for risks and charges"

COMPOSITION	31/12/2024	31/12/2023
Pension funds and similar obligations	-	-
Taxes and fees fund	483.803	13.803
Other funds	906.636	1.296.508
- Claims and revocation fund	494.121	520.341
- Provision for charges to be settled	397.210	766.213
- Charity fund	14.955	9.955
- Provision for adjustments for guarantees and commitments	350	-
Total	1.390.439	1.310.311

For the year under review, the Tax Provision Fund was topped up to cover the tax liabilities for the period.

While there are no disputes with the San Marino Tax Authority, the Bank continued during the current year to make installment payments to the Italian Revenue Agency in relation to a past assessment concerning interest income received on mortgages and current accounts held by individuals residing in Italy. This liability was recorded in the income statement under indirect taxes. The debt will be fully settled by January 2025.

An additional €0.270 million was allocated to the litigation and complaints fund to cover potential risks arising from ongoing legal proceedings and claims, while €0.296 million was used from the fund.

The provision for outstanding charges was partially used to cover contractual increases granted to employees following the renewal of the National Collective Labor Agreement (CCNL) in 2024, which related to previous financial years.

Lastly, as resolved by the Shareholders' Meeting held on 28/05/2024, BAC increased the fund allocated to charitable activities by €15,000.

Table 18.3: movement of the "Tax reserves and duties"

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	13.803	13.803
Increases:	470.000	-
- Provisions	470.000	-
- Other increases	-	-
Decreases:	-	-
- Uses	-	-
- Other decreases	-	-
Closing balance	483.803	13.803

The Tax Provision Fund was increased following the accrual of income tax as of 31/12/2024. This amount was recorded under the specific item "Taxes for the year" in the profit and loss account.

Table 18.4: movements of sub-item c) "Other Provisions"

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	1.296.508	692.208
Increases:	340.107	649.140
- Provisions	340.107	649.140
- Other increases	-	-
Decreases:	729.979	44.840
- Uses	575.597	29.154
- Other decreases	154.382	15.686
Closing balance	906.636	1.296.508

Table 18.5: movements of item 80 "Provisions for risks on credits"

DESCRIPTION	31/12/2024	31/12/2023
Opening balance	600.000	600.000
Increases:	-	-
- Provisions	-	-
- Other increases	-	-
Decreases:	-	-
- Uses	-	-
- Other decreases	-	-
Closing balance	600.000	600.000

By its very nature, the Provision for Credit Risks is intended to cover only possible credit risks and has no asset adjustment function. In the current financial year, it was not further replenished, nor did it have any drawdowns.

19. Provision for General financial risks, Subordinated liabilities, subscribed capital, share premium, Reserves, Revaluation reserve, retained earnings (losses) carried forward and Profit (loss) for the year (liability items: 90 - 100 - 110 - 120 - 130 - 140 - 150 - 160)

Table 19.1: breakdown of item 90 "Provisions for general financial risks"

ITEMS / VALUES	31/12/2024	31/12/2023
Opening balances	1.423.222	-
Contributions during the year	-	1.423.222
Disbursements during the year	-	-
Closing balances	1.423.222	1.423.222

As a precautionary measure, the General Financial Risk Fund was established at the end of 2023 in the amount of €1,423,222 to cover general business risks; no changes were recorded in 2024.

The fund constitutes a positive component of core regulatory capital.

Table 19.2: breakdown of item 100 "Subordinate liabilities"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Subordinated liabilities	2.400.988	2.400.922	66	-
of which Held by credit institutions	-	-	-	-
of which Hybrid capitalization instruments	-	-	-	-

Effective from 01/12/2020, BAC issued a subordinated loan with a five-year maturity and a nominal interest rate of 3%, which was subscribed for a nominal amount of €2,395,000. The amount shown in the table includes accrued interest.

Table 19.3: breakdown of item 110 "Subscribed capital"

TYPE OF SHARES	31/12/2024			31/12/2023			CHANGE	
	No of shares	Unit value	Overall value	No of shares	Unit value	Overall value	Amount	%
Ordinary shares	803.080	26	20.880.080	803.080	26	20.880.080	-	-
Total	803.080	26	20.880.080	803.080	26	20.880.080	-	-

There are no convertible bonds, warrants, options, securities or similar rights.

Table 19.4: breakdown of item 120 "Share premium reserves"

Data not present.

Table 19.5: breakdown of item 130 "Reserves"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
a) Ordinary or legal reserve	50.046.289	46.936.389	3.109.900	6,63%
<i>of which Reserve in tax suspension</i>	<i>1.227.968</i>	<i>1.227.968</i>	-	-
b) Reserve for own shares	14.378	14.378	-	-
c) Statutory reserves	-	-	-	-
d) Other reserves	3.467.150	967.554	2.499.596	72,09%
Total	53.527.817	47.918.321	5.609.496	11,71%

The "ordinary reserve" includes the "tax-suspended reserve" established following the reverse merger by incorporation of Istituto Bancario Sammarinese in 2012.

The change in the ordinary reserve is attributable to the capitalisation of the profit earned in 2023, amounting to a total of €3,109,900, after allocating €2,499,596 to item "d) Other reserves," as a non-distributable reserve designated for a future capital increase, as previously indicated by the Supervisory Authority (Protocol no. 20/13417 of 22/12/2020) following the transfer of securities from the fixed portfolio to the non-fixed portfolio, carried out during the 2020 and 2021 financial years. The maximum allowable threshold for this reserve has now been reached.

Table 19.6: breakdown of item 140 "Revaluation reserves"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Revaluation reserve	18.184.127	18.184.127	-	-

The revaluation reserve has over time incorporated the changes in the equity of investments in Group companies and the associate SSIS S.p.A. recorded in previous years, as well as revaluations carried out on operating properties and on the investment in CBSM, pursuant to specific legal provisions.

As stated in the valuation criteria and specified in the section on Equity Investments, following the change in the valuation method (from Equity Method to Cost), the component relating to the aforementioned investments will no longer vary in response to changes in their respective equity.

Table 19.7: breakdown of item 150 "Retained earnings (losses)"

Data not present.

Table 19.8: breakdown of item 160 "Net income (loss) for the period"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Profit (loss) for the year	5.053.790	5.609.495	-555.705	-9,91%
Total	5.053.790	5.609.495	-555.705	-9,91%

	31/12/2024	31/12/2023
Profit (loss) for the year / Total Assets ratio	0,57%	0,60%

With reference to the proposed allocation of the profit for the year, please refer to the relevant section of the Board of Directors' Report on Operations.

Table 19.9: changes in the net equity over the last 4 years

DESCRIPTION	Subscribed capital	Subscribed and unpaid capital	Share premium	Ordinary or legal reserve	Other reserves	Result for the year	Profits/ losses carried forward	General financial risks	Revaluation reserve	Total
Balance as of 31/12/2021	20.880.080	-	-	49.248.958	140.990	-2.522.804	-	-	18.076.812	85.824.036
Balance as of 31/12/2022	20.880.080	-	-	46.726.154	140.990	1.051.178	-	-	18.116.756	86.915.158
Balance as of 31/12/2023	20.880.080	-	-	46.936.389	981.932	5.609.496	-	1.423.222	18.184.127	94.015.246
Balance as of 31/12/2024	20.880.080	-	-	50.046.289	3.481.528	5.053.790	-	1.423.222	18.184.127	99.069.036

Table 19.10: statement of changes in shareholders' equity

DESCRIPTION	Initial existences	Allocation previous result			Changes during the year			Net Equity 31/12/2024
		Reserves	Dividends and other allocations	Changes in reserves	Issuance of new shares	Changes in equity interests	Other changes	
Subscribed and paid-up capital	20.880.080	-	-	-	-	-	-	20.880.080
- Ordinary shares	20.880.080	-	-	-	-	-	-	20.880.080
- Other shares	-	-	-	-	-	-	-	-
Additional paid-in capital	-	-	-	-	-	-	-	-
Reserves	47.918.321	5.609.496	-	-	-	-	-	53.527.817
- Ordinary or legal	46.936.389	3.109.900	-	-	-	-	-	50.046.289
- Other	981.932	2.499.596	-	-	-	-	-	3.481.528
Profit (loss) for the year	5.609.496	-5.609.496	-	-	-	-	-	5.053.790
Reserve for general financial risks	1.423.222	-	-	-	-	-	-	1.423.222
Revaluation reserve	18.184.127	-	-	-	-	-	-	18.184.127
Net equity	94.015.246	-	-	-	-	-	-	99.069.036

Table 19.11: breakdown of deposits by economic sector

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Public administrations	98.870.307	114.602.102	-15.731.795	-13,73%
B) Financial companies other than credit institutions	32.913.845	28.272.556	4.641.289	16,42%
- Monetary financial institutions (excluding credit institutions)	-	-	-	-
- Investment funds other than money market funds	5.585.785	5.249.412	336.373	6,41%
- Other financial institutions	5.310.789	6.484.078	-1.173.289	-18,09%
- Insurance companies	22.017.271	16.539.066	5.478.205	33,12%
- Pension funds	-	-	-	-
C) Non-financial companies	155.237.402	167.437.141	-12.199.739	-7,29%
<i>of which Subjects deleted from the register of authorized subjects</i>	<i>204.289</i>	<i>229.055</i>	<i>-24.766</i>	<i>-10,81%</i>
- Industry	63.996.431	88.927.428	-24.930.997	-28,04%
- Construction	3.743.331	3.270.407	472.924	14,46%
- Services	86.564.102	74.527.586	12.036.516	16,15%
- Other non-financial companies	933.538	711.720	221.818	31,17%
D) Families and non-profit institutions serving families	413.303.191	434.771.517	-21.468.326	-4,94%
- Consumer and producer families	404.839.521	429.016.806	-24.177.285	-5,64%
- Non-profit institutions serving families	8.463.670	5.754.711	2.708.959	47,07%
E) Others	2.866.255	3.369.011	-502.756	-14,92%
Total	703.191.000	748.452.327	-45.261.327	-6,05%

As can be seen from reading the above table, the concentration of deposits is mainly in the Household segment.

Information on the Statement of Assets and Liabilities - Guarantees and Commitments

20. Guarantees and commitments

Table 20.1: breakdown of "Guarantees given"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Unsecured loans of a commercial nature	7.904.676	8.531.076	-626.400	-7,34%
B) Unsecured loans of a financial nature	603.900	686.099	-82.199	-11,98%
C) Assets pledged as collateral	6.932.175	7.840.811	-908.636	-11,59%
- of third party bonds	324.036	1.251.663	-927.627	-74,11%
- of own bonds	6.608.139	6.589.148	18.991	0,29%
Total	15.440.751	17.057.986	-1.617.235	-9,48%

Guarantees given were classified according to economic purpose, into:

- trading endorsement loans: personal guarantees securing specific commercial transactions (such as documentary credits) or the proper implementation of contracts;
- financial endorsement loans: i.e., personal guarantees securing the proper fulfillment of the service of the debt by the payer;
- assets pledged as collateral for third-party obligations: these include since 2023 the escrow account set up with the Central Bank to guarantee both the timely payment of Senior ABS and the payment of management costs incurred by Veicolo di Sistema in the Securitization Transaction;
- assets (such as securities or cash) pledged as collateral for own obligations. They are lent not against a debt already incurred but against the possibility of the debt emerging.

Table 20.2: breakdown of unsecured loans

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Unsecured loans of a commercial nature	7.904.676	8.531.076	-626.400	-7,34%
A1. Acceptances	-	-	-	-
A2. Guarantees and endorsements	7.904.676	8.531.076	-626.400	-7,34%
A3. Strong patronage	-	-	-	-
A4. Others	-	-	-	-
B) Unsecured loans of a financial nature	603.900	686.099	-82.199	-11,98%
B1. Acceptances	-	-	-	-
B2. Guarantees and endorsements	603.900	686.099	-82.199	-11,98%
B3. Strong patronage	-	-	-	-
B4. Other	-	-	-	-
Total	8.508.576	9.217.175	-708.599	-7,69%

Table 20.3: situation of unsecured loans to credit institutions

Data not present.

Table 20.4: situation of unsecured loans to customers

CATEGORIES / VALUES	31/12/2024			31/12/2023		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
A) Doubtful loans	30.500	350	30.150	500	-	500
of which Non-performing loans	30.000	-	-	-	-	-
of which Probable defaults	500	350	150	500	-	500
of which Past due/overdue loans	-	-	-	-	-	-
B) Performing loans	8.478.076	-	8.478.076	9.216.675	-	9.216.675
Total	8.508.576	350	8.508.226	9.217.175	-	9.217.175

Table 20.5: attività costituite in garanzia di propri debiti

Data not present.

Table 20.6: margins available on credit lines

Data not present.

Table 20.7: breakdown of "Spot commitments"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Commitments to disburse funds for certain use	-	-	-	-
<i>of which Financing commitments to be disbursed</i>	-	-	-	-
B) Commitments to exchange financial instruments for certain use	-	-	-	-
C) Commitments to disburse funds for uncertain use	1.023.725	3.178.555	-2.154.830	-67,79%
<i>of which Passive margins usable on credit lines</i>	1.023.725	3.178.555	-2.154.830	-67,79%
<i>of which Put options issued</i>	-	-	-	-
D) Commitments to exchange financial instruments of uncertain use	-	-	-	-
E) Other commitments	516.172	406.158	110.014	27,09%
Total	1.539.897	3.584.713	-2.044.816	-57,04%

Commitments with certain use are represented by commitments to disburse funds whose use by the applicant is not optional. These are commitments originated from contracts that are binding on both the lending bank and the applicant. This category includes purchases of securities that have not yet been settled, as well as deposits and loans to be disbursed at a predetermined future date.

Under item E) "Other commitments," the amount of €516,172 represents the commitment for contributions to the Deposit Guarantee Fund for the years 2022/2023/2024.

Table 20.8: term commitments

CATEGORY OF TRANSACTIONS	Hedging	Trading	Other transactions
1) Trading	13.975.958	-	1.023.325
1.1 Financial instruments	-	-	1.023.325
- Purchases	-	-	1.023.325
- Sales	-	-	-
1.2 Foreign currencies	13.975.958	-	-
- Foreign currencies against foreign currencies	-	-	-
- Purchases against Euro	13.975.958	-	-
- Sales against Euro	-	-	-
2) Deposits and financing	-	-	-
- To be paid	-	-	-
- To be received	-	-	-
3) Derivative contracts	-	-	-
3.1 With exchange of capital	-	-	-
a) Securities	-	-	-
- Purchases	-	-	-
- sales	-	-	-
b) Foreign Currencies	-	-	-
- Foreign currencies against foreign currencies	-	-	-
- Purchases against euro	-	-	-
- Sales against euro	-	-	-
c) Other values	-	-	-
- Purchases	-	-	-
- sales	-	-	-
3.2 Without capital exchange	-	-	-
a) Foreign Currencies	-	-	-
- Foreign currencies against foreign currencies	-	-	-
- Purchases against euro	-	-	-
- Sales against euro	-	-	-
b) Other values	-	-	-
- Purchases	-	-	-
- Sales	-	-	-

This table lists all the off-balance sheet transactions in force at year-end. In particular: a) Forward financial instruments and currency sale/purchase contracts not yet settled; b) Derivative contracts with underlying securities; c) Derivative contracts on foreign currencies; d) Derivative contracts without underlying securities related to interest rates, indices or other assets; e) Spot or term deposits or loans to be disbursed or to receive at a future given date.

Item 1.1 "Financial instruments – purchases" shows, among others, the subscription commitment of the last tranches of the Green Arrow Private Debt Fund for €512,240, to be repaid as of 01/09/2027; item 1.2 "Currency purchases against euro" shows the countervalue of transactions to be settled on currencies with customers with conventionally two-day maturity.

Table 20.9: financial derivatives

Data not present.

Table 20.10: derivative contracts on loans

Data not present.

Information on the Statement of Assets and Liabilities - Memorandum Accounts

Table 21.1: memorandum accounts

ITEMS	31/12/2024	31/12/2023
1) Asset management	832.006	3.590.835
a) Customer asset management	832.006	3.590.835
<i>of which Liquidity</i>	101.060	276.317
<i>of which Liquidity deposited with the reporting institution</i>	101.060	276.317
<i>of which Debt securities</i>	-	276.145
<i>of which Debt securities issued by the reporting entity</i>	-	-
<i>of which Debt securities issued by other San Marino credit institutions</i>	-	-
<i>of which Equity securities and Official Italian accounting Board shares</i>	730.946	3.038.373
<i>of which Equity securities issued by the reporting entity</i>	-	-
b) Own portfolios managed by third parties	-	-
2) Custody and administration of financial instruments	939.199.739	813.612.431
a) Third party financial instruments on deposit	687.139.902	584.167.817
<i>of which Debt securities issued by the reporting entity</i>	2.395.000	2.395.000
<i>of which Debt securities issued by other San Marino credit institutions</i>	-	-
<i>of which Equity securities and other securities issued by the reporting entity</i>	86.158.068	79.770.226
<i>of which Securities third-party financial instruments deposited with third parties</i>	472.230.459	402.589.978
b) Proprietary financial instruments deposited with third parties	252.059.837	229.444.614
3) Financial instruments, liquidity and other values related to the activity of depository bank	131.727.382	96.897.142
a) Liquidity	5.585.784	5.249.412
<i>of which Liquidity deposited with the reporting institution</i>	5.585.784	5.249.412
b) Debt securities	24.074.228	-
<i>of which Debt securities issued by the reporting entity</i>	-	-
<i>of which Debt securities issued by other San Marino credit institutions</i>	-	-
c) Equity securities, official Italian accounting board shares and other financial instruments	102.067.370	91.647.730
<i>of which Equity securities issued by the reporting entity</i>	-	-
d) Other assets other than financial instruments and liquidity	-	-

In the memorandum accounts, financial instruments are allocated to the appropriate and mutually exclusive items, based on the contracts signed with clients, namely, asset management, custody and administration, and depository

bank agreements.

The aforementioned financial instruments are recorded in the memorandum accounts at market value. It is noted that the subsidiary BAC Investments SG S.p.A. distributes and sells its own funds through the Parent Company BAC's commercial network, with BAC also acting as depositary, for an amount of €131,727,382, as reported in the section "Financial instruments, liquidity, and other assets related to depositary bank activities." It should also be noted that the figures shown in the above section, represent an "of which", included in the aggregate Custody and Securities Administration.

Table 21.2: intermediation for outsourcers: execution of memorandums

ITEMS	31/12/2024	31/12/2023
Purchases	267.247.582	225.409.888
of which purchases not settled as of the reporting date	-	-
Sales	95.479.566	178.261.475
of which sales not settled as of the reporting date	-	-

Table 21.3: breakdown of Indirect deposits by business sector

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Public administrations	46.339.597	17.790.794	28.548.803	160,47%
B) Financial companies	372.429.594	333.413.243	39.016.351	11,70%
- Monetary financial institutions	-	-	-	-
- Investment funds other than money market funds	126.141.599	104.125.511	22.016.088	21,14%
- Other financial institutions	27.324.407	26.195.147	1.129.260	4,31%
- Insurance companies	218.963.588	203.092.585	15.871.003	7,81%
- Pension funds	-	-	-	-
C) Non-financial companies	92.347.821	83.319.075	9.028.746	10,84%
of which Subjects deleted from the register of authorized subjects	-	-	-	-
- Industry	6.661.414	5.760.840	900.574	15,63%
- Construction	1.836.826	2.053.785	-216.959	-10,56%
- Services	19.171.947	19.252.709	-80.762	-0,42%
Other non-financial companies	64.677.634	56.251.741	8.425.893	14,98%
D) Families and non-profit institutions serving families	299.921.755	254.520.409	45.401.346	17,84%
- Consumer and manufacturer families	294.030.457	247.793.435	46.237.022	18,66%
- Non-profit institutions serving families	5.891.298	6.726.974	-835.676	-12,42%
E) Others	578.679	169.325	409.354	241,76%
Total	811.617.446	689.212.846	122.404.600	17,76%

Table 21.4: trust activity

DESCRIPTION	31/12/2024	31/12/2023
1. Movable assets	15.227.594	16.693.960
1.1 Financial instruments	12.717.294	13.725.883
1.2 Cash	2.510.300	2.968.077
2. Shareholdings	9.560.684	9.413.676
2.1 Units or shares in joint-stock companies	7.566.663	7.935.756
2.2 Shareholder financing	1.936.584	1.381.223
2.3 Cash	57.437	96.697
3. Financing to third parties	2.478.707	2.478.707
3.1 Financing	2.478.707	2.478.707
3.2 Cash	-	-
4. Other movable or intangible assets	-	-
4.1 Movable or intangible assets	-	-
4.2 Cash	-	-
5. Total fiduciary assets	27.266.985	28.586.343
5.1 Of which total cash	2.567.737	3.064.774

As specified in paragraph 6, "Shareholdings (items: 70–80 of assets)," the company BAC Trustee S.p.A. (formerly Bac Fiduciaria S.p.A.) transferred en bloc to the parent company BAC, effective 01/01/2020, all activities related to the management of fiduciary mandates.

Table 21.5: assets held in the exercise of trustee function

Data not present.

PART C - Information on the Profit and Loss Account

22. Interests (Profit and loss account item 10 - 20)

Table 22.1: breakdown of item 10 "Interest income and similar revenues"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) On Treasury Bonds 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 loans from credit institutions	3.961.089	3.392.128	568.961	16,77%
B1. Active current accounts	3.931.503	2.794.667	1.136.836	40,68%
B2. Deposits	29.586	597.461	-567.875	-95,05%
B3. Other financing	-	-	-	-
<i>of which On leasing transactions</i>	-	-	-	-
C) Loans to customers	14.051.167	15.401.196	-1.350.029	-8,77%
C1. Active current accounts	2.928.518	3.032.125	-103.607	-3,42%
C2. Deposits	-	-	-	-
C3. Other financing	11.122.649	12.369.071	-1.246.422	-10,08%
<i>of which On leasing transactions</i>	2.510.156	2.727.288	-217.132	-7,96%
D) On debt securities issued by credit institutions	1.513.776	770.298	743.478	96,52%
D1. Certificates of deposit	-	-	-	-
D2. Bonds	1.513.776	770.298	743.478	96,52%
D3. Other financial instruments	-	-	-	-
E) On debt securities from customers (issued by other issuers)	5.463.246	4.899.905	563.341	11,50%
E1. Bonds	5.346.591	4.608.264	738.327	16,02%
E2. Other financial instruments	116.655	291.641	-174.986	-60,00%
Total	24.989.278	24.463.527	525.751	2,15%

This item includes, on an accrual basis, interest, income, and similar charges related to loans and financial instruments, including the net balance between late payment interest accrued during the year and the value adjustment corresponding to the portion deemed unrecoverable.

The table shows a 2.15% increase in interest income, attributable to the expansion and reallocation of investments in financial instruments within the proprietary securities portfolio, as well as to higher interbank market yields. Interest on loans to customers was affected by reduced credit demand during the first months of the year, due to prevailing interest rate levels.

Table 22.2: dettaglio della voce 20 "Interessi passivi e oneri assimilati"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) On amounts due to credit institutions	3.930	2.517	1.413	56,14%
A1. Passive current accounts	3.930	2.517	1.413	56,14%
A2. Deposits	-	-	-	-
A3. Other debts	-	-	-	-
B) On amounts due to customers	4.937.586	4.001.244	936.342	23,40%
B1. Passive current accounts	1.077.170	592.402	484.768	81,83%
B2. Deposits	1.797.898	1.359.049	438.849	32,29%
B3. Other debts	2.062.518	2.049.793	12.725	0,62%
C) On debts represented by financial instruments towards credit institutions	-	-	-	-
of which On certificates of deposit	-	-	-	-
D) On debts represented by financial instruments towards customers	5.016.457	3.743.284	1.273.173	34,01%
of which On certificates of deposit	5.016.457	3.743.284	1.273.173	34,01%
E) On subordinated liabilities	71.916	71.784	132	0,18%
of which On hybrid instruments of capitalization	-	-	-	-
Total	10.029.889	7.818.829	2.211.060	28,28%

The increase in interest income is accompanied by a rise in interest expenses, directly linked to the movements in interest rates in the money market.

23. Commission income (profit and loss account item 30)

Table 23.1: breakdown of item 40 "Dividends and other revenues"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) On shares, stocks and other capital instruments	106.965	123.873	-16.908	-13,65%
B) On shareholdings	-	-	-	-
C) On shareholdings in group companies	719.862	683.902	35.960	5,26%
Total	826.827	807.775	19.052	2,36%

This item includes dividends received in cash, in accordance with international and Italian accounting standards (OIC 21). Therefore, in 2024, item A) reflects the income credited from listed equity securities acquired in the non-fixed securities portfolio, while item C) includes the 2023 dividends declared by subsidiary companies.

24. Commissions (profit and loss account item 40 - 50)

Table 24.1: breakdown of item 50 "Commission expense"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Guarantees Given	110.913	115.598	-4.685	-4,05%
B) Credit Derivatives	-	-	-	-
C) Investment Services	658.011	577.797	80.214	13,88%
C1. Reception and transmission of orders (lett.D1 all. 1 lisf)	655.794	571.784	84.010	14,69%
C2. Execution of orders (lett.D2 all. 1 lisf)	-	-	-	-
C3. Management of portfolios of financial instruments (lett.D4 all. 1 lisf)	2.217	6.013	-3.796	-63,13%
C4. Placement of financial instruments (lett.D5 and d6 all.1 lisf)	-	-	-	-
D) Advisory activities of financial instruments	-	-	-	-
E) Distribution of third-party services and products other than placement	1.323.479	1.207.716	115.763	9,59%
E1. Asset management	-	-	-	-
E2. Insurance products	607.662	480.357	127.305	26,50%
E3. Other services and products	715.817	727.359	-11.542	-1,59%
F) Collection and payment services	742.233	780.767	-38.534	-4,94%
G) Custodian banking services	237.537	216.161	21.376	9,89%
H) Custody and administration of financial instruments	334.255	307.705	26.550	8,63%
I) Fiduciary services	126.211	120.913	5.298	4,38%
L) Operation of tax collection and receipt offices	-	-	-	-
M) Currency trading	216.713	257.632	-40.919	-15,88%
N) Commissions for collective management services (lett. E and f all. 1 Lisf)	-	-	-	-
O) Electronic money	-	-	-	-
P) Credit/debit card issuing/management	1.801.468	1.708.645	92.823	5,43%
Q) Servicer activities	-	-	-	-
R) Other services:	1.836.938	2.017.351	-180.413	-8,94%
Total	7.387.758	7.310.285	77.473	1,06%

Fee and commission income shows an increase compared to the previous year (+1.06%), confirming customer appreciation for the services offered by the Bank. The best-performing areas were: fees for the receipt and transmission of securities orders (+14.69%), fees for the distribution of insurance products (+26.50%), and fees for the Depositary Bank service (+9.89%).

Table 24.2: breakdown of item 50 "Commission expense"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Guarantees given	-	-	-	-
B) Credit derivatives	-	-	-	-
C) Investment services	400.236	551.417	-151.181	-27,42%
C1. Reception and transmission of orders (letter d1 annex 1 lisf)	286.660	434.369	-147.709	-34,01%
C2. Execution of orders (letter d2)	80.596	81.912	-1.316	-1,61%
C3. Portfolio management of financial instruments (letter d4 annex 1 lisf)	-	-	-	-
- Own portfolio	-	-	-	-
- Third party portfolio	-	-	-	-
C4. Placement of financial instruments (letters d5 and d6 annex 1 lisf)	32.980	35.136	-2.156	-6,14%
D) Off-site offer of financial instruments, products and services	-	-	-	-
E) Collection and payment services	184.151	171.917	12.234	7,12%
F) Commissions to distributors	-	-	-	-
G) E-money	-	-	-	-
H) Issue / management of credit cards / debit cards	1.434.302	1.324.619	109.683	8,28%
I) Other services	69.924	49.776	20.148	40,48%
Total	2.088.613	2.097.729	-9.116	-0,43%

Alongside the increase in fee and commission income, a decrease in fee and commission expenses was recorded. The breakdown shows a rise in fees related to the issuance/management of credit and debit cards (+8.28%), as well as those linked to collection and payment services (+7.12%), more than offset by the savings achieved on fees for the receipt and transmission of orders (-34.01%).

Table 24.3: general expenses: Information on commission income and expenses

Data not present.

25. Profits (losses) on financial transactions (profit and loss account item 60)

Table 25.1: breakdown of item 60 "Profits (losses) on financial transactions"

ITEMS / TRANSACTIONS	31/12/2024			
	Transactions on financial instruments	Transactions on currencies	Transactions on metals and precious metals	Other transactions
A1. Revaluations	684.728	-	-	-
A2. Write-downs	2.652.076	-	-	-
B. Other profits / Losses	2.199.336	302.210	-	-
Total	231.988	302.210	-	-
General total	534.198			
1. Government bonds	953.842			
2. Other financial debt instruments	-781.581			
3. Equity financial instruments	59.727			
4. Derivative contracts on financial instruments	-			
Total	231.988			

Item 60 includes the net result from the trading of financial assets and currencies on behalf of customers, as well as from the management of the Bank's own non-fixed financial portfolio. The result from financial management shows a decline compared to the previous year, which had recorded a positive balance of €1,288,239, attributable to market dynamics that affected the fair value of financial instruments.

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

Table 26.1: breakdown of item 70 - 80 "Other operating income", "Other operating charges"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Other operating income	-	-	-	-
Principal portion of lease payments accrued during the year	8.021.042	9.923.627	-1.902.585	-19,17%
- Rental income on real estate	1.854.545	1.653.531	201.014	12,16%
- Recovery of insurance expenses	15.959	17.454	-1.495	-8,57%
- Commission income on reports	161.069	170.062	-8.993	-5,29%
- Sundry expense recoveries	124.819	268.322	-143.503	-53,48%
Total	10.177.434	12.032.996	-1.855.562	-15,42%
Other operating expenses	63.681	-	63.681	100%
- Securitization setup charges	63.681	-	63.681	100%
Total	63.681	-	63.681	100,00%

According to the current CBSM Regulation 2016/02 on the preparation of annual financial statements, finance lease payments accrued during the year are recorded, for the interest portion, under the item "interest income and similar revenues on loans," and for the principal portion, under the item "other operating income." At the same time, the Bank reduces the value of the leased asset by the amount of the principal portion through depreciation. Therefore, "other operating income" includes the principal portions accrued on lease contracts, as well as buyout payments and upfront fees.

It is also worth noting the increase in the item "rental income from properties" within other operating income, due to the leasing of non-operating assets acquired through credit recovery, pending potential sale.

27. Administrative expenses (profit and loss account item 90)

Table 27.1: number of employees by category and personnel cost

DESCRIPTION	31/12/2024			31/12/2023		
	Average	Personnel expenses	Number	Average	Personnel expenses	Number
A) Managers	22,00	2.096.749	22	22,33	2.082.261	22
B) Administrative staff	13,42	1.043.082	13	12,67	1.015.957	13
C) Remaining personnel	70,67	4.337.079	69	72,50	4.438.437	72
C1. Employees	70,67	4.337.079	69	72,50	4.438.437	72
C2. Other personnel	-	-	-	-	-	-
Total	106,09	7.476.910	104	107,50	7.536.655	107

It should be noted that in the personnel costs detailed in the table above, the category "Managers" also includes employees contractually classified as Executives, in accordance with CBSM Regulation 2016/02. However, this does not include the remuneration paid to corporate officers, such as directors and statutory auditors, which is presented in Table 27.3, as also shown in the profit and loss account and as required by Article IV.IV.6 of CBSM Regulation 2016/02. It is also noted that both the cost and headcount of personnel decreased compared to the previous year due to terminations of employment, with no new hires made.

Table 27.2: breakdown of sub-item b) "Other administrative expenses"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Other administrative expenses:	5.006.914	5.126.789	-119.875	-2,34%
<i>of which Fees to independent auditors</i>	58.270	58.270	-	-
<i>of which Fees for services other than auditing the financial statements</i>	-	-	-	-
<i>of which Other:</i>	4.948.644	5.068.519	-119.875	-2,37%
Expenses for professional services	632.083	661.648	-29.565	-4,47%
Expenses for the purchase of non-professional goods and services	1.610.774	1.776.819	-166.045	-9,35%
Rents and fees	1.707.262	1.611.690	95.572	5,93%
Insurance premiums	191.981	183.570	8.411	4,58%
Supervisory charges	609.400	644.400	-35.000	-5,43%
Charity and sponsorship expenses	20.150	22.600	-2.450	-10,84%
Indirect taxes and duties	176.994	167.792	9.202	5,48%

In 2024, administrative expenses decreased by 2.34% compared to the previous year, despite inflationary pressures on supplies and additional expenses for new projects, confirming the Bank's continued focus on cost management processes.

Table 27.3: remuneration

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Directors	121.770	168.125	-46.355	-27,57%
B) Auditors	74.305	74.878	-573	-0,77%
C) Management	435.167	338.333	96.834	28,62%
Total	631.242	581.336	49.906	8,58%

This table details the remuneration paid to Directors and Statutory Auditors for the positions held within the Bank, including attendance fees, as well as the salaries paid to General Management, composed of the General Manager and two Deputy General Managers.

Additional costs related to Directors and Statutory Auditors, other than the compensation approved by the Shareholders' Meeting, are recorded under "other personnel expenses" and are shown in the specific sub-item in the table below.

Breakdown of item "Other personnel expenses"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Other personnel costs:	80.448	69.997	10.451	14,93%
of which Training costs:	41.892	28.665	13.227	46,14%
of which Other:	38.556	41.332	-2.776	-6,72%
- Expense reimbursements and travel	8.031	9.872	-1.841	-18,65%
- Miscellaneous expenses	14.000	12.184	1.816	14,90%
- Expense reimbursements and travel expenses directors and auditors	16.525	19.276	-2.751	-14,27%

28. Adjustments, recoveries and provisions (profit and loss account item 100 - 110 - 120 - 130 - 140 - 150 - 160 - 170)

Table 28.1: breakdown of items 100 - 110 "Value adjustments on intangible and tangible assets"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Immobilizzazioni immateriali	311.700	321.104	-9.404	-2,93%
of which - On leased assets	52.988	50.696	2.292	4,52%
of which - Principal portion of lease payments accrued during the year	52.988	50.696	2.292	4,52%
of which - On other intangible fixed assets	258.712	270.408	-11.696	-4,33%
- Software	164.153	161.403	2.750	1,70%
- Studies research and training	22.937	27.773	-4.836	-17,41%
- Miscellaneous deferred costs	25.540	35.150	-9.610	-27,34%
- Costs accommodation of rented premises	4.269	4.269	-	-
- Concessionary rights and works of the underpass	41.813	41.813	-	-
Total	311.700	321.104	-9.404	-2,93%
B) Tangible fixed assets	9.129.283	10.965.081	-1.835.798	-16,74%
of which - On leased assets	7.943.254	9.865.531	-1.922.277	-19,48%
of which - Principal portion of lease payments accrued during the year	7.943.254	9.865.531	-1.922.277	-19,48%
of which - On other tangible fixed assets	1.186.029	1.099.550	86.479	7,86%
- Furniture safes and equipment	69.084	39.453	29.631	75,10%
- Electronic machines	88.603	96.529	-7.926	-8,21%
- Motor vehicles	21.080	10.700	10.380	0,00%
- Real estate	946.288	944.431	1.857	0,20%
- Equipment and machinery	3.174	8.437	-5.263	-62,38%
- Assets available from debt collection	57.800	5.956	51.844	870,45%
Total	9.129.283	10.965.081	-1.835.798	-16,74%

The allocations to the depreciation funds for assets used in the course of business represent the total depreciation charges for the year, calculated based on their remaining useful life and aligned with the rates established by the tax provisions set out in Law no. 166 of 16 December 2013. The applicable rates are as follows:

Properties	3%
Furniture, safes and installations	15%
Electronic machines	20%
Vehicles	20%
Software	20%
Rental accommodation expenses	20%
Studies, research, training and miscellaneous	20%
Concessionary rights and subway works	3%

The depreciation charges also include the principal portions accrued during the year relating to lease payments for assets under finance lease agreements, which are simultaneously recorded as income under "other operating income," in accordance with CBSM Regulation 2016/02, Article IV.V.5.

Table 28.2: breakdown of item 120 "Reserves for risks and charges"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Provisions (relating to the sub-item "Other provisions" of Liabilities)	-	-	-	-
Provisions for charges, disputes and litigation	270.209	262.889	7.320	2,78%
Provisions for liabilities to be settled	-	331.702	-331.702	-100,00%
Total	270.209	594.591	-324.382	-54,56%

Table 28.3: item 130 "Provisions for credit risks"

Data not present.

Table 28.4: breakdown of item 140 "Value adjustments on loans and provisions for guarantees and commitments"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
A) Value adjustments on loans	6.431.238	6.825.030	-393.792	-5,77%
<i>of which - Lump-sum adjustments for country risk</i>	-	-	-	-
<i>- Other lump sum adjustments</i>	623.817	436.552	187.265	42,90%
B) Provisions for guarantees and commitments	-	-	-	-
<i>of which - Lump-sum adjustments for country risk</i>	-	-	-	-
<i>- Other lump-sum provisions</i>	-	-	-	-
Totale	6.431.238	6.825.030	-393.792	-5,77%

According to CBSM Regulation 2016/02, and as already illustrated in the relevant sections of these Explanatory Notes, the Bank is required to carry out analytical impairments based on the creditworthiness of individual debtors and flat-rate impairments based on the performance of the relevant economic sector and country of reference. The value adjustments made during the concluded year bring the loan loss provision to a level considered appropriate in light of expected losses. These adjustments result in coverage of total on-balance-sheet loans of 4.06%, compared to 4.66% as of 31/12/2023, rising to 5.52% when including minimum capital coverage calculated according to the so-called calendar provisioning rules in Prudential Supervision reporting.

Net impairments on loans and provisions for guarantees and commitments amounted to €4,402,049, composed of: €6,431,238 in provisions and value adjustments on loans (Table 28.4), and €2,029,189 in reversals from recoveries and revaluations (Table 28.6). During the year, the amortisation through the profit and loss account of the adjustments arising from the Asset Quality Review (AQR) exercise continued, for an amount of €4,581,762.

Table 28.5: various types of movements in item 140 "Value adjustments to receivables and provisions for guarantees and commitments".

DESCRIPTION	31/12/2024		31/12/2023 proforma		CHANGE	
	Analytics	Flat-rate	Analytics	Flat-rate	Amount	%
A) Total write-downs of cash receivables	5.807.421	623.817	6.388.478	436.552	-393.792	-5,77%
A1. Loan valuation - non-performing loans	3.978.584	-	4.804.185	-	-825.601	-17,19%
A2. Impairment of receivables - probable defaults	1.760.626	-	906.214	-	854.412	94,28%
A3. Impairment of receivables - impaired past due/overdue loans	68.211	-	678.079	-	-609.868	-89,94%
A4. Impairment of receivables - other credit exposures	-	623.817	-	436.552	187.265	42,90%
B) Total losses on cash loans	-	-	-	-	-	-
B1. Bad debts	-	-	-	-	-	-
B2. Probable defaults	-	-	-	-	-	-
B3. Impaired overdue and in arrears	-	-	-	-	-	-
B4. Other credit exposures	-	-	-	-	-	-
Total value adjustments on cash loans (A+B)	5.807.421	623.817	6.388.478	436.552	-393.792	-5,77%
C) Total provisions for guarantees and commitments	-	-	-	-	-	-
C1. Guarantees	-	-	-	-	-	-
C2. Commitments	-	-	-	-	-	-
Total general (A+B) + C	5.807.421	623.817	6.388.478	436.552	-1.181.376	-17,31%
Total		6.431.238		6.825.030		

Table 28.6: breakdown of item 150 "Writebacks on loans and on provisions for guarantees and commitments"

DESCRIPTION	31/12/2024	31/12/2023 proforma	CHANGE	
			Amount	%
Writebacks	2.029.189	2.018.713	10.476	0,52%
of which On non-performing loans	346.328	1.475.156	-1.128.828	-76,52%
of which On probable defaults	954.181	145.750	808.431	554,67%
of which On impaired past due and/or in arrears	5.813	1.261	4.552	360,98%
of which On other receivables	722.867	396.546	326.321	82,29%

Table 28.7: breakdown of item 160 "Financial fixed asset adjustments"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Value adjustments	-	17.947	-17.947	-100,00%
of which On equity investments	-	17.947	-17.947	-100,00%
of which On equity investments in subsidiaries	-	17.947	-17.947	-100,00%
of which On equity investments in associated companies	-	-	-	-
of which On equity investments valued at net equity	-	17.947	-17.947	-100,00%
of which On other capital financial instruments	-	-	-	-
of which On other debt financial instruments	-	-	-	-
of which On other derivative financial instruments	-	-	-	-

Table 28.8: breakdown of item 170 "Financial fixed asset writebacks"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Write-backs	98.302	157.684	-59.382	-37,66%
of which On equity investments	-	-	-	-
of which On equity investments in subsidiaries	-	-	-	-
of which On equity investments in associated companies	-	-	-	-
of which On equity investments valued at net equity	-	-	-	-
of which On other capital financial instruments	98.302	157.684	-59.382	-37,66%
of which On other debt financial instruments	-	-	-	-
of which On other derivative financial instruments	-	-	-	-

The reversals of impairment on equity instruments are attributable to the updated NAV as of 31/12/2024 of the Green Arrow Private Debt Fund, included in the Bank's fixed proprietary securities portfolio.

As already stated in the valuation criteria, shareholdings in subsidiary companies are valued using the cost method; no impairments or reversals were recorded during the year.

29. Extraordinary income (profit and loss account item 190) and extraordinary charges (profit and loss account item 200)

Table 29.1: breakdown of item 190 "Extraordinary income" and item 200 "Extraordinary charges"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Extraordinary income	-	-	-	-
- Contingent assets	534.251	40.822	493.429	1.208,73%
- Receipts on positions passed to losses	-	-	-	-
- Termination of customer relations	124	14	110	785,71%
- Release of the complaints and revocatory fund	57.874	21.788	36.086	165,62%
- Other extraordinary income	-	-	-576.000	-100,00%
- Capital gain from transfer of securities from investment portfolio to free prot. 20/13417	148.757	-	148.757	100,00%
- Capital gains from sale of real estate	-	-	-24.177	-100,00%
Total	741.006	662.801	78.205	11,80%
Extraordinary charges	-	-	-	-
- Discounting of fixed assets from transferred securities	-	750	-750	-100,00%
- Transaction claims	-	-	-	-
- Repayment of interest income, commissions	107	-	107	100,00%
- Termination of customer relations	-	15.988	-15.988	-100,00%
- Other extraordinary charges	175.135	75.810	99.325	131,02%
Total	175.242	92.548	82.694	89,35%

Extraordinary income increased compared to the previous year, due to contingent assets mainly related to expired liabilities.

Details of the item "Income tax for the year"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Income taxes for the year	470.000	-	470.000	100,00%
Total	470.000	-	470.000	100,00%

For the year under review, income taxes were recorded, as taxable income arose during the 2024 fiscal year, which will be finalized when the tax return is filed.

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

Table 30.1: breakdown of item 230 "Change in the general financial risk fund"

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Amount	%
Change in the general financial risk reserve	-	-1.423.222	1.423.222	-100,00%
Total	-	-1.423.222	1.423.222	-100,00%

No changes were recorded in the relevant fund during the 2024 financial year.

PART D – Other Information tables

31. Prudential aggregates

Table 31.1: prudential aggregates

DESCRIPTION	31/12/2024
	Amount
A) Regulatory capital	71.913.150
A1. Tier 1 capital	58.845.989
A2. Supplementary capital	17.423.898
A3. Items to be deducted	4.356.737
Risk assets and regulatory ratios	
B1. Risk-weighted assets	336.254.775
C1. Regulatory capital/risk-weighted assets	21,39%

In preparing the prudential aggregates, the Bank followed the guidelines set out in CBSM Regulation 2007-07 and in specific communications from the Supervisory Authority regarding the Asset Quality Review (AQR) exercise. The AQR adjustments have been fully deducted from Regulatory Capital starting from the 2019 financial year. However, for statutory financial statements purposes, they remain partially suspended (4/10) and are included under assets, in the "Other Assets" item, for an amount of €18,327,047.

With regard to the Loan Management and Odisseo Funds, whose underlying exposures were contributed to the system-wide securitisation transaction, the look-through method was applied in accordance with supervisory provisions. As such, the risk weighting for the securitised assets held indirectly through the above-mentioned Funds was calculated by applying the following respective risk weights: 405% for Junior notes, 135% for Mezzanine notes, and 75% for the escrow account. The recalculated average risk weighting factor amounted to 311.368%, applied to a balance sheet value of €2,964,881, while the remaining portion continued to be weighted at 0% for a balance sheet value of €4,544,110. As for the Mezzanine tranches received following the exchange with Junior notes carried out during the year with the Non-Banking Transferors, a risk weighting of 135% was applied, in accordance with CBSM Circular no. 2022/01 on the prudential framework for securitisation.

Based on the proposal by the administrative body for the allocation of profit for the year, which includes the distribution of a dividend of €3 per share, totaling €2,407,581, the solvency ratio stands at 21.39% (22.10% before distribution), well above the regulatory minimum requirement of 11%, and marking an increase of 3.68 percentage points compared to 31/12/2023, when it was 17.71%.

It should be noted that, pursuant to Article 15, paragraph 5, of BCSM Miscellaneous Regulation no. 2024/01, the Supervisory Authority has granted,

on an exceptional and temporary basis until 31/12/2024, a partial exemption concerning deductions from Tier 2 capital for net losses on the fixed portfolio, as per Article VII.II.3, paragraph 3, of CBSM Regulation 2007-07. These losses may be deducted at a rate of 25% instead of the ordinary 50%.

With Regulatory Capital amounting to €71,913,150, net of the proposed profit distribution (or €74.321 million before distribution), the minimum capital requirements total €43,787,783, composed as follows: €2,836,065 for operational risk coverage; €36,988,025 for credit default risk coverage and finally €3,963,693 for supervisory expectations on minimum coverage of impaired credit exposures, the latter introduced by Circular no. 2023/01.

Given the excess of Regulatory Capital over the minimum capital requirements, a significant capital surplus of €28,125,367 is reported (€30.532 million before distribution), demonstrating the Bank's solid capital position.

32. Major risks and related parties

Table 32.1: major risks

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Amount	10.622.072	30.179.570	-19.557.498	-64,80%
Number	1	3	-2	-66,67%

This table reports the number of risk positions that qualify as "large exposures" according to current supervisory regulations. The total amount represents the sum of individual risk positions, both direct and indirect, on- and off-balance sheet, gross of any portion deducted from regulatory capital, as reported in the prudential supervision filing as of the same reference date.

Table 32.2: risks to related parties

DESCRIPTION	31/12/2024	31/12/2023	CHANGE	
			Absolute	%
Amount	14.506.198	18.393.364	-3.887.166	-21,13%
Number	6	7	-1	-14,29%

The table above shows the total risk-weighted amount and the number of risk positions toward related parties and entities connected to them, in accordance with current supervisory regulations. The total amount represents the sum of individual risk positions, both direct and indirect, on- and off-balance sheet, gross of any portion deducted from regulatory capital, as reported in the prudential supervision filing as of the same reference date.

33. Time distribution of assets and liabilities time distribution of assets and liabilities

Table 33.1: time distribution of assets and liabilities

ITEMS / REMAINING DURATIONS 31/12/2024	Total	At sight	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 18 months		From over 18 months to 2 years		From over 2 to 5 years		Over 5 years		Maturity not attributed
						F	T	F	T	F	T	F	T	
1) Assets	656.700.722	153.331.344	28.481.000	18.981.210	26.324.948	4.843.502	16.602.241	1.890.988	8.826.674	10.235.785	61.261.276	115.496.972	170.261.595	40.163.187
1.1 Treasury securities and other financial instruments eligible for refinancing with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Loans to credit institutions	118.245.766	95.876.306	-	-	-	-	-	-	-	-	-	-	-	22.369.460
1.3 Loans to customers	260.639.936	46.908.787	24.627.841	9.682.586	11.527.222	1.091.509	8.931.409	1.107.520	8.826.674	5.206.919	44.284.764	10.467.475	76.623.870	11.353.359
1.4 Bonds and other debt financial instruments	245.835.440	-	1.537.922	4.963.396	5.390.615	3.087.455	7.670.831	-	-	2.669.884	16.976.511	103.460.733	93.637.726	6.440.369
1.5 Off-balance sheet transactions	31.979.581	10.546.25	2.315.237	4.335.229	9.407.111	664.538	-	783.467	-	2.358.983	-	1.568.765	-	-
2) Liabilities	737.224.174	461.903.034	47.232.605	88.380.704	96.532.832	10.470.401	10.554.559	5.540.149	351.383	11.925.54	2.764.200	1.568.765	-	-
2.1 Due to credit institutions	2.053.594	1.355.455	-	-	-	698.139	-	-	-	-	-	-	-	-
2.2 Due to customers	532.890.036	447.273.471	-	60.154.808	25.461.757	-	-	-	-	-	-	-	-	-
2.3 Payables represented by financial instruments	166.875.803	103.025	44.917.368	23.890.668	60.863.635	9.107.724	10.554.559	4.756.682	351.383	9.566.559	2.764.200	-	-	-
- Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Certificates of deposit	166.875.803	103.025	44.917.368	23.890.668	60.863.635	9.107.724	10.554.559	4.756.682	351.383	9.566.559	2.764.200	-	-	-
- Other financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other liabilities: cheques in circulation	1.024.173	1.024.173	-	-	-	-	-	-	-	-	-	-	-	-
2.5 Subordinated liabilities	2.400.988	1.600.658	-	-	800.329	-	-	-	-	-	-	-	-	-
2.6 Off-balance sheet transactions	31.979.581	10.546.251	2.315.237	4.335.229	9.407.111	664.538	-	783.467	-	2.358.983	-	1.568.765	-	-

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

Table 36.1: amounts of money transfers

TYPE OF TRANSACTION	31/12/2024				31/12/2023			
	Transaction amount	Number of transactions	Commissions received	Expense recoveries	Transaction amount	Number of transactions	Commissions received	Expense recoveries
Credit cards	-	-	-	-	-	-	-	-
Debit cards	80.986.238	1.245.742	38.382	26.232	78.046.501	1.133.787	34.180	24.775
E-money	859.571	26.746	3.688	3.029	802.354	25.339	3.544	3.052
Total	81.845.809	1.272.488	42.070	29.261	78.848.855	1.159.126	37.724	27.827

Table 36.2: fraudulent uses

TYPE OF TRANSACTION	31/12/2024				31/12/2023			
	Transaction amount	Number of transactions	Charges to the intermediary	Insurance reimbursements	Amount of transactions	Number of transactions	Charges to the intermediary	Insurance reimbursements
Credit cards	-	-	-	-	-	-	-	-
Debit cards	7.958	100	-	-	7.431	21	-	-
E-money	269	7	-	-	1.916	42	-	-
Total	8.227	107	-	-	9.347	63	-	-

Table 36.3: credit cards revoked due to default

Data not present.

Table 36.4: data on acquiring activity

DESCRIPTION	31/12/2024		31/12/2023	
	Number	Amount	Number	Amount
P.O.S.				
Number of Points of Sale (P.O.S.) affiliated with the reporting entity	522	-	511	-
Number of merchants contracted with the reporting institution	436	-	434	-
Payment transactions at merchants affiliated with the reporting institution	599.338	37.340.477	617.855	41.691.931
A.T.M.				
Number of Automatic Teller Machines (A.T.M.) operated by the reporting institution	11	-	11	-
Withdrawal transactions at A.T.M. operated by the reporting institution	98.401	21.061.220	105.839	22.207.020
Transactions at A.T.M. operated by the reporting institution other than withdrawal transactions	745	19.105	1.271	31.760

PART E – Other information

With reference to Article V.II.8, letter n), of CBSM Regulation 2016/02, it is reported that in 2024 the CBSM imposed administrative sanctions on the Bank totaling €33,810. The Bank proceeded to pay the amount due during the same period by exercising the option for settlement (oblazione), resulting in a 50% reduction, for a total of €16,905, which was recorded as a contingent liability under the item "Extraordinary Charges."

San Marino, 23 april 2025

Il Direttore Generale

The Chairman of the Board of Directors

06

Auditors' report

REPORT OF THE BOARD OF STATUTORY AUDITORS

**On Financial statements for the year ended as of 31 December 2024
pursuant to Article 83 of Law No. 47/2006 and subsequent amendments
and additions.**

By

BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.P.A.

Headquartered in Dogana (RSM), Via Tre Settembre 316,

Registered under No. 5422 in the Register of Companies

and under No. 48 in the Register of Authorized Persons,

C.O.E. SM00087, share capital €20,880,080 fully paid up

Dear Shareholders,

This Report discloses the conclusions of the audit activity carried out by the Board of Statutory Auditors and the information on the financial statements for the year ended as of 31 December 2024 of Banca Agricola Commerciale Istituto Bancario Sammarinese S.p.A. (hereinafter also "BAC" or "Bank"), pursuant to Article 83 of Law No. 47 of 23 February 2006, as amended, thus reporting the conclusions of the audit activity carried out.

This report, which is submitted to the Shareholders' Meeting, includes the information, data, and insights that this Board has deemed appropriate to share with the Bank's shareholders.

The Board of Statutory Auditors examined the draft financial statements for the year ended December 31, 2024, prepared by the Directors and communicated to the Board, together with the management report, within the legal timeframe.

During the year, we carried out the tasks assigned to us, monitoring compliance with the law and the company's articles of association, with respect to the principles of proper administration, the adequacy of the internal control system, the administrative-accounting system, and the reliability of the latter in accurately representing management facts, in line with current corporate governance rules.

We hereby provide a report of the activities carried out with this report submitted to the Meeting.

I. CORPORATE GOVERNANCE

During the 2024 financial year, the terms of office of all the members of the Bank's Board of Directors naturally expired and on the occasion of the shareholders' meeting held on May 28, 2024, the administrative body was appointed for the 2024-2026 three-year period.

On November 19, 2024, Dr. Filomena Ilaria Petrella submitted her resignation from the position of member of the Board of Directors. On February 27, 2025, the shareholders' meeting appointed Dr. Elisa Fabris as her replacement.

During the 2024 financial year, the Board of Directors held 22 meetings.

Also, in the course of the year, the Anti-Money Laundering Committee met 4 times, the Credit Committee 24 times, the Management Committee 4 times, the Finance Committee 5 times, the Risk Committee 4 times, and the Loan Loss Committee 5 times.

II. SUPERVISORY ACTIVITIES CARRIED OUT.

During the year ended as of 31 December 2024, the Board of Statutory Auditors met 30 times.

The Board carried out, on March 20, 2024, and submitted to the Board of Directors, the activities required under Article 3, paragraph 5 of AIF Instruction No. 05 of February 11, 2019, concerning the AIF initiative control plan.

During the 2024 financial year, there were no circumstances requiring the Board of Statutory Auditors to provide mandatory opinions pursuant to corporate law, nor was the Audit Firm called upon to express any such opinions.

The Board of Statutory Auditors fulfilled the obligations set out in Article VII.IX.9 of the 2007/07 Banking Regulation and subsequent amendments.

Supervisory activity in all forms required by law also involved the direct participation of the General Management, the various company functions, and the control functions.

The Board of Statutory Auditors attended all meetings of the Board of Directors, obtaining—in compliance with current regulations—adequate information regarding the company's management, foreseeable developments, and extraordinary transactions that, due to their size

or nature, were carried out by the Bank and are hereby certified as compliant with the Law and the Articles of Association.

The Board of Statutory Auditors, to the extent of its competence, reports:

- that it has reviewed the general aspects, management processes and methods of measuring the risks inherent in and related to the Bank's activities, as well as their suitability and effectiveness to cope with the occurrence of serious, persistent, widespread and generalized difficulties;
- to have followed the evolution of management in accordance with the strategic objectives set, as well as the evolution of organizational changes consistent with the aforementioned objectives, verifying, also through periodic analysis and verification, that the constant adaptation of the information apparatus was maintained.

With reference to the system of internal controls, it is acknowledged that it is periodically subject to reconnaissance and adjustment in relation to the evolution of corporate operations and the reference context. Internal audit activities are carried out by the Internal Audit Department, which reports the results of its activities directly to the Board of Directors and the Board of Statutory Auditors.

The Board of Statutory Auditors has constantly interacted with all control functions during the year.

The Board of Statutory Auditors confirms that the control functions are autonomous and independent and represent an effective legality safeguard for the Bank.

The Board of Statutory Auditors, in light of the findings obtained and the supervisory activity carried out, considers the system of internal controls to be substantially adequate to the Bank's characteristics and to meet the requirements of efficiency and effectiveness in the control of risks and compliance with internal and external procedures and regulations.

The Board has also assessed, to the extent of its competence, the reliability of the administrative and accounting system to correctly transpose and represent operating events, through the information periodically obtained from the heads of the various functions involved and from the periodic meeting with the auditing firm.

The Board of Statutory Auditors also carried out its oversight regarding Bac's dealings with related and connected parties. From the

findings of the Heads of Internal Control Functions we can report that:

- to date, no situations have been encountered that could incur the risk of non-compliance with regulations, and no particular critical issues have been found during the year that have required corrective action in this regard, so the set of safeguards and procedures appears to be functional in preventing the risk of non-compliance with regulations;
- controls are deemed adequate with respect to the purpose of verifying the correct master census, updates and connections with Related Parties and Connected Persons;

The Board of Statutory Auditors acknowledges that during the year no complaints were received pursuant to Article 65 of Law 47/2006, as amended, and that the supervisory activities were carried out in a normal manner and no significant facts emerged from them that would require reporting here.

In addition, it is acknowledged that there were no complaints or reports brought to the attention of the Board of Statutory Auditors during 2024 financial year.

Finally, it is acknowledged that meetings were held with the auditing bodies of subsidiaries during the year.

III. FINANCIAL STATEMENTS

With regard to the control of proper bookkeeping and the correct recording of operating events in the accounting records, as well as the verification of the correspondence between the information in the financial statements and the results in the accounting records and the compliance of the financial statements with the regulations of the law, it should be noted that these tasks are entrusted to the auditing company AB&D S.p.A.

The Board of statutory auditors supervised the general layout of the financial statements, its general compliance with the Law with regard to its formation and structure, and in this regard has no particular observations to report.

We believe that the information provided to the Shareholders' Meeting complies with the provisions and contains a faithful, balanced and comprehensive analysis of the Bank's situation, performance and management result.

We have reviewed the draft Financial Statements for the year ended as of 31 December 2024, consisting of the Statement of Assets and

Liabilities, Profit and Loss Account, Explanatory Notes to the financial statements, made available to us together with the Report of the Board of Directors and, accordingly, we report the following. The Bank's equity as of 31/12/2024 amounted to €97,645,815 and consisted of the share capital of €20,880,080, ordinary or legal reserve of €50,046,289, reserve for treasury shares of €14,378, other reserves of €3,467,150, revaluation reserve of €18,184,127, and profit for the year of €5,053,790.

In addition to the amount of Net Equity as identified above, the General Financial Risk Fund must be added, due to its nature, which amounted to €1,423,222 as of 31 December 2024 (see line 90 of the Statement of Liabilities).

The Supervisory Limits, which are detailed and described in the Financial Statements documents, show a *total capital ratio* of 21.39% for the year 2024, an improvement over the 31 December 2023 *total capital ratio* and higher than the minimum limit of 11% required by Regulation 2007-07 (as amended).

Regulatory Capital, determined in accordance with the provisions of the Supervisory Authority, amounted to €71,913,150. The Bank shows no capital shortfall for Prudential Supervision purposes in the year just ended.

Cash loans to customers amounted to €260,639,936, down €17,216,066 from the previous year (-6.20%).

Gross impaired loans at the end of 2024 stood at €41,742,700, a decrease compared to the previous year, when they amounted to €46,507,520. In this regard, it is noted that compared to the previous year, a change in the credit taxonomy was necessary following the amendments introduced by CBSM Regulation no. 2023-02.

During the year, BAC continued with the constant monitoring of credit positions.

Overall, total loans to customers amounted to €271,674,524, against which value adjustments of €11,034,588 were made; the overall coverage ratio of loans to customers was 4.06%, which rises to 5.52% with the minimum capital requirements calculated according to the rules of the so-called Prudential Supervision Calendar Provisioning.

The profit and loss account for the 2024 financial year closes with a net profit of €5,053,790, lower than the profit of the previous year, which was €5,609,495.

On 30 April 2025, the auditing firm AB&C S.p.A. issued its opinion on the financial statements with a positive judgment and a reference to the notes. Specifically, it expressed the following opinion:

"In our opinion, the statutory financial statements give a true and fair view of the financial position of BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. as of 31/12/2024 and of the results of its operations for the year then ended in accordance with San Marino regulations, including Regulation 2016-02 issued by the Central Bank of the Republic of San Marino, which govern their preparation."

The audit report also contains the following disclosure requirements:

"Without changing our judgment, we draw attention to the information contained and in greater detail in the Management Report and the Explanatory Notes to the Financial Statements regarding the following significant events."

- The financial statements as of 31/12/2024 were prepared by continuing the accrual of adjustments resulting from the AQR (Asset Quality Review) exercise allowed by Article 40 of Law 173/2018 together with the authorization of the Supervisory Authority (Prot.No.20/5553 of 19/06/2020), over a period of 10 years starting from 2019. As a result of the aforementioned accrual process, the suspended value adjustments, recorded under asset item 130 "Other assets" as of 31/12/2024, amount to €18,327,047 with an impact on the 2024 profit and loss account of €4,581,762, recorded under item 140 "Value adjustments on loans and provisions for guarantees and commitments."*

- The Bank participated - as originator - in the securitization operation of system loans under Law 30 August 2021 no. 157 and subsequent amendments, finalized at the end of 2023. Regarding the related securities (mezzanine notes and junior notes), the Bank has maintained a book value equal to their issue value. These are financial instruments classified as fixed assets, subject to a prudential supervision framework under a graduated approach. Their valuation, in terms of recovery value, will be periodically verified by the Bank through internal checks, in line with the business plan, and will be subject to periodic audit, all of which is better explained and justified in paragraph 5.1 of the Explanatory Notes to the Financial Statements.*

Since this Board of Statutory Auditors has not been entrusted with the legal audit of the Financial Statements, we have supervised the general approach given to the same, its general compliance with the law as far as its formation and structure are concerned, and in this regard, we have no observations to report.

IV. COMMENTS AND PROPOSAL REGARDING THE FINANCIAL STATEMENTS AND ITS APPROVAL

Considering the findings of the work we carried out and the opinion expressed in the audit report issued by the statutory auditor, we invite you to approve the financial statements for the year ended as of 31 December 2024, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposed allocation of the 2024 financial year profit, as formulated by the administrative body.

San Marino, 5 May 2025

Dott.ssa Vanessa Tavolini (Chairman)

Dott. Giorgio Ruticali (Auditor)

Avv. Erika Marani (Auditor)

DECLARATION

All members of the Board of Statutory Auditors of Banca Agricola Commerciale S.p.A. declare that there are no grounds for disqualification under Law no. 27 of February 23, 2006, as amended, for holding the office of Statutory Auditor, and that the subjective and objective requirements necessary for holding the position are still met.

San Marino, 5 May 2025

Dott.ssa Vanessa Tavolini (Chairman)

Dott. Giorgio Ruticali (Auditor)

Avv. Erika Marani (Auditor)

07

Independent auditors' report

ab&d

audit business & development spa

REPORT OF THE INDEPENDENT AUDITING COMPANY PURSUANT TO THE COMBINED PROVISION OF ARTICLE 33, PARAGRAPH 1, LETTER A) LAW NO. 165 OF 17 NOVEMBER 2005, AS AMENDED, ARTICLE 68, PARAGRAPH 1, POINTS 2) AND 3) OF LAW NO. 47 OF 23 FEBRUARY 2006, AS AMENDED (COMPANY LAW) AND ARTICLE VIII.I. 1 OF REGULATION 2016-02 EMANATED BY THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO

To the shareholders of

BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A.

Judgement

We audited the financial statements of BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. (hereinafter referred to as the Company or the Bank) made up of the Statement of Assets and Liabilities as of 31/12/2024, the Profit and Loss Account for the year closed at such 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 situation of BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. as of 31/12/2024 and the economic result for the year closed on that date in accordance with San Marino regulations, including Regulation 2016-02 issued by the Central Bank of the Republic of San Marino, which governs their drafting criteria.

Basis for judgment

We carried out the audit in accordance with the regulations in force in the Republic of San Marino and, where applicable, to international auditing standards. Our responsibilities under these principles are further described in the section of this report entitled Responsibilities of the Auditing firm for the audit of financial statements. We are independent of the Bank in compliance with the rules and principles on ethics and independence applicable in the San Marino system to the audit of financial statements. We believe that we acquired sufficient and appropriate evidence on which to base our judgment.

A note to public disclosure

Without prejudice our judgment, we call attention to the information contained and more detailed in the Management Report and in the Explanatory Notes in relation to the following important facts:

- The financial statements as at 31/12/2024 were prepared by continuing the accrual of adjustments resulting from the AQR (Asset Quality Review) exercise permitted by art. 40 of Law no. 173/2018 together with the authorization of the Supervisory Authority (Prot.no. 20/5553 of 19/06/2020), over a period of 10 years starting from 2019. As a result of the aforementioned accrual process, the suspended value adjustments, recorded under item 130 of assets "Other assets" as of 31/12/2024, amount to €18,327,047 with an impact on the 2024 profit and loss account of €4,581,762, recorded under item 140 "Value adjustments to receivables and provisions for guarantees and commitments".
- The Bank participated - as the originator - in the system-wide Securitization operation pursuant to Law No. 157 of 30 August 2021, and subsequent amendments, finalized at the end of 2023. In relation to the securities derived therefrom (mezzanine notes and junior

notes), the Bank maintained a book value equal to their issue value. These are fixed financial instruments, subject to a process of gradual and progressive risk-weighting for prudential supervision purposes. The related assessments, regarding the recoverable value of such assets, will be carried out by the Bank through ongoing review, in accordance with the business plan, which will be subject to appropriate periodic review. All of this is further detailed and monitored in paragraph 5.1 of the Explanatory Notes.

Responsibilities of 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 legislation in force in the Republic of San Marino on their preparation and, within the terms provided for by law, for the part of the internal audit deemed necessary by the directors themselves to allow the preparation of financial statements without significant errors due to fraud or unintentional behavior or events.

The directors are responsible for the assessment of the Bank's ability to continue operating as 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 information on the matter. Directors use the going concern assumption in preparing the financial statements unless they have considered that the conditions for the Bank's liquidation or interruption of the business exist or have no realistic alternatives to those choices.

The statutory auditors responsible for supervising, within the terms provided for by law, the process of preparing the company's financial policy.

Responsibility of the auditing firm 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 behavior or events, and to issue an audit report that includes our judgment.

Reasonable certainty means a high level of security which, however, does not provide 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 auditing standards, will always identify a significant error, if existing.

Errors can result from fraud or unintentional behavior or events and are considered significant if they can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by 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, to international auditing standards, we exercised our professional judgment and maintained professional skepticism throughout the audit. Furthermore:

- we identified and assessed the risks of significant errors in the financial statements due to fraud or unintentional behavior or events; we defined and carried out audit procedures in response to these risks; we acquired sufficient and appropriate audit evidence on which to base our judgment. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional behavior or events,

since fraud may imply the existence of collusion, forgery, intentional omissions, misleading representations or internal audit forcing;

- 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;
- we have assessed the appropriateness of the accounting principles used, as well as the reasonableness of accounting estimates made by the directors, including the related disclosure;
- we reached a conclusion on the appropriateness of the directors' use of the assumption of business continuity and, based on the audit evidence acquired, on whether there is significant uncertainty regarding events or circumstances that may give rise significant doubts about the Company's ability to continue operating as an operating entity. In the presence of significant uncertainty, we are required to draw the attention in the audit report to the related disclosure, that is, if such disclosure is inadequate, to reflect this fact in the formulation of our judgment. Our conclusions are based on the audit evidence acquired up to the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as an operating entity;
- We assessed the presentation, structure and content of the financial statement as a whole, including 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, the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in the internal control found during the audit.

Report on other provisions of law and regulations

Judgment pursuant to article 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 AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. are responsible for the preparation of the management report as of 31/12/2024, including its consistency with the related financial statements and its compliance with the Regulation.

We carried out the procedures indicated in the auditing principle (SA Italia) no. 720B in order to express an opinion on the consistency of the management report with the financial statements of BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. as of 31/12/2024 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 AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.p.A. as of 31/12/2024 and is prepared in compliance with the Regulation.

With reference to the declaration referred to in article 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.

Subsequent events

In the early months of the year, given that the Bank became aware of contributions to be paid for the system-wide securitisation already completed, the Bank, as a participating entity, arranged for the proper accounting and financial recognition of the amounts due.

San Marino, 30 April 2025

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

Marco Stolfi
Director

BANCA AGRICOLA COMMERCIALE
Istituto Bancario Sammarinese S.p.a.

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