BANCA PROMOS


ph. peppe maisto © 2010

Financial Statement at 31 December 2024

Translation from the Italian original which remains the definitive version.

The Financial Statements are the English translations of the Italian Financial Statements prepared for and used in Italy. The Financial Statements were prepared using International Financial reporting Standards (IAS/IFRS); therefore, they are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices other than IAS/IFRS

44° year

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Call of Ordinary Meeting

BANCA PROMOS S.p.A.

Registered Office in Naples, Viale Gramsci 19

Share Capital € 8,514,000.00 fully paid-up - Economic and Administrative Index no. 329424

The Shareholders are convened for the Ordinary Shareholders' Meeting which will be held at the registered office in Naples, viale A. Gramsci 19, where the secretary taking minutes will be present, on 30 April 2025 on first call at 11am and, if necessary, on second call on 05 May 2025 at the same time and at the same place, to discuss and vote on the following agenda:

1. Approval of the financial statements as at 31 December 2024, Directors' Report, report of the Board of Statutory Auditors and subsequent resolutions according to law provisions;
2. Appointment of the Board of Statutory Auditors and determination of their remuneration
3. Remuneration policies;
4. Disclosure on the implementation of remuneration policies for 2024;
5. Any other business.

The Bank decided to exercise the option introduced by Article 106 of Law Decree no. 18 of 17 March 2020 as amended and/or supplemented, according to which the Shareholders' Meeting will take place remotely, through telecommunication means able to ensure in any case the identification of participants, their participation and exercise of their voting rights electronically, or by post or through the means of telecommunication used by the member.

To participate in the Shareholders' Meeting, the Shareholders must express their intention to attend it by sending - by email to the address segreteriagenerale@bancapromos.it - the certificate of participation accompanied by a valid identity document of the shareholder, or for companies, by an updated chamber of commerce certificate accompanied by a valid identity document of the beneficial owner as well as any proxy received from any other shareholder, also accompanied by the documents described above. Voting will be by roll call and the secretary will collect any vote declarations.

The Chairman of the Board of Directors

Ugo Malasomma

Management and Independent Auditors

Board of Directors

Ugo Malasomma *(Chairman)*

Tiziana Carano *(CEO)*

Stefano de Stefano

Umberto De Gregorio

Luigi Gorga

Board of Statutory Auditors

Riccardo Pascucci *(Chairman)*

Angela Lusi *(Standing Auditor)*

Sergio Vilone *(Standing Auditor)*

Filomena Di Maio (*Alternate Auditor*)

Giorgio Gargiulo *(Alternate Auditor)*

Independent Auditors

KPMG S.p.A.

General aspects

The financial statements of Banca Promos SpA, pursuant to Legislative Decree no. 38 of 28 February 2005, were drafted in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and with the pertinent interpretation documents of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), as endorsed by the European Commission in compliance with the EC Regulation no. 1606 dated 19 July 2002 – and in force at the reporting date.

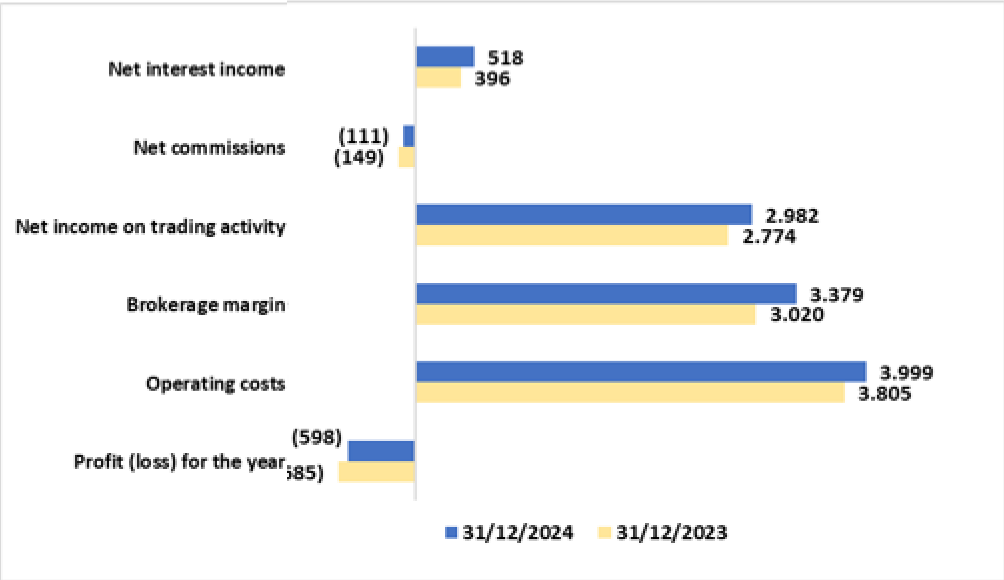
These financial statements have been prepared on the basis of the instructions contained in Banca d'Italia's Circular no. 262 of 22 December 2005 entitled "Banks' financial statements: formats and drafting instructions", as amended and supplemented. The eighth update of the aforementioned Circular, issued on 17 November 2022, is currently in force.

The Financial Statements consist of Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' equity, Cash Flow Statement, the Notes and the pertinent comparative information. They are also accompanied by the Directors' Report.

Financial Highlights and Ratios

Financial Highlights and Performance Ratios

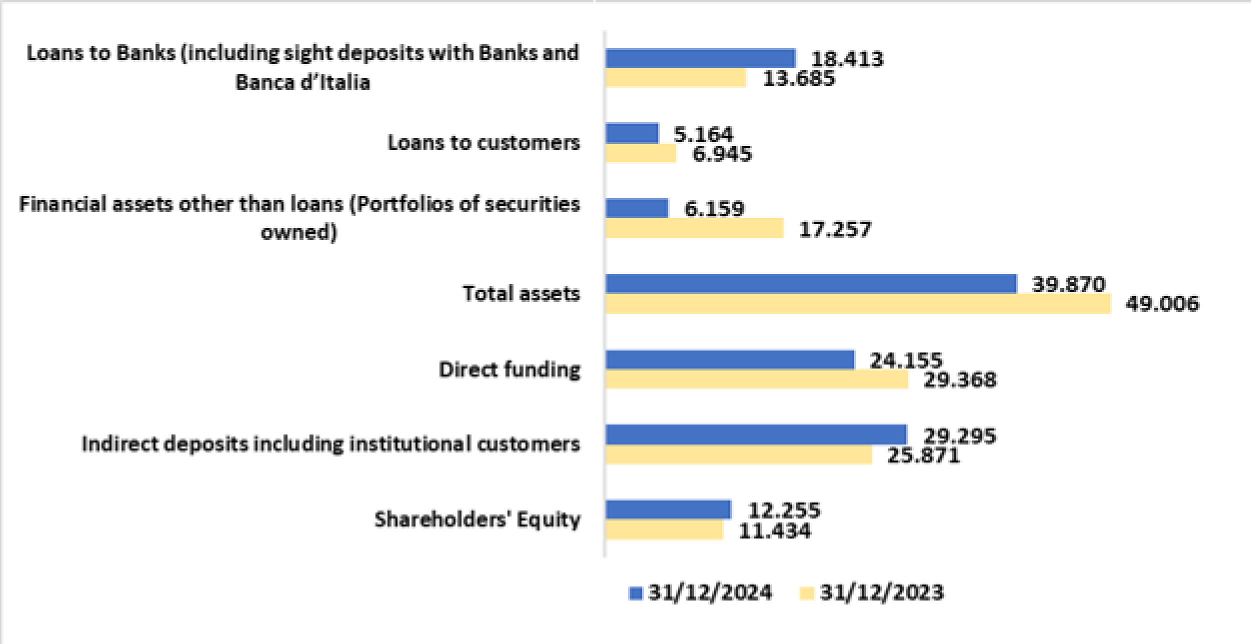
(€/000)



Ratios	31/12/2024	31/12/2023	Changes	Changes in %
Net result / Shareholders' equity (ROE)	**(4.9)**	(6.0)	1.1	(18.3)
Net result/Total assets (ROA)	**(1.5)**	(1.4)	(0.1)	7.1
Cost/income ratio*	**118.3**	126.0	(7.7)	(6.1)
Net interest income / Brokerage margin	**15.3**	13.1	2.2	16.8
Net income on trading activity / Brokerage margin	**88.3**	91.9	(3.6)	(3.9)
Net result of financial operations / Total assets	**8.6**	6.4	2.2	34.4

(*) Indicator calculated as the ratio of operating costs to the brokerage margin

Financial Highlights and Equity Ratios
(€/000)



Loans to banks: figure net of bank debt securities reclassified under "Financial assets other than loans (proprietary portfolio)".

RISK RATIOS	31/12/2024	31/12/2023	Changes	Changes in %
Gross NPL ratio	**29.2**	26.2	3.0	11.5
Net NPL ratio	**18.7**	16.0	2.7	16.9
Texas Ratio*	**8.4**	10.5	(2.1)	(20.0)
Overall adjustments to receivables/gross loans (coverage ratio)	**15.0**	14.1	0.9	6.4
Net non-performing loans / Loans to customers	**5.1**	4.9	0.2	4.1
Net unlikely to pay / Loans to customers	**12.3**	7.0	5.3	75.7
Net past due and overdrawn loans / Loans to customers	**1.3**	4.1	(2.8)	(68.3)

(*) Indicator calculated as the ratio of Net NPL to the CET1 Phased-in

Capital ratios
(€/000)

Data (€/000)	31/12/2024	31/12/2023	Changes	Changes in %
Total RWA*	**18,252**	**31,230**	(12,978)	(41.6)
Own funds*	**11,481**	**10,539**	942	8.9
Common Equity Tier 1 Ratio*(Equity Tier 1/Risk-weighted assets)	**62.90**	**33.75**	29.2	86.5
Tier 1 Ratio* (Equity Tier 1/Risk-weighted assets)	**62.90**	**33.75**	29.2	86.5
Total Capital Ratio*	**62.90**	**33.75**	29.2	86.5
CET1* surplus compared to Minimum Requirement (4.50%)	**10,660**	**9,134**	1,526	16.7
T1* surplus compared to Minimum Requirement (6.00%)	**10,386**	**8,665**	1,721	19.9
Own Funds* surplus compared to Minimum Requirement (8.00%)	**10,021**	**8,041**	1,980	24.6

(*) Phased-in

Structure Data

Structure Data (units)	31/12/2024	31/12/2023	Changes	% change
Number of employees (FTE=1)	**29**	29	-	-
Bank branches	**1**	1	-	-

Directors' Report

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The Financial Statements are the English translations of the Italian Financial Statements prepared for and used in Italy. The Financial Statements were prepared using International Financial reporting Standards (IAS/IFRS); therefore, they are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices other than IAS/IFRS

Dear Shareholders,

The draft Financial Statements as at 31 December 2024, which we submit to the attention of today's Meeting, were drawn up according to the IAS/IFRS international accounting standards on a going concern basis, the Institute's own Funds being also adequate to cover the risks to which it is exposed, and in compliance with the additional prudential requirements established by Banca d'Italia.

As usual, we open this report by briefly illustrating the events and trends that have characterised the global economic and financial landscape, in order to set the activities and results of our Bank within context and then proceed with a specific analysis in the subsequent sections of this document, in the financial statements and in the Notes.

The reference framework

The year 2024 was marked by political and economic events that had significant impacts on the macroeconomic landscape and financial markets. The two main international conflicts, in Ukraine and in the Gaza Strip, continued, and from a global and constantly interconnected perspective, they highlighted the persistent instability not only in the affected areas but also in international geopolitical balances. These conflicts also influenced energy prices and commodity markets.

Inflation levels, despite remaining far from the peaks reached in the previous two years, continued to be a central issue in 2024, with important repercussions on consumption, investments, and monetary policies.

As a result, during the period under review, central banks, with their interventions on interest rates, often captured attention on the economic and financial scene. After the constant and substantial rate hikes of 2022 and 2023, in the first half of 2024, the ECB kept rates unchanged, only to initiate a series of four consecutive rate cuts in June, bringing the MRO rate to 3.15% by the end of the year. In a similar trend, the FED eased its policy with three rate reductions between September and December.

In terms of growth, the global economy advanced at overall modest rates in 2024. The performance, of course, differed across various geo-economic areas: the economy in the United States appeared robust, driven mainly by consumer spending, with GDP growth of +2.8% in 2024, significantly outperforming other advanced economies, where momentum was subdued due to weak domestic demand (United Kingdom, +0.9%) or external demand (Japan, +0.3%). China, on the other hand, despite being impacted by the real estate crisis, recorded a growth of 4.9%.

The European economy posted moderate growth. The euro area suffered from weak consumption and investment, a decline in exports, and persistent sluggishness in the manufacturing sector, particularly in Germany, where GDP stagnated. Spain and France, however, showed more dynamic growth, with France benefiting from the Olympics, which contributed to an increase in demand.

In line with trends observed in the European Union area, in 2024 the Italian economy registered a GDP growth of 0.7% in volume, the same as in 2023. This was driven by a slight expansion in the services and construction sectors and a good increase in household consumption, while the manufacturing sector remained weak.

Financial markets

In 2024, global financial markets were also strongly influenced by factors such as central bank monetary policies, inflation, and geopolitical tensions. Moreover, they had to contend with new challenging elements, such as advances in artificial intelligence and the potential for new trade policies, especially following Donald Trump's victory in the U.S. presidential elections. In general, there was considerable volatility, particularly around the time of the U.S. elections, which translated into business opportunities for the markets, though the widespread climate of uncertainty remained.

Examining the stock markets in more detail, heterogeneous dynamics were observed across different regions. However, the positive trend that started in 2023 continued overall, with some stock exchanges reaching record levels. The performance of U.S. indices was excellent (Dow Jones +12.9%, S&P 500 +23.3%, and Nasdaq +28.6%), and significant gains were also recorded by European indicators, with Milan's FTSE MIB up +12.63%, Germany's DAX up +18.8%, and Switzerland's SMI up +4.2%. Within Europe, the Paris CAC40 stood out negatively, affected by the complexity of the internal political situation, falling by -2.15% compared to 2023. Among emerging markets, Istanbul's stock exchange drew attention, positively impacted by a return to more conventional economic policies, while the Argentine stock market posted strong performance. On the other hand, the fear of tariffs threatened by Donald Trump during his election campaign dampened the performance of the Mexican stock exchange.

Sector-wise, there was a renewed interest in the technology sector, with rising prices also observed in the banking and financial sectors.

In the bond markets, corporate bonds performed well, while government bonds appeared less favourable. After an optimistic start to the year, due to expectations of significant interest rate interventions almost everywhere, performances in government bonds were down. In Europe, the German Bund and the French OAT were affected by the political situations in their respective countries. On the contrary, Italy’s BTP saw its spread narrow relative to the German 10-year Bund benchmark.

Shifting focus to the currency markets, it should be highlighted that the sharp rise in yields on U.S. Treasury bonds supported the strengthening of the dollar against other major currencies. The euro was affected by the weakness of the European economic cycle. Furthermore, the currencies of the U.S.'s main trading partners were disadvantaged by the protectionist outlook of the new U.S. administration, including both the Chinese renminbi and the Mexican peso. In contrast, the Japanese yen strengthened compared to last year.

The Banking System

The general conditions of the banking system in Italy remained positive in the year under review: for the main operators in the sector, 2024 was characterized by satisfactory financial results, despite the ongoing uncertainties related to external geopolitical factors. In a context of still-high interest rates, though with a downward trend, the performance of the interest margin was one of the key contributors to the profitability of the institutions.

An analysis of the first available information regarding the banking sector, published in the ABI Monthly Outlook of January 2025, shows that in December 2024, total direct funding increased by 2.4% year-on-year, based on positive trends observed in the different components (deposits +1.7%, bonds +6.8%).

Regarding loans, the slowdown in economic growth led to a decline in demand and credit volumes: in December 2024, loans to businesses and households decreased by 1% compared to the previous year.

As for the conditions, both on the deposit side and on the lending side, in the second half of the year, in line with the EU’s monetary policy, interest rates began to gradually decrease. Specifically, the average weighted interest rate on total loans to households and non-financial companies at the end of the year was 4.45%, down from 4.76% in 2023. The average rate on total deposits fell to 0.91% (from 0.96% the previous year).

Similarly, the interest rate on current account deposits decreased to 0.47% from 0.53%, and the rate on new term deposits (i.e., certificates of deposit and fixed-term deposits) dropped to 3.04% from 3.91% in 2023.

The overall quality of credit showed a slight deterioration, as evidenced by the level of net non-performing loans (i.e., the total of bad debts, likely defaults, and overdue and/or overdrawn exposures, net of provisions and write-downs already made by the banks). In November 2024, according to ABI data, net non-performing loans amounted to €31.1 billion, a slight decrease from €31.6 billion in September 2024, but an increase compared to €30.5 billion in December 2023. The incidence of net non-performing loans on total loans in November 2024 was 1.51% (1.41% in December 2023).

The following outlines significant events that occurred during 2024, along with their subsequent developments after the close of the year.

Significant Events During the Financial Year

Capital Strengthening and Partnership Operation

As mentioned in the 2023 Financial Statement, in March 2024, the closing of the capital strengthening plan through the issuance of new shares was completed, as part of the strategic initiatives decided by the Bank's Board of Directors.

More specifically, the capital increase operation, approved by the Extraordinary Shareholders' Meeting on November 13, 2023, saw the entry of a new shareholder into the company, with a total contribution of €1,500,012.

As a result of the completion of the operation, the Bank's Share Capital rose to €8,514,000, divided into ordinary shares with a nominal value of one euro each, while the share premium reserve amounted to €1,796,924.

In continuity with the information provided in the previous Financial Statement, it is also noted that the Bank and the new shareholder are engaged in defining a corporate operation that involves an increase in the stake acquired by the new shareholder, which is currently 9.09%.

From a strategic perspective, corporate operation will allow for the diversification of the Bank's business model by entering new market segments (such as Factoring and Structured Finance),

with the aim of complementing the Bank's existing expertise with new lines of business that will ensure revenue growth and, at the same time, strengthen the Institution's profitability.
The closing of the acquisition of a "qualified participation"[1] is, as a reminder, subject to the fulfillment of certain conditions, including the issuance of all necessary authorizations by the competent authorities.

As of the date of preparation of this financial statement, it is reported that the relevant authorities are currently in the process of evaluating the acquisition of a qualified stake by the new shareholder, as part of the authorization procedure.

Banca Promos Core Operations

In line with what was noted in the previous financial statements, the 2024 financial year was also characterized by conservative management of assets implemented by management.
With the aim of not altering the Bank's risk profile while waiting for the corporate transaction to be authorized by the competent Authorities, the strategic decisions undertaken were in fact aimed at maintaining the current business lines and, at the same time, at building up significant reserves of readily available liquid resources that could be used without delay in the expansion phase of the new business.
Added to this are the effects of a market context characterized by weak growth and persistent uncertainty at an international level.
The combined dynamics of these two aspects inevitably had an impact on the performance of the results achieved by the Bank in 2024 and, in parallel, on that of the asset stocks held by it, detailed below.

The Bank's intermediation margin as of December 31, 2024, rises to 3,379 thousand euros, compared to the figure of 3,020 thousand euros in the previous financial year.

[1] The term "qualifying participation" is defined in Article 4(1)(36) of the CRR (as referred to in Article 3(1)(33) of the CRD) in conjunction with Article 22(1) of the CRD as a direct or indirect holding in an undertaking which:
• represents 10% or more of the capital or voting rights in the undertaking, or
• allows the exercise of significant influence over the management of that undertaking, or
• results in the credit institution becoming a subsidiary of the proposed acquirer.
Furthermore, under Article 22 of the CRD, Member States shall require that any natural or legal person ('proposed acquirer') who has taken a decision, alone or in concert with others, to acquire, directly or indirectly, a qualifying holding in a credit institution or to further increase, directly or indirectly, such a qualifying holding in such a way that the proportion of the voting rights or of the capital held by it would reach or exceed 20%, 30% or 50%, or so that the credit institution would become its subsidiary ('proposed acquisition'), shall inform the competent authority of the credit institution in which it intends to acquire or increase a qualifying holding. The term 'subsidiary' is defined in Article 4(1)(16) of the CRR, referring to the cases of parent-subsidiary relationship specified in the Accounting Directive and to the concept of 'dominant influence'.

Revenue dynamics continue to be fuelled primarily by securities trading activity, whose profits grew by 8% (+208 thousand) compared to the comparison figure.
As noted, 2024 closes with a complex balance sheet for global financial markets, marked by significant events that have determined significant fluctuations in the main indices and assets. In response to the market context that has emerged, characterized by moments of turbulence and geopolitical tensions, the Bank's trading sector has remodelled its trading strategies, directing them towards countries and financial instruments characterized by higher margins.
The commercial decisions undertaken have made it possible to achieve a trading result of 2,982 thousand euros at the balance sheet date (2,774 thousand at the end of 2023), confirming trading activity as the driving economic component of the intermediation margin totalled by the Bank.

In this context, the development of the commercial action pursued by the sales force of Our Institute is highlighted: the business units, in fact, closed the year 2024 with a number of counterparties served equal to 231, in turn located in 49 countries around the world, with a level of intermediated volumes equal to approximately 15 billion euros. During the year, relationships were established with 11 new counterparties located in 9 different countries.

The trend in the intermediation margin was also supported by the net interest component, which showed an increase of 31% (+122 thousand) compared to the comparison figure, reaching a positive result of 518 thousand euros. Within the aggregate, the returns obtained on relations with banks, particularly those on overnight deposits, showed a significant increase. These investments, in fact, allowed the bank to achieve a result, at the balance sheet date, of 335 thousand euros in terms of interest income, more than offsetting the cost of collection incurred for liquidity providing operations (74 thousand were the interest expenses paid by the Bank for exposures to the ECB).
The profitability achieved, on the other hand, by the securities allocated to the Bank's proprietary portfolios, at the balance sheet date, stood at 326 thousand euros, mainly as a result of the performances generated by the HTC securities portfolio. In this aggregate, the profitability achieved is made up of 51% of the IRR yields of fixed-rate debt securities allocated to the HTC portfolio as of 31 December 2024; the remaining part, equal to 49%, derives from variable-rate securities. The interest margin from customers, negative for 95 thousand euros (as the algebraic sum of 381 thousand euros of active interests and 476 thousand euros of negative components), in addition to discounting the effect of the progressive reduction in the stock of financing, is still conditioned by an external context characterized by interest rates that are still high, albeit with a downward trend.

Net commissions earned in the year remain in negative territory, settling at a negative result of 111 thousand euros, in marked decrease compared to the comparison figure (-26%, -38 thousand) as a result mainly of the reduction of negative commission items, and particularly those retroceded by

the Bank for the negotiation of financial instruments. Within the aggregate, commission income amounts to 253 thousand euros (-5%, -14 thousand compared to the comparison period) and is mostly supported by commissions relating to the commercial banking area and, more specifically, by commissions on collection and payment services which constitute 86% of the commission income earned by the Bank at the balance sheet date. Net value adjustments for credit risk (item 130 of the Income Statement) totalled a positive result of 47 thousand euros at the balance sheet date resulting from the trend of the valuation components relating to financial assets measured at amortized cost (loans to banks, loans to customers, debt securities of banks and customers). In this context, net value adjustments/write-backs on loans to customers were positive overall for 20 thousand euros, with an overall coverage level that rose to 15%.
Operating costs overall recorded moderate growth to 3,999 thousand, from 3,805 thousand at 31 December 2023, which reflects opposing dynamics between the various components.
Personnel expenses, 2,348 thousand euros as of 31 December 2024, increased by 4% as they incorporate the salary adjustments resulting from the renewal of the national collective agreement for the quotas effective from 1 July 2023 and 1 September 2024. Within this cost component, the figure relating to the costs incurred by the Bank for the variable remuneration recognized to the trading sector also increased (in line with the increased trading profits achieved in the year).
Other administrative expenses decreased by 4% (-54 thousand) compared to the comparison figure, reaching 1,444 thousand euros at the balance sheet date, as the main effect of the absence of extraordinary cost components that, instead, characterized the 2023 financial year.
Amortizations also decreased to 269 thousand euros from 359 thousand at December 31, 2023, summarizing a decrease in amortizations relating to both tangible and intangible assets.
The trend recorded by the operating costs incurred by the Bank during 2024 was particularly influenced by the data relating to other operating expenses/income, and more specifically, the reduction that affected "other operating income", down 60% (-208 thousand) compared to the comparison data which included two positive income components, such as: 1) the contributions financed by the “Fondo Nuove Competenze” I and II edition which the Bank had joined during 2023 (recorded for a total of 193 thousand euros) and ii) the income recorded for the research and development activity carried out by the Bank, always with reference to the previous financial statement, for an amount of 41 thousand euros. The described revenue and cost dynamics allowed the cost/income ratio to drop to 118% from 126% on 31 December 2023.

Considering the accounting entries described above, the result of current operations before taxes stands at negative 574 thousand euros, down compared to the negative result of 680 thousand euros recorded in the previous financial statement.
The net result was also influenced, albeit in a less significant way, by the tax burden which, by virtue of the taxable base at the end of the year, stands at negative 25 thousand euros.

The Bank thus closes the year 2024 with a loss of 598 thousand euros.

With reference to the balance sheet aggregates, the balance sheet assets total 40 million euros. In particular, the portfolio of owned securities amounts to 6 million euros, recording a decrease of 64% (-11 million) compared to the final amounts of the previous year (17 million euros). The downward trend of the aggregate essentially concerned the securities allocated to the Bank's HTC portfolio. More specifically, debt securities valued at amortized cost amount to 5.4 million euros, recording a decrease of approximately 12 million euros compared to the comparison figure, in line with the treasury management undertaken by the Bank already in 2023, influenced by the external variables that characterized the market context and more specifically the yields of bond securities. In this scenario, the Bank continued to favour investments in overnight deposits at the Bank of Italy, allocating to them the liquid resources generated by debt securities that reached maturity during the year.

Loans to customers confirmed the trend already highlighted in previous financial years: in particular, as of December 31, total net loans to customers fell to 5,164 thousand euros, recording a reduction of 1,781 thousand euros compared to the end of 2023 (6,945 thousand euros). Cash loans are mainly made up of the mortgage sector, of which 93% is of a mortgage nature.

Performing loans, which represent 81% of the Bank's loan portfolio at the end of 2024, stand at 4,199 thousand euros net of value adjustments, recording a decrease of 28% (-1,638 thousand) compared to the comparison figure (5,837 thousand). The coverage of performing loans is robust, rising to 2.3% (it was 2.1% at the end of 2023). In this aggregate, the coverage level of the riskiest performing loans, therefore allocated to stage 2, reaches 10.5%.

The conservative approach to the management of impaired loans has allowed the Bank to further improve its asset quality profile: gross impaired loans, in fact, fell from €2,118 thousand to €1,776 thousand (-16%), while at the same time reducing the related net exposure below €1 million, from the previous €1,108 thousand to €965 thousand at the balance sheet date. Although decreasing, the incidence of net impaired loans on total loans recorded a slight increase, going from 16% at 31 December 2023 to 19% at the end of 2024, as a result of the continued contraction recorded by the overall stock of net loans (which fell from the previous €6,945 thousand to €5,164 thousand).
The total funds allocated by the Bank for impaired loans amount to €811 thousand.
The coverage of non-performing loans, at the balance sheet date, therefore stood at 45.7% compared to the level recorded in the comparison year equal to 47.7%, resulting in being far higher than the average recorded by the system for LSI banks equal to 28.6%[2].

[2] Source: Financial Stability Report No. 2/2024 published by the Bank of Italy, data as of 30 June 2024.

The Bank's capital endowment remains largely sufficient to deal with its anomalous credit, as also highlighted by the values of the Texas ratio, which relates the net impaired loans and the best quality capital of the Bank, which is continuously decreasing at 31 December 2024: 8.4% (it was 10.5% at 31 December 2023).

On the funding side, as of 31 December 2024, direct bank deposits totalled 24 million euros, recording a decrease of 18% (-5.2 million) compared to the comparison figure.
The dynamics of the aggregate summarizes differentiated trends among the various technical forms. More specifically, the trend recorded by time deposit accounts had the greatest impact on the evolution of this aggregate, which recorded a decrease of approximately 6 million compared to the comparison figure. The trend described was partially offset by the positive trend recorded by administered deposits, especially bonds, the latter having benefited from the repositioning of customer investments towards bonds and domestic government bonds induced by the high levels of interest rates. The current account figure, on the other hand, recorded an increase of 4% (+709 thousand) compared to the comparison period, reaching 16,797 thousand at the balance sheet date.
In line with the treasury management implemented by the Bank, the prevalence of short-term collections is confirmed, in the technical form of current accounts and sight deposits, which amounts to €16.8 million and represents 70% of direct collections from customers, confirming a strong point of the Bank's liquidity position. Collections at maturity, in the form of deposits, amount to €6 million, equal to 24% of the total volumes of direct collections.

At the end of the financial year, indirect collections amounted to a total of €29.3 million, marking an increase of 13% (+€3.4 million) compared to the figure recorded at the beginning of the year. In this aggregate, administered collections show a growth of 15% compared to the comparison figure: the equity and bond sectors show a growth of 10% (+2 million) and 30% (+1.5 million), respectively; Conversely, Funds and Sicavs show a slight decrease (-5%; -92 thousand).

The accounting net equity, including the negative result for the year, stood at 12,255 thousand euros compared to the figure of 11,434 thousand recorded at 31 December 2023, recording an increase of 7% (+821 thousand). This increase is mainly affected by the capital increase operation, completed in March 2024 with the subscription by a new shareholder of 774 thousand new shares for a total value of 1.5 million euros.
The Bank's own funds at 31 December 2024 amount to 11,481 thousand euros.
The capital strength indicators are confirmed with a Total Capital Ratio level of 62.90%, significantly higher than the additional capital levels determined by the Bank of Italy following the results of the Supervisory Review and Evaluation Process (SREP) and equal to 17.36%, including the Capital Conservation Buffer (CCB), Countercyclical Buffer (CCyB) and Systemic Risk Buffer

(Syrb) requirements. The capital consistency, which adequately covers the overall exposure to credit and counterparty, market and operational risks, shows an excess of Own Funds compared to the minimum regulatory requirement of 8% of 10,021 thousand euros as of 31 December 2024.
The liquidity profile remains stable and at the same time high also for 2024, with indicators significantly higher than the minimum regulatory requirements: as of 31 December 2024, the LCR and NSFR indicators are, respectively, equal to 1,638% and 241.50%.

For a detailed examination of the main economic and financial aggregates of the Financial Statement in question, please refer to the specific sections of this Report.

Balance Sheet Items

Introduction

To allow for a more straightforward reading of the Bank's financial position, a summary balance sheet has been prepared (**Table 1.1 and 1.2**) comparing the figures as at 31 December 2023 with those at FY2022 year-end.
With respect to the drafting of the reclassified balance sheet, compared to the format envisaged by Banca d'Italia Circular no. 262/2005, please note that some items were grouped/restated as follows:
As to the Reclassified Balance Sheet Assets **(Table 1.1)**:

- separate reporting of financial assets made up of Loans to Banks including sight deposits and deposits with Banca d'Italia (net of debt securities reclassified under "Financial assets other than loans: of which securities measured at amortised cost") and Loans to customers;
- separate reporting of financial assets other than loans, broken down between financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. These items are net of the aggregate items “Loans to banks” and “Loans to customers”;
- Inclusion of partial item Cash and cash equivalents (Item 10 of BS - Assets) net of the sub-items b) current accounts and sight deposits with Central Banks and c) current accounts and sight deposits with banks), restated in the item Loans to banks, Tax assets (Item 100 of BS - Assets) and Other Assets (Item 120 of BS - Assets) under the residual item “Other asset items”;
- the aggregation into a single item of Tangible Assets (Item 80 of BS Assets) and Intangible Assets (item 90 of BS Assets).

As to the Reclassified Balance Sheet Liabilities **(Table 1.2)**:

- separate reporting of “Payables to banks” (Item 10a) of BS - Liabilities);

- grouping in a single item of the amount of Payables to customers at amortized cost (Item 10 b) of BS - Liabilities) and of Outstanding securities (Item 10c) of BS - Liabilities);
- inclusion of the items Tax liabilities (Item 60 of BS - Liabilities), Other liabilities (Item 80 of BS - Liabilities), Employee severance indemnity (Item 90 of BS - Liabilities) under the residual item “Other liability items”;
- aggregated reporting of the items Reserves (Item 140 of BS - Liabilities) and Share premium reserves (Item 150 of BS - Liabilities).

Reclassified Balance Sheet

Tab.1.1 (€/000)

Assets	31/12/2024	31/12/2023	Changes	Changes in %
Loans to banks (including sight deposits with Banks and Banca d’Italia)*	**18,413**	13,685	4,728	34.5
Loans to customers	**5,164**	6,945	(1,781)	(25.6)
Financial assets other than loans (securities):	**6,159**	17,257	(11,098)	(64.3)
- Financial assets measured at amortised cost, other than loans	***5,371***	*17,053*	*(11,682)*	*(68.5)*
- Financial assets measured at fair value through profit or loss	***783***	*197*	*586*	-
- Financial assets measured at fair value through other comprehensive income	***5***	*7*	*(2)*	*(28.6)*
Equity investments	**45**	45	-	-
Tangible and intangible assets	**4,932**	5,187	(255)	(4.9)
Other assets	**5,157**	5,887	(730)	(12.4)
Total assets	**39,870**	49,006	**(9,136)**	**(18.6)**

(*) Figure net of bank debt securities reclassified under "Financial assets other than loans (Securities): of which securities carried at amortised cost”.

Tab.1.2 (€/000)

Liabilities	31/12/2024	31/12/2023	Changes	Changes in %
Payables to banks	**1,020**	4,025	(3,005)	(74.7)
Payables to customers and outstanding securities	**24,226**	29,554	(5,328)	(18.0)
Other liabilities	**2,354**	3,990	(1,636)	(41.0)
Provisions for liabilities and charges	***14***	*3*	*11*	-
of which: for commitments and financial guarantees	***14***	*3*	*11*	-
- of which other provisions for liabilities and charges (legal disputes)	**-**	-	-	-
Share capital	**8,514**	*7,740*	*774*	*10.0*
Reserves	**5,386**	5,404	(18)	(0.3)
Valuation reserves	**(1,046)**	(1,025)	(21)	2.0
Net result	**(598)**	(685)	87	(12.7)
Total liabilities and shareholders’ equity	**39,870**	49,006	**(9,136)**	**(18.6)**

Net interbank position

The net interbank position (shown in **table 1**) had a positive net balance of €17,393 thousand as at 31 December 2024.

Table 1 Net interbank position

€/000	31/12/2024	Incidence in %	31/12/2023	Incidence in %	Changes	in %
Receivables from banks	**18,413**		**13,685**		**4,728**	**34.5**
b) Time deposit for the Mandatory Reserve	128	0.7	213	1.6	(85)	(39.9)
b) C/A and sight deposits with other banks	4,378	23.8	4,618	33.7	(240)	(5.2)
b) C/A and sight deposits with Banca d'Italia	13,907	75.5	8,854	64.7	5,053	57.1
Payables to banks	**1,020**		**4,025**		**(3,005)**	**(74.7)**
a) Current accounts and sight deposits	19	1.9	20	0.5	(1)	(5.0)
b) Term deposits	1,001	98.1	4,005	99.5	(3,004)	(75.0)
Net interbank position	**17,393**		**9,660**		**7,733**	**80.1**

The comparative analysis of the various aggregates highlights how the annual increase recorded by the net interbank position (+80%, +7.7 million euros) is affected both by the trend in active interbank exposures, up by approximately 4.7 million euros, and by the evolution recorded by debts to banks, down by 3 million euros.

Within the aggregate of active interbank exposures, equal to 18.4 million euros as of 31 December 2024, the increase in sight deposits at the Bank of Italy (+57%, +5 million euros) is particularly notable, which represent the driving component of the entire sector, reaching an overall exposure of approximately 14 million euros at the end of the year. The use by the Bank of its availability in deposit operations (overnight) at the Bank of Italy generated interest income for a total of 335 thousand euros (they were 107 thousand in the previous financial statement).

On the passive interbank front, also during 2024, the Bank's management continued its activity of reducing debt exposures to the European Central Bank (liquidity providing operations) by calibrating them to the Bank's actual liquidity needs. Passive exposures to the European Central Bank in fact decreased by approximately 3 million euros, reaching 1 million euros at the end of 2024. The reduction applied to liquidity providing operations allowed for savings in the related collection costs also supported by a context of now underway reduction in market rates: the passive interests paid by the Bank at the end of 2024 amounted to 74 thousand euros (they were 177 thousand euros in the previous financial statement).

Loans to customers

Loans to customers as of December 31, 2024 amounted to 5,164 thousand euros, net of value adjustments made to protect against credit risk, marking a decrease of 25.6% compared to December 31, 2023 (6,945 thousand euros), in continuity with the trend recorded in the latest financial statements.

The annual trend of the technical forms constituting the Bank's loans to customers is reported below (**table 1**).

Table 1 Breakdown of Loans to customers

€/000	31/12/2024				31/12/2023				Changes	
	Performing	Non-Performing	Total	Inc. in %	Performing	Non-Performing	Total	Inc. in %		in %
Current accounts	408	94	**502**	9.7	835	98	**933**	13.4	(431)	(46.2)
Mortgage loans	3,708	809	**4,517**	87.5	4,898	949	**5,847**	84.2	(1,330)	(22.7)
Personal loans and credit cards	63	23	**86**	1.7	92	16	**108**	1.6	(22)	(20.4)
Other loans	20	39	**59**	1.1	12	45	**57**	0.8	2	3.5
Total	**4,199**	**965**	**5,164**		**5,837**	**1,108**	**6,945**		**(1,781)**	**(25.6)**

The downward trend in customer loans is essentially driven by the decline recorded in the mortgage sector, which recorded a reduction of 22.7% (-1,330 thousand) at the balance sheet date. The other components, which have less significant impacts on the overall aggregate, also showed reductions of 46.2% (-431 thousand, with reference to current accounts) and 20.4% (-22 thousand, with reference to personal loans and credit cards).

About the composition of the Bank's credit portfolio, the mortgage sector continues to represent the prevalent technical form of the Bank's credit portfolio. From an analysis of the evidence received from Management Control, the live cash loans are in fact mainly made up of the mortgage sector, consisting mainly of mortgages of a mortgage nature (which represent approximately 93% of the total), of which 84% are variable rate; the remaining part is made up of unsecured loans.

Loans to customers: credit quality

The trend of loans to customers in the course of 2024 is reported below (**table 1**) in terms of gross and net amounts, allocation to the various stages and associated coverage ratio and weight.

Table 1 Credit quality: breakdown

Items	31/12/2024					31/12/2023					Change	Sector averages (LSI banks*)
€/000	Net Exposure	Overall adjustments	Net Exposure	Coverage in %	Inc. in %	Net Exposure	Overall adjustments	Net Exposure	Coverage in %	Inc. in %	Net exp.	Coverage percentage
Non-performing loans	648	-385	263	59.4	5.1	939	-599	340	63.8	4.9	(77)	36.8
Unlikely to pay	1,011	-376	635	37.2	12.3	858	-373	485	43.5	7.0	150	33.2
Past due/overdrawn loans	117	-50	67	42.7	1.3	321	-38	283	11.8	4.1	(216)	5.2
Impaired loans (Stage 3)	**1,776**	**-811**	**965**	**45.7**	**18.7**	**2,118**	**-1,010**	**1,108**	**47.7**	**16.0**	**(143)**	**28.6**
Performing loans	**4,298**	**-99**	**4,199**	**2.3**	**81.3**	**5,965**	**-128**	**5,837**	**2.1**	**84.0**	**(1,638)**	**0.7**
Loans in Stage 2	256	-27	229	10.5	4.4	1,475	-56	1,419	3.8	20.4	(1,190)	4.0
Loans in Stage 1	4,042	-72	3,970	1.8	76.9	4,490	-72	4,418	1.6	63.6	(448)	
Loans to customers	**6,074**	**-910**	**5,164**	**15.0**		**8,083**	**-1,138**	**6,945**	**14.1**		**(1,781)**	
of which Forborne Performing	***127***	***-8***	***119***	***6.3***		***625***	***-28***	***597***	***4.5***		***(478)***	
of which Forborne Non-Performing	***294***	***-12***	***282***	***4.1***		***337***	***-45***	***292***	***13.4***		***(10)***	

(*) Source: Banca d'Italia - Financial Stability Report no. 2/2024 (reference data at 30/06/2024)

The overall contraction in credit exposures recorded at year-end, both in terms of gross and net exposures, affected both non-performing and performing loans included in the Bank's accounting portfolio as of the reporting date, except for exposures classified as unlikely to pay, as further detailed below.

Performing loans, as of 31 December 2024, amounted to €4,199 thousand net of value adjustments, showing a decrease of 28% (€-1,638 thousand) compared to the prior-year figure (€5,837 thousand).

The coverage ratio for performing loans increased to 2.3% as of the reporting date, compared to 2.1% at the end of 2023.

Within this category, the coverage level for higher-risk performing loans classified under Stage 2 stands at 10.5%, compared to 3.8% in the previous year.

Net forborne exposures included in performing loans amount to €119 thousand, with a coverage ratio of 6.3% (compared to 4.5% at the end of 2023).

About the allocation into the IFRS 9 "stages" the performing loan portfolio, which represents 81% of the total loan exposures, is broken down as follows as of 31 December 2024:

- **Stage 1**: Loans in this risk stage, net of related value adjustments, amount to €3,970 thousand. The Stage 1 portfolio accounts for approximately 95% of the Bank's net performing loans and about 77% of total net credit exposures. The coverage ratio as of the date is 1.8%, roughly in line with the coverage level recorded at the end of 2023 (1.6%).
- **Stage 2**: Loans in this risk stage, net of related value adjustments, amount to €229 thousand. The Stage 2 portfolio represents approximately 5% of performing loans and about 4% of total net loans. As of the reporting date, the coverage ratio for Stage 2 exposures increased to 10.5%, compared to 3.8% in the previous year.

As for the composition of the Bank's Stage 2 portfolio, mainly due to the presence of automatic classification triggers, the breakdown as of 31 December 2024 is as follows:

i. 50% consists of forborne positions, with a gross amount of €127 thousand;
ii. 44% consists of exposures that showed an increase in Lifetime PD compared to origination, with a gross amount of €114 thousand;
iii. The remaining 6% comprises exposures with no rating at origination (accounting for 3%, with a gross amount of approximately €8 thousand) and exposures past due by over 30 days (accounting for 3%, with a gross amount of approximately €7 thousand).

Below is the allocation of gross credit exposures to customers into the IFRS 9 stages (**Table 2**), including the respective coverage levels.

Tab.2 Loans to customers: Stage Allocation

Figures at 31/12/2024	*Stage 1*	*Stage 2*					*Stage 3*
		Forborne	Past due 30 days	Missing Orig. rating	Change PD	Total	
% exposure	66.5%	49.6%	2.7%	3.1%	44.5%	4.2%	29.2%
Gross exposure	*4,042*	*127*	*7*	*8*	*114*	*256*	*1.776*
Expected loss	1.8%	6.3%	7.4%	1.4%	16.4%	10.5%	45.7%

Figures at 31/12/2023	*Stage 1*	*Stage 2*						*Stage 3*
		Forborne	Past due 30 days	Missing Orig. rating	Change PD	Watch List	Total	
% exposure	55.5%	42.4%	0.5%	0.5%	8.8%	47.8%	18.2%	26.2%
Gross exposure	*4,490*	*625*	*8*	*7*	*130*	*705*	*1,475*	*2,118*
Expected loss	1.6%	4.4%	9.7%	3.1%	7.4%	2.6%	3.8%	47.7%

As regards non-performing loans, the recorded data confirm the downward trend in loans across all credit risk categories (except for unlikely-to-pay exposures), both in gross and net terms, in line with the trends observed in previous financial years.

Specifically, as of 31 December 2024, net non-performing loans amounted to €965 thousand, marking a decrease of 13% (€-143 thousand) compared to the previous figure (€1,108 thousand).

More specifically, at 31 December 2024, the ratio of net non-performing loans to total loans stood at 19% (compared to 16% at the end of 2023), against a decrease in total net loans from €6,945 thousand to €5,164 thousand at the end of 2024.

The containment of non-performing exposures was achieved through a combination of credit recovery activities and increased value adjustments for loans considered to be of higher risk of default. The total provisions for value adjustments on the Bank's non-performing loans amounted to €811 thousand as of the balance sheet date, against total gross exposures of €1,776 thousand.

As a result, the coverage ratio for non-performing loans at year-end stood at 45.7%, compared to 47.7% in the previous year, and significantly above the average recorded by the system for less significant institutions (LSIs), which was 28.6%[3].

In more detail, regarding customer loans classified under Stage 3, the following is noted:

- Net bad loans, as of 31 December 2024, decreased to €263 thousand (compared to €340 thousand at the end of 2023), representing 5% of the total loan portfolio. Gross and net exposures decreased by €291 thousand and €77 thousand, respectively. As of 31 December 2024, the coverage ratio stood at 59.4%, slightly down from 63.8% the

[3] Financial Stability Report no. 2/2024 (reference data at 30/06/2024).

previous year, but well above the system average of 36.8%.

- Net unlikely-to-pay exposures amounted to €635 thousand as of 31 December 2024, showing an increase of 31% (€+150 thousand) compared to €485 thousand in the previous year, representing 12% of the Bank's total loan portfolio. Gross exposures likewise increased by approximately €153 thousand compared to the previous figure. The increase is mainly attributable to the reclassification of a mortgage exposure previously included under past due and overdrawn exposures. The coverage ratio for unlikely-to-pay exposures stood at 37.2%, compared to 43.5% as of December 2023, and remains above the system average of 33.2%.
- Net past due and overdrawn loans, which represent a residual share of the total portfolio (1.3%), amounted to €67 thousand as of 31 December 2024, down €216 thousand from €283 thousand as of 31 December 2023, due to the reclassification of the aforementioned mortgage exposure to the unlikely-to-pay category as of the balance sheet date. This reclassification significantly impacted the coverage ratio for exposures in this risk class, which rose to 42.7% as of 31 December 2024, compared to 11.8% in December 2023, and also significantly higher than the system average for less significant banks, which stood at 5.2%.
- Net forborne exposures arising from concessions granted to borrowers in financial difficulty, within the scope of non-performing loans, amounted to €282 thousand with a coverage ratio of 4.1%.

To complete the analysis, a summary table (**Table 3**) is provided below, showing key indicators of non-performing loan sustainability, comparing figures as of 31 December 2024 with those at year-end 2023. The data confirm a general improvement across all indicators, consistent with the trends observed in previous years.

The sustainability of non-performing loans for the Bank is reflected in the "Texas ratio"—the ratio of net non-performing loans to the highest quality capital—which continues to decline, standing at 8.4% as of 31 December 2024 (compared to 10.5% at 31 December 2023).

Table 3 Sustainability of impaired loans

Impaired loans sustainability indicators	31/12/2024	2023	Changes
Net non-performing loans and unlikely to pay / CET1 Phased-in	**7.8**	**7.8**	(0.0)
Net non-performing loans / CET 1 Phased-in	**2.3**	**3.2**	(0.9)
Net unlikely to pay / CET 1 Phased-in	**5.5**	**4.6**	0.9
Texas Ratio (*)	**8.4**	**10.5**	(2.1)

(*) Net NPL/CET1 Phased-in

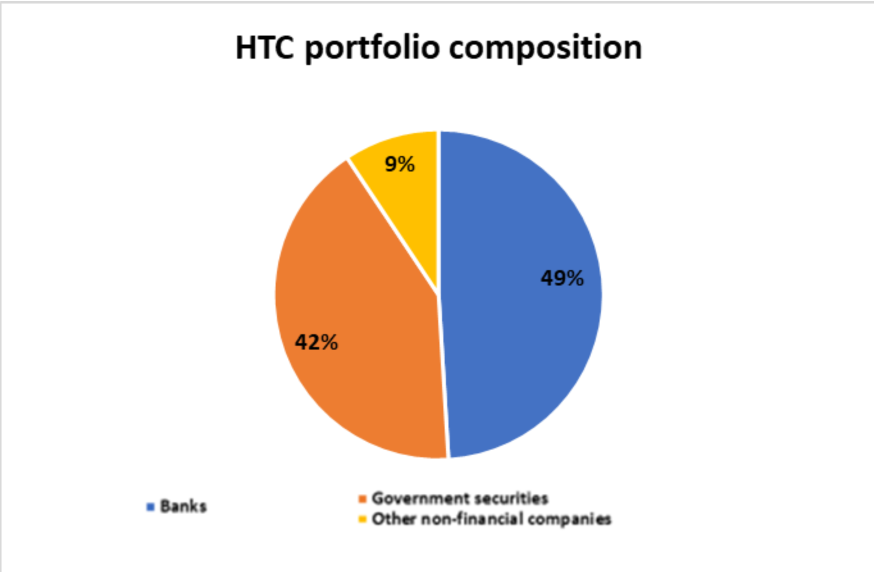
Financial assets other than loans (Portfolios of securities owned)

Financial assets measured at amortised cost

€/000	31/12/2024	31/12/2023	Changes	Changes in %
Debt securities	**5,371**	**17,053**	**(11,682)**	**(68,5)**
of which Stage 1	*5,371*	*17,053*	*(11,682)*	*(68,5)*
of which Stage 2	-	-	-	-
of which Stage 3	-	-	-	-

Debt securities measured at amortised cost amount to €5,371 thousand, net of value adjustments made to cover credit risk, showing a decrease of approximately €12 million compared to the previous figure. This decline is in line with the treasury management strategy adopted by the Bank during the previous financial year, which continued to be influenced by external factors characterising the market environment. In this context, the Bank has continued to favour investments in overnight deposits, allocating to them the liquidity generated by the maturity of proprietary securities during the year.
Regarding the composition of the HTC (Hold to Collect) portfolio, it consists of 9 securities issued by Italian entities, with a total nominal value of €5,336,000. Of these, 67% bear fixed interest rates, while the remaining 33% have variable rates. The *modified duration* stands at 0.254.
In terms of issuer breakdown, detailed below, the portfolio shows a predominance of bank-issued securities, which account for 49% of the total portfolio.

Portfolio — Asset Class Breakdown



With reference to the classifications provided for by IFRS 9, it should be noted that all the securities in the Bank's HTC portfolio are classified – based on the stage allocation logic adopted – in Stage 1. The related allowance for doubts, as of December 31, 2024, is approximately 5 thousand euros.

As regards the economic performance of the HTC portfolio recorded during the year, the weighted average IRR on securities in the portfolio increased to 3.09% as at 31 December 2024, compared to 1.78% in 2023.

Financial assets measured at fair value through profit or loss

€/000	31/12/2024	Incid. in %	31/12/2023	Incid. in %	Changes	Changes in %
Financial assets held for trading	**783**		**197**		**586**	-
a) Public Administrations	**278**	35.5	-	-	278	-
b) Banks	**505**	64.5	**197**	100.0	308	-
c) Other issuers	-	-	-	-	-	-
Financial assets mandatorily measured at fair value	-		-		-	-
Total financial assets measured at fair value through profit or loss	**783**		**197**		**586**	-

As of December 31, 2024, the Bank's trading portfolio, amounting to Euro 783 thousand, consisted of two securities of Italian issuers for a total nominal amount of Euro 800,000. The value of the portfolio increased compared to the figure at the end of 2023, recording a positive change of Euro 586 thousand.

For a more detailed analysis of the profitability of the trading portfolio recorded during 2024, please see the dedicated section below in the income statement.

Financial assets measured at fair value through other comprehensive income

€/000	31/12/2024	31/12/2023	Changes	Changes in %
Equities	**5**	**7**	**(2)**	**(28.6)**
Debt securities	-	-	-	-
of which Stage 1	-	-	-	-
of which Stage 2	-	-	-	-
of which Stage 3	-	-	-	-
Total financial assets measured at fair value through other comprehensive income	**5**	**7**	**(2)**	**(28.6)**

As of December 31, 2024, the securities measured at fair value with an impact on overall profitability, amounting to Euro 5 thousand, consist exclusively of equity securities and of the shares of Banca di Credito Popolare S.c.p.A..

As of today, the related capital reserve, which includes the valuation component of the aforementioned securities, amounts to negative Euro 995 thousand, gross of the tax recorded.

On the other hand, the positions relating to debt securities were zeroed in the observation period.

Equity investments

As of December 31, 2024, the value of the Equity investments recorded in the financial statements amounted to Euro 45 thousand, confirming the figure recorded at the end of 2023, represented solely by the investment in the subsidiary Promos Fintech srl.

Tangible and intangible assets

As of December 31, 2024, the Bank's tangible and intangible assets, amounting to Euro 4,932 thousand, decreased by approximately 5% (-255 thousand) compared to the comparative figure (5,187 thousand). In this aggregate, tangible assets, amounting to Euro 4,815 thousand, decreased by 3%, essentially relating to the depreciation and amortisation portion pertaining to the year. Similarly, the Bank's intangible assets, mostly represented by software developed in-house during previous years, decreased to euro 117 thousand (they were 241 thousand as of December 31, 2023) due to the related depreciation calculated on the basis of the expected technological obsolescence of the same assets.

Funding (from customers)

Table 1 Overall funding performance

€/000	31/12/2024	Incid. in %	31/12/2023	Incid. in %	Changes	in %
SICAV and funds	1,642	5.6	1,734	6.7	(92)	(5.3)
Managed:	27,479	93.8	24,003	92.8	3,476	14.5
- Shares	*21,017*	*71.7*	*19,034*	*73.6*	*1,983*	*10.4*
- Bonds	*6,462*	*22.1*	*4,969*	*19.2*	*1,493*	*30.0*
Financial third-party products	174	0.6	134	0.5	40	29.9
Indirect funding	**29,295**	**54.8**	**25,871**	**46.8**	**3,424**	**13.2**
Current account overdrafts	16,797	69.5	16,088	54.8	709	4.4
Time deposits	5,701	23.6	11,975	40.8	(6,274)	(52.4)
of which domestic time deposits	*3,837*	*15.9*	*7,057*	*24.0*	*(3,220)*	*(45.6)*
of which foreign time deposits	*1,864*	*7.7*	*4,918*	*16.7*	*(3,054)*	*(62.1)*
On demand deposits	1,452	6.0	1,084	3.7	368	33.9
Savings accounts	175	0.7	189	0.6	(14)	(7.4)
Funding from foreign customers	30	0.1	32	0.1	(2)	(6.3)
Direct funding	**24,155**	**45.2**	**29,368**	**53.2**	**(5,213)**	**(17.8)**
Total funding	**53,450**		**55,239**		**(1,789)**	**(3.2)**

As of 31 December 2024, the Bank's total collections amount to €53.5 million, down 3% (-1.8 million) compared to the comparison figure.

As shown by the comparison of the data shown in the table, overall, the Bank's collections are made up of 55% indirect collections and the remaining 45% direct collections.

The trend recorded by direct collections has had the greatest impact on the decline recorded by the aggregate, which overall shows a decline of 18% (-5.2 million euros) compared to the figure recorded at the beginning of the year, reaching a total of €24 million at the end of 2024.

More specifically, the trend recorded by time deposit accounts has had the greatest impact on the evolution of this aggregate, which has recorded a decline of €6.3 million compared to the starting

figure. The trend described was partially offset by the positive trend recorded by administered collections, especially bond collections, as the latter benefited from the repositioning of customer investments towards bonds and domestic government bonds induced by high-interest rate levels.
On the other hand, the figure relating to current accounts increased, reaching 16,797 thousand euros as of 31 December 2024 (+4%, + 709 thousand euros compared to the comparison figure).
The prevalence of short-term collections is confirmed, in the technical form of current accounts and sight deposits, which amount to approximately 16.8 million euros and represent 70% of total direct collections from customers. Term collections, in the form of deposits, amount to 6 million euros, equal to 24% of total direct collection volumes.
Indirect collections, on the other hand, recorded a double-digit increase of + 13% (+ 3.4 million), reaching a total of 29.3 million euros as of the balance sheet date. In this context, administered collections show a growth of 15% compared to the start of the year: both the equity and bond sectors show a growth of 10% (+2 million euros) and 30% (+1.5 million euros), respectively. More specifically, the greatest impact on the increase recorded by the equity sector was the completion of the operation on the Bank's equity capital that took place during the year. Debt securities held in custody also increased due to the return of savers' interest in government bonds and bonds; on the other hand, Funds and Sicavs showed a slight decrease (-5%, 92 thousand).

Shareholders' Equity

€/000	31/12/2024	31/12/2023	Changes	in %
Share capital	8,514	7,740	774	10.0
Treasury shares (-)	-	-	-	-
Share premium account	1,797	1,071	726	67.8
Reserves	3,588	4,333	(745)	(17.2)
Valuation reserves	(1,046)	(1,025)	(21)	2,0
Equity instruments	-	-	-	-
Profit (loss) for the year	(598)	(685)	87	(12.7)
Shareholders' equity	**12,255**	**11,434**	**821**	**7.2**

As of December 31, 2024, the Bank's net equity stood at approximately €12,255 thousand, compared to €11,434 thousand as of December 31, 2023, recording an increase of 7% (+€821 thousand). This evolution mainly reflects the capital increase operation approved by the Bank's Shareholders' Meeting, held on November 13, 2023, and completed in March 2024 with the subscription by a new shareholder of 774 thousand new shares, for a total value of €1.5 million (including €726 thousand of share premium). In consideration of the completion of the operation, as of the balance sheet date, the Bank's share capital amounts to €8,514 thousand and is divided into 774 thousand new shares. 8,514,000 ordinary shares (with a nominal value of 1 euro), while the Share Premium Reserve amounts to 1,797 thousand euros.

With reference to the composition of the Bank's net equity as of 31 December 2024, it should be noted that the aggregate incorporates the operating result recorded in 2024, negative for 598 thousand euros. The profit reserves, 3.6 million euros, mainly reflect the carry-forward of the operating loss achieved in the previous financial statement (-685 thousand) and, residually, the expenses incurred by the Bank in relation to the capital increase operation (-60 thousand) accounted for as a reduction in net equity pursuant to accounting principal IAS 32 paragraph 37.
At the same time, the valuation reserves, negative for 1,046 thousand euros, show a slight increase (+2%, 21 thousand euros) as a result mainly of the dynamics recorded by the valuation components on the TFR.
The movements in net equity are detailed in the specific financial statement to which reference is made.

Own Funds and capital ratios

Own Funds, risk-weighted assets and capital ratios as of 31 December 2024 were determined on the basis of the harmonised rules for banks and investment firms contained in Directive 2013/36/EU (CRD) and Regulation (EU) no. 575/2013 (CRR) of 26 June 2013 and subsequent amendments, which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (the so-called Basel Framework) and on the basis of the relevant Circulars of the Bank of Italy.
As of 31 December 2024, the Bank's Own Funds amounted to 11,481 thousand euros.
With reference to the IFRS 9 accounting principle, it is recalled that on 31 December 2022 the transitional period (2018-2022) introduced by Regulation (EU) no. 2395/2017 ended, which the Bank availed of by adopting both the “static” and “dynamic” approaches. In this context, it should be noted that on 31 December 2024, the new IFRS9 transitional regime relating to the value adjustments of loans after 31 December 2019, introduced by the European Commission with Regulation 2020/873 of 24 June 2020 (so-called “Quick Fix”) for the transitional period from 2020 to 2024, which the Bank has decided to avail itself of since June 2020, will end. In this regard, it should be noted that the Bank has, however, decided not to avail itself of the transitional regime introduced by the same Regulation which provided for the reintroduction of the prudential filter towards central administrations classified in the FVOCI category.

The following table shows a comparison of the data relating to Own Funds and capital ratios relating to the years 2024 and 2023.

Table 1 Own Funds and capital ratios

Own Funds and capital ratios (€/000)	31/12/2024		31/12/2023	
	IFRS 9 Transitional arrangements	IFRS 9 Fully Loaded	IFRS 9 Transitional arrangements	IFRS 9 Fully Loaded
Own Funds				
CET1 net of regulatory adjustments	**11,481**	**11,481**	**10,539**	**10,539**
AT1 net of regulatory adjustments	-	-	-	-
TIER 1 CAPITAL (TIER 1)	**11,481**	**11,481**	**10,539**	**10,539**
T2 net of regulatory adjustments	-	-	-	-
TOTAL OWN FUNDS	**11,481**	**11,481**	**10,539**	**10,539**
Risk-weighted assets				
Credit and counterparty risk	11,604	11,604	24,243	24,243
Market risks	41	41	493	493
Operating risks	6,607	6,607	6,494	6,494
RISK-WEIGHTED ASSETS	**18,252**	**18,252**	**31,230**	**31,230**
Capital ratios %				
Common Equity Tier 1 Ratio	62.90%	62.90%	33.75%	33.75%
Tier 1 ratio	62.90%	62.90%	33.75%	33.75%
Total capital ratio	62.90%	62.90%	33.75%	33.75%

As of December 31, 2024, the effects of the transitional treatment introduced by Regulation (EU) no. 873/2020 (so-called "Quick Fix") were zero. Therefore, the balance sheet data and the related coefficients indicated in the table, for the year 2024, in the columns "IFRS 9 Transitional Regime" and "IFRS 9 Fully Loaded" are the same as those recorded in the previous financial year.
As of December 31, 2024, the Bank's Own Funds rose to 11,481 thousand euros (they were 10,539 euros at the end of 2023), thanks to the contribution of new capital that occurred during the year, against a weighted asset of 18,252 thousand euros.
Based on the above, the capital ratios as of December 31, 2024 are set at the following values: the total solvency ratio (Total Capital Ratio) is 62.90%; the ratio between Tier 1 Capital and the total of risk-weighted assets (Tier 1 ratio) is 62.90%; the ratio between Common Equity Class 1 Capital (CET1) and risk-weighted assets (Common equity ratio) is 62.90%.

The data shown in (table 1) show that the level of capitalization of the Bank is adequate to cover the exposure to the risks assumed, as demonstrated by the level of solvency ratios, which express the ratio between primary capital and risk-weighted investments of the Institute; the excess of Own Funds compared to the minimum regulatory requirement of 8% – as of 31 December 2024 – is equal to 10,021 thousand euros.

Finally, it should be noted that the Bank is required – as established by the Bank of Italy pursuant to art. 53-bis paragraph 1, letter d) of Legislative Decree no. 385/93 (TUB) – to comply with specific additional capital requirements for capital adequacy purposes determined following the results of the Supervisory Review and Evaluation Process (SREP), pursuant to the capital provision of 6

February 2025.

The additional capital requirements to be complied with (illustrated in table 2) for the date of 31 December 2024 overall in terms of CET1 ratio, Tier1 ratio and Total Capital ratio are, respectively, equal to 12.56%, 14.66% and 17.36%, including the Capital Conservation Buffer (CCB), Countercyclical Capital Buffer (CCyB) and Systemic Risk Buffer (Syrb) requirements.

With reference to this last component, we inform you that starting from 31 December 2024, a new Systemic Risk Buffer, consisting of high-quality capital (Common Equity Tier 1, CET1), is active.

In particular, Article 133 of Directive EU/2019/878 (CRD5) recognizes the designated national authorities the power to impose a capital buffer against systemic risk to prevent and mitigate systemic risks not otherwise covered by other macroprudential instruments.

With the 38th update of Circular 285/2013, this buffer was included in the list of macroprudential instruments available to the Bank of Italy, which decided to apply to all banks authorized in Italy a Systemic Risk Buffer equal to 1% of the weighted exposures for credit and counterparty risk to residents in Italy. The target rate set at 1% will be gradually established, in the amount of 0.5% of relevant exposures by 31 December 2024 and for the remaining 0.5% by 30 June 2025.

Table 2 Additional capital requirements

		31/12/2023			31/12/2024		
		CET 1 ratio	Tier 1 ratio	Total Capital ratio	CET 1 ratio	Tier 1 ratio	Total Capital ratio
	Bank ratios	**33.75%**	**33.75%**	**33.75%**	**62.90%**	**62.90%**	**62.90%**
(MCR)	**Bank requisite**	**4.50%**	**6.00%**	**8.00%**	**4.50%**	**6.00%**	**8.00%**
	Deficit/surplus vs MCR	29.25% 9,133,930	27.75% 8,665,484	25.75% 8,040,888	58.40% 10,659,751	56.90% 10,385,965	54.90% 10,020,917
Total SREP Capital Requirement (TSCR)	**Bank requisite**	**5.73%**	**7.65%**	**10.20%**	**6.20%**	**8.30%**	**11.00%**
	(of which add-on SREP)	(1.23%)	*(1.65%)*	*(2.20%)*	*(1.70%)*	*(2.30%)*	*(3.00%)*
	Deficit/surplus vs TSCR	28.02% 8,749,804	26.10% 8,150,192	23.55% 7,353,833	56.70% 10,349,460	54.60% 9,966,160	51.90% 9,473,346
Overall Capital Requirement (OCR)	**Bank requisite**	**8.23%**	**10.15%**	**12.70%**	**9.06%**	**11.16%**	**13.86%**
	(of which CCB)	(2.50%)	*(2.50%)*	*(2.50%)*	*(2.50%)*	*(2.50%)*	*(2.50%)*
	(of which CCyB)	(0.00%)	(0.00%)	(0.00%)	*(0.06%)*	*(0.06%)*	*(0.06%)*
	(of which Syrb)	(0.00%)	*(0.00%)*	*(0.00%)*	*(0.30%)*	*(0.30%)*	*(0.30%)*
	Deficit/surplus vs OCR	25.52% 7,969,059	23.60% 7,369,447	21.05% 6,573,088	53.84% 9,827,442	51.74% 9,444,142	49.04% 8,951,327
Overall Capital Requirement + Capital Guidance	**Bank requisite**	**11.73%**	**13.65%**	**16.20%**	**12.56%**	**14.66%**	**17.36%**
	(of which add-on CG)	(3.50%)	*(3.50%)*	*(3.50%)*	*(3.50%)*	*(3.50%)*	*(3.50%)*
	Deficit/surplus vs OCR + CG	22.02% 6,876,017	20.10% 6,276,405	17.55% 5,480,045	50.34% 9,188,608	48.24% 8,805,308	45.54% 8,312,494

With reference to the leverage ratio, which expresses the quantitative assessment of the exposure to the risk of excessive leverage, in 2024 the indicator was 29.24% (both "transitional" and "fully loaded"), compared to the mandatory minimum requirement of 3%.

Regarding liquidity risk, both regulatory indicators, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), remain well above the minimum regulatory requirements. With regard to the Liquidity Coverage Ratio (LCR) indicator, which aims to ensure the maintenance of an adequate level of high-quality, unencumbered liquid assets that can be converted in the short term, the Bank carried out careful monitoring activities during the year; this indicator, equal to 1,638% at the end of 2024, was in fact consistently above the minimum threshold of 100%.

Also at the end of the year, the Bank's NSFR (Net Stable Funding Ratio) indicator stood at 241.5%, also higher than the mandatory minimum threshold of 100%. This indicator aims to strengthen the Bank's resilience by ensuring the use of stable and long-term sources of funding to finance existing activities. To complete the quantitative information on the Bank's assets, please refer to Part F - Information on the Assets of the Notes to the Financial Statements.

For complete quantitative information on the Bank's assets, please refer to the disclosure provided in Part F - Information on Shareholders' Equity of the Notes.

Income Statement Items

Table 1 Short Income Statement (€/000)

Items	**31/12/2024**	**31/12/2023**	**Changes**	
				in %
Brokerage margin	3,379	3,020	359	11.9
Net result of financial operations	3,425	3,141	284	9.0
Operating costs	(3,999)	(3,805)	(194)	5.1
Profit before taxes	(574)	(680)	106	(15.6)
Profit (loss) for the year	**(598)**	**(685)**	**87**	**(12.7)**

The annual performance of the Bank's main P&L figures is illustrated below.

Brokerage margin

(€/000)	**31/12/2024**	**31/12/2023**	**Changes**	**Changes in %**
Net interest income	518	396	122	30.8
Net commissions	(111)	(149)	38	(25.5)
Net income on trading activity	2,982	2,774	208	7.5
Profit (loss) from transfer or repurchase of financial assets	(10)	(1)	(9)	-
Net income/loss on the other financial assets/liabilities measured at fair value through profit or loss	-	-	-	-
Brokerage margin	**3,379**	**3,020**	**359**	**11.9**

The brokerage margin closed FY2024 with a result of €3,379 thousand, marking an increase of about 12% compared to the comparison figure (€3,020 thousand).

The analysis of the individual economic components contributing to the formation of the brokerage margin confirms the relevance for the Bank of the financial intermediation activity, overseen by the Institute's trading sector: the proceeds from the trading activity, in fact, total a positive result that rises to 2,982 thousand euros as of 31 December 2024, recording an increase of approximately 8% (+208 thousand euros) compared to the comparison figure. As illustrated below, the performance achieved was particularly influenced by the widening recorded by the bid-ask spreads of the individual intermediation transactions: as of 31 December 2024, in fact, the average margin rises by 15.88% compared to the comparison figure.

In terms of revenues from traditional banking activities, the interest margin recorded a result of 518 thousand euros as of December 31, 2024, marking a double-digit increase of +31% (+122 thousand euros) compared to the comparison figure (396 thousand euros). The trend in commission components also contributed to the formation of the result of the intermediation margin, the net value of which - as of December 31, 2024 - was negative for 111 thousand euros (it was negative for 149 thousand euros in the comparison period).

Net interest income

As of December 31, 2024, net interest income amounted to a positive result of Euro 518 thousand, an increase compared to the comparative figure (+31%, +122 thousand). Going into more detail about the individual items, the year-on-year comparison of net interest income is illustrated below.

Table 1 Breakdown of net interest income (000)

Breakdown of Item 10 Income Statement Interest income	31/12/2024	31/12/2023	Changes	Changes in %
Interest income - Customers	381	460	(79)	(17.2)
Interest income - Banks	379	199	180	90.5
Interest income - Securities	326	464	(138)	(29.7)
Total loans	**1,086**	**1,123**	**(37)**	**(3.3)**

Breakdown of Item 20 Income Statement Interest expense	31/12/2024	31/12/2023	Changes	Changes in %
Interest expense - Clients	(476)	(513)	37	(7.2)
Interest expense - Banks	(92)	(214)	122	(57.0)
Interest expense - Securities	-	-	-	-
Total funding	**(568)**	**(727)**	**159**	**(21.9)**

Net interest from customers	**(95)**	**(53)**	**(42)**	**79.2**
Net interest from banks	**287**	**(15)**	**302**	**-**
Net interest on securities	**326**	**464**	**(138)**	**(29.7)**
Total Item 30 Income Statement Net interest income	**518**	**396**	**122**	**30.8**

The net income components set out above highlight a significant increase in returns on relationships with Banks that return to positive territory: in fact, as of 31 December 2024, net interest amounts to a positive result of 287 thousand euros compared to the negative figure of 15 thousand euros at the end of 2023: the observed trend is influenced by the contribution made by investments in overnight deposits at the Bank of Italy, which as of 31 December 2024 totalled interest income of 335 thousand euros, more than offsetting the cost of collection incurred for liquidity providing operations (in fact, as of 31 December 2024, interest expense incurred by the Bank in relation to debt exposures to the ECB amounted to 74 thousand euros). Net interest from securities, €326 thousand at the balance sheet date, mainly includes the profitability achieved by investments in the Bank's HTC portfolio equal to €256 thousand at the end of 2024. In this aggregate, the profitability achieved is made up of 51% from the IRR yields of fixed-rate debt securities allocated to the HTC portfolio; the remaining part, equal to 49%, derives from variable-rate securities. These active income components are also added to the contribution of the profitability achieved by the securities in the Bank's Trading portfolio, which at the balance sheet date, amounts to €70 thousand.

Net income components from customers, however, show a decrease of €42 thousand compared to the comparison figure. In general, with reference to the dynamics of the items within the aggregate, it is noted that interest income from customers, equal to €381 thousand, shows a decrease of €79 thousand compared to the comparison period. The negative components, however, equal to 476 thousand euros at 31 December 2024, decreased by 37 thousand euros compared to the figure at the end of 2023.

In terms of volumes and average rates, the management evidence at 31 December 2024 compared to the same period of 2023 shows, on the side of live cash investments, a contraction in average volumes equal to 1,670 thousand euros together with a reduction in the average rate on live investments (which goes from 6.222 at 31 December 2023 to 5.071 at December 2024).
Likewise, direct collection from customers shows, compared to the same period of 2023, a decrease of 5,213 thousand euros in average volumes together with a decrease in the average rate applied (going from 2.044 at 31 December 2023 to 1.005 at December 2024).

It follows that the overall gap between live loans and direct collection goes from 4.178 at the end of 2023 to 4.076 at 31 December 2024.

Net commissions

Breakdown of Item 40 Income Statement Commission income	31/12/2024	31/12/2023	Changes	Changes in %
Placement of securities	18	14	4	28.6
Receipt and transmission of orders	6	4	2	50.0
Custody and management of securities	2	4	(2)	(50.0)
Payment services	217	229	(12)	(5.2)
- of which C/A management and holding	*106*	*122*	*(16)*	*(13.1)*
Other commissions receivable	10	16	(6)	(37.5)
Total	**253**	**267**	**(14)**	**(5.2)**

Breakdown of Item 50 Income Statement Commissions expense	31/12/2024	31/12/2023	Changes	Changes in %
Trading of financial instruments and currencies	(214)	(275)	61	(22.2)
Custody and management of securities	(64)	(50)	(14)	28.0
Collection and payment services	(59)	(66)	7	(10.6)
Other commissions payable	(27)	(25)	(2)	8.0
Total	**(364)**	**(416)**	**52**	**(12.5)**

Total Item 60 Income Statement Net commissions	**(111)**	**(149)**	**38**	**(25.5)**

The Bank's commission margin as of 31 December 2024 stands at a negative result of 111 thousand euros, a significant decrease compared to the comparison figure (-149 thousand).
Within the aggregate, commission income stands at 253 thousand euros, substantially confirming the comparison figure (267 thousand euros). On the other hand, the commission expense components show a decrease, which, at the balance sheet date, stand at 364 thousand euros, marking a decrease of 13% (52 thousand euros), mainly due to the dynamics that characterized the commissions retroceded by the Bank for the negotiation of financial instruments.

Net income on trading activity

2024 closes with a complex balance sheet for global financial markets, marked by significant events that have caused significant fluctuations in the main indices and assets.
The monetary policies adopted by central banks have undoubtedly influenced global financial markets. In fact, the Federal Reserve and the European Central Bank have continued to dominate the scene with their monetary policies. After an initial phase of aggressive rate hikes, aimed at containing inflation, central bankers have gradually changed direction, inaugurating a season of cuts to stimulate economic growth. This transition has fuelled significant movements in the bond and stock markets.
Inflation, although sharply declining compared to the peaks reached in 2022 and 2023, has remained at the centre of attention, influencing consumption and investments.
On the geopolitical front, the prolongation of the conflict in Ukraine and the clashes in the Middle East continued to put pressure on energy and raw materials, while the presidential elections in the United States with the victory of Donald Trump and the possible return to more protectionist policies in some advanced economies introduced further uncertainties.
In this scenario, the trading sector of our Institute remodelled its trading strategies, diverting them towards countries and financial instruments characterized by greater margins by virtue of the market context that has come to be characterized, as seen, by moments of turbulence and geopolitical tensions.

As of 31 December 2024, profits from the trading activity carried out by the Bank reached a result of 2,982 thousand euros, recording an increase of 8% (+208 thousand) compared to the comparison figure.

The observed upward trend benefited from the widening recorded by the bid-ask spreads of individual brokerage operations: as of 31 December 2024, in fact, the average margin rose by 15.88% compared to the comparison figure.

The stability of the commercial development activity achieved by the desks responsible for trading activity is also confirmed for 2024. In fact, the management data illustrated above highlight how 2024 was characterized by a number of counterparties served that reached 231 in turn located in 49 countries around the world, with a level of intermediated volumes equal to approximately 15 billion euros.

Net result of financial operations

The net result on financial operations stood at 3,425 thousand euros as of December 31, 2024, up 9% (+284 thousand) compared to the comparison figure. Within this aggregate, net value adjustments for credit risk (item 130 of the Income Statement) totaled a positive result of 47 thousand euros resulting from the trend of the valuation components relating to the assets at amortized cost. For further details, please refer to the relevant tables in the explanatory notes which illustrate the results on the various types of financial assets: customer loans, banks and debt securities.

Operating costs

Operating costs (€/000)	31/12/2024	31/12/2023	Changes	Changes in %
Administrative expenses, of which:	(3,792)	(3,765)	(27)	0.7
- personnel expenses	*(2,348)*	*(2,267)*	*(81)*	*3.6*
- other administrative expenses	*(1,444)*	*(1,498)*	*54*	*(3.6)*
Net allocations to provisions for liabilities and charges	(11)	3	(14)	-
Net value adjustments/write-backs on tangible and intangible assets	(269)	(359)	90	(25.1)
Other operating expenses/income	73	316	(243)	(76.9)
Total operating costs	**(3,999)**	**(3,805)**	**(194)**	**5.1**

As of December 31, 2024, operating costs, equal to 3,999 thousand euros, recorded an increase of 5% (+194 thousand) compared to the comparison figure (3,805 thousand euros). The evolution of operating costs is mainly attributable to the dynamics highlighted by the economic component "Other operating expenses/income", and more specifically, by the reduction that affected "other operating income", down 60% (-208 thousand) compared to the comparison figure which incorporated two positive income components, such as: on the one hand, i) 193 thousand euros as the amount of contributions financed by the New Skills Fund I and II edition which the Bank had joined during the previous financial year and, on the other hand, ii) 41 thousand euros as the economic component deriving from the research and development activity carried out by the Bank in the 2023 financial year. With reference to the remaining cost components, it is noted that personnel expenses, detailed below, stood at 2,348 thousand euros at 31 December 2024, recording an increase (+4%, 81 thousand) compared to the comparison figure (2,267 thousand).

Staff expenses

Staff expenses (€/000)	31/12/2024	31/12/2023	Changes	Changes in %
Employees:	**(1,900)**	**(1,918)**	**(72)**	**3.8**
1) Wages and salaries	(1,429)	(1,368)	(61)	(4.5)
- of which variable portion	*(183)*	*(160)*	*(23)*	*(14.4)*
2) Social security contributions	(422)	(392)	(30)	7.7
- of which variable portion	*(51)*	*(45)*	*(6)*	*13.3*
3) Allocation to employee severance indemnity	*(113)*	*(129)*	*16*	*(12.24)*
4) Other benefits in favour of employees	*(26)*	*(29)*	*3*	*(10.3)*
Directors and Auditors	***(385)***	***(387)***	***(2)***	***(0.5)***
Recovery of expenses for employees in secondment at other businesses	27	**38**	**(11)**	**(28.9)**
Total staff expenses	**(2,348)**	**(2,267)**	**(81)**	**3.6**

As can be seen from the data reported in the table, overall expenses for employees amount to 1,990 thousand euros, up (+4%, +72 thousand) compared to the comparison figure. In detail, the item wages and salaries increased by 61 thousand euros (+5%), as a result of the salary adjustments resulting from the renewal of the national collective labour agreement of the banking sector for the portions effective from 1 July 2023 and 1 September 2024. Within this item, the figure relating to the costs incurred by the Bank for the variable remuneration recognized to the staff of the trading room based on the profits achieved also increased (183 thousand euros at the end of 2024).

The expenditure component related to social charges increased proportionally, reaching 422 thousand euros at the balance sheet date (it was 392 thousand euros at the end of 2023).
However, the data relating to the compensation of Directors and Auditors remain substantially confirmed, which amount to a total of 385 thousand as of 31 December 2024.

Continuing to analyse the additional economic components relating to the operating costs incurred by the Bank, as of 31 December 2024, depreciation on tangible and intangible assets amounted to 269 thousand euros, down (-25%, 90 thousand) compared to the comparison figure (359 thousand).

Considering the dynamics illustrated above, the cost/income ratio of 2024 shows an improvement compared to the comparison figure, reaching a level of 118% (it was 126% at the end of 2023). The increase in this indicator is mainly influenced by the upward trend recorded by the positive income components.

Profit/loss for the year

As a result of the accounting entries described above, the result of current operations before taxes stand at a negative result of 574 thousand euros.
The tax trend records a negative result of 25 thousand euros for 2024; therefore, adding the tax burden, the operating loss recorded at 31 December 2024 stands at 598 thousand euros.

Cash Flow Statement

The Cash Flow Statement shows the balance between incoming and outgoing cash flows, and highlights an ordinary activity without particular phenomena that in the year generated liquidity for a total of 4,959,040 euros.

Organisational activities and regulatory compliance

Constant attention to changes in the reference context is a key element in the banking system, where in recent years the evolutions have been rapid and profound, both from a regulatory perspective and in terms of new market challenges and high-impact technological and financial innovations. As a result, the ability to implement necessary adjustments is essential to ensure that operations and internal processes are always compliant with current regulations and capable of meeting various regulatory, operational, and commercial needs.

These adjustments are structured on two levels: corporate policies and technical-organizational processes, affecting large portions of documentation that, as is well known, contribute to defining the "Model of organization, management, and control" designed by the Bank, taking into account its specific characteristics in terms of operational size and organizational complexity.
Below is a summary of the main interventions carried out during the period under review, in the Bank's various areas of interest.

The **"Organization, Management, and Control Model 231"** has been updated. This document outlines the activities and controls implemented by the Bank to prevent the crimes mentioned in Legislative Decree 231/2001, which relates to the administrative liability of legal entities and companies. The update was necessary to align the existing model with a series of new offenses, including, by way of example, Legislative Decree 24/2023, concerning the protection of individuals who report violations of national regulations (the so-called "Whistleblowing" decree).
In line with this, the "**Code of Ethics**" has also been revised. The Code is one of the primary tools through which the aforementioned Model is concretely implemented in the corporate reality. It is the document in which the values and rules of corporate conduct are formalized, safeguarding the Bank's reputation and image, and it must be adhered to by all those who operate with the Bank, including directors, auditors, employees, and collaborators.
From a perspective that is not solely commercial, the Code of Ethics aims, among other things, to contribute to the implementation of the Bank's social and environmental responsibility policies and is accompanied by other specific documents created in response to the so-called ESG (Environmental, Social, and Governance) regulations.
In this regard, the following have been formalized:

- **"Guidelines on Human Rights"**: These guidelines, in harmony with the aforementioned Code of Ethics, define the commitment and directives followed by the Bank to promote a culture of human rights protection within its operations. They are inspired by international principles, such as, for example, the Universal Declaration of Human Rights.
- **"Guidelines on Environment and Climate Change"**: These guidelines describe the fundamental values for the Bank in managing environmental impacts and in integrating these environmental aspects into its adopted business strategies.

Additionally, the **"Policy on Sustainability in Financial Services"** has been introduced, which responds to European regulations on sustainable investments (EU Regulation 2019/2088 "Sustainable Finance Disclosure Regulation" or "SFDR" and EU Regulation 2020/852 "Taxonomy Regulation" or "TR"). These regulations impose new obligations on intermediaries to inform customers about the sustainability of financial products.

Regarding adjustments related to new regulatory changes, the activity performed in relation to Legislative Decree 207/2023, which amended the Consolidated Banking Act, is also notable. From

January 11, 2024, this decree introduced Article 118-bis, entitled "Substantial Variation or Termination of a Benchmark Index," which regulates how banks and financial intermediaries must implement EU Regulation 2016/1011 (the so-called "Benchmark Regulation"). This regulation essentially establishes a mechanism for the prior regulation of bank-client contracts to manage changes to a reference index, providing clients with a shared and codified contract adjustment protocol.
In anticipation of the deadline for implementing the new legislative obligation, set for January 2025, the Bank carried out a series of actions in 2024, including:

- Publication on the Bank's website of the "**Plan for the Replacement of Rates in Indexed Products**";
- Revision of the relevant contractual forms, with the introduction of "fallback clauses";
- Sending specific information to existing customers.

As usual, the regular review of existing internal regulations has been planned and implemented. Specifically, the 2024 interventions included:

- Regarding Anti-Money Laundering (AML), the "**Risk Management Policies for Money Laundering and Terrorist Financing,"** following the publication in August 2023 by the Bank of Italy of the amendments to the provisions on organization, procedures, and internal controls for anti-money laundering purposes from March 26, 2019;
- In the investment services sector, the **"Order Execution and Transmission Strategy**" to account for functionality that allows private customer orders to activate a specific best execution procedure (called dynamic best execution), as well as the annual update of the descriptive document and technical annex related to the "**Policy on Client Asset Deposits and Sub-deposits**";
- In relation to the internal control system, the "**Risk Management Policy – RAF**" has been updated, recalibrating some indicators prudentially, in accordance with the EBA/GL/2021/11 guidelines, and the "Unified Coordination Document," which summarizes the information flows between all functions and bodies responsible for control activities;
- Concerning business continuity and measures related to the Bank's ability to continue normal activities even in the face of unexpected events or disasters, the "**Operational Continuity Plan**" and the "**Operational Continuity Management Process**" have undergone a general review and have been aligned with the current operational procedures;
- With regard to organizational structures and corporate governance, the "**Recovery Plan**" and the "**Self-Assessment Regulation of Corporate Bodies**" have been updated.

In addition to legislative changes and environmental, social, and corporate governance issues, two other topics are at the centre of general attention: cybersecurity and personal data processing.

These are two closely related issues that are becoming increasingly significant year after year, especially in the banking sector, which, by its very nature, is one of the systems most exposed to the threats of cyberattacks and fraudsters, attracted by the growing spread of digital technologies and the vast and complex volume of data banks hold.

For several years now, national and international legislation has reflected the importance of this phenomenon, requiring actions to regulate the proper treatment of data and ensuring the protection of processed data, in accordance with the rights of the affected individuals. This approach has also involved Italy, which has committed to strengthening cybersecurity through legislative interventions, dedicated funding, and awareness activities.

Responding to these challenges, most of the ICT department’s projects in production during 2024 focused on improving the Bank’s cybersecurity. A summary of these initiatives follows:

- **Jumpserver Activation**: A jump server has been created as a security device that serves as a “controlled and secure gateway” for remote access to the internal network. Access to the jump server, based on Windows Server 2016, is allowed only from the admin network through RDP sessions, while access to the protected server network is permitted only through the jump server. The system is secured by a firewall, EDR, IPS, and has restricted internet access. This implementation has helped further protect and limit access to corporate servers.
- **Patch Management Solution Activation**: The centralized patch management system, via the new ESET Patch Management platform, ensures that systems and applications are protected from known vulnerabilities and exploits. This system simplifies the patching process by automatically installing updates on endpoints, ensuring that endpoints are updated with the latest security patches.
- **WAF Solution Activation**: To protect web applications from cyber threats like SQL injection and cross-site scripting (XSS), a Web Application Firewall (WAF) system has been activated. The system was implemented by activating the ModSecurity module on an Apache server installed on a dedicated Ubuntu Linux VM, configured as a reverse proxy. The perimeter firewall’s NAT rules now use the WAF’s IP address instead of individual internal webserver IPs, allowing the WAF to monitor and block any attacks on web applications.

As mentioned, cybersecurity is closely related to the processing of personal data. In this context, the **"Privacy Regulation"** has also been updated. This document outlines the internal rules regarding personal data processing, with particular emphasis on security measures aimed at minimizing risks such as accidental destruction or loss of data, unauthorized access, or improper processing that does not comply with the collection purposes. The document details the tasks, operational activities, and controls concerning privacy and is aligned with the broader documentation framework related to the 40th update of Bank of Italy Circular 285/2013 on ICT risk control and security.

Furthermore, within the privacy framework, the **"Data Processing Register"** has been updated. The Bank, as the Data Controller, prepares this register in accordance with Article 30 of the GDPR to identify and catalogue the personal data and processes, their purposes, the subjects involved, the categories of recipients, and the designated Data Processors.

Additionally, in relation to the informational obligations under Articles 13 and 14 of the GDPR, the "**Information Notice for Employees, Collaborators, Interns, and Trainees**" has been updated.

Research and Development Activities and Digital Innovation

As part of the activities related to managing projects that have been deployed in production, in 2024, the Bank's Research and Development Laboratory continued its efforts to enhance the underlying IT platforms, with the aim of continuously optimizing them.

These activities fall within the phases of the continuous improvement process, an ongoing process conducted by the Research and Development Laboratory to: i) analyse the performance of implemented projects, ii) identify opportunities, and iii) refine and/or evolve, through implementation and release of modifications, the IT solutions developed to the desired level.

In this regard, it is noted that the software implementations resulting from this process do not meet the criteria established by the Oslo and Frascati Manuals, which are the main international references for defining methodologies in research, development, and innovation. Given the lack of eligibility conditions, the Bank has not proceeded to claim any tax credit for research and development investments.

Finally, it is noted that no new projects were defined for the fiscal year in question under the Bank's internal research, development, and innovation strategy.

Workforce Statistical Information

As of December 31, 2024, the Bank employed a total of 30 staff members (FTE = 1, no. 29). An analysis of other statistical data relating to personnel, summarized in the tables below, shows a higher proportion of female employees, accounting for 63% of the total workforce. The average age is 49 years.

In terms of distribution across operational areas, 43% of employees are assigned to the Commercial Area (branches and finance area), while 13% are IT staff working in-house. The remaining staff are in the management offices (organization, control, accounting and balance sheets, securities back office, etc.).

Turnover	Workforce at 01/01/2024	Hiring/ Transformation	Resignation/ retirement/ termination/ transformation	Workforce at 31/12/2024
Permanent contracts of which:	**29**	1	-	**30**
Managers	-	-	-	-
Middle management	**5**	-	-	**5**
White-collar personnel	**23**	1	-	**24**
Blue-collar personnel	**1**	-	-	**1**
Temporary contracts of which:	**1**	1	2	-
White-collar personnel	**1**	-	1	-
Blue-collar personnel	-	1	1	-
TOTALS	**30**	**2**	**2**	**30**

Breakdown	Managers	Middle management	White-collar personnel	Blue-collar personnel	Total
Men	-	**2**	**8**	**1**	**11**
Women	-	**3**	**16**	-	**19**
Average age	-	56	48	59	49
Average length of service	-	20	18	24	19
Permanent contracts	-	5	24	1	30
Temporary contracts	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-
Qualification — University	-	4	17	-	21
Qualification — High School	-	1	6	-	7
Qualification — Middle School	-	-	1	1	2

Regarding remuneration policies and practices, the Bank has prepared and updated the relevant document, and a specific report has been drafted outlining the implementation of these policies to be presented to the Shareholders' Meeting.

Related parties

The Bank identifies the parties who are classified as related parties pursuant to IAS 24. Transactions with these parties were regularly performed during the year and all the transactions were carried out on an arm's length basis.

In compliance with applicable regulations, Part H of the Notes provides the relevant details, as well as the information required by regulations on relations with the Bank's directors, statutory auditors and subsidiaries.

Other information

This section provides Shareholders with additional information concerning the Bank. In particular, at the end of FY 2024:

- the bank did not, either directly or indirectly, hold treasury shares in the portfolio and no treasury shares were sold or purchased during the year;
- the Bank was not and is not a member of any banking group;

- the Supervisory Board established pursuant to Legislative Decree 231 carried out its activity in accordance with the annual plan prepared by the body itself;
- No research and development activities were conducted, as already indicated in this report.
- no significant events occurred after the balance sheet date besides those highlighted in this report and in the Notes.

In addition, some information with potential significance for the Bank is summarised here.

Going Concern Basis

In preparing the financial statements as at 31 December 2024, the Directors considered the going concern assumption appropriate as, in their opinion, there were no uncertainties regarding events or circumstances which, considered individually or as a whole, could give rise to doubts as to the bank's ability to continue operating as a going concern.

Main risks

Part E of the notes contains qualitative and quantitative information on key risks, including of a financial nature, to which the Bank is normally exposed, i.e. credit risk, market risk and liquidity risk. This report also provides additional information on risks. Further information on the main risks and uncertainties to which the Bank is exposed in relation to the current macroeconomic environment are provided in Parts A, B, C and E of the Notes to the Financial Statements.
As already noted, when preparing the Annual Report for the year ended 31 December 2023, the Bank has no direct or indirect exposures to Russia.

Impairment tests

The Directors assessed all the Assets reported in the financial statements in order to identify any impairment.

Uncertainties associated with the use of estimates

The preparation of financial statements requires the use of estimates and assumptions which may significantly affect the amounts stated in the balance sheet and the income statement, as well as the information on contingent assets and liabilities recorded.
Such estimates require the use of available information and the adoption of subjective valuations, also based on the historical experience used to make reasonable assumptions for the recording of management operations.
The estimates and assumptions used may, by their very nature, vary from one financial period to the next. Therefore, the current amounts stated in the financial statements in the subsequent financial years might significantly differ as a result of changes in the subjective valuations used.

The main instances in which subjective valuations are used by the Board of Directors include:

- verification of compliance with requirements for the classification of financial assets in accounting portfolios that provide for the use of the amortised cost criterion (SPPI Test), with specific reference to performance of the benchmark test;
- the quantification of impairment losses on loans and, more generally, of the other financial assets;
- the determination of fair value of financial instruments to be used for reporting purposes;
- the use of valuation models for determining the fair value of financial instruments not listed in active markets;
- impairment test of goodwill and other intangible assets;
- the quantification of provisions for liabilities and charges;
- the estimates and assumptions on the recoverability of deferred tax assets.

The description of the accounting policies applied to the main financial statement aggregates provides the detailed information necessary for identifying the main assumptions and subjective assessments used in preparing the financial statements.

With specific reference to intangible assets, pursuant to IAS 38, the Bank has recognised intangible assets based on internally generated technology, intended to support the various business lines of the Bank and therefore capable of generating future economic benefits.

In compliance with the applicable accounting standard (IAS 38), research costs were recognised as incurred; conversely, the expenses incurred internally for the development of the related software projects were recognised, and therefore capitalised, in the balance sheet. No costs were capitalised during FY2024; therefore, the intangible assets recorded in the balance sheet refer to capitalisations made in previous years.

For further details on the breakdown and the carrying values of items calculated using estimates, please refer to the specific sections of the Notes to the financial statements.

Fair value hierarchy

"Policies and processes for the evaluation of corporate assets", prepared in accordance with IFRS 13, regulate the "fair value hierarchy" for the purpose of identifying the different fair value levels. These fair value measurement and classification methods are described in the Notes - Part A Accounting Policies of this Annual Report.

Internal Audit System

The controls required by the supervisory provisions are applied to all business processes, contributing to the formation of the Bank's internal audit system, which holds strategic importance.

The Bank is consistently committed to strengthening the control culture across all sectors of the organization, not only within specific control functions. The internal audit system, in compliance with supervisory regulations, is structured on principles that promote sound and prudent management. It is made up of rules, procedures, and organizational structures aimed at ensuring, on the one hand, compliance with business strategies and, on the other hand, the achievement of the following objectives:

- Containment of risk within the limits outlined in the RAF (Risk Appetite Framework), which represents the reference framework for determining the Bank's risk appetite;
- Effectiveness and efficiency of business processes (administrative, production, distribution, etc.);
- Safeguarding the value of assets and protection from losses;
- Reliability and integrity of business information and IT procedures;
- Compliance of operations with the law, supervisory regulations, as well as with company policies, regulations, and internal procedures.

Additionally, the internal control system aims to prevent the risk that the Bank may be involuntarily involved in illegal activities such as money laundering, usury, and financing terrorism.

The processes are subject to multiple controls according to coordinated verification plans and based on a system structured on three different levels:

- First-level controls, which are line controls performed by individual operating units;
- Second-level controls, which include:
  - Anti-money laundering controls, conducted by a specific organizational unit that checks compliance with legal and operational aspects of the anti-money laundering process or system for managing money laundering risks;
  - Compliance controls, carried out by the Compliance function to verify process compliance by comparing internal regulations with relevant external provisions and by comparing the activities actually undertaken with those foreseen by the internal provisions;
  - Risk controls, performed by the Risk Management function to ensure the detection, measurement, and evaluation of risks according to supervisory requirements, while also checking adherence to the limits set for individual risks (Risk Appetite Framework);
  - ICT risk controls, carried out by the external responsible for the ICT risk and security control function, to ensure the monitoring and control of ICT and security risks, as well as verifying the alignment of ICT operations with the ICT and security risk management system;
- Third-level controls, which include the internal audit activity performed by the Internal Audit function, an independent control unit that assesses the adequacy and effectiveness of first and second-level controls and, consequently, the overall internal control system.

Audit activities performed

In 2024, the second and third-level business control functions, as previously defined, carried out the planned control activities, summarized as follows.

The Risk Management function, on a quarterly basis, conducted checks on the Bank's exposure in terms of capital absorption for the following risks:

- Risks under the I Pillar (credit risk, market risk, and operational risk);
- “Measurable” risks under the II Pillar (concentration risk and interest rate risk).

Monthly quantitative analyses were also conducted on liquidity risk, although it does not yet involve capital absorption.

The above-mentioned verification activities were carried out considering both normal conditions and stress scenarios.

In this context, during the year, controls implemented the previous year continued, specifically:

- Operational risk controls, particularly related to non-credit disputes at the Bank;
- Checks on the performance and risk of the securities portfolio;
- Semi-annual controls on settlement risk aimed at assessing the impact of settlement processes on related risks (e.g., liquidity, operational risk, etc.).

Furthermore, the Risk Management function oversees the preparation of the ICAAP/ILAAP Structured Report, ensuring the application of methodologies for measuring, evaluating, and managing the Bank’s exposure to risks as required by current regulations. Details regarding the preparation of this report as of December 31, 2024, are described in the specific section titled “The ICAAP and ILAAP Process.”

- The activity carried out by the Compliance function concerned the following areas:
- Adequacy and effectiveness of business processes and procedures
- Specific compliance checks
- Consulting, assistance, and training
- Conflicts of interest
- Complaints

As part of the 2024 activity plan, the Anti-money laundering function carried out continuous control activities throughout the year aimed at preventing and combating money laundering and terrorism financing. Specifically, the activities were divided into areas of competence, namely:

- Adequacy and effectiveness of internal systems and procedures
- Consulting, assistance, and training
- Checks on the reliability of the information system

On one hand, the verification aimed to ensure the consistency of business procedures with the objectives of preventing and combating violations of external and internal regulations. On the other hand, checks were conducted regarding the observance of internal procedures and all regulatory obligations by Bank personnel, with particular focus on "active cooperation" and ongoing analysis of customer operations.

More specifically, controls were performed to verify compliance with the following obligations:

- Customer due diligence
- Recording and retention of information on relationships and transactions
- Reporting of aggregate data
- Objective STR (Suspicious Transaction Report) communications
- Detection, evaluation, and reporting of suspicious transactions
- Restrictions on the use of cash

To strengthen existing safeguards, additional controls were implemented. In February 2024, the IT system used for outsourcing was activated to generate automatic periodic evidence for specific transactions.

Specifically, periodic evidence is automatically generated based on specific checks conducted through the analysis of customer operations for the quarter, verifying that such operations are consistent with the characteristics of the subject type to which the customer belongs. Transactions are extracted for the relevant period based on the limits set for the subject type according to the SAE in the database.

Two parameters are considered for generating periodic evidence:

- The total amount moved during the reference period;
- The number of transactions/actions carried out during the reference period.

In 2024, further controls on specific risk areas and sectors were activated within the IT system used for outsourcing. These controls aim to monitor areas particularly exposed to the risks of money laundering and terrorism financing. Evidence analyses customer operations over a given period and is extracted based on specific indicators related to higher-risk elements:

- Subjective elements such as: subjects under suspicion, presence in bank investigations, presence on CRIME lists, etc.;
- Objective elements such as volume, transaction frequency, wire transfer reasons, discrepancies.

Finally, regarding the Internal Audit function, both process audit activities and control activities required by current regulations were carried out. Additionally, follow-up activities were performed to check the resolution of issues identified during the control activities.

Specifically, the process audits involved both banking and financial activities. In the banking sector, checks were performed on anti-money laundering, CAI (Customer Activity Information), and privacy, particularly focusing on tracking banking transactions.

Moreover, a verification was carried out on the Swift Self Attestation. This was followed by both remote and onsite controls on the operations of branches, financial advisors, and external collaborators.

In the financial sector, the audit activities covered various investment services offered by the Bank (proprietary trading, customer order execution, receipt and transmission of orders, placement of financial instruments).

For these processes, both regulatory aspects and the effectiveness and reliability of supporting IT systems were verified.

Additional audit activities, in line with current regulations, included the ICAAP/ILAAP process, liquidity management process, remuneration policies, management of transactions with related parties, operational continuity management, Risk Appetite Framework, and outsourced functions. An evaluation of second-level control functions was also performed, as well as verification of the flow related to the aggregated position for depositors (Single Customer View - SCV) to ensure compliance with applicable regulations.

The audits showed that most of the identified areas for improvement were addressed through corrective actions, ensuring adequate control over the risks the Bank is exposed to. Where solutions required longer timelines, specific action plans were defined, and follow-up will be conducted.

The ICT and security risk control function, as part of its monitoring activities, conducted a 2024 analysis of ICT risks and prepared a document reporting the evaluation of various ICT risks to which the Bank is exposed. The analysis considered both the Bank's perimeter and the external perimeter, considering reports provided by the IT outsourcer. This analysis also aimed at aligning with the new guidelines of the “Digital Operational Resilience Act” (DORA), applicable from January 17, 2025, in all EU member states.

Risk Management

Risk management is one of the areas where the Bank invests the most, knowing that the development of adequate control safeguards in the identified risk areas is the best guarantee for sound and prudent business management.

The Notes to the Financial Statements, Section E, summarizes the information on risks and related coverage policies. Additionally, it should be noted that for several years, the "Risk Management

Process" has been described in a specific document. This process is divided into the following activities:

1. Risk mapping
2. Protective measures
3. Risk assessment
4. Stress *testing*
5. Risk monitoring and reporting

Risk mapping

Through mapping, the Bank has identified the risks to which it is exposed. Based on the knowledge of the Bank's organisation, the market in which it operates, the regulatory framework, as well as the strategic and operational objectives and the related threats and opportunities, all the risks associated with providing both banking and financial services were identified, i.e.:

- *Credit risk (counterparty included)*
- *Market risk (associated with proprietary trading)*
  - Position risk
  - Settlement risk
  - Concentration risk
  - Exchange rate risk
- *Market risk (associated with trading on behalf of third parties)*
  - Settlement risk
  - Concentration risk
  - Counterparty risk
- *Operational risk*
  - Legal risk
  - Organisational risk
  - Risk linked to human resources
  - IT risk
  - Risk related to external events
- *Concentration risk*
- *Interest rate risk*
- *Liquidity risk*
- *Risk of conflict of interest with "Related Parties"*
- *Risk associated with equity investments*
- *Country risk*
- *Risk of excessive leverage*
- *Residual risk*

- *Strategic risk*
- *Reputational risk*
- *Anti-money laundering risk*
- *ESG Risks*
- Climate and environmental risks

Protective measures

Protective measures refer to the process of selecting and implementing the tools necessary to control, mitigate and, where possible, eliminate and/or transfer risks.
For each significant identified risk, the Bank has put in place related mitigating measures, in order to contain exposure to risk within the limits that meet sound and prudent management criteria.

Risk assessment

The risk assessment step is of crucial importance to preserve the Bank's asset and financial integrity and to implement corporate strategies, in order to establish the relative importance of all mapped risks and identify the most relevant ones.
This process involves the identification of "Typical Events" that are part of operating activities, and which may pose a threat to the Bank; this requires a "Probability - Impact Matrix" analysis and the assignment of a significance score to each of them.
Each score assesses a risk exposure through a qualitative scale (low/medium/high), enabling the definition of risk acceptance levels, and consequently, the corrective measures to be taken, if any.

Stress testing

This activity consists in carrying out stress tests designed to better assess the Bank's exposure to risks, the risk mitigating and monitoring systems and, where necessary, the Internal Capital adequacy.
Stress tests consist of quantitative and qualitative techniques by which we evaluate the Bank's vulnerability to exceptional but plausible events; this is made by assessing the effects on the Bank's risk of specific events (sensitivity analysis) or of concurrent changes in a set of economic and financial variables in the event of adverse scenarios (scenario analysis).

Risk monitoring and reporting

Monitoring aims to determine, for each significant risk identified, on the one hand, the effectiveness of the protective measures adopted by the Bank and, on the other, the long-term appropriateness of the limits set.
Thereafter, reporting activities are performed that describe the results of the checks carried out.
A control structure is in place to this end, which defines:

- those responsible for conducting the audits (first, second and third level controls);

- object and frequency of controls;
- control methods and tools;
- recipients of information flows.

Audit activities are carried out through integrated controls performed and differently organised according to the various levels within the Bank, in order to prevent multiple audits of operating units.

Any detected anomalies must be reported to the relevant Corporate Bodies along with any corrective actions to be undertaken.

The ICAAP and ILAAP process

The provisions on the prudential supervision of banks (Circular of Banca d'Italia no. 285 of 17 December 2013 as amended and supplemented), require the Bank to prepare the "ICAAP/ILAAP Report" at 31 December 2024, which was drawn up by the Bank in a timely manner.

The document is a documented self-assessment of the fundamental qualitative characteristics and results:

- for the ICAAP (Internal Capital Adequacy Assessment Process) - of the capital planning process, the overall exposure to risks and the consequent capital profile, both current and prospective, under normal and stressed conditions;
- for the ILAAP (Internal Liquidity Adequacy Assessment Process), of the liquidity risk governance and management system, the exposure to liquidity risk in terms of both the ability to raise funds in the market and available cash, the level of liquidity reserves and the financing sources and channels to be used.

Specifically, in the Reporting section dedicated to the ICAAP process, all risks, both "measurable" and "non-measurable", identified as a result of the mapping activity, were taken into account.

To determine the "internal capital" in relation to each of the "measurable" risks, the Bank measured its exposure to them. In this sense, as provided for banks belonging to Class 3 and in accordance with the principle of proportionality, the following techniques were deemed most appropriate and, therefore used as a reference:

- For Pillar I risks (credit, market and operating risks), the quantitative measurement techniques as provided for by regulations for capital requirements calculations, using the standardised approach;
- For Pillar II "measurable" risks (concentration and interest rate risks), the simplified quantitative measurement methods as provided for by the Supervisory regulations.

With reference to *market risk related to trading on behalf of third parties*, although no specific capital requirement is envisaged, the Bank uses special IT tools through which it can evaluate the exposure in question at all times.

With reference to excessive leverage risk, its quantitative assessment is carried out through the

"leverage ratio" indicator, which is the ratio between Tier 1 and total unweighted assets, the value of which is disclosed to the Supervisory Authority as part of the "Corep LR" disclosure.
In parallel, with reference to the other "non-measurable" risks (strategic, reputational, residual and anti-money laundering risks), which are difficult to quantify due to their intrinsic characteristics, the estimate of the bank's exposure is based on subjective assessments carried out on the basis of mainly qualitative methods defined in relation to the nature of each risk.
The assessment of the risk of conflict of interest with respect to "Related Parties", the risk associated with the acquisition of equity investments and country risk is performed by checking the effectiveness of the relevant protective measures put in place by the Bank.

To better assess its capital adequacy, the Bank has carried out stress tests that consist of testing the effects of specific events on the risks to which it is exposed. The Bank therefore performed sensitivity analyses aimed at verifying the impact on the bank's balance sheet of "extreme", yet plausible, changes in the following risks (individually assessed):

- Credit
- Concentration
- Interest rate
- Liquidity
- Own Funds
- *Leverage Ratio*

The methodological approach used for stress testing is based on the application of the stressed scenario to all balance sheet and income statement variables, and on the recalculation of the value of Own Funds and risks based on stressed data. More specifically, the adopted model allows for the application of the effects arising from changes in the main macroeconomic and financial variables and individual risk factors to the balance sheet data, income statement, and key risk metrics of the Bank at the considered maturities.
In line with supervisory regulations, the internal capital was calculated to cover the risks of the 1st Pillar and the measurable risks of the 2nd Pillar, for which capital absorption is required for regulatory purposes. These values served as the starting point for determining the "Total Internal Capital" with a building-block approach, consisting of algebraically summing the internal capital related to each type of risk.
Finally, a comparison was made between the Bank’s Own Funds and the various types of "Total Internal Capital" (both actual and forecast data, stressed and non-stressed) to verify its adequacy.
From this observation, it emerged that, in all analyzed situations, the capital ratios were adequate to cover the exposure to assumed risks, both under normal conditions and during stress situations, despite the presence of a limited margin of Own Funds relative to the minimum requirements set

by current regulations. For this reason, maintaining an adequate capital surplus relative to the minimum requirements is subject to continuous monitoring.

Regarding the ILAAP process, liquidity risk was measured and controlled both for the "short-term" and "structural" dimensions, under both "normal" and "stressed" conditions, although liquidity risk does not yet result in capital absorption.

Liquidity risk monitoring was conducted by:

1. Verifying the availability of "very short-term" (1 to 30 days) and "short-term" (up to 12 months) liquidity necessary for the Bank's operations, with daily and monthly frequency, respectively;
2. Monitoring, monthly, the compliance with operational limits for liquidity risk through the observation of "short-term" and "structural" early warning indicators;
3. Conducting monthly "stress tests";
4. Monitoring "systemic" and "specific" pre-alert indicators, with daily and monthly frequency, respectively.

From these control activities, it emerged that the Bank has the ability to face potential liquidity tensions—both "short-term" and "structural"—with its own "Liquidity Reserves."

Moreover, the analysis of the Bank's liquidity position under stress situations was conducted by continuously monitoring the evolution of the short-term "LCR" ("Liquidity Coverage Ratio") indicator throughout the year. This indicator consistently exceeded the minimum binding requirement set by regulations (100%).

To assess the impact of potential negative events on risk exposure and the adequacy of liquidity reserves from both a quantitative and qualitative perspective, additional stress tests were conducted on the regulatory LCR (Liquidity Coverage Ratio) indicator.

Specifically, the following scenarios were considered:

1. Market Crisis: A financial crisis external to the Bank is assumed, causing a general depreciation of the assets included in the Liquidity Buffer. Since the Liquidity Buffer is almost exclusively composed of Italian government bonds, a 5% value reduction is applied to this component of the securities. Additionally, due to the financial crisis, it is assumed that the utilization of credit lines granted will increase, along with higher outflows related to products and services offered to customers.
2. Idiosyncratic Crisis: A crisis directly impacting the Bank is assumed (such as one caused by a reputational event), leading to an increase in liquidity outflows due to withdrawals of customer deposits.
3. Considering the start of deposit collection activities via fintech platforms, where applicable, an early disinvestment of 50% of deposits collected through this channel is assumed.

Even after these stress scenarios, no breaches were detected regarding the minimum regulatory requirement.

Therefore, it can be concluded that the Bank can meet its liquidity needs through its own funding capacity, both in stress situations and in the event of an additional stress scenario beyond the requirements set by current regulations.

It should be noted that the quarterly control on the level of asset encumbrance and the AER (Asset Encumbrance Ratio) and EAER (Eligible Asset Encumbrance Ratio) indicators did not reveal any anomalies, and they were consistent with the operational limits defined by internal regulations.

Public Disclosure

According to supervisory regulations, capital adequacy, risk exposure and the general features of the systems used to identify, measure and manage those risks are to be disclosed by the Bank (i.e. Pillar III).

The document provides information about the level of business risk, the methods used by the Bank to quantify and manage its risks, in relation to the size of existing and future capital resources.

The public disclosure document required by the third pillar supervisory regulations will be published on the company's website (www.bancapromos.it) together with the financial statements for FY 2024.

Return on Assets indicator

Pursuant to Article 90 of Directive 2013/36/EU, or CRD IV, the Return on Assets indicator is shown below (Public Disclosure of return on Assets), calculated as the ratio of net profit to total assets[4], which was -1.5% as at 31 December 2024.

Events subsequent to 31 December 2024

In the period between the reporting date and the date of approval of these financial statements by the Board of Directors, no events occurred requiring changes to the data approved as such.

[4] Pursuant to Banca d'Italia Circular No. 262/2005, the items to be considered are "Total Assets" and item 300 "Profit/(Loss) for the year in the individual financial statements.

Business Outlook

In the World Economic Outlook published last January, global growth for 2025 is projected at 3.3%, essentially unchanged from the previous WEO published in October 2024, which is below the average for the period. The global economy is expected to remain stable, although the level of resilience varies significantly from country to country, and each forecast is cautiously referred to the short term, as it cannot disregard the international geopolitical tensions that continue to pose a source of uncertainty in development profiles. The International Monetary Fund (IMF), in fact, views growth as "divergent and uncertain."

Among advanced economies, the outlook seems positive for the United States, which, supported by strong domestic demand and favourable financial conditions, is expected to grow by 2.7%. Meanwhile, for the euro area, the IMF estimates a more moderate growth rate (+1%) and economic development in line with that observed in the previous year for other advanced economies and emerging markets.

In addition, in the short term, the projected growth could be affected by other factors such as an intensification of protectionist policies, inflationary dynamics, and the resulting monetary policy decisions.

Within the complexity of the global landscape outlined above, the first months of 2025 find our institution determined in pursuing the strategic objectives underlying the corporate transaction that, as noted, will enable, in addition to a capital strengthening, a diversification of the Bank's business model in order to ensure stable profit growth and a return to profitability. In parallel, the Bank will continue to support its current core business through the adoption of cautious and flexible trading strategies, capable of adjusting to changes dictated by the external market context in order to maximize profits. Furthermore, there will be an emphasis on consolidating existing commercial relationships with clients while also pursuing development strategies aimed at reaching new counterparts and countries.

Proposal to Approve the Financial Statements

Dear Shareholders, the financial statements that are submitted for your approval provide a clear, truthful and fair view of the Bank's financial position and performance.

We therefore ask you to approve the Financial Statements as at 31 December 2024 as prepared by the Board of Directors, together with the attached reports of the Independent Auditors, KPMG SpA, and the Statutory Auditors.

Therefore, the Shareholders' Meeting, after acknowledging the Balance Sheet, Income Statement, Statement of Comprehensive Income, statements of changes in Shareholders' Equity, Cash Flow Statement and the Notes, as well as the Directors’ Report, the Board of Statutory Auditors’ Report and the Independent Auditors’ Report, is called upon to resolve on the carry forward of the resulting loss amounting to €598,470 at 31 December 2024.

Acknowledgements

After presenting and commenting on the results for the 2024 financial year, we feel it is our duty to thank our Shareholders for their ongoing support, all of our clients for the trust they have renewed year after year, and each of the Bank's employees who, once again, have worked with dedication and professionalism, enabling us to face the challenging tasks of the past year.
We also thank the Board of Statutory Auditors and the auditing firm for competently performing their respective, sensitive duties, as well as the local branch of the Bank of Italy for its attentive and collaborative approach to following our activities.

The Board of Directors

Report of the Board of Statutory Auditors

(only in Italian)

BANCA PROMOS SOCIETA' PER AZIONI

Sede Legale: VIALE GRAMSCI 19 - NAPOLI (NA)
Iscritta al Registro Imprese della CCIAA DI NAPOLI
C.F. e numero iscrizione: 03321720637
Iscritta al R.E.A. della CCIAA DI NAPOLI n. 329424
Capitale Sociale sottoscritto €: 8.514.000,00 Interamente versato
Partita IVA: 04368171007

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEI SOCI IN OCCASIONE DELL'APPROVAZIONE DEL BILANCIO DI ESERCIZIO CHIUSO AL 31 DICEMBRE 2024 REDATTA AI SENSI DELL'ART. 2429, CO. 2, C.C.

Ai Soci della Società Banca Promos S.p.A.

Nel corso dell'esercizio chiuso al 31 dicembre 2024 la nostra attività è stata ispirata alle disposizioni di legge e alle Norme di comportamento del collegio sindacale di società non quotate emanate dal Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili.

Di tale attività e dei risultati conseguiti Vi portiamo a conoscenza con la presente relazione.

È stato sottoposto al Vostro esame il bilancio d'esercizio della Banca Promos S.p.A. al 31.12.2024, redatto in conformità alle norme italiane che ne disciplinano la redazione, che evidenzia un risultato d'esercizio di euro – 598.470. Il bilancio è stato messo a nostra disposizione con il nostro assenso, in deroga al termine di cui all'art. 2429 c.c.

Il Collegio sindacale non essendo incaricato della revisione legale, ha svolto sul bilancio le attività di vigilanza previste nella Norma 3.8. delle "Norme di comportamento del collegio sindacale di società non quotate" consistenti in un controllo sintetico complessivo volto a verificare che il bilancio sia stato correttamente redatto. La verifica della rispondenza ai dati contabili spetta, infatti, all'incaricato della revisione legale.

Il soggetto incaricato della revisione legale dei conti la società di revisione KPMG SPA ci ha consegnato la propria relazione datata 14 aprile 2025 contenente un giudizio senza modifica.

Da quanto riportato nella relazione del soggetto incaricato della revisione legale il bilancio d'esercizio al 31.12.2024 rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa della Vostra Società ed è stato redatto in conformità alla normativa che ne disciplina la redazione.

1) **Attività di vigilanza ai sensi degli artt. 2403 e ss. c.c.**

Abbiamo vigilato sull'osservanza della legge e dello statuto, sul rispetto dei principi di corretta amministrazione e, in particolare, sull'adeguatezza dell'assetto organizzativo, amministrativo e contabile adottato dalla società e sul suo concreto funzionamento.

Abbiamo partecipato alle assemblee dei soci e alle riunioni del consiglio di amministrazione e, sulla base delle informazioni disponibili, non abbiamo rilievi particolari da segnalare.

Abbiamo acquisito dall'organo di amministrazione con adeguato anticipo e anche durante le riunioni svolte, informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e, in base alle informazioni acquisite, non abbiamo osservazioni particolari da riferire.

Con il soggetto incaricato della revisione legale abbiamo scambiato tempestivamente dati e informazioni rilevanti per lo svolgimento della nostra attività di vigilanza.

Abbiamo acquisito informazioni dal preposto al sistema di controllo interno e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziate nella presente relazione

Abbiamo acquisito informazioni dall'organismo di vigilanza e non sono emerse criticità rispetto alla corretta attuazione del modello organizzativo che debbano essere evidenziate nella presente relazione

Abbiamo acquisito conoscenza e abbiamo vigilato sull'adeguatezza dell'assetto organizzativo, amministrativo e contabile e sul suo concreto funzionamento anche tramite la raccolta di informazioni dai responsabili delle funzioni e a tale riguardo non abbiamo osservazioni particolari da riferire.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni e l'esame dei documenti aziendali, e a tale riguardo, non abbiamo osservazioni particolari da riferire.

Non sono pervenute denunzie dai soci *ex* art. 2408 c.c. o *ex* art. 2409 c.c.

Non abbiamo presentato denunzia al tribunale *ex* art. 2409 c.c.

Non abbiamo effettuato segnalazioni all'organo di amministrazione ai sensi e per gli effetti di cui all'art. 15 d.l. n. 118/2021 o ai sensi e per gli effetti di cui all'art. 25-*octies* d.lgs. 12 gennaio 2019, n. 14. Non abbiamo ricevuto segnalazioni da parte dei creditori pubblici ai sensi e per gli effetti di cui art. 25-*novies* d.lgs. 12 gennaio 2019, n. 14, o ai sensi e per gli effetti di cui all'art. 30-*sexies* d.l. 6 novembre 2021, n. 152, convertito dalla legge 29 dicembre 2021, n. 233, e successive modificazioni.

Nel corso dell'esercizio non sono stati rilasciati dal Collegio sindacale pareri e osservazioni previsti dalla legge.

Nel corso dell'attività di vigilanza, come sopra descritta, l'Organo di Controllo è stato costantemente aggiornato, nell'ambito delle riunioni del C.d.A., tenutesi nell'esercizio appena concluso ed in questi primi mesi del 2025, sulle iniziative intraprese dalla Banca Promos circa l'ingresso di un nuovo socio nella compagine sociale.

Più in particolare, l'operazione di aumento di capitale, deliberata dall'Assemblea Straordinaria degli Azionisti in data 13 Novembre 2023, ha visto l'ingresso di un nuovo socio nella compagine sociale con l'apporto di un conferimento di complessivi euro 1.500.012. A seguito del perfezionamento dell'operazione, il Capitale Sociale della Banca è salito a complessivi euro 8.514.000, suddiviso in azioni ordinarie dal valore nominale di un euro, mentre la riserva patrimoniale Sovrapprezzi di emissione è risultata pari ad euro 1.796.924.

Nel contempo gli azionisti di maggioranza ed il nuovo azionista sono impegnati nella definizione di un'operazione societaria che prevede un incremento della quota di partecipazione acquisita dal nuovo socio, attualmente pari al 9,09%.

Alla data di redazione del presente bilancio si informa che sono in corso le attività di valutazione da parte delle competenti Autorità rientranti nell'iter del procedimento autorizzativo relativo all'acquisizione di una partecipazione qualificata da parte del nuovo socio

Osservazioni in ordine al bilancio d'esercizio

Da quanto riportato nella relazione del soggetto incaricato della revisione legale, "il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Banca Promos S.p.A. al 31.12.2024, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione".

Per quanto a nostra conoscenza, gli amministratori, nella redazione del bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, co. 5, c.c..

2) Osservazioni e proposte in ordine alla approvazione del bilancio

Considerando le risultanze dell'attività da noi svolta e il giudizio espresso nella relazione di revisione rilasciata dal soggetto incaricato della revisione legale dei conti, non rileviamo motivi ostativi all'approvazione, da parte dei soci, del bilancio d'esercizio chiuso al 31 dicembre 2024, così come redatto dagli amministratori.

Il Collegio sindacale concorda con la proposta di destinazione del risultato d'esercizio formulata dagli amministratori nella nota integrativa.

Napoli, 14.04.25 Il Collegio sindacale

Financial Statements

as at 31 December 2024

Translation from the Italian original which remains the definitive version.

The Financial Statements are the English translations of the Italian Financial Statements prepared for and used in Italy. The Financial Statements were prepared using International Financial reporting Standards (IAS/IFRS); therefore, they are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices other than IAS/IFRS.

Balance Sheet – Assets

(Amounts in Euros)

	Assets	2024	2023
10.	Cash and cash equivalents	21,727,073	16,768,033
20.	Financial assets measured at fair value through profit or loss	782,550	197,652
	a) financial assets held for trading	782,550	197,652
	b) financial assets designated at fair value	-	-
	c) other financial assets to be measured at fair value	-	-
30.	Financial assets measured at fair value through other comprehensive income	5,421	6,756
40.	Financial assets measured at amortised cost	10,662,862	24,210,994
	a) receivables from banks	2,761,640	9,457,601
	b) loans to customers	7,901,222	14,753,393
70.	Equity investments	45,000	45,000
80.	Tangible assets	4,814,531	4,946,065
90.	Intangible fixed assets	117,008	240,666
	of which: - goodwill	-	-
100.	Tax assets	1,173,036	1,204,235
	a) current	298,488	257,812
	b) prepaid	874,548	946,423
110.	Non-current assets and disposal groups	70,000	82,000
120	Other assets	472,113	1,304,956
	Total assets	**39,869,594**	**49,006,357**

Balance Sheet – Liabilities

(Amounts in Euros)

	Liabilities and shareholders' equity	2024	2023
10.	Financial liabilities measured at amortised cost	25,245,948	33,578,950
	a) payables to banks	1,019,614	4,025,367
	b) payables to customers	24,226,334	29,553,583
	c) outstanding securities	-	-
60.	Tax liabilities	-	-
	a) current	-	-
	b) deferred	-	-
80.	Other liabilities	1,092,537	2,827,575
90.	Employee severance indemnity	1,261,731	1,162,519
100.	Provisions for liabilities and charges:	13,955	2,848
	a) commitments and guarantees granted	13,955	2,848
	b) retirement and similar obligations	-	-
	c) other provisions for liabilities and charges	-	-
110.	Valuation reserves	-1,045,761	-1,024,440
140.	Reserves	3,588,730	4,332,940
150.	Share premium account	1,796,924	1,070,912
160.	Share capital	8,514,000	7,740,000
180.	Profit (loss) for the year (+/-)	-598,470	-684,947
	Total liabilities and shareholders' equity	**39,869,594**	**49,006,357**

Income Statement

(Amounts in Euros)

	Items	2024	2023
10.	Interest and similar income	1,086,165	1,123,054
	of which: interest income calculated using the effective interest method	1,016,088	1,076,874
20.	Interest and similar expenses	(567,790)	(726,715)
30.	**Net interest income**	**518,375**	**396,339**
40.	Commission income	253,269	266,863
50.	Commissions expense	(364,592)	(415,872)
60.	**Net commissions**	**(111,323)**	**(149,009)**
70.	Dividends and similar income	7	111
80.	Net income on trading activity	2,982,115	2,774,447
100.	Profits (losses) on disposal or repurchase of:	(10,641)	(1,803)
	a) financial assets measured at amortised cost	(10,641)	(3,411)
	b) financial assets measured at fair value through other comprehensive income	-	1,608
	c) financial liabilities	-	-
110.	Net income/loss on the other financial assets and liabilities measured at fair value through profit or loss	-	-
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	-
120.	**Brokerage margin**	**3,378,533**	**3,020,085**
130.	Net adjustments/write-backs for credit risk of:	46,735	121,061
	a) financial assets measured at amortised cost	46,735	118,718
	b) financial assets measured at fair value through other comprehensive income	-	2,343
140.	Profits / losses from contractual changes without derecognition	-	-
150.	**Net result of financial operations**	**3,425,268**	**3,141,146**
160.	Administrative expenses:	(3,791,777)	(3,765,044)
	a) personnel expenses	(2,348,041)	(2,266,580)
	b) other administrative expenses	(1,443,736)	(1,498,464)
170.	Net allocations to provisions for liabilities and charges	(11,107)	2,657
	a) commitments and guarantees granted	(11,107)	2,657
	b) other net allocations	-	-
180.	Net adjustments to/write-backs on tangible assets	(134,089)	(156,332)
190.	Net adjustments to/write-backs on intangible assets	(134,944)	(202,214)
200.	Other operating expenses/income	72,933	316,070
210.	**Operating costs**	**(3,998,984)**	**(3,804,863)**
220.	Profits (losses) on equity investments	-	(16,250)
250.	Profits (losses) on investment disposal	-	-
260.	**Pre-tax profit (loss) of current operations**	**(573,716)**	**(679,967)**
270.	Income taxes for the year on current operations	(24,754)	(4,980)
280.	**Profit (loss) of current operations, after taxes**	**(598,470)**	**(684,947)**
300.	**Profit (loss) for the year**	**(598,470)**	**(684,947)**

Statement of Comprehensive Income

(Amounts in Euros)

	Items	2024	2023
10.	**Profit (loss) for the year**	**(598,470)**	**(684,947)**
	Other income items – after taxes – not reversed to income statement		
20.	Equity securities measured at fair value through other comprehensive income	(1,215)	(750)
30.	Financial liabilities designated at fair value through profit or loss (changes of own creditworthiness):	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Tangible assets	-	-
60.	Intangible fixed assets	-	-
70.	Defined-benefit plans	(20,106)	(16,028)
80.	Non-current assets and disposal groups	-	-
90.	Share of valuation reserves for equity investments measured at equity	-	-
	Other income items – after taxes – reversed to income statement		
100.	Foreign investment hedging	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedging	-	-
130	Hedging instruments (items non designated)	-	-
140.	Financial assets (other than equity securities) carried at fair value through other comprehensive income:	-	1,213
150.	Non-current assets and disposal groups	-	
160.	Share of valuation reserves for equity investments measured at equity	-	
170.	**Total of other income items, after taxes**	**(21,321)**	**(15,565)**
180.	**Comprehensive income (Item 10+170)**	**(619,791)**	**(700,512)**

Changes in Shareholders' Equity 2024

(Amounts in Euros)

	At 31.12.2023	Change in opening balances	At 1.1.2024	Allocation of result from previous FY		Changes for the year								Shareholders' equity at 31.12.2024
						Changes	Operations on shareholders' equity						Total profitability Comprehensive FY2024	
				Reserves	Dividends and other allocations	in reserves	New shares issued	Treasury shares purchased	Dividend extraordinary payment	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:														
a) ordinary shares	7,740,000		7,740,000	-			774,000	-						**8,514,000**
b) other shares	-		-	-			-	-						**-**
Share premium account	1,070,912		1,070,912	-		-	726,012							**1,796,924**
Reserves:														
a) profits	4,332,940	-	4,332,940	-684,947		-	-59,263	-	-					**3,588,730**
b) other	-	-	-	-		-	-		-		-	-		**-**
Valuation reserves	-1,024,440	-	-1,024,440			-							-21,321	**-1,045,761**
Equity instruments	-		-							-				**-**
Treasury shares	-		-				-	-						**-**
Profit (loss) for the year	-684,947	-	-684,947	684,947	-								-598,470	-598,470
Shareholders' Equity	12,434,465	-	12,434,465	-	-	-	1,440,749	-	-	-	-	-	-619,791	**12,255,423**

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Changes in Shareholders' Equity 2023

(Amounts in Euros)

	At 31.12.2022	Change in opening balances	At 1.1.2023	Allocation of result from previous FY		Changes for the year								Shareholders' equity at 31.12.2023
						Changes	Operations on shareholders' equity						Total profitability Comprehensive FY2023	
				Reserves	Dividends and other allocations	in reserves	New shares issued	Treasury shares purchased	Dividend extraordinary payment	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:														
a) ordinary shares	7,740,000		7,740,000	-			-	-						**7,740,000**
b) other shares	-		-	-			-	-						**-**
Share premium account	1,070,912		1,070,912	-		-	-							**1,070,912**
Reserves:														
a) profits	4,400,177	-	4,400,177	-67,237		-	-	-	-					**4,332,940**
b) other	-	-	-	-		-	-		-		-	-		**-**
Valuation reserves	-1,008,875	-	-1,008,875			-							-15,565	**-1,024,440**
Equity instruments	-		-							-				**-**
Treasury shares	-		-				-	-						**-**
Profit (loss) for the year	-67,237	-	-67,237	67,237	-								-684,947	-684,947
Shareholders' Equity	12,134,977	-	12,134,977	-	-	-	-	-	-	-	-	-	-700,512	**11,434,465**

Cash Flow Statement

Indirect method

(Amounts in Euros)

A. OPERATIONS	Amount	
	2024	**2023**
1. Operations	**-227,768**	**-324,642**
- operating result (+/-)	-598,470	-684,947
- gains / losses on financial assets held for trading and on other financial assets / liabilities measured at fair value through profit or loss (- / +)	-3,311	-3,532
- capital gains/losses on hedging activities (-/+)	-	-
- Net value adjustments/reversals for credit risk (+/-)	-46,735	-121,061
- net value adjustments/reversals on tangible and intangible fixed assets (+/-)	269,033	358,546
- net allocations to provisions for liabilities and charges and other costs/revenue (+/-)	124,013	126,645
- outstanding taxes and tax credits (+/-)	24,754	4,980
- net value adjustments/reversals of discontinued operations, net of tax effect (+/-)	-	-
- other adjustments (+/-)	2,948	-5,273
2. Liquidity generated/absorbed by financial assets	**13,890,657**	**8,336,035**
- financial assets held for trading	-581,587	308
- financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
- financial assets measured at fair value through other comprehensive income	1,335	2,353,052
- financial assets measured at amortised cost	13,594,867	6,146,456
- other assets	876,042	-163,781
3. Liquidity generated/absorbed by financial liabilities	**-10,190,021**	**-8,664,475**
- financial liabilities measured at amortised cost	-8,333,002	-9,972,138
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	-1,857,019	1,307,663
Net liquidity generated/absorbed by operations	**3,472,868**	**-653,082**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**-**	**-**
- disposal of equity investments	-	-
- dividends collected on equity investments	-	-
- sale of tangible assets	-	-
- sale of intangible assets	-	-
- sale of business units	-	-
2. Liquidity absorbed by	**-13,840**	**-55,616**

- purchase of equity investments	-	-
- purchase of tangible assets	-2,555	-6,159
- purchase of intangible assets	-11,285	-49,457
- purchase of business units	-	-
Net liquidity generated/absorbed by investments	**-13,840**	**-55,616**
C. BORROWING ACTIVITIES		
- issue/purchase of treasury shares	1,500,012	-
- issue/purchase of equity instruments	-	-
- allocation of dividends and other aims	-	-
Net liquidity generated/absorbed by borrowing activities	1,500,012	-
NET LIQUIDITY GENERATED/ABSORBED IN THE FINANCIAL YEAR	**4,959,040**	**-708,698**

KEY: (+) generated; (-) absorbed

RECONCILIATION

Items	***Amount***	
	2024	**2023**
Opening cash and cash equivalents	**16,768,033**	**17,476,731**
Net total liquidity generated/absorbed during the financial year	**4,959,040**	**-708,698**
Cash and cash equivalents: effect of changes in exchange rates	**-**	**-**
Closing cash and cash equivalents	**21,727,073**	**16,768,033**

In line with the amendment to IAS 7, introduced by Regulation 1990 of 6 November 2017, we provide here below the information required by paragraph 44 B in order to measure the movements in liabilities arising from financing activities, relating to both changes deriving from cash flows or non-cash changes.

	A. Operating Activity - 3. Liquidity generated/absorbed by financial liabilities	**Amount 2024**
a)	change due to cash flows from financing activities	-8,333,002
b)	change due to control lost/acquired in subsidiaries or other companies	**-**
c)	change in fair value	**-**
d)	other changes	-1,857,019
Liquidity generated/absorbed by financial liabilities		**-10,190,021**

Notes

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PART A – ACCOUNTING POLICIES

A.1 - GENERAL SECTION

SECTION 1 – STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

These financial statements, pursuant to Legislative Decree no. 38 of 28 February 2005, were drafted in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and with the pertinent interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission in compliance with the EC Regulation no. 1606 dated 19 July 2002 – and in force at the reporting date.

The financial statements have been prepared by applying the IAS/IFRS standards as approved and in force at 31 December 2024.

In applying the IAS / IFRS, reference has been made to the "Framework for the preparation and presentation of financial statements" regarding the fundamental principle of the prevalence of substance over form, and the concept of relevance and materiality of information.

Banca d'Italia defines the schedules and drafting rules of financial statements in Circular No. 262 of 22 December 2005 "Banks' financial statements: schedules and drafting rules", as updated and supplemented. The eighth update of the aforementioned Circular, issued on 17 November 2022, is currently in force.

In drafting the financial statements, the documents on the adoption of IAS/IFRS in Italy prepared by the Italian Accounting Standard Body (OIC) and the Italian Banking Association (ABI) were also considered in terms of interpretation.

In the absence of a standard or interpretation that is specifically applicable to a particular transaction, the Bank uses the professional judgement of its departments in developing accounting policies that provide reliable financial information to ensure that the financial statements give a true and fair view of the financial position of the Bank and its results of operations, reflecting the economic substance of the transaction and the material aspects related to it.

In formulating these accounting rules, reference has been made as far as possible to the provisions of the International Accounting Standards and the related interpretations dealing with similar or comparable cases.

Lastly, the communications of the Supervisory Bodies (Banca d'Italia, Consob, ESMA, EBA, ECB) have been taken into account to the extent applicable; they provide recommendations on disclosures in the annual financial statements regarding key matters or the accounting treatment of specific transactions

SECTION 2 – GENERAL DRAFTING PRINCIPLES

The financial statements were drafted by applying the general principles of IAS 1 and the specific accounting standards endorsed by the European Commission and illustrated in part A.2 of these Notes, as well as in compliance with the general assumptions of the so-called Framework drafted by the IASB for financial statements' drafting and presentation.
There were no exceptions to the application of IAS/IFRS.

In accordance with art. 5 of Legislative Decree No. 38/2005, the financial statements are prepared using the Euro as reporting currency.

In preparing the financial statements, the formats and drafting rules referred to in Banca d'Italia Circular no. 262 of 22 December 2005, last update in force, were used.

For the 2024 financial year, despite the presence of controlling interests in the innovative start-up Promos Fintech Srl, the Bank did not prepare consolidated financial statements due to the negligible relevance of the newly established subsidiary both in terms of balance sheet and income statement. For further details, please refer to the specific paragraph 4.1 included in "A.1 - General Part - Other Aspects" of this Part A.

The Financial Statements drafted at 31 December 2024 are clear and provide a true and correct representation of Bank's balance sheet, financial position, economic result for the period and change in shareholders' equity.

The Financial Statements consist of Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' equity, Cash Flow Statement – drafted according to the indirect method – the Notes and the pertinent comparative information. They are also accompanied by the Directors' Report on the Bank's operations and situation.

In addition, the international accounting standard IAS 1 "Presentation of financial statements", requires the presentation of a "Comprehensive Income Statement", which includes, among other income components, also the changes in the value of the assets recorded in the period as contra-entry to equity. In line with the provisions of the aforementioned Banca d'Italia Circular No. 262 of 2005, as subsequently updated, the Bank has chosen - as permitted by the accounting standard in question - to present the Comprehensive Income Statement in two statements: a first statement that shows the traditional income statement components and the related result for the year, and a second statement that, starting from the latter, shows the items of other comprehensive income ("comprehensive income statement").

The Balance Sheet and Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity and the Cash Flow Statement are drawn up in euros, while the figures shown in the Notes are expressed in thousands of euros. Any differences found between the information provided in the Notes to the Financial Statements and the financial statements are rounding differences. Unless otherwise specified, the figures shown in the Report on Operations are expressed in thousands of euros.

The balance sheet and the income statement are made up of items, sub-items and additional information details. Items with a nil value both in the current and previous year are not reported.

In the Income Statement and in the relevant section of the Notes, revenues are shown without a sign, while costs are shown in brackets. In comprehensive income, negative figures are indicated in brackets.

Moreover, the Directors' Report and the Notes provide the information required by international accounting standards, the Laws, Banca d'Italia and the National Commission for Companies and the Stock Exchange (Consob) in addition to such supplementary information as is deemed appropriate to provide a complete representation of financial statement data, although not specifically required by law.

The financial statements as at 31 December 2024 were drawn up according to the assumption of the Bank's business continuity as the directors have the reasonable expectation that the Bank will continue to operate in the foreseeable future. Conditions on financial markets and in the real economy and the still uncertain forecasts for the short / medium term require especially accurate assessments whether the going concern assumption is satisfied, as the Bank's historic results and its easy access to financial resources may not be sufficient in the current environment. The directors believe that the risks and uncertainties to which the Bank may be exposed are not significant and are therefore not such as to cast doubts on the Bank's ability to continue as a going concern, while considering the current macroeconomic context characterized by various factors, such as inflation, higher interest rates, geopolitical risks as well as the related uncertainties that impact future developments.

Furthermore, the financial statements are in accordance with the general drafting standards, where applicable:

- Principle of truth, fairness and completeness in the presentation of the financial position and performance ("*true and fair view*");
- Accrual accounting standard;
- Principle of consistency of presentation and classification from one financial year to another (comparability);
- Principle of non-offsetting of items, save as expressly permitted;
- Principle of the prevalence of economic substance over legal form;
- Principle of prudence in exercising the necessary judgement when making estimates under uncertain conditions, so that assets or revenues are not overestimated and liabilities or costs are not underestimated, without this leading to the formation of hidden reserves or excessive provisions;
- Principle of information neutrality;
- Principle of relevance/materiality of information.

Lastly, with reference to the main implications on the application the international accounting standards (in particular IFRS 9) within the current macroeconomic context characterised by the geopolitical, reference should be made to the specific paragraph 4.6 “Risks, uncertainties, impacts and methods of application of the international accounting standards in the current macroeconomic context”, included in Section 4 "Other aspects" of this Part A.

In 2024 there weren’t any changes in estimate criteria compared to those applied in drafting the Financial Statements as at December 2023 except for those reported in section “Other aspects” in section 4.6 in relation to the evaluation of loans to customers within the current macroeconomic context.

SECTION 3 – EVENTS SUBSEQUENT TO THE REPORTING PERIOD

In the period between the reporting date and the date of approval of these financial statements by the Board of Directors, no events occurred requiring changes to the data approved at such nor did any significant event occurred requiring the disclosure of additional information.

SECTION 4 – OTHER ASPECTS

4.1 – Consolidated financial statements

For the 2024 financial year, despite the presence of controlling in the innovative start-up Promos Fintech Srl, the Bank did not prepare consolidated financial statements due to the negligible relevance of the newly established subsidiary both in terms of balance sheet and income statement.
In this regard, it should be noted that the application of International Accounting Standards must be read with reference to the "Framework for the preparation and presentation of the financial statements" (Framework) which, in paragraphs 26 to 30, refers to the concepts of relevance and materiality of information. In particular, paragraph 26 states that *"Information has the quality of relevance when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluations."* Paragraph 29 establishes that “*The relevance of information is affected by its nature and materiality*” Finally, paragraph 30 specifies that materiality *" provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful".* In this sense, it is one of the prerogatives of the directors to set this cut-off point or threshold.

In addition, in accordance with IAS 27, for the investment in the subsidiary Promos Fintech Srl, the equity method is used as a measurement criterion to be adopted in the bank's financial statements.

Accordingly, and to ensure consistency with the current regime of exemption from supervisory reports on a consolidated basis, according to article 19, paragraph 1 of Regulation (EU) no.575/2013 (“CRR”), the Bank did not prepare consolidated financial statements, as the alignment (consolidation according to the equity method) between the value of the investment recorded in the financial statements and the value of the shareholders' equity of the subsidiary Promos Fintech srl, which was €15 thousand at 31 December 2023, is already ensured in the individual financial statements of the parent company. The subsidiary’s total balance sheet is lower than the thresholds set by the supervisory instructions for consolidated reports (balance sheet assets less than €10 million).

On the basis of the above, pursuant to Circular No. 115 of 7 August 1990, on 18 December 2020, the Bank informed the Supervisory Board that Promos Bank will not submit the consolidated supervisory reporting until it exceeds the thresholds set forth in the aforementioned Article 19 CRR.

The subsidiaries’ financial statements are attached to the Bank's financial statements.

4.2 *Accounting standards: amendments and IFRS interpretations effective from 1 January 2024*

The following IFRS accounting standards, amendments, and interpretations were applied for the first time by the Bank starting from January 1, 2024:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, which clarify the subsequent measurement by a seller-lessee of sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale;
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants, which clarify how conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, introducing new quantitative and qualitative disclosure requirements related to supplier financing arrangements.

The above amendments had no impact on the Bank’s financial position or performance as of December 31, 2024.

4.3 Endorsed accounting standards that will become effective after 31 December 2024

Below are the accounting standards, interpretations, or amendments to existing standards that will become effective after December 31, 2024:

- Amendments to IAS 21: "Lack of Exchangeability", which clarify when a currency is not exchangeable into another, how to estimate the exchange rate, and the related disclosure requirements in the notes to the financial statements.

The directors do not expect the adoption of the above-mentioned standards and amendments to have a significant impact on the Bank’s financial position or performance.

4.4 International accounting standards not yet endorsed that will become effective over the next FYs

For the following accounting standards affected by amendments, endorsement by the European Commission has not yet taken place:

- IFRS 18 “Presentation and Disclosure in Financial Statements”, which will replace IAS 1, aims to provide investors with more transparent and comparable information on companies’ financial performance, thereby facilitating investment decisions.

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”, which allows subsidiaries without public accountability that apply IFRS standards to provide reduced disclosures in their financial statements.

- Amendments to IFRS 7 and IFRS 9: “Amendments to the Classification and Measurement of Financial Instruments”, which mainly concern the rules for settling financial liabilities through the use of electronic payment systems. The amendments also aim to reassess the evaluation of contractual cash flow characteristics of financial assets, including those related to environmental, social, and governance (ESG) considerations.

The directors do not expect the adoption of the above-mentioned standards and amendments to have a significant impact on the Bank’s financial position or performance.

4.5 Use of estimates and assumptions in preparing the financial statements

The preparation of financial statements requires the use of estimates and assumptions which may significantly affect the amounts stated in the balance sheet and the income statement, as well as the information on contingent assets and liabilities recorded.

The estimate processes are based on previous experience and on other factors considered reasonable in the relevant cases, in order to estimate the book value of assets and liabilities that cannot readily be deduced from other sources. In particular, estimation processes were adopted to support the carrying amount of some of the most significant valuation items recorded in the accounts as required by the applicable regulations. These processes are largely based on estimates of the future recoverability of carrying amounts and have been performed on a going concern basis.

Such estimates require the use of available information and the adoption of subjective valuations, also based on the historical experience used to make reasonable assumptions for the recording of management operations.

The estimates and assumptions used may, by their very nature, vary from one financial period to the next. Therefore, the current amounts stated in the financial statements in the subsequent financial years might significantly differ as a result of changes in the subjective valuations used.

The main instances in which subjective valuations are used by the Board of Directors include:

- verification of compliance with requirements for the classification of financial assets in accounting portfolios that provide for the use of the amortised cost criterion (SPPI Test), with specific reference to performance of the benchmark test;
- the quantification of impairment losses on loans and, more generally, of the other financial assets;
- the determination of fair value of financial instruments to be used for reporting purposes;
- the use of valuation models for determining the fair value of financial instruments not listed in active markets;
- impairment test of goodwill and other intangible assets;
- measuring reserves for personnel and provisions for liabilities and charges;
- the estimates and assumptions on the recoverability of deferred tax assets.

As part of its policies for managing loans to customers, the Bank has adopted processes and methods for monitoring the progress of relationships which have led, among other things, to the classification of exposures into homogeneous risk categories. For the purposes of determining the recoverable value of impaired loans to customers, the Bank, within the scope of its classification and assessment policies, has used valuation methods and processes characterised by subjective elements and estimation processes, subject to risks and uncertainties, of some variables, mainly such as expected cash flows, expected recovery times and the estimated realisable value of the guarantees, if any, the modification of which may entail a change in recoverable value; this calculation is based on the information available as at the valuation date.

These processes supported the book values as at the date of preparation of these financial statements. The measurement process, as in the previous year, continues to be complex in view of persistent uncertainties in the macroeconomic environment and the market, characterized both by significant volatility of the financial parameters crucial for valuation purposes and by a progressive stabilization of interest rates and the level of inflation. At present, there have not yet been significant indicators of deterioration in credit quality. These parameters and the information used to verify the aforementioned values are therefore significantly influenced by these factors, the latter not being under the Bank’s control, which may be subject to swift and unforeseeable changes.

The description of the accounting policies applied to the main financial statement aggregates provides the detailed information necessary for identifying the main assumptions and subjective assessments used in preparing the financial statements.

With specific reference to intangible assets, pursuant to IAS 38 the Bank has recognized intangible assets based on internally generated technology, intended to support the various business lines of the Bank and therefore capable of generating future economic benefits.

In compliance with the applicable accounting standard (IAS 38) research costs were recognized as incurred; conversely, the expenses incurred internally for the development of the related software projects were recognized, and therefore capitalized in the balance sheet. In particular, no costs were capitalized during FY2024; the intangible assets recorded in the balance sheet refer to capitalizations made in previous years.

For further details on the breakdown and the carrying values of items calculated using estimates, please refer to the specific sections of the Notes to the financial statements.

4.6 Risks, uncertainties, impacts and methods of application of the international accounting standards in the current macroeconomic context

With regard to the guidance and guidelines issued by European regulatory and supervisory bodies, as well as standard setters, among the most recent significant publications is the public statement issued by ESMA on October 24, 2024, titled *"European common enforcement priorities for 2024 corporate reporting"*. The statement reiterates the importance of climate-related issues—already present in previous publications—and provides recommendations on certain aspects of sustainability reporting. ESMA particularly emphasizes the importance of consistency and connectivity between the information on climate-related risks and opportunities disclosed in financial statements and that included in sustainability reporting.

In 2024, uncertainties persist due to ongoing geopolitical tensions. In such a context of instability, interest rates remain at restrictive levels, despite the 25 basis point cuts made by the European Central Bank during the year, aimed at containing inflation. The restrictive policies pursued by the ECB, with the primary objective of bringing inflation back to the 2% target, have partially constrained the growth path of both the Euro area and Italy, with potential direct and indirect impacts on credit risk, particularly in the context of debt servicing by businesses and households.

In the last quarter of 2024, an additional layer of complexity has emerged due to the expected sharp decline in car sales across the European automotive sector. This trend is linked to growing competition and the planned phase-out of internal combustion engines for new vehicles starting in 2035.

In this context, the Bank has adopted a conservative risk management approach, continuing to implement enhanced safeguards and processes, as it has done over the previous two years.

The Bank has remained highly attentive to the emergence of potential vulnerabilities and new risk factors in the area of credit risk. As a result, it has launched important initiatives aimed on the one hand at identifying possible direct impacts on risk factors related to exposures, and on the other at incorporating the most updated macroeconomic expectations.

From a macroeconomic perspective, after having essentially stagnated throughout 2023, economic activity in the Euro area showed growth during 2024. In fact, the ECB published its regular macroeconomic bulletin in December 2024, presenting GDP growth forecasts that are less optimistic than those issued in September. For the 2025–2027 period, economic growth is expected to be +1.1%, +1.4%, and +1.3%, respectively, with year-end 2024 growth projected at +0.7%. The possibility of short-term weakness is attributed to the manufacturing and services sectors, which are showing signs of strain, particularly among SMEs. In the longer term, however, a reversal of this trend may occur, supported by a potential recovery in household consumption and stronger external demand.

Similar macroeconomic trends can also be observed in the Italian economy. In particular, the Bank of Italy published its GDP growth forecast in December 2024, showing a projected economic growth for the 2025–2027 period of +0.8%, +1.1%, and +0.9%, respectively.

Concerning the preparation of the Disclosure of the financial statements as at 31 December 2024, the Bank continued to adopt the guidelines and recommendations issued by the aforementioned European regulatory and supervisory bodies and standard setters, while at the same time taking into account the residual support measures put in place by the Government in favour of households and businesses when assessing its relevant business activities.

Lastly, the Bank's management paid special attention, as usual, to the causes of uncertainty affecting the estimates involved in the process of quantifying certain asset and liability items in the balance sheet. Due to the effects of the evolution of the current macroeconomic scenario deriving from international tensions, the main areas of uncertainty regarding estimates include credit losses, the fair value of financial instruments, and income taxes.

The main financial statements areas most affected by the effects of this macroeconomic context and the related accounting choices made by the Bank as at 31 December 2024 are set out below.

Classification and measurement of loans to customers based on the general IFRS 9 impairment model

For the purpose of calculating expected credit loss as of December 31, 2024, the Bank has incorporated into its IFRS 9 impairment model, in accordance with the requirements of the standard, macroeconomic scenarios that reflect the ongoing effects of geopolitical crises, as well as uncertainty regarding expectations for the European Central Bank's monetary policy. These factors significantly affect growth forecasts, key macroeconomic indicators, and financial ratios for the 2025–2027 period, compared to previous expectations.

To determine the IFRS 9 impairment adjustments on the customer loan portfolio as of December 31, 2024, the Bank adopted a **conservative approach**—in any case fully compliant with IAS/IFRS accounting standards and consistent with the macroeconomic and financial environment that emerged in 2024, as described in the previous paragraph. In this context of uncertainty, the Bank deemed it appropriate to reflect in its credit assessments the forward-looking impacts of the aforementioned events, which could potentially lead to an increase in default rates.

For the purpose of calculating expected credit loss as of December 31, 2024, the Bank used **four scenarios** (“mild,” “baseline,” “plausible adverse,” and “severe adverse”), appropriately averaging their respective contributions, in line with macroeconomic projections that still reflect a highly variable future outlook. The scenarios used were those provided by the information provider **Prometeia**, including the related probabilities of occurrence, in accordance with a scenario generation system that also takes into account publications by major forecasting institutions as well as releases from supervisory authorities, without any internal adjustments.

The historical series used to calibrate all parameters of the IFRS 9 model were updated to the latest available data as of **September 2024**, and the macroeconomic scenarios were updated in **October 2024**, with the forward-looking first quarter being **December 2024**. While the updated macroeconomic scenarios continue to confirm a growth trend for the 2024–2026 period, they still negatively affect the Bank's short-term risk factor forecasts—though less severely than in previous projections.

Securities measured at fair value

The Bank's securities portfolio at fair value consists mainly of listed government and banking securities with a fair value level 1.

The remaining investments in unlisted non-controlling interests included in the portfolio of financial assets measured at fair value through other comprehensive income were subject to valuation at 31 December 2024. For additional details, see the relevant tables in the Notes.

4.7 Statutory audit of the accounts

The financial statements are audited by KPMG S.p.A., in application of the Shareholders’ Meeting Resolution of 30/04/2019, which appointed the mentioned firm as independent auditors for the years 2019-2027.

4.8 Tax credit for research and development

As part of the activities related to the management of projects that have entered production, during 2024 the Bank's Research and Development Laboratory continued enhancement activities on the underlying IT platforms, with the aim of ensuring their ongoing optimization.

These activities are part of the continuous improvement process, an ongoing effort carried out by the Research and Development Laboratory in order to: i) analyze the performance of completed projects, ii) identify opportunities, and iii) refine and/or evolve the developed IT solutions to the desired level through the implementation and release of updates.

In this regard, it should be noted that the software implementations resulting from this process do not meet the criteria set out in the Oslo and Frascati Manuals, the primary international references for definitions and methodologies in the fields of research, development, and innovation.

Given the lack of eligibility conditions, the Bank therefore did not recognize any tax credit for research and development investments.

Lastly, it should be noted that no new projects falling under the Bank's internal research, development, and innovation strategy were initiated during the year under review.

The table below shows the remaining recognized tax credit amount and the offsets applied during 2024:

CATEGORY TAX CREDIT	At 31.12.2023	Tax credit recognised in 2024	2024 Set-offs	At 31.12.2024
Research and Development (Paragraph 200 Article 1 Law No. 160 of 27 December 2019)	147	-	138	9
IT for Digital Innovation 4.0	73	-	7	66

In addition, the tax credit utilisation schedule is presented herein:

	Tax Credit at 31.12.2024	**FINANCIAL DISTRIBUTION OF THE TAX CREDIT**		
YEAR		**2025**	**2026**	
R&S 2022	24	24	-	
Innovation 2022	24	24	-	
R&S 2023	27	14	13	
OVERALL TOTAL	**75**	**62**	**13**	

4.9 Capital strengthening and Partnership Transaction

As previously disclosed in the 2023 Financial Statements, the closing of the capital strengthening plan through the issuance of new shares took place in March 2024. This initiative was defined within the framework of the strategic actions approved by the Bank's Board of Directors.
More specifically, the capital increase transaction, approved by the Extraordinary Shareholders' Meeting on November 13, 2023, resulted in the entry of a new shareholder into the Bank's ownership structure through a total capital contribution of €1,500,012.
Following the completion of the transaction, the Bank's share capital increased to €8,514,000, divided into ordinary shares with a nominal value of one euro each, while the share premium reserve amounted to €1,796,924.

In line with the information previously provided in the Financial Statements, it is also noted that the Bank and the new shareholder are engaged in defining a corporate transaction aimed at increasing the stake currently held by the new shareholder, which presently stands at 9.09%.
From a strategic standpoint, the transaction will allow the Bank to diversify its business model by entering new market segments—such as Factoring and Structured Finance—with the goal of complementing the Bank's existing expertise with new business lines capable of generating revenue growth and strengthening the Bank's profitability.
It is worth noting that the closing of the acquisition of a qualified equity interest is subject to the satisfaction of certain conditions, including the issuance of all necessary regulatory approvals by the competent Authorities.

As of the date of these financial statements, the evaluation process by the relevant Authorities is underway as part of the authorization procedure for the acquisition of a qualified holding by the new shareholder.

A.2 - MAIN ITEMS OF THE FINANCIAL STATEMENTS

The accounting standards adopted in the preparation of these Financial Statements are indicated below.

1 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Classification criteria

This category includes all financial assets that are not classified as financial assets at fair value through comprehensive income or as financial assets measured at amortised cost.

Specifically, financial assets at fair value through profit or loss include:

- financial assets which, according to the Bank's *Business Model*, are held for trading purposes, i.e. debt and equity securities (therefore, these assets are not held according to a business model aimed at the collection of contractual cash flows - "Hold to Collect" *Business Model* - or at the collection of contractual cash flows combined with the sale of financial assets - "Hold to Collect and Sell" *Business Model*) and the positive value of derivative contracts held for trading. These assets are included in the balance sheet asset item "20. Financial assets measured at fair value through profit or loss" sub-item "a) financial assets held for trading";
- financial assets designated at *fair value,* i.e. financial assets thus defined upon initial recognition where the conditions are met. In cases of this kind, upon recognition an entity may irrevocably designate a financial asset as at fair value through profit or loss if, and only if, so doing eliminates or significantly reduces a measurement or recognition inconsistency. These assets are included in the balance sheet asset item "20. Financial assets measured at fair value through profit or loss" sub-item "b) financial assets assets designated at fair value";
- financial assets mandatorily measured at fair value, consisting of financial assets that do not meet the requirements for valuation at amortised cost or at fair value through other comprehensive income. These are financial assets with contractual terms that do not exclusively provide for principal repayment and payment of interest on outstanding principal ("SPPI test" not passed) or which are not held under a business model aimed at holding assets for the purpose of collecting contractual cash flows ("Hold to Collect" Business Model) or whose objective is achieved both by collecting the contractual cash flows and by selling financial assets ("Hold to Collect and Sell" Business Model). These assets are included in the balance sheet asset item "20. Financial assets measured at fair value through profit or loss" sub-item "c) other financial assets mandatorily measured at fair value".

Therefore, this item includes:

- debt securities and loans included in a Other/Trading *Business Model* (which, therefore cannot be included in a "Hold to Collect" or "Hold to Collect and Sell" *Business Model*) or which did not pass the *SPPI Test*;
- capital instruments, which cannot be qualified as interests in subsidiaries, associates or jointly controlled entities, that are held for trading or for which designation at fair value through other comprehensive income was not opted for upon initial recognition. Under IFRS 9, upon initial recognition an entity may exercise the irreversible option (the 'OCI option') to recognise an equity security at fair value through other comprehensive income;
- UCIT units;

The item also includes derivative contracts held for trading, reported as assets if their fair value is positive and as liabilities if their fair value is negative. The offsetting of current positive and negative amounts resulting from existing transactions with the same counterparty is possible only if there is a legal right to offsetting the amounts recognized in the accounts and the positions being netted are to be settled on a net basis.

According to the general rules established by IFRS 9 regarding the reclassification of financial assets (with the exception of equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not allowed unless the entity changes its business model for the management of financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category of measured at fair value through profit or loss into one of the other two categories required by IFRS 9 (Financial assets measured at amortized cost or Financial assets measured at fair value through other comprehensive income). They are transferred at their fair value at the time of reclassification and the effects of the reclassification apply prospectively starting as of the reclassification date. In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the reclassification date and this date is considered as the initial recognition date for the allocation in the various stages of credit risk (stage assignment) for the purposes of impairment.

Recognition criteria

Financial assets are initially recognised at the settlement date for debt and equity instruments, at the disbursement date for loans and at the subscription date for derivative financial instruments.

On initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or gains directly attributable to the instrument itself, recognised directly in the Income Statement.

Measurement criteria

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value and changes are recognised in profit or loss. If the *fair value* of a financial asset becomes negative, this item is accounted for as a financial liability. The change in fair value of derivative contracts with a 'customer' counterparty takes their credit risk into account.

For more information on how *fair value* is calculated, see Section A.4 Fair Value Reporting of this part A.2.

Derecognition criteria

Financial assets measured at fair value through profit or loss are derecognised only when the dismissal entailed the transfer of all the risks and benefits associated with the assets. Vice versa, if a relevant share of the risks and benefits related to the financial assets sold is retained, the financial assets continue to be recognised in the financial statements, even though their legal title has actually been transferred.

When it is not possible to ascertain the substantial transfer of the risks and benefits, financial assets are derecognised, provided that the bank has not retained any control over them. Otherwise, when even partial control is retained, assets continue to be recognised in the financial statements to the extent of their residual involvement, which is measured through the bank's exposure to changes in the value of the assets sold and to changes in the related cash flows.

Lastly, transferred financial assets are derecognised when the contractual rights to the related cash flows are retained but at the same time a contractual obligation to pay precisely those cash flows, without a significant delay to third parties is assumed.

Recognition criteria of Income Statement items

The positive components of income consisting of interest income on securities and related income, as well as the differentials and margins accrued up to the reporting date, relating to derivative contracts classified in the item, but operationally linked to financial assets or liabilities measured at fair value (Fair Value Option), are recorded on an accrual basis in the interest items of the Income Statement.

The profits and losses on sale or reimbursement and unrealized profits and losses arising from changes in the fair value of the trading portfolio are classified in the Income Statement, in the item “80.Net income from trading activities for instruments held for trading” and in the item "110.Net income from other financial assets and liabilities at fair value through profit or loss” for instruments mandatorily at fair value and for instruments designated at fair value.

2 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Classification criteria

Assets measured at fair value through other comprehensive income include assets jointly satisfying the following conditions:

- the financial asset is held according to a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of the asset ("Hold to Collect and Sell" Business Model), and
- the contractual terms of the financial asset envisage cash flows on certain dates consisting solely of payments of principal and of interest on the outstanding principal ("SPPI test" passed).

The item also includes equity instruments, not held for trading, for which the option for designation at fair value through other comprehensive income was exercised upon initial recognition.

Therefore, this item includes:

- debt securities that fall within a "Hold to Collect and Sell" *Business Model* and have passed the *SPPI Test*;
- equity interests, not classified as interests in subsidiaries, associates or jointly controlled entities, which are not held for trading, for which the option for designation at fair value through other comprehensive income has been exercised;
- loans that fall within a "Hold to Collect and Sell" *Business Model* and have passed the *SPPI Test*;

According to the general rules established by IFRS 9 regarding the reclassification of financial assets (with the exception of equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not allowed unless the entity changes its business model for the management of financial assets.
In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category of measured at fair value through other comprehensive income into one of the other two categories required by IFRS 9 (Financial assets measured at amortized cost or Financial assets measured at fair value through profit or loss). They are transferred at their fair value at the time of reclassification and the effects of the reclassification apply prospectively starting as of the reclassification date. In the event of reclassification from the category in question to that of amortized cost, the accumulated profit (loss) recognized in the valuation reserve is used to adjust the fair value of the financial asset at the reclassification date. Conversely, in the event of reclassification into the category of fair value through profit or loss, the cumulative profit (loss) previously recognized in the valuation reserve is reclassified from equity to profit (loss) for the year.

Recognition criteria

Financial assets are initially recognised at the settling date for debt and equity instruments and at the disbursement date for loans.

Upon initial recognition, assets are stated at fair value, including transaction costs or income directly attributable to the instrument.

Measurement criteria

After initial recognition, assets measured at fair value through other comprehensive income other than equity securities, are measured at fair value with recognition in profit or loss of a) the impacts deriving from the amortised cost application, b) the effects of impairment and c) any exchange effect, while the gains or losses due to a change in fair value are recognised in a specific equity reserve until the financial asset is derecognised. At the time of partial or total disposal, the profit or loss accrued in the valuation reserve is reversed, wholly or in part, to the income statement (so-called recycling).

The equity instruments for which the entity opted for classification in this category are measured at fair value and the amounts recognized as contra entry in shareholders' equity (Statement of comprehensive income) must not subsequently be transferred to the income statement, including upon disposal (so-called *no recycling*). Dividends are the only element pertaining to the equity securities in question that is recorded in the income statement.

For equity securities not listed on an active market and included in this category, cost is used as a criterion for estimating *fair value,* only on a residual basis and in limited circumstances. For more information on how *fair value* is calculated, see Section A.4 Fair Value Reporting of this part A.2.

It should also be noted that "Financial assets measured at fair value through profit or loss", both in the form of debt securities and loans and receivables, are subject to impairment test pursuant to IFRS 9, just like Assets at amortized cost. Therefore, for the aforementioned instruments a value adjustment will be recognized in the Income Statement to cover the expected losses. The estimate of the expected loss through the Expected Credit Loss (ECL) approach is carried out on the basis of the allocation of each relationship in the three reference stages as explained in more detail in the paragraph *"Impairment losses on financial assets".*

Equity instruments are not tested for impairment.

Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognised only when the dismissal entailed the transfer of all the risks and benefits associated with the assets. Vice versa, if a relevant share of the risks and benefits related to the financial assets sold is retained, the financial assets continue to be recognised in the financial statements, even though their legal title has actually been transferred.

When it is not possible to ascertain the substantial transfer of the risks and benefits, financial assets are derecognised, provided that the bank has not retained any control over them. Otherwise, when even partial control is retained, assets continue to be recognised in the financial statements to the extent of their residual involvement, which is measured through the bank's exposure to changes in the value of the assets sold and to changes in the related cash flows.

Lastly, transferred financial assets are derecognised when the contractual rights to the related cash flows are retained but at the same time a contractual obligation to pay precisely those cash flows, without a significant delay to third parties is assumed.

Recognition criteria of Income Statement items

Interest income on debt securities, loans and receivables - calculated using the effective interest rate - is recognized in the income statement on an accrual basis. For these instruments, the effects of impairment and any changes in exchange rates are also recognized in the income statement, while other gains or losses arising from fair value changes are recognized in a specific equity reserve.

For debt securities only, at the time of partial or total disposal, the profit or loss accrued in the valuation reserve is reversed, wholly or in part, to the income statement (“recycling”).

With respect to equity instruments, dividends are the only component to be recognized in the income statement. Dividends are recognized in the income statement only when (par. 5.7.1A of IFRS 9):

- the entity's right to receive payment of the dividends is established;
- it is likely that the economic benefits attributable to the dividend will flow to the entity; and
- the amount of the dividend can be reliably estimated.

Normally these conditions occur upon collection of the dividend following the shareholders' resolution of the investee company to approve the financial statements and the allocation of the result for the year.

For equity securities, the changes in fair value are recognized as a contra-entry in equity and must not subsequently be transferred to profit or loss regardless of realization ("no recycling").

3 – FINANCIAL ASSETS MEASURED AT AMORTISED COST

Classification criteria

Assets measured at amortised cost include financial assets (specifically loans and debt securities) jointly satisfying the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractual cash flows ("Hold to Collect” Business Model), and

- the contractual terms of the financial asset envisage cash flows on certain dates consisting solely of payments of principal and of interest on the outstanding principal (“SPPI test” passed).

More specifically, the following elements are recognized in this item:
- loans to banks in the various technical forms that meet the above requirements. Included in this category are operating loans associated with the provision of financial assets and services as defined by the T.U.B. (consolidated Law on Banking) and the T.U.F. (consolidated Finance Law) (for example for the distribution of financial products). Also included are receivables from Central Banks (for example, mandatory reserve), different from the sight deposits posted to “10.Cash and cash equivalents”;
- loans to customers in the various technical forms that meet the above requirements;Also included are receivables from Post Offices and Cassa Depositi e Prestiti, variation margins with clearing houses arising from derivative transactions and operating loans linked to the provision of financial services and activities as defined by the Consolidated Banking Act and the Consolidated Finance Act (e.g, *servicing*).
- debt securities that meet the above requirements.

According to the general rules established by IFRS 9 regarding the reclassification of financial assets, reclassifications to other categories of financial assets are not allowed unless the entity changes its business model for the management of financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category at amortised cost into one of the other two categories required by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). They are transferred at their fair value at the time of reclassification and the effects of the reclassification apply prospectively starting as of the reclassification date. Profits or losses resulting from the difference between the amortized cost of the financial asset and the related fair value are recognized in the income statement in the event of reclassification into the category of Financial assets measured at fair value through profit or loss and in shareholders’ equity, in the specific valuation reserve, in the event of reclassification into the category of Financial assets measured at fair value through on comprehensive income.

Recognition criteria

Financial assets are initially recognised at the settling date for debt instruments and at the disbursement date for loans. Upon initial recognition, assets are stated at fair value, including transaction costs or income directly attributable to the instrument.

Specifically concerning loans, they are initially recorded at the disbursement date according to the fair value of the loan itself. The fair value is equal to the amount disbursed (or subscription price), including costs/income directly attributable to the individual loan and determinable at origin, even where settled at a later date. Costs that - despite having the above characteristics - are repaid by the debtor or can be classified as ordinary administrative expenses are excluded.

In some cases, the financial asset is considered impaired upon initial recognition (so-called "purchased or originated impaired financial assets") for example because it has a very high credit risk and, if purchased, it is acquired at a large discount. In such cases, upon initial recognition, a correct effective interest rate is calculated for the receivable and the expected losses calculated for the entire life of the receivable are included in estimated financial flows. The aforementioned rate will be used in applying the amortized cost criterion and in the related calculation of interest to be recognized in the income statement.

Measurement criteria

After initial recognition, financial assets are measured at amortised cost using the actual interest rate method. In these terms, the asset is recognised for an amount equal to the initially recognised amount less any principal repayments, less/plus the accrued amount (calculated using the actual interest method) of the difference between initial amount and the amount at maturity (generally corresponding to income/expenses directly attributable to the individual asset) and amended for any loss coverage provision. The actual interest rate is determined by calculating the rate that equates the current value of future cash flows from the asset, for principal and interest, to the amount disbursed, including the costs/income attributable to the financial asset.

This accounting method, using a financial logic, allows for the distribution of the economic effect of the costs/income directly attributable to a financial asset along its expected residual life.

The exceptions to the application of the amortized cost method concern short-term assets, assets without a defined maturity and demand loans. In such cases, the application of the amortized cost method is considered not significant, and the asset is accordingly measured at cost.

"Financial assets measured at amortized cost", both in the form of debt securities and loans and receivables, are tested for impairment in accordance with the provisions of IFRS 9. Therefore, for the aforementioned instruments a value adjustment will be recognized in the Income Statement to cover the expected losses. The estimate of the expected loss through the Expected Credit Loss (ECL) approach is carried out on the basis of the allocation of each relationship in the three reference stages as explained in more detail in the paragraph *"Impairment losses on financial assets".*

In such cases, for the purpose of calculating the amortized cost, in calculating the credit-adjusted effective interest rate for financial assets that are considered purchased or originated impaired financial assets upon initial recognition (IFRS 9 par. B5.4.7) the entity is required to include the initial expected losses on receivables in estimated cash flows B5.4.7).

If the reasons for the impairment no longer apply after the value adjustment has been made, the Bank reverses the impairment loss to the income statement. The write-back may not exceed the amortised cost of the financial instrument had no adjustment been recognised. The reversals related to the passing of time are recognized in interest margin.

Derecognition criteria

Financial assets measured at amortised cost are derecognised when the contractual rights on cash flows from the assets expire or when a financial asset is disposed of, basically transferring all the pertinent risks/benefits.

When it is not possible to ascertain the substantial transfer of the risks and benefits, financial assets are derecognised, provided that the bank has not retained any control over them. Otherwise, when even partial control is retained, assets continue to be recognised in the financial statements to the extent of their residual involvement, which is measured through the bank's exposure to changes in the value of the assets sold and to changes in the related cash flows.

Lastly, transferred financial assets are derecognised when the contractual rights to the related cash flows are retained but at the same time a contractual obligation to pay precisely those cash flows, without a significant delay to third parties is assumed.

If the contractual cash flows of a financial asset are renegotiated or otherwise amended, pursuant to IFRS 9 it is necessary to assess whether the aforementioned amendments have the characteristics for a derecognition of the financial asset. More specifically, contractual changes result in derecognition of the financial asset and recognition of a new one when they are considered "material". The materiality of the change is to be assessed through a qualitative analysis of the reasons for such change. In this regard, a distinction is made between:

- renegotiations for commercial purposes with performing customers for reasons other than the debtor's financial difficulties. These are renegotiated terms granted at market conditions in order to retain customers who request the adjustment of the financial conditions of the loan to align them with those of other banking institutions. These types of contractual amendments are considered material as their purpose is to prevent a decrease in future revenues that would occur if the customer decides to move to another operator. They entail the recognition in the income statement of the differences between the book value of the derecognized financial asset and the book value of the newly recognized asset;
- renegotiations due to financial difficulties of the counterparty: they include forbearance measures granted to counterparties in financial difficulty for the purpose of maximizing the repayment of the original loan by the customer and therefore avoid or contain any future losses. For this reason, the Bank is willing to grant potentially more favourable contractual conditions to the counterparty. In these cases, as a rule, the amendment is strictly related to the debtor becoming unable to repay the originally established cash flows and, therefore, in the absence of other factors, this means that the original cash flows were not essentially cancelled such as to lead to the derecognition of the asset. Accordingly, the aforementioned renegotiations or contractual amendments can be classified as non-material.

Therefore, they do not result in derecognition of the financial asset and, pursuant to par. 5.4.3 of IFRS 9, they entail the recognition in the Income Statement of the difference between the book value before the amendment and the value of the financial asset recalculated by discounting the renegotiated or amended cash flows at the original effective interest rate.

In order to assess the materiality of the contractual amendment, in addition to appreciating the reasons for the amendment, one has to assess whether there are other elements that modify the original nature of the contract as they introduce new elements of risk or have an impact that is deemed significant on the original contractual flows of the asset such as to entail its derecognition and the consequent recognition of a new financial asset. This is the case, for example, when new contractual clauses are introduced that change the reference currency of the contract, that enable the receivable to be converted/replaced into equity instruments of the debtor or which cause the SPPI test to fail.

Recognition criteria of Income Statement items

Interest generated by loans to banks and customers is recognized under item "Interest and similar income" and is recorded on an accrual basis according to the actual interest rate, i.e. by applying the latter to the gross book value of the financial asset, with the exception of.

a) impaired financial assets acquired or originated. As noted above, for these financial assets the credit-adjusted effective interest rate is applied to the amortized cost of the financial asset as of the initial recognition;
b) financial assets that are not acquired or originated impaired financial assets but have become impaired financial assets at a later stage. For these financial assets, the effective interest rate is applied to the amortized cost of the financial asset in subsequent years.

If there is an improvement in the credit risk of the financial instrument, as a result of which the financial asset is no longer impaired, and the improvement can be objectively linked to an event that occurred after application of the requirements referred to in b) above, in subsequent years, interest income is calculated by applying the effective interest rate to the gross book value.

It should be noted that the Bank applies the criterion referred to in b) above only to impaired assets that are measured individually using a specific approach. Therefore, stage 3 financial assets measured individually according to a flat-based approach are excluded and interest on these assets is calculated on the gross value of the exposure.

Impairment losses and reversals, including reversals related to the passing of time, are recognized at each Income Statement reporting date in item 130. “Net adjustments/reversals for credit risk”. Gains and losses resulting from the disposal of loans are recognized in the income statement under the item: “Profits/losses on disposal or repurchase”.

Revenue items comprising interest and income on securities are recognized in the interest items of the income statement on an accrual basis, according to the actual interest rate.

Gains and losses referred to securities are recognized in the income statement under the item: “100.Profits/losses on disposal or repurchase at the time when the assets are sold.

Any impairment of securities is recorded in the income statement under item: “130.Net adjustments to/write-backs for credit risk”. Subsequently, if the reasons that led to the recognition of the impairment loss no longer apply, the losses are reversed with entry in the same Income Statement item.

4 - HEDGING TRANSACTIONS

The Bank has no hedging derivative contracts.

5 – EQUITY INVESTMENTS

Classification criteria

The term equity investments refers to investments in the capital of other companies, generally consisting of shares or quotas, that are classified as interests in subsidiaries (control), associates (significant influence) and jointly controlled entities.

More specifically, the following definitions apply:

- Subsidiary: equity investments in companies as well as investments in entities over which the parent exercises control over the relevant assets in accordance with IFRS 10. More precisely, “an investor controls an entity when it is exposed or is entitled to variable results arising from its involvement in the entity and has the ability to influence those results through its power over the entity.” The power requires the investor to have existing rights that give them the current ability to direct the activities that significantly affect the results of the investment. Power means being able, without necessarily exercising that ability in practice. Control is verified on an ongoing basis. The investor must review its control on an entity when facts and circumstances indicate that there are changes in one or more elements of control.

  In consideration of the subsidiary’s negligent book value and balance sheet size, the Bank does not prepare consolidated financial statements.
  In this regard, it should be noted that the application of International Accounting Standards must be read with reference to the "Framework for the preparation and presentation of the financial statements" (Framework) which, in paragraphs 26 to 30, refers to the concepts of relevance and materiality of information. In particular, paragraph 26 states that *"Information has the quality of relevance when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluations.”* Paragraph 29 establishes that “*The relevance of information is affected by its nature and materiality*” Finally, paragraph 30 specifies that materiality *" provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful”.* In this sense, it is one of the prerogatives of the directors to set this cut-off point or threshold;

- Associate: equity investments in companies for which, although the conditions for control do not exist, the Bank, directly or indirectly, is able to exercise significant influence, being it able to take part in the investee’s financial and management policies determination. This influence is presumed (relative presumption) to exist for companies in which the Bank owns at least 20.00% of the voting rights or in which it has the power to participate in the determination of financial and management policies by virtue of particular legal relations;

- Joint ventures: equity investment in companies through a joint control where the parties who hold joint control have rights to the net assets of the arrangement.

Recognition criteria

Equity investments are initially recorded at cost, including any directly attributable ancillary charges.

Measurement criteria

Equity investments in subsidiaries, associates and jointly controlled entities are shown in the financial statements using the cost method as measurement criterion, net of any impairment losses.

If there is objective evidence of an impairment, the recoverable amount of the investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the proceeds from final disposal. If the recoverable value is lower than the book value, any impairment is recognised in the income statement under item “Profits (loss) on equity investments”. If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised on the income statement.

Derecognition criteria

Equity investments are derecognised when the right to receive the cash flows from the assets has expired or when the investment is sold and all the risks and benefits connected thereto are transferred.

Recognition criteria of Income Statement items

Dividends from investee companies are accounted for in the item "Dividends and similar income". Dividends are recognized in the income statement only when (par. 5.7.1A of IFRS 9):

- the entity's right to receive payment of the dividends is established;
- it is likely that the economic benefits attributable to the dividend will flow to the entity; and
- the amount of the dividend can be reliably estimated.

Normally these conditions occur upon collection of the dividend following the shareholders' resolution of the investee company to approve the financial statements and the allocation of the result for the year.
Any impairment loss/reversal related to the valuation of equity investments as well as any gains or losses on disposal are booked to the item '220. Profits (Losses) on Investments'.

6 – PROPERTY, LAND AND EQUIPMENT

Classification criteria

This item mainly includes land, operating and investment properties, plants, vehicles, furniture, fittings and equipment of any type and of a durable nature.

According to IAS 16, 'operating properties' are the assets owned to be used for service provision or for administrative purposes.

As required by IAS 40, investment properties include property held to earn rental income or for capital appreciation, or for the appreciation of the invested capital.

The item also includes tangible assets classified on the basis of IAS 2 - Inventories, which refer both to assets obtained through the enforcement of guarantees or the purchase at auction which the company intends to sell in the near future, without any significant restructuring works, and which do not meet the conditions for classification in the above categories, and the real estate portfolio comprising building areas, properties under construction, completed properties for sale and real estate development projects, held with a view to divestment.

Lastly, the item includes the rights of use acquired through leases and relating to the use of a tangible asset (for lessees), the assets leased under operating leases (for lessors), as well as improvements and incremental expenses on third party assets, as long as they pertain to identifiable and separable tangible assets.

Recognition criteria

Tangible assets are initially recorded at acquisition or construction cost, which includes any incidental costs directly attributable to the purchase and incurred to make the asset operative.

Extraordinary maintenance expenses and the cost of improvements that result in an increase in the asset-generated future benefits - when identifiable and separable - are attributed to the asset they refer to and depreciated over the remaining useful life of such assets. If these improvements are not identifiable and separable, they are recognised as "Other assets" and subsequently depreciated over the term of the contracts to which they relate in the case of third-party assets or over the residual life of the asset if owned.

Conversely, the costs for repairs, maintenance or other work carried out to ensure the normal operation of the assets are charged to the Income Statement as incurred.

Under IFRS 16, leases are accounted for according to the "right of use" model whereby, at the initial date, the lessee has a financial obligation to make payments to the lessor as consideration for his right to use the underlying asset for the entire term of the lease. When the asset is first made available for use to the lessee (initial date), the lessee recognizes both the liability and the asset consisting of the right of use.

More specifically, the right of use acquired through a lease is the sum of the present value of future lease payments due for the term of the contract, of the leasing payments paid on or before the effective date of the lease, of any incentives received, of initial direct costs and of any estimated costs for the dismantling or restoration of the leased asset.

Measurement criteria

After initial recognition, property, plant and equipment, including investment properties, except as specified below, are measured at cost net of accumulated depreciation and any accumulated impairment losses, in compliance with the cost model. Buildings held as investments are measured at fair value.

Property, plant and equipment are systematically depreciated in every FY over their useful life using the straight-line method. Buildings are depreciated to the extent deemed suitable to represent their deterioration over time following use, taking account of the extraordinary maintenance expenses that increase the value of the assets.

Vice versa, the following assets are not subject to depreciation:

- land, whether purchased separately or incorporated in the value of the buildings, as it is deemed to have an indefinite useful life. If the value of the land is included in that of the building, only entire buildings can be accounted for separately from the building; the allocation between the value of the land and the value of the building is carried out on the basis of independent expert appraisals;
- works of art, the useful life of which cannot be estimated and whose value usually increases over time;
- properties held for investment which, as required by IAS 40, are measured at fair value through profit or loss and must not be depreciated;
- inventories of tangible assets in compliance with IAS 2;
- tangible assets classified as held for sale in accordance with IFRS 5.

The depreciation process begins when the asset becomes available for use. For assets acquired during the FY, depreciation is calculated on a daily basis starting from the date when the asset became operational.

At each reporting date, the Bank verifies if there are any indications of impairment of the asset. The impairment loss is determined by comparing the carrying value of the tangible asset and the lower recoverable value.

The latter is the higher of the fair value of the asset, net of any selling costs, and the value in use which is the present value of future cash flows generated by the asset. Adjustments are recorded in the income statement under item “Net value adjustments/reversals on tangible assets”.

When the reasons that led to the recognition of the loss no longer exist, the impairment is reversed; the value after write-back cannot exceed the carrying amount, net of depreciation, that would have been determined had no impairment loss been recognised.

With reference to the tangible assets recognized in accordance with IAS 2, these are valued at the lower of cost and net realizable value, it being understood that a comparison is made between the carrying amount of the asset and its recovery value where there is some indication that the asset may have suffered an impairment. Any adjustments are recognised in the Income Statement.

With regard to the right of use asset, accounted for on the basis of IFRS 16, it is measured using the cost model according to IAS 16 Property, plant and equipment; in this case, the asset is subsequently depreciated and tested for impairment if there is evidence of impairment.

Derecognition criteria

Tangible assets are derecognized upon disposal or decomissioning and, consequently, no future economic benefits are expected from their sale or use.

Capital gains and losses on the sale or disposal of tangible assets are calculated as the difference between the net consideration from disposal and the carrying amount of the asset; they are recognized in the income statement on the same date in which the assets are derecognized.

Recognition criteria of Income Statement items

The straight-line depreciation is recorded in the income statement under item 180.'Net adjustments to/write-backs on tangible assets'.

In the first year, depreciation/amortisation is recognized in proportion to the actual period in which the asset was used.

Assets subject to depreciation are adjusted for impairment each time events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for an amount corresponding to the excess of the book value over recoverable value. The recoverable value of an asset is equal to the higher of the fair value of the asset, net of any selling costs, and the value in use which is the present value of future cash flows generated by the asset. Any adjustments are recognised in the Income Statement.

When the reasons that led to the recognition of the loss no longer exist, the impairment is reversed; the value after write-back cannot exceed the carrying amount, net of depreciation, that would have been determined had no impairment loss been recognised.

The item 250. 'Profit (loss) on disposal of investments' contains the net positive or negative balance between gains and losses on the sale of investments.

7 – INTANGIBLE ASSETS

Classification criteria

According to IAS 38, intangible assets are those non-monetary assets, without physical substance, which are held in order to be used over a number of years or an indefinite time, which meet the following characteristics:

- they can be identified;
- the company has control over them;
- it is likely that the future economic benefits attributable to the asset will flow to the company;
- the cost of the asset can be measured reliably.

In the absence of any of the above characteristics, the cost to acquire the asset or generate it internally is recognized as an expense when it is incurred.

Intangible assets may include the rights of use acquired through leases and relating to the use of an intangible asset (for lessees) and the assets leased under operating leases (for lessors).

Intangible assets are recognised as such if they are identifiable and when they arise from legal or contractual rights. Intangible assets also include goodwill, which represents the positive difference between the purchase price and the fair value of assets and liabilities acquired within business combination transactions.

Recognition criteria

Intangible assets are stated at cost, adjusted by any incidental charges, incurred to render the asset usable, only when the future economic benefits attributable to the assets are likely to be realised and if the cost of the asset can be measured reliably. Otherwise, the cost of the tangible asset is recognized in the income statement as incurred.

Specifically, intangible assets include:

- technology-based intangible assets, such as internally generated software, which are amortized based on their expected technological obsolescence and in any case no later than a maximum period of seven years; in particular, the costs incurred internally for the development of software projects are intangible assets and are recorded in assets only if all the following conditions are met: i) the cost attributable to the development activity can be reliably determined, ii) there is an intention, the availability of financial resources and the technical capacity to make the asset available for use or for sale, iii) it can be demonstrated that the asset is able to generate future economic benefits. Capitalized software development costs are amortized systematically over the estimated life of the relevant product / service in order to reflect the ways in which the future economic benefits resulting from the asset are expected to be consumed by the entity from the beginning of production over the estimated life of the product.

Measurement criteria

After initial recognition, intangible assets with a "finite" life are measured at cost, less accumulated amortization and accumulated impairment losses. Assets with an indefinite useful life are not subject to straight-line amortisation but to a periodic test to verify the adequacy of the relevant book value.

The amortization process begins when the asset is available for use, i.e. when it is in place and in suitable condition to function as specified and ceases when the asset is derecognised.

Intangible assets are amortised on a straight line basis, in order to reflect the long-term use of the assets on the basis of their estimated useful life.

In the first year, depreciation/amortisation is recognized in proportion to the actual period in which the asset was used. For assets sold and/or disposed of during the year, amortisation is calculated on a daily basis until the date of sale and/or disposal.

At the end of each annual or interim reporting period, if there is evidence of impairment, the asset’s recoverable value is estimated. The amount of the loss, which is recognised in the income statement, corresponds to the difference between the asset’s carrying amount and its recoverable amount.

Derecognition criteria

Intangible assets are written off from the balance sheet upon disposal or when no future economic benefits are expected. Capital gains and losses on the sale or disposal of intangible assets are calculated as the difference between the net consideration from disposal and the carrying amount of the asset and are recognized in the income statement.

Recognition criteria of Income Statement items

In the first year, depreciation/amortisation is recognized in proportion to the actual period in which the asset was used.

The item 190. ‘Net value adjustments/reversals on intangible assets' shows the positive or negative balance between impairment losses, amortization and reversals relating to intangible assets. The item 250. ‘Profit (loss) on disposal of investments’ contains the net positive or negative balance between gains and losses on the sale of investments.

8- NON-CURRENT ASSETS AND DISPOSAL GROUPS

Classification criteria

This item includes non-current assets held for sale and groups of assets and associated liabilities held for disposal, in accordance with IFRS 5.

This item includes assets and groups of assets for which the book value will be recovered mainly through a highly probable sale rather than through their continuous use.

In order for a non-current asset or disposal group to be recovered through a sale, two conditions must be met:

- the asset must be available for immediate sale in its current condition, subject to conditions that are customary for the sale of such assets (or disposal groups);
- the sale of the non-current asset (or disposal group) is highly probable.

In order for a sale to be highly probable, the Management at an adequate level must have engaged in a programme for the disposal of the asset, and activities must have been started to identify a buyer and complete the programme. Furthermore, the asset must be actively traded on the market and offered for sale, at a reasonable price compared to its current fair value. Completion of the sale should be scheduled within one year from the date of classification and the actions required to complete the sale programme should demonstrate that it is unlikely that the programme can be significantly modified or cancelled.

Non-current assets held for sale and disposal groups, as well as "discontinued operations", and the related liabilities are shown in specific asset ("Non-current assets held for sale and disposal groups") and liability ("Liabilities associated with assets held for sale") items.

Recognition criteria

Non-current assets and disposal groups are initially carried at the lower between book value and fair value, net of sales costs. As an exception, a different treatment applies to some types of assets (e.g. financial assets falling within the scope of application of IFRS 9) for which IFRS 5 specifically provides that the measurement criteria of the relevant accounting standard must be applied.

Measurement criteria

After initial recognition, non-current assets and disposal groups are still measured at the lower of book value and fair value, net of sale costs, with the exception of certain types of assets (for example, financial assets falling within the scope of application of IFRS 9) for which IFRS 5 specifically provides that the measurement criteria of the relevant accounting standard must be applied.

If the assets held for sale are depreciable, the depreciation process is interrupted when the asset is classified as non-current asset held for sale.

Derecognition criteria

Non-current assets and disposal groups are written off from the balance sheet upon disposal.

If an asset (or disposal group) classified as held for sale does no longer meets the recognition criteria pursuant to IFRS 5, the asset (or disposal group) must no longer be classified as held for the sale.

A non-current asset that is no longer classified as held for sale (or is no longer part of a disposal group classified as held for sale) must be measured at the lower of:

- book value before the asset (or disposal group) was classified as held for sale, adjusted for all depreciation charges, write-downs or reversals that would otherwise have been recognized if the asset (or disposal group) had not been classified as held for sale;
- its recoverable value at the date of subsequent decision not to sell.

Recognition criteria of Income Statement items

The income and expenses, the valuation gains or losses and the gains/losses on disposal (net of the tax effect) attributable to disposal groups or recognized as such during the year, are shown in the relevant income statement item 290 "After-tax profit (loss) on disposal groups".

9 - CURRENT AND DEFERRED TAXES

These items include current and deferred tax assets and liabilities recognised in application of IAS 12.

Income taxes, calculated in compliance with current tax legislation, are recognized in the income statement based on the accrual principle, consistent with the recognition of costs and revenues that generated them, with the exception of those relating to items directly debited or credited to shareholders' equity, for which the related taxation is recognized, for consistency, in equity.

Current taxes

Current tax assets and liabilities are recognized for the amounts due or recoverable with respect to the taxable income (loss) for the year, by applying the tax rates and the laws in force. Current taxes not yet paid in whole or in part at the reporting date are recognised as tax liabilities in the balance sheet.

If an excess payment has been made, which has given rise to a recoverable amount, this is recorded under the 'Current tax assets' in the Balance Sheet.

In accordance with IAS 12, the Bank offsets current tax assets and liabilities if, and only if:
a) it has an enforceable right to offset the recognized amounts; and
b) it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxes

Deferred tax assets and liabilities are recognised using “the balance sheet liability method”, taking into account the temporary differences between the carrying amount of an asset or liability and its value recognised for tax purposes. They are calculated using the applicable tax rates according to the law in force in the period in which the deferred tax asset is realized or the deferred tax liability is settled.

Tax assets are recognized only if it is considered probable that taxable income will be achieved in the future against which such asset can be used.

In particular, the tax legislation may lead to differences between taxable income and statutory income, which, if temporary, merely result in a time lag that involves the early or deferred imposition of tax with respect to the period in which the tax accrues, determining a difference between the book value of a balance sheet asset or liability and its value recognized for tax purposes. These differences can be broken down into “deductible temporary differences” and “Taxable temporary differences”.

Deferred tax assets

The “deductible temporary differences” indicate a future reduction in taxable income, against earlier taxation with respect to accrued tax in the statutory balance sheet. They generate deferred tax assets that will result in a lower tax burden in the future, provided that in subsequent years sufficient taxable profits are achieved to cover the realization of taxes paid in advance.

Deferred tax assets are recognised for all deductible temporary differences where it is likely that the entity will earn taxable income against which the temporary deductible difference may be used. However, the probability of recovery of deferred tax assets relating to goodwill, other intangible assets and loan adjustments is deemed as automatically confirmed as a result of legal provisions that provide for their conversion into a tax credit in the event of a statutory and/or tax loss for the year.

The conversion shall take effect as of the date of approval by the shareholders' meeting of the individual financial statements in which the loss is reported.

The difference between the greater tax income compared to statutory income is mainly due to costs that are tax deductible in years subsequent to those of recognition in the financial statements.

Deferred tax liabilities

“Taxable temporary differences” indicate a future increase in taxable income; consequently, they generate “Deferred tax liabilities”. These differences give rise to taxable amounts in years subsequent to those in which they are recognized in the statutory income statement, resulting in a deferral of taxation with respect to accrued tax in the statutory financial statements.

“Deferred tax liabilities” are recognized for all taxable temporary differences with the exception of reserves that are taxable upon distribution only, since the bank does not expect to carry out transactions that will lead to their taxation.

The difference between the lower tax income compared to statutory income is due to:

- revenues that are taxable in years subsequent to the recognition years;
- costs that are deductible in years prior to the recognition years according to statutory principles.

Deferred tax assets and liabilities are systematically reviewed to take account of any changes in the applicable laws or tax rates.

Deferred tax assets and liabilities are recognized in the balance sheet without offsetting and are recognised under item 100. “Tax assets b) deferred" and item 60. "Tax liabilities b) deferred”.

If the deferred tax assets and liabilities relate to items affecting the income statement, the contra item is represented by income taxes. When deferred tax assets and liabilities regard transactions recognised directly under equity and not through profit or loss (such as the measurement of financial assets measured at fair value through other comprehensive income), they are recognised as a contra entry in Shareholders' equity, in the specific reserve when applicable (e.g. valuation reserve).

10 - PROVISIONS FOR LIABILITIES AND CHARGES

Classification criteria

Pursuant to IAS 37, provisions for liabilities and charges include provisions for current obligations (legal or constructive) arising from a past event, for which the use of economic resources is likely in order to settle the obligation, provided that the related amount can be reliably estimated.

No provision is recognized for liabilities that are merely potential and not likely, for which information is however provided in the notes, except in cases where the probability of using resources is remote or the amount is not significant.

Recognition criteria

This item includes:

- “Provisions for credit risk related to commitments and financial guarantees granted”: the Bank recognizes the value of total provisions for credit risk in relation to commitments to disburse funds and financial guarantees granted that fall within the scope of application of the impairment rules of IFRS 9 (see IFRS 9, para. 2.1, letter e); paragraph 5.5; Appendix A), including financial guarantees given and commitments to disburse funds that are measured upon initial recognition net of total revenues recognized in accordance with IFRS 15;
- “Provisions on other commitments and other guarantees granted": the Bank recognizes the value of total provisions in relation to other commitments and other guarantees granted which, owing to their peculiarities, are not subject to the IFRS 9 impairment rules (see IFRS 9, paragraph 2.1, e) and g));
- “Provisions for retirement benefits and similar obligations”: they include provisions for the benefits paid to employees after the end of the employment relationship in the form of defined-contribution or defined-benefit plans;
- “Other provisions for liabilities and charges”: this item includes other provisions for liabilities and charges set aside in accordance with international accounting standards (e.g. personnel costs, tax disputes). In particular, they include provisions for legal obligations or provisions related to employment relationships

or disputes, including tax disputes, originating from a past event for which a financial outlay is probable in order to fulfil said obligations, provided that a reliable estimate can be made of the relevant amount.

Therefore, a provision is recognised if and only if:
- there is an obligation (legal or implicit) in course as a consequence of a past event;
- the utilisation of resources for economic benefits is likely to be used to comply with the obligation; and
- a reliable estimate of the obligation amount deriving from the fulfilment can be made.

Measurement criteria

The amount recognized as a provision reflects the best possible estimate of the costs to be incurred in order to discharge the existing obligation at the reporting date and reflects risks and uncertainties that inevitably characterize numerous facts and circumstances.

Where the time element is significant, provisions are discounted using current market rates.

Provisions are periodically reviewed and adjusted to reflect the current best estimate. When as a result of the review, the occurrence of the cost becomes improbable, the provision is reversed.

Derecognition criteria

The provision must be reversed when it is unlikely that resources that can produce economic benefits are to be used in order to comply with the obligation. A provision should be used only for those expenses for which it was recognised.

Recognition criteria of Income Statement items

The allowance is recorded in the income statement under item 170."Net allowances to provisions for liabilities and charges".

The item shows the balance, positive or negative, between the provisions made and any release to the income statement of provisions considered to be in excess.

Net allocations also include the decrease in provisions due to the discounting effect and the corresponding increases due to the passage of time (accrual of interest inherent in discounting).

11 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Classification criteria

Financial liabilities measured at amortized cost fall within the broader category of financial instruments and consist of relationships for which there is an obligation to pay certain amounts to third parties at certain due dates.

Payables to banks, payables to customers and outstanding securities include the various forms of interbank funding, funding from customers and fundraising made through certificates of deposit and bonds outstanding, net of any repurchased amounts, not classified among "Financial liabilities designated at fair value". They include securities expired but not yet reimbursed as at the reporting date.

The payables recognized by the entity as lessee in lease transactions are also included.

Recognition criteria

Financial liabilities are initially recognised on receipt of the money raised or issue of debt securities. The value at which they are recorded corresponds to their fair value, which is normally the amount collected or the issue price, plus any additional costs/income directly attributable to individual funding or issue transactions and not reimbursed by the creditor. This item does not include internal administrative expenses.

The fair value of any financial liabilities issued at different conditions than those available on the market is specifically estimated and the difference on the amount collected is recognised, when applicable, in the income statement.

Repurchased derecognised securities placed back on the market are considered as a new issue and are recognised at the new issue price, with no effect on the income statement.

Lease payables are recognized at the present value of future lease payments, discounted using the implicit interest rate of the transaction or, if this cannot be determined, using the incremental borrowing rate.

Measurement criteria

After initial recognition, carried at fair value at the date the contract was entered into, financial liabilities are measured at amortised cost using the actual interest rate method.

Short-term liabilities, for which the time factor is negligible, are excluded from this method and are recognised at the amount collected; any costs and income directly attributable to the transaction are recognised in the Income Statement under their pertinent items.

Derecognition criteria

Financial liabilities are derecognised when they are discharged or expired, or when the Bank redeems issued securities with subsequent restatement of the debt recognized for outstanding securities.

Recognition criteria of Income Statement items

Cost items consisting of interest expense are recognized in the interest items of the income statement on an accrual basis.

Any difference between the repurchase value of own securities and the corresponding carrying amount of the liability is recognized in the Income Statement under item 100 "Profits (losses) on disposal or repurchase of: c) Financial liabilities."

12 - FINANCIAL LIABILITIES HELD FOR TRADING

Classification criteria

There are no financial liabilities held for trading in the financial statements.

13 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

There are no financial liabilities measured at fair value in the financial statements.

14 – TRANSACTIONS IN FOREIGN CURRENCIES

Classification criteria

Assets and liabilities in foreign currency include not only those explicitly denominated in a currency other than the Euro, but also those with financial indexation clauses linked to the Euro exchange rate against a specific currency or against a specific basket of currencies.

For the purposes of translating foreign currency assets and liabilities, they are broken down into monetary items (classified as current items) and non-monetary items (classified as non-current items).

Monetary items include cash on hand and assets and liabilities to be received or paid in a fixed or determinable amount of money. Non-monetary items are characterized by the absence of a right to receive or an obligation to pay a fixed or determinable amount of money.

Recognition criteria

Upon initial recognition, foreign currency transactions are recorded in the reporting currency, converting the foreign currency amount using the exchange rate applicable at the transaction date.

Measurement criteria

At each reporting or interim date, any element originally denominated in foreign currency is valued as follows:

- monetary items are converted using the reporting rate;
- non-monetary items measured at historical cost are converted using the rate applicable at the transaction date;
- non-monetary items measured at fair value are converted using the spot exchange rate at the reporting date.

Recognition criteria of Income Statement items

For monetary items, the exchange differences arising between the transaction date and the date of payment, are recognized in the income statement for the period, like those arising from the translation of monetary items at rates other than those of initial translation or of translation at the previous reporting date.

When a gain or a loss relating to a monetary item is recognised in equity, the exchange difference relating to that element is also recorded in shareholders' equity.

When a gain or a loss is recognised in the income statement, the related exchange difference is recorded in the income statement too.

15 – OTHER INFORMATION

15.1 Employee severance indemnity

The Employee Severance Indemnity (TFR) is similar to a post employment benefit falling under the category of defined benefit plans, the value of which has to be determined using actuarial methods in accordance with IAS 19.

In accordance with Law no. 296 of 27 December 2006 (2007 Budget Act), companies with a minimum of 50 employees are obliged to pay on a monthly basis – and in accordance with the employee's wishes – the Employee Severance Indemnity accrued after 1 January 2007 to the supplementary pension schemes as per Legislative Decree 252/05 or to a special Fund managed by INPS for the payment of employee severance indemnity to private sector employees pursuant to article 2120 of the Italian Civil Code (hereinafter the Treasury Fund).

The following options are therefore available:

a) the severance indemnity being accrued is paid to supplementary pension schemes;
b) the severance indemnity being accrued is kept in the company (for companies with less than 50 employees);
c) the severance indemnity being accrued is transferred to INPS Treasury Fund (for those who, despite having chosen not to allocate the severance indemnity to supplementary pension schemes, work in companies with at least 50 employees).

In the cases referred to in b), which specifically apply to the bank, the total severance indemnity liability shall be assessed pursuant to IAS; the actuarial valuation shall be carried out according to the usual criteria set out in IAS 19, except for the exclusion of the pro rata relating to employees who decided to transfer their entire accrued amount to supplementary pension schemes, in order to preserve methodological consistency as indicated by the Board of Actuaries with regard to other pension schemes.

The Employee severance indemnity (TFR) is recognised on the basis of its actuarial value.

The actuarial estimate of the employee severance indemnity is carried out on the basis of "benefits accrued" pursuant to the Projected Unit Credit criterion, as provided for in paragraphs 67-69 of IAS 19.

The calculation method is summarised below:

- projection of allocated employee severance indemnity for each employee and of future employee severance indemnity payments matured until the time of payment, based on the valuation date, the estimates being based on the employee's salary;
- determination of estimate employee severance indemnity payments, for each employee, which must be made by the Company in the event of the termination of an employee's contract due to dismissal, resignation, incapacity, death and retirement and in the event of advance payment requests;
- discounting, at the valuation date, of each payment estimate;
- recalculation, for each employee, of estimated length of service and discounting based on seniority matured at the valuation date in respect of overall seniority corresponding to the as yet undetermined payment date.

The employee severance indemnity was assessed by an independent actuary in accordance with the method specified above.

The cost for the severance indemnity accrued during the year and recognised in the income statement as staff costs is the sum of the current value of employee benefits accrued during the year, and the annual interest accrued on the current value of existing liabilities at the beginning of the year. Gains or losses resulting from changes in actuarial assumptions compared to previous year estimates are charged to a separate reserve in equity.

15.2 Recognition of costs and revenue

Revenues are gross flows of economic benefits arising from the performance of the company's ordinary activities and are recognized when control of the goods or services is transferred to the customer, at an amount that reflects the consideration to which the entity deems to be entitled.

Revenue recognition takes place through a process of analysis involving the following steps:

- identification of the contract, defined as an agreement in which the parties have undertaken to perform their respective obligations;
- identification of each performance obligation contained in the contract;
- determination of the transaction price, i.e. the expected consideration for the transfer of the goods or services to the customer;
- allocation of the transaction price to each 'performance obligation', based on the selling prices of the individual obligation;
- recognition of revenue when (or gradually as) the obligation to perform is completed by transferring the promised good or service to the customer.

That being said, the recognition of revenue may take place:

a) at a specific moment, when the entity fulfils the obligation to perform by transferring the promised good or service to the customer, or

b) over time, as the entity fulfils the obligation to perform by transferring the promised good or service to the customer.

With reference to the above point b), a "performance obligation" is satisfied over a period of time if at least one of the following conditions is met:

- the customer controls the asset under the contract when it is created or improved;
- the customer receives and simultaneously consumes the benefits when the entity performs its services;
- through its activity the company generates a personalized good for the customer and the company has a right to payment for the activity completed at the date the good is transferred.

If none of the criteria is met, then the revenue is recognized at a specific point.

The indicators of a transfer of control are: i) obligation to pay ii) legal title of the right to the consideration accrued iii) physical possession of the good iv) transfer of risks and benefits associated with ownership v) acceptance of the good.

With regard to revenues achieved over a period of time, the Bank accounts for them on a time basis. In relation to the above, the main criteria adopted by the Bank are summarized below:

- interest is recognized pro rata temporis, based on the contractual interest rate or the effective interest rate if the amortized cost is applied;
- default interest, if contractually provided, is recognized in the income statement only when actually collected;
- dividends are recognized in the income statement in the period in which their distribution is approved, which coincides with collection;
- commissions for service revenues are recognized on the basis of existing contractual agreements in the period in which the services were provided;

Revenue from the sale of non-financial assets is recognized upon completion of the transaction, unless most of the risks and benefits associated with the asset are retained.

Costs are recognized in the income statement according to the accrual principle; the costs incurred for the acquisition and performance of contracts with customers are recognized in the income statement in the same period of recognition as the related revenues.

15.3 Accruals and deferrals

Accruals and deferrals that include income and expenses accrued during the period on assets and liabilities are recognised as adjustments to the assets and liabilities to which they relate. Where it is not possible to attribute them to a specific account, they will be reported in "Other assets" or "Other liabilities".

15.4 Treasury shares

Any treasury shares are entered as a reduction of shareholders' equity. Likewise, their original cost and the gains or losses resulting from their subsequent sale are recognised as changes in equity.

15.5 Share-based payment

Such cases do not apply to the Bank, since it has no outstanding stock option plans on self-issued shares.

15.6 Recognition of impairment

Impairment of financial assets

Financial assets other than assets measured at fair value through profit or loss, pursuant to IFRS 9, are tested for impairment - at each reporting date - i.e they are tested to check whether there are any indicators that said assets may have been impaired ("impairment indicators").

If such indicators exist, the financial asset in question is considered impaired (stage 3) and a value adjustment must be recognized equal to the expected losses for its entire residual life.

Financial assets for which there are no impairment indicators (stage 1 and stage 2) must be tested to check whether there are any indicators that the credit risk of the individual transaction has increased significantly since initial recognition and the criteria underlying the IFRS 9 impairment model must be applied accordingly.

IFRS 9 impairment model

The scope of application of the IFRS 9 impairment model, on which the requirements for the calculation of provisions are based, includes financial instruments such as debt securities, loans, trade receivables, contract assets and receivables originating from lease transactions, recognized at amortized cost or at fair value through comprehensive Income as well as off-balance sheet exposures (financial guarantees and commitments to disburse funds).

The above-mentioned model is characterized by a forward-looking vision and, in certain circumstances, it may require the immediate recognition of all expected losses during the life of a loan. However, the estimate must be continuously adjusted also considering the counterparty's credit risk. For the purpose of this estimate, the impairment model must consider not only past and current data, but also information relating to future events.

For credit exposures falling within the scope of application of the impairment model the standard provides for the allocation of each exposure into one of the 3 stages listed below:

- in stage 1, loans not showing a significant credit risk at the assessment date or identifiable as Low Credit Risk;

- in stage 2, loans showing a significant credit risk at the assessment date or not being identifiable as Low Credit Risk;

- in stage 3, non-performing loans. These are the individual exposures relating to counterparties classified in one of the impaired loan categories envisaged by Banca d'Italia Circular no. 272/2008, as updated. This category includes impaired past due and/or overdrawn exposures, unlikely to pay and non-performing loans.

Specifically, the Bank has provided for the allocation of the individual on- and off-balance sheet credit exposures in one of the 3 stages listed below based on the following criteria:

- in stage 1, exposures with generation date prior than three months as of the measurement date or that do not have any of the characteristics described in the following paragraph;

- in stage 2, positions showing a significant increase in credit risk at the reporting date:
  - exposures for which there has been an increase in "PD" since origination that exceeds certain thresholds calculated using the regression line;
  - Accounts that at the valuation date were classified as performing but on the watch list;
  - presence of the 'Forborne performing' attribute;
  - presence of exposures that are past due and/or overdrawn for more than 30 days;
  - exposures (with no 'lifetime PD' on the date of disbursement) that do not have the characteristics to be identified as 'Low Credit Risk' (as described below) at the measurement date;
- in stage 3, non-performing loans. These are the individual exposures relating to counterparties classified in one of the impaired loan categories envisaged by Banca d'Italia Circular no. 272/2008, as updated. This category includes impaired past due and/or overdrawn exposures, unlikely to pay and non-performing loans.

Low credit risk ratios are considered to be performance ratios that at the valuation date have a one-year IFRS9 PD not exceeding 0.3%.

Exposures are automatically allocated to the stages envisaged by IFRS 9 according to the criteria defined above.

The estimate of the expected loss through the Expected Credit Loss (ECL) approach, for the classes defined above, is made by allocating each exposure in the three reference stages, as detailed below:

- stage 1: the expected loss is calculated over a 1 year's time horizon;

- stage 2: the expected loss is calculated considering all the losses that are expected to be sustained during the entire life of the financial asset ("lifetime expected loss");

- stage 3: the expected loss must be calculated on a lifetime perspective but, unlikely the positions in stage 2, the calculation of the lifetime expected loss will be of an analytical nature. Furthermore, where appropriate, forward-looking elements will be introduced in the measurement of the aforementioned positions, including in particular different scenarios (for example, disposal) weighted by the associated probability of occurrence. More specifically, when estimating the recovery value of positions (especially those classified as non-performing), the inclusion of a sale scenario, as an alternative to an internal management scenario, normally involves the recognition of greater value adjustments due to the application of disposal prices weighted for the relative probability of occurrence of the sale scenario. For exposures classified as non-performing or unlikely to pay of an amount lower than € 30,000, for past due and / or overdrawn impaired exposures and for off-balance sheet exposures, the calculation of the expected lifetime loss is normally carried out using an individual-flat rate method.

With specific regard to loans to banks, the Bank has adopted a slightly different model for determining a significant increase in credit risk compared to that applied to loans to customers, although the stage allocation logic adopted for loans to banks has been defined in a way that is as consistent as possible with the logic implemented for loans to customers.

In more detail, with regard to loans to banks, "Low Credit Risk" relationships refer to performing loans with the following characteristics at the measurement date:

- there is no "Lifetime PD" on the date of disbursement;

- PD Point in Time lower than 0.3%.

Interbank exposures are automatically allocated to the stages envisaged by IFRS 9 according to the criteria defined above. Given the foregoing, for loans to banks, the Bank had adopted an IFRS 9 impairment model specifically developed for the specific type of counterparty and therefore different from the model used for loans to customers.

For loans to bancks too, the estimate of the expected loss through the Expected Credit Loss (ECL) approach, for the classes defined above, is made by allocating each exposure in the three reference stages, as detailed below:

- stage 1: the expected loss is calculated over a 12 months' time horizon;

- stage 2: the expected loss is measured over a time horizon that spans the entire life of the exposure until maturity (LEL, 'Lifetime Expected Loss');

- stage 3: the expected loss must be calculated on a lifetime perspective but, unlike the positions in stage 2, the calculation of the lifetime expected loss will be of an analytical nature.

The Probability of Default (PD) and Exposure at Default (EAD) risk parameters are calculated based upon the impairment model.

The LGD parameter is prudentially set at the regulatory level of 45% under the IRB Foundation model, for portfolios composed of risk assets other than subordinated and secured instruments.

With respect to the securities portfolio, the same approach used for loans is confirmed, i.e. the allocation of the securities in one of the three stages envisaged by IFRS 9, which correspond to three different calculation methods for expected losses.

In stage 1 the expected loss is measured over a one-year time horizon, therefore with a 12-month probability of default.

The the first stage of creditworthiness includes the following securities:

- at the time of purchase, regardless of their level of risk;
- securities with no significant increase in credit risk at the measurement date compared to the time of purchase;
- securities with a significant decrease in credit risk.

In stage 2 the ECL is calculated using the lifetime probability of default. This stage also includes securities that have the following characteristics:

- at the measurement date the instrument shows an increase in credit risk with respect to the purchase date such as to require recognition of an expected loss until maturity;
- instruments that migrate back from stage 3 due to a significant decrease in risk.

The third and final stage includes exposures for which the ECL is calculated using a 100% probability of default.

The decision to place the instruments in stage 1 or stage 2 is linked the quantification of the thresholds that identify a significant increase in the credit risk of the individual tranche being measured. These thresholds are calculated based on the characteristics of the portfolio. With regard to stage 3, the increase in risk is analysed to assess whether it was so high compared to initial recognition that the asset should be considered as impaired, i.e. whether events have occurred that will adversely affect future cash flows. As mentioned above, the Bank will have to recognize an incremental loss from stage 1 to stage 3. Specifically:

- the 12-month ECL is the expected value of the estimated loss on an annual basis;
- the lifetime ECL is the estimated expected loss of the instrument until maturity;
- the ECL estimation parameters are the probability of default, the 'Loss Given Default' and the 'Exposure at Default' of the individual tranche (PD, LGD, EAD).

For more details about the methods used by the Bank for measuring expected losses, please refer to Section E - Section 1 Credit Risk - paragraph 2.3.

Analytical impairment of stage 3 loans

With regard to individually-assessed loans, the model used by the Bank to determine the provisions for impaired loans (stage 3) measured at amortized cost requires that they be measured trough either a specific individual approach or a flat-based individual approach depending on their characteristics.

In the specific individual approach, the objective is to determine the correct quantification of the provisions for each loan, considering both the characteristics of the individual loan to be assessed and the characteristics of the relevant counterparty.

In the flat-rate individual approach the objective is to determine the correct quantification of the provisions for each loan through an estimate of risk parameters defined by a statistical model, consistent with the collective assessment of performing exposures with respect to stage 2 credit exposures.

The flat-rate individual assessment applies to credit exposures with the following characteristics:

- impaired past due and/or overdrawn exposures;
- impaired off-balance sheet exposures (e.g. guarantees, margins available on credit lines);
- balance-sheet exposures classified as unlikely to pay that do not exceed a threshold amount defined for each debtor ("threshold amount");
- balance-sheet exposures classified as non-performing that do not exceed the threshold amount.

The specific individual assessment applies to credit exposures with the following characteristics:

- balance-sheet exposures classified as unlikely to pay that exceed the threshold amount;
- balance-sheet exposures classified as non-performing that exceed the threshold amount.

For the purpose of applying the threshold amount, the overall credit exposure of the Bank to each debtor is taken as a reference, thus determining, alternatively, a flat-rate or specific individual assessment for all balance-sheet positions in the name of the same debtor. The threshold amount for counterparties classified as unlikely to pay and non-performing is € 30,000.

Impairment of equity investments

At each reporting date, equity investments in subsidiaries or associates or jointly controlled entities are tested for impairment to verify whether there is objective evidence that the carrying value of the asset is not fully recoverable.

If there are impairment indicators (such as lower than expected economic performance of the investee, significant changes in the environment or in the market where the company conducts its activities or in market interest rates, etc.) an impairment loss is recognised to the extent that the recoverable amount of the investment is lower than its carrying amount.

The recoverable amount is represented by the greater of the fair value net of sales costs and the value in use of the equity investment. As a result, there is no need to estimate both values if one of the above has been valued higher than the book value.

For details on how fair value is calculated, see paragraph “A4 - Fair Value Reporting” of this part A.

The value in use of the equity investment is the present value of expected cash flows deriving form operations. This value responds to a general logic according to which the value of an asset directly reflects the cash flows the asset can generate over its period of use. Therefore, the determination of the value in use requires an estimate of the cash flows expected from use of the assets or from their ultimate disposal expressed in terms of present value through the application of appropriate discount rates.

If the outcome of the impairment shows that the recoverable amount is higher than the carrying amount of the investment, no impairment is recognised; otherwise, an impairment is recognised in the income statement item 220 “profits (losses) on equity investments”.

If the recoverable amount subsequently proves to be higher than the new carrying amount because it can be demonstrated that the elements that led to the write-down no longer exist, a reversal of the impairment loss is permitted up to the amount of the previously recognised adjustment.

Impairment of other fixed assets

Tangible assets

Under IAS 36 an entity is required to check at least once a year whether its tangible assets show any indicators of impairment. If such indicators are found, the entity must carry out an impairment test in order to detect any impairment loss.

The impairment test does not apply to tangible assets that are:

- real estate investments measured at FV (IAS 40);
- real estate assets in inventory (IAS 2);
- assets that fall within the scope of application of IFRS 5.

The impairment indicators to be considered are those defined by par. 12 of IAS 36. In this regard, specific impairment indicators for tangible assets refer, for example, to obsolescence that prevents the normal use of the asset, such as for example fires, collapses, inoperability and other structural defects.

Although IAS 36 is applicable to individual assets, it is often very difficult, if not impossible, for tangible assets to calculate the value in use of a single asset. For example, it is not always possible to attribute specific incoming or outgoing cash flows to a corporate asset or to a plant or machinery. In these cases, IAS 36 establishes that the CGU must be identified, that is, the smallest group of assets that generates independent cash flows, and that the test must be carried out at this higher level (rather than on the single asset). This is precisely due to the fact that it is often a group of assets - and not a single asset - that generates a cash flow and for this reason it is not possible to calculate the value in use of the individual asset.

Subject to the above, the impairment test involves comparing the recoverable amount (which in turn is the higher of the value in use and the fair value less costs to sell) of the tangible asset or CGU with its carrying amount.

If and only if the recoverable amount of an asset or CGU is less than its carrying amount, the latter must be reduced to the recoverable amount, resulting in an impairment loss.

A.3 - DISCLOSURE ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

A.3.1 Reclassified financial assets: change in the business model, book value and interest income

(Amounts in Euros)

Type of financial instrument (1)	Portfolio of origin (2)	Portfolio of allocation (3)	Reclassification date (4)	Book value reclassified (5)	Interest income recorded in the FY (pre-tax) (6)
Debt securities	HTCS	HTC	01/07/2022	11,544,049	n.a.

A.3.2 Reclassified financial assets: change in the business model, fair value and effects on comprehensive income

At the reporting date, the Bank did not change its business model for the management of financial assets and, consequently, there were no transfers between portfolios of financial assets.

A.3.3 Reclassified financial assets: change in the business model and actual interest rate

During 2022 the Bank's Board of Directors conducted an assessment of the activities carried out in the management of the Bank's proprietary securities portfolio, with the main objective of verifying whether the methods of managing financial assets, as defined in the relevant Policy adopted pursuant to IFRS 9, in a macroeconomic and regulatory environment significantly different from that prevailing in the first months of 2018, were still consistent with the Bank's strategic objectives.
The results of the assessment showed that owing to external factors such as changed macroeconomic conditions (pandemic environment and the outbreak of war between Ukraine and Russia), as well as the different regulatory environment, it was no longer possible to ensure consistency of the risk associated with the HTC&S portfolio with the strategic objectives of capital strengthening and stable profitability.
In light of the conclusions reached, the Bank, in reaffirming the need to maintain a particularly prudent risk profile in the management of its securities portfolio, has opted for a management strategy designed to promote medium-long term perception in the funding of its securities portfolio and to mitigate the risks of weakening capital in respect of requirements.
The analysis performed led to the consideration that the business model previously adopted by the Bank (predominantly holding proprietary securities classified in the HTC&S category) was no longer consistent with its strategic and risk objectives.
Therefore, at the board meeting of 19 May 2022, the Bank's Board of Directors decided to strategically review the management logic for all its holdings.
Specifically, according to the new management strategy of the security portfolios, the Hold To Collect & Sell (HTCS) business model will become residual compared to the Hold to Collect (HTC) business model and will be allocated to the short-term treasury business; vice versa, the HTC model will be mainly used as a category for investment purposes. The change of strategy implemented also makes the Bank’s CET 1 less vulnerable to changes in securities prices, thus avoiding misalignments with planned objectives.

From an accounting perspective, the change in business model resulted in the reclassification of securities from the HTCS portfolio to the HTC portfolio on 1 July 2022 (the first day of the reporting period following the day on which the business model change took place).
This reclassification, which took place at fair value at the reclassification date, resulted in the elimination of the cumulative unrealised loss previously recognised in shareholders' equity as contra-entry to the value of the

securities. Thus, as required by paragraph 5.6.5. of IFRS 9, the reclassified securities are recognised as if they had always been measured at amortised cost.

Information on the effective interest rate as determined at the reclassification date (as per IFRS 7, paragraph 12C (a)) is not relevant as it is not required for the type of reclassification that has been made.

A.4 - FAIR VALUE REPORTING

QUALITATIVE INFORMATION

IFRS 13, which harmonises the relevant measurement rules and the related disclosure, defines fair value as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or is estimated using a valuation technique.

The determination of the fair value of financial instruments is based on the Bank's going concern assumption, i.e. the assumption that it will be fully operational and it will not liquidate or significantly reduce its operations or enter into transactions at unfavourable conditions.

Therefore, the purpose of fair value is to estimate the price at which the transaction would take place between market participants at current market conditions at the measurement date.

When a price cannot be identified for an identical asset or liability, fair value is measured by applying a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The input data should correspond to those that market participants would use in determining the price of the asset and the liability.

In order to maximize the consistency and comparability of fair value measurements and the related disclosure, IFRS 13 states that the inputs of valuation techniques employed to measure fair value are classified according to a hierarchy based on input levels, as defined in the following paragraph.

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

For assets and liabilities measured at fair value on a recurring basis, for which directly observable prices in active markets are not available, the fair value has to be determined based on the "Comparable Approach" and the "Valuation Model." It should be noted that the only Bank items that are measured at fair value on a recurring basis are financial assets, as shown below in more detail.

Financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income

- *Financial instruments listed on active markets*

The fair value measurement process begins by verifying whether an active market exists from which quoted prices can be obtained regularly.

Regulated markets are usually considered as active markets except for any regulated markets that Risk Management were to identify as "not active". With reference to non-regulated markets (OTC markets) the presence of active contributors is assessed.

If, as a result of this process, the existence of an active market for the listed instruments is established, Fair Value of the instrument coincides with the price quoted on the valuation date (Mark to Market).

Given the specific liquidity prevailing on regulated markets, the official price published by the market operator is taken as the reference price.

In general, the application of the Mark to Market process based on price sources is carried out as follows:

a) for prices quoted in regulated markets, in particular in the Italian market, the price is determined on the basis of the price quoted on the Italian Stock Exchange for each financial instrument in the portfolio;

b) in the case of prices quoted in unregulated markets, the price is determined by identifying the prices quoted by other information providers.

Financial instruments recognised using the methods in point sub a) here above, are classified in Level 1 of the fair value hierarchy.

Financial instruments recognised using the methods in sub point b) here above, are classified in Level 2 of the fair value hierarchy.

➢ *Financial instruments not listed on active markets*

In the absence of an active market for a particular financial instrument, an internal valuation technique is used.

For the purposes of fair value determination, the Bank has chosen to apply the discounted cash flow method, mainly based on observable market parameters, for instruments that can be measured by discounting the related cash flows (including debt securities).

Should we consider financial instruments other than debt securities, alternative valuation techniques, also based on non-observable market parameters, shall be taken into account.

In general, through the DCF method, the fair value of financial instruments can be determined by discounting the future contractual cash flows (or those deemed most likely) at an established interest rate.

First, the interest rate risk must be taken into account; in the usual practice, reference is made to well accepted and recognised rates, such as the Euribor and/or the Swap rates. In this case, the interest rates used reflect an 'interbank' risk, which is limited, albeit usually higher than government risk. There are, however, other components besides interest rate risk that determine market risk. The premium for all these other components can be summarised in a "spread" to be added to the "Risk Free" curve, for each reference maturity, to obtain a curve that can be used to discount the future cash flows generated by the asset being measured. The Bank calculates the aforesaid "Spread" with reference to the "Credit Default Swaps" quoted for the issuer of the security in question, or, if unavailable, for other issuers of similar size and sector or industry averages.

Therefore, the elements useful for the DCF calculation are:

- Timing, maturity and amount (certain or estimated) of the instrument's future cash flows;
- Appropriate discount rate (depending on the credit risk associated with the debtor);
- Currency in which the instrument's cash flows are to be paid.

The pricing models for the fair value calculation are based on market parameters.

The main market parameters used in valuation techniques for measuring financial instruments not listed on active markets are:

- the interest rate curves;
- credit risk.

The main curves used are the Euribor rates and Swap rates curves.

The curves reflecting the issuer's creditworthiness are obtained by adding the zero-coupon yield curve (or risk-free rates) to a "Spread" that shows the issuer's creditworthiness; these curves are generally used to evaluate bonds not listed on active markets.

To this end, the operator should use the following hierarchy of information:

- credit spreads derived from Credit Default Swaps (CDS);
- curves for homogeneous sector/rating classes.

The instruments measured using the Mark to Model technique will be classified in Level 3 of the fair value hierarchy.

Equity instruments held by the Bank that are not listed on active markets and whose fair value cannot be reliably determined, are carried at cost.

Financial liabilities measured at fair value

At the date of preparation of these financial statements, the Bank held no financial liabilities measured at fair value.

A.4.2 PROCESSES AND SENSITIVITY ANALYSES

The techniques and parameters used for measuring Fair Value and the criteria for assigning the Fair Value hierarchy have been defined and formalised in a specific policy adopted by the bank; the policy governs the determination of financial instruments' Fair Value in accordance with the provisions of applicable international accounting standards IFRS issued by the International Accounting Standards Board (IASB), taking into account the interpretations issued by the Financial Reporting Interpretations Committee (IFRIC) and the provisions of Circular 262 of Banca d'Italia.

The sensitivity analysis of receivables from and payables to bank (level 2 of the Fair Value hierarchy), considering the models used to determine their Fair Value, primarily based on year-end balance-sheet data, is not relevant because it cannot be directly attributed to changes in external parameters.

The Fair Value of the portfolio of loans to customers (level 3 of the Fair Value hierarchy) is only affected by the market parameters necessary to discount the future cash flows appropriately adjusted to take account of counterparty risk.

In relation to the Fair Value of the securities portfolio (level 2 and 3), no quantitative analysis was performed on the sensitivity of the Fair Value to changes in unobservable inputs, as the Fair Value was either derived from third party sources without making any adjustment or is the result of a model with specific inputs and it is not reasonable to expect alternative values.

On the other hand, the Bank did not carry out this sensitivity analysis for its investments in equity instruments not listed on active markets; these instruments, as mentioned above, are stated at cost and written down to reflect any impairment losses, with contra entry to the income statement, which is considered the best estimate of fair value.

A.4.3 HIERARCHY OF FAIR VALUE

The Fair Value hierarchy, based on IFRS 13, must be applied to all financial instruments that are measured at Fair Value and to assets and liabilities not measured at Fair Value or measured at Fair Value on a non-recurring basis.

In this regard, for these instruments the highest priority is given to official quoted prices in active markets and the lowest priority to the use of unobservable inputs, as they are more discretionary. As a result, Fair Value is determined by using prices obtained from financial markets, in the case of instruments quoted on active markets, or, for the other financial instruments, by using valuation techniques whose objective is to estimate Fair Value (exit price). The levels used for the classifications shown in the following notes are as follows:

- "Level 1": the Fair Value of financial instruments is determined on the basis of quoted prices observable in active markets (unadjusted) and accessible at the measurement date;

- "Level 2": the Fair Value of financial instruments is determined on the basis of quoted inputs, directly or indirectly observable for that asset or liability, also using valuation techniques;

- "Level 3": the Fair Value of financial instruments is determined on the basis of unobservable inputs for that asset or liability, including the use of valuation techniques.

A quoted price in an active market provides the most reliable evidence of Fair Value and, when available, should be used with no adjustments to measure Fair Value.

Where quoted prices in active markets are not available, financial instruments must be classified in Levels 2 or 3.

The classification in Level 2 or Level 3 is determined on the basis of the market observability of the relevant inputs used to measure Fair Value.

Level 2 inputs include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads);
- market-corroborated inputs.

All other variables used in valuation techniques that cannot be substantiated on the basis of observable market data are considered unobservable.

If the Fair Value of a financial instrument is not determined by the price recorded in an active market ("Level 1"), the total Fair Value may consist of different levels due to the impact generated by observable or unobservable inputs used in the measurements (impact is intended as the contribution, in terms of significance, that each input used in the evaluation makes to the total Fair Value of the instrument). However, the level attributed must be unique and referred to the total Fair Value of the instrument as a whole; thus, the single level assigned reflects the lowest level of input with a significant impact on the instrument's Fair Value measurement.

In order for unobservable market data to have a significant impact on the instrument's overall Fair Value measurement, their overall impact is assessed in such a way as to make the overall assessment uncertain (i.e. it cannot be ascertained through market data); in cases where the weight of unobservable data is prevalent with respect to the overall evaluation, the level assigned is "3".

Therefore, the bank classified its financial assets and liabilities in the different Fair Value levels on the basis of the following principles:
- Level 1: instrument measured at market price obtained from prices listed on active markets;
- Level 2: measurement based on prices quoted by reliable infoproviders;
- Level 3: measurement based on internal evaluation techniques.

Finally, with regard to receivables from and payables to banks, as these are entirely short-term and/or variable rate loans, Fair Value was assumed to be equal to their nominal value.

A.4.4 OTHER INFORMATION

The Bank does not hold groups of financial assets and liabilities based on its net exposure to market risk or credit risk.

There is no information to provide.

QUANTITATIVE INFORMATION

A.4.5 HIERARCHY OF FAIR VALUE

A.4.5.1 Assets and liabilities measured at Fair Value on a recurring basis: breakdown by Fair Value levels

(€/000)

	2024			2023		
Assets/liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets measured at fair value through profit or loss	783	-	-	197	-	-
a) financial assets held for trading	783	-	-	197	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	5	-	-	7
3. Hedging derivatives	-	-	-	-	-	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible fixed assets	-	-	-	-	-	-
Total	**783**	**-**	**5**	**197**	**-**	**7**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

During the year, there were no significant transfers of assets and liabilities between Level 1 and Level 2, as defined in IFRS 13, paragraph 2. 93(c))

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

(€/000)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Tangible assets	Intangible fixed assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	-	-	-	-	7	-	-	-
2. Increases	-	-	-	-	-	-	-	-
2.1 Purchases	-	-	-	-	-	-	-	-
2.2 Profits entered to:	-	-	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-	-	-
- of which capital gains	-	-	-	-	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	-	-
3. Decreases	-	-	-	-	2	-	-	-
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Refunds	-	-	-	-	-	-	-	-
3.3 Losses entered to:	-	-	-	-	2	-	-	-
3.3.1 Income statement	-	-	-	-	-	-	-	-
- of which capital losses	-	-	-	-	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	2	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Final inventories	-	-	-	-	5	-	-	-

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (level 3)

At the reporting date, the Bank had no liabilities measured at fair value on a recurring basis (level 3).

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

(€/000)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	2024				2023			
	Book value	Level 1	Level 2	Livello3	Book value	Level 1	Level 2	Livello3
1. Financial assets measured at amortised cost	10,663	5,374	-	5,367	24,211	16,781	-	6,465
2. Tangible assets held as investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups	70	-	-	70	82	-	-	82
Total	**10,733**	**5,374**	**-**	**5,437**	**24,293**	**16,781**	**-**	**6,547**
1. Financial liabilities measured at amortised cost	25,246	-	-	25,246	33,579	-	-	33,579
2. Liabilities related to discontinuing operations	-	-	-	-	-	-	-	-
Total	**25,246**	**-**	**-**	**25,246**	**33,579**	**-**	**-**	**33,579**

A.5 – DISCLOSURE ON DAY ONE PROFIT/LOSS

This disclosure refers to the differences between the transaction price and the value obtained with valuation techniques, which may arise upon initial recognition of a financial instrument and which are not immediately recognized in the Income Statement, in accordance with paragraph B5.1.2 A of IFRS 9.

Please note that during the FY the Bank did not enter into any transactions for which, at the time of initial recognition of a financial instrument, a difference had arisen between purchase price and the value of the instrument obtained through internal evaluation techniques.

Accordingly, the information required by IFRS 7, para. 28 is not provided.

PART B – INFORMATION ON THE BALANCE SHEET

Assets

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

(€/000)

	TOTAL 2024	TOTAL 2023
a) Cash	3,441	3,296
b) Current accounts and sight deposits with Central Banks	13,907	8,854
c) Current accounts and sight deposits with banks	4,379	4,618
Total	21,**727**	**16,768**

The sub-item “a) Cash” consists of holdings of coins and banknotes at the branches, ATMs and centralized vaults.

Sub-item "Current accounts and sight deposits with Central Banks" refers to deposits held with Banca d’Italia, excluding the Mandatory Reserve which is recognized in item 40 of the Assets - Financial assets measured at amortised cost - a) Receivables from banks".

Section 2 – Financial assets measured at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: commodity breakdown

(€/000)

Items/Values	TOTAL 2024			TOTAL 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A On-balance sheet assets						
1. Debt securities	783	-	-	197	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	783	-	-	197	-	-
2. Equity securities	-	-	-	-	-	-
3. UCIT units	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**783**	**-**	**-**	**197**	**-**	**-**
B Derivative instruments						
1. Financial derivatives	-	-	-	-	-	-
1.1 trading derivatives	-	-	-	-	-	-
1.2 connected with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading derivatives	-	-	-	-	-	-
2.2 connected with fair *value option*	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**783**	**-**	**-**	**197**	**-**	**-**

2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

(€/000)

Items/Values	TOTAL 2024	TOTAL 2023
A. On-balance sheet assets		
1. Debt securities	783	197
a) Central Banks	-	-
b) Public Administrations	278	-
c) Banks	505	197
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	-	-
a) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. UCIT units	-	-
4. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Families	-	-
Total (A)	**783**	**197**
B. Derivative instruments		
a) Central counterparties	-	-
b) Other	-	-
Total (B)	**-**	**-**
Total (A + B)	**783**	**197**

2.3 Financial assets designated at fair value: commodity breakdown

2.4 Financial assets designated at fair value: breakdown by debtor/issuer

At 31 December 2024 there were no financial assets designated at fair value.

2.5 Other financial assets mandatorily measured at fair value: commodity breakdown

2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

At 31 December 2024 there were no Other financial assets mandatorily measured at fair value.

Section 3 – Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: commodity breakdown

(€/000)

Items/Values	TOTAL 2024			TOTAL 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	5	-	-	7
3. Loans	-	-	-	-	-	-
Total	-	-	5	-	-	7

At the reporting date, the portfolio of securities measured at fair value impacting the Bank's comprehensive income was exclusively made up of capital securities, specifically the shares of Banca di Credito Popolare S.c.p.A, whose value amounts to €5 thousand.

3.2. Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

(€/000)

Items/Values	TOTAL 2024	TOTAL 2023
1. Debt securities	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	**5**	**7**
a) Banks	5	7
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non-financial companies	-	-
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Families	-	-
Total	**5**	**7**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total adjustments

As of December 31, 2024, there are no financial assets measured at fair value through other comprehensive income.

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown by commodity of payables to banks

(€/000)

Transaction type/Values	TOTAL 2024						TOTAL 2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	Impaired acquired or originated	Level 1	Level 2	Level 3
A. Receivables from Central Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Mandatory Reserve	-	-	-	X	X	X	-	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Receivables from banks	**2,762**	**-**	**-**	**2,637**	**128**	**-**	**9,458**	**-**	**-**	**9,060**	**213**	**-**
1. Loans	128	-	-	-	128	-	213	-	-	-	213	-
1.1. Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Term deposits	128	-	-	X	X	X	213	-	-	X	X	X
1.3 Other loans:	-	-	-	X	X	X	-	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans in finance lease	-	-	-	X	X	X	-	-	-	X	X	X
- Other	-	-	-	X	X	X	-	-	-	X	X	X
2. Debt securities	2,634	-	-	2,637	-	-	9,245	-	-	9,060	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	2,634	-	-	2,637	-	-	9,245	-	-	9,060	-	-
Total	**2,762**	**-**	**-**	**2,637**	**128**	**-**	**9,458**	**-**	**-**	**9,060**	**213**	**-**

Item "1.2 Term deposits" includes the amounts used to fulfil the mandatory reserve requirement, which is met via BFF Bank.
As specified in the fair value determination criteria illustrated in Part A – Accounting Policies, with reference to sub-item B.1 Loans, as these are entirely short-term and/or variable rate loans, fair value is assumed to be equal to the nominal value.

4.2 Financial assets measured at amortised cost: breakdown by commodity of loans to customers

(€/000)

Transaction type/Values	TOTAL 2024						TOTAL 2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	Impaired acquired or originated	Level 1	Level 2	Level 3
1.Finanziamenti	**4,199**	**965**	**-**	**-**	**-**	**5,164**	**5,837**	**1,108**	**-**	**-**	**-**	**6,945**
1.1. Current accounts	408	94	-	X	X	X	835	98	-	X	X	X
1.2. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Mortgage loans	3,708	809	-	X	X	X	4,898	949	-	X	X	X
1.4. Credit cards, personal loans and CQ loans	63	23	-	X	X	X	92	16	-	X	X	X
1.5. Loans in finance lease	-	-	-	X	X	X	-	-	-	X	X	X
1.6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7. Other loans	20	39	-	X	X	X	12	45	-	X	X	X
2. Debt securities	**2,737**	**-**	**-**	**2,737**	**-**	**-**	**7,808**	**-**	**-**	**7,721**	**-**	**-**
1.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other debt securities	2,737	-	-	2,737	-	-	7,808	-	-	7,721	-	-
Total	**6,936**	**965**	**-**	**2,737**	**-**	**5,164**	**13,645**	**1,108**	**-**	**7,721**	**-**	**6,945**

Sub-item 1.7 “Other loans” consists of Advances on invoices subject to collection

With reference to Credit Quality, please see Part E 1– Information on risks and hedging policies, Section 1 - Credit risk.

4.3 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

(€/000)

Transaction type/Values	TOTAL 2024			TOTAL 2023		
	First and second stage	Third stage	Impaired acquired or originated	First and second stage	Third stage	Impaired acquired or originated
1. Debt securities	**2,737**	**-**	**-**	**7,808**	**-**	**-**
a) Public Administrations	2,234	-	-	3,278	-	-
d) Other financial companies	-	-	-	2,512	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	503	-	-	2,018	-	-
2. Loans to:	**4,199**	**965**	**-**	**5,837**	**1,108**	**-**
a) Public Administrations	-	-	-	-	-	-
d) Other financial companies	153	-	-	155	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	1,360	423	-	2,411	441	-
d) Families	2,686	542	-	3,271	667	-
Total	**6,936**	**965**	**-**	**13,645**	**1,108**	**-**

Debt securities show a decrease compared to the comparison figure, in line with the treasury management undertaken by the Bank, aimed at privileging investments in overnight deposits, allocating to them the liquid resources generated by the securities matured during the year.

4.4 Financial assets measured at amortised cost: gross value and total adjustments

(€/000)

	Gross value					Overall adjustments				Overall partial write-offs (*)
	First stage	of which: Low credit risk instruments	Second stage	Third stage	Impaired, acquired or originated	First stage	Second stage	Third stage	Impaired, acquired or originated	-
Debt securities	5,376	-	-	-	-	5	-	-	-	-
Loans	4,170	2	256	1,776	-	72	27	811	-	316
Total 2024	**9,546**	**2**	**256**	**1,776**	**-**	**77**	**27**	**811**	**-**	**316**
Total 2023	**21,569**	**-**	**1,689**	**2,118**	**-**	**98**	**57**	**1,010**	**-**	**176**

(*) Value to be displayed for information purposes

The breakdown by risk stage of financial assets measured at amortised cost is applied in accordance with the impairment model upon application of the IFRS 9 accounting standard. For further details, please refer to Part A - Accounting policies.

Section 5 – Hedging derivatives – Item 50

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 5 – Hedging derivatives – Item 50."

Section 6 – Adjustment to financial assets subject to macro-hedging – Item 60

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Adjustment to financial assets subject to macro-hedging - Item 60."

Section 7 – Equity investments – Item 70

This item includes, pursuant to IFRS 10, equity investments in the following subsidiaries:

- Promos Fintech S.R.L (year 2019)

7.1 Equity investments: information on shareholding interest

Names	Registered Office	Operational office:	Percent ownership	% availability of votes
A. 100%-owned subsidiaries				
1. Promos Fintech S.r.L.	Viale Gramsci 19-Naples	Naples	60%	-
B. Joint ventures				
C. Companies subject to significant influence				

7.2 Significant equity investments: carrying amount, fair value and dividends received

(€/000)

Names	Book value	Fair value	Dividends received
A. 100%-owned subsidiaries	**45**	-	-
1. Promos Fintech S.r.L.	45	-	-
B. Joint ventures	-	-	-
C. Companies subject to significant influence	-	-	-
Total	**45**	-	-

At 31 December 2024, the value of the investment recorded in the financial statements, for €45 thousand, is attributable to the subsidiary Promos Fintech Srl, 60% owned by the Bank, an innovative start-up incorporated in July 2019 with the aim of developing high-tech projects for the banking and financial industry.

7.3 Significant equity investments: accounting information

(€/000)

Names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenue	Net interest income	Adjustments to and write-backs of tangible and intangible assets	Pre-tax profit (loss) of current operations	Profit (loss) of current operations, after taxes	Profit (Loss) of disposal groups, after taxes	Profit (loss) for the year (1)	Other income items, after taxes (2)	Comprehensive income (3) = (1) + (2)
A. 100%-owned subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Promos Fintech S.r.L.	29	-	8	-	23	130	-	(1)	-	(1)	-	(1)	-	**(1)**
B. Joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Companies subject to significant influence	X	-	-	-	-	-	X	X	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The figures shown in the table in question relate to the Promos Fintech subsidiary’s financial statements as at 31 December 2024 approved by the Board of Directors, held in April 2025.

Below is a reconciliation between the accounting information shown in the table and the book value of the equity investment in the Financial Statements.

- Promos Fintech srl

- total assets 37,254 consisting of cash and cash equivalents, financial assets and non-financial assets;
- total liabilities 22,949 consisting of financial and non-financial liabilities;
- resulting shareholders' equity 14,305.

With reference to the accounting information relating to Promos Corporate, please refer to the final liquidation accounts attached to these financial statements.

7.4 Non-significant equity investments: accounting information

The were no non-significant investments at the reporting date.

7.5 Equity investments: year-on-year changes

(€/000)

	TOTAL 2024	TOTAL 2023
A. Opening balances	**45**	**61**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Write-backs	-	-
B.3 Write-ups	-	-
B.4 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Sales	-	-
C.2 Adjustments	-	-
30. Write-downs	-	16
C.4 Other changes	-	-
D. Closing balances	**45**	**45**
E. Total write-ups	**-**	**-**
F. Total adjustments	**-**	**-**

7.6 Commitments for investments in jointly controlled entities

The were no investments in jointly controlled entities at the reporting date.

7.7 Commitments for investments in entities subject to significant influence

There were no commitments for investments in entities subject to significant influence at the reporting date.

7.8 Significant restrictions

This item was not present at the reporting date.

7.9 Other information

There was no additional information to provide at the reporting date.

Section 8 – Tangible assets – Item 80

8.1 Breakdown of operating tangible assets measured at cost

(€/000)

Assets/values	TOTAL 2024	TOTAL 2023
1. Own assets	**4,205**	**4,328**
a) land	-	-
b) buildings	4,141	4,259
c) furniture	52	52
d) electronic systems	12	17
e) other	-	-
2. Rights of use acquired through leases	**12**	**20**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	12	20
Total	**4,217**	**4,348**
Of which: obtained through the enforcement of guarantees received	-	-

Item "2. "Rights of use acquired through leases" include the rights of use recognized pursuant to IFRS 16 in connection with a lease contract of company vehicles (€12 thousand).

8.2 Investment property: breakdown of assets measured at cost

At the reporting date, there were no tangible assets held for investment purposes; therefore, the relevant table is omitted.

8.3 Operating tangible assets: breakdown of revalued assets

At the reporting date, there were no revalued operating tangible assets; therefore, the relevant table is omitted.

8.4 Investment property: breakdown of assets measured at fair value

Assets/values	TOTAL 2024			TOTAL 2023		
	Fair value			Fair value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1 Owned assets	**598**	**-**	**-**	**598**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	598	-	-	598	-	-
2 Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**598**	**-**	**-**	**598**	**-**	**-**
Of which: obtained through the enforcement of guarantees received	**-**	**-**	**-**	**-**	**-**	**-**

Item "1 Owned Assets - b) Buildings" includes the amount related to a building reclassified - pursuant to IAS 40 - under the Bank's tangible assets held for investment.

8.5 Inventories of tangible assets governed by IAS 2: breakdown

At the reporting date, there were no tangible assets regulated by IAS 2; therefore, the relevant table is omitted.

8.6 Operating assets: year-on-year changes

(€/000)

	Land	Buildings	Fixtures	Electronic systems	Other	Total
A. Gross opening balances	**-**	**7,603**	**381**	**498**	**195**	**8,677**
A.1 Net total impairments	-	3,344	329	481	175	4,329
A.2 Net opening balance	**-**	**4,259**	**52**	**17**	**20**	**4,348**
B. Increases:	**-**	**-**	**-**	**3**	**-**	**3**
B.1 Purchases	-	-	-	3	-	3
B.2 Capitalised improvement expenses	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Exchange profits	-	-	-	-	-	-
B.6 Transfers from buildings held as investment	-	-	X	X	X	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**118**	**-**	**8**	**8**	**134**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	118	-	8	8	134
C.3 Adjustments due to impairment charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-	-
a) tangible assets held as investment	-	-	X	X	X	-
b) non-current assets and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balances	**-**	**4,141**	**52**	**12**	**12**	**4,217**
D.1 Net total impairments	-	3,462	329	489	183	4,463
D.2 Gross closing balance	**-**	**7,603**	**381**	**501**	**195**	**8,680**
E. Measurement at cost	-	-	-	-	-	-

For all tangible assets, the cost method is applied by the Bank.
Items A.1 and D.1 "Total net reductions" include the amount of depreciation on property, plant and equipment recognized in the accounts.
As indicated by Banca d'Italia, no amounts are reported in Sub-item "E. Measurement at cost" – as this item is intended only for tangible assets measured at fair value, which the Bank did not own at 31 December 2024.

8.7 Investment property: yearly changes

	Total	
	Land	**Buildings**
A. Opening balances	**-**	**-**
B. **Increases**:	**-**	**598**
B.1 Purchases	-	-
B.2 Capitalised improvement expenses	-	-
B.3 Positive changes in fair value	-	-
B.4 Write-backs	-	-
B.5 Exchange profits	-	-
B.6 Transfers from buildings for functional use	-	-
B.7 Other changes	-	-
C. **Decreases**:	**-**	**-**
C.1 Sales	-	-
C.2 Depreciation	-	-
C.3 Negative changes in fair value	-	-
C.4 Net adjustments for impairment	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
a) properties for functional use	-	-
b) non-current assets and disposal groups	-	-
C.7 Other changes	-	-
D. Closing balances	**-**	**598**
E. Fair value measurement	-	598

8.8 Inventories of tangible assets governed by IAS 2: yearly changes

There were no changes at the reporting date.

8.9 Commitments to purchase tangible assets

The Bank has no commitments to purchase tangible assets.

Section 9 – Intangible assets – Item 90

9.1 Intangible fixed assets: breakdown by type of asset

(€/000)

Assets/values	TOTAL 2024		TOTAL 2023	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	X	**-**	X	-
A.2 Other intangible assets	**117**	**-**	**241**	-
of which software	**116**	**-**	**240**	-
A.2.1 Assets measured at cost:	117	-	241	-
a) Internally generated intangible assets	71	-	190	-
b) Other assets	46	-	51	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**117**	**-**	**241**	-

Recognized intangible assets are amortized on the basis of their expected technological obsolescence.
All the intangible assets of the Bank are measured at cost.

9.2 Intangible assets: year-on-year changes

(€/000)

	Goodwill	Other intangible assets: internally generated assets		Other intangible assets: other		Total
		Definite life	Indefinite life	Definite life	Indefinite life	
A. Opening balances	-	**1,094**	-	**721**	-	**1,815**
A.1 Net total impairments	-	904	-	670	-	1,574
A.2 Net opening balance	-	**190**	-	**51**	-	**241**
B. Increases	-	-	-	**11**	-	**11**
B.1 Purchases	-	-	-	11	-	11
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
B.5 Exchange profits	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	-	**119**	-	**16**	-	**135**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	119	-	16	-	135
- Amortisation and depreciation	X	119	-	16	-	135
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ Income statement	-	-	-	-	-	-
C.3 Negative changes in fair value		-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
C.4 Transfers to non-current disposal assets	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balances	-	**71**	-	**46**	-	**117**

D.1 Net total adjustments	-	1,023	-	686	-	1,709
E Gross final balances	**-**	**1,094**	**-**	**732**	**-**	**1,826**
F. Measurement at cost	-	-	-	-	-	-

No amounts were reported in Sub-item F - "Measurement at cost" - as this item is intended only for intangible assets measured at fair value, which the Bank does not own.

At the reporting date, the intangible assets shown in the table did not include rights of use acquired through leases.

9.3 Intangible assets: other information

In accordance with the requirements of IAS 38, paragraphs 122 and 124, please note that the Bank has not:

- placed its intangible assets as collateral for its liabilities;
- taken commitments to purchase intangible assets, as at the date of the financial statements;
- acquired intangible assets through finance or operating leases;
- acquired intangible assets licensed by the government;
- financial assets written up and measured at fair value.

At 31 December 2024, no goodwill was accounted for in the Bank's financial statements.

Section 10 – Tax assets and liabilities – Item 100 of assets and Item 60 of liabilities

This item includes tax assets (current and deferred) and liabilities (current and deferred) recorded, respectively, in item 100 of the Assets and item 60 of the Liabilities.
Deferred tax assets and liabilities are accounted for in accordance with the accrual principle, in order to match costs and revenues that determine the result for the period.
According to IAS 12 the recognition of deferred taxes in the financial statements should be based on the following criteria:
- deferred tax liabilities must be recognised on all the temporary taxable differences,
- deferred tax assets can be recognised for all deductible temporary differences where it is likely that the entity will earn taxable income against which it may set off the temporary deductible difference.

Deferred tax assets and liabilities were recognized in accordance with the current tax legislation, providing for the application of a 27.5% rate for IRES and a 5.72% rate for IRAP.

10.1 Deferred tax assets: breakdown

Contra entry to income statement

(€/000)

	IRES	IRAP	TOTAL
Receivables	124	23	147
Property, plant and equipment	-	-	-
Provisions for liabilities and charges	4	-	4
Tax losses	579	4	583
Administrative costs	-	-	-
Other items	84	-	84
TOTAL	**791**	**27**	**818**

Contra entry to shareholders' equity

	IRES	IRAP	TOTAL
Negative reserves for HTCS financial assets	-	57	57
severance indemnity	-	-	-
Other items	-	-	-
TOTAL	**-**	**57**	**57**

The item "receivables" in the above table includes Deferred Tax Assets (hereinafter also "DTA") relating to:

- write-downs and losses on loans to customers not yet deducted from taxable income pursuant to art.106, paragraph 3 of the Consolidated Income Tax Law (TUIR) and art. 6 paragraph 1, c-bis) of IRAP Decree 446/1997 convertible into a tax credit, regardless of the entity's future profitability, both in case of statutory loss and IRES tax loss or of negative IRAP production value pursuant to Law No. 214 of 22 December 2011 ("qualified DTAs") of €37 thousand;

- adjustments arising from the expected credit loss model (ECL) under IFRS 9 FTA on loans to customers that cannot be converted into a tax credit and which, therefore, can only be recognized if there are sufficient and probable future taxable amounts, of €115 thousand (IRES) (article 1, paragraphs 1067-1069, Law no. 145 of 30 December 2018). It was originally provided that income components arising solely from adoption of the model involving the recognition of a loss allowance for expected credit losses on loans to customers, referred to in paragraph 5.5 of IFRS 9, and identifiable as a portion of the reserves for transition to IFRS9 recognized upon first adoption of the standard, are deductible from the IRES tax base to the extent of 10 percent of their amount in the tax period of first adoption of IFRS 9 (2018) and for the remaining 90 percent in equal amounts

over the subsequent tax periods. In the subsequent paragraph 1068 of Law no. 145/2018 a similar provision was included for IRAP.
The "Other items" in the above table include prepaid tax assets relating to unused ACE in the amount of €70 thousand.

In addition, it should be noted that the tax rules on the convertibility into tax credits of deferred tax assets associated with adjustments to receivables, goodwill and intangible assets, in giving "certainty" to the recovery of qualified DTAs, affects the "probability test" under IAS 12, by making it automatically satisfied for all the aforementioned DTAs.

For detailed information on the "probability test" carried out on deferred tax assets, please refer to paragraph 10.7 "Other information" hereinafter.

10.2 Deferred tax liabilities: breakdown

Contra entry to income statement

At the reporting date were no deferred tax liabilities as a contra entry to income statement; therefore, the relevant table is omitted.

Contra entry to shareholders' equity

At the reporting date were no deferred tax liabilities as a contra entry to shareholders' equity; therefore, the relevant table is omitted.

10.3 Changes in deferred tax assets (contra entry to income statement)

(€/000)

	TOTAL 2024	TOTAL 2023
1. Opening balance	**882**	**915**
2. Increases	**818**	**882**
2.1 Prepaid taxes recorded for the year	818	882
a) related to previous FYs	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	818	882
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**882**	**915**
3.1 Prepaid taxes derecognised for the year	842	898
a) reversals	842	898
b) write-downs due to impossibility of recovery	-	-
c) change in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases:	39	17
a) amounts reclassified as tax credits pursuant to Law no. 214/2011	39	17
b) other	-	-
4. Closing balance	**818**	**882**

The decreases in deferred tax assets in the FY basically include the release of their balance prior to the reporting date.

10.3bis Change in prepaid taxes as per Law no. 214/2011

(€/000)

	TOTAL 2024	TOTAL 2023
1. Opening balance	**73**	**127**
2. Increases	**3**	**-**
3. Decreases	**39**	**54**
3.1 Reversals	-	37
3.2 Amounts reclassified as tax credits	39	17
a) resulting from losses for the period	4	-
b) resulting from tax losses	35	17
3.3 Other decreases	-	-
4. Closing balance	**37**	**73**

Table 10.3 bis shows the changes in deferred tax assets recognised on adjustments to loans to customers pursuant to Law no. 214/2011, including those relating to the conversion of tax losses due to the reversals under Law no. 214/2011 of loan write-downs not deducted in previous years amounting to €39 thousand.

10.4 Change in deferred taxes (contra entry to income statement)

At the reporting date there were no deferred tax liabilities as a contra entry to income statement; therefore, the relevant table is omitted.

10.5 Change in prepaid taxes (contra entry to shareholders' equity)

(€/000)

	TOTAL 2024	**TOTAL 2023**
1. Opening balance	**65**	**59**
2. Increases	**-**	**8**
2.1 Prepaid taxes recorded for the year	-	8
a) related to previous FYs	-	-
b) due to changes in accounting criteria	-	-
c) other	-	8
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**8**	**2**
3.1 Prepaid taxes derecognised for the year	8	2
a) reversals	8	2
b) write-downs due to impossibility of recovery	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**57**	**65**

10.6 Change in deferred taxes (offsetting entry to equity)

At the balance sheet date, no deferred taxes are recognised as a counterpart to net equity; therefore, the relevant table has not been filled in.

10.7 Other information

(€/000)

Breakdown of current taxes	IRES / IRPEG	IRAP	OTHER
Current tax liabilities (-)	-	-	-
Advances paid (+)	-	-	-
Withholding taxes paid (+)	1	-	-
Other tax credits (+)	-	23	-
Tax credits as per Law no. 214/2011 (+)	117	7	25
Tax credits that cannot be offset: principal	94	31	-
Tax credits that cannot be offset: interest	-	-	-
Debit balance of item 60 a) of liabilities	**-**	**-**	**-**
Credit balance of item 100 a) of assets	**212**	**61**	**25**

About the Bank's tax position, no assessment notice has been served to date for the years for which the limitation period has not yet expired.

<u>Disclosure on the "Probability test" of deferred tax assets</u>

Under para. 5 of IAS 12, "deferred tax assets" are defined as the amount of income taxes for the year that can be recovered in future years with respect to the following cases:

a) deductible temporary differences;
b) unused tax losses carried forward (including ACE (tax relief related to the increase in equity));
c) unused tax credits carried forward.

Specifically, the "temporary differences" are defined as differences that arise temporarily between the book value of assets (liabilities) and their tax value. They are defined as "deductible" when they generate amounts that can be deducted when determining future taxable income, in connection with the realization of assets (settlement of liabilities).

When there is a temporary deductible difference, par. 24 of IAS 12 provides for the recognition of a deferred tax asset - equal to the product between the deductible temporary difference and the tax rate expected in the year in which such difference will be reversed - only if and to the extent that it is probable that there will be a future taxable income against which the deductible temporary differences can be used (probability test). Indeed, the economic benefit consisting in the reduction of future tax payments is achievable only if the taxable income is of a sufficiently large amount (IAS 12, par. 27).

That said, the Bank reported deferred tax assets (DTA) of €818 thousand in the Balance Sheet as a contra entry to income statement. These included €37 thousand falling within the scope of Law 214/2011 and, therefore, as already described, they are considered "qualified" DTAs (and therefore of certain recoverability).

The "probability test" was carried out on the residual portion of DTAs in the income statement (i.e. those that cannot be converted into tax credits) of €781 thousand in order to verify the Bank's ability to generate future taxable income capable of absorbing the aforementioned deferred tax assets.

In carrying out the "probability test", the following elements were taken into account:

- forecast data updated on a 2025 - 2027 time horizon;
- forecast quantification of the Bank's future profitability.

The assessments made at the reporting date showed that the Bank will reasonably be able to produce future taxable income capable of ensuring the recoverability of the non-qualified DTAs recognized in the accounts.

Section 11 – Non-current assets and disposal groups and related liabilities – Item 110 of assets and item 70 of liabilities

11.1 Non-current assets and disposal groups: breakdown by type of asset

(€/000)

	TOTAL 2024	TOTAL 2023
A. Assets held for sale		
A.1 Financial assets	-	-
A.2 Shareholdings	-	-
A.3 Tangible assets	70	82
Of which: obtained through the enforcement of guarantees received	70	82
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**70**	**82**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	70	82
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Tangible assets	-	-
Of which: obtained through the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which measured at cost	-	-

of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities related to discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

Sub-item "A.3 Tangible assets" held for sale at the date of preparation of the financial statements, included a property acquired following enforcement of collateral for a value of €70 thousand.
At the reporting date, negotiations were under way for its subsequent disposal.

11.2 Other information

The Bank did not perform any transaction covered by IFRS 5 para. 42.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

(€/000)

	TOTAL 2024	TOTAL 2023
Items in progress	136	775
Credit transfers being charged	-	-
Miscellaneous tax items	245	171
Tax credit (Art. 1, Law 160 of 27/12/2019)	75	318
Deferrals	-	-
Other minor items	16	41
Total	**472**	**1,305**

The "Items in progress" mainly reflect temporary transactions, which primarily refer to items processed in the last days of the year 2024, with contra entry in the first days of the subsequent year.
The item "Tax credit (Art. 1, Law 160 of 27/12/2019)" mainly includes the tax credit for Research and Development activities, pursuant to art. 1 of Law no. 160 of 27 December 2019.
In addition, this item consists of Advances for the stamp duty for the subsequent year amounting to €110 thousand and advances for withholdings on interest expense of €85 thousand.

Liabilities

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by commodity of payables to banks

(€/000)

Transaction type/Values	TOTAL 2024				TOTAL 2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Payables to central banks	**1,001**	X	X	X	**4,005**	X	X	X
2. Payables to banks	**19**	X	X	X	**20**	X	X	X
2.1 Current accounts and sight deposits	19	X	X	X	20	X	X	X
2.2. Term deposits	-	X	X	X	-	X	X	X
2,3 Loans	-	X	X	X	-	X	X	X
2.3.1 Repurchase agreements	-	X	X	X	-	X	X	X
2.3.2 Other	-	X	X	X	-	X	X	X
2.4 Payables for repurchase commitments of equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other payables	-	X	X	X	-	X	X	X
Total	**1,020**	**-**	**1,020**	**-**	**4,025**	**-**	**4,026**	**-**

Item "1. Payables to central banks" includes the amount payable to the European Central Bank for loans outstanding at 31 December 2024 in relation to loans granted by the ECB against securities given as collateral by the Bank.
With regard to the criteria for determining the fair value of this item, reference is made to the comments in Part A - Accounting Policies.

1.2 Financial liabilities measured at amortised cost: breakdown by commodity of loans to clients

(€/000)

Transaction type/Values	TOTAL 2024				TOTAL 2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1 Current accounts and sight deposits	18,443	X	X	X	17,400	X	X	X
2. Term deposits	5,771	X	X	X	12,134	X	X	X
3 Loans	-	X	X	X	-	X	X	X
3.1 Repurchase agreements	-	X	X	X	-	X	X	X
3.2 Other	-	X	X	X	-	X	X	X
4 Payables for repurchase commitments of equity instruments	-	X	X	X	-	X	X	X
5 Lease payables	12	X	X	X	20	X	X	X
6 Other payables	-	X	X	X	-	X	X	X
Total	**24,226**	**-**	**-**	**24,226**	**29,554**	**-**	**-**	**29,554**

As this item includes only sight deposits (current accounts and demand deposits) and term deposits maturing within 12 months, fair value is assumed to be equal to the amortised cost.

1.3 Financial liabilities measured at amortised cost: breakdown by commodity of outstanding securities

At 31 December 2024 there were no outstanding securities issued by the Bank.

1.4 Breakdown of subordinated payables/securities

No subordinated payables/securities existed at the reporting date.

1.5 Breakdown of structured payables

No structured payables existed at the reporting date.

1.6 Lease payables

(€/000)

	TOTAL 2024	TOTAL 2023
Lease payables to customers		
Up to 1 year	-	-
1 year to 5 years	12	20
Over 5 years	-	-
Total lease payables	**12**	**20**

As at 31 December 2024, the Bank had payables outstanding of €12 thousand falling due between 1 and 5 years relating to company car payments. Lease payables refer entirely to customer counterparties.

Section 2 – Financial liabilities held for trading – Item 20.

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 2– Financial liabilities held for trading - Item 20."

Section 3 – Financial liabilities designated at fair value – Item 30

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 3 – Financial liabilities designated at fair value – Item 30."

Section 4 – Hedging derivatives – Item 40

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 4 – Hedging derivatives – Item 40."

Section 5 – Adjustment to financial liabilities subject to macro-hedging – Item 50

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 5 - Adjustment to financial liabilities subject to macro-hedging - Item 50."

Section 6 – Tax liabilities – Item 60

For information on tax liabilities, see Section 10 of the Assets.

Section 7 – Liabilities related to discontinuing operations – Item 70

For information on tax liabilities, see Section 11 of the Assets.

Section 8 – Other Liabilities – Item 80

8.1 Other liabilities: breakdown

(€/000)

	Total 2024	**Total 2023**
Sums payable to the Inland Revenue on behalf of clients/staff	460	361
Credit transfers settled through clearing house	175	1,705
Trade payables	148	256
Collections on behalf of third parties and other amounts available to customers or third parties	165	174
Personnel costs	139	207
Payables to other entities	2	119
Accrued liabilities and deferred income	1	-
Portfolio credited subject to collection and after collection	-	-
Other payables to third parties	3	5
Total	**1,093**	**2,827**

Section 9 – Staff severance indemnity - Item 90

9.1 Staff severance indemnity: year-on-year changes

(€/000)

	Total 2024	Total 2023
A. Opening balances	**1,163**	**1,195**
B. Increases	**125**	**153**
B.1 Allocation for the year	113	129
B.2 Other changes	12	24
C. Decreases	**26**	**185**
C.1 Indemnities disbursed	13	80
C.2 Other changes	13	105
D. Closing balances	**-**	**-**
Total	**1,262**	**1,163**

At the reporting date, the Bank recognized the staff severance indemnity in accordance with IAS 19; therefore Item D. "Closing balance" of the recorded provision corresponds to its Actuarial Value (Defined Benefit Obligation - DBO).

The B.1 sub-item "Allocation for the year" is broken down as follows:
1) Service Cost for €76,261;
2) Net Interest Cost for €36,646.

"Other changes" as per sub-item B.2 include actuarial losses (€12,810) arising from the actuarial valuation, with contra entry to an equity reserve.
The sub-item C.1 refers to uses of the provision.

9.2 Other information

9.2.1 Other Information: Staff severance indemnity calculated according to article 2120 of the Italian Civil Code

(€/000)

	2024	2023
Opening provision	**1,195**	**1,267**
Increases	121	113
Decreases	26	185
Closing provision	**1,290**	**1,195**

The provision for the staff severance indemnity governed by art. 2120 of the Italian Civil Code, accrued as at 31 December 2024, amounted to €1,290 thousand. The staff severance Indemnity accruing continues to be kept in the company, as the Bank did not exceed the minimum threshold of 50 employees, as provided for by Law no. 296 of 27 December 2006.
Please note that no employee of the Bank opted to request the monthly direct payment of their accruing severance indemnity - salary supplement (QU.IR) - as an integral part of the remuneration, as permitted and governed by Prime Minister's Decree no. 29 of 20 February 2016

9.2.2 Other information: breakdown of actuarial assumptions

The values related to the staff severance indemnity provision derive from a special actuarial expertise commissioned to a Bank's external actuarial.

The actuarial benchmark model for the valuation of the staff severance indemnity ("Projected Unit Credit Method") is based on several demographic and economic assumptions.
Within the framework of the technical-economic bases used, it should be noted that:

- the annual discount rate (3.18%) used to calculate the present value of the liability was determined in accordance with paragraph 83 of IAS 19, with the IBoxx Corporate AA index with a duration of over 10 years as quoted on 31 December 2024. For this purpose, management used the yield having a duration comparable to the duration of the generality of employees in question;

- The employee indemnity annual increase rate, as provided for in art. 2120 of the Italian Civil Code, is equal to 75% of the inflation plus 1.5 percentage points;

- the annual salary increase rate applied exclusively for companies with on average less than 50 employees was determined on the basis of what was recorded by the Bank.

The additional information required by IAS 19 for post-employment defined benefit plans is provided below:

Sensitivity analysis on the main valuation parameters

Rate breakdown	DBO at 31/12/2024
Turnover rate +1%	1,264,548.98
Turnover rate -1%	1,258,574.67
Inflation rate +0,25%	1,279,035.14
Inflation rate -0,25%	1,244,787.58
Discounting rate +0,25%	1,239,092.51
Discounting rate -0,25%	1,285,094.72

Service Cost and Duration

Annual future Service Cost	78,318.99
Plan duration	9.70

Estimated future disbursements

Years	Expected disbursements
1	113,347.06
2	113,698.50
3	113,588.11
4	180,740.19
5	132,753.99

Section 10 – Provisions for liabilities and charges – Item 100

10.1 Provisions for liabilities and charges: breakdown

(€/000)

Items/Values	Total 2024	Total 2023
1. Provisions for credit risk related to commitments and financial guarantees granted	14	3
2. Provisions on other commitments and other guarantees granted	-	-
3. Company retirement funds	-	-
4. Other provisions for liabilities and charges	-	-
4.1 legal and tax disputes	-	-
4.2 staff expenses	-	-
4.3 other	-	-
Total	**14**	**3**

Item "1. Provisions for credit risk on financial commitments and guarantees given" includes, for €14 thousand, the provisions for credit risk in respect of commitments to disburse funds and financial guarantees given that fall within the scope of application of the IFRS 9 impairment rules.

10.2 Provisions for liabilities and charges: year-on-year changes

At the reporting date, there were no year-on-year changes related to "Provisions on other commitments and other guarantees granted", "Provisions for retirement benefits" and "Other provisions for liabilities and charges".

10.3 Provisions for credit risk related to commitments and financial guarantees granted

(€/000)

		Provisions for credit risk related to commitments and financial guarantees granted			
	First stage	Second stage	Third stage	Impaired acquired or originated	Total
1. Commitments to grant finance	13	1	-	-	**14**
2. Financial guarantees granted	-	-	-		-
Total	**13**	**1**	**-**	**-**	**14**

The breakdown by risk stage of the provisions in question is applied in accordance with the impairment model upon application of the IFRS 9 accounting standard.
For further details, please refer to Part A - Accounting policies.

10.4 Provisions on other commitments and other guarantees granted

At the reporting date, there were no provisions on other commitments and other guarantees granted.

10.5 Defined-benefit company retirement funds

At the reporting date, there were no defined-benefit company retirement funds.

10.6 Provisions for liabilities and charges - other provisions

At the reporting date, there were no "other provisions for liabilities and charges".

At 31/12/2024 there were no disputes which could determine contingent liabilities for the Bank.

Section 11 – Redeemable shares – Item 120

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 11 – Redeemable shares – Item 120."

Section 12 – Corporate equity – Items 110, 130, 140, 150, 160, 170 and 180

12.1 "Share capital" and "Treasury shares": breakdown

For further details on this section, please refer to paragraph 12.3 below.

12.2 Share capital - Number of shares: year-on-year changes

Items/Types	Ordinary	Other
A. Shares at the beginning of the FY	**7,740,000**	-
- fully paid-up	7,740,000	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balances	**7,740,000**	-
B. Increases	**774,000**	-
B.1 New issues	774,000	-
- for consideration:	774,000	-
- business combinations transactions	-	-
- bond conversion	-	-
- warrants exercised	-	-
- other	774,000	-
- scrip issue:	-	-
- in favour of employees	-	-
- in favour of directors	-	-
- other	-	-
B.2 Disposal of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	-	-
C.1 Write-off	-	-
C.2 Purchase of treasury shares	-	-
C.3 Company disposal transactions	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balances	**8,514,000**	-
D.1 Treasury shares (+)	-	-
D.2 Existing shares at the end of the FY	8,514,000	-
- fully paid-up	8,514,000	-
- not fully paid-up	-	-

12.3 Share Capital: other information

During the 2024 financial year, the number of the Bank's shares changed following a capital increase that led to the issue of 774,000 new shares. Therefore, as of 31/12/2024, the Bank's Share Capital consists exclusively of 8,514,000 shares with a nominal value of € 1.00 each. There are no rights, privileges and constraints on the aforementioned actions. The Bank does not hold treasury shares.

12.4. Profit reserves: other information

In line with the requirements of IAS 1 paragraph 79 (b) and in compliance with article 2427, (4) and 7-bis, of the Italian Civil Code, the composition of the Bank's equity is detailed below, excluding the result for the year, with indication of the origin and degree of availability and eligibility for distribution of the various items.

(€/000)

Shareholders' equity	Amount 31.12.2024	Principal	Profits	Potential use	Use of the last 3 FYs
Share capital	8,514	8,514			-
Share premium account*	1,797	1,797		A B C	-
Legal reserve*	870	870		B	-
Business combinations reserve*	621	621		A, C	-
Valuation reserve	-1,046		-1,046	A, C	-
FTA provision	115	115		A, C	-
FTA provision IFRS9	-884	-884		A, C	-
Use of previous FYs	2,866		2,867	A, B, C	-
Total reserves excluding the result for the period	**12,853**	**11,033**	**1,821**		**-**

A = for share capital increase
B = for coverage of losses
C = for payment to shareholders

*Reserves taxable upon distribution pursuant to Article 110 of Decree-Law No. 104 of 14 August 2020

With reference to valuation reserves, the following is specified:
- the reserves from valuation of financial instruments measured at fair value through other comprehensive income represent the profits or losses arising from a change in the fair value of said financial assets;
- IAS 19 actuarial gains/losses refer to the valuation of staff severance indemnity.

12.5 Equity instruments: breakdown and year-on-year changes

There were no equity instruments other than capital and reserves.

12.6 Other information

	Males	Females	Other than natural persons	Total
Number of shareholders at 1 Jan	**34**	**22**	**4**	**60**
Number of shareholders: in	1	-	-	**1**
Number of shareholders: out	1	2	-	**3**
Number of shareholders at 31 December 2024	**34**	**20**	**4**	**58**

Breakdown of the allocation of the loss for the year (pursuant to article 2427, para. 22-septies of the Italian Civil Code)

The proposed allocation of the loss pursuant to Article 2427 paragraph 22-septies of the Italian Civil Code is presented below.

Proposal to allocate the loss for the year

Reserve of retained earnings	598,470

Other information

1. Financial commitments and guarantees given (other than those designated at fair value)

(€/000)

	Nominal amount of financial commitments and guarantees given			TOTAL 2024	TOTAL 2023
	First stage	Second stage	Third stage		
1. Commitments to grant finance	**685**	**19**		**704**	**223**
a) Central Banks	-	-	-	-	-
b) Public Administrations	-	-	-	-	-
c) Banks	105	-	-	105	-
d) Other financial companies	13	-	-	13	-
e) Non-financial companies	403	6	-	409	57
f) Families	164	13	-	177	166
2. Financial guarantees granted	**113**	**-**	**-**	**113**	**121**
a) Central Banks	-	-	-	-	-
b) Public Administrations	-	-	-	-	-
c) Banks	113	-	-	113	121
d) Other financial companies	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-
f) Families	-	-	-	-	-

The "Commitments to disburse funds" are commitments that may give rise to credit risks which are subject to the IFRS 9 impairment rules.

The financial guarantees given include personal guarantees that secure the regular fulfilment of debt service obligations by the borrower.

2. Other commitments and other guarantees granted

At the date of these financial statements, there were no other commitments and guarantees issued.

3. Assets pledged as collateral for own liabilities and commitments

(€/000)

Portfolios	Amount 2024	Amount 2023
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-
3. Financial assets measured at amortised cost	1,728	5,599
4. Tangible assets	-	-
of which: inventories	-	-

Item "3. Financial assets measured at amortised cost" includes the securities used as collateral against the loans received from the European Central Bank.

4. Third-party management and brokerage

(€/000)

Type of service	Amount
1. Execution of orders on behalf of clients	**-**
a) purchases	-
1. settled	-
2. unsettled	-
b) sales	-
1. settled	-
2. unsettled	-
2. Individual portfolio management	**-**
3. Custody and management of securities	**-**
a) third-party securities in custody: in the capacity of custodian bank (excluding asset management)	-
1. securities issued by the bank drafting the financial statements	-
2. other securities	-
b) third-party securities in custody (excluding asset management): other	10,893
1. securities issued by the bank drafting the financial statements	-
2. other securities	10,893
c) third-party securities in custody with third parties	11,301
c) own securities in custody with third parties	6,137
4.Other transactions	**-**

5. Financial assets that were offset in the balance sheet, or subject to master netting agreements or similar arrangements

At the reporting date, the Bank had no financial assets that were offset in the balance sheet, or subject to master netting agreements or similar arrangements.

6. Financial liabilities that were offset in the balance sheet, or subject to master netting agreements or similar arrangements

At the reporting date, the Bank had no financial liabilities that were offset in the balance sheet, or subject to master netting agreements or similar arrangements.

7. Securities lending transactions

At the reporting date the Bank had no outstanding securities lending transactions.

8. Disclosure of joint operations

At the reporting date, the Bank had no joint operations in force.

PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 – INTEREST – ITEMS 10 AND 20

1.1 Interest and similar income: breakdown

(€/000)

Items/Technical forms	Debt securities	Loans	Other transactions	TOTAL 2024	TOTAL 2023
1. -Financial assets measured at fair value through profit or loss:	**70**	**-**	**-**	**70**	**46**
1.1. Financial assets held for trading	70	-	-	70	46
1.2. Financial assets designated at fair value	-	-	-	-	-
1.3. Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**	X	**-**	**11**
3. Financial assets measured at amortised cost:	**256**	**760**	**-**	**1,016**	**1,066**
3.1 Loans to banks	114	379	X	493	355
3.2 Loans to customers	142	381	X	523	711
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	-	-	-
6. Financial liabilities	X	X	X	**-**	**-**
Total	**326**	**760**	**-**	**1,086**	**1,123**
of which: interest income on impaired financial assets	-	62	-	62	62
of which: interest income on finance lease	X	-	X	-	-

The item “Loans to banks” includes interest income accrued on overnight deposit transactions with Banca d’Italia for around €335 thousand.

The line "of which: interest income on impaired financial assets" shows interest calculated on the basis of the effective interest rate, including interest due to the passage of time. This interest refers to loans to customers.

1.2 Interest and similar income: other information

1.2.1 Interest income on financial assets in foreign currency

At the reporting date, there was no interest income on financial assets in foreign currency.

1.3 Interest expense and similar charges: breakdown

(€/000)

Items/Technical forms	Payables	Securities	Other transactions	TOTAL 2024	TOTAL 2023
1. Financial liabilities measured at amortised cost	**(568)**	-		**(568)**	**(234)**
1.1 Payables to central banks	(74)	X	X	(74)	(57)
1.2 Payables to banks	(18)	X	X	(17)	(78)
1.3 Payables to customers	(476)	X	X	(477)	(99)
1.4 Outstanding securities	**X**	-	**X**	-	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	**X**	**X**	-	-	-
5. Hedging derivatives	**X**	**X**	-	-	-
6. Financial assets	**X**	**X**	**X**	-	**(7)**
Total	**(568)**	-	-	**(568)**	**(241)**
of which: interest expense for lease payables	-	**X**	**X**	-	-

1.4 Interest and similar expenses: other information

1.4.1 Interest expense on financial liabilities in other currencies

At the reporting date, there was no interest expense on financial liabilities in foreign currency.

1.5 Hedging differentials

During the year the Bank did not enter into hedging transactions; therefore, the relevant table is not filled out.

SECTION 2 – FEES AND COMMISSIONS - ITEMS 40 AND 50

2.1 Fees and commissions receivable: breakdown

(€/000)

Type of service/Values	TOTAL 2024	TOTAL 2023
a) Financial instruments	**24**	**18**
1. Placement of securities	18	14
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	18	14
2. Order receipt and transmission and order execution on behalf of clients	6	4
2.1 Receipt and transmission of orders for one or more financial instruments	6	4
2.2 Execution of orders on behalf of clients	-	-
3. Other commissions related to financial instrument activities	-	-
of which: dealing on own account	-	-
of which: individual portfolio management	-	-
b) Corporate Finance	**-**	**-**
1. Consulting regarding mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other commissions related to corporate finance services	-	-
c) Investment consulting services	-	-
d) Offsetting and settlement	-	-
e) Custody and administration	**2**	**4**
1. Custodian bank	-	-
2. Other commissions related to custody and administration activities	2	4
f) Central administrative services for collective asset management	-	-
g) Fiduciary services	-	-
h) Payment services	**217**	**229**
1. Current accounts	106	122
2. Credit cards	-	-
3. Debt cards and other payment cards	18	17
4. Credit transfers and other payment orders	44	33
5. Other commissions related to payment services	49	57
i) Distribution of third-party services	**-**	**-**
1. Collective asset management	-	-
2. Insurance products	-	-
3. Other products	-	-
of which: individual portfolio management	-	-
j) Structured finance	-	-
k) Servicing for securitisation	-	-
l) Commitments to grant finance	-	-
m) Financial guarantees granted	-	-
of which: credit derivatives	-	-
n) Funding	-	-
of which: for factoring	-	-
o) Trading of foreign currencies	-	-
p) Goods	-	-
q) Other commissions receivable	**10**	**16**
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
Total	**253**	**267**

2.2 Fees and commissions receivable: distribution channels of products and services

(€/000)

Channels/Values	TOTAL 2024	TOTAL 2023
a) at own branches:	**7**	**3**
1. portfolio management	-	-
2. placement of securities	7	1
3. third-party products and services	-	-
b) out-of-branch offer:	**11**	**11**
1. portfolio management	-	-
2. placement of securities	11	11
3. third-party products and services		-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party products and services	-	-

2.3 Commissions payable: breakdown

(€/000)

Type of service/Values	TOTAL 2024	TOTAL 2023
a) Financial instruments	**(215)**	**(275)**
of which: trading of financial instruments	(215)	(275)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- own	-	-
- delegated to third parties	-	-
b) Offsetting and settlement	**-**	**-**
c) Custody and administration	**(64)**	**(50)**
d) Collection and payment services	**(59)**	**(66)**
of which: credit cards, debt cards and other payment cards	(19)	(24)
e) Servicing for securitisation	-	-
f) Commitments to receive finance	-	-
g) Financial guarantees received	-	-
of which: credit derivatives	-	-
h) External placement of financial instruments, products and services	**-**	**-**
i) Trading of foreign currencies	**-**	**-**
j) Other commissions payable	**(27)**	**(25)**
Total	**(365)**	**(416)**

SECTION 3 – DIVIDENDS AND SIMILAR INCOME - ITEM 70

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 3 - Dividends and similar income – Item 70."

SECTION 4 – NET INCOME ON TRADING ACTIVITY – ITEM 80

4.1 Net profit/(loss) from trading activities: breakdown

(€/000)

Transactions/Income items	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	**5**	**4,308**	**(1)**	**(1,360)**	**2,952**
1,1 Debt securities	5	4,306	(1)	(1,360)	2,950
1,2 Equity securities	-	2	-	-	2
1.3 UCIT units	-	-	-	-	-
1,4 Loans	-	-	-	-	-
1,5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2,1 Debt securities	-	-	-	-	-
2,2 Payables	-	-	-	-	-
2,3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	X	X	X	X	30
4. Derivative instruments	**-**	**-**	**-**	**-**	**-**
4,1 Financial derivatives:	-	-	-	-	-
- On debt securities and interest rates	-	-	-	-	-
- On equity securities and stock indexes	-	-	-	-	-
- On foreign currencies and gold	X	X	X	X	-
- Other	-	-	-	-	-
4,2 Credit derivatives	-	-	-	-	-
of which: natural hedging connected with fair value option	X	X	X	X	-
TOTAL	**5**	**4,308**	**(1)**	**(1,360)**	**2,982**

The item includes:

a) the net profit (loss) on transactions classified as "financial assets held for trading" and "financial liabilities held for trading", including the results on the valuation of such transactions;

b) the "net result" of "financial assets and liabilities: exchange differences" includes the positive or negative balance of changes in the value of financial assets and liabilities denominated in foreign currencies; this includes profits and losses arising from currency trading.

SECTION 5 – NET INCOME/LOSS ON HEDGING ACTIVITY – ITEM 90

At the reporting date were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 5 - Net income/loss on hedging activity – Item 90."

SECTION 6 – PROFITS (LOSSES) ON DISPOSAL/REPURCHASE – ITEM 100

6.1 Profits (losses) on disposal/repurchase: breakdown

(€/000)

Income items/breakdown	TOTAL 2024			TOTAL 2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost:	**3**	**(14)**	**(11)**	**15**	**(19)**	**(4)**
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans to customers	3	(14)	(11)	15	(19)	(4)
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**2**	**-**	**2**
2,1 Debt securities	-	-	-	2	-	2
2,2 Loans	-	-	-	-	-	-
Total assets (A)	**3**	**(14)**	**(11)**	**17**	**(19)**	**(2)**
Financial liabilities measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**
1. Payables to banks	-	-	-	-	-	-
2. Payables to customers	-	-	-	-	-	-
3. Outstanding securities	-	-	-	-	-	-
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 7 – NET INCOME/LOSS ON THE OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

At the reporting date there were no other financial assets and liabilities designated at fair value.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets and liabilities mandatorily measured at fair value

At the reporting date there were no other financial assets mandatorily measured at fair value.

SECTION 8 – NET ADJUSTMENTS/REVERSALS FOR CREDIT RISK – ITEM 130

8.1 Breakdown of net adjustments/reversals for credit risk relating to financial assets measured at amortised cost

(€/000)

Transactions/Income items	Adjustments (1)						Recoveries (2)				Total 2024	Total 2023
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			write-off	Other	write-off	Other						
A. Loans to banks	**(12)**	-	-	-	-	-	**18**	**14**	-	-	**20**	**5**
- loans	(7)	-	-	-	-	-	2	14	-	-	9	14
- debt securities	(5)	-	-	-	-	-	16	-	-	-	11	(9)
B. Loans to customers:	**(34)**	**(15)**	**(12)**	**(92)**	-	-	**41**	**61**	**78**	-	**27**	**114**
- loans	(31)	(15)	(12)	(92)	-	-	31	61	78	-	20	111
- debt securities	(3)	-	-	-	-	-	10	-	-	-	7	3
Total	**(46)**	**(15)**	**(12)**	**(92)**	-	-	**59**	**75**	**78**	-	**47**	**119**

8.2 Breakdown of net adjustments/reversals for credit risk relating to financial assets measured at fair value through other comprehensive income

(€/000)

Transactions/Income items	Adjustments (1)						Recoveries (2)				Total 2024	Total 2024
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			write-off	Other	write-off	Other						
A. Debt securities	-	-	-	-	-	-	-	-	-	-	-	**(2)**
B. Loans:	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	**(2)**

SECTION 9 - PROFITS / LOSSES FROM CONTRACTUAL CHANGES WITHOUT DERECOGNITION - ITEM 140

9.1 Breakdown of profits (losses) from contractual changes

At the balance sheet date, there were no gains/losses from contractual changes without cancellations

SECTION 10 – ADMINISTRATIVE EXPENSES - ITEM 160

10.1 Staff expenses: breakdown

(€/000)

Type of expense/Values	Total 2024	Total 2023
1) Employees	(1,990)	(1,918)
a) wages and salaries	(1.429)	(1,383)
b) social security charges	(422)	(333)
c) staff severance indemnity	-	-
d) pension costs	-	-
e) provision for staff severance indemnity	(113)	(111)
f) provision for retirement benefit and similar liabilities:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) payments to external supplementary pension funds:	-	-
- defined contribution	-	-
- defined benefits	-	-
h) costs deriving from payment plans based on own equity instruments	-	-
i) other benefits in favour of employees	(26)	(73)
2) Other employed personnel	-	-
3) Directors and Auditors	(385)	(387)
4) Personnel in retirement	-	-
5) Recovery of expenses for employees in secondment at other businesses	27	38
6) Recovery of expenses for third-party employees in secondment at the company	-	-
Total	**(2,348)**	**(2,210)**

Sub-“item “e) provision for staff severance indemnity” consists of:
1) Service Cost for €76,261;
2) Net Interest Cost for €36,646.

Sub-item "i) other employee benefits" is detailed in table 10.4 below.

Sub-Item “3) Directors and Auditors”, includes the remuneration paid to directors and statutory auditors, including social security contributions paid by the company.

10.2 Average number of staff by category

	Total 2024	Total 2023
Employees (a + b + c)	27	28
a) Managers	-	-
b) Middle managers	5	5
c) Remaining employed staff	22	23
Other staff	-	-

The average number of employees is calculated in terms of weighted average, where the weight is the number of months worked by each person during the year. Part-time employees are accounted for at 50%.

10.3 Defined-benefit company retirement funds: costs and revenue

At the reporting date, there were no defined-benefit company retirement funds.

10.4 Other benefits in favour of employees

(€/000)

	Total 2024	Total 2023
Miscellaneous personnel costs: provision for loyalty bonus	-	-
Miscellaneous personnel costs: accident insurance	-	-
Miscellaneous personnel costs: charges for leaving incentives	-	-
Miscellaneous personnel costs: meal vouchers	(19)	(11)
Miscellaneous personnel costs: training costs	-	(15)
Sundry personnel costs: other benefits	(7)	(3)
Other benefits in favour of employees	**(26)**	**(29)**

10.5 Other administrative expenses: breakdown

(€/000)

	Total 2024	Total 2023
Administrative expenses	**(1,291)**	**(1,349)**
General expenses	**(851)**	**(835)**
Expenses for electronic services	(702)	(680)
Postal and telephone expenses	(44)	(42)
Stationery and printed material	(9)	(5)
Membership and similar fees of which:	(85)	(95)
- *Resolution Fund Contributions (SRF)*	*(1)*	*(2)*
- *Contributions to deposit guarantee schemes*	*(41)*	*(51)*
Finance leases and rentals	(11)	(13)
Real estate expenses	**(114)**	**(112)**
Lease payable and condominium expenses	(13)	-
Energy costs	(41)	(43)
Cleaning of premises	(1)	(3)
Security and surveillance expenses	(12)	(15)
Maintenance and repairs	(47)	(51)
Professional and insurance expenses	**(297)**	**(342)**
Fees for professional services	(107)	(28)
Auditing fees	(61)	(77)
Legal and sundry consultancy	(106)	(215)
Insurance	(23)	(22)
Research and development costs	**-**	**(29)**
Research and development costs	-	(29)
Other administrative expenses - Other	**(8)**	**(12)**
Miscellaneous	(8)	(12)
Promotional and advertising expenses	**(21)**	**(19)**
Advertising and entertainment	(21)	(19)
Direct and indirect taxes	**(153)**	**(149)**
Other	(153)	(149)
Total administrative expenses	**(1,444)**	**(1,498)**

The sub-item "Membership and similar fees” - in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IFRIC 21 "Levies" – around €1 thousand as ordinary and additional contributions to the Single Resolution Fund (SRF), and €41 thousand as ordinary contributions to the Interbank Deposit Protection Fund.

Short-term lease payments (contracts with a residual useful life of less than 12 months) and lease payments on low-value leases (less than € 5 thousand) are included in the sub-item "Lease and rental payments” for a negligible amount.

SECTION 11 – NET ALLOWANCES TO PROVISIONS FOR LIABILITIES AND CHARGES – ITEM 170

11.1 Breakdown of net provisions for credit risk relating to commitments to grant finance and financial guarantees granted

(€/000)

Financial statement items	2024		
	Stage 1	Stage 2	Stage 3
	Provisions (Sign -)		
Commitments to grant finance			
- Commitments to grant loans	(34)	(1)	-
Financial guarantees granted			
- Finance Guarantee contracts	-	-	-
Total accruals (-)	**(34)**	**(1)**	**-**
	Reallocations (+ sign)		
Commitments to grant finance			
- Commitments to grant loans	23	1	-
Financial guarantees granted			
- Finance Guarantee contracts	-	-	-
Total reallocations (+)	**23**	**1**	**-**
	Net provision		
Total	**(11)**	**-**	**-**

11.2 Breakdown of net provisions for other commitments and other guarantees granted

At the reporting date, there were no net allocations relating to other commitments and other guarantees granted.

11.3 Net allocations to other provisions for liabilities and charges: breakdown

At the balance sheet date, there were no net provisions for risks and charges.

SECTION 12 – NET ADJUSTMENTS/REVERSALS ON TANGIBLE ASSETS - ITEM 180

12.1. Net adjustments to property, plant and equipment: breakdown

(€/000)

Assets/Income items	Depreciation (a)	Adjustments for impairment (b)	Reversals (c)	Net result (a + b + c)
A. Tangible assets				
1. Functional assets	(134)	-	-	(134)
- Owned	(126)	-	-	(126)
- Rights of use acquired through leases	(8)	-	-	(8)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
Total	**(134)**	**-**	**-**	**(134)**

The result of the measurement of tangible assets classified as held for sale, pursuant to IFRS 5, is not significant.

SECTION 13 – NET ADJUSTMENTS TO/WRITE-BACKS ON INTANGIBLE ASSETS – ITEM 190

13.1 Net adjustments to intangible assets: breakdown

(€/000)

Assets/Income item	Depreciation (a)	Adjustments for impairment (b)	Reversals (c)	Net result (a + b - c)
A. Intangible assets	(135)	-	-	(135)
- of which software	(120)	-	-	(120)
A.1 Owned	(135)	-	-	(135)
- Internally generated	(120)	-	-	(120)
- Other	(15)	-	-	(15)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(135)**	**-**	**-**	**(135)**

SECTION 14 – OTHER OPERATING INCOME AND EXPENSES – ITEM 200

14.1 Other operating expenses: breakdown

(€/000)

	Total 2024	Total 2023
Settlement and indemnification expenses	-	-
Non-recurring gains/losses that cannot be classified into a specific item	(64)	(22)
Other operating expenses - other	(4)	(11)
Total operating expenses	**(68)**	**(33)**

14.2 Other operating income: breakdown

(€/000)

	Total 2024	Total 2023
Recovery of expenses	100	99
Rental income	40	12
Non-recurring gains/losses that cannot be classified into a specific item	1	4
Other operating income - other	-	234
Total other operating income	**141**	**349**

The item “Recovery of expenses” mainly relates to the recovery of stamp duties charged to customers, with offsetting entry in the sub-item “Taxes and duties” included under Other administrative expenses.

SECTION 15 – PROFITS (LOSSES) ON EQUITY INVESTMENTS – ITEM 220

15.1 Profits (losses) on equity investments: breakdown

(€/000)

Income item/Values	Total 2024	Total 2023
A. Income	-	-
1. Write-ups	-	-
2. Profits on disposals	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses		**(16)**
1. Write-downs	-	(16)
2. Net adjustments for impairment	-	-
3. Losses on disposals	-	-
4. Other expenses	-	-
Net result	-	**(16)**

SECTION 16 – NET RESULT OF TANGIBLE AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE – ITEM 230

At the reporting date were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 16 - Net result of tangible and intangible assets measured at fair value – Item 230."

SECTION 17 – ADJUSTMENTS TO GOODWILL – ITEM 240

At the reporting date were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 17 - Adjustments to goodwill – Item 240."

Section 18 – PROFITS (LOSSES) ON INVESTMENT DISPOSAL – ITEM 250

At the balance sheet date, there were no gains (losses) on the sale of investments.

SECTION 19 – INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - ITEM 270

19.1 Income taxes for the year on current operations: breakdown

(€/000)

	Income items/Values	Total 2024	Total 2023
1.	Current taxes (-)	-	-
2.	Changes in current taxes for previous years (+/-)	-	-
3.	Reduction in current taxes for the period (+)	-	-
3.bis	Reduction in current taxes for the year for tax credits as per law no. 214/2011 (+)	39	18
4.	Change in prepaid taxes (+/-)	(64)	(23)
5.	Change in deferred taxes (+/-)	-	-
6.	**Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)**	**(25)**	**(5)**

19.2 Reconciliation of notional and actual tax burden

(€/000)

INCOME ITEMS	Tax
Item/Values Pre-tax profit of current operations (item 270 of the income statement)	(598)
IRES income taxes - Notional tax burden	-
Decreases in the taxable base - Effects on IRES	29
Increases in the taxable base - Effects on IRES	-
A. Actual tax burden - current IRES tax	**29**
Increases in prepaid taxes	-
Decreases in prepaid taxes	(55)
Increases in deferred taxes	-
Decreases in deferred taxes	-
B. Total effects of deferred IRES taxation	**(55)**
C. Change in current taxes	**-**
D. Total IRES for the period (A+B+C)	**(26)**
IRAP theoretical tax charge with application of nominal tax rate (difference between brokerage margin and deductible costs):	(105)
Effect of decreases in value of production	120
Effect of increases in value of production	(6)
Change in current taxes for previous years	-
E. Actual tax burden - current IRAP tax	**9**
Increases in prepaid taxes	-
Decreases in prepaid taxes	(6)
Increases in deferred taxes	-
Decreases in deferred taxes	-
F. Total effects of IRAP deferred taxability	**(6)**
G. Total pertaining IRAP (E+F)	**1**
H. IRES/IRAP substitute tax on differences between statutory and tax values of assets	**-**
TOTAL CURRENT IRES - IRAP TAXES (A+C+E+H)	**37**
TOTAL IRES - IRAP TAXES FOR THE YEAR (A+C+E+H)	**(25)**

SECTION 20 – PROFIT (LOSS) OF DISCONTINUED OPERATIONS, AFTER TAXES – ITEM 290

At the reporting date were no items to be reported in the tables - envisaged by Banca d'Italia Circular no. 262 of 22 December 2005 as amended and supplemented - related to "Section 20 - Profit (Loss) of discontinued operations, after taxes – Item 290."

Section 21 – Other information

At the reporting date, there was no further information to provide on the income statement.

Section 22 – EPS

22.1 Average number of ordinary shares with diluted capital earnings

At 31 December 2024 the Bank owned no ordinary shares with diluted capital earnings.

22.2 Other information

Earnings per share (basic and diluted) for 2024 amounted to € -0.07, calculated - as provided for by law - by dividing the result for the period by the average number of shares outstanding during the year.

Part D – COMPREHENSIVE INCOME

BREAKDOWN OF COMPREHENSIVE INCOME

(€/000)

	Items	Total 2024	Total 2023
10.	**Profit (loss) for the year**	**(598)**	**(685)**
	Other income items not reversed to income statement		
20.	Equity securities designated at fair value through other comprehensive income	(1)	(1)
	a) Changes in fair value	(1)	(1)
	b) Transfers to other equity items	-	-
30.	Financial liabilities designated at *fair value* through profit or loss (changes of own creditworthiness):	-	-
	a) Changes in fair value	-	-
	b) Transfers to other equity items	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income:	-	-
	a) Changes in fair value (hedged tool)	-	-
	a) Changes in fair value (hedging tool)	-	-
50.	Tangible assets	-	-
60.	Intangible fixed assets	-	-
70.	Defined-benefit plans	(12)	(24)
80.	Non-current assets and disposal groups	-	-
90.	Share of valuation reserves for equity investments measured at equity	-	-
100.	Income taxes related to other income items not reversed to income statement	(8)	8
	Other income items reversed to income statement		
110.	Foreign investment hedging:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
120.	Exchange rate differences:	-	-
	a) changes in value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
130.	Cash flow hedging:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
	of which: result from net positions	-	-

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140.	Hedging instruments (non designated items):	-	-
	a) changes in value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	-	3
	a) changes in fair value	-	7
	b) reversal to income statement	-	(4)
	- amendments for credit risk	-	(4)
	- profits/losses on disposal	-	-
	c) other changes	-	-
160	- Non-current assets and disposal groups:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
170.	Share of valuation reserves for equity investments measured at equity:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	- adjustments due to impairment	-	-
	- profits/losses on disposal	-	-
	c) other changes	-	-
180.	Income taxes related to other income items reversed to income statement	-	(2)
190.	**Total of other income items**	**(21)**	**(16)**
200.	**Comprehensive income - (10 +190)**	**(619)**	**(701)**

Part E – INFORMATION ON RISKS AND HEDGING POLICIES

Recitals

The Bank pays special attention to the governance and management of risks and ensures that its organizational/procedural controls, methodological solutions and tools are kept constantly up to date to support effective and efficient risk governance and control, also in response to changes in the operational and regulatory environment.

The Bank's risk management strategy rests on a holistic view of business risks that takes into account both the macroeconomic scenario and the individual risk profile, by encouraging a growing risk control culture across the organization and by strengthening transparent and accurate representation of said risks.

The Bank's risk taking strategies are summarized in the Risk Appetite Framework (RAF) approved by the Board of Directors. The latter defines the risk appetite, the tolerance thresholds, the risk limits, the risk governance policies and the reference processes necessary to define and implement them, in line with the maximum acceptable risk, the business model and the strategic plan. The RAF, which was introduced to ensure that risk-taking activities are in line with management expectations and compliant with the overall regulatory and prudential framework, is defined in light of the overall risk position and financial situation and performance of the Bank.

Both the general principles, in terms of risk appetite, and the safeguards adopted regarding the overall risk profile and the main specific risks, are defined within the framework.

The general principles underlying the Bank's risk-taking strategy are summarized below:
- the Bank's business model is mainly focused on financial intermediation activities. The traditional lending activity is also carried out;
- the objective of the corporate strategy is not to eliminate risks but to ensure they are fully understood so that they can be knowingly assumed and they are properly managed so as to ensure sound, long-term business sustainability;
- limited risk-appetite, capital adequacy, income stability, sound liquidity position, attention to maintaining a good corporate reputation, strong control over the main specific risks to which the company is exposed, are key elements underlying all business operations;
- formal and substantial compliance with the rules in order to avoid sanction and maintain strong relationship of trust with all corporate stakeholders.

Therefore, the *Risk appetite framework* provides a framework for the overall management of risks assumed by the Bank and for the definition of general risk appetite principles and the consequent development of safeguards against corporate risk.

The monitoring of the overall risk profile is based on a structure of limits aimed at ensuring compliance, both in ordinary and stress conditions, with minimum required solvency, liquidity and profitability levels.
In particular, overall risk oversight aims to maintain adequate levels of:
- capitalization, with respect to first and second pillar risks, through the monitoring of the Common Equity Tier 1 ratio, the Tier 1 ratio, the Total Capital ratio and the financial leverage indicator;
- liquidity, enabling the bank to face even prolonged periods of tension on the various funding markets both in the short-term and on a more structural basis, by monitoring the limits set under the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and loan collection gap;
- risk-adjusted profitability; by monitoring the Roa indicator.

Reporting to corporate bodies is defined within the same framework and aims to provide summary information on a periodic basis on the evolution of the Bank's risk profile, taking into account its defined risk appetite. This framework is designed to support the development of a holistic representation of the risks to which the Bank is exposed.

The RAF is defined through a structured and complex process, under the coordination of the company risk management in close interaction with the heads of the various business units, Administration, management control and other corporate control functions. This process is developed in line with the ICAAP / ILAAP processes and the development / updating of the recovery plan and provides the reference framework for the preparation of the annual budget and the business plan, ensuring consistency between risk-taking strategies and policies on the one hand and planning and budgeting processes on the other.

The Bank has also drawn up its recovery plan according to the indications of the relevant authorities; the plan outlines methods and measures to restore the company solvency profiles in the event of serious deterioration of the financial situation. To this end, stress scenarios were identified that reveal the main vulnerabilities of the Bank and help measure their potential impact on the Bank's risk profile.

The risk governance model, i.e. the set of corporate governance arrangements and management and control mechanisms designed to cope with the risks to which the Bank is exposed, is part of the broader framework of the Bank's internal control system, which has been defined in accordance with the regulations for the prudential supervision of banks set out in the 15th update to Banca d'Italia Circular No. 263/2006, subsequently merged into Circular no. 285/2013 (First Part, Title IV, Chapter 3).

Consistent with these guidelines, the risks to which the Bank is exposed are monitored within an organizational model based on a full separation of control and production functions, which integrates methods and controls at different levels such as to ensure the achievement of the following purposes, according to sound and prudent management:
- monitoring the implementation of company strategies and policies;
- risk containment within the limits defined in the Bank's RAF;
- safeguarding asset value and protection against losses;
- efficiency and effectiveness of the operating processes;
- reliability and security of business information and IT procedures;
- preventing the risk that the bank is involved, albeit involuntarily, in illegal activities, such as those related to money laundering, usury and the financing of terrorism;
- compliance of operations with the law and supervisory regulations as well as with policies, internal regulations and procedures.

The internal control system therefore involves the entire organization, starting from the corporate bodies and then extending to:
- line controls, whose main objective is to ensure operations are properly carried out with respect to external /internal regulations;
- second level controls, designed to implement risk management controls (under the responsibility of Risk Management) and controls on regulatory compliance (under the responsibility of Compliance). With respect to the management of the risk of money laundering and terrorist financing, in compliance with the relevant regulations and following an accurate organizational analysis that took into account the size of the Bank, its overall operations and staff, the Bank has taken steps to to establish a specific Anti-Money Laundering Function;
- third-level controls (assigned to Internal Auditing), designed to identify anomalous trends in procedures and regulations and to assess the operation of the overall internal control system.

In line with the provisions issued by Banca d'Italia, the model adopted by the Bank outlines the main responsibilities of its governing and control bodies in order to ensure the overall effectiveness and efficiency of the internal control system.
Through a combined analysis of supervisory regulations and the Bank's articles of association, it is clear that the Bank's strategic supervisory function and management function are exercised under the coordinated and integrated action of the Board of Directors. The Chief Executive Officer participates in the management function is his role as head of the Bank's internal organization.
The strategic supervisory function guides the management process through:
- preparation of the strategic plan, within shall encapsulate the system of risk objectives (RAF);
- approval of the ICAAP / ILAAP report and of the budget, ensuring they are consistent between each other and with the internal control system and the organization.

The management function, to be understood as the set of decisions made by a corporate body for "the implementation of guidelines issued by the strategic supervisory function", is the responsibility of the Board of Directors with the support of the Chief Executive Officer, who participates in Board of Directors' meeting as board member and who has been delegated powers by the Board.

The Board of Statutory Auditors is the body vested with the control function and, as head of corporate control, it monitors the correct application of the law and the articles of association and, specifically, the adequacy of the internal control system and the effectiveness of the control functions, taking also advantage of the information provided by said functions.

Section 1 – Credit risk

Credit risk, also known as counterparty risk, generally refers to the risk that the customer/counterparty does not perform its obligations in the manner and within the time provided for by the contract, due to lack of funds. It is specifically the risk that the customer-debtor fails to fulfil even a part of their obligation in a loan transaction to reimburse principal and pay interest.
Credit risk, therefore, includes solvency, concentration and Country risks[1].

Qualitative information

1. General aspects

The objectives and strategies of the Bank's lending activities are addressed to:

- efficient selection of counterparties to whom loans are granted, through accurate analysis of creditworthiness so as to contain insolvency risk;
- diversification, by limiting the concentration of exposures to single counterparties/groups or sectors of economic activity;
- constant monitoring of existing loans, both using IT procedures and through the monitoring of positions in order to promptly detect any symptoms of imbalance and take corrective actions aimed at preventing the deterioration of the loan.

The commercial policy of the Bank with respect to lending activities is oriented to providing financial support to the local economy and is characterized by a high propensity to maintain fiduciary and personal relations with all members of the community (households, small businesses and firms).
From a product standpoint, loans are mainly directed towards branches of economic activity that are most consistent with the Bank's credit policies and with the positive economic dynamics that, historically and currently, characterise the area in which the Bank operates *(such as, for example, services, commerce, manufacturing)*.
In addition to traditional lending activities, the Bank is exposed to position and counterparty risks with respect to its securities trading activities.
In compliance with its Business Plan, the Bank has for some time now undertaken a lending restriction policy; this has enabled it to mitigate the effects of the risks associated with the worsening macro-economic scenario that has affected the various production sectors across the board and

Securities trading involves limited exposure of the Bank to position risk as investments in financial instruments are, in general, oriented towards high issuers (central governments, financial intermediaries and non-financial companies) with high credit standing.

2. Credit risk management policies

2.1 Organisational issues

In light of legal provisions on "*Internal Control System"* (contained in circular letter No. 285/2013, Part One, Title IV, Chapter 3), the Bank's organizational structure has been shaped to facilitate an efficient and effective credit risk management and control process.
In addition to line controls, such as first-level activities, the functions responsible for monitoring the management of positions and those in charge of second-level and third-level control, measure and monitor risk performance and the correctness / adequacy of management and operational processes.

In terms of credit risk, the provisions describe a series of aspects and precautions that are already largely covered by process regulations, but which supplement these areas by requiring formalized criteria for the classification, assessment and management of impaired exposures.
The Credit Area, with its organizational units, is the body delegated to govern the review and approval stages of the lending process. The Credit and Litigation Control Office is the function delegated to monitor and manage disputes (as specified below).

[1]Country risk is the risk associated with international transactions, when the foreign customers-debtors do not fulfil their obligations, due to the macroeconomic conditions in the country in which they operate.

The division of duties and responsibilities within this area is, as much as possible, designed to achieve the segregation of activities in conflict of interest, especially through appropriate levels of IT authorizations.
The entire credit management and control process is governed by an Internal Regulation *("Credit Regulation")* which, specifically:
- defines criteria and methods for assessing creditworthiness;
- defines criteria and methods for reviewing credit lines;
- defines criteria and methods for monitoring loan performance, and actions to be taken when anomalies are detected;
- defines loan approval powers.

In compliance with the Guidelines for Italian Less significant banks regarding the management of impaired loans published by Banca d'Italia on 30 January 2018, the bank adopted a specific policy for the management of impaired loans which, in addition to defining criteria for their classification and measurement, outlines specific strategies aimed at optimizing NPL management through the maximization of the present value of recoveries taking into account the Bank's management capabilities, the external environment, the characteristics of impaired portfolios, the costs associated with managing them and the indirect costs associated with maintaining a high level of NPLs.
The Bank has in place appropriate organizational arrangements that ensure the timely adoption of the most suitable measures for the classification, assessment and management of impaired positions.

The function in charge of the classification, measurement and management of NPLs is the Credit Control and Litigation Office. This function is separate from the Units involved in the loan approval phase and can request the support of external experts.

With regard to transactions with connected parties, the Bank has adopted specific decision-making procedures designed to manage the risk that the proximity of certain individuals to the decision-making bodies of the Banks may compromise the impartiality and objectivity of decisions. In this perspective, the Bank has also adopted tools and an IT procedure to ensure that connected parties are correctly and fully identified. These measures were supplemented through an updating, where deemed necessary, of the framework resolution and the regulations already in use within the bank. This set of documents, which make up the Policy, is thus made compliant with the regulations on connected parties.

Currently the Bank has one branch only.

The control activity on the management of credit risks (as well as financial risks and operational risks) is performed by the risk control function (Risk Management), which directly reports to the Board of Directors, through a series of tasks arising from the responsibilities set out in the Supervisory Provisions on the internal control system.
Specifically, the function contributes in defining the RAF and the related risk governance policies and in setting the operating limits to the assumption of the various types of risk.
The function:
- is involved in the definition and implementation of the "Risk Governance Policy - RAF" and of the various
  steps that make up the risk management process, as well as in the setting of operating limits to the assumption of the various types of risk. In this respect, it is responsible, inter alia, for proposing the quantitative and qualitative parameters necessary to define the "Risk Governance Policy - RAF", which also refer to stress scenarios and, in the event of changes in the operating environment both within and outside the bank, the adjustment of those parameters.
- monitors the adequacy of the "Risk governance policy - RAF".
- monitors, on an ongoing basis, the adequacy of the risk management process and of operating limits.
- defines common assessment metrics for operational risks consistent with the "Risk Governance Policy - RAF", in coordination with Compliance, and with the head of business continuity.
- defines evaluation and control systems for reputational risk, in coordination with the compliance function and the corporate functions more exposed to risk.
- supports the governing bodies in the evaluation of strategic risk by monitoring significant variables.
- ensures that risk measurement and control systems are consistent with the processes and methods in place to assess bank activities, in coordination with the organizational units involved.
- develops and applies indicators that can detect anomalies and inefficiencies in risk measurement and control systems.
- analyses the risks of new products and services and those arising from entering into new business segments and markets.

- provides preliminary advice on the level of consistency with the RAF of the most important transactions and, depending on the nature of the transaction, also seeks the opinion of other functions involved in the risk management process;
- constantly monitors the bank's risk profile and its consistency with the bank's risk appetite as well as compliance with the operating limits assigned to operating structures in relation to the assumption of various types of risk.
- ensures the proper monitoring of individual credit exposures.
- monitors the adequacy and effectiveness of measures taken to address any deficiencies detected in the risk management process.
- assesses the bank activities and formalizes the results in a specific report.

2.2 Management, measurement and audit systems

The management of credit risk depends on lending policies. For this purpose, the Board of Directors establishes the general principles governing lending to customers, approves the strategic guidelines and policies for loan disbursement and risk management, through the definition of specific parameters (type of loans, percentage of funding to be used in lending).

The whole lending process, from the preliminary assessment to disbursement, as well as monitoring positions, reviewing credit lines and responding to abnormal situations, was formalised in the "Credit Regulations", approved by the Board of Directors and periodically audited.
The regulations cover: credit authorities, prudential limits, acceptable collateral, loans classification, credit monitoring, control and reporting system.

Consistent with these policies, the Bank has defined criteria for classifying, assessing and managing impaired positions as well as methods for monitoring credit risk; the above also with the objective of activating a systematic monitoring of positions allocated to network representative and coordinated by the Credit Control and Litigation Office.

Proper management of the credit process also requires an adequate risk measurement and control system.
In order to verify the effectiveness of the measures adopted, the Bank uses a "Control System", which is organised differently at the various levels within the Bank; each person involved in the system is responsible both for the supervisory activities and for reporting on the results of their audits.

The system is organised into the three levels outlined below:

1) line controls or first-level controls, to ensure that operations are properly carried out; these are performed by the branch staff;

2) second-level controls, which are the responsibility of:
- the Credit Control and Litigation department, which, as part of its ordinary activities, carries out checks with regard to loan applications, granting and classification as well as audits on any unusual use of funds in the early stages of the loan and on loans performing in anomalous ways and therefore impaired;
- the Risk Management department, which monitors the activity, verifying transactions carried out and performing an overall assessment of the risk to which the Bank is exposed, also in relation to loan performance;
- the Compliance department, which verifies compliance with internal and external regulations.

3) third-level controls, carried out by Internal Audit, which, on the basis of a plan specifically set out for the purpose, verifies any anomalies or breaches of procedures and internal and external regulations, also assessing the functionality and adequacy of the overall internal control system.

Moreover, the following activities are carried out:
- preventive controls, which take place prior to granting the credit line and are specifically aimed at verifying compliance with credit authority limits, guarantee standards, the completeness and adequacy of all documents delivered to and/or signed by the customer;
- on-going controls, which take place after the loan has been granted and disbursed, involving monitoring of the positions in their various operating aspects, with particular reference to risk

management (unauthorised overdrafts, compliance with guarantee margins, etc.), in order to verify the recoverability of the loan at all times.

Finally, the Bank uses a management tool to carry out first-level controls through which the Credit Control Office and the branches can periodically monitor existing positions; this procedure uses historical internal databases and assigns a risk rating to each customer. Ratings are determined at the NDG level and any anomalies and data that contributed to their formulation are logged.

The IT application adopted by the Bank enables it to periodically extrapolate, among others, all performing relationships for which there is an indication of anomalous performance, including for example, being reported as doubtful in the system, the presence of past due and overdrawn amounts, qualifying as forborne, etc. Therefore, through constant monitoring of the reports provided by the application it is possible to promptly deal with anomalies in the credit relationship and take appropriate measures for the loans in question.
Credit exposures, as mentioned, are also monitored using the information provided by the Central Credit Register.
All fiduciary positions are also subject to periodic review, which is carried out for each individual counterparty/group of connected customers by the departments in charge based on credit limit.

2.3 Expected losses measurement methods

IFRS 9 introduced, for instruments recognized at amortized cost and at fair value with contra entry to equity (other than equity instruments), a model based on the "expected loss" concept, replacing the current "incurred loss" model provided for IAS 39.
The changes introduced by IFRS 9 are characterized by a prospective view that, in certain circumstances, may require the immediate recognition of all expected losses during the life of a loan. In particular, unlike IAS 39, the initial amounts of expected future losses on the entity's financial assets have to be recorded immediately and independently of any trigger event and said estimate has to be continually adjusted also considering the counterparty credit risk. For the purpose of this estimate, the impairment model must consider not only past and current data, but also information relating to future events.
This forward-looking approach helps reduce the impact upon occurrence of the losses and allows the loan adjustments to be made in proportion to the increase in risk, thereby preventing any excessive burdening of the income statement upon occurrence of the loss events and reducing the pro-cyclic effect.

The new model for the measurement of expected credit losses on impaired loans and securities is applicable to financial assets (loans and debt securities), commitments to disburse funds, guarantees as well as to financial assets not measured at fair value through profit or loss. For credit exposures falling within the scope of application [2] of the new model, the accounting standard provides for the allocation of the individual positions to one of 3 stages according to changes in credit quality, defined based on a 12-month or lifetime (if there has been a significant increase in risk) expected credit loss model. In particular, the stage allocation consists of three different categories which reflect the credit quality deterioration model from initial recognition:

- in stage 1, loans not showing a significant credit risk (SICR) at the assessment date or identifiable as Low Credit Risk;
- in stage 2, loans showing a significant credit risk at the assessment date or not being identifiable as Low Credit Risk;
- in stage 3, non-performing loans[3].

The estimate of the expected loss through the Expected Credit Loss (ECL) approach, for the classes defined above, is made by allocating each exposure in the three reference stages, as detailed below:

- stage 1: the expected loss must be calculated over a 12 months' time horizon;[4];
- stage 2: the expected loss must be calculated considering all the losses that are expected to be sustained during the entire life of the financial asset (lifetime expected loss): therefore, compared to IAS 39, there is a transition from the incurred loss estimate over a 12 month time horizon to an estimate that takes into consideration the entire residual life of the loan; furthermore, since the IFRS 9 also requires the calculation of the expected lifetime loss to be made according to forward-looking estimates, it is necessary to consider the scenarios associated with macroeconomic variables (e.g.

[2] The application segments are divided into ordinary customers, interbank segment and Securities Portfolio.
[3] *Non-performing* loans include: impaired past due and/or overdrawn exposures, unlikely to pay and non-performing loans.
[4] The Expected Loss calculation for the purpose of calculating the collective write-downs on these exposures is made on a 12-month point-in-time basis.

GDP, unemployment rate, inflation, etc.) that are capable of estimating forecasts for the entire residual term of the loan through a macroeconomic statistical model;
- stage 3: the expected loss must be calculated on a lifetime perspective but, unlike the positions in stage 2, the lifetime expected loss is calculated through an analytical method; for exposures classified as non-performing or unlikely to pay of an amount lower than €30,000, for past due and/or overdrawn impaired exposures and for off-balance sheet exposures, the calculation of the expected lifetime loss is normally carried out using an individual-flat rate method.

Risk parameters (PD, LGD and EAD) are calculated based upon the impairment models. In order to improve the coverage of originally unrated loans originated after 2006, the default rates made available by Banca d'Italia were used[5]. Banca d'Italia calculates the ECL according to the allocation stage, for each exposure, with respect to on-balance sheet and off-balance sheet credit exposures.

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For further details, please refer to Part A "Accounting policies", section 4 "Other aspects", paragraph 4.6 - "Risks, uncertainties, impacts and methods of application of the international accounting standards in the current context" of these Notes.

Ordinary customers segment

The drivers that are common to all the approaches identified for the construction of the PD input, concern:

- estimation of the 12-month PD developed through the construction of an appropriately segmented, statistical model based on the type of counterparty and on the geographical area where the Bank operates and the classification of economic activity (ATECO);;
- the inclusion of forward looking scenarios, through the application to the PD Poin in Time (PiT) of multipliers defined by the "Satellite Model" and definition of a series of potential scenarios capable of incorporating current and future macroeconomic conditions;
- the transformation of the 12 month-PD into a lifetime PD, in order to estimate a term structure of the PD along the entire residual life class of the loans.

The drivers that are common to all the approaches identified for the construction of the LGD input, concern:
- a consortium-type model, segmented according to the characteristics of the counterparty (segment, geographical area, sector of economic activity and exposure band) or the exposure being assessed (type of guarantee, degree of mortgage, type of product) which consists of two parameters: the Danger Rate (DR) and the LGD Non-Performing Loan (LGS);
- the IFRS 9 Danger Rate parameter (expression of the probability of "cure" of a position to default as well as possible increases in exposure in the migration to worsening credit states) is estimated, i.e. by observing the process of resolution of all default cycles concluded in a recent (point-in-time) and long-term (through the cycle) perspective. The parameter is also composed of a factor of variation in exposure between states of deterioration or for the same return to performing. The Danger Rate parameter, like the PD, is conditioned on the economic cycle, based on possible future scenarios, so as to incorporate assumptions of future macroeconomic conditions;
- the nominal LGS parameter is calculated as the arithmetic mean of the nominal LGS, and then discounted on the basis of the average of the recovery times observed for clusters of ratios consistent with those of the LGD Nominal non-performing loan. This component is conditioned by the economic cycle and prospective scenarios through specific satellite models.

The IFRS 9 EAD model adopted differs according to the type of technical macro-form and according to the type of counterparty. For the estimation of the EAD parameter over the lifetime horizon of the instalment relationships, it is necessary to consider the contractual repayment flows, for each year of residual life of the relationship. The model also considers the credit conversion factor (CCF – credit conversion factor) aimed at determining the EAD for off-balance items (see commitments, margins and signature credits) or a factor of increase in uses for products without margins (the so-called K factor).

The Bank has provided for the allocation of the individual on- and off-balance sheet exposures in one of the 3 stages listed below based on the following criteria:

[5] In 2018, Banca d'Italia made available a historical series of default rates starting from 2006, broken down by a number of drivers (region, amount range, economic sector ..) and developed based on a broader definition than just positions reclassified as non-performing.

- in stage 1, exposures with generation date prior than three months as of the measurement date or that do not have any of the characteristics described in the following paragraph;
- in stage 2, exposures that have at least one of the characteristics described below at the reference date:
  - exposures for which there has been a 200% increase in PD since origination;
  - reports relating to counterparties that are classified on the watch list at the valuation date, i.e. as performing under observation;
  - presence of the 'Forborne performing' attribute;
  - presence of exposures that are past due and/or overdrawn for more than 30 days;
  - exposures (with no 'lifetime PD' on the date of disbursement) that do not have the characteristics to be identified as 'Low Credit Risk' (or performing exposures that at the valuation date have the following characteristics: no lifetime PD at the date of disbursement and rating class at the reporting date less than or equal to 4[6]).
- in stage 3, non-performing loans. These are the individual exposures relating to counterparties classified in one of the impaired loan categories envisaged by Banca d'Italia Circular no. 272/2008, as updated. This category includes impaired past due and/or overdrawn exposures, unlikely to pay and non-performing loans.

With regard to the allocation of performing loans to the "stages" required by IFRS 9, the breakdown of the performing loan portfolio, which accounted for 81% of total outstanding loans, was as follows in the financial statements as at 31 December 2024:
- Stage 1: loans included in this risk stage, net of the associated value adjustments, accounted for 95% of the Bank's performing portfolio and 77% of total net loans.
- Stage 2: loans included in this risk stage, net of the associated value adjustments, accounted for 5% of the Bank's performing loans and 4% of total loans.

At 31 December 2024, the composition of the Bank's Stage 2 portfolio, essentially attributable to automatic classification triggers, is broken down as follows:
- 50% is represented by forborne positions for a gross amount of Euro 127 thousand;
- 44% is represented by exposures for which there was an increase in the PD Lifetime compared to origination for a gross amount of Euro 114 thousand;
- the remaining part, equal to 6%, consists of exposures without a rating at origination, (with an incidence of 3% and with a gross amount of approximately Euro 8 thousand) and exposures past due for more than 30 days (with an incidence of 3% and with a gross amount of approximately Euro 7 thousand).

Interbank segment

The Bank has adopted a model developed on a statistical basis. The PD parameter is provided by an external provider and extrapolated from listed credit spreads or quoted bonds.

The LGD parameter was prudently set by applying the 45% regulatory level for IRB.

For the EAD, logics similar to those applied for the ordinary customer model were applied

The Bank has provided for the allocation of the individual exposures to the 3 stages, in the same way as with loans to customers. The 'Low Credit Risk' status is defined for performing exposures which at the valuation date have the following characteristics: no "Lifetime PD" on the date of disbursement and PD Point in Time of less than 0.3%. Stage 2 is defined on the basis of PD variations between origination and reporting of 200%.

Securities portfolio

The PD parameter is provided by an external provider based on two approaches:
- point-in-time: the default probability term structure for each issuer is obtained from listed credit spreads (CDS) or listed bonds;
- comparable: where market data do not allow for the use of specific credit spreads, since there are none or they are illiquid or not significant, the default probability term structure associated with the issuer is obtained through a proxy method. This method compares the issuer in question to a comparable issuer for which specific credit spreads are available or to a reference cluster for which it is possible to estimate a representative credit spread.

[6] The rating model includes 13 classes.

The LGD parameter is assumed to be constant for the entire life of the financial asset under analysis and is obtained on the basis of 4 factors: issuer and instrument type, instrument ranking, instrument rating and issuer's country. The minimum level starts at 45%, with subsequent increases to take into account the different seniority levels of the securities.

The Bank has provided for the allocation of the individual purchased tranches of securities in 3 stages.
The first credit worthiness stage comprises: the tranches that can be classified as 'Low Credit Risk' (that is, those with PD at the reporting date below 0.26%) and those securities which had no significant increase in credit risk at the measurement date compared to the time of purchase;
The second stage include tranches which at the valuation date show an increase in credit risk compared to the date of purchase.
The third and final stage includes the tranches for which the ECL is calculated following the application of a 100% probability (i.e. in default).

2.4 Credit risk mitigation techniques

Risk mitigation techniques encompass instruments that contribute to reduce the loss the Bank would bear in the event of insolvency of the counterparty; they include, in particular, the guarantees and some contracts that determine a reduction in credit risk.

In accordance with the credit objectives and policies defined by the Board of Directors, the credit risk mitigation technique most used by the Bank consists in obtaining different types of real, personal and financial guarantees.

In order to limit the risks of the protection ceasing to exist or expiring, specific safeguards are in place such as: restoration of the pledge where the initial value of the assets has decreased or, for mortgage guarantees, obligation of insurance coverage against damage from fire, as well as adequate monitoring of the value of the property.

As part of the credit granting and management process, although guarantees are recognised as having an ancillary function in assessing the economic and financial sustainability conditions of the counterparty, the presence of mitigating factors is encouraged in the face of counterparties with a less favourable creditworthiness assessment or certain types of medium/long-term operations.

With respect to activities on securities markets, considering that the portfolio tends to be made up of major issuers with high credit standing, no special forms of credit risk mitigation are currently required.

The main concentration of collateral (mainly mortgages) is linked to loans to retail customers (medium and long term).
The Bank established that lending transactions are backed by various types of guarantees according to the type of loan granted:
- personal guarantees;
- collateral (mortgages and other collateral).

The acquisition of guarantees requires careful evaluation, not only to determine the guarantees' value, on which the maximum amount of credit that can be extended is based, but also to verify any restrictions or impediments that might in some way limit their validity.

Guarantees secured by assets
With regard to collateral types, the Bank accepts the following guarantees:
- mortgages;
- pledge on deposits in euros or foreign currency;
- pledge on securities.

In terms of acquisition, assessment and management of the main forms of collateral, the company policies and procedures ensure that these guarantees are always obtained and managed in a way that ensures they are binding in all relevant jurisdictions and enforceable within reasonable time.
In this respect, the Bank abides by the following relevant principles:
- the property value does not depend to a significant extent on the debtor's creditworthiness;
- the independence of the expert in charge of carrying out the appraisal of the property;

- an insurance coverage has been taken out against the risk of damage to the property which is the object of the guarantee;
- adequate monitoring of the value of the property has been put in place, to verify that the requirements that permit the Bank to benefit from a lower capital absorption on guaranteed exposures are satisfied over time;
- the intended use of the property and the debtor's ability to repay;
- compliance with a prudential relationship between the credit limit requested and the value of the property placed as collateral (loan to value) and between the credit limit requested and the value/cost of the investment (loan to cost).

The process of monitoring the value of the property which is the object of the guarantee is carried out using statistical methods.
In this regard, the assessment is carried out:

- at least every 3 years for residential properties;
- annually for non-residential properties.

For material performing exposures (that is, for an amount exceeding € 3 million or 5 per cent of the Bank's own funds) the assessment is in any case reviewed by an independent expert at least every 3 years.

With regard to financial guarantees, the Bank, based on the policies and processes for managing credit risk and the defined limits and operating powers, directs the acquisition of these guarantees exclusively if the underlying financial assets are such that the company is able to calculate the fair value at least every six months (or whenever there are elements that suggest that a significant decrease in fair value has occurred).
A discount on market value is applied to the securities pledged as collateral, to an extent related to the nature of the securities. The Bank may accept securities as collateral at its own discretion, and can apply higher discounts to the securities it deems riskier.
The monitoring of financial collateral, in the case of pledges on securities, involves the continuous monitoring of the issuer's rating and the assessment of the fair value of the financial instrument given as collateral. An adjustment of the guarantee is requested when the market value is lower than the resolution value less the required discount.
The guarantee may also consist of a cash balance, in which case no discount is applied.

Personal guarantees
With regard to personal guarantees, sureties on first demand are accepted, issued by Italian and foreign banks or by natural or legal persons of proven solvency.

The main types of guarantors are entrepreneurs and company partners related to the debtor as well as, in the case of loans granted to sole proprietorships and / or natural persons (consumers and non-consumers), also relatives of the debtor. Less frequently the risk of insolvency is covered by personal guarantees provided by other companies (generally companies that are part of the same economic group of the debtor), or by financial institutions and insurance companies.

In the case of loans to parties belonging to certain economic categories (small business owners, traders, etc.) the Bank obtains specific guarantees (first demand or ancillary guarantees) from Confidi (credit guarantee consortia registered in the special list pursuant to Article 107 of the TUB) and from Medio Credito Centrale.

If a financing proposal includes personal guarantees from third parties, the preliminary investigation also extends to the latter party. In particular, depending on the type and amount of the guaranteed loan, the following analysis and inquiries are made:

- the financial and income situation of the guarantor, including by consulting the appropriate databases;
- exposure to the banking system;
- the information in the bank's information system;
- whether the guarantor is part of a group and the group’s overall exposure.

The Bank does not deal with OTC derivatives and has not entered into bilateral netting arrangements.

3. Impaired credit exposures

3.1 Management strategies and policies

The Bank has in place regulatory / IT structures and procedures for the management, classification and control of loans.
Consistently with IAS / IFRS regulations, at each reporting date any objective evidence of impairment is verified for each instrument or group of financial instruments.
Impaired financial assets include loans when there is any objective evidence of impairment as a result of circumstances occurring after initial recognition.
Based on the current regulatory framework, supplemented by the internal implementing provisions, impaired financial assets are classified according to the level of criticality in three main categories:

- non-performing loans: the Bank's credit exposures with counterparties in a state of insolvency (including if not adjudicated in court), or in substantially similar situations, irrespective of any collateral pledged to secure the exposures and of the loss projections made;
- unlikely to pay: credit exposures, other than non-performing loans, for which it is considered unlikely that, without recourse to enforcement actions, such as the enforcement of collateral, the debtor will meet its credit obligations in full, either as to principal and/or interest, regardless of any past due and unpaid amounts/instalments;
- Impaired past due and/or overdrawn: credit exposures, other than those classified as non-performing or unlikely to pay, that show a past due and/or overdrawn position. The overall exposure to a borrower is recognised as impaired past due and/or overdrawn, in accordance with Delegated Regulation (EU) no. 171/2018 of the European Commission of 19 October 2017, if the amount of principal, interest or commissions that is unpaid as at the date it was due exceeds both the following thresholds: a) absolute limit of Euro 100 for retail exposures and of Euro 500 for non-retail exposures; b) relative limit of 1% obtained as the ratio of the total amount past due and/or overdrawn at group level to the total amount of all credit exposures to the same debtor.

The further category of "forborne exposures" is also envisaged, which refers to exposures that are subject to renegotiation and/or refinancing due to manifest or forthcoming financial difficulty, as better explained in paragraph 4 "Financial assets subject to commercial renegotiations and forborne exposures".

In keeping with the Guidelines for Italian Less significant banks regarding the management of impaired loans published by Banca d'Italia on 30 January 2018, the bank adopted a specific "Policy for the management of impaired loans" which, in addition to defining criteria for their classification and measurement, outlines a specific strategy aimed at optimizing NPL management through the maximization of the present value of recoveries taking into account the Bank's management capabilities, the external environment, the characteristics of impaired portfolios, the costs associated with managing them and the indirect costs associated with maintaining a high level of NPLs.
This strategy comprises a short-term (1 year) and a medium/long term (3 years) operating plan in line with the strategic objectives set by the Bank.

The Credit Control and Litigation department has been tasked with the monitoring, classification, assessment and overall management of impaired loans.
That activity mainly consists in:

- monitoring the positions, supporting the branches that are in charge of 1st level controls;
- defining, in agreement with the Branch Manager, the actions necessary to bring the performing positions back to regular performance as soon as they show the first signs of anomaly;
- managing positions as soon as they qualify as "impaired exposures";
- Identifying and recommending adjustments to the exposures to the relevant bodies;
- register the positions as "unlikely to pay" and / or "non-performing" subject to prior authorization by the relevant bodies.

The classification is also implemented through automated procedures when predetermined default conditions are triggered, in particular as regards past due and/or overdrawn exposures, depending on the continuous past due and/or overdrawn amount and period.
The return to performing status of exposures classified as unlikely to pay and NPLs, governed by the Supervisory Authority and by specific internal regulations, is made upon recommendation of Credit Control and Litigation to the Chief Executive Officer, after verifying that the anomalies leading to the classification of exposures as impaired financial assets no longer apply and the stability of the new counterparty's situation.

With regard to exposures classified as "Past due and overdrawn loans" the return to performing status takes place automatically when payment is received.
For the purposes of determining the recoverable value of impaired loans, the Bank has defined the valuation process within the aforementioned Policy, based on expected cash flows, expected recovery times and the estimated realizable value of the guarantees, if any, the modification of which may entail a change in recoverable value; this calculation is based on the information available as at the valuation date.
The adjustment for each loan is determined as difference between the carrying amount at the time of measurement (amortised cost) and the current value of estimated future cash flows, calculated by applying the original actual interest rate.
This assessment is made at the time the exposures are classified, when relevant events occur and is, however, reviewed periodically in accordance with criteria and procedures laid down by the credit policies adopted.
Specifically: impaired loans classified as unlikely to pay and non-performing loans are subject to an analytical assessment by the Credit Control and Litigation department.

Impaired overdue loans are subject to a flat-rate assessment, using the same methodology as for the impairment of "performing" receivables; if an actual loss is expected, a write-down of the individual account is carried out.

The management and recovery of non-performing loans is carried out by the Credit Control and Litigation Office, with the support of external legal advisors in order to pursue the best solutions for recovering the debt.

The loan assessment is subject to review whenever the Bank becomes aware of significant events that can alter the prospects of recovery.

With respect to the main management control processes, being aware that the cost of risk is one of the most significant variables in determining current and future economic results, special attention is paid to the necessary consistency of the assumptions underlying the estimates of the multi-year plan and the annual budget (developed on the basis of expected macroeconomic and market scenarios), of the ICAAP and the RAF and those taken as reference for determining accounting provisions.

The Risk Management Department is responsible for assessing the consistency of the classifications, the adequacy of provisions and the effectiveness of the recovery process; it also verifies the correct application of valuation parameters laid down by internal regulations for non-performing loans subject to individual assessment. More specifically, it verifies the correct application of the criteria envisaged for assessing:

- loans secured by real estate collateral;
- loans secured by lien;
- loans secured by guarantees provided by consortia /MCC;
- loans secured by principal obligor and/or by guarantors by way of surety who own real estate assets that may be seized (both in the case of classification as unlikely to pay and as non-performing);
- unsecured loans to individuals without seizable assets;
- unsecured loans to sole proprietorships, partnerships and companies.

3.2 Write-offs

The Bank’s rules regarding write-offs are outlined in the Credit Regulation. When there are no longer any reasonable expectations of recovering a receivable, this must be "written off". The event that triggers the write-off may occur before the legal actions for non-performing loan recovery have been completed and does not entail a waiver for the bank to recover its claim.

The write-off can concern the entire amount of the receivable or a portion of it and corresponds to:

- the reversal of total value adjustments, with contra-entry to the gross value of the receivable;
- the impairment loss on the receivable recognized directly in the income statement, for the amount exceeding the total value adjustments.

Any recoveries from collection after the write-off, are recognized in the income statement.

The Bank writes off uncollectible positions and recognizes the losses of the residual unadjusted amount in the following cases:

- the receivable is found to be uncollectible on the basis of certain and precise elements (such as, by way of example, the unknown abode or lack of means of the debtor, failed recoveries from levy of

execution against land and chattels, failed foreclosures, insolvency proceedings closed with incomplete relief for the Bank, if there are no further enforceable guarantees, etc.);
- assignment of debt;
- waiver of receivable, as a result of unilateral relief of debt or residual amount on the basis of settlement agreements.

As regards the application of write-offs to non-performing loans, the Bank opted for this solution for the full amount of 3 positions for which the non-recoverability of the receivable had become certain, and partially for 1 position.
The impact on the income statement amounted to approx. €12 thousand.

3.3. Impaired financial assets acquired or originated

The acquisition of impaired financial assets is not part of the Bank's business model.

4. Financial assets subject to commercial renegotiations and forborne exposures

The impaired forborne exposure category (non-performing forborne exposures) is not a distinct or additional category of impaired exposures with respect to those previously mentioned (non-performing, unlikely to pay, past due) but it is a subset of each of them, which includes on-balance sheet exposures and commitments to disburse funds that are the subject of forbearance measures (forborne exposure), if they meet both of the following conditions:
a) the debtor is in a situation of financial difficulty that prevents them from fully complying with the contractual commitments set out in their loan agreement and such as to amount to a "credit deterioration" (classified in one of the impaired exposure categories: non-performing, unlikely to pay, past due and/or overdrawn for more than 90 days),
b) and the bank agrees to amend the terms and conditions of the loan agreement, or to totally or partially refinance the loan, such that the debtor can comply with it (such concession would not have been granted if the debtor had not been in a state of difficulty).
Forborne exposures towards debtors who are in a difficult financial situation other than a “credit deterioration” are instead classified in the “other forborne exposure” category (“forborne performing exposure”) and are classified under “Other non-impaired exposures”, or under “Non-impaired overdue exposures” if they meet the requirements for this classification.

In terms of the Bank's internal regulations, after having ascertained that a forbearance measure appears to comply with the forbearance requirements, the forborne exposure attribute is assigned as follows:
- “forborne performing” when both the following conditions occur:
  - the debtor was classified as performing before the forbearance resolution;
  - the debtor has not been reclassified by the Bank among the non-performing counterparties due to the forbearance measures granted;
- “forborne non performing” when at least one of the following conditions occurs:
  - the debtor was classified as non-performing before the forbearance resolution;
  - the debtor has been reclassified under non-performing exposures, due to the forbearance measures granted, including the cases in which (in addition to the other regulatory cases), following the assessment, significant impairment losses have arisen.

For the purposes of the reclassification of forborne non-performing exposures, there must be compliance with a "cure period" of one year starting from the date the measures were granted together with the borrower’s conduct showing that there are no longer any critical issues concerning the full repayment of the debt. Therefore, the Credit and Litigation Control Office performs an analysis of the debtor to verify that all the following criteria are satisfied:
1) the exposure is not considered impaired or in default;
2) there is no evidence of overdue amounts;
3) the debtor has repaid, through regular payments, an amount equal to the total of all the amounts previously overdue (if any at the date of granting the forbearance measures) or equal to the amount written-off according to the forbearance measures (in the absence of overdue amounts), or has otherwise demonstrated their ability to comply with the conditions set for the period following the granting of the forbearance measures. In the latter case, for the purposes of the assessment, the presence of arrears with respect to other intermediaries should also be considered.

A credit exposure classified as forborne performing becomes forborne non-performing when even just one of the following conditions is met:

- the prerequisites for classifying the counterparty among impaired loans are met;
- the credit exposure was previously classified as impaired with a forborne non-performing attribute and subsequently, the conditions having been met, the counterparty was placed under observation (with simultaneous transfer of the credit line in question to forborne performing), but: i) during the period it qualified as forborne performing, one of the credit lines of the financed counterparty has become past due for more than 30 days; or ii) during the period it qualified as forborne performing, the counterparty holding the line in question is subject to the application of further forbearance measures.

In order for a credit exposure classified as “forborne performing” to lose this attribute, with consequent return to performing, the following conditions must be met simultaneously:

- an analysis of the debtor's financial situation shows that the transactions no longer meet the conditions that qualify them as impaired;
- at least two years have elapsed (*Probation period)* from the nearest of the date the forbearance measure was granted and the date of exit from the classification as impaired exposure;
- the debtor has made regular payments (both principal and interest) to an extent greater than an irrelevant aggregate amount of principal and interest for at least half of the observation period;
- with respect to the debtor, there are no transactions with amounts past due by more than 30 days at the end of the observation period.

In 2024 the Bank applied concessions in favour of 3 counterparties.
As at 31/12/2024, forborne exposures consisted of 6 performing and 5 non-performing positions.

Quantitative information

A. Credit quality

Equity securities and UCITS units are excluded for the purpose of quantitative information on credit quality.
The term "on-balance-sheet exposures" means all on-balance-sheet financial assets held with respect to banks or customers, whatever their accounting portfolio allocation (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets held for sale).

The term "off-balance sheet credit exposures" means all financial transactions other than cash transactions (financial guarantees issued, revocable and irrevocable commitments, derivatives, etc.) that involve the assumption of credit risk, whatever the purpose of such transactions (trading, hedging, etc.). Off-balance sheet credit exposures also include the counterparty risk associated with securities lending transactions. Likewise, where necessary, they include the counterparty risk associated with exposures inherent in repurchase agreements, in the giving or taking of goods on loan, as well as in margin loans falling under the notion of “SFT Transactions” (Securities Financing Transactions) defined in prudential regulations.

Impaired credit exposures (on-balance sheet and off-balance sheet) do not include financial assets held for trading and hedging derivatives, which are therefore, conventionally, recognized among non-impaired credit exposures.

A.1 Impaired and non-impaired credit exposures: amount, value adjustments, changes and breakdown by type of business

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

(€/000)

Portfolio/Quality	Non-performing loans	Unlikely to pay	Impaired overdue exposures	Non-impaired overdue exposures	Other non-impaired exposures	Total
1. Financial assets measured at amortised cost	263	635	67	514	9,184	**10,663**
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Discontinuing operations	-	-	-	-	-	-
Total 2024	**263**	**635**	**67**	**514**	**9,184**	**10,663**
Total 2023	**340**	**485**	**283**	**118**	**22,985**	**24,211**

At the reporting date, the portfolio "1. Financial assets measured at amortized cost" included forborne exposures for approximately €421 thousand (of which €294 thousand impaired and €127 thousand not impaired), entirely attributable to credit loans and advances to customers.
In particular, the breakdown of forborne exposures according to credit quality was as follows:

- €287 thousand included in the unlikely to pay category;
- €7 thousand included in the impaired overdue exposures;
- €127 thousand included in the other non-impaired exposures.

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€/000)

Portfolio/Quality	Impaired				Non-impaired			Total (net exposure)
	Gross exposure	Overall adjustments	Net exposure	Overall partial write-offs (*)	Gross exposure	Overall adjustments	Net exposure	
1. Financial assets measured at amortised cost	1,776	811	965	316	9,802	104	9,698	10,663
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Discontinuing operations	-	-	-	-	-	-	-	-
Total 2024	**1,776**	**811**	**965**	**316**	**9,802**	**104**	**9,698**	**10,663**
Total 2023	**2,118**	**1,010**	**1,108**	**176**	**23,258**	**155**	**23,103**	**24,211**

Portfolio/Quality	Assets of manifest poor credit quality		Other assets
	Accrued capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	783
2. Hedging derivatives	-	-	-
Total 2024	**-**	**-**	**783**
Total 2023	**-**	**-**	**197**

** Value to be displayed for information purposes*

A.1.3 Breakdown of financial assets by past due ranges (book values)

(€/000)

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired acquired or originated		
	1 to 30 days	**From over 30 to 90 days**	**Over 90 days**	**1 to 30 days**	**From over 30 to 90 days**	**Over 90 days**	**1 to 30 days**	**From over 30 to 90 days**	**Over 90 days**	**1 to 30 days**	**From over 30 to 90 days**	**Over 90 days**
1. Financial assets measured at amortised cost	463	-	-	44	6	1	37	8	531	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-
Total 2024	**463**	**-**	**-**	**44**	**6**	**1**	**37**	**8**	**531**	**-**	**-**	**-**
Total 2023	**48**	**-**	**-**	**63**	**5**	**1**	**58**	**375**	**599**	**-**	**-**	**-**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: changes in total value adjustments and total provisions

(€/000)

Reasons/risk stages	Overall adjustments																								Total provisions on commitments to grant finance and financial guarantees granted				Total
	Assets falling in the first stage						Assets falling in the second stage						Assets falling in the third stage						Impaired financial assets acquired or originated									
	Loans to banks and Central Banks (sight)	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Discontinuing operations	of which: individual write-downs	of which: collective write-downs	Loans to banks and Central Banks (sight)	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Discontinuing operations	of which: individual write-downs	of which: collective write-downs	Loans to banks and Central Banks (sight)	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Discontinuing operations	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Discontinuing operations	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to grant finance and financial guarantees - impaired acquired or		Total
Opening overall adjustments	1	97	-	-	-	98	12	56	-	-	-	68	-	1.010	-	-	1,010	-	-	-	-	-	-	2	1	-	-	**1,179**
Increases from financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Eliminations other than write-offs	-	-17	-	-	-	-17	-	-1	-	-	-	-1	-	-21	-	-	-21	-	-	-		-	-	-	-	-	-	**-39**
Net adjustments/ write-backs for credit risk (+/-)	5	-4	-	-	-	1	-12	-28	-	-	-	-40	-	2	-	-	2	-	-	-	-	-	-	11	-	-	-	**-26**
Contractual amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

not derecognised																												
Changes in the estimate methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Write-offs directly recorded in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-181	-	-	-181	-	-	-	-	-	-	-	-	-	-	**-181**
Other changes	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Closing overall adjustments	6	77	-	-	-	83	-	27	-	-	-	27	-	811	-	-	811	-	-	-	-	-	-	13	1	-	-	**934**
Recoveries from collection of financial assets written-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Write-offs directly recorded in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	12	-	-	-	-	-	-	-	-	-	-	**12**

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between credit risk stages (gross and nominal amounts)

(€/000)

Portfolios/risk stages	Gross values/par value					
	Shifts between first and second stage		Shifts between second and third stage		Shifts between first and third stage	
	From first to second stage	From second to first stage	From second to third stage	From third to second stage	From first to third stage	From third to first stage
1. Financial assets measured at amortised cost	39	895	19	1	98	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Discontinuing operations	-	-	-	-	-	-
3. Commitments to grant finance and financial guarantees granted	4	3	-	-	-	-
Total 2024	**43**	**898**	**19**	**1**	**98**	**-**
Total 2023	**848**	**178**	**298**	**48**	**24**	**3**

A.1.6 On- and off-balance sheet exposures with banks: gross and net values
(€/000)

Type of exposure/amounts	Gross exposure					Total value adjustments and total provisions					Net exposure	Overall partial write-offs*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. ON-BALANCE SHEET EXPOSURES												
A.1 Sight	**18,291**	**18,291**	**-**	**-**	**-**	**6**	**6**	**-**	**-**	**-**	**18,285**	**-**
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Non-impaired	18,291	18,291	-	-	-	6	6	-	X	-	18,285	-
A.2 OTHER	**2,766**	**2,766**	**-**	**-**	**-**	**4**	**4**	**-**	**-**	**-**	**2,762**	**-**
A) Non-performing	-	**X**	-	-	**X**	-	**X**	-	-	-	-	-
of which: forborne exposures	-	X	-	-	X	-	X	-	-	X	-	-
b) Unlikely to pay	-	X	-	-	X	-	X	-	-	X	-	-
of which: forborne exposures	-	X	-	-	X	-	X	-	-	X	-	-
c) Impaired overdue exposures	-	X	-	-	X	-	X	-	-	X	-	-
of which: forborne exposures	-	X	-	-	X	-	X	-	-	X	-	-
d) Non-impaired overdue exposures	-	-	-	X	-	-	-	-	X	-	-	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other non-impaired exposures	2,766	2,766	-	X	-	4	4	-	X	-	2,762	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**21,057**	**21,057**	**-**	**-**	**-**	**10**	**10**	**-**	**-**	**-**	**21,047**	**-**
B. OFF-BALANCE SHEET EXPOSURES												
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
a) Non-impaired	113	113	-	X	-	-	-	-	X	-	113	-
TOTAL (B)	**113**	**113**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**113**	**-**
TOTAL (A+B)	**21,170**	**21,170**	**-**	**-**	**-**	**10**	**10**	**-**	**-**	**-**	**21,160**	**-**

** Value to be displayed for information purposes*

A.1.7 On- and off-balance sheet exposures with clients: gross and net values

(€/000)

Type of exposure/amounts	Gross exposure					Total value adjustments and total provisions					Net exposure	Overall partial write-offs*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. ON-BALANCE SHEET EXPOSURES												
A) Non-performing	648	X	-	648	-	385	X	-	385	-	263	171
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	1,011	X	-	1,011	-	376	X	-	376	-	635	145
of which: forborne exposures	287	X	-	287	-	10	X	-	10	-	277	-
c) Impaired overdue exposures	117	X	-	117	-	50	X	-	50	-	67	-
of which: forborne exposures	7	X	-	7	-	2	X	-	2	-	5	-
d) Non-impaired overdue exposures	558	493	65	X	-	44	30	14	X	-	514	-
of which: forborne exposures	1	-	1	X	-	-	-	-	X	-	1	-
e) Other non-impaired exposures	6,478	6,287	191	X	-	55	42	13	X	-	6,423	-
of which: forborne exposures	126	-	126	X	-	8	-	8	X	-	118	-
TOTAL (A)	**8,812**	**6,780**	**256**	**1,776**	**-**	**910**	**72**	**27**	**811**	**-**	**7,901**	**316**
B. OFF-BALANCE SHEET EXPOSURES												
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
B) Non-impaired	600	581	19	X	-	14	13	1	X	-	586	-
TOTAL (B)	**600**	**581**	**19**	**X**	**-**	**14**	**13**	**1**	**-**	**-**	**586**	**-**
TOTAL (A+B)	**9,412**	**7,361**	**275**	**1,776**	**-**	**924**	**85**	**28**	**811**	**-**	**8,487**	**316**

** Value to be displayed for information purposes*

A.1.8 On-balance sheet credit exposures with banks: changes in gross impaired exposures

There were no impaired exposures with banks at the reporting date.

A.1.8bis On-balance sheet credit exposures with banks: changes in gross forborne exposures broken down by credit quality

At the reporting date, there were no on-balance-sheet forborne exposures to banks.

A.1.9 On-balance sheet credit exposures with customers: changes in gross impaired exposures

(€/000)

Transactions/Categories	Non-performing loans	Unlikely to pay	Impaired overdue exposures
A. Opening gross exposure	**939**	**858**	**321**
- of which: exposures disposed of (not derecognised)	-	-	-
B. Increases	**6**	**355**	**122**
B.1 transfers from non-impaired exposures	-	18	96
B.2 transfers from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other categories of impaired exposures	-	298	17
B.4 Contractual amendments not derecognised	-	-	-
B.5 other increases	6	39	9
C. Decreases	**297**	**202**	**326**
C.1 transfers to non-impaired exposures	-	-	1
C.2 Write-offs	193	-	-
C.3 repayments	104	185	27
C.4 revenue from disposals	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of impaired exposures	-	17	298
C.7 Contractual amendments not derecognised	-	-	-
C.8 other decreases	-	-	-
D. Closing gross exposure	**648**	**1,011**	**117**
- of which: exposures disposed of (not derecognised)	-	-	-

A.1.9bis On-balance sheet credit exposures with customers: changes in gross forborne exposures broken down by credit quality

(€/000)

Transactions/Quality	Forborne exposures: impaired	Forborne exposures: non-impaired
A. Opening gross exposure	**337**	**625**
-	-	-
B. Increases	**18**	**37**
B.1 transfers from non-impaired non-forborne exposures	-	-
B.2 transfers from non-impaired forborne exposures	-	X
B.3 transfers from impaired forborne exposures	X	3
B.4 transfers from impaired non-forborne exposures	-	-
B.5 other increases	18	34
C. Decreases	**61**	**535**
C.1 transfers to non-impaired non-forborne exposures	X	205
C.2 transfers to non-impaired forborne exposures	3	X
C.3 transfers to impaired forborne exposures	X	-
C.4 Write-offs	-	-
C.5 repayments	58	321
C.6 revenue from disposal	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	9
D. Closing gross exposure	**294**	**127**
- of which: exposures disposed of (not derecognised)	-	-

A.1.10 On-balance sheet impaired exposures with banks: changes in total value adjustments

There were no on-balance sheet impaired exposures with banks at the reporting date.

A.1.11 On-balance sheet impaired exposures with customers: changes in total value adjustments

(€/000)

Transactions/Categories	Non-performing loans		Unlikely to pay		Impaired overdue exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening overall adjustments	**599**	**-**	**373**	**11**	**38**	**34**
- of which: exposures disposed of (not derecognised)	-	-	-	-	-	-
B. Increases	**18**	**-**	**65**	**33**	**50**	**4**
B.1 Adjustments from impaired financial assets acquired or originated	-	X	-	X	-	X
B.2 other adjustments	18	-	31	-	42	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of impaired exposures	-	-	33	33	4	4
B.5 Contractual amendments not derecognised	-	-	-	-	-	-
B.6 other increases	-	-	1	-	4	-
C. Decreases	**232**	**-**	**62**	**34**	**38**	**36**
C.1 write-backs from valuation	37	-	37	30	3	1
C.2. write-backs for repayments	2	-	1	-	2	2
C.3 profits on disposals	-	-	-	-	-	-
C.4 Write-offs	193	-	-	-	-	-
C.5 transfers to other categories of impaired exposures	-	-	4	4	33	33
C.6 Contractual amendments not derecognised	-	-	-	-	-	-
C.7 other decreases	-	-	20	-	-	-
D. Closing overall adjustments	**385**	**-**	**376**	**10**	**50**	**2**
- of which: exposures disposed of (not derecognised)	-	-	-	-	-	-

A.2 Classification of financial assets, commitments to disburse funds and financial guarantees given based on external and internal ratings

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by external ratings (gross amounts)

(€/000)

Exposures	External rating classes						Unrated	Total
	Aaa/Aa3	A1/A3	Baa1/Baa3	Ba1/Ba3	B1/B3	< B3		
A. Financial assets measured at amortised cost	**-**	**-**	**5,147**	**1,011**	**-**	**-**	**5,420**	**11,578**
- First stage	-	-	5,147	1,011	-	-	3,388	**9,546**
- Second stage	-	-	-	-	-	-	256	**256**
- Third stage	-	-	-	-	-	-	1,776	**1,776**
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
C. Discontinuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
Total (A + B + C)	**-**	**-**	**5,147**	**1,011**	**-**	**-**	**5,420**	**11,578**
of which: impaired financial assets acquired or originated	-	-	-	-	-	-	-	-
D. Commitments to grant finance and financial guarantees granted	**-**	**-**	**-**	**-**	**-**	**-**	**818**	**818**
- First stage	-	-	-	-	-	-	799	**799**
- Second stage	-	-	-	-	-	-	19	19
- Third stage	-	-	-	-	-	-	-	-
Total D	**-**	**-**	**-**	**-**	**-**	**-**	**818**	**818**
Total (A + B + C + D)	**-**	**-**	**5,147**	**1,011**	**-**	**-**	**6,238**	**12,396**

The risk classes for external ratings in this table refer to those used by the agency Moody's.

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by internal ratings (gross amounts)

This table is not provided, since the Bank used no internal rating models to manage credit risk.

A.3 Breakdown of guaranteed exposures by type of guarantee

A.3.1 On- and off-balance sheet guaranteed exposures with banks

This table is not provided, since the Bank has no secured on-balance sheet exposures with banks.

A.3.2 On- and off-balance sheet guaranteed exposures with customers

(€/000)

	Gross exposure	Net exposure	Guarantees secured by assets (1)				Personal guarantees (2)									Total (1)+(2)
							Credit derivatives					Credit commitments				
								Other derivatives								
			Properties - mortgages	Properties - loans in finance lease	Securities	Other real guarantees	Credit Linked Notes	Central counterparties	Banks	Other financial companies	Other entities	Public Administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance sheet exposures:	**5,699**	**4,855**	**4,194**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**540**	**4,736**
1.1 wholly secured	5,173	4,626	4,096	-	-	-	-	-	-	-	-	-	-	-	530	4,626
- of which impaired	1,268	815	627	-	-	-	-	-	-	-	-	-	-	-	188	815
1.2 partially secured	526	229	98	-	-	2	-	-	-	-	-	-	-	-	10	110
- of which impaired	407	110	-	-	-	-	-	-	-	-	-	-	-	-	10	10
2. Guaranteed off-balance sheet exposures:	**413**	**400**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**400**	**400**
2.1 wholly secured	413	400	-	-	-	-	-	-	-	-	-	-	-	-	400	400
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.4 Financial and non-financial assets obtained through the enforcement of guarantees received

(€/000)

	Derecognized credit exposure	Gross value	Overall adjustments	Book value	
					of which obtained during the year
A. Tangible assets	**-**	**-**	**-**	**-**	**-**
A.1. Functional assets	-	-	-	-	-
A.2. Investment property	-	-	-	-	-
A.3. Inventories	-	-	-	-	-
B. Equity securities and debt securities	-	-	-	-	-
C. Other assets	-	-	-	-	-
D. Non-current assets held for sale and disposal groups	**70**	**70**	**-**	**70**	**-**
D.1. Tangible assets	70	70	-	70	-
D.2. Other assets	-	-	-	-	-
Total 2024	**70**	**70**	**-**	**70**	**-**
Total 2023	**82**	**82**	**-**	**82**	**-**

At the reporting date, the assets acquired amounted to € 70 thousand.
In particular, the item "Tangible assets" refers to the enforcement occurred in 2018 of a mortgage on residential property securing a loan.

B. Breakdown and concentration of credit exposures

B.1 Segment distribution of on- and off-balance sheet exposures with clients

(€/000)

Exposures/ Counterparties	Public Administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	**Overall adjustments**	**Net exposure**	**Overall adjustments**	**Net exposure**	**Overall adjustments**	**Net exposure**	**Overall adjustments**	**Net exposure**	**Overall adjustments**
A. On-balance sheet exposures										
A.1 Non-performing loans	-	-	-	-	-	-	262	370	1	15
of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	109	279	526	96
of which: forborne exposures	-	-	-	-	-	-	4	4	274	6
A.3 Impaired overdue exposures	-	-	-	-	-	-	52	44	15	6
of which: forborne exposures	-	-	-	-	-	-	-	-	5	2
A.4 Non-impaired exposures	2,513	1	153	1	-	-	1,863	85	2,686	14
of which: forborne exposures	-	-	-	-	-	-	10	1	109	6
Total (A)	**2,513**	**1**	**153**	**1**	**-**	**-**	**2,286**	**778**	**3,228**	**131**
B. Off-balance sheet exposures										
B.1 Impaired exposures	-	-	-	-	-	-	-	-	-	-
B.2 Non-impaired exposures	-	-	13	-	-	-	501	13	176	1
Total (B)	**-**	**-**	**13**	**-**	**-**	**-**	**501**	**13**	**176**	**1**
Total (A+B) 2024	**2,513**	**1**	**166**	**1**	**-**	**-**	**2,787**	**791**	**3,404**	**132**
Total (A+B) 2023	**3,279**	**1**	**2,679**	**12**	**-**	**-**	**4,926**	**919**	**4,102**	**220**

B.2 Geographical distribution of on- and off-balance sheet exposures with clients

(€/000)

Exposures/Geographical areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments
A, On-balance sheet exposures										
A,1 Non-performing loans	263	385	-	-	-	-	-	-	-	-
A,2 Unlikely to pay	635	376	-	-	-	-	-	-	-	-
A,3 Impaired overdue exposures	67	50	-	-	-	-	-	-	-	-
A,4 Non-impaired exposures	6,712	99	503	1	-	-	-	-	-	-
Total (A)	**7,677**	**910**	**503**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
B, Off-balance sheet exposures										
B,1 Impaired exposures	-	-	-	-	-	-	-	-	-	-
B,2 Non-impaired exposures	586	14	105	-	-	-	-	-	-	-
Total (B)	**586**	**14**	**105**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 2024	**8,263**	**924**	**608**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 2023	**13,980**	**1,151**	**1,006**	**1**	**-**	**-**	**-**	**-**	**-**	**-**

B.3 Geographical distribution of on- and off-balance sheet exposures with banks

(€/000)

Exposures/Geographical areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments	Net exposure	Overall adjustments
A, On-balance sheet exposures										
A,1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A,2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A,3 Impaired overdue exposures	-	-	-	-	-	-	-	-	-	-
A,4 Non-impaired exposures	21,551	10	-	-	-	-	-	-	-	-
Total (A)	**21,551**	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B, Off-balance sheet exposures										
B,1 Impaired exposures	-	-	-	-	-	-	-	-	-	-
B,2 Non-impaired exposures	113	-	-	-	-	-	-	-	-	-
Total (B)	**113**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 2024	**21,664**	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 2023	**22,044**	**28**	**1,204**	**1**	**-**	**-**	**-**	**-**	**-**	**-**

B.4 Major exposures

(€/000)

	2024	2023
a) Amount (book value)	23,903	27,169
b) Amount (weighted value)	6,738	14,076
c) Number	5	10

C. Securitization transactions

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no, 262 of 22 December 2005 as amended and supplemented - related to Section "C, Securitization transactions.

D. Disclosure related to unconsolidated structured entities (other than special purpose vehicles for securitization)

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no, 262 of 22 December 2005 as amended and supplemented - of Section "D, Disclosure related to unconsolidated structured entities (other than special purpose vehicles for securitization)".

E. Disposals

At the reporting date, there were no items to be reported in the tables - envisaged by Banca d'Italia Circular no, 262 of 22 December 2005 as amended and supplemented - related to Section "E, Disposals".

F. Credit risk measurement models

The Bank does not use internal models for measuring credit risk.

Section 2 – Market risks

Market risk is the general risk associated with the unpredictable performance of macro-economic variables, Therefore, the development of operations on the financial markets and trading in securities and currencies may lead to increased risks associated with changes in market prices that result in:

- Interest rate risk
- Price/equity risk
- Exchange rate risk

Before analysing each risk category, please note that for the purposes of this Section, the quantitative and qualitative information is reported with reference to the "trading book" and the "banking book" as defined in the legislation governing supervisory reporting. In particular, the trading book comprises all the financial instruments subject to capital requirements for market risks.

2.1 – Interest rate risk and price risk – Regulatory Trading Book

Qualitative information

A. General aspects

Pursuant to the provisions of IFRS 9, the Bank has defined its business models for the management of financial assets, Therefore, the supervisory trading book for FY2022 is made up of debt securities allocated to the HTS (Hold to Sell / Trading) business model, The aforementioned portfolio is held according to trading strategies and includes positions in financial assets held for the purpose of benefiting from differences between purchase and selling prices resulting from the materialization of expected short-term market movements and/or from arbitrage opportunities.
The management strategy is trading-oriented, with trading being carried out through the Trading Desk with the objective of achieving adequate profitability from opportunities offered by financial markets, Profit targets are mainly pursued through the change in the fair value of the instruments held in the portfolio.
The main risk associated with managing the Trading book is, in general, market risk and specifically, position risk, linked to potential losses resulting from fluctuations in the prices of the financial instruments that make up the Trading Book.
The associated capital absorption is measured according to the standardized approach.
The regulatory trading book is composed exclusively of Euro-denominated debt securities of issuers from Zone A countries, Furthermore, the Bank does not take speculative positions in derivatives and does not trade equities.

B. Measurement and management of market rate risk and price risk

Interest rate risk is the effect on price due to changes in interest rates on financial markets. This effect depends on the characteristics of the instrument, such as, for example, its residual life, the coupon rate and any early repayment options.
Therefore, the risk of a change in interest rates having an adverse impact on the Bank's financial situation is inherent in the trading business, as the Bank's performance is affected by the fluctuations in interest rates in Europe and in the other markets where it carries out its business.
In view of this and given the impossibility to fully predict changes to securities and currency prices and, in general, the evolution of markets, the Bank implements management policies and control systems which ensure sound and prudent management of market risks, in line with the general guidelines established by the Board of Directors.
They respond to the twofold need of:

- regulating operations in the financial markets area according to specific business objectives in terms of risk/return;
- complying with the directions given by Banca d'Italia, in terms of capital requirements.

In particular, to limit the risk of changes in interest rates and fluctuations in market prices, the activity on the regulatory trading book is governed by the operating limits established in the "Financial Markets Regulation", approved by the Board of Directors and regularly audited.
These limits were set with reference to the following control parameters, which are built into the Bank's IT system:

- "modified duration", an indicator generally used for bond-like instruments;
- "VAR", a model for evaluating the risk involved in a given financial portfolio;
- short sales;
- stop loss.

In order to verify the effectiveness of the measures adopted, the Bank uses a "Control System", which is organised differently at the various levels within the Bank itself; each person involved in the system is responsible both for the supervisory activities and for reporting on the results of their audits.
The system is organised into the three levels outlined below:

1. first-level controls or line checks, aimed at ensuring that operations are properly carried out; these controls are carried out directly by operating managers, who, during daily operations, verify compliance with the limits set into the system, Moreover, with particular reference to financial activities, first-level controls are ensured automatically through the IT system on the basis of the control parameters set into the system;
2. second-level controls, which are the responsibility of:
   - ✓ Back Office which, in the ordinary course of transaction processing, verifies compliance with the system of limits and the proper exercise of authorities, It identifies any transactions not completed due to non-compliance with one or more of the control parameters established and requests their approval by the persons in charge;
   - ✓ Risk Management department, which monitors the activity, verifying transactions carried out and performing an overall assessment of the risk to which the Bank is exposed in relation to market trends, the nature of the instruments traded and the issuers and the counterparties involved;
3. third-level controls, carried out by Internal Audit, which, on the basis of a plan specifically set out for the purpose, verifies any anomalies or breaches of procedures and internal and external regulations, also assessing the functionality and adequacy of the overall internal control system.

On the other hand, with respect to the method adopted to measure the risk in question, the Bank performs systematic stress tests through sensitivity analyses of the regulatory trading book following an hypothetical interest rate shock of +/- 100 bps.

Quantitative information

1, Regulatory trading book: breakdown of cash financial assets and liabilities and financial derivatives by residual term (repricing date)

(€/000)

Type/Residual term	Sight	Up to 3 months	From over 3 to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 to 10 years	Over 10 years	Unlimited term
1. On-balance sheet assets	-	-	**499**	-	**278**	-	-	-
1.1 Debt securities	-	-	499	-	278	-	-	-
- with option of early redemption	-	-	-	-	-	-	-	-
- other	-	-	499	-	278	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-

+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

The Bank has assessed its vulnerability to adverse market scenarios through stress tests, by applying to the regulatory trading book an assumed shift of +/-100 bps in interest rates, in accordance with Regulatory regulation.
The results of the stress test on the Bank's brokerage margin, profit for the year and shareholders' equity are summarized in the table below.

Assumed change in interest rates	∆ Brokerage margin	∆ Operating result	∆ Shareholders' equity
+100bps	-0,35%	1,97%	-0,10%
- 100bps	0,36%	-2,05%	0,10%

2. Regulatory trading book: breakdown of exposures in equity securities and equity indices by the major listing market Countries

The table in question is not filled out as the exposures in equity securities and share indices were lower than € one thousand at the reporting date.

3. Regulatory Trading book: internal models and other sensitivity analysis methods

The Bank does not use internal models for measuring the risk in question.

2.2 – Interest rate risk and price risk - Banking book

Qualitative information

A. General aspects, measurement and management of market rate risk and price risk

The risk of a change in interest rates having an adverse impact on the Bank's financial situation is inherent in the banking book.
Therefore, the sources of interest rate risk to which the Bank is exposed mainly consist in the assets and liabilities making up the banking book, namely:

- receivables;
- debt securities;
- various types of funding from customers.

Interest rate risk, essentially, arises from mismatches between asset and liability items sensitive to changes in interest rates in terms of amount, maturity, financial duration, and interest rate.
In line with the nature and complexity of its business, the Bank has put in place appropriate mitigation and control measures to contain the extent of this risk.
Specifically, from an organizational standpoint, the Bank has identified Risk Management as the unit in charge of overseeing the interest rate risk management process for the banking book, with the monitoring activity being performed quarterly.
In order to calculate the interest rate risk exposure of the banking book, the Bank measures potential changes in both economic value and interest margin by considering different scenarios of changes in the yield curve level and shape.

The methodology for measuring risk in terms of changes in economic value and changes in interest margin is based on the following elements:

- Economic value sensitivity analysis: This involves calculating the change in the present values of the items under analysis as a function of changes in the interest rate curves. In particular, the sensitivity of an item is calculated as the difference between the present value based on appropriate market rates and the present value of the same item assuming a shock to the interest rate curves. Sensitivity is calculated for all types of cash flows (e.g., principal repayments, interest payments) with reference to a shift in the curves that can be either parallel or based on specific non-uniform temporal rules.
- Interest margin sensitivity analysis: The calculation engine allows the quantification of the difference in the interest margin under specific expected rate scenarios compared to a parallel rate shock, assuming the reinvestment of maturing cash flows (under the assumption of constant volumes over 12 months) or of those whose rates are reset (e.g., floating rate instruments) at forward rates over a predefined time horizon (e.g., twelve months); balance sheet items reaching maturity are renewed with similar financial characteristics and the same volumes.
- Treatment of behavioral models: In calculating interest rate risk on the banking book, the model for non-maturity deposits prescribed by the supervisory instructions (Circular 285/2013) is used. No prepayment model was applied in 2024 for amortizing loans.

The Bank determines internal capital for interest rate risk based on the economic value change model described above, applying an instantaneous and parallel interest rate shock of +/- 200 basis points.
Additional stress scenarios, as indicated by applicable regulations, are also determined to assess the impacts of non-parallel curve shifts (steepening, flattening, short rates up and down).
The risk indicator is represented in the RAF (Risk Appetite Framework) by the ratio between the internal capital thus calculated and the value of Own Funds. The Bank monitors positioning relative to thresholds also with reference to the CET1 value and to the alert thresholds of 15% for Economic Value and 5% for Interest Margin set by the EBA. If the risk indicator exceeds the thresholds defined in the RAF, appropriate remediation measures are initiated

Quantitative information

1. *Banking book: breakdown of financial assets and liabilities by residual duration (by repricing date)*

(€/000)

Type/Residual term	Sight	Up to 3 months	From over 3 to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 to 10 years	Over 10 years	Undetermined term
1. On-balance sheet assets	**19,627**	**5,427**	**2,583**	**301**	**783**	**227**	**-**	**-**
1.1 Debt securities	-	2,208	2,553	98	512	-	-	-
- with option of early redemption	-	-	503	-	-	-	-	-
- other	-	2,208	2,050	98	512	-	-	-
1.2 Loans to banks	18,285	128	-	-	-	-	-	-
1.3 Loans to customers	1,342	3,091	30	203	271	227	-	-
- current accounts	440	-	-	10	-	52	-	-
- other loans	902	3,091	30	193	271	175	-	-
- with option of early redemption	-	-	-	-	-	-	-	-
- other	902	3,091	30	193	271	175	-	-
2. On-balance sheet liabilities	**18,545**	**2,178**	**120**	**3,327**	**1,076**	**-**	**-**	**-**
2.1 Payables to customers	18,526	1,178	120	3,327	1,076	-	-	-
- current accounts	16,858	1,178	120	3,327	1,076	-	-	-
- other payables	1,668	-	-	-	-	-	-	-
- with option of early redemption	-	-	-	-	-	-	-	-
- other	1,668	-	-	-	-	-	-	-
2.2 Payables to banks	20	1,000	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other payables	20	1,000	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with option of early redemption	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with option of early redemption	-	-	-	-	-	-	-	-

- other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance sheet transactions	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

The Bank has assessed its vulnerability to adverse market scenarios through stress tests, by applying to the banking book an assumed shift of +/-100 bps in interest rates, in accordance with the regulatory rules in force. The results of the stress test on the Bank's brokerage margin, profit for the year and shareholders' equity are summarized in the table below.

Assumed change in interest rates	∆ Interest margin	∆ Operating result	∆ Shareholders' equity
+100bps	23.53%	-20.38%	1.00%
- 100bps	-28.84%	24.98%	-1.22%

The table below shows the capital requirement for interest rate risk.

In accordance with the applicable legislation, we also calculated the "Risk Index" (ratio of own funds for the risk in question to the Bank's own funds) which at 31 December 2024 was equal to 4.3%.

	31/12/2024 (€/000)
Capital requirement with respect to interest rate risk under ordinary conditions	496
Own funds	11,481
Risk Index (20% threshold)	4.3%

For the estimate of own funds under stressed conditions, the hypothetical changes in rates are determined on the basis of scenarios predefined by the Bank, which assume parallel and non-parallel shifts of the interest rate curve, as well as a parallel change of +/- 200 basis points.
By comparing the results obtained by applying the various alternative scenarios with the result obtained under ordinary conditions, as envisaged by prudential regulations, the Bank was found to be more vulnerable to the scenario built on a rate parallel change of -200bps, Therefore, the internal capital for the risk in question under stress does not change compared to ordinary conditions.

2. Banking book: internal models and other sensitivity analysis methods

The Bank does not use internal models for measuring the risk in question.

2.3 Exchange rate risk

Exchange rate risk is the risk of a loss in the purchasing power of a currency held and of an impairment in receivables resulting from adverse changes to the foreign exchange rates.

Qualitative information

A. General aspects, management and measurement of exchange rate risk

The exchange rate risk to which the Bank is exposed is assessed with reference to the receivables and payables denominated in foreign currencies, Receivables in foreign currency consist exclusively of deposits with clearing houses and/or banks, made up of commissions generated from securities trading on OTC markets (Eurobonds), which takes place in the instrument's currency of denomination.
The main balances generally consist of cash deposits in U,S, dollars, which are considered as a strategic currency from the point of view of volumes.
In order to limit exchange rate risk, the Bank has management policies and control systems in place which ensure sound and prudent risk management, in line with the general guidelines established by the Board of Directors.
In particular, the "Financial Markets Regulations" lay down limitations on the assumption of foreign currency positions both in terms of currency and volume. In addition, exposure to currency risk is measured through a method that reflects the requirements of the relevant supervisory regulations. This is based on the calculation of the "net foreign exchange positions", i,e, the net balance of all assets and liabilities (on and off balance-sheet) for each currency. The internal audit system previously described provides for the periodic verification of the adequacy of and compliance with the limits set by the Regulations.

B. Currency exchange hedge

At the reporting date of 31 December 2024 there were no outstanding foreign currency hedges,

Quantitative information

1. Breakdown by currency of assets, liabilities and derivatives

(€/000)

Items	Currencies					
	US Dollar	British Pound	Yen	Canadian Dollar	Swiss Frank	Other currencies
A. Financial assets	**148**	**11**	**-**	**-**		**1**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	-	-	-	-	-	-
A.3 Loans to banks	148	11	-	-	-	1
A.4 Loans to customers	-	-	-	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
C. Financial liabilities	**30**	**-**	**-**	**-**	**-**	**-**
C.1 Payables to banks	-	-	-	-	-	-
C.2 Trade payables	30	-	-	-	-	-
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
Total assets	**148**	**11**	**-**	**-**	**-**	**1**
Total liabilities	**30**	**-**	**-**	**-**	**-**	**-**
Imbalance (+/-)	**118**	**11**	**-**	**-**	**-**	**1**

The Bank’s overall exposure to exchange rate risk is very limited: therefore, the effects of changes in exchange rates on brokerage margin, profit for the year and shareholders' equity as well as the results of the scenario analysis are not reported.

The amounts in the table relate to:
- deposits with banks in foreign currencies for trading activities;
- cash balances in foreign currencies related to customer deposits.

2. Internal models and other sensitivity analysis methods

The Bank does not use internal models for measuring the risk in question.

Section 3 – Derivative instruments and hedging policies

At the reporting date were no items to be reported in the tables - envisaged by Banca d’Italia Circular no, 262 of 22 December 2005 as amended and supplemented - related to this section.

Section 4 – Liquidity risk

It is the risk that:
- in relation to banking activities:
  1. in a lending transaction, the customer-debtor fails to fulfil their monetary obligations within the agreed time limits;
  2. the Bank is unable to fulfil its obligations as they fall due;
- in relation to financial brokerage activities, in a securities transaction, it is difficult to liquidate market positions within the desired time limits.

Qualitative information

A. General issues, management processes, and methods of measurement for liquidity risk

Banks are naturally exposed to liquidity risk – or rather, the risk of not being able to fulfil their payment obligations due to the inability to gather funding in the market (funding liquidity risk) or to ensure asset disposal (asset liquidity risk) – due to the transformation of maturities, Having access to an adequate system for regulating and managing this risk plays a fundamental role in maintaining stability not only for the individual bank, but also for the market in general, considering that the imbalances of a single financial institute may have repercussions across the board.
To this end, in line with prudential supervisory requirements, the Bank has adopted:
- a specific "Liquidity Risk Governance and Management Policy", for the management of liquidity in the "ordinary" course of business;
- a "Contingency Funding and Recovery Plan", which is an integral and substantial part of the policy as it governs the process, roles and responsibilities in case the Bank finds itself in a "liquidity stress" situation.

1. Liquidity Risk Governance Policy

The liquidity risk can be generated by various factors both internal and external to the Bank, The sources of liquidity risk can therefore be distinguished into the following macro-categories:
- internal: specific adverse events of the Bank (e,g, deterioration of the Bank's creditworthiness and loss of confidence by creditors);
- external: when the origin of risk is attributable to negative events that cannot be directly controlled by the Bank (political crises, financial crises, catastrophic events, etc,) which lead to liquidity stress on the markets;
- combinations of the above factors.

The factors underlying liquidity risk are identified through the following process:
- analysis of the time distribution of cash flows from financial assets and liabilities and from off-balance sheet transactions;
- detection:
- of items that do not have a defined maturity (items "at sight and on demand");
- of financial instruments that incorporate (express or implied) options which can change the amount and / or the time distribution of cash flows (for example, early repayment options);
- of financial instruments which by their nature generate cash flows that vary depending on the performance of specific underlying assets (for example, derivatives);
- analysis of the seniority level of financial instruments.

The objective of the "Liquidity Risk Governance and Management Policy" is to establish internal guidelines and rules for the management of liquidity and funding to ensure the Bank maintains and manages an appropriate liquidity level, including as part of the adequacy self-assessment under current, prospective and stressed conditions.
In particular, in compliance with the principle of proportionality and taking into account the operating size and organizational complexity of the Bank, the nature of its business and the type of services offered, we first defined the roles, tasks and responsibilities of the organizational units involved in the liquidity management process.

Subsequently, we identified the step that make up the "Liquidity risk management process", which is designed to ensure that a sufficient amount of liquid assets is maintained over time under stress scenarios relating to events that affect the bank and the market, These activities are:

1. Identification of risk factors and measurement of risk exposure;
2. Conducting stress tests;
3. Definition of mitigation tools;
4. Controls;
5. Reportin.

Consistent with legal provisions applicable to banks in Class 3 and with the principle of proportionality, the Bank carries out monthly stress tests in terms *of sensitivity analysis or "*scenario analysis ". The latter, carried out according to a qualitative approach based on company experience and on indications provided by the regulations and supervisory guidelines, envisage two liquidity stress "scenarios": market/systemic and specific for the individual bank, In particular, the Bank carries out the stress test by extending the scenario envisaged by the LCR regulation, in order to assess the impact of adverse events on risk exposure and on the adequacy of "liquidity reserves" both from a quantitative and qualitative standpoint.
Through these tests, we assume that the Bank is facing difficulties or is unable to meet its commitments as they fall due unless it undertakes procedures and/or uses tools that, due to their intensity and/or method of application, deviate from ordinary management.
More specifically, the Bank's ability to cope with liquidity stresses using its own funds, is first and foremost assessed through ongoing monitoring, including on a prospective basis (when performing the "ICAAP-ILAAP" structured reporting), of compliance with the short-term minimum capital requirement indicator, namely the *Liquidity Coverage Ratio*" - "LCR".
In this regard it should be noted that the European Commission (EU) Delegated Regulation no, 61/2015 introduced the *Liquidity Coverage Requirement (LCR*) for credit institutions (hereinafter RD-LCR), The *Liquidity Coverage Requirement* - LCR is a short-term rule aimed at ensuring that each bank has available liquid assets enabling them to survive in the short/very short term in the event of acute stress, without resorting to the market. The indicator compares the liquid assets available to the bank with the net cash outflows (difference between gross outflows and inflows) expected over a period of 30 calendar days, the latter developed taking into account a predefined stress scenario.

Furthermore, with the same frequency, two additional stress tests are performed on the regulatory LCR indicator based on the following scenarios:

- Market crisis: a financial crisis external to the Bank is assumed, leading to a general depreciation of the assets included in the Liquidity Buffer. Since the Liquidity Buffer is composed almost exclusively of Italian government bonds, a 5% reduction in the value of the securities component is applied. In response to the financial crisis, an increased usage of granted credit lines is also assumed, along with a rise in outflows related to products and services offered to clients.

- Idiosyncratic crisis: a scenario is assumed in which a crisis directly affects the Bank (such as one caused by a reputational event), leading to an increase in liquidity outflows due to the withdrawal of client deposits.

In addition, where applicable, an additional stress test is performed on the LCR indicator, assuming the divestment of a portion of the time deposits obtained through fintech platforms.
Finally, depending on the macroeconomic situation, the Risk Management function may apply additional stress assumptions to the LCR indicator to ensure the significance of the tests performed.

The Bank intends to pursue a dual objective:

1. the management of **operational liquidity** aimed at verifying the Bank's ability to meet expected and unforeseen short-term cash payment commitments (up to 12 months);
2. the management of **structural liquidity** aimed at maintaining an adequate ratio of total liabilities to medium / long-term assets (over 12 months).

The Bank has set up two level of controls to monitor its short-term operational liquidity:

- the first level provides for the *daily/infra-monthly* monitoring of the treasury position;
- the second level provides for the monthly monitoring of the overall operational liquidity position.

With reference to the monthly monitoring of the overall **operational liquidity** position, the Bank uses the analysis reports produced periodically.

The monthly measurement and monitoring of the **operational liquidity** position is carried out through:
– the LCR indicator, for the 30-day liquidity position, as determined on the basis of the RD-LCR and reported (according to the outline prepared by EBA) to the supervisory authority on a monthly basis;
– its liquidity position through the "Time To Survival" indicator, designed to measure the ability to cover the liquidity imbalance generated by the ordinary operation of balance sheet items;
– a set of summary indicators designed to detect vulnerabilities in the Bank's liquidity position with respect to the various significant risk factors, such as concentration of repayments, concentration of deposits, dependence on interbank funding;
– analysis of the asset encumbrance level and quantification of Readily Marketable Assets.

With reference to the management of the **structural liquidity**, the Bank uses the monthly analytical reports.

The "Net Stable Funding Ratio" indicator, consisting of the ratio between stable funding sources and medium-long term assets, is detected monthly by reporting and management sources and with the application of the percentages provided for by EU Regulation 2019/876 (CRR2).

With specific reference to the audit phase, this aims to determine on the one hand, the effectiveness of the protective measures adopted by the Bank and, on the other, the long-term appropriateness of the limits set.
In order to guarantee a proper management of the liquidity risk for both short term (up to 1 year) and medium/long-term (over 1 year), integrated controls are performed and differently organized according to the various levels within the Bank, in order to prevent multiple audits of operating units.

In particular, audits are carried out by the following departments:
- *Treasury*
- *Risk Management*
- *Internal Audit*

The Treasury function is responsible for managing both short-term and structural liquidity and *funding.*
It carries out its activities in compliance with the authorizations and authorization procedures provided by the Board of Directors and with any other guidance provided by the Chief Executive Officer, by taking appropriate steps to secure the resources required to meet the Bank's payment commitments.

The *Risk Management* function, which is independent from the operational "liquidity risk management" functions, contributes to developing the "Liquidity Risk Governance and Management Policy", verifies compliance with the limits imposed and proposes risk mitigation initiatives to the Corporate Bodies.
It is in charge of measuring and controlling both "short term" and "structural" liquidity risk, under "normal" and "stressed" conditions, to verify the effectiveness of the bank's control measures and the adequacy over time of established operating limits.
More in detail, the *Risk Management* function monitors liquidity risk by:
- verifying that the bank has the "very short-term" liquidity (1 to 30 days) and "short-term" liquidity (up to 12 months) necessary to carry out operations, respectively on a daily and monthly basis;
- monitoring compliance with operational limits to the assumption of liquidity risks on a monthly basis, through the observation of early warning short-term and structural indicators;
- performing "stress tests" on a monthly basis;
- monitoring "systemic" and "specific" early warning indicators, respectively on a daily and monthly basis.

To this end, with the support of Cassa Centrale Banca, the Risk Management function adopts data collection and processing procedures at suitable intervals that ensure the production of reliable and timely information, Such information is incorporated in specific "reports" developed to support the measurement and control of liquidity risk which are submitted to the Board of Directors on a monthly basis.

The Internal Audit function also conducts regular audits on:
- the adequacy of the system for collection and verification of information;
- the system for measuring liquidity risk and the pertinent internal evaluation process, as well as the pertinent stress testing process;
- the process of reviewing and updating the Emergency Plan;

It also assesses the functioning and reliability of the overall control system in place for liquidity risk management and verifies that the corporate functions and bodies make full use of the information available.
Reviews and updates of the Policy are approved by resolution of the Board of Directors.

2. Contingency Funding Plan

To cope with adverse funding situations and to readily cover liquidity needs, a specific instrument has been put in place called "*"Contingency Funding and Recovery Plan" - "CFRP".*

The Plan's main objective is to protect the Bank's assets in situations of liquidity drain by putting in place crisis management strategies and procedures to be triggered in order to mitigate the negative impact and to obtain funding in the event of additional and/or alternative sources of financing.
In particular, the CFRP documents the management of any specific or systemic liquidity crisis in terms of mitigating actions available to the Bank and responsibilities assigned to the relevant corporate functions.
The Plan, therefore, responds to stress conditions, intended as situations other than ordinary business, in which the Bank can meet its liquidity requirements through its self-funding ability.
Reviews and updates of the Plan are approved by resolution of the Board of Directors.

The Bank has traditionally recorded a substantial availability of liquid resources due to the composition of its liquidity buffer, consisting mainly of high-quality financial instruments eligible for refinancing operations with the Eurosystem.

The recourse to refinancing with the ECB amounted to €1 million and consisted exclusively of funding from participation in Longer Term Refinancing Operations (LTRO).

Quantitative information

1. Time distribution by residual contract term of financial assets and liabilities

(€/000)

Items/Time frames	Sight	From over 1 day to 7 days	Form over 7 to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Undetermined term
A. On-balance sheet assets	**5,436**	**-**	**46**	**1,227**	**1,173**	**3,326**	**699**	**2,682**	**1,511**	**128**
A.1 Government securities	-	-	-	-	992	1,257	1	300	-	-
A.2 Other debt securities	-	-	-	1,221	-	1,849	101	500	-	-
A.3 UCIT units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	5,436	-	46	6	181	220	597	1,882	1,511	-
- banks	4,385	-	-	-	-	-	-	-	-	128
- clients	1,051	-	46	6	181	220	597	1,882	1,511	128
B. On-balance sheet liabilities	**18,479**	**275**	**122**	**220**	**1,610**	**124**	**3,453**	**1,076**	**-**	**-**
B.1 Deposits and current accounts	18,468	275	122	220	601	124	3,453	1,076	-	-
- banks	18	-	-	-	-	-	-	-	-	-
- clients	18,449	275	122	220	601	124	3,453	1,076	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-

B.3 Other liabilities	12	-	-	-	1,009	-	-	-	-	-
C. "Off-balance sheet" transactions	**113**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Loans and deposits to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to grant finance	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees granted	113	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

The measurement and control of both "short term" and "structural" liquidity risk, under "normal" and "stressed" conditions, intended to verify the effectiveness of the bank's control measures and the adequacy over time of established operating limits, led to the following outcome.

The daily checks on the very short-term liquidity (from 1 to 30 days) necessary for the Bank's operations never showed any deficiency in the bank's "liquidity buffers" to cover any negative daily prospective balance over the

analysis horizon. Therefore, the Bank's "liquidity buffers" have always been sufficient to cover any net funding requirements.
The analysis of the Bank's short-term (up to 12 months) "Net Financial Position" and "liquidity buffers", carried out monthly, did not show any imbalance over the 12-month assessment horizon.

With specific reference to 31/12/2024, the "Time to Survival" is longer than 12 months, Therefore, the Bank can cover the cumulative liquidity gap resulting from the inertial operation of all financial statement items, through its own "liquidity buffers", without having to change its funding plan/asset disposal plan or having to resort to third-party sources.

The monitoring of "short-term" and "structural" early warning indicators carried out monthly showed full compliance with operational limits to the assumption of liquidity risks, as the threshold limits established by the Bank were never exceeded, Therefore, the Bank can cope with potential imbalance situations that may compromise its resilience to either "short-term" or "structural" liquidity risk.

The stress tests carried out monthly did not show any special vulnerability or the inadequacy of the "liquidity buffers" held by the Bank.
More specifically, the value of the short-term indicator "Liquidity Coverage Ratio" - "LCR" at 31/12/2024 was 1,638%, which is significantly higher than the minimum binding requirement laid down by law (100%).
Similarly, the results of the additional stress tests on the "LCR" regulatory indicator, also performed monthly, showed a stressed value of this indicator of 1,558% (market stress) and 789% (idiosyncratic stress), which are again considerably higher than the 70% minimum requirement laid down by law.

Therefore, the Bank is able to cope with short-term liquidity needs through its autonomous funding capacity, both in stress situations and in the event of an additional stress scenario compared to that envisaged by the legislation in force.

As regards the concentration of funding sources, as at 31 December 2024, funding from the first 10 counterparties accounted for 24.43% of total bank funding.
Lastly, the monitoring of "systemic" and "specific" early warning indicators carried out daily and monthly, respectively, never showed any breach of the threshold limits established by the Bank. Therefore, no situations outside the "ordinary course of business" were detected that might lead to the beginning of a "systemic" or specific crisis.

Section 5 – Operational risks

Operational risk, as defined by prudential regulations, is the risk of suffering losses due to the inadequacy or malfunction of procedures, human resources and internal systems, or due to external events.
This definition includes legal risk (i,e, the risk of suffering losses arising from the infringement of laws or regulations, from contractual or extra-contractual liability or other disputes), but does not consider reputational and strategic risk.

Qualitative information

A. General aspects, management and measurement of operational risk

Operational risk, inherent in banking activity, is generated across all company processes, In general, the main sources of operational risk are related to internal frauds, external frauds, labour relations and safety in the workplace, professional obligations to customers or the nature or characteristics of products, damage from external events and the malfunction of IT systems and deficiencies in the treatment of operations or in the management of processes. as well as losses due to relationships with commercial counterparties and suppliers.

Operational risk, as such, is a pure risk as it is associated with events that have only adverse effects. It comprises all the anomalies that by affecting the company's output exclusively result in:

- financial loss;
- higher operating costs;
- lower revenue.

Because it is aware that operational risk is inherent in the banking business, the Bank pays close attention to controlling this type of risk.

For this purpose, the internal audit system that the company employs is based on principles of prudent and effective management, Furthermore, the system is periodically reviewed to determine whether it is adequate and functions properly in terms of efficacy (the system's capacity to achieve the goals) and efficiency (the system's capacity to achieve the above goals in terms of costs, risks and profitability consistent with those achieved by similar companies).
In this context, i,e, to ensure that risks are managed properly, the Bank has regulated every step of each process and established appropriate audit levels, It has also created specific units within its organisational structure in charge of overseeing these levels of control,
In order to evaluate risk exposure and the effects that adequate mitigation measures have on said exposure, qualitative and quantitative information must be appropriately combined. The qualitative component ("self-risk assessment") can be summarised as the assessment of the risk profile of each organisational unit, in terms of potential future losses, efficiency of the control system and appropriate management of risk mitigation techniques. The quantitative component, on the other hand, is based mainly on the statistical analysis of historical loss data, As the available information on losses, with reference to certain types of events, is not always relevant, internal data can be supplemented with system data.

In the event of a loss resulting from one of the above events, the Bank will supply the internal database of incurred operating losses, to be used in the future when applying its internal risk calculation model.

In the area of operational risks, the following risk subcategories are considered significant:

- ICT and security risk: This refers to the risk of incurring losses due to breaches of confidentiality, lack of integrity in systems and data, inadequacy or unavailability of systems and data, or the inability to replace information technology (IT) within reasonable timeframes and costs in the event of changing external or business requirements (agility). It also includes security risks stemming from inadequate or faulty internal processes or from external events, including cyberattacks or insufficient physical security levels.
- Third-party risk: This refers to the risk of incurring economic losses, reputational damage, or loss of market share resulting from the outsourcing/provision of services and/or business functions.

During the year, the Bank initiated an assessment activity aimed at the forward-looking evaluation of operational risk and the analysis of risks arising from operations involving third parties.
As part of the overall assessment, with specific reference to the risk component linked to the outsourcing of business processes/activities, the Bank verified the correct execution of activities by service providers, establishing different levels of contractual protection and control based on the type of outsourcing. This includes the list of outsourced critical operational functions and control functions.

The Bank retains internally the necessary expertise to effectively oversee the outsourced important operational functions (hereinafter also referred to as “IOFs”) and to manage the risks associated with outsourcing, including those arising from potential conflicts of interest involving the service provider

As part of business continuity, the Bank has adopted a "business continuity management process" which prescribes the methods for analysing the impact on business and the criteria for drawing up the "Business Continuity Plan".

The "Plan" explains how to deal with emergencies, in order to ensure, where appropriate, the continuity of the bank's vital operations and the return to normal operation within a reasonable time.

Both documents were approved by the Bank’s Board of Directors.

With reference to legal pending matters of a significant nature, there were no threatened and/or initiated legal disputes as at 31/12/2024.

Quantitative information

With respect to the regulatory measurement of the prudential requirement for operational risks, the Bank, having considered its organizational, operational and dimensional features, opted for application of the Basic Indicator Approach – BIA.

According to this approach, the capital requirement for operational risks is measured by applying the 15% regulatory ratio to the average of the last three observations on an annual basis of an indicator of the volume of company operations ("relevant indicator") with reference to the year-end (31 December),
At 31 December 2024 the capital requirement was €529 thousand.

In 2024 there were no events resulting in operating losses.

Operational risk	
Relevant indicator	**(€/000)**
Relevant indicator 2022	3,983
Relevant indicator 2023	3,113
Relevant indicator 2024	3,475

Part F – Information on Shareholders' Equity

SECTION 1 – CORPORATE EQUITY

A. Qualitative information

One of the Bank's well-established strategic priorities is to focus on adequate size of capital and its development over time. Equity is indeed the first defence against the risks associated with banking operations and the main benchmark for the assessments carried out by the supervisory authority and the market on the solvency of the intermediary.
The Bank's Shareholder's equity is calculated as the sum of the share capital, the share premium reserve, the profit reserves, the valuation reserves and the profit for the year, as indicated in Part B of this Section.
International and local supervisory bodies have established strict requirements for determining regulatory capital and the minimum capital requirements that credit institutions are required to comply with.
The notion of equity that the Bank uses in its assessments is based on the notion of "Own funds" as established by Regulation (EU) no. 575/2013 (CRR), and comprises the following elements:

- Tier 1 capital (Tier 1), made up of primary Tier 1 Capital (Common Equity Tier 1 – CET 1) and Tier 1 additional capital (Additional Tier 1 – AT1);
- Tier 2 capital (Tier 2 – T2).

Equity thus defined is the main safeguard for business risks in accordance with regulatory provisions; it is indeed the best indicator of effective management, both strategically and in terms of current operations, as it is a financial resource capable of absorbing the potential losses the Bank may incur as a result of its exposure to all the risks assumed, and acts as a guarantee for depositors and creditors in general.
The supervisory regulations require that the Bank's overall capital adequacy, current, prospective and under stressed conditions, be measured using internal methodologies so as to ensure that there are sufficient financial resources to cover all risks, including in adverse economic conditions; the above with reference not only to "First Pillar" risks (i.e. credit and counterparty risks, market risks on the trading portfolio and operational risk), but also with regard to additional risk factors - "Second Pillar" risks - that affect the business activity (such as, for example, concentration risk, interest rate risk on the banking book, etc.).

The monitoring of the current and prospective capital adequacy is therefore developed in a dual perspective:

- regulatory capital with respect to Pillar I risks;
- total internal capital with respect to Pillar II risks, for the purposes of the ICAAP process.

With the aim of ensuring it has adequate capital on an ongoing basis, the Bank has put in place processes and instruments to determine an adequate level of internal capital capable of addressing every type of risk assumed, as part of an assessment of its current, prospective and "stressed" exposure that takes into account corporate strategies, development objectives, and the changes in the external environment.

For minimum capital requirements, please refer to the mandatory parameters provided for in the regulatory provisions in force (art. 92 of CRR), according to which CET 1 must satisfy at least the 4.5% requirement on total risk-weighted assets (CET1 capital ratio), Tier 1 must represent at least 6% of total risk-weighted assets (Tier 1 capital ratio) and the Bank's overall own funds must be at least 8% of total risk-weighted assets (Total capital ratio).

To these minimum regulatory requirements, the Capital Conservation Buffer of 2.5% has been added.

In addition, starting from December 31, 2024, a new Systemic Risk Buffer (SyRB) of 0.5% of relevant exposures—composed of high-quality capital—has come into effect. Beginning June 30, 2025, the target rate for this buffer will be set at 1%, in accordance with regulatory provisions.
Failure by the supervised entity to comply with the sum of these requirements (Combined Requirement) will result in restrictions on dividend distributions, variable remuneration, and other elements that contribute to regulatory capital beyond predetermined limits. Consequently, supervised entities will be required to adopt appropriate measures to restore the required capital levels.

Furthermore, as of January 1, 2016, banks are required to maintain a Countercyclical Capital Buffer. Starting from January 1, 2019, this buffer—made up of Common Equity Tier 1 capital—may not exceed 2.5% of the total amount of risk-weighted exposures.

Considering that, according to the communication from the Bank of Italy dated September 27, 2024, the countercyclical capital buffer rate for exposures to counterparties resident in Italy has been set at 0% for the fourth quarter of 2024, that countercyclical buffer rates have generally been set at 0%, and that the Bank primarily holds exposures to domestic counterparties, the Bank's specific countercyclical buffer rate is close to zero.

In this regard, Banca d'Italia annually issues a specific decision regarding the capital requirements of the Bank following the *supervisory review and evaluation process* (SREP) conducted pursuant to art. 97 et seq. of EU Directive 36/2013 (CRD IV) and in accordance with EBA provisions concerning the imposition of additional specific capital requirements set out in the document "Guidelines on common procedures and methodologies for the prudential review and evaluation process*",* published on 19 December 2014.
In particular, the aforementioned Article 97 of CRD IV establishes that Banca d'Italia must periodically review the rules, strategies, processes and mechanisms that the supervised banks put in place to face the complex risks to which they are exposed. Thus, through the SREP the Authority reviews and assesses the Bank's internal process for determining capital adequacy, analyses the risk profiles of the Bank both individually and in an aggregate perspective, including under stress conditions, and evaluates its contribution to systemic risk; it assesses the corporate governance system, the functions of the bodies, the organizational structure and the internal control system; it verifies compliance with the set of prudential rules.
At the end of this process, the Authority also has the power, pursuant to art. 104 of CRD IV, to request the intermediary to hold additional capital with respect to the minimum requirements mentioned above, to cover for its overall risk; quantified capital ratios that take into account the additional requirements are binding ("*target ratio*").

Therefore, the capital requirements based on the Bank's risk profile, pursuant to Banca d'Italia measure of 06/02/2025, consist of mandatory capital requirements (i.e. the sum of the minimum requirements pursuant to Article 92 of the CRR and the additional mandatory requirements determined as a result of the SREP) and of the capital conservation buffer applicable under the current provisions of 2.5%, overall making up the *overall capital requirement ratio - OCR* , as indicated below:

- 8.7% with reference to CET 1 ratio (made up of 6.2% as binding amount and of the capital conservation buffer for the remainder);
- 10.80% with reference to TIER 1 ratio (made up of 8.30% as binding amount and of the capital conservation buffer for the remainder);
- 13.50% with reference to Total Capital Ratio (made up of 11.0% as binding amount and of the capital conservation buffer for the remainder.

The capital conservation buffer is fully covered by CET1.
In the event of decrease in capital ratios below the OCR, but above the binding measure, capital conservation measures must be activated. Should one of the ratios fall below the binding limit, initiatives must be taken to immediately restore the ratios to values above such limit.

In order to ensure that the mandatory measures are complied with even when the economic / financial situation deteriorates, the Bank is also subject to the following capital guidance measures as against a greater risk exposure under stress conditions:

- 12.2% with reference to CET 1 ratio (made up of an OCR CET 1 ratio of 8.7% and a Target amount, due to a higher risk exposure in stress conditions, of 3.50%);
- 14.3% with reference to TIER 1 ratio (made up of an OCR CET 1 ratio of 10.8% and a Target amount, due to a higher risk exposure in stress conditions, of 3.50%);
- 17.0% with reference to Total Capital ratio (made up of an OCR CET ratio of 13.5% and a Target amount, due to a higher risk exposure in stress conditions, of 3.50%).

Considering compliance with the systemic risk buffer requirement based on data as of December 31, 2024, the additional capital requirements that the Bank is required to meet at the reporting date amount, in terms of CET1 ratio, Tier 1 ratio, and Total Capital ratio, to 12.56%, 14.66%, and 17.36%, respectively.

These capital levels reflect an expectation of Banca d'Italia as to the additional reserves to be held by the Bank. Where even just one of the Bank's capital ratios falls below the levels, the Bank must inform Banca

d'Italia and explain the reasons that led the Bank's capital ratios to fall below the levels required by the Regulatory Authority.
In determining the aforementioned requirements, Banca d'Italia considered, among other things, the Bank's internal capital measures as estimated by the Bank through the ICAAP.

As at 31 December 2024, the Bank had a ratio of Common Equity Tier 1 - CET1 - to risk-weighted assets (CET 1 ratio) of 62.90%, above the binding CET1 ratio assigned to the Bank; a ratio of Tier 1 capital to risk-weighted assets (Tier 1 capital ratio - Tier 1 ratio) of 62.90%, above the binding Tier 1 ratio assigned to the Bank; a ratio of own funds ti risk-weighted assets (total capital ratio) of 62.90%, above the total binding capital ratio assigned to the Bank.

The amount of own funds was, not only adequate to cover all three binding levels of capital, but also to cover the capital conservation buffer and the capital guidance. The capital surplus with respect to the total binding capital ratio amounted to €10,021 thousand.

The Bank drafted and maintains its own Recovery Plan, in line with the pertinent statutory provisions and in compliance with the Risk Appetite Framework adopted.

B. QUANTITATIVE INFORMATION

B.1 Corporate equity: breakdown

(€/000)

Items/Values	Amount 2024	Amount 2023
1. Share capital	8,514	7,740
2. Share premium account	1,797	1,071
3. Reserves	3,588	4,333
- profit reserve	3,588	4,333
a) legal reserve	870	870
b) reserve pursuant to articles of association	-	-
c) treasury share reserve	-	-
d) other	2,718	3,463
- other	-	-
4. Equity instruments	-	-
5. (Treasury shares)	-	-
6. Valuation reserves:	-1,046	-1,025
- Equity securities designated at fair value through other comprehensive income	-938	-937
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income:	-	-
- Tangible assets	-	-
- Intangible assets	-	-
- Foreign investment hedging	-	-
- Cash flow hedging	-	-
- Hedging instruments (items non designated)	-	-
- Exchange rate differences	-	-
- Non-current assets and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (changes of own creditworthiness)	-	-
- Actuarial gains (losses) relating to defined benefits pension plans	-108	-88
- Shares of valuation reserves for subsidiaries measured at equity	-	-
- Special revaluation regulations	-	-
7. Profit (loss) for the year	-598	-685
Total	**12,255**	**11,434**

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

(€/000)

Assets/values	Total 2024		Total 2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	-	-	-
2. Equity securities	-	-938	-	-937
3. Loans	-	-	-	-
Total	**-**	**-938**	**-**	**-937**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: year-on-year changes

(€/000)

	Debt securities	Equity securities	Loans
1. Opening balance	**-**	**-937**	**-**
2. Positive changes	**-**	**57**	**-**
2.1 Fair value increases	-	-	-
2.2 Adjustments for credit risk	-	X	-
2.3 Reversal to the income statement of negative reserves due to disposal	-	X	-
2.4 Transfers to other equity items (equity securities)	-	-	-
2.5 Other changes	-	57	-
3. Negative changes	**-**	**57**	**-**
3.1 Fair value decreases	-	1	-
3.2 Write-backs for credit risk	-	-	-
3.3 Reversal to the income statement from positive reserves: - due to disposal	-	X	-
3.4 Transfers to other equity items (equity securities)	-	-	-
3.5 Other changes	-	57	-
4. Final inventories	**-**	**-938**	**-**

B.4 Valuation reserves relating to defined-benefit pension plans: year-on-year changes

(€/000)

	Total 2024
1. Opening amount	**-88**
2. Positive changes	**-**
2.1 Actuarial gains relating to defined-benefit pension plans	-
2.2 Other changes	-
2.3 Business combinations	-
3. Negative changes	**20**
3.1 Actuarial losses relating to defined-benefit pension plans	12
3.2 Other changes	8
3.3 Business combinations	-
4. Final inventories	**-108**

SECTION 2 – OWN FUNDS AND REGULATORY RATIOS

With regard to the content of this section, please refer to the disclosure on own funds and capital adequacy contained in the public disclosure ("Third Pillar"), prepared pursuant to Regulation (EU) no. 575/2013 of 26 June 2013 (CRR).

Part H – Transactions with Related Parties

The notion of Related Party and Transaction with a Related Party is based on the concept contained in the International Accounting Standard IAS 24 "Related Party Disclosures", where a Related Party of a reporting entity is defined as a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity or as a party that exercises significant influence on the reporting entity, and where "Related Party Transactions" means "a transfer of resources, services or obligations regardless of whether a price is charged". The "Other Related Parties" category includes all those who are related to representatives of the companies in the banking group (close family members, parties controlled, including jointly, by the representatives, parties on which the representatives exercise significant influence or in which they hold a significant share of voting rights, parties controlled, including jointly, by close family members or over which the latter exercise significant influence or in which they hold a significant share of voting rights) and pension funds. "Close family members" means: a) the spouse (unless legally separated) and the cohabitant; b) the children and dependants of the related parties, of the spouse (not legally separated) or of the cohabitant.
In compliance with the regulatory framework introduced by Consob Resolution No. 17221 of 12 March 2010, as amended, in 2010 the Bank adopted a "Regulation for the management of related party transactions" and subsequent amendments and additions, in order to ensure transparency and substantive and procedural fairness of transactions with Related Parties, carried out directly or through the subsidiary.

1. Information on the remuneration of key management personnel

The 2024 emoluments pertaining to key management personnel, including directors and members of the Board of statutory auditors, can be summarised as follows:

(€/000)

Overall remuneration paid to Directors	Total 2024
- Salaries and other short-term benefits	348
- Post-employment benefits (social security, insurances, etc.)	-

(€/000)

Overall remuneration paid to Auditors	Total 2024
- Salaries and other short-term benefits	37
- Post-employment benefits (social security, insurances, etc.)	-

The values were determined as provided for in IAS 24 paragraph 17.

2. Information on transactions with related parties

(€/000)

	Assets	Liabilities	Guarantees granted	Guarantees received	Revenue	Costs
Directors and Managers	9	692	-	-	-	-
Auditors	-	-	-	-	-	-
Family members	1	140	-	-	-	-
Other related parties	-	1,265	-	-	-	-
Total	**10**	**2,097**	**-**	**-**	**-**	**-**

According to IAS 24, related parties can be summarised as directors, statutory auditors and key management personnel (members of the General Management), the immediate families of the above persons, and the subsidiaries, joint ventures and associates of any of the above entities.
Immediate family includes the person's cohabiting partner and children, the partner's children and other dependants of the person or partner.

PART M – DISCLOSURE ON LEASES

SECTION 1 – LESSEE

Qualitative information

The IFRS16 has unified the accounting treatment of operating and finance leases for lessees, requiring them to recognize:

- in the statement of financial position: i) a financial liability which is the present value of future lease payments that the company has undertaken to pay under the lease contract, and ii) an asset that represents the "right of use" of the leased asset;
- in the Income Statement: i) the financial charges associated with the aforementioned financial liability and ii) the depreciation associated with the aforementioned "right of use".

The interest arising from the lease liability and the depreciation of the right of use are recognized in the Income Statement of the lessee. The right of use is depreciated over the effective term of the underlying contract.
With respect to the accounting treatment just discussed, the Bank had 1 lease contract in place which falls within the scope of application of IFRS 16 as it refers to operating leases. The asset covered by the aforementioned contract is intended to be used in the ordinary course of business and for this reason it is part of its tangible operating assets.

The options applied by the Bank

The Bank adopts the IFRS 16 according to the simplified prospective approach, which provides for recognition of a lease liability equal to the present value of future lease payments and a right of use for the same amount. This approach therefore has no impact on shareholders' equity.
By adopting the practical expedient referred to in Paragraph 6 of IFRS 16 the Bank excludes from the scope of application (i) contracts with a residual useful life on the date of first application of less than 12 months and (ii) contracts involving assets with a value of less than €5,000. For these two types of contract, lease payments were recorded under operating costs in the income statement.

Discounting rate

In accordance with IFRS 16, the Bank uses the internal transfer rate (ITR) for deposits at maturity.

Term of contract

The term of the contract corresponds to the non-cancellable period in which the individual company has an obligation towards the lessor and has the right to use the leased property. The term of the contract includes:

- the periods covered by the option to extend the lease, if the lessee is reasonably certain to exercise the option; and
- the periods covered by the option to terminate the lease, if the lessee is reasonably certain not to exercise the option.

The periods covered by a bilateral option to terminate the contract are not part of the contract term. In these cases, the term of the contract extends up to the notification period for exercising the option.
As regards the contractual term of property leases, the Bank considered the first renewal as being reasonably certain and to be included in the term of the contract unless there are special contractual clauses that lead to a different evaluation.

Therefore, based on the provisions of Law 392/1978, when signing a new lease contract with a contractual term of six years and the option to tacitly renew it every six years, the overall term of the lease will be at least twelve years. This general approach is overridden if there are new elements or specific situations within the contract.

Lease and non-lease components

The bank has decided not to separate the service components from the lease components and, consequently, to account for the entire contract as a lease, the service components being negligible.

Quantitative information

The quantitative information regarding the rights of use acquired through leases, lease payables and the related profit and loss components, has already been presented in the other sections of these Notes. Specifically:

- the information on the rights of use acquired through leases is contained in “Part B - Information on the Balance Sheet, Assets, Section 8 - Tangible assets and Section 9 - Intangible assets;
- The information on lease payables is contained in “Part B - Information on the Balance Sheet, Liabilities, Section 1 - Financial liabilities measured at amortized cost”;
- The information on interest expense on lease payables and on depreciation of right-of-use assets is contained in "Part C - Information on the Income Statement", in the respective sections.

Reference is therefore made to the considerations set out in the information sections above.

As at the reporting date, the Bank had no formal commitments in respect of leases that have not yet been entered into.

With regard to the costs related to short-term leases, accounted for in accordance with paragraph 6 of IFRS 16, reference is made to comments in "Part C - Information on the Income Statement".

SECTION 2 – LESSOR

This case is not applicable to the Bank.

Annexes

Translation from the Italian original which remains the definitive version.

The Financial Statements are the English translations of the Italian Financial Statements prepared for and used in Italy. The Financial Statements were prepared using International Financial reporting Standards (IAS/IFRS); therefore, they are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices other than IAS/IFRS

Annexes

Audit and non-audit fees pursuant to para- 1, no. 16 BIS, of article 2427 of the Italian Civil Code

The contractually agreed fees for FY 2024 with the auditing company KPMG SPA to audit the Bank's accounts and for the other services rendered to the Bank are broken down here below, VAT and expenses included.

(€/000)

Type of service	Fees' amount
Accounting audit of the Financial Statements which includes verifying the regular keeping of the accounts and the correct recording of the company's affairs, and the certification and signing of the Tax Returns.	34
Other services (*)	12
Annual report provided for by Article 23, paragraph 7, of the Regulation implementing Articles 4-undecies and 6, paragraph 1, b) and c-bis) of Legislative Decree no. 58 of 24 February (TUF), adopted by Banca d'Italia order dated 5 December 2019.	7

(*) The item includes services for the purposes of verification activities aimed at certifying the offsetting credit relating to the Income and IRAP models.

Country-by-Country Reporting

As set forth by Banca d'Italia Circular no. 285 of 17 December 2013 as updated, the information is published on the Bank's website at the following link: wwww.bancapromos.it/public/documenti.

PROMOS FINTECH SRL

Sede Legale: VIALE ANTONIO GRAMSCI 19 NAPOLI (NA)

Iscritta al Registro Imprese CCIAA Napoli

C.F. e numero iscrizione: 09284551216

Iscritta al R.E.A. n. NA-1021405

Capitale Sociale sottoscritto €: 75.000,00 Interamente versato

Partita IVA: 09284551216

Bilancio Abbreviato al 31/12/2024

Stato Patrimoniale Attivo

	Parziali 2024	Totali 2024	Esercizio 2023
A) Crediti verso soci per versamenti ancora dovuti			
B) Immobilizzazioni			
I - Immobilizzazioni immateriali		675	1.091
II - Immobilizzazioni materiali			
III - Immobilizzazioni finanziarie			
Totale immobilizzazioni (B)		675	1.091
C) Attivo circolante			
I - Rimanenze			
Immobilizzazioni materiali destinate alla vendita			
II - Crediti		7.447	5.178
esigibili entro l'esercizio successivo		7.447	5.178
esigibili oltre l'esercizio successivo			
Imposte anticipate			
III - Attivita' finanziarie che non costituiscono immobilizzazioni			
IV - Disponibilita' liquide		29.009	37.291
Totale attivo circolante (C)		36.456	42.469
D) Ratei e risconti		**123**	**81**

	Parziali 2024	Totali 2024	Esercizio 2023
Totale attivo		37.254	43.641

Stato Patrimoniale Passivo

	Parziali 2024	Totali 2024	Esercizio 2023
A) Patrimonio netto			
I - Capitale		75.000	75.000
II - Riserva da soprapprezzo delle azioni			
III - Riserve di rivalutazione			
IV - Riserva legale			
V - Riserve statutarie			
VI - Altre riserve			
VII - Riserva per operazioni di copertura dei flussi finanziari attesi			
VIII - Utili (perdite) portati a nuovo		(59.825)	(38.913)
IX - Utile (perdita) dell'esercizio		(870)	(20.912)
Perdita ripianata nell'esercizio			
X - Riserva negativa per azioni proprie in portafoglio			
Totale patrimonio netto		14.305	15.175
B) Fondi per rischi e oneri			
C) Trattamento di fine rapporto di lavoro subordinato			
D) Debiti		**12.419**	**15.986**
esigibili entro l'esercizio successivo		12.419	15.986
esigibili oltre l'esercizio successivo			
E) Ratei e risconti		**10.530**	**12.480**
Totale passivo		37.254	43.641

Conto Economico

	Parziali 2024	Totali 2024	Esercizio 2023
A) Valore della produzione			
1) ricavi delle vendite e delle prestazioni		129.982	117.436
2/3) variaz. rimanenze prodotti in corso di lavoraz., semilavorati, finiti e lavori in corso su ordinaz.			
2) variazioni delle rimanenze di prodotti in corso di lavorazione, semilavorati, finiti			
3) variazioni dei lavori in corso su ordinazione			
4) incrementi di immobilizzazioni per lavori interni			
5) altri ricavi e proventi			
contributi in conto esercizio			
altri		121	1
Totale altri ricavi e proventi		121	1
Totale valore della produzione		130.103	117.437
B) Costi della produzione			
6) per materie prime, sussidiarie, di consumo e di merci			
7) per servizi		100.653	97.671
8) per godimento di beni di terzi			
9) per il personale			
a) salari e stipendi		26.841	37.784
b) oneri sociali			
c/d/e) trattamento di fine rapporto, trattamento di quiescenza, altri costi del personale			
c) trattamento di fine rapporto			
d) trattamento di quiescenza e simili			
e) altri costi			
Totale costi per il personale		26.841	37.784
10) ammortamenti e svalutazioni			
a/b/c) ammortamento delle immobilizz.immateriali e materiali, altre svalutazioni delle immobilizz.		416	811
a) ammortamento delle immobilizzazioni immateriali		416	811
b) ammortamento delle immobilizzazioni materiali			

	Parziali 2024	Totali 2024	Esercizio 2023
c) altre svalutazioni delle immobilizzazioni			
d) svalutazioni dei crediti compresi nell'attivo circolante e delle disponibilita' liquide			
Totale ammortamenti e svalutazioni		416	811
11) variazioni delle rimanenze di materie prime, sussidiarie, di consumo e merci			
12) accantonamenti per rischi			
13) altri accantonamenti			
14) oneri diversi di gestione		2.029	1.038
Totale costi della produzione		129.939	137.304
Differenza tra valore e costi della produzione (A - B)		**164**	**(19.867)**
C) Proventi e oneri finanziari			
15) proventi da partecipazioni			
da imprese controllate			
da imprese collegate			
da imprese controllanti			
da imprese sottoposte al controllo delle controllanti			
altri			
Totale proventi da partecipazioni			
16) altri proventi finanziari			
a) da crediti iscritti nelle immobilizzazioni			
da imprese controllate			
da imprese collegate			
da imprese controllanti			
da imprese sottoposte al controllo delle controllanti			
altri			
Totale proventi finanziari da crediti iscritti nelle immobilizzazioni			
b/c) da titoli iscr.nelle immob.che non costituisc.partecip.e da titoli iscr.nell'attivo circ.no partecip			
b) da titoli iscritti nelle immobilizzazioni che non costituiscono partecipazioni			
c) da titoli iscritti nell'attivo circolante che non costituiscono partecipazioni			
d) proventi diversi dai precedenti			
da imprese controllate			
da imprese collegate			
da imprese controllanti			

	Parziali 2024	Totali 2024	Esercizio 2023
da imprese sottoposte al controllo delle controllanti			
altri			
Totale proventi diversi dai precedenti			
Totale altri proventi finanziari			
17) interessi ed altri oneri finanziari			
verso imprese controllate			
verso imprese collegate			
verso imprese controllanti			
verso imprese sottoposte al controllo delle controllanti			
altri		83	79
Totale interessi e altri oneri finanziari		83	79
17-bis) utili e perdite su cambi			
Totale proventi e oneri finanziari (15+16-17+-17-bis)		(83)	(79)
D) Rettifiche di valore di attivita' e passivita' finanziarie			
18) rivalutazioni			
a/b/c/d) rival.di part.,immob.fin.,titoli attivo circol.,strum.finanz.derivati,att.fin.gest.tesoreria			
a) di partecipazioni			
b) di immobilizzazioni finanziarie che non costituiscono partecipazioni			
c) di titoli iscritti all'attivo circolante che non costituiscono partecipazioni			
d) di strumenti finanziari derivati			
di attivita' finanziarie per la gestione accentrata della tesoreria			
Totale rivalutazioni			
19) svalutazioni			
a/b/c/d) sval.di part.,immob.fin.,titoli attivo circol.,strum.finanz.derivati,att.fin.gest.tesoreria			
a) di partecipazioni			
b) di immobilizzazioni finanziarie che non costituiscono partecipazioni			
c) di titoli iscritti nell'attivo circolante che non costituiscono partecipazioni			
d) di strumenti finanziari derivati			
di attivita' finanziarie per la gestione accentrata della tesoreria			
Totale svalutazioni			
Totale delle rettifiche di valore di attivita' e passivita' finanziarie (18-19)			
Risultato prima delle imposte (A-B+-C+-D)		**81**	**(19.946)**
20) imposte sul reddito dell'esercizio, correnti, differite e anticipate			
imposte correnti		951	496

	Parziali 2024	Totali 2024	Esercizio 2023
imposte relative a esercizi precedenti			470
imposte differite e anticipate			
proventi (oneri) da adesione al regime di consolidato fiscale / trasparenza fiscale			
Totale delle imposte sul reddito dell'esercizio, correnti, differite e anticipate		951	966
21) Utile (perdita) dell'esercizio		**(870)**	**(20.912)**

BANCA PROMOS SPA

Viale A. Gramsci 19 – 80122 Naples
Share capital € 8,514,000
VAT number: 04368171007
Tax Identification Number 03321720637
Economic and Administrative Index [REA] 329424
ABI 03265
Registered in the Bank Register
Member of the Interbank Deposit Protection Fund
Member of the National Guarantee Provision
www.bancapromos.it - info@bancapromos.it