



FINANCIAL STATEMENTS AT 31/12/2024



The present document is the English translation of the Italian Financial Statement, prepared for the use in Italy, and have been translated only for the convenience of international readers. Financial Statements were prepared using International Reporting Standards (IAS/IFRS); therefore, they are not intended to present the financial position and results of operations and cash flows according to accounting principles and practices other than IAS/IFRS.

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BOARD OF DIRECTORS

Meeting of 25 March 2025

**Directors' report and
financial statements at
31/12/2024**

Dear shareholders,

the macrofinancial context at the end of financial year 2024 remains generally stable, despite the continued presence of risks associated with significant international geopolitical tensions and with the fragility of the macroeconomic situation. Looking forward, a reduction in interest rates may provide a positive boost for the economy.

The Italian banking system has demonstrated impressive resilience in the face of global challenges, with significant impacts on citizens and businesses. Despite glimpses of a recovery, lending dynamics remain negative, more as a result of weak demand than restrictions on supply. Companies continue to have moderate financial requirements, due to good income levels and limited investments.

In this context, financial year 2024 ended with profit of € 22 million and with equity, income and efficiency indicators all positive and significantly growing compared to previous years, confirming our Bank's long held tradition of combining the ability to understand and anticipate new challenges associated with innovation with the commitment to promoting sustainable development, a fundamental goal for a local Bank which responsibly interacts with various stakeholders, working to understand their real needs and offering rapid responses to the same.

Responsibility to People is at the heart of the Bank and a strategic factor in generating value.

Responsibility to the environment, promoting corporate management that pays attention to local problems with growing awareness of resource efficiency, adopting more effective solutions to reduce direct and indirect environmental impacts.

Responsibility to Clients, with whom we want to build a relationship based on dialogue, listening and transparency, to meet their needs to dedicated products and services.

THE INTERNATIONAL AND EUROZONE ECONOMIC SITUATIONS

In 2024, the international economic situation showed signs of weakness, with global growth stabilising around 3%, in line with OECD forecasts. This slowdown has been attributed to persistent trade tensions, geopolitical uncertainty and inflation which remains high, although it has decreased from previous years.

Economic activity has been strong in the United States, but has lost momentum in other advanced economies. In China, the crisis in the real-estate market continues to weight on internal demand. Based on Bank of Italy estimates, international trade will expand by little more than 3% in 2025, in line with expected trends in global product. However, the outlook for international trade could be negatively affected not only by intensifying geopolitical tensions, but by the tightening of US trade policies. Oil prices have grown slightly, while natural gas prices remain volatile and subject to upward pressure due to factors connected with both demand and supply.

In line with expectations, inflation has risen slightly in the United States, fallen modestly in the United Kingdom, and increased more than anticipated in Japan. At its December meeting, the Federal Reserve once again cut reference rates by 25 basis points, bringing them to 4.25% and -4.50%. Compared to previous meetings, members of the Federal Open Market Committee foresee a more gradual process to normalise monetary policies, in light of the slower drop in inflation and the moderate unemployment rate. This has contributed to the marked appreciation of the dollar compared to the other main currencies, including the euro.

In the eurozone, the economy grew modestly by 0.7% in 2024, showing stagnation in the last quarter of the year. Countries like Germany and France experienced economic downturns, while Spain and Italy showed growth of 3.2% and 0.1% respectively. Economic growth in the eurozone came to less than 1%, with stagnation during the second half of the year. Manufacturing remained weak throughout 2024, due to limited external demand and high geopolitical uncertainty. Industrial production showed signs of slowing down, particularly in Germany and France. The tertiary sector partially propelled economic growth, but this positive trajectory faltered towards the end of the year. Inflation in the eurozone fell gradually, reaching around 2% at the end of 2024. This drop-off was contributed to by lower energy prices and a reduction in the pressures on production costs. Nonetheless, inflation in terms of services remained higher than the general average.

Lending dynamics remained modest, due to both the conditions on bank lending, which remain restrictive, and the weakness of internal demand. However, the progressive drop in inflation favoured a recovery in household purchasing power.

In order to support growth and combat the economic slowdown, the European Central Bank (ECB) implemented a series of cuts to the interest rates during the course of the year. As of December 2024, the rate on deposits had been reduced by 25 basis points, bringing it to 2.75%.

Predictions for 2025 suggest a slightly more sustained growth, with GDP in the eurozone expected to rise by over 1%. This recovery will be fuelled by a reduction in inflation, an improvement in real household income, and a loosening of the ECB's monetary policy. In 2025, the European Central Bank has implemented a series of cuts to the interest rates in order to stimulate the eurozone economy and counter inflationary pressures. Specifically, the ECB dropped the rate on deposits by 25 basis points in its meeting on 06 March 2025, from 2.75% to 2.50%.

ITALY

The Italian economy recorded an increase of 0.7% in GDP in 2024, slightly above previous projections, but nonetheless indicative of modest growth. The manufacturing sector continued to show signs of weakness, with a shrinkage of industrial production. This negative trend has been attributed to weak foreign demand and the uncertainties linked with geopolitical tensions. The services sector, which had previously propelled economic growth, showed signs of slowing down towards the end of the year, contributing to the overall weakness of economic activity.

Internal demand remained weak, affected by a deceleration in household spending and unfavourable investment conditions. Households were cautious in their consumption patterns, reflecting a climate in which confidence is fragile and the impact of high interest rates.

Consumer inflation remained below 2% in the last months of 2024, largely due to the drop in the prices of energy goods. Core inflation remained moderate, with relatively higher growth in the services sector.

In 2024, employment continued to rise despite certain signs of a weakening labour market: the hours worked per worker fell, while reliance on the Wages Guarantee Fund remained high. The fall in the participation rate, which continued into the summer months, has contributed to the drop in unemployment. Hourly labour costs accelerated in the private sector, driven by the upswing in contractual remuneration. Wage growth was sustained into the autumn months of 2024.

The impact of the ECB's rate cuts was seen in the cost of credit, but demand for business loans remained modest, reflecting the weakness of investments, while home mortgages continued to recover gradually.

In 2024, Italian households showed a variable propensity for savings, with an increase in the first part of the year followed by a drop in the third quarter. This was largely caused by consumption growing more rapidly than income. At the same time, a greater tendency towards investments in government bonds reveals the desire for security in financial investments.

THE SITUATION IN THE MARCHE REGION

The economic situation in the Marche region is going through a cyclical phase of persistent weakness. In the first half of 2024, based on the quarterly regional economy indicator (ITER) prepared by the Bank of Italy, economic activity in the region grew by 0.2 % compared to the same period of 2023. In terms of industry, activities continued to shrink while sales fell in all main sectors of regional manufacturing, particularly in shoemaking. This downturn hit companies of different sizes without appreciable distinctions between them, particularly impacting those oriented mostly towards overseas markets, reflecting the negative trend in exports.

The weak cyclical phase and climate of uncertainty had a negative effect on investments. With the drive towards residential renovation having come to an end, activities in the construction sector continued to expand thanks to public works, mainly connected with the National Recovery and Resilience Plan (NRRP) and with the acceleration in post-earthquake reconstruction. The tertiary sector suffered from weakened household spending. In tourism, arrivals overall were slightly greater than in the previous year.

Regional industry ended the fourth quarter of 2024 with a slight downturn in production (-0.8%) compared to the same quarter in 2023. This was a more modest decrease than that seen in Italian manufacturing, which came to 2.7% on a trending basis. The decline in the fourth quarter of 2024 continued the slowdown which has been seen since 2022, though to a lesser extent than the decreases of the previous three half-years, leaving hope for a gradual improvement in circumstances. Despite this, the overall situation remains weak, showing the effects of the instability of the international geopolitical scenario and the uncertain medium-term economic repercussions of the change of course in American economic policy.

Aggregate data on industry show the dynamics differing between sectors, with performances remaining stationary or moderately positive in numerous manufacturing sectors in the region, with the exception of the fashion industry. Operators remain cautious in their outlook for the coming months: statements suggest that the situation will remain weak, despite the fact that a growing proportion of companies are experiencing production increases while the number of businesses with falling production levels remains stationary. Forecasts for fashion remain negative, while the outlook for foodstuff, the mechanical industry, and wood and furniture has improved.

Commercial activity in regional industry in the fourth quarter of 2024 was, on the whole, recovering: sales trends were up 2.1% in real terms compared to the same period of 2023, with a positive performance on both the domestic and foreign markets. Sales on the domestic market grew by 1.9% compared to the fourth quarter of 2023, with stable or moderately positive trajectories in almost all sectors, with the exception of fashion. Sales abroad recorded an increase of 3.5% compared to the last quarter of 2023. The fashion sector and rubber and plastic performed poorly, but figures for the other sectors were positive. An increasing proportion of operators are recording sales growth.

Household purchasing power benefited from the stabilisation of inflation at moderate levels, though it grew less than the Italian average, reflecting the weaker dynamics of nominal income. Consumption, which had already slowed considerably during the previous year, was largely stagnant in 2024.

Bank loans to customers residing in the Marche region continued to decrease, more so than the national average. The decline in credit toward the production sector continued, largely reflecting the weakness of demand, in turn caused by interest rates which remain high and a lower need for investments. The criteria for offering credit remained, on the whole, unchanged. Loans to households also fell, while the size of real-estate mortgages decreased further. However, new disbursements began growing again from spring, partly in connection with the lower cost of financing. Consumer loans granted to households by banks and financial companies continued to grow, both in terms of those provided for the purchase of specific goods or services (particularly cars), and those without a specific purpose. The demand for household loans, which was on the rise during the first half of 2024, met essentially unchanged offer criteria.

The first slight signs of worsening credit quality among businesses began to emerge, though levels remained historically high. The impairment rate for household loans remained unchanged from the values observed in 2023. Bank deposits for households and companies resumed growth, as did the national average. This increase reflected the growth in deposits for companies; while term deposits increased for households, this was not enough to offset the shrinkage in current accounts.

FINANCIAL MARKET TRENDS

In 2024, returns on long-term government bonds increased in the United States, driven largely by macroeconomic data which were more favourable than anticipated and by expectations of lower rate cuts by the Federal Reserve. The latter was also a factor, although to a lesser extent, on returns in the eurozone and the United Kingdom. Share prices rose in the United States, particularly in the wake of the elections, while they fell in China and remained largely stationary in other countries. Most currencies grew weaker against the dollar.

Returns on public securities in the eurozone rose in all countries, particularly in France and in Germany. After an initial decrease, which reflected the weakening predictions for growth in the area, partly in relation to uncertainty over the impact of the economic policies announced by the new US administration, returns resumed growing in the second half of December, also following expectations of lower rate cuts by the Federal Reserve. The yield spread between German securities and those of other countries in the area have decreased, apart from in France, where political uncertainty persists.

Share prices in the eurozone remained essentially stable. After an initial fall, largely triggered by the sectors most vulnerable to the effects of the announced hikes in duties, the general index bounced back from early December thanks to good performances in the financial sector, following the publication of company profits greater than anticipated and expectations of consolidation.

The increase in returns on US government bonds contributed to the strengthening of the dollar against all major currencies, while the European single currency is still affected by the weakness of the economic cycle in the eurozone area. The expected tightening of American trade policies has also negatively affected the currencies of the main trading partners of the US, such as the Chinese renminbi and the Mexican peso. Conversely, the Japanese yen has grown in strength thanks to the monetary policy of the Bank of Japan growing gradually more restrictive.

Ten-year returns on Italian sovereign bonds rose from October, while the spread compared to the corresponding German securities actually fell. The spread compared to German public securities also fell, partly as a result of market operators adopting a more favourable assessment of the Italian tax situation, reflected in positive revisions to the outlook made by certain ratings agencies. Foreign investors continued to make net purchases of domestic government bonds in the third quarter, alongside more modest purchases made by the banks.

Italian share prices rose, bucking the trend set in the eurozone, largely as a result of good performances in the financial sector. Overall, between the start of October and the first ten days of January, the stock exchange general index grew by 4.2% while bank prices rose by 9.9%, above the eurozone average, assisted by the publication of company profits greater than anticipated and expectations of consolidation in the sector.

In 2025, the European Central Bank (ECB) cut interest rates twice. The first cut, on 30 January 2025, brought the rate on deposits down from 3% to 2.75%; while the second, on 06 March 2025, lowered it another 25 basis points to reach 2.50%. The decision was motivated by inflation trends, with predictions indicating overall inflation of 2.3% in 2025, 1.9% in 2026 and 2.0% in 2027. However, the ECB emphasised that the eurozone economy has been hit by exceptional shocks linked to trade, defence and climate issues, which could amplify inflation volatility and lead to more persistent price growth. The ECB stressed that current high levels of uncertainty mean it cannot guarantee that inflation will remain at a constant 2% in the short term. Therefore, monetary policy will be guided by the economic data and assessed meeting-by-meeting, without committing to a predetermined interest rate path.

THE ITALIAN BANKING SYSTEM

In 2024, the Italian banking system demonstrated impressive strength and resilience, recording positive financial performances. The main Italian banks achieved record profits, up 8% compared to the previous year, reaching a total of € 23.6 billion. According to the Financial Stability Report from the Bank of Italy, conditions in the banking system remained favourable in 2024, despite some signs of worsening loan quality linked to the uncertain prospects for domestic and international economic growth.

Funding from customers of all banks operating in Italy was € 2,089.3 billion, up by 2.4% compared to one year prior. More specifically, deposits from resident customers during the same month totalled 1,825.3 billion and rose by 1.7%. Medium and long-term funding through bonds rose over the previous year (+6.8%). The total amount of bonds came to € 264 billion. In December 2024, the average rate for funding from customers was 1.14%. In particular, the rate on deposits in euro applied to households and non-financial companies was 0.91% and bonds 2.84%. The rate on deposits in current accounts alone came to 0.47%, bearing in mind that current accounts offer a multitude of services to avail of and do not serve an investment purpose. With reference to new transactions, the average rate for bank funding from customers in December 2024 was 2.61%. In particular, the rate on term deposits in euro applied to households and non-financial companies was estimated at 3.04%.

Total loans to residents in Italy at December 2024 amounted to € 1,644.2 billion, with an annual increase of -1.6%. Loans to residents in Italy in the private sector decreased by 0.9% compared to one year prior. Loans to households and non-financial companies totalled € 1,270 billion, with a year on year change of -1%. The fall in credit volumes is consistent with the slowdown in economic growth, which is keeping demand for loans low. At the end of 2024, loans to businesses were down 3.6% on an annual basis, while household credit remained unchanged.

Analysis of bank loan distribution by economic sector demonstrates that at the end of 2024 manufacturing, mineral extraction and services represented around 58.8% of the total. Loans to the commercial and hospitality sector accounted for around 22.2% of the total, with construction contributing 8.6% and agriculture 5.8%. Residual sectors represented around 4.7%. The rate of new loans in euro to households for property purchases was 3.10% of all new mortgages disbursed, 95.1% were fixed-rate mortgages. The average rate on new loans in euro to non-financial companies came to 4.53%, while the weighted average rate on all loans to households and non-financial companies fell to 4.45%.

As of December 2024, net impaired loans had fallen to € 30.5 billion compared to December 2023, representing 1.47% of total credits.

THE BANK'S OPERATIONS

During the 2024 financial year, the Bank supported the local economy, households and companies by implementing the strategies set out in its 2022-2024 Business Plan, which has now come to an end.

In addition to the products already in the catalogue, commercial activities were updated to add First Home and First Home for Young Buyers options to the Mortgages offered, in addition to reviews and updates to the products and to the considerations for the classification and monitoring of ESG financing, as detailed in the relevant paragraph. In terms of direct funding, a certificate of deposit was issued, combined with the sale of Intesa Vita and Arca Vita insurance-based investment products. Meanwhile, in relation to managed assets, new “Eurizon Valore Obbligazionario” and “Eurizon Pir Obbligazionario” window funds were placed.

With respect to e-money, a campaign got underway for the mass replacement of the international Carifermo Pay non-contactless cards with Nexi Debit Consumer cards, allowing customers to autonomously sign the contract for the new card remotely. Moreover, the Virtual Branch (branch 400) began placing the new Nexi individual balance credit card product for online customers through IC, with contracts signed remotely using OTP digital signature via Digital Collaboration. Beginning in September, placement of a new version of the "Carifermo Pay Nazionale" debit card began, with technical updates, a new graphic look, and a focus on sustainability thanks to the use of recycled materials. Finally, the marketing of Xpay Vouchers began in September 2024, as part of the Nexi Xpay service (Virtual POS for remote sales).

Conscious of the development and security of digital services, the Bank made it mandatory to set security questions for log-in to the Carifermonline Internet Banking Portal and the Carifermo Mobile App, in order to increase the security of online transactions and streamline the verification of customer identity in transactions flagged by the Fraud-Prevention System. Moreover, OTP Digital Signature has been implemented for signing the forms produced by the JFinance application, for "multiple consultancy" and pre-orders, whether in person in a branch or via Digital Collaboration.

Efforts to adapt to the provisions of Regulation (EU) 2022/2554 – DORA (Digital Operational Resilience Act) continued throughout the year, in preparation for its entry into force on 17 January 2025.

In terms of credit policies, internal regulations were updated on the management of the "Memorandum of Understanding on Advance Payments for the reconstruction of the areas of Central Italy struck by the 2016 Earthquake", signed on 06 September 2018 by the Italian Banking Association and the Government's Extraordinary Commissioner for Reconstruction following the 2016 Earthquake. The Bank also updated its agreement with Confidi Coop Marche – Società cooperativa, to provide for new products/services with the purpose of supporting the work to repair the damage suffered by residential buildings and production activities following the seismic events of 2016.

The measure to suspend mortgage payments implemented by the Ordinance of the Head of Civil Protection, following the extreme weather events which took place in the Marche region from 15 September 2022, has been extended until 17 September 2025. Reference is made to the agreement signed by the Italian Banking Association and the Consumer Associations to ensure timely interventions to aid the people affected by natural disasters. Another measure suspending mortgage payments has also been adopted in accordance with Ordinance of the Head of the Civil Protection Department no. 1.101 dated 24 September 2024. This comes in the wake of the resolution of Italy's Council of Ministers on 21 September 2024, declaring a state of emergency to last for 12 months from the said date, owing to the extreme weather events which took place along the coastline of the Marche region from 18 September 2024.

The main organisational changes which took place during the year concerned:

- updating the after-sales processes for ARCA Vita insurance products on the ARCA Friend portal;
- updating the process whereby the Bank closes a current account without an overdraft facility, and the operating process whereby the Bank withdraws a Nexi credit card, following the customer's failure to pay the amounts owed, with possible CAI reporting;
- the placement of mortgage/financing (FP) products through the Credit Portal application;
- supplementing internal regulations regarding the taking-over of credit (mortgage loans to private parties and mortgage/unsecured loans to companies);
- updating the guidelines for the negotiation or collection of foreign cheques (cheques drawn on foreign banks, whether in euro or in another currency);
- the AMY Base questionnaire available on the front-end of Arca Friend has been adopted for Demands & Needs assessment, as part of the process of offering term life insurance and real estate insurance products from Arca Vita and Arca Assicurazioni to both Private Customers and Companies;
- in the wake of opening "SACE Green" and "SACE Futuro" guarantees to include Banks without a validated rating, in order to expand the range of credit while at the same time having more instruments available for protection against risk, an agreement was signed with Cerved Spa to manage the SACE public guarantee request. This service is managed internally by the DocGest procedure, which has already been in use since September 2024 for guarantee L.662.

In terms of internal controls, the “*Scrivania dei Controlli*” (Control Desktop) tool, available to the network to trace first-level controls, was updated following the move to Netech’s AML “Web Evaluation” application. New controls in the provision of investment services were also introduced.

The Bank adhered to the “Memorandum of understanding to prevent and combat usury and extortion”, previously signed by the Regional Italian Banking Association and the Prefecture of Ancona. This protocol represents the local implementation of the Framework Agreement for preventing and combating usury, signed at national level on 16/11/2021 by the Italian Banking Association and the Ministry of the Interior, to which the Bank had already adhered since 18/02/2021.

In terms of combating money laundering and the financing of terrorism, the “Anti-Money Laundering Manual” has been updated. As of 1 January 2025, the Risk Governance unit shall cease to be part of the Organisation Chart, as the two corporate control units of which it is comprised — the Risk Management (RM) and Anti-Money Laundering (AML) units — shall be separated out from 31 December 2024. To this end, the Board of Directors has appointed a new Anti-Money Laundering Manager and STR Delegate to head the independent company unit being set up as of 1 January 2025, a role which will join the ranks of managers of the company’s control units.

Changes to policies and regulations involved:

- updating the document “Policies on bank product governance” (the so-called POG Policy) and the “Bank Product Governance Regulation” (the so-called POG Regulation);
- updating the Organisational Model prepared pursuant to Italian Legislative Decree 231/2001 (Companies’ administrative liability), to reflect changes to the organisational structure and recent legislative updates. In terms of the legislative updates, the list of predicate crimes provided for by Italian Legislative Decree 231/2001 has been added to; moreover, the Model has incorporated the new system for receiving, managing and analysing Whistleblowing reports and the new “Whistleblowing Policy” updated and adopted by the Bank;
- updating the document “Policy and Procedure on Frameworks for determining loan pricing”, implementing the EBA Guidelines on loan origination and monitoring and expanding the Policy’s scope of application;
- updating the “Regulation for the management of transactions with countries subject to international trade restrictions”;
- following the introduction of the new article 118-bis, “Substantial changes to or discontinuation of a benchmark”, into the TUB by art. 3 of Italian Legislative Decree no. 207 of 7 December 2023, setting out the ways in which banks and financial intermediaries must implement "substitution plans" in the event of substantial changes to a benchmark, or should said benchmark be discontinued, a new document entitled “Cassa di Risparmio di Fermo S.p.A. benchmark substitution plan” has been adopted, with a new Fallback Clause introduced into contracts with customers, whether new or existing by means of a unilateral change;
- updating the “Credit Measurement and Classification Policy”;
- changes to the “Credit Process Regulation” and the “Credit Policies” for ESG issues;
- updating the “Remuneration Policies” and “Variable Remuneration Regulation”.

The Bank continued to provide treasury and cash services to local bodies, to encourage and strengthen its partnerships with local bodies with the aim of harnessing all possible existing synergies to the advantage of the local communities. At 31 December 2024, the bank managed 38 treasury services, as well as cash services for 6 local bodies. The annexes to the financial statements include a list of the bodies to which the bank provides treasury and/or cash services.

In order to develop salary-backed loan business through periodic acquisitions from specialised operators, with the objective of risk splitting and diversifying the portfolio in terms of loan type, geography and sector, credits originating from salary-backed loans and loans with repayment from salaries have been purchased from Italcredì S.p.a. over the three-year period 2022-2024, for a total amount of € 30 million. The purchase of the third and final bundle was completed on 12/11/2024, involving 396 receivables worth an overall total of €12.2 million, compared to a sale price of around €10 million.

In January 2024, the Bank (and all other less-significant institutions) received a request to send the Funding Plan updated for the two-year period 2024-2025 by 15 March 2024, together with the final 2023 figures for comparison purposes. An equivalent request with regard to the Funding Plan for the financial years 2025 and 2026 was received in February 2025, with the document in question to be submitted to the Authority by 31 March 2025.

Activities begun to reduce NPLs continued in line with the strategies in the NPL Plan and, in addition to internal collection activities, in December a securitisation transaction involving multi-originator NPLs was completed, known as “Luzzatti POP NPLs 2024”. Promoted at a consortium level by Luigi Luzzatti S.c.p.A., which served as the global coordinator and advisor, the securitisation was structured with assistance from Intesa Sanpaolo S.p.A. (IMI Corporate & Investment Banking Division) as the Arranger and Placement Agent, while Studio Hogan Lovells (on the Seller side) and Studio Legale Chiomenti (on the SPV/Arranger side) served as the legal consultants for the transaction. The transaction was completed on 19 December 2024, and involved the participation of Cassa di Risparmio di Fermo S.p.A., seven other banks, and a financial intermediary pursuant to art. 106 of the TUB. The total GBV sold was equal to € 205 million. Our Bank sold 271 bad exposures with a nominal value of € 25.6 million at the cut-off date (GBV of € 37.96 million at the cut-off date). The final price, net of the loss resulting from the sale of 95% of Mezzanines and Juniors, was € 7.3 million. Net of the costs of sale, the operation resulted in a profit of around € 148 thousand.

INFORMATION ON ESG ISSUES

In September 2024, Italian Legislative Decree no. 125 was approved, implementing the CSR (Corporate Sustainability Reporting) Directive. The number of companies subject to sustainability reporting obligations has expanded considerably. The main updates introduced by the CSRD concern: a) Internal Control and Governance: the Administration, Management and Control Bodies must ensure that the Sustainability Statement is prepared in accordance with the ESRS and must implement adequate internal processes and controls; b) Inclusion in the Management Report: the Sustainability Statement must be included in a distinct section of the Management Report, with a specific attestation by a Sustainability Officer. It must also be prepared in ESE format; c) Single Reporting Standards: reports must comply with the European Sustainability Reporting Standards (ESRS), which add to the current obligatory reporting requirements; d) Expansion of Disclosure: both forward-looking and retrospective information is required, broadening the scope of application to the entire value chain. Moreover, connectivity is encouraged between the economic and financial disclosure and the sustainability disclosure; e) Double Materiality: double materiality increases the complexity by requiring identification not only of the undertaking's ESG impacts (impact materiality), but also of the risks and opportunities for the undertaking (financial materiality); f) Interaction with other Frameworks: the ESRS require information aligned with the EU Taxonomy and the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures); g) Targets: in addition to providing information on policies and initiatives, the CSRD requires undertakings to set sustainability targets and to report their progress towards achieving said targets; h) Greater focus on climate change: undertakings must describe how their business model and strategy are compatible with the transition to a sustainable economy, with limiting global warming to 1.5 °C and with achieving carbon neutrality by 2050; i) Mandatory assurance: the CSRD calls for mandatory, independent assurance (currently of a limited nature) on the information reported with respect to the ESRS and the Taxonomy Regulation.

Notwithstanding the regulatory interventions introduced by the Omnibus Decree presented at the end of February 2025 by the European Commission, with a particular focus on sustainability reporting, our Bank's obligation to prepare a sustainability report will take effect from the 2025 financial statements, with publication therefore taking place in 2026. Preparatory activities began in late 2024, implementing procedures and processes to pave the way for publication of the sustainability report, with the support of a leading consulting company.

The Bank is also carrying out the activities provided for in the 2023-2025 ESG Initiative Plan, approved on 20 March 2023, which defines actions in response to the Bank of Italy's “Supervisory expectations on climate and environmental risks”.

Our Bank sees the integration of ESG factors into corporate strategies and its organisational and management structures as a priority and promotes the adoption of specific measures focussed on environmental sustainability. In line with European regulations and with the growing

expectations of investors and stakeholders, the Bank has strengthened its commitment to ESG through sustainable financing policies and initiatives for the ecological transition.

As part of its dedicated offer for customers, the Bank has continued its approach of carefully selecting and offering products and services that combine these considerations and guidelines, influencing the investment and financing behaviours of customers while integrating ESG aspects into the Bank's business.

All existing distribution agreements include financial investment, insurance and pension products and services that gradually integrate ESG criteria. In the case of the open pension funds distributed by our bank, all investments require the use of ESG criteria during asset selection. For the multi-class policies of the Unit component, companies offer customers a selection of assets with declared ESG characteristics pursuant to articles 6, 8 and 9 of the SFDR, allowing upon request for investments with a significant ESG component. As at 31/12/2024, over 99% of customer assets invested in Administered Savings, Funds and OEIC units had a strong emphasis on ESG, as per the classification of external ESG rating providers (classes "A" and "B").

As part of the assessment of ESG data on financial activities provided by external sources, the analysis of the treasury securities portfolio continued. The findings showed that over 95% of the securities in the portfolio fall within the best ESG macro-class ("A"), with Italian government securities accounting for 99.4% of this class.

With reference to loans, new products had already been activated for companies and consumers in the previous financial year, with the aim of supporting an ESG-centred approach to managing environmental, social and governance risks. In 2024, the Bank updated the credit it offers to companies in order to facilitate the latter in transitioning towards ESG-compliant standards, identifying specific types of credit terms. The agreement with SACE for "Sace Green" and "Sace Futuro" guarantees was revised, in order to expand the range of products available while at the same time availing of risk mitigation.

Additionally, as in previous years, the Bank made tools and specific products available to customers, including the Superbonus 110% loans for private individuals and the Superbonus 110% Advance (for private individuals and companies), to carry out works intended to improve energy efficiency and improve the environmental impact of owned properties, to benefit from the various government subsidies relative to the Bonus and Superbonus (110%, 90%, 65%, 50%).

With reference to monetics, new "ocean" credit and debit cards were introduced to the catalogue, manufactured using plastic recovered from the oceans, as well as a new layout which combines sustainability aspects with a connection to the local area and the city of Fermo. In terms of POS Services, SmartPOS, Soft POS and MPOS solutions do not involve any physical receipt, but rather an electronic receipt.

Since 2023, the Bank took part in the proposal of an external provider to supply ESG data relative to companies receiving loans, to determine the positioning of these customers in terms of ESG ratings, transition risk, physical risk and other available variables. In February 2024, this was supplemented with the supply of additional data about real estate already acquired and guaranteed by the bank (households and businesses), to obtain the APE (energy performance certificate), if present, or an estimated one when not, and to determine the physical risk of the properties (Pillar 3), resulting in a summary score and additional detailed scores (no. 17) with reference to the dangers to which the properties are exposed, through 2040, based on their location. In June 2024, selected companies were given a specific questionnaire in order to integrate the ESG rating by acquiring additional useful information on ESG projects and on the actions taken by counterparties in relation to environment, social and governance issues. The credit line procedure on the Credit Portal was also added to, with specific sections where the above information can be filled in.

In order to map and analyse the risks associated with property pledged as guarantee for the mortgage loans disbursed by the bank, additions were made as of 2023 to the agreement with the partner company for property evaluations, to include energy classification in appraisals of the real estate pledged as collateral for our loans.

With reference to operating processes, Cassa di Risparmio di Fermo launched a programme to digitalise its operating processes some time ago. Among other things, it envisages adoption of the Advanced Electronic Signature (AES) and the OTP digital signature, which simplifies

Bank/Client interaction processes, reduces the use of paper and streamlines digital filing. It also includes Internet Banking Services (IB-HB) dedicated to private customers and companies (Carifermonline and Prima Web), through which new customers can also open a current account online and sign contracts remotely using a digital signature.

ORGANISATION AND WORKFORCE

The Bank is continuing to rationalise its business hours to improve the level of service provided to clients, dedicating resources to consulting, commercial and secretarial activities, and automating operations with less added value.

The property owned by the bank and used for functional operations has a surface area of roughly 23,200 square metres; meanwhile, its leased property used for functional operations has a total surface area of around 6,800 square metres. The bank also owns properties which it leases for a total surface of around 5,600 square metres.

The plan to improve the efficiency of the distribution network involved interventions in the Macerata area (the Monte San Giusto branch) and the Valdaso area (the Petritoli, Rubbianello, Monterubbiano, Carassai, Montottone and Montalto branches). Interventions in the Macerata/Ancona area were completed during the year. Specifically, these consisted of: a) the opening of a new Ancona branch, operational from 24 June 2024, with the simultaneous closure of the Filottrano branch; b) reorganisation of the branches which open on alternate days, beginning on 24 June 2024, with the new pairings of Montecassiano (open Monday, Wednesday and Friday) and Recanati Fontenoce (open Tuesday and Thursday); and Mogliano (open Monday, Wednesday and Friday) and Passo di Treia (open Tuesday and Thursday). Additional developments regarding real estate saw the Montottone, Carassai, Monterubbiano and Montalto Marche branches go from “light” status to “Representation Branches”, with the installation of ATMs able to accept deposits at the first two and self-service areas at the second two. In branch 12, Monte Urano, the spaces were rationalised with banking operations transferred to the ground floor. In December, restructuring activities began on the roof of branch 17, Porto San Giorgio. Finally, extraordinary maintenance was carried out on Palazzo Sassatelli, which is leased to the Prefecture.

At year end, the bank’s 52 branches were located in seven provinces and three regions as shown in the following table:

REGION	PROVINCE	No. of branches at 31/12/2024
Marche	Fermo	24
Marche	Ascoli Piceno	8
Marche	Macerata	11
Marche	Ancona	3
Abruzzo	Teramo	2
Abruzzo	Pescara	1
Lazio	Rome	3

The bank had a total workforce of 346 employees, as in the previous financial year:

	Workforce at 31/12/2024	2024 departures	2024 entries	Promotions	Workforce at 31/12/2023
Managers	2				2
Junior managers, 3rd and 4th level	42	-2	1	1	42
Junior managers, 1st and 2nd level	48	-4	1	2	49
3rd professional group	253	-5	9	-3	252
2nd professional group	1				1
Total	346	-11	11	0	346

At year end, 340 employees had open-term contractors, 6 had fixed-term contracts and 30 had part-time contracts. The workforce includes 231 employees (66.8%) in the branches and the remaining 115 (33.2%) at the head office.

Employee involvement in pursuing the bank's objectives, also ensured through ongoing training, is a key HR target as the bank is convinced of their central role. Training activities involved many professional employees and covered all company areas. With reference to the HR management and development policy, compulsory, managerial and specialist training was provided.

Obligatory training was in the following areas: 1) obligatory regulatory updates on Italian Legislative Decree 81/2008 regarding IT security and on Italian Legislative Decree 231/2001; 2) training on transparency, privacy and anti-money laundering; 3) training on the authentication of coins, provided by the Bank of Italy to new hires performing a customer assistance role; 4) IVASS and ESMA training courses for network personnel authorised to provide information and consultancy to customers on financial and insurance aspects; 5) training on transparency and real estate loans for customers, to enable understanding of the characteristics and risks of the products offered.

Behavioural training is intended to strengthen employee work behaviour, with the aim of focussing on personal well-being and development, strengthening processes that fully make use of soft-skills. The various training initiatives were as follows: 1) a training project for Top Management provided by Partner S.r.l., aimed at all HUB roles and the Commercial Department, with the aim of strengthening the functional chain and, therefore, the work behaviours key to the proper functioning of the Service Model; 2) a training project for Middle Management provided by Cegos Italia, aimed primarily at all Branch Owners and some Office Managers; 3) a training project for Professionals provided by AD Global Solution S.r.l., focusing on negotiation techniques, with the goal of honing communication and negotiation skills by providing practical tools to improve relationships with customers; 4) training on Equal Opportunities and Inclusion provided by the company Cegos Italia, aimed at newly hired women and colleagues returning from maternity leave, focusing on the values of inclusion and gentle leadership and, in particular, the topic of self-efficacy as a key factor in professional development and intergenerational learning; 5) an initiative aimed at newly hired colleagues, held by the Human Resources Office and External Relations Unit, focusing on the Values Charter, on their role in the company and on the topics of change and continuity. Moreover, as part of the Junior Talent projects, two network colleagues were selected and enrolled in an inter-bank Masters in Bancassurance, organised by ARCA. The course, which lasts one year, offers an opportunity to grow and strengthen consultancy skills.

Specialised training focussed on: 1) continuous regulatory updates for management offices (Compliance, Overseas, Risk Governance, ICT, Secretarial, Audit, Organisation, Management Control, Commercial Department, Credit, Finance, IT and security, Human Resources, Legal) related to digital innovation, AI and the impact on business strategies; 2) CSE procedural training; 3) Excel training provided by the Montani di Fermo Institute, aimed at management personnel; 4) training on Market Abuses, with references also to the preventive function of Whistleblowing; 5) training to improve technical/professional skills (with a focus on the area of Credit and Finance) and commercial skills, to support our strategy and improve the services offered to customers; 6) meetings on topics of Asset Management Consultancy, with a focus on family business (held by Nest srl in collaboration with the Commercial Department and the Private Office); 7) training on the Regulation for the management of transactions with countries subject to international trade restrictions.

In addition, two days were held on "Sustainability and credit in Banking", aimed primarily at network figures (Owners and Secretarial Workers), with the goal of studying how ESG factors are being integrated into the banking business, the regulatory and market context, and the challenge of reporting in light of the entry into force of the CSRD and the ESR standards. Network figures also took part in various webinars organised by the company CRIF, with the goal of illustrating the functioning of the "ESG Rating" and the ESG questionnaire (available on the "Sinesgy" platform).

In 2024, a total of 19,171 hours of training were provided to employees, of which 8,369 were in-person, 1,751 video conference (synchronous) and 9,052 e-learning (asynchronous). Shadowing activities for newly hired colleagues, both in General Management and at the Hub, account for about another 46 hours.

Four training sessions were carried out for the corporate bodies, with the assistance of the Luzzatti consortium, on the following topics: a) Digital transformation in banks: macro-trends and success stories; b) The architecture of the internal control system; c) The evolution of ESG

legislation and the new disclosure obligations for less-significant institutions; d) Risk governance and the risk appetite framework.

On 29 April 2024, the Shareholders' Meeting approved the new "Remuneration Policies" and "Variable Remuneration Regulation" documents, to fully replace the company's current regulations on these topics with effect from 01/01/2025. The most significant updates include the introduction of a new "Incentives System", in order to provide a way to reward excellence in terms of teamwork, merit and transparency.

MULTI-CHANNEL TOOL

The internet banking service, which includes on-line trading, is well met by customers and 34,698 customers had activated the service at year end compared to 33,452 at the end of the previous year (3.9%). With reference to Corporate Banking services for businesses, 6,521 businesses had registered with this service compared to 6,570 in 2023 (-0.8%). Deposits made at ATMs are summarised in the table below:

2024 ATM DEPOSITS				
TAX BASE	No. of transactions		Amount of transactions €000	
	2024	2023	2024	2023
Cash	123,822	124,364	208,345	208,378
Cheques	24,308	27,811	54,852	52,470

SYSTEM OF INTERNAL CONTROLS

The current system of internal controls is set up in such a way as to ensure appropriate and careful monitoring of the bank's activities and, especially, those subject to the most significant implicit risks. The controls involve the board of directors, the board of statutory auditors, senior management and all personnel, based on their roles and responsibilities.

Specifically, responsibility for the internal controls lies solely with the board of directors, whose duty it is accordingly to:

- establish guidelines, strategies and risk management policies;
- approve the Bank's organisational structure, ensuring duties and responsibilities are allocated clearly and appropriately;
- regularly check the organisational structure's adequacy and effective working;
- ensure that the control units are sufficiently independent of the other units and have the appropriate resources to correctly carry out their duties.

The board of directors also regularly assesses the internal control's compliance with the bank's business model and their overall functionality, effectiveness and efficiency. It adopts any remedial actions promptly.

The internal controls cover all the bank's operations and are an integral part thereof. They include the following types of control:

- First level controls: line controls, that can be carried out by the production units themselves, included in procedures or performed as part of back office activities.
- Second level controls: these are carried out by units that define the risk measurement methodologies, check compliance with the limits set by the board of directors on an ongoing basis and compliance with the assigned risk objectives. second level controls also include compliance controls, aimed at ensuring efficient risk management so as to avoid judicial or administrative sanctions, large financial losses or reputation damages due to the violation of external (laws and regulations) or internal rules.
- Third level controls: their objective is to check the correctness of the bank's operations and adequacy of its risk management procedures.

Internal Audit

Specifically, third level controls are carried out by the Internal Audit Unit, which reports directly to the strategic supervisory body: this ensures its independence of the other operating units.

When urged to do so by the Internal Audit Unit, senior management takes steps to eliminate any weaknesses, assisted by the relevant office, due to the non-definition and/or introduction of line or second level controls, the related adequacy or inadequacy of organisational processes and any other aspects that could compromise the working of the internal controls as a whole or risk management.

As regards the second level control offices (Risk Governance Office assigned with Risk Management and Anti-Money Laundering; Compliance, Privacy and ICT Risk Office assigned with Compliance and ICT risks and security Control), these are sufficiently independent in order to strengthen their segregation from both the operating and internal audit functions.

Risk management

The Risk Management unit carries out second-level controls in relation to the main risks taken on by the Bank under the directives issued by the Board of Directors and supervisory regulations. Accordingly, it monitors the following risks:

Market risk

Internal regulations require that the VaR (Value at Risk) method be used to assess market risk. This estimates the maximum potential loss represented by the market value of securities over a set period of time with a given level of probability, under normal market conditions. Rate-risk and spread-risk sensitivity measurements must also be used.

With reference to second-level controls, the Risk Management unit verifies indicator trends and compliance with the operating limits established in the internal regulations on a monthly basis, preparing the relative reports for the company bodies.

Liquidity risk

Liquidity risk is measured using an internal model, with data provided by the management application. The model adopted is based on the cumulative imbalance between assets and liabilities split by maturity. The bank also regularly monitors the liquidity coverage ratio (LCR), the net stable funding ratio (NSFR) and the additional monitoring metrics set by internal regulations.

In the second half of 2019, the weekly "Report on liquidity" was also launched by the Bank of Italy, with preparation of the maturity ladder according to the provisions of the supervisory authorities' instructions.

Interest rate risk

The methods used to evaluate exposure to interest rate risk with reference to the bank's portfolio involve calculating changes in economic value and net interest income, based on Bank of Italy Circular 285 and the legislation in force. Specifically, from September 2024 interest rate risk is measured using the new IRRBB Standardised Approach, with the Bank sending the relevant reports every quarter.

With reference to second-level controls, the Risk Management unit verifies their compliance with the limits established in the internal regulations on a quarterly basis, preparing the relative reports for the company bodies.

Credit risk

The Risk Management unit periodically performs second-level controls on the proper performance of credit exposure trend monitoring for non-performing and performing exposures, evaluating the consistency of classification and the consistency of provisioning in relation with internal regulations.

Additionally, to monitor performing loans at the macro level, it uses data from the Credit Position Control (CPC) procedure, which is also used periodically to prepare reports for the corporate bodies.

Credit risk monitoring also uses data on counterpart ratings, prepared using the Automatic Rating System (S.A.Ra) procedure, which classifies customers by credit risk level in 10 classes and estimates the probability of default (PD) based on the counterparty's performance trends, qualitative information obtained in questionnaires and, for companies, assessments of financial statements on a statistical basis and using system analyses.

The internal rating system has also been included in the loan disbursement process, amending the related "delegated powers". Specifically, when positions are rated as CCC or below, the loan approval powers are automatically transferred to general management and are exercised by no lower than the head of the Loans Office.

Single-name and geo-business segment concentration risk

The bank's exposure to business and geographical concentration risk is assessed every three months using Bank of Italy's regulatory models.

Recovery plan

With Bank of Italy provision 467/2020 of 1 September 2020, the Supervisory Body issued new provisions for applying the Delegated Regulation (EU) 348/2019 of the European Commission, dated 25 October 2018, specifying the criteria used to evaluate the impact of the collapse of an entity on the financial markets, other entities and lending terms.

Bank of Italy's measure provides that banks identified as "less significant institutions" may adhere to simplified recovery plan obligations and sets out the minimum content that these banks shall include in their plans.

The bank acknowledges the importance of preparing a recovery plan to be independently implemented should its situation deteriorate with the first trigger signs in order not to reach the stage of irreversibility when the regulator would have to either wind up the bank or put it in compulsory liquidation. Adoption of an effective recovery plan is a useful tool to prevent a crisis situation and essential for the bank's governance.

The Plan is reviewed and updated every two years by the Risk Management Unit in cooperation with the Management Planning and Control Office and other relevant offices. Each amendment is approved by the Management Body (Executive Committee) and the Strategic Function Body. The bank sends the amended recovery plan to Bank of Italy by 30 April every second year.

Operational plan for managing NPLs

In line with that established in the European Banking Authority's guidelines on "management of non-performing and forborne exposures" (EBA/GL/2018/06), the Board of Directors annually updates the document "Cassa di Risparmio di Fermo's strategy for managing NPL", which includes the management strategy for NPLs, above all to optimise management of non-performing loans and maximise the current value of amounts collected. The strategy is defined on the basis of an analysis of its operating ability, the market conditions and the characteristics of its NPE portfolio. Both the management strategy and the NPL operational plan (template with numerical data) are updated annually as recommended by the Executive Committee and the Risk Management Unit in collaboration with the head of the Administration, Control and Finance Unit, assisted by the other competent offices. Each amendment is submitted for the approval of the Strategic Supervision Body.

Legislative decree no. 231 of 21 November 2007 – Prevention of the use of the financial system for the purpose of money laundering and terrorist financing

The Anti-Money Laundering Unit continuously verifies the measures adopted to ensure an adequate oversight of the risks of money laundering and financing of terrorism and to optimise the system of internal controls and delegated procedures; to this end, it also suggests organisational, operational and/or procedural changes, including with the support of the IT outsourcer.

Training on the obligations envisaged by anti-money laundering legislation is conducted by the bank continuously and systematically as part of the organic programmes aimed at all personnel, approved by the board of directors.

For the analysis and assessment of the money laundering and terrorism financing risks to which the bank is exposed, in the self-assessment it adopts objective and coherent procedures in accordance with the criteria and methods indicated by the supervisory authority, taking account

of the risk factors associated with operations, the products and services offered, the type of customers, the distribution channels and the geographic area of operation.

The Self-Assessment is conducted annually and sent to the Bank of Italy within the deadline set by the legislation, along with the annual report by the Anti-Money Laundering Unit.

Compliance Unit

The Compliance Unit assesses the risk of non-compliance of the bank's strategic and operating decisions. It carries out preventive checks and subsequent monitoring of the effectiveness of procedures, mainly to prevent possible violations or infractions of the relevant legislation.

As provided for by Bank of Italy's Circular no. 285/2013 and subsequent updates, this Unit manages the risk of non-compliance using a risk-based approach, considering all the pertinent legislation.

Accordingly, it has direct and indirect responsibilities. Specifically, the Unit is directly responsible for management of the risk of non-compliance with the more significant rules related to the "core" scope, such as the performance of banking activities and financial intermediation, management of conflicts of interest, transparency versus customers and, in general, consumer protection laws.

As far as the non-core scope activities are concerned, the Unit's functions are scaled and specialised controls defined for each compliance area.

ICT Risk and Security Control Department

The ICT Risk and Security Control Department reports directly to the management body and is independent of the operating structures, with direct access to the strategic supervision body, the control body and the supervisory body, pursuant to Italian Legislative Decree 231/01. The ICT Risk and Security Control Department is involved in the activities indicated in Bank of Italy Circular 285 of 17/12/2013 and the EBA-GL-2019-04 Guidelines on ICT risk and security management. More specifically, the Department is responsible for monitoring ICT risks and verifying that ICT operations are in line with the risk management system. Through assessment activities, it ensures that risks are identified, measured, evaluated, managed and monitored, as well as classified and kept within the bank's risk appetite limits, ensuring appropriate levels of dialogue and coordination with other company control departments.

IT risks

The bank's IT systems are mainly housed on an operating platform supplied and managed by CSE - Consorzio Servizi Bancari Soc. Cons. a r.l. on an outsourcing basis. This guarantees the security, quality and reliability necessary for all the services used. Oversight of CSE activities is currently being strengthened.

The bank also uses other application packages, mainly to provide IT support, analysis and control functionalities. They are installed and managed directly by the relevant internal offices.

The Bank has drawn up information security regulations and a specific information policy given the fundamental importance of information security. The bank's primary objective is the security of company IT assets and, therefore, the document has been prepared to ensure the correct performance of the information system, its correct working and resistance to hacking for the equipment exposed to internet risks. The relevant internal units perform the related controls at different levels, focusing on checking that the security measures are updated regularly to reflect changes in risks deriving from unauthorised access, changes to personal data or its destruction, either unintentionally or intentionally.

As required by law, the outsourcer CSE has a disaster recovery plan which it regularly updates and checks in order to combat the significant risk of disaster and/or hacking. The bank has a backup plan with all the data recovered from the intranet servers as well as a recovery unit that can ensure complete operating continuity should the main systems be shut down.

In order to reduce the potential risks of on-line connections to the internet, the bank has a special portal and an intranet for internal e-mail management.

All bank employees who handle personal data and use electronic tools undergo training about the related risks and the proper procedures to adopt in order to avoid damaging events.

Business continuity and disaster recovery plans

The bank has a business continuity plan prepared with the assistance of its IT outsourcer. The issue of business continuity includes a purely technological component (disaster recovery) and an organisational aspect, aimed at defining a business continuity plan for emergencies to ensure a return to minimum operations in a short as possible time frame in the case of a disaster.

The plan's objective is to analyse the effects of events that could threaten the continuity of internal operating processes and to design the related preventive and remedial measures as well as any related actions to be taken to restore business operations as quickly as possible.

The bank's business continuity plan is consistent with the business continuity and disaster recovery plans adopted by CSE (Banking services consortium), which are also regularly updated and checked.

IT Audit

The engagement for the IT audit, checks of the general controls and security of the CSE IT systems was assigned to leading specialists by the bank members of the consortium. These consultants also carried out checks and follow-ups of the main findings of the IT audit of the previous year and specific analysis of the system's vulnerability to threats and external attacks.

Another appointment was given by the audit consortium on FEIs, outsourced to Caricese.

Data protection

As provided by Regulation (EU) 2016/279 (GDPR), the bank appointed a data protection officer (DPO) pursuant to art. 37 of the GDPR; the DPO is part of the Compliance, Privacy and ICT Risk Office and has various duties including the monitoring of compliance with the GDPR and liaising with the data subjects and the Italian Data Protection Authority.

The Bank adopted a "data protection policy" which defines roles and responsibilities in the context of personal data processing, and "privacy regulations", which outline the operating methods and provide instructions to data processing staff; they are periodically given specific training with the objective of strengthening the controls intended to mitigate the risk of a data breach.

Particular attention is paid to the selection of suppliers qualified as data processors pursuant to art.28 of the GDPR and to the drafting of commercial agreements in terms of compliance with the applicable legislation.

Law no. 231/2001 - Companies' administrative liability

Legislative decree no. 231/2001 introduced the administrative liability of companies for unlawful practices carried out by company key personnel in its interests. This decree provides for the non-liability of companies that have previously adopted and implemented an "Organisational model" suitable to prevent the crimes it sets out.

The bank checked its Organisational Model, also as regards the new predicate crimes, assisted by the supervisory body which checks its working, effectiveness and compliance. The body also ensures that it is up to date.

The duties of the supervisory body are carried out by the board of statutory auditors which may resort to the Internal Control Unit managers for specific functions.

THE BANK'S FINANCIAL POSITION
LENDING

Breakdown of lending by product				
Description	Financial year		Change since 12/2023	
	12/2024	12/2023	Amount	%
Current accounts	45,291	46,664	-1,373	-2.9%
Postal current accounts	29	34	-5	-14.7%
Financing for advances	145,663	157,851	-12,188	-7.7%
Loans	964,843	901,322	63,521	7.0%
Subsidies not settled through current accounts	34,185	38,485	-4,300	-11.2%
Other subsidies	946	43	903	2100.0%
Salary-backed loans	32,244	26,343	5,901	22.4%
Bad exposures	5,673	15,221	-9,548	-62.7%
Portfolio risk	517	523	-6	-1.1%
Transactions with the Treasury Department	16	25	-9	-36.0%
Total lending	1,229,407	1,186,511	42,896	3.6%
- including: in Euros	1,229,321	1,186,404	42,917	3.6%
- including: in foreign currency	86	107	-21	-19.6%

Own HTC securities	302,355	289,410	12,945	4.5%
Total caption 40. b)	1,531,762	1,475,921	55,841	3.8%

Table 1

Lending net of impairment funds totalled € 1,229.4 thousand, up by 3.6% on an annual basis, while securities in the HTC segment included in caption 40.b) of the balance sheet amounted to € 302.4 million, up by around 4.4%.

Analysis of net loans by technical form (see Table 1) shows a decrease in financing for advances, which fell by 7.7%; in current accounts, which fell by 2.9%; and in subsidies not settled through current accounts, which fell by 11.2% year-on-year. Mortgages increased by around € 63.5 million (+7%) with respect to 31 December 2023.

In 2024, Carifermo was once more confirmed as the main bank of reference for households and local businesses. New financing disbursed amounted to over € 321 million, or 2,568 transactions (€ 355 million and 2,764 transactions in 2023).

The following table provides a breakdown of the exposures from companies based on their ATECO codes and for amounts exceeding € 5 million:

ATECO	Description	Gross amount 31/12/2024	Net amount 31/12/2024
412000	Construction of residential and non-residential buildings	58,948	55,986
152010	Footwear	41,932	40,706
463920	Non-specialised wholesale of other foodstuffs, drinks and tobacco	23,715	23,569
682001	Property leases	23,430	22,635
101100	Production of non-bird meat and slaughter by-products (slaughterhouse activity)	16,380	16,257
774000	Granting of rights to use intellectual property and similar products (excluding	11,056	10,974
494100	Goods transportation by road	10,582	10,310
464730	Wholesale of items for lighting; various electrical material for domestic use	8,847	8,836
682000	Lease and management of owned or (rented) property	8,359	8,219
701000	Operational company management activities (holding-operating companies)	8,133	8,099
451101	Wholesale and retail sale of cars and light vehicles	8,065	6,163
471120	Supermarkets	7,723	7,710
553000	Camping areas and areas equipped for campers and caravans	7,404	7,239
151209	Manufacturing of other travel items, bags and similar, leather goods and saddlery	7,401	7,328
462410	Wholesale of leather and raw and worked skins (excluding fur skins)	7,329	6,302
681000	Buying and selling of own real estate	7,137	6,804
257320	Manufacturing of dies, mould bases, templates, moulds for machines	6,307	6,255
256200	Mechanical engineering works	6,039	5,988
469000	Non-specialised wholesale	5,918	5,909
107300	Production of edible pasta, couscous and similar farinaceous products	5,410	5,398
463890	Wholesale of other foodstuffs	5,362	5,348
282309	Manufacturing of office machines and other equipment (excluding computers and peripheral systems)	5,337	5,334
551000	Hotels and similar structures	5,312	5,150
682002	Business leases	5,215	4,954
152020	Leather parts for footwear	5,096	4,813
	Exposures with companies > 5 MILLION	306,437	296,284
	Exposures with companies < 5 MILLION	367,071	349,465
	TOTAL EXPOSURES WITH COMPANIES	673,509	645,749

Table 2

As previously indicated, activities embarked upon in order to reduce NPLs continued, in line with the strategies found in the NPL Plan. Moreover, in addition to the constantly increasing internal collection activities, the Bank completed the securitisation transaction on multioriginator NPLs known as “Luzzatti POP NPLs 2024” in December, selling 271 bad exposures with a nominal value of € 25.6 million at the cut-off date (GBV of € 37.96 million at the cut-off date). The final price, after the sale of 95% of Mezzanines and Juniors, was € 7.3 million. Net of the costs of sale, the operation resulted in a profit of around € 148 thousand.

An analysis of NPEs shows credits newly reclassified as “unlikely to pay” in the amount of € 10,011 thousand, of which € 8,638 came from performing exposures; while the total of positions reclassified as “bad exposures” in 2024 came to € 9,209 thousand, of which € 3,959 thousand came from credits already classified as non-performing exposures and € 3,993 thousand came from performing exposures. Total and partial write-offs were made during the year for around € 8,825 thousand. The volume of collections of unlikely to pay exposures is € 6,176 thousand, while collections of NPLs, net of the sale outlined above, came to € 3,069 thousand.

Gross non-performing exposures decreased overall by € 27.7 million (-40.5%). Within the aggregate, non-performing exposures fell by 59.3% and unlikely to pay exposures by 2.8%, while past due impaired exposures came to around € 330 thousand, down with respect to the previous year. Net impaired loans fell by 34.5% with respect to 31 December 2023.

The following table shows the performance of NPE and the bank’s coverage rate:

NON-PERFORMING EXPOSURES				
		31/12/2024	31/12/2023	Changes from 31/12/2023
				Amount %
Total non-performing exposures	Gross amount	40,843	68,591	-27,748 -40.45%
	Impairment losses	23,239	41,721	-18,482 -44.30%
	Carrying amount	17,604	26,870	-9,267 -34.49%
	<i>coverage rate</i>	<i>56.90%</i>	<i>60.83%</i>	
Bad exposures	Gross amount	18,046	44,390	-26,345 -59.35%
	Impairment losses	12,373	29,169	-16,796 -57.58%
	Carrying amount	5,673	15,221	-9,548 -62.73%
	<i>coverage rate</i>	<i>68.56%</i>	<i>65.71%</i>	
Unlikely to pay exposures	Gross amount	22,467	23,112	-645 -2.79%
	Impairment losses	10,822	12,230	-1,408 -11.51%
	Carrying amount	11,645	10,883	763 7.01%
	<i>coverage rate</i>	<i>48.17%</i>	<i>52.91%</i>	
Past Due	Gross amount	330	1,088	-758 -69.67%
	Impairment losses	44	322	-277 -86.18%
	Carrying amount	286	767	-481 -62.74%
	<i>coverage rate</i>	<i>13.47%</i>	<i>29.57%</i>	

Table 3

The positive downward trend in non-performing exposures is reflected in the performance of two indicators: gross NPE/gross total exposures; and gross bad exposures/gross total exposures, with values of 3.23% and 1.43% respectively. Net of the earthquake mortgages, discussed below, the values for the gross NPL/gross total exposures and net NPL/net total exposures indicators are 3.83% and 1.7% respectively.

Overall, the coverage of irregular exposures amounted to 56.9%, while the total exposures recorded a coverage of 2.63 %.

- CREDIT RISK at 31/12/2024 -

LENDING	31/12/2024			31/12/23		Difference gross exposures		Difference net exposures		Coverage	
	Gross amount	Total impairment	Carrying amount	Gross amount	Carrying amount	Amount	%	Amount	%	31/12/2024	31/12/2023
A. NPE	40,843	23,239	17,604	68,591	26,870	-27,748	-40.45%	-9,267	-34.49%	56.90%	60.83%
A.1. Bad exposures	18,046	12,373	5,673	44,390	15,221	-26,345	-59.35%	-9,548	-62.73%	68.56%	65.71%
A.3. Unlikely to pay exposures	22,467	10,822	11,645	23,112	10,883	-645	-2.79%	763	7.01%	48.17%	52.91%
A.2. Past due exposures	330	44	286	1,088	767	-758	-69.67%	-481	-62.74%	13.47%	29.57%
B. Performing exposures	1,221,832	10,029	1,211,803	1,173,759	1,159,641	48,073	4.10%	52,162	4.50%	0.82%	1.2%
TOTAL	1,262,675	33,268	1,229,407	1,242,349	1,186,511	20,325	1.64%	42,896	3.62%	2.63%	4.49%
Bad exposures/total exposures									NET	0.46%	1.28%
NPE/total exposures										1.43%	2.26%
Bad exposures/total exposures net of Earthquake									GROSS	1.43%	3.57%
NPE/total exposures										3.23%	5.52%
Bad exposures/total exposures net of Earthquake									NET	0.55%	1.45%
NPE/total exposures net of Earthquake Mortgages										1.70%	2.55%
Bad exposures/total exposures net of Earthquake									GROSS	1.69%	4.02%
NPE/total exposures net of Earthquake Mortgages										3.83%	6.22%

Table 4

Collective impairment losses on performing exposures were recognised using the impairment rules of IFRS9. Collective impairment loss comes to 0.82%. The decrease in the allowance for collective impairment losses compared to the end of the previous year was due mainly to the change in the handling of mortgages linked to the Central Italy Earthquake Fund (hereinafter

referred to as the “Earthquake Mortgages”) financed by Cassa Depositi e Prestiti. As at 31 December 2024, these came to € 196,945 thousand (€ 138,969 thousand at 31 December 2023). Impairment for this type of financing has been calculated similarly to impairment for government bonds, leading to an impairment gain of around € 4.3 million, recognised under item 130a in the Income Statement. Net of the Earthquake Mortgages, the coverage of performing exposures at 31 December 2024 came to 0.97% (0.94% at 31 December 2023).

Under IFRS9, performing exposures are classified into 2 stages:

- Stage 1: performing exposures which have not seen a significant increase in their credit risk since initial recognition.
- Stage 2: performing exposures which have seen a significant increase in their credit risk since initial recognition.

The division of performing exposures into Stage 1 and Stage 2 is shown below:

Stage	Gross performing exposures with customers	Impairment losses	Net performing exposures with customers	% hedged
Stage 1	1,053,240	3,636	1,049,604	0.35%
Stage 2	168,592	6,393	162,199	3.79%
Total	1,221,832	10,029	1,211,803	0.82%

The bank defined the criteria for a “significant increase in credit risk”, i.e., the criteria for their reclassification to stage 2, considering indicators such as a worsening in the commensurate probability of default of the counterparty on the basis of the rating system used by the bank, a worsening in the internal performance score (credit position control - CPS - score), the number of continued past due/overdrawn days and whether forbearance measures have been applied.

The 12-month PD was applied to performing exposures in stage 1 while the lifetime PD was applied to stage 2 performing exposures in order to calculate the expected loss.

The impairment losses were calculated considering a 12-month horizon for all those exposures that have not shown a significant deterioration while a lifetime horizon was considered when there was a decrease in the borrower’s credit rating.

As required by IFRS 9, the definition of expected credit losses for performing exposures includes forward-looking information.

The general and sector macroeconomic framework, affected by significant uncertainty, continues to require that banks govern the impacts of this situation on the credit risk and related financial statement measurements. In this regard, in 2024 the bank continued to monitor the situation, with dedicated analyses aimed at identifying the best way to intervene on the credit risk measurement and forecast systems, aligning them with changes detected from time to time and avoiding excessive pro-cyclicality in the definition of collective provisions, as recommended by the regulators (especially ESMA and ECB).

In order to limit the effects associated with the estimated economic recovery, a number of “top-down” corrections were applied, including the “expert” assignment of the probability of occurrence of the macroeconomic scenarios considered by the model, in particular the probability of the adverse scenario. A 100% probability was assigned to this latter given the prospective macroeconomic situation, influenced by the significant uncertainty caused by the various external factors previously cited.

Please see part A, section 4 “Other aspects” and part E, section 1 “Credit risk” in the Notes for further considerations on monitoring implemented by the Bank during 2024.

With reference to the asset brokerage business, the following activities were carried out during the year:

Leasing: the bank continued its operations in the finance lease sector in collaboration with Fraer Leasing S.p.A., leading to the execution of 33 contracts worth € 3.7 million in addition to 7 contracts agreed with Alba Leasing for € 1.1 million.

Credit cards: the bank was again very active in this sector with a total 19,986 credit cards issued at year end, with an increase in 348 new cards. The issue of Viacard and Telepass cards recorded 9,181 cards, a decrease of 740 cards over the previous financial year.

Consumer loans: in this sector the Bank's business saw a slight increase with respect to the previous year. 1,004 personal loans were granted by the bank, both directly and through major specialised companies, for approximately € 15 million. To these were added the activities relative to salary-backed loans, with 181 cases finalised for a total of around € 4.5 million through the partner Italcredito S.p.A. As previously indicated, in December a new without recourse transaction was completed with Italcredito S.p.A. for a block of loans pursuant to article 58 of TUB, in favour of Carifermo for a total amount of € 12.2 million.

INVESTMENTS

2024 came to a close amid a complex scenario for global financial markets, shaped by major events which caused significant fluctuations on the main stock market indices and financial assets, putting investors to the test.

The Federal Reserve and the European Central Bank continued to dominate the scene with their monetary policies. After an initial stage of aggressively raising rates, aimed at moderating inflation, the central banks gradually changed course, embarking upon a series of cuts to stimulate economic growth.

This change of tack has fuelled considerable movement on the stock and bond markets. On 12 June, the ECB took action ahead of the Federal Reserve for the first time in its history, when it began cutting the cost of money by 25 basis points to 3.75%, before cutting rates three more times to bring deposit rates to 3% by the end of the year. The Fed began the process of reducing rates on 18 September by slashing 50 basis points, followed by two more cuts of 25 b.p. in November and December to leave Fed Funds at 4.50% by year end.

Although inflation was greatly down from the peaks hit in 2022 and 2023, it nonetheless remained at the centre of attention, influencing consumption and investments. Over the course of the year, the European index continued its gradual return towards the 2% target, while the US inflation index remains higher at 3%. This gap reflects the two different speeds at which the economic cycle is growing in the two areas, duly reflected in the performances of the stock markets.

In fact, the American index S&P500 recorded growth of around 23% in 2024, driven above all by the technological sector and especially by the massive investments made in companies in the AI industry. In Europe, on the other hand, the EuroStoxx50 turned in a more modest increase of 8%, a sign of the difficulties experienced in the automotive and luxury sectors in particular.

In general, despite the resilient trend in the global economy, with falling inflation and central banks embarking upon a cycle of interest rate cuts, the returns on medium-long term bonds remained high throughout 2024. At year end, the US ten-year rate was 4.57% while the German Bund was 2.35%. The return on the BTP Italian government bonds was 3.50%, with a spread compared to the German Bund of 115 points, down from the peak of 158 reached at the end of June.

With respect to exchange rates, the US dollar appreciated relative to the Euro, going from 1.09 at the start of 2024 to 1.03 in December, reflecting the difference in interest rates between the two areas.

In geopolitical terms, the prolongation of the war in Ukraine and the clashes in the Middle East continued to place pressure on energy and raw materials. The victory of Republican Donald Trump in the United States presidential elections, and the possible return to more protectionist policies in some advanced economies, introduced further uncertainty.

Asset management

With reference to Epsilon SGR Total Return, stock exposure at the end of the year fell from 13% to 11%. The reduction in the position mainly affected the United States, which remained nonetheless the preferred geographic area, followed by Europe, Japan and emerging countries. Bond and monetary components make up the rest of the portfolio, prevalently consisting of supranational issuers and short-term eurozone government bonds.

Overall portfolio duration, which was initially 1.8 years, was reduced to 1.4 years at the end of 2024 with the Bund and Treasury sales. The bond portfolio was also diversified through investments in corporate securities with terms of 2-3 years.

Management continues to be conducted with a preference for the euro curve, and a preference for shorter terms on both curves. Annual operating performance was positive (4.52%).

The Eurizon Capital SGR Total Return management mandate saw an average of 6% invested in European shares throughout 2024, with 22% in US shares, 7% in high-yield and investment-grade corporate bond funds, and the remaining portion in government securities, mostly denominated in euros and with an average duration of two years. Management saw positive performance of 6.13% in 2024.

The bank's investment objectives and related diversification continued to be in line with its prudent approach to all its investments, not solely the financial ones.

The rest of the bank's financial investments is nearly entirely comprised of Italian government bonds with the small remainder consisting of senior bonds issued by major Italian banks and by corporate firms with investment grade ratings.

The VaR model is used to monitor risk, for both the managed component and internal component of the portfolio.

The securities held by the bank are distributed across the following portfolios:

HTC (hold to collect): this portfolio includes financial instruments with a steady coupon flow over time; the board of directors decides whether to invest in this type of instrument.

HTCS (hold to collect and sell): this portfolio includes liquid instruments listed in markets where the bank operates with a minimum rating of BBB- or the equivalent for Italian government bonds. Securities are classified in this portfolio if they will be held over time or sold depending on market trends;

HTS (hold to sell): this portfolio includes financial assets with a minimum rating of BBB- that ensure principal repayment should the short-term scenarios assumed by the finance committee materialise. If the loss thresholds are breached, the financial instruments are sold in the shortest possible timeframe. The portfolio comprises securities included in the management mandates given to third parties.

The carrying amount of the Bank's securities portfolio amounted to € 1,027.6 million (excluding equity investments equal to € 22,044 thousand and the Efesto AIF equal to € 2,244 thousand), down from the € 1,049.1 million in December 2023, mainly due to the effect of sales made during the period, against the impairment gains of the HTS portfolio. The decrease in the securities portfolio is also linked to the early repayment of the residual ECB TLTRO loan, made on 26 June last (the original deadline having been December 2024) in the total amount of € 178,375 thousand, comprising 170 million in capital and € 8,375 thousand in interest. The breakdown of the portfolios is shown below:

HTC portfolio

HTC portfolio				
Carrying amounts*				
	Financial year		change vs. 12/2023	
	12/2024	12/2023	amount	%
CCT Italian treasury certificates	20,260	5,783	14,476	250.30%
BTP Italian government bonds	263,381	269,371	-5,990	-2.22%
Bonds	5,035	5,033	2	0.04%
Senior Buonconsiglio 4	4,652	6,168	-1,516	-24.57%
Senior Luzzatti POP NPLS 2023	1,860	3,189	-1,329	-41.67%
Senior Luzzatti POP NPLS 2024	7,276	-	7,276	0.00%
Total	302,464	289,545	12,919	4.46%

* before impairment pursuant to IFRS9 equal to €109 thousand at 31/12/2024 and €134 thousand at 31/12/2023.

Table 5

At the end of the year, the HTC portfolio came to € 302.5 million, slightly up with respect to the end of 2023. The market value at 31 December was € 277.4 million. Investments made as part of the HTC portfolio mainly targeting the coupon flow were nearly entirely represented by Italian government bonds. During the year, opportunities found on the markets as a result of developments in the economic situation led the Bank to sell securities from the HTC portfolio for a nominal amount of € 32.4 million, for a total loss of € 208 thousand. The securities sold were replaced with Italian government bonds in line with the business model's objective to support net interest income. The sales were carried out in full compliance with IFRS 9 and the bank's policy for financial risk.

HTCS portfolio

HTCS portfolio				
	Financial year		change vs. 12/2023	
	12/2024	12/2023	amount	%
CCT Italian treasury certificates	379,435	426,156	-46,721	-10.96%
BTP Italian government bonds	160,461	155,902	4,559	2.92%
Bonds	1,463	1,425	38	2.69%
Total	541,358	583,483	-42,125	-7.22%

Table 6

The portfolio of financial assets measured at fair value through other comprehensive income (HTCS) came to € 541.4 million, down by around € 42 million with respect to the closing amount at 31/12/2023. An assessment of the HTCS portfolio showed a positive change of € 17,324 thousand, compared to the reporting date of 31 December 2023, in the equity valuation reserve which at year end came to € -7,736 thousand before tax. In 2024, lower returns on Eurozone government securities led to a significant decrease in capital losses on the HTCS portfolio compared to the end of 2023. Securities trading in the HTCS portfolio resulted in a net loss of € 6.8 million.

HTS portfolio

HTS portfolio				
	Financial year		change vs. 12/2023	
	12/2024	12/2023	amount	%
BOT	35,496	10,261	25,235	245.93%
BTP Italian government bonds	7,210	16,004	-8,794	-54.95%
Derivatives	639	886	-247	-27.89%
Provisions	4,091	6,065	-1,974	-32.55%
Bonds	121,946	132,127	-10,181	-7.71%
Shares	14,520	10,895	3,625	33.27%
Total	183,901	176,238	7,663	4.35%

Table 7

The portfolio of financial assets held for trading (HTS) totalled € 183.9 million, with an increase of € 7.7 million compared to the balance at 31/12/2023 and an increase of € 4.2 million compared to the balance at 30/06/2024. The portfolio of securities held for trading gave produced capital gains of € 2.6 million (€ 4.2 million at 31/12/2023), with net profit from trading of around € 3.2 million (€ 2.1 million at 31/12/2023). The net result of trading also includes the positive differential on derivatives, € 451 thousand (€ 688 thousand at 31/12/2023), and exchange losses of € 302 thousand (€ 1.2 million at 31/12/2023).

Overall, the net result from securities activities was negative at € 1.04 million (€ -2.7 million as at 31 December 2023). At the end of December, the duration of the HTCS portfolio was 1.7 years, while for the HTC portfolio it was 6 years.

Obligatorily Measured at Fair Value Portfolio

The current portfolio accounts for the shares of the Italian AIF Efesto, deriving from the transfer of two unlikely to pay exposures. The valuation of the shares of the AIF at the latest available NAV, adjusted for 15% to take account of the liquidity risk on the shares of said fund, is equal to € 2,244,342 and showed a loss of € 194.3 which was recognised in caption 110/b of the profit or loss. During the year, partial repayments of the shares were also recognised for € 361 thousand.

This portfolio also includes the fully written-down remaining Mezzanine and Junior securities deriving from the multioriginator securitisation transaction for NPLs, known as Buonconsiglio 4, Luzzatti POPNPLs 2023 and Luzzatti POPNPLs 2024, following the sale of 95% of the same.

Equity investments

The bank has recognised its non-controlling interests in banks, financial and commercial companies in the fair value through other comprehensive income (FVOCI) portfolio and intends to hold on to these investments in the long term. It does not have controlling investments.

The bank had equity investments of € 22,044 thousand at year end compared to € 22,183 thousand at the end of the previous year. They were essentially formed of the investment in the Bank of Italy (€ 15 million), CSE Consorzio Servizi Bancari (€ 6.25 million), Nexi S.p.A. (€ 488 thousand).

The annexes to the financial statements show a list of the bank's equity investments at year end, all classified in the HTCS portfolio as they do not meet the requirements for inclusion in caption 70 - Equity investments under Assets.

DIRECT FUNDING

Direct funding during the year grew by around 7.2%. At the end of the year, the balance was € 2,102.7 million (Items 10b and 10c of the liabilities), compared to €1,961.2 million the previous year, showing an increase of around €141.6 million.

The following table analyses the direct funding, breaking the caption down into individual product:

Breakdown of direct funding by product				
Description	Financial year		Change since 12/2023	
	12/2024	12/2023	Amount	%
Savings deposits	71,526	80,908	- 9,382	-11.6%
Current accounts	1,748,798	1,678,471	70,327	4.2%
Certificates of deposit	79,647	57,346	22,301	38.9%
Third party funds under administration	197,936	138,969	58,967	42.4%
Liabilities for assets acquired under lease	4,840	5,461	- 621	-11.4%
Total direct funding	2,102,747	1,961,155	141,592	7.2%

Table 8

Current accounts payable continued to be the most significant technical form, amounting to € 1,748,798 thousand, with an increase of € 70,327 thousand year on year, equal to 4.2%, and account for around 83.2% of all of the Bank's direct funding.

The decrease in savings deposits continued, totalling € 71,526 thousand (11.6%). Certificates of Deposit grew significantly, reaching € 79,647 thousand (+38.9%). The increase in third-party funds under administration (+42.4%) connected to "earthquake" mortgages was significant. "Liabilities for assets acquired under lease" include the recognised liabilities with respect to recognition in the assets of the rights of use deriving from the adoption of IFRS16.

The following table shows the amounts due to customers by business segment and how funding from households equal to 42.9% of the total direct funding slightly decreased compared to the previous year. Funding from businesses increased from 31.9% in 2023 to 32.3% at the end of 2024, while funding from artisans and family businesses was 9.6%, a slight decrease compared to the previous year.

DUE TO CUSTOMERS					
		31/12/24		31/12/23	
SAE	Description	Amount	%	Amount	%
4	COMPANIES	678,729	32.3%	625,649	31.9%
61	ARTISANS AND FAMILY BUSINESSES	202,149	9.6%	197,557	10.1%
60	HOUSEHOLDS	902,299	42.9%	900,730	45.9%
99	OTHER	319,570	15.2%	237,219	12.1%
	TOTAL	2,102,747	100.0%	1,961,155	100.0%

Table 9

INDIRECT FUNDING

Indirect funding at year end may be analysed as follows:

Description	dec-24	dec-23	Change since 12/2023	
			Amount	%
Government bonds	411,150	357,222	53,928	15.10%
Bonds	49,492	31,076	18,416	59.26%
Shares	105,680	102,444	3,236	3.16%
Total administered funds	566,322	490,742	75,580	15.40%
Funds and OEIC units	513,409	475,482	37,927	7.98%
Asset management	38,269	38,288	-19	-0.05%
Total managed funds	551,678	513,770	37,908	7.38%
Total indirect funding	1,118,000	1,004,512	113,488	11.30%
Insurance and pension products	658,743	654,198	4,545	0.69%
Total	1,776,743	1,658,710	118,033	7.12%

Table 10

Indirect funding, including insurance and pension products, amounted to a total of € 1,776,743 thousand, up compared to the figure at the end of 2023. The component related to administered and managed funds came to a total of € 1,118,000 thousand, up by 11.3% compared to 31/12/2023.

The details for administered funds, which show an overall increase of 15.4% with respect to the previous year, include a significant increase of 59.3% in government securities, which represents 15.1% of the bond component.

Managed assets have also grown 7.38% from the previous year, reaching a total balance of €551,678 thousand. Insurance products saw a slight increase and, together with pension products, came to € 658,753 thousand, up by 0.69% with respect to December 2023.

As a whole, the administered assets, against the aforesaid performance of direct and indirect funding, increased by 7.17% and totalled € 3,879,490 thousand:

Description	dec-24	dec-23	Change since 12/2023	
			Amount	%
Direct funding	2,102,747	1,961,155	141,592	7.22%
Indirect funding	1,776,743	1,658,710	118,033	7.12%
Total	3,879,490	3,619,865	259,625	7.17%

Table 11

INCOME STATEMENT

The reclassified income statement identifies the most significant economic margins, utilising the same reclassification schedule as in previous years¹.

¹ The item "Net trading income (expense) - HTS, HTCS and HTC portfolios" is the sum of items 80 and 100 in profit and loss.

Reclassified profit or loss

Tax base	12/2024	12/2023	difference	
			amount	%
Net interest income	52,217	56,536	-4,319	-7.64%
Dividends	1,440	1,379	61	4.42%
Net fee and commission income	26,729	26,145	584	2.23%
Net income from trading activities – HTS, HTCS and HTC portfolios	-894	-3,506	2,612	-74.50%
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	-203	358	-561	-156.70%
Total income	79,289	80,912	-1,623	-2.01%
Other operating income	5,721	5,414	307	5.67%
Net operating income	85,010	86,326	-1,316	-1.52%
Personnel expense	-26,924	-26,347	-577	2.19%
Administrative expenses	-21,952	-21,732	-220	1.01%
Amortisation and depreciation	-2,482	-2,431	-51	2.10%
Operating costs	-51,358	-50,510	-848	1.68%
Operating profit	33,652	35,816	-2,164	-6.04%
Net accruals to (utilisations of) provisions for risks and charges	405	-448	853	-190.40%
Net impairment losses on loans and receivables	-671	-333	-338	101.50%
Gains (Losses) from contractual modifications without derecognition	-515	-1,139	624	-54.81%
Net gains on held-to-maturity and other long-term investments	-	6	-6	-100.00%
Pre-tax profit from continuing operations	32,871	33,902	-1,031	-3.04%
Income taxes	-10,899	-11,471	572	-4.99%
Net gain	21,972	22,431	-459	-2.05%

Table 12

The individual balances are shown below:

NET INTEREST INCOME

Tax base	12/2024	12/2023	difference	
			amount	%
Interest income	85,783	85,879	-96	-0.11%
- Ordinary customers	55,321	49,965	5,355	10.72%
- Securities portfolio	27,063	34,968	-7,905	-22.61%
- Banks	3,400	946	2,454	259.37%
Interest expense	-33,566	-29,343	-4,223	14.39%
- Ordinary customers	-28,154	-17,072	-11,082	64.91%
- Certificates of deposit	-2,020	-610	-1,410	231.36%
- Banks	-3,392	-11,661	8,269	-70.91%
Net interest income	52,217	56,536	-4,319	-7.64%

Table 13

Net interest income amounted to € 52,217 thousand, a decrease on the previous financial year for approximately € 4.3 million (-7.6%).

The trend in net interest income saw a decrease in net interest income from customers (€ -7.1 million compared to December 2023), a decrease in interest income from the finance segment (€ -7.9 million compared to December 2023), and an improvement in interbank net interest income, which went from € -10.7 million in December 2023 to € +8 thousand by December 2024. It should be remembered that the residual ECB TLTRO loan was repaid early on 26 June last (the original deadline having been December 2024) in the total amount of € 178,375 thousand, comprising 170 million in capital and € 8,375 thousand in interest.

Interest income from customers reached € 55,321 thousand, up 10.7% compared to € 49,965 thousand in December 2023, while interest expense from customers came to € 30,174 thousand, an increase of € 12.5 million (+70.7%). With respect to interest rates for customers, interest rates receivable rose from an average of 4.21% the previous year to an average of 4.60% for 2024. The average rate payable for customer funding went from 0.84% to 1.36% in 2024. As a whole, the margin on rates for ordinary customers decreased by 14 bps, falling from 3.37% on average at 31 December 2023 to 3.23% at 31 December 2024.

Interest income in the finance segment, equal to € 27,063 thousand, fell by around € 7.9 million, impacted by the decrease in the HTCS portfolio and the reduction in the contribution coming from interest on inflation-linked BTPs, following the reduction in the inflation rate with respect to 2023.

The dynamic of the spread on customer rates is shown below:

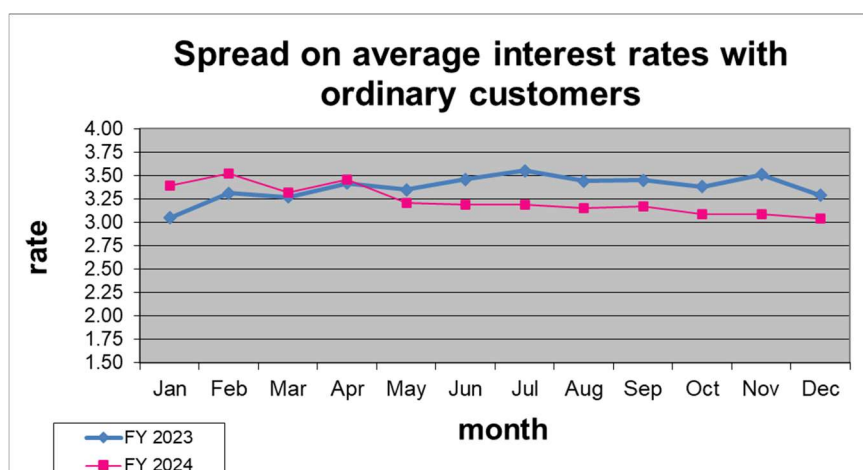


Table 14

NET OPERATING INCOME

Tax base	12/2024	12/2023	difference	
			amount	%
Net interest income	52,217	56,536	-4,319	-7.64%
Dividends	1,440	1,379	61	4.42%
Net fee and commission income	26,729	26,145	584	2.23%
Net income from trading activities – HTS, HTCS and HTC portfolios	-894	-3,506	2,612	74.50%
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	-203	358	-561	-156.70%
Other operating income	5,721	5,414	307	5.67%
Net operating income	85,010	86,326	-1,316	-1.52%

Table 15

Net operating income amounted to € 85,010 thousand, a decrease on the previous financial year for approximately € 1.3 million (-1.52%).

Dividends collected during the year increased slightly, going from € 1,379 thousand to the current € 1,440 thousand.

Net fee and commission income came to € 26,730 thousand, an increase of around +2.23% compared to the €26,145 thousand reached in 2023.

Fee and commission income for financial instruments at 31 December 2024 came to € 5,573 thousand, around 0.55% higher than at the end of the previous year. Within the category, commissions on securities placement rose by around 1%, while commissions for order receipt and transmission and commissions for order execution rose respectively by 2.62% and 3.19%. Fee income from payment services came to € 14,954 thousand, up by 0.72% with respect to 31 December 2023. Fee income from distribution of third party services totalled € 4,919 thousand, a 4.24% increase with respect to the end of financial year 2023. With the segment, fee income from insurance products fell by around 1.3% while fee income on other third party products rose by around 10%.

The net result of trading activities involving the HTC and HTCS portfolios was € -1,041 thousand (€ -2,758 thousand at 31 December 2023). This was due mainly to the net profit and capital gains in the HTS portfolio, in the amounts of € 3,248 thousand and € 2,616 thousand respectively (€ 2,138 thousand and € 4,245 thousand at 31 December 2023), combined with net losses from securities trading in the HTCS portfolio in the amount of € -6,846 thousand (€ -8,931 thousand at 31 December 2023) and in the HTC portfolio in the amount of around € -208 thousand (€ 273 thousand at 31 December 2023). As reported above, at the beginning of the year securities from the HTC portfolio were sold for a nominal amount of € 32.4 million in compliance with the Financial Risk Policy. Item 100a in the Income Statement also includes the profit from the sale of NPLs for € 148 thousand through the securitisation transaction.

“Other operating income” increased by € 307 thousand compared to the previous financial year, to € 5,721 thousand.

OPERATING PROFIT

Tax base	12/2024	12/2023	difference	
			amount	%
Net operating income	85,010	86,326	-1,316	-1.52%
Personnel expense	-26,924	-26,347	-577	-2.19%
Administrative expenses	-21,952	-21,732	-220	-1.01%
Amortisation and depreciation	-2,482	-2,431	-51	-2.10%
Operating costs	-51,358	-50,510	-848	1.68%
Operating profit	33,652	35,816	-2,164	-6.04%

Table 16

Operating profit closed at € 33,652 thousand, with a negative change compared to the previous financial year (6.04%). Operating costs increased by around € 848 thousand, mainly due to the increase in personnel expense following the update of the relevant national labour contract and, to a lesser extent, the 1% increase in administrative expenses.

PRE-TAX PROFIT FROM CONTINUING OPERATIONS

Tax base	12/2024	12/2023	difference	
			amount	%
Operating profit	33,652	35,816	-2,164	-6.04%
Net accruals to (utilisations of) provisions for risks and charges	405	-448	853	190.40%
Net impairment losses on loans and receivables	-671	-333	-338	-101.50%
Gains (Losses) from contractual modifications without derecognition	-515	-1,139	624	54.81%
Net gains on held-to-maturity and other investments	-	6	-6	-100.00%
Pre-tax profit from continuing operations	32,871	33,902	-1,031	-3.04%

Table 17

The provisions for risks and charges showed a recovery in net value in the amount of € 405 thousand, connected with the variation in the stock of present obligations under dispute net of profits, determined analytically in accordance with the detailed examination of the estimated risks of existing legal disputes and endorsement credits.

Loans and receivables with ordinary customers were measured using the methods set out in the notes to the financial statements with the usual prudent approach and in line with the bank's internal policy and led to net impairment losses for € 671 thousand. The cost of credit, calculated as the ratio between the sum of the item "Net impairment losses (gains) for credit risk" and losses/gains from NPLs sale and gross loans to customers, comes to around 0.04%, down 0.1% from the end of 2023.

At year end, the item included specific impairment losses on NPLs in the amount of € 10,851 thousand, impairment gains on NPLs in the amount of € 6,122, and net impairment gains on performing exposures in the amount of around € 4 million, linked mainly to the Earthquake Mortgages as previously discussed.

The pre-tax profit from continuing operations amounted to € 32,871 thousand compared to € 33,902 thousand for the previous year.

PROFIT FOR THE YEAR

Tax base	12/2024	12/2023	difference	
			amount	%
Pre-tax profit from continuing operations	32,871	33,902	-1,031	-3.04%
Income taxes	-10,899	-11,471	572	4.99%
Net gain	21,972	22,431	-459	-2.05%

Table 18

Estimated direct taxes for the year came to € 10,899 thousand compared to € 11,471 thousand for the previous financial year. Accordingly, the profit for 2024 amounted to € 21,972 thousand.

COMPREHENSIVE INCOME

Comprehensive income for 2024 ended at € 33,224 thousand, positively impacted by the reduction in capital losses from the HTCS portfolio.

As described in the previous sections, an assessment of the HTCS portfolio showed a positive change of € 17,324 thousand, compared to the reporting date 31/12/2023, in the equity valuation reserve which at the end of the year came to € -7,736 thousand before tax.

Tax base		31/12/2024	31/12/2023
10.	Profit for the year	21,972	22,431
Items, net of tax, that will not be reclassified to profit or loss			
20.	Equity instruments measured at fair value through other comprehensive income	- 101	18
70.	Defined benefit plans	- 244	75
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	11,596	19,338
170.	Other comprehensive expense, net of tax	11,252	19,281
180.	Comprehensive income (expense) (captions 10 + 170)	33,224	41,712

Table 19

CASH FLOWS

The statement of cash flows has been prepared using the indirect method as allowed by IAS 7. Cash flows generated and used during the year are split between operating, investing and financing activities.

Operating activities generated cash flows of € 1,453 thousand. Within this, operations generated cash flows of € 40,296 thousand, financial asset management absorbed cash flow of € 4,696 thousand and financial liabilities absorbed € 34,146 thousand.

Investing activities absorbed cash flow for a total of € 575 thousand.

As a result, the cash used in the year was € 2,921 thousand.

INDICATORS

The following table shows the main financial statements indicators compared with the previous year²:

Financial statements indicators	12/2024	12/2023
Capitalisation ratios:		
Equity / total assets	9.55%	8.43%
CET1 ratio	23.48%	21.15%
Tier 1 ratio	23.48%	21.15%
Total capital ratio	23.48%	21.15%
Non-current assets/Equity	6.56%	8.28%
Net NPE/Equity	2.45%	7.54%
Own funds/third-party funds	11.00%	10.29%
Risk ratios:		
Net NPE/net exposures	0.46%	1.28%
Gross NPE/gross exposures	1.43%	3.57%
Gross NPL/gross exposures	3.23%	5.52%
Net NPL/net exposures	1.43%	2.26%
Gross NPL/gross exposures net of Earthquake Mortgages	3.83%	6.22%
Net NPL/net exposures net of Earthquake Mortgages	1.70%	2.55%
Texas Ratio (net NPL/own funds)	7.85%	13.64%
Coverage ratio for performing exposures	0.82%	1.20%
Allowance for impairment/total exposures	2.63%	4.49%
Profitability ratios:		
Net interest income /total income	65.86%	69.87%
Gains from financial transactions / total income	0.43%	-2.19%
Cost of credit (including profit/loss on NPL sales)	0.04%	0.11%
Gross operating profit / equity	14.73%	17.52%
Profit for the year / equity (ROE)	9.50%	11.11%
ROA	0.91%	0.94%
Pre-tax profit / Total assets (ROA)	1.36%	1.42%
Tax rate	33.16%	33.83%
Net other administrative expenses/total income	27.69%	26.86%
Personnel expense / total income	33.96%	32.56%
Administrative expenses/total income	61.64%	59.42%
Cost/income	57.05%	56.29%
Fair value losses/gains on securities	59.00%	59.41%
Administrative expenses/total assets	2.02%	2.01%
Productivity - Distribution efficiency:		
Net loans to customers/employees	3,553	3,429
Direct Funding/Employees	6,077	5,668
Total income/average employees	229.158	233.513
Average employees/branches	6.654	6.188
Cost per employee	76.05	74.28
Loans to Customers and Direct Funding/Average Employees	9,631	9,084
Loans and Receivables with Customers, Direct and Indirect Funding/Average Employees	14,766	13,871
Total assets/employees	7.0	6.9
Loans to Customers and Direct Funding/Branches	64,080	56,208
Branch employees/employees	66.76%	67.34%

Table 20

² “Non-current assets” consist of the items Property, plant and equipment and Intangible assets.

“Own funds” are represented by equity, while “third-party funds” are represented by direct funding.

“Gains from financial transactions” consist of the items “Dividends” and “Net trading income (expense) - HTS, HTCS and HTC portfolios” in reclassified profit or loss.

The “cost of credit” is calculated as the ratio between the sum of the item “Net impairment losses (gains) for credit risk” in the income statement and losses/gains from NPLs sale and gross loans to customers.

“Cost/income” is calculated as the ratio between Net interest and other banking income and Operating costs in the income statement, while “fair value gains/losses on securities” does not consider the measurement result from HTS securities.

Capitalisation ratios were very high, higher than the previous financial year.

The Gross NPL/Gross Exposures and Net NPL/Net Exposures indicators show significant improvement with respect to the previous year. The Texas Ratio improved with respect to 31 December 2023 and the Cost of Credit, at 0.04%, fell compared to the 2023 figure. As regards the value of loans and receivables used to calculate the indicators, the figure only refers to financing to customers, excluding the HTC securities portfolio component, which is included in the corresponding financial statement entry. The coverage rate of performing exposures continues to be highly significant at 0.82%.

“Cost/income”, calculated as the ratio between operating costs and net interest and other banking income is equal to 57.1%, higher than the figure at 31 December 2023.

The ROE was 9.5% compared to 11.1% in the previous financial year, while the ROA reached 1.36%.

OBJECTIVES OF THE 2024 BUSINESS PLAN: HAVE THEY BEEN MET

On 29 March 2022, the 2022-2024 Strategic Plan was approved, prepared in line with development lines consistent with the macrodrivers supplied by the Board of Directors in terms of performance expectations (risk/return), capital adequacy (prudential ratios), and qualitative/quantitative business development. In February 2023, at the time of the response letter to the Bank of Italy letter, “Communication on updated forecasts for the business and funding model, the update of numeric projections for 2023 and 2024 was carried out in advance of that initially stated in the Business Plan, confirming the strategic actions present in the Plan in question.

The quantitative objectives for 2024 compared with the actual figure are shown below:

Lending, gross of impairment losses, amounted to € 1,262.7 million, higher by around 0.5% than the lending estimated for the end of 2024, amounting to € 1,256.1 million.

In detail, performing exposures exceeded the envisaged target by around 2.7%, as did non-performing exposures, which were around 38.5% lower than the target set.

Net of writedowns, loans and receivables with customers came to € 1,229.4 million and net performing exposures came to € 1,211.8 million (+3.1% with respect to the objective in the Plan).

GROSS EXPOSURES customers	Budget	Actual	Difference	
	2024	2024	Abs.	%
Performing	1,189,687	1,221,832	32,145	2.7%
Non-Performing	66,377	40,843	-25,534	-38.5%
Total gross lending	1,256,064	1,262,675	6,611	0.5%

NET EXPOSURES customers	Budget	Actual	Difference	
	2024	2024	Abs.	%
Performing	1,175,377	1,211,803	36,426	3.1%
Non-Performing	26,020	17,604	-8,416	-32.3%
Total net lending	1,201,397	1,229,407	28,010	2.3%

Table 21

The figure for **Direct Funding** was higher than anticipated, with a positive difference of around 5.3%, as shown in the table below:

Direct Funding	Budget	Actual	Difference	
	2024	2024	Abs.	%
Savings deposits	81,717	71,526	-10,191	-0.8%
Current accounts	1,695,256	1,748,798	53,542	3.2%
Certificates of deposit	68,815	79,647	10,832	15.7%
Third party funds under administration	145,917	197,936	52,019	35.6%
Payables for lease liabilities	5,461	4,840	-621	-11.4%
Total direct funding	1,997,166	2,102,747	105,581	5.3%

Table 22

Indirect funding amounted to € 1,776.7 million, around 5.8% higher than the provisional figure. There was a significant growth in administered funds, particularly for Government and Fixed Income Securities, which exceeded the Plan's target by around 18.2%. Managed assets exceeded the Budget target by around 6.2%, while insurance assets fell slightly short of the objectives set.

Indirect Funding and Insurance	Budget	Actual	Difference	
	2024	2024	Abs.	%
Government and Fixed Income Securities	389,793	460,642	70,849	18.2%
Equities	100,949	105,680	4,731	4.7%
Managed Assets	519,389	551,678	32,289	6.2%
Insurance Assets	668,509	658,743	-9,766	-1.5%
Total Indirect Funding	1,678,640	1,776,743	98,103	5.8%

Table 23

Profit for the year came to € 21,972 thousand, significantly surpassing the objective set for 2024. Specifically:

1. **Net interest income** exceeded the objectives set in the Business Plan by around € 10.3 million, mainly driven by increased interest income from customers.
2. **Net fee and commission income**, totalling € 26.7 million, was substantially in line with the objective set out by the plan (+0.6%).
3. **Net trading income (expense)** had an overall negative result of € 894 thousand. The results of trading for the HTCS portfolio were influenced by the sales previously described, not envisaged in the plan.
4. **Personnel Expense** came in under the target set (-4.9%), while **Other Administrative Expenses** were substantially in line with the Budget figure.
5. **Net impairment losses on loans and receivables** were less than initially expected at the time of strategic planning, mainly due to impairment gains on performing exposures, as previously detailed.

Profit or loss	Budget	Actual	Difference	
	2024	2024	Abs.	%
Interest income	78,046	85,785	7,739	9.9%
Interest expense	-36,146	-33,568	2,578	-7.1%
Net interest income	41,900	52,217	10,316	24.6%
Net fee and commission income	26,571	26,729	158	0.6%
Dividends	1,318	1,440	122	9.2%
Net trading income (expense) – HTS, HTCS and HTC portfolios	1,585	-894	-2,479	-156.4%
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	-	-203	-203	100.0%
Total income	71,374	79,289	7,915	11.1%
Personnel Expense	-28,315	-26,924	1,391	-4.9%
Other administrative expenses	-22,098	-21,952	146	-0.7%
Amortisation	-2,492	-2,484	9	-0.4%
Other operating expense/income	5,300	5,721	421	7.9%
Operating profit	23,768	33,651	9,882	41.6%
Impairment/losses (gains) on loans and receivables	-3,643	-671	2,973	-81.6%
Gains (Losses) from contractual modifications without derecognition	-	-515	-515	100.0%
Net accruals provisions risks and charges	-150	405	555	-370.2%
Gains (losses) on disposal of investments	-	0.1	0.1	100.0%
Pre-tax profit from continuing operations	19,975	32,871	12,896	64.6%
Income taxes	-6,792	-10,899	-4,107	60.5%
Profit for the year	13,184	21,972	8,789	66.7%

Table 24

Profitability, risk and capital adequacy indicators improved with respect to that expected at the time of strategic planning.

Financial Statements Indicators	Budget	Actual
	2024	2024
Capital adequacy		
CET1R	22.24%	23.48%
T1R	22.24%	23.48%
TCR	22.24%	23.48%
Profitability Ratios:		
Cost-to-income Ratio	66.91%	57.05%
Pre-tax profit/Total assets (ROA)	0.88%	1.36%
Profit for the year/Equity (ROE)	6.17%	9.50%
Credit risk		
Gross NPLR	5.28%	3.23%
Net NPLR	2.17%	1.43%
Gross NPE/gross lending	3.36%	1.43%
Net NPE/net lending	1.19%	0.46%
Texas ratio		28.57%
Coverage ratio		
NPL	60.80%	56.90%
Past Due	25.00%	13.47%
Unlikely to pay exposures	53.00%	48.17%
Bad exposures	66.00%	68.56%
Performing	1.20%	0.82%

Table 25

OTHER INFORMATION

Treasury shares in the portfolio

With reference to the disclosure required by art. 2428 of the Italian Civil Code, in relation to any sales or purchases of treasury shares, the Bank — which did not hold any shares issued by itself going back to 31 December 2023 — carried out no such operations during the course of 2024, neither directly nor via fiduciary companies or people acting as agents.

Research and development activities

During financial year 2024, and in previous financial years, the bank incurred no expenses which could be categorised as research and development costs in relation to projects for the development of new products.

BANK OF ITALY/CONSOB/ISVAP (THE ITALIAN INSURANCE COMPANIES SUPERVISORY AUTHORITY) DOCUMENT NO. 2 OF 6 FEBRUARY 2009

The Directors state that they have assessed the Bank's profitability and liquidity over a period of time not limited to the following 12 months, based on the 2025-2027 Business Plan and on all other information available at present.

With respect to the bank's liquidity, the board of directors confirms the following management guidelines:

1. ongoing alignment and monitoring of interbank credit facilities;
2. maintenance of a lending/funding ratio below the 85% identified by the Board of Directors as the prudential threshold.

With respect to corporate profits, the Board of Directors holds that the Bank has maintained adequate profit margins, as envisaged in the 2025-2027 Business Plan approved on 25 February 2025 and forecast in the 2025 Budget approved by the Board of Directors on the same day.

It is sufficient to consider the following:

- a. the Bank has never ended a financial year with a loss, despite continued unfavourable years with respect to the external situation;
- b. it has a large market share and its local ground roots have actually been strengthened by its strong reputation and efficiency characteristics that it has built up over the years;
- c. its high capitalisation and prudent approach are a solid basis for dealing with any future risks;
- d. the Business Plan for 2025-2027 includes a wide-ranging programme of actions designed to improve the Bank's efficiency, with balanced growth in loans and managed assets.

It can, therefore, clearly be seen that the going concern assumption is met without having to provide any more details.

OUTLOOK

The start of 2025 was marked by two updates offering little reassurance for the health of the Italian economy, or for the European economy more generally, combining weak growth — and therefore broad stagnation — with a new, through probably fleeting, rebound in inflation. Moreover, the "tariff war" could have a serious detrimental effect on both economic data and monetary values, for 2025 and into the following years.

During the fourth quarter of 2024, the eurozone experienced zero growth over the previous quarter, during which GDP had grown by 0.4%. In Italy, Istat has confirmed zero growth during the fourth quarter of last year, echoing the 0% recorded for the third quarter too. As for inflation, after a 0.1% increase in December the national consumer price index rose again in January, by

0.6% on a monthly basis or 1.5% compared to the same month of 2024, with the “shopping basket” up 1.8% on an annual basis. In the eurozone, inflation grew by 2.5% in January, compared to the 2.4% of December, according to Eurostat estimates. If inflationary pressures in the eurozone ease off over the coming months, the European Central Bank should stick to its course of reducing interest rates until summer.

As expected, the ECB decided to lower the cost of money by 25 basis points on 6 March last, when it brought the interest rates on the central bank deposit facility, the main refinancing operations and marginal refinancing operations to 2.50%, 2.65% and 2.90% respectively, with effect from 12 March 2025, in a context in which the eurozone economy is expected to remain weak in the short term, even if the conditions for a recovery are in place.

Against this complex backdrop, the Board of Directors approved the Business Plan for the three-year period 2025-2027 on 25 February last, reaffirming the Bank’s mission to support the local economy while simultaneously preparing itself to use all technological instruments in order to streamline company processes, rationalise the presence of branches in small town centres, and satisfy the expectations of local households and companies, meeting customers’ needs and ensuring balanced and sustainable development with a particular focus on capitalisation, profitability and ESG issues, in addition to offering high-quality services.

Over the next three years, the Bank will refocus its local oversight by rationalising and strengthening the network, as well as updating the Service Model to support the ambitious new targets in relation to asset management and the development of lending. The commercial strategy will be focused on a growth in lending and managed funds through the expansion of the catalogue of new products and services offered for individuals and companies, the development of monetics and the activation and reinforcement of new digital channels for customer contact.

At the same time, the Bank will strengthen the policy for evaluating non-performing exposures and credit monitoring activity in order to anticipate critical situations, using the outlook of the 2025-2027 NPL plan, which will be approved in March 2025, as a point of reference.

The treasury securities portfolio remains strategic for the Bank’s results, and its management shall largely continue in the same manner, ensuring risk-splitting through diversification, mainly in the form of management mandates which work with various instruments other than Italian government securities. The size of the securities portfolio is expected to decrease, in light of the dynamics anticipated for Customer Lending and Funding.

The Bank will continue to invest in improving operational efficiency and guaranteeing maximum risk oversight. The coming financial year is expected to see an increase in administrative expenses, as a result of investments in new projects for IT security, ESG aspects and maintenance of real estate.

In terms of managing and supporting Human Resources, training and development policies have been confirmed, and important strategic projects such as gender equality certification will be carried out over the course of the three-year Plan.

Personnel costs are expected to increase following the definitive entry into force of the national collective labour agreement, the renewal of our own Company Supplementary Agreement and the new Company Incentives System.

CONCLUSIONS

To wind up this report, I would like to firstly thank all our customers who continue to choose Cassa di Risparmio di Fermo S.p.A. as their bank in what definitely has not been an easy year, and who are confident that the bank has been able to repay such a choice with its top quality services.

The bank's activities are those set out by the Fondazione Cassa di Risparmio di Fermo which are its reference point and guiding light. The expert assistance of the shareholder Intesa Sanpaolo provided continuously to our staff improving their approach and professional standing contributes great added value.

We thank the general manager, the executive committee and the board of directors for their expert assistance and guidance provided to the bank in this period of significant legislative discontinuities and a difficult economic situation.

The precious assistance provided by the entire board of statutory auditors is also worthy of mention.

We would also like to especially thank all the bank's employees for their profound commitment to embrace change professionally and with a sense of belonging in an extraordinarily complex year.

Finally, we would like to express our gratitude to the supervisory authorities and, especially, the Bologna branch manager, Pietro Raffa, and the Ancona branch manager, Maurizio Cannistraro, for their availability as well as all the personnel at those two branches for their assistance.

for the board of directors
The Chair

Fermo, 25 March 2025

BALANCE SHEET: ASSETS

Assets		12/2024	12/2023
10.	Cash and cash equivalents	35,568,535	38,489,270
20.	Financial assets measured at fair value through profit or loss	186,145,838	179,045,164
	<i>a) financial assets held for trading;</i>	183,901,496	176,237,803
	<i>c) other financial assets mandatorily measured at fair value</i>	2,244,342	2,807,361
30.	Financial assets measured at fair value through other comprehensive income	563,402,951	605,665,973
40.	Financial assets measured at amortised cost	1,546,147,292	1,488,802,220
	<i>a) loans to banks</i>	14,385,487	12,881,802
	<i>b) loans to customers</i>	1,531,761,805	1,475,920,418
80.	Property, plant and equipment	15,085,522	16,538,912
90.	Intangible assets	90,977	164,251
100.	Tax assets	15,685,311	22,568,365
	<i>a) current</i>	6,074,604	4,468,218
	<i>b) deferred</i>	9,610,707	18,100,147
120	Other assets	60,335,850	43,049,420
Total assets		2,422,462,276	2,394,323,575

BALANCE SHEET: LIABILITIES

Liabilities and equity		12/2024	12/2023
10.	Financial liabilities measured at amortised cost	2,105,662,084	2,136,210,509
	<i>a) due to banks</i>	2,914,446	175,055,383
	<i>b) due to customers</i>	2,023,100,225	1,903,810,512
	<i>c) securities issued</i>	79,647,413	57,344,614
20.	Financial liabilities held for trading	567,712	338,811
60.	Tax liabilities	3,840,297	1,330,261
	<i>a) current</i>	2,740,322	67,060
	<i>b) deferred</i>	1,099,975	1,263,201
80.	Other liabilities	67,326,013	39,874,330
90.	Employee termination indemnities	4,661,481	4,710,396
100.	Provisions for risks and charges:	9,164,006	10,043,591
	<i>a) loan commitments and financial guarantees given</i>	94,809	624,852
	<i>b) pension and similar obligations</i>	4,853,041	5,027,306
	<i>c) other provisions for risks and charges</i>	4,216,156	4,391,433
110.	Valuation reserves	8,113,574	- 3,138,238
140.	Reserves	127,254,009	108,621,688
150.	Share premium reserve	34,660,068	34,660,068
160.	Share capital	39,241,087	39,241,087
180.	Profit (Loss) for the year (+/-)	21,971,945	22,431,072
Total liabilities and shareholders' equity		2,422,462,276	2,394,323,575

INCOME STATEMENT

Tax base		12/2024	12/2023
10.	Interest and similar income	85,783,334	85,879,231
	<i>including: interest calculated using the effective interest method</i>	82,860,999	83,530,325
20.	Interest and similar expense	- 33,566,472	- 29,343,247
30.	Net interest income	52,216,862	56,535,984
40.	Fee and commission income	29,131,623	28,616,850
50.	Fee and commission expense	- 2,402,700	- 2,471,775
60.	Net fee and commission income	26,728,923	26,145,075
70.	Dividends and similar income	1,440,078	1,379,012
80.	Net income from trading activities	6,013,191	5,899,075
100.	Gains (Losses) on disposal or repurchase of:	- 6,906,812	- 9,405,329
	<i>a) financial assets measured at amortised cost</i>	- 61,020	- 474,075
	<i>b) financial assets measured at fair value through other comprehensive income</i>	- 6,845,792	- 8,931,254
	<i>c) financial liabilities</i>	-	-
110.	Net income on other financial assets and liabilities at fair value through other comprehensive income	- 203,546	358,375
	<i>a) financial assets and liabilities designated at fair value</i>	-	-
	<i>b) other financial assets mandatorily measured at fair value</i>	- 203,546	358,375
120.	Net interest and other banking income	79,288,696	80,912,192
130.	Net impairment losses for credit risk associated with:	- 670,614	- 333,118
	<i>a) financial assets measured at amortised cost</i>	- 633,487	- 307,278
	<i>b) financial assets measured at fair value through other comprehensive income</i>	- 37,127	- 25,840
140.	Gains (Losses) from contractual modifications without derecognition	- 514,595	- 1,138,647
150.	Net financial income	78,103,487	79,440,427
160.	Administrative expenses:	- 48,875,987	- 48,078,740
	<i>a) personnel expense</i>	- 26,923,782	- 26,346,799
	<i>b) other administrative expenses</i>	- 21,952,205	- 21,731,941
170.	Net accruals to provisions for risks and charges	405,321	448,356
	<i>a) Loan commitments and financial guarantees granted</i>	230,044	425,839
	<i>b) other net provisions</i>	175,277	22,517
180.	Net adjustments to property, plant and equipment	- 2,394,226	- 2,323,977
190.	Net adjustments to intangible assets	- 89,378	- 107,721
200.	Other operating expense/income	5,721,303	5,413,513
210.	Operating costs	- 45,232,967	- 45,545,281
250.	Gains (losses) on disposal of investments	- 75	6,428
260.	Profit (Loss) from current operations before tax	32,870,445	33,901,574
270.	Income taxes	- 10,898,500	- 11,470,502
280.	Profit (Loss) from current operations after tax	21,971,945	22,431,072
300.	Profit (Loss) for the year (+/-)	21,971,945	22,431,072

STATEMENT OF COMPREHENSIVE INCOME

Tax base		12/2024	12/2023
10.	Profit (Loss) for the year (+/-)	21,971,945	22,431,072
	Items, net of tax, that will not be reclassified to profit or loss:		
20.	Equity instruments measured at fair value through other comprehensive income	- 100,502	18,025
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedges of equity instruments at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	- 243,944	- 75,065
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
	Items, net of tax, that will be reclassified to profit or loss:		
100.	Hedges of investments in foreign operations	-	-
110.	Exchange gains (losses)	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	11,596,258	19,337,903
150.	Non-current assets held for sale and disposal groups	-	-
160.	Share of valuation reserves of equity-accounted investees	-	-
170.	Other comprehensive expense, net of tax	11,251,812	19,280,863
180.	Comprehensive income (expense) (captions 10 + 170)	33,223,757	41,711,935

STATEMENT OF CHANGES IN IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31/12/2024

	Balance at 31/12/2023	Change to opening balances	Balance at 01/01/2024	Allocation of prior year profit		Changes for the year								Equity at 31/12/2024
						Changes in reserves	Equity transactions						Comprehensive income to the year at 31/12/2024	
				Reserves	Dividends and other allocations		Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:	39,241,087	-	39,241,087	-	-	-	-	-	-	-	-	-	-	39,241,087
a) ordinary shares	39,241,087	-	39,241,087	-	-	-	-	-	-	-	-	-	-	39,241,087
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	34,660,068	-	34,660,068	-	-	-	-	-	-	-	-	-	-	34,660,068
Reserves:	108,621,688	-	108,621,688	18,632,321	-	-	-	-	-	-	-	-	-	127,254,009
a) income-related	115,757,145	-	115,757,145	18,632,321	-	-	-	-	-	-	-	-	-	134,389,466
b) other	- 7,135,457	-	- 7,135,457	-	-	-	-	-	-	-	-	-	-	- 7,135,457
Valuation reserves:	- 3,138,238	-	- 3,138,238	-	-	-	-	-	-	-	-	-	11,251,812	8,113,574
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	22,431,072	-	22,431,072	-18,632,321	- 3,798,751	-	-	-	-	-	-	-	21,971,945	21,971,945
Equity	201,815,677	-	201,815,677	-	- 3,798,751	-	-	-	-	-	-	-	33,223,757	231,240,683

STATEMENT OF CHANGES IN IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31/12/2023

	Balance at 31/12/2022	Change to opening balances	Balance at 01/01/2023	Allocation of prior year profit		Changes for the year								Equity at 31/12/2023
						Changes in reserves	Equity transactions						Comprehensive income to the year at 31/12/2023	
				Reserves	Dividends and other allocations		Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:	39,241,087	-	39,241,087	-	-	-	-	-	-	-	-	-	-	39,241,087
a) ordinary shares	39,241,087	-	39,241,087	-	-	-	-	-	-	-	-	-	-	39,241,087
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	34,660,068	-	34,660,068	-	-	-	-	-	-	-	-	-	-	34,660,068
Reserves:	86,335,779	-	86,335,779	22,285,909	-	-	-	-	-	-	-	-	-	108,621,688
a) income-related	93,471,236	-	93,471,236	22,285,909	-	-	-	-	-	-	-	-	-	115,757,145
b) other	- 7,135,457	-	- 7,135,457	-	-	-	-	-	-	-	-	-	-	- 7,135,457
Valuation reserves:	- 22,419,101	-	- 22,419,101	-	-	-	-	-	-	-	-	-	19,280,863	- 3,138,238
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	24,565,159	-	24,565,159	-22,285,909	- 2,279,250	-	-	-	-	-	-	-	22,431,072	22,431,072
Equity	162,382,992	-	162,382,992	-	- 2,279,250	-	-	-	-	-	-	-	41,711,935	201,815,677

STATEMENT OF CASH FLOWS: indirect method

A. OPERATING ACTIVITIES	Amount	
	12/2024	12/2023
1. Operations	40,296,275	29,084,713
- profit for the year	21,971,945	22,431,072
- net gains/losses on financial assets held for trading and other financial assets/liabilities at fair value through other comprehensive income (-/+)	- 3,002,964	- 4,217,163
- gains/losses on hedging transactions (-/+)	-	-
- net impairment losses (gains) for credit risk (+/-)	6,921,530	- 1,237,807
- net adjustments to property, plant and equipment and to intangible assets (+/-)	2,722,671	2,613,032
- Net provisions for risks and charges and other costs/revenue (+/-)	1,351,380	- 1,218,714
- unpaid taxes and duties (+/-)	10,898,500	11,470,502
- net impairment losses/reversals of impairment losses on non-current assets held for sale and disposal groups net of tax (+/-)	-	-
- other adjustments (+/-)	- 566,787	- 756,209
2. Cash flows generated by/used for financial assets	- 4,695,831	322,293,293
- financial assets held for trading	6,616,554	8,995,265
- financial assets designated at fair value	-	-
- other assets mandatorily measured at fair value	361,072	739,944
- financial assets measured at fair value through other comprehensive income	51,562,123	315,359,764
- financial assets measured at amortised cost	- 73,109,035	547,633
- other assets	9,873,455	- 3,349,313
3. Cash flows generated by financial liabilities	- 34,147,529	- 341,380,679
- financial liabilities measured at amortised cost	- 30,548,425	- 346,276,219
- financial liabilities held for trading	228,901	- 122,135
- financial liabilities designated at fair value	-	-
- other liabilities	- 3,828,005	5,017,675
Net cash flows generated by/used in operating activities	1,452,915	9,997,327
B. INVESTING ACTIVITIES		
1. Cash flows generated by	64	25,078
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, plant and equipment	64	25,078
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire	- 574,964	- 1,841,620
- equity investments	-	-
- property, plant and equipment	- 591,068	- 1,719,156
- intangible assets	16,104	- 122,464
- business units	-	-
Net cash flows used in investing activities	- 574,900	- 1,816,542
C. FINANCING ACTIVITIES		
- issue/repurchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- dividend and other distributions	- 3,798,750	- 2,279,250
Net cash flows used in financing activities	- 3,798,750	- 2,279,250
NET CASH FLOWS FOR THE YEAR	- 2,920,735	5,901,535

Key: (+) generated; (-) used

Reconciliation:

FINANCIAL STATEMENT ITEMS	Amount	
	12/2024	12/2023
Opening cash and cash equivalents	38,489,270	32,587,735
Net cash flows for the year	- 2,920,735	5,901,535
Cash and cash equivalents: exchange gains (losses)	-	-
Closing cash and cash equivalents	35,568,535	38,489,270

EXPLANATORY NOTES

PART A

Accounting policies

A.1 – GENERAL PART

Section 1 – Statement of compliance with the IFRS

The Financial Statements of Cassa di Risparmio di Fermo S.p.A. as at 31 December 2024 have been prepared in compliance with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC), effective on the date 31 December 2024 and endorsed by the European Commission as established by EC Regulation 1606 of 19 July 2002, as well as the provisions issued in implementation of art. 9 of Italian Legislative Decree no. 38/2005 and art. 43 of Italian Legislative Decree no. 136 of 18 August 2015.

The bank also referred to the Framework for application of the IFRS.

The criteria used to prepare the Financial Statements with reference to the classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the methods used to recognise costs and revenues, are the same as those adopted to prepare the Bank's 2023 Financial Statements, to which reference is made, and are compliant with Circular no. 262 of 22 December 2005 as updated.

Consideration was given to the documents used to interpret and support the application of the accounting standards, issued by European regulatory and supervisory bodies and by standard-setters. Specifically, these consisted of the ESMA communication dated 24 October 2024, "European common enforcement priorities for 2024 annual corporate reporting", and the EBA's "Guidelines on the management of environmental, social and governance (ESG) risks", setting out the requirements for institutions regarding the identification, measurement, management and monitoring of ESG risks.

When preparing the financial statements, the board of directors made reference to and considered the applicability of the following sources, set out below in decreasing order of importance:

- the guidance and instructions set out in the standards and interpretations for similar or related cases;
- the definitions and recognition and measurement requirements for assets, liabilities, revenue and costs provided in the Framework.

The board of directors may also refer to the most recently issued measures of other accounting standard setters that use a framework similar to that of the IFRS to develop such standards, other accounting reference documentation and consolidated practices.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

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

- On 23 January 2020 the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment titled, "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". These changes aim to explain how to classify debts and other short- or long-term liabilities. Additionally, the amendments improve the information that entities must supply when the right to defer payment of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of this amendment had no effect on the Bank's Financial statements.
- On 22 September 2022 the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller/lessee to measure the liability for leases associated with a sale and leaseback

transaction so as to not recognise either profit or loss relative to the right of use retained. The adoption of this amendment had no effect on the Bank's Financial statements.

- On 25 May 2023 the IASB published an amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires entities to provide additional information on reverse factoring agreements that allow readers of financial statements to assess how financial agreements with suppliers may influence the liabilities and cashflows of the entity and understand the effect of the same agreements on the entity's exposure to liquidity risk. The adoption of this amendment had no effect on the Bank's Financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT YET ADOPTED BY THE BANK AT 31 DECEMBER 2024

At the reporting date, the EU competent bodies have concluded the approval process required for the adoption of the amendments and standards described below. However, application of these standards is not obligatory, and they have not been adopted in advance by the Bank as at 31 December 2024.

- On 15 August 2023 the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires entities to apply a methodology in a consistent manner to determine whether a currency can be converted to another and, when this is not possible, how to determine what exchange rate to use and the disclosure to provide in the Notes. The changes will apply from 1 January 2025, but early application is permitted. The directors do not expect a significant effect on the Bank's Financial statements from adopting these amendments.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024

At the reporting date, the EU competent bodies have not yet concluded the approval process required for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the "Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7. This document clarifies certain aspects which had emerged as causing difficulty from the post-implementation review of IFRS 9, including the question of the accounting treatment of financial instruments whose yield varies subject to the achievement of ESG targets (i.e. green bonds). Specifically, the modifications aim to:
 - Clarify the classification of financial instruments with variable yields linked to corporate environmental, social and governance (ESG) targets and the criteria to use for the assessment of the SPPI test;
 - Establish that the date on which a liability is settled via electronic payment systems is the date on which the liability shall be derecognised. However, entities are permitted to adopt an accounting policy which allows financial liabilities to be derecognised even before cash has been delivered on the settlement date, under certain specific circumstances.

Along with these amendments, the IASB has also introduced additional disclosure requirements, particularly regarding investments in equity instruments designated as FVOCI.

These amendments will apply starting from the financial statements for years beginning after 1 January 2026. The Directors are currently considering the possible effects of introducing these amendments into the Bank's Financial Statements.

- On 18 July 2024 the IASB published a document entitled "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and modifications aimed at improving the consistency between different IFRS Accounting Standards. The principles which have been modified are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and related guidance in implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The changes will apply from 1 January 2026, but early application is permitted. The Directors are currently considering the possible effects of introducing these amendments into the Bank's Financial Statements.

- On 18 December 2024, the IASB published the "Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity from renewable sources (often in the form of Power Purchase Agreements). Under such contracts, the quantity of electricity generated and purchased can vary depending on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to the IFRS 9 and IFRS 7 principles, which include:
 - clarification regarding the application of "own use" requirements to this type of contract;
 - the criteria to allow such contracts to be reported as hedging instruments; and
 - new disclosure requirements to enable users of financial statements to understand the effects these contracts have on an entity's financial performances and cash flows.

The changes will apply from 1 January 2026, but early application is permitted. The Directors do not anticipate a significant effect from the incorporation of this principle into the Bank's Financial Statements.

- On 9 April 2024, the IASB published a new principle: IFRS 18 Presentation and Disclosure in Financial Statements, which will replace principle IAS 1 Presentation of Financial Statements. The new principle aims to improve the presentation of financial statements, with particular reference to the presentation of statements of profit or loss. Specifically, the new principle requires that:
 - income and expenses be classified in three new categories (operating category, investing category and financing category), in addition to the income taxes category and the discontinued operations category already present in the statement of profit or loss;
 - two new subtotals be presented: operating income and earnings before interest and taxes (i.e. EBIT).

The new principle also:

- requires more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and
- introduces certain amendments to the statement of cash flows, including the requirement to use the operating profit as the starting point for the presentation of the cash flows reported using the indirect method, and the removal of certain options for the classification of some currently existing items (such as, for example, interest paid, interest received, dividends paid and dividends received).

The new principle will enter into force on 1 January 2027, though early application is permitted. The Directors are currently considering the possible effects of introducing this new principle into the Bank's Financial Statements.

- On 9 May 2024, the IASB published a new principle: IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new principle introduces certain simplifications in relation to the disclosures required by the IFRS Accounting Standards in the financial statements of subsidiaries which meet the following requirements:
 - they must not have issued equity instruments or debt instruments for trading on a public market, or be in the process of doing so;

- the parent company produces consolidated financial statements that comply with the IFRS standards.

The new principle will enter into force on 1 January 2027, though early application is permitted. The Directors do not anticipate any effects on the Bank's Financial Statements from the adoption of this amendment, as the principle does not apply.

- On 30 January 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts, which permits a first-time adopter of the IFRS to continue to recognise the amounts related to the rate regulation activities according to the previously adopted accounting standards. As the bank is not a first-time adopter, this standard is not applicable.

Section 2 – Basis of presentation

The financial statements at 31/12/2024 are clearly stated and give a true and fair view of the bank's financial position, financial performance and cash flows for the year. The criteria are the same as those used in drawing up the financial statements for the year ended 31 December 2023.

These Financial Statements consist of: a Balance Sheet; an Income Statement; a Statement of Comprehensive Income; a Statement of Changes in Shareholders' Equity; a Statement of Cash Flows; and the Explanatory Notes. They are also accompanied by the Directors' Report On Operations. The currency in which the Financial Statements are presented is the Euro. The amounts indicated in the financial statements are expressed in euros; those indicated in the explanatory notes, and in the Board of Directors' Report on Operations, are expressed in thousands of euro unless otherwise specified.

The basis of presentation for the financial statements is shown below:

- The general guidelines for presentation of the financial statements are: the assumption of going concern;
- the accruals basis of accounting: costs and revenue are recognised on an accruals basis;
- materiality and aggregation: each material class of similar items is presented separately in the balance sheet and the income statement. Items of a dissimilar nature or function are presented separately unless they are immaterial;
- if an element of the assets or liabilities falls under several entries of the balance sheet, its reference to the entries other than the entry in which it is recognised is annotated in the notes where necessary for comprehension of the financial statements;
- offsetting: assets and liabilities, income and expenses are not offset, unless expressly required or permitted by a standard or an interpretation or the above-mentioned Bank of Italy Circular no. 262 of 22 December 2005 and subsequent amendments;
- the financial statements are prepared according to substance over form;
- comparative information: comparative information in respect of the previous year is disclosed for all amounts reported in the current year's financial statements.

Pursuant to article 5 of Legislative decree no. 38 of 28 February 2005, the financial statements have been prepared using the euro as the reporting currency. In particular, they were prepared in euros.

Section 3 – Events after the reporting date

After the reporting date of 31 December 2024 and until 25 March 2025, the date on which the financial statements were approved by the Board of Directors, no events occurred that required an adjustment to the results of the data approved.

Section 4 - Other aspects

Use of estimates and assumptions to prepare the financial statements

The preparation of the financial statements requires recourse to estimates and assumptions, which may have an effect on the values recognised in the balance sheet, the income statement and the reporting related to potential assets and liabilities. The preparation of these estimates involves the use of available information and the adoption of subjective valuations, also based on historical experience, used for the purposes of formulating reasonable assumptions for reporting management-related issues. By nature, the estimates and assumptions used may vary from period to period and, therefore, the current values recorded in the financial statements may differ in subsequent periods, even significantly, following changes in the subjective valuations used.

The main cases for which the use of subjective valuations by company management is required include:

- the quantification of losses due to impairment of exposures and, in general, of financial assets not at fair value;
- the calculation of the fair value using measurement models for financial instruments not listed on an active market;
- the quantification of the provisions for personnel and provisions for risks and charges;
- the estimates and assumptions on the recoverability of deferred tax assets.

With particular reference to the carrying amount of the accounting entries at fair value and the loans and receivables with customers, both performing and non-performing, the estimates and related assumptions used for the purpose of preparing the Financial Statement could be subject to change as a result of new information that becomes available, with reference to the general and sectoral macroeconomic context, still impacted by significant uncertainties caused by geopolitical tensions (the continued war between Russia and Ukraine and the conflict in the Middle East) and the macroeconomic situation.

Management performs analyses, which are sometimes complex, of loans and receivables with customers for their classification and to identify exposures that show possible impairment after disbursement based on internal information based on the borrower's repayment trend and external information based on the reference sector and the borrower's total exposure to banks.

Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, estimates about the borrowers' ability to repay, an assessment of any guarantees and the impact of macroeconomic variables and risks of the sectors in which the bank's customers operate, with respect to the accounting standards and the credit policy approved by the board of directors on 20 December 2024. The approval of the update to this policy did not lead to any significant impacts for the Bank in the annual financial statements.

The general and sector macroeconomic framework, still affected by significant uncertainty caused by the external factors cited above, continues to require that banks govern the impacts of this situation on the credit risk and related financial statement measurements. In this regard, in 2024 the bank continued to monitor the situation, with dedicated analyses aimed at identifying the best way to intervene on the credit risk measurement and forecast systems, aligning them with changes detected from time to time and avoiding excessive pro-cyclicality in the definition of collective provisions, as recommended by the regulators (especially ESMA and ECB).

In order to limit the effects associated with the estimated economic recovery, a number of "top-down" corrections were applied, including the "expert" assignment of the probability of occurrence of the macroeconomic scenarios considered by the model ("multiscenario") for ECL, in particular with reference to the adverse scenario.

PURCHASE OF TAX CREDITS

The credits introduced with decrees n.18/2020 “Cura Italia” and no. 34/2020 “Rilancio” purchased following transfer by the direct beneficiaries or previous buyers refer to tax incentive measures related both to investment spending and current expenses. These tax incentives, applicable to families or companies, are commensurate with a percentage of the expenses incurred and are paid in the form of tax credits or tax deductions. The main characteristics of the tax credits introduced by the Decrees are:

- > the possibility of use in offsetting over a limited period of time;
- > the ability to transfer to third-party buyers;
- > the non-reimbursability by the tax authorities.

The specific characteristics of the tax credits are such that they do not fall within the scope of application of any IAS/IFRS. In this case, therefore, paragraph 10 of IAS 8 applies, which requires the definition of an accounting policy that can provide adequate disclosure in the financial statements. On 5 January 2021, the supervisory authorities (the Bank of Italy, CONSOB and IVASS) published the “Bank of Italy/CONSOB/IVASS Document no. 9 - Round table on application of IAS/IFRS” with regard to the accounting treatment of the aforementioned credits. This document examines which accounting standards and possible accounting treatments could be applicable and the related information to be provided in the periodic reports. Taking account of the guidelines provided by the supervisory authorities, the bank considered that an accounting model based on IFRS9 would represent the most suitable approach to provide reliable information.

Initial recognition

The tax credit is initially recognised at fair value, corresponding to the price of the operation, including the initial costs directly attributable to the operation. The effective interest rate is calculated by estimating the expected cash flows, taking account of all the due dates related to the tax credit.

Subsequent recognition

After the initial recognition, for the purposes of the subsequent measurement, the following was taken into consideration:

- > the time value of money;
- > the use of an effective interest rate;
- > the flows of use of the tax credit through offsetting.

The effective interest rate used, therefore, was the one determined originally so that the discounted cash flows associated with the expected future offsetting estimated along the envisaged duration of the tax credit were equal to the purchase price. It was therefore necessary to estimate the expected offsetting by taking account of all due dates related to the tax credit, including the fact that the unused tax credit in each period of compensation would be lost. Using the amortised cost method, it was necessary, pursuant to paragraph B5.4.6 of IFRS 9, to periodically review the estimates of the cash flows and to adjust the gross accounting value of the financial asset to reflect the effective and redetermined cash flows. The income determined with the effective interest rate will be recognised in “Interest and similar income”. The same caption contains the gains/(losses) determined by the revision of the estimates on expected cash flows, with the exception of those deriving from the non-use of the tax credits purchased, which will be recognised in “Other operating income, net”.

Additionally, in the context of measurement at amortised cost, not identifying counterparty credit risk given that the instrument is realised solely through offsetting of payables and not by collecting amounts from the counterparty, the IFRS 9 Expected Credit Loss rules do not apply.

In the event of transfer to third parties, the difference between the price collected and the residual amortised cost at the transfer date will be recognised in “Net gain from sales or repurchases of:

- a) financial assets at amortised cost”.

Representation in the financial statements

With reference to the representation, taking account of the fact that the tax credits purchased do not represent, pursuant to international accounting standards, tax assets, public contributions, intangible assets or financial assets, it was considered that the most appropriate classification, for the purposes of presentation in the financial statements, was the residual classification of “Other assets” of the balance sheet in line with the provisions of IAS 1.

A2 – MAIN ITEMS IN THE FINANCIAL STATEMENTS

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

a) Recognition

Debt and equity instruments are initially recognised at their settlement date while derivative contracts are recognised at the date they are signed.

Financial assets held for trading are initially recognised at fair value, which usually equals the consideration paid, without considering transaction costs or revenue, which are recognised in profit or loss.

b) Classification

Financial assets at fair value through profit or loss include debt and equity instruments acquired to make profits, including through their trading, which meet the requirements of the bank's business model.

Hedging derivatives with positive fair values are included in this caption, including those embedded in financial instruments that meet the conditions for separation of the underlying derivatives.

c) Measurement

Financial assets held for trading are measured at fair value following initial recognition. Changes in fair value are taken to profit or loss.

The fair value of financial instruments listed on active markets equals the reporting date market closing prices.

The fair value of financial instruments traded on inactive markets is determined using commonly adopted estimation/valuation models that take into account market data such as methods based on the measurement of listed instruments with similar characteristics, calculation of discounted cash flows, option pricing models, prices registered in recent similar transactions, considering the different risk profiles of the instruments.

A market is defined as inactive when there are significant differences in the bid/ask prices of the instrument in question.

Credit valuation adjustment (CVA) and debit valuation adjustment (DVA)

Current legislation confirms that the pricing of a derivative, in addition to depending on market factors, must also include the measurement of the counterparty's credit quality determined through the credit valuation adjustment (CVA) and debit valuation adjustment (DVA).

To measure the counterparty's credit quality, the bank adopts the following methodology.

Credit valuation adjustment (CVA) is the value adjustment of the credit component (using positions with a positive fair value) of an OTC derivative stipulated with an external counterparty, which constitutes the market value of the potential loss due to the difference in the market prices on the derivative in question, due to the worsening of the credit rating/default of the counterparty.

Conversely, debit valuation adjustment (DVA) is the value adjustment of the debit component (using positions with a negative fair value) of an OTC derivative stipulated with an external counterparty, i.e. the market value of the potential earning due to the difference in the market prices on the derivative in question caused by the worsening of the credit rating/default of the bank.

When determining the CVA/DVA, under certain conditions the IFRS 13 refers to a calculation valuation that must be made for a netting set or counterparty, therefore on the basis of the carrying amount and not at individual contract level. In addition, the presence of any exchanged collateral or netting agreements must be considered.

The bank currently avails of bilateral netting agreements for derivative contracts, on the basis of which the mutual credit and debit positions of the mark to market are offset automatically and daily by establishing a single net balance, without novation: this then results in the sole payment of net income by the borrower. This activity permits a notable reduction in the exposure to credit risk and, consequently, in the impact of the CVA/DVA on the fair value.

d) Derecognition

These financial assets are derecognised when the contractual rights to cash flows therefrom expire or the financial asset is sold, transferring substantially all the related risks and rewards.

e) Recognition of costs and revenue

Interest and dividends are recognised under “Interest and similar income” and “Dividends and similar income”, respectively. Trading income or expense and gains or losses on the sale of financial assets are recognised under “Net trading income (expense)”.

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

a) Recognition

Financial assets managed under the hold to collect and sell (HTCS) model are initially recognised at the settlement date (debt and equity instruments) or at the disbursement date (loans and financing). They are initially recognised at fair value, which usually equals cost, including any transaction costs or revenue.

b) Classification

This category, based on the business model, includes the non-derivative financial assets that passed the SPPI test. The objective of the business model is achieved by both collecting contractual cash flows and carrying out sales regulated by the powers attributed by the financial regulations and justified to the finance committee based on the market outlook.

This caption includes equity for equity investments held for purposes other than trading, for which at the time of initial recognition, the option was irrevocably exercised to recognise the fair value gains (losses) in the comprehensive income statement following the initial recognition in the financial statements.

c) Measurement

These financial assets are subsequently measured at fair value with any fair value gains or losses being recognised in a specific equity reserve.

The fair value of financial instruments listed on active markets equals the reporting date market closing prices.

The fair value of financial instruments not traded on an active market is determined based on the price of instruments with similar characteristics or the present value of future cash flows, considering the different risk profiles inherent in the instruments, or based on the actual prices for trades of the same asset.

A market is defined as inactive when there are significant differences in the bid/ask prices of the instrument in question.

When fair value cannot be determined reliably, equity instruments are carried at cost.

The value of the held to collect and sell debt instruments is also subject to collective impairment.

Impairment losses are recognised in profit or loss with a balancing entry in a special equity reserve.

When the reasons for impairment no longer exist, an impairment gain is recognised, with a balancing entry in:

- equity for equity instruments;
- profit or loss for debt instruments.

d) Derecognition

These financial assets are derecognised when the contractual rights to cash flows therefrom expire or the financial asset is sold, transferring substantially all the related risks and rewards.

e) Recognition of costs and revenue

Interest, calculated using the effective interest method, and dividends are recognised under “interest and similar income” and “dividends and similar income” respectively. Trading income or expense are recognised in the “gain (loss) on sale or repurchase of financial assets at fair value

through comprehensive income". Gains and losses on the fair value measurement of HTCS financial assets are recognised in the "valuation reserves" under equity and reclassified to profit or loss when sold, except for those on equities, which are reversed to a specific "profit/loss reserve" under equity.

Impairment losses/gains arising from impairment testing, limited to debt instruments, are recognised as "Net impairment losses/gains on financial assets at fair value through other comprehensive income".

3 – FINANCIAL ASSETS MEASURED AT AMORTISED COST

LOANS TO CUSTOMERS AND BANKS

a) Recognition

Loans and receivables are initially recognised at the disbursement date or, in the case of a debt instrument, at the settlement date, based on the financial instrument's fair value, which usually equals the amount disbursed, or the subscription price, including transaction costs or revenue attributable to the individual loan or receivable and determinable from the transaction start date, even when they are disbursed subsequently.

The initially recognised amount does not include costs that, despite having the above characteristics, are to be reimbursed by the counterparty or that are administrative costs. Reverse repurchase agreements and repurchase agreements are recognised as lending or funding transactions.

Specifically, spot resale and forward repurchase agreements are recognised as a liability for the spot amount received while spot repurchase and forward resale agreements are recognised as an asset for the spot amount paid.

b) Classification

Under the bank's HTS business model and SPPI test, this category includes the non-derivative loans and debt instruments with banks and customers, both disbursed directly and purchased from third parties, with fixed or determinable repayments.

This caption includes trade receivables, reverse repurchase agreements, finance lease receivables and securities purchased as part of underwriting or private placement transactions with fixed or determinable repayments, listed on an active market. Following the 7th update of Bank of Italy circular 262, "Banks' financial statements: layouts and preparation", all on demand loans and receivables with banks and central banks in deposits and current accounts are recognised in caption 10 "Cash and cash equivalents", therefore, caption 40 "Assets at amortised cost" includes the loans and receivables with banks and central banks other than those payable "on demand".

c) Measurement

When managed under a business model whose objective is to collect the contractual cash flows at maturity and if they passed the SPPI test, loans and receivables are measured at amortised cost. Sales of assets of debt instruments classified in the HTC portfolio may be carried out when:

- there is an increase in the credit risk of a financial asset;
- the maturity of the financial instrument is short term, so the proceeds from their sales approximate their residual cash flows;
- the frequency of sale, corresponding to the turnover rate of the HTCS portfolio observed in the period, is rare;
- the aggregated amount of the sales made on the portfolio is not considered significant.

After initial recognition, loans and receivables and debt instruments are measured at amortised cost, that is, they are measured at initial recognition minus/plus principal repayments, impairment losses/reversals of impairment losses and cumulative amortisation, using the effective interest method. The effective interest rate is the date that exactly discounts estimated future payments over the expected life of the loan or receivable to the carrying amount at the time of initial recognition, including directly attributable transaction costs and amounts paid or received between the contracting parties. The economic effect is distributed financially over the residual life of the exposure.

The amortised cost method is not used for short-term loans (with maturities of less than 12 months) as discounting these loans has no material impact. They are measured at historical cost.

Loans without a specified maturity and revocable loans are treated similarly.

Loans and receivables and debt instruments are tested for impairment at least at each annual or half yearly reporting date to determine whether there is objective evidence of impairment due to events subsequent to initial recognition or a worsening in the debtors' solvency.

The Stage 3 non-performing exposures include bad exposures, unlikely to pay exposures and exposures past due by more than 90 days. The stage 3 exposures are classified where applicable by considering the multi-scenario value of the non-performing financial assets. On the basis of the information set out in the ITG "Inclusion of cash flows expected from the sale on default of loan" by IFRS Foundation staff and in the "Guidance to banks on non-performing loans (NPL)" published by the European Central Bank in March 2017 for the proactive management of non-performing exposures, the bank has included forward-looking factors in the valuation of non-performing assets (classified in particular as bad exposures) through recovery provisions developed from a multi-scenario perspective. Therefore, where applicable, stage 3 exposures are measured by weighing the estimated realisation value in the two possible scenarios, i.e. the "sale" value (for the 2023 annual financial statements the Bank did not utilise this scenario in its collection measurements) and the "internal recovery" value. In the latter measurement, the estimate of the expected cash flows is the result of an analytical "spot" valuation of the position for the bad, unlikely to pay and past due exposures exceeding ceilings established by internal legislation. For NPE, unlikely to pay and past due exposures below the ceilings established by internal legislation, the expected loss is determined using analytical collective impairment methods. The impairment loss is equal to the difference between their carrying amount at the measurement date (amortised cost) and the present value of the recoverable cash flows, calculated using the effective interest rate. Estimated future cash flows are determined considering the estimated recovery time and the estimated realisable amount of any guarantees. The original effective interest rate of each exposure is unchanged over time. The recovery time is reasonably estimated considering general or specific factors. General factors include the estimated recovery time considering the nature of the transaction while specific factors include the estimate of future cash flows considering negotiations for an out-of-court settlement or ongoing debt rescheduling plans. The bank monitors the difference between the originally planned recovery time and the effective cash flows to best estimate the expected recovery times.

Exposures and debt instruments for which objective indicators of impairment are not identified, i.e., performing, are managed under the HTC business model if they pass the SPPI test and are measured at amortised cost.

IFRS 9 requires that in-scope financial instruments be classified into three stages. The three stages reflect the impairment level of the debtor's credit quality:

- Stage 1: financial instruments whose credit risk has not significantly increased since initial recognition or with a low credit risk at the reporting date;
- Stage 2: financial instruments whose credit risk has increased significantly since initial recognition, but for which there is no objective evidence of impairment;
- Stage 3: financial assets with objective evidence of impairment at the reporting date (NPE).

For more details on the Bank's classification rules, please see paragraph 2.3 Measurement of expected credit losses, in Section 1 - Credit Risk of Part E.

Additionally, IFRS 9 introduced a revision to methods for determining value adjustments (ECL) for performing exposures utilising risk factors (PD and LGD) not only at 12 months (stage 1) but also lifetime (stage 2), when credit risk worsens. Therefore, any change in expected loss, credit risk and forecasts of future conditions may provoke a change in the collective valuation of performing exposures.

Impairment losses are recognised in profit or loss.

The loss attributable to discounting cash flows of stage 3 non-performing exposures is released on an accruals basis using the effective interest method and recognised as interest income.

The debt instruments recognised in the HTC portfolio are also subject to collective impairment.

Collectively-determined impairment losses are recognised in profit or loss.

Any additional impairment losses or gains are recalculated at each reporting date using a different approach considering the entire performing exposure portfolio at that date.

When the reasons for impairment are no longer valid, the impairment loss is reversed.

d) Derecognition

Loans and receivables and debt instruments transferred are derecognised when substantially all the risks and rewards of ownership of the asset are transferred.

Conversely, if the risks and rewards associated with the asset are retained, the loan or receivable continues to be recognised to the extent of the bank's continuing involvement in the asset, even though legal title has been transferred.

When it is not possible to verify the substantial transfer of the risks and rewards, the assets are derecognised when no control thereover is retained. If even a portion of control is retained, the asset continues to be recognised in line with the bank's continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, transferred loans and receivables are derecognised when the bank retains the contractual rights to receive the related cash flows with the concurrent obligation to pay them to a third party.

e) Recognition of costs and revenue

Interest on exposures and debt instruments is recognised under "Interest and similar income". Impairment losses and gains are recognised under "Net impairment losses/gains on loans and receivables – a) financial assets at amortised cost".

Gains or losses on sales are shown under "Gain (loss) on sales or repurchases of financial assets at amortised cost".

4 – HEDGING DERIVATIVES

The bank has not undertaken hedging transactions.

5 – EQUITY INVESTMENTS

At the reporting date, the bank did not have investments in subsidiaries or associates.

6 – PROPERTY, PLANT AND EQUIPMENT

a) Recognition

Property, equipment and investment property are initially recognised at cost, including directly related charges.

Subsequent maintenance expenditure is capitalised if it leads to an increase in the future economic benefits generated by the asset.

Borrowing costs are recognised in accordance with IAS 23 and are, therefore, recognised as a cost in the year in which they are incurred.

Recognition of the rights of use of lease/rental contracts as required by IFRS16.

b) Classification

Property, equipment and investment property include land, owned buildings and investment property, furniture, fittings, technical systems, rights of use of leased or rented assets defined by IFRS16 and other assets held for use in production or to supply goods and services, for lease to third parties or for administrative purposes which will be used over more than one period.

Buildings and appurtenance land are recognised separately when purchased.

c) Measurement

Property and equipment are measured at cost net of accumulated depreciation and any impairment losses.

They are depreciated systematically over their useful lives on a straight-line basis, except for land which has an indefinite useful life and is not depreciable. Should the carrying amount of

land be included in that of the related building, they are separated using an appraisal performed by sector experts.

These assets are tested for impairment when there is objective indication thereof.

The rights of use of the leased/rented assets are subject to amortisation according to the provisions of IFRS 16 based on the duration of the contract.

d) Derecognition

An asset is derecognised when divested or when it is no longer used and its disposal is not expected to generate future risks or benefits.

The rights of use of leased/rented assets are derecognised upon maturity or termination of the contract.

e) Recognition of costs and revenue

Periodic depreciation and impairment of property, equipment used for operations are recognised under “net impairment losses on property, equipment and investment property”.

7 – INTANGIBLE ASSETS

a) Classification

Intangible assets include long-term software licences.

b) Recognition and measurement

Intangible assets are recognised at cost, including directly related charges only when it is probable that the future economic benefits of the asset will materialise and its cost can be determined reliably.

Annually, or whenever there is evidence of impairment, an impairment test is carried out.

Impairment losses are recognised in profit or loss.

The cost of assets with finite lives is amortised on a straight-line basis over their useful lives.

c) Derecognition

Intangible assets are derecognised upon their disposal or when no future benefits are expected therefrom.

d) Recognition of costs and revenue

Accumulated amortisation is recognised under “Amortisation and net impairment losses on intangible assets”. Impairment losses on goodwill and intangible assets with indefinite useful lives are taken to “Impairment losses on goodwill” and “Amortisation and net impairment losses on intangible assets”, respectively.

8 – NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS

The bank does not have non-current assets classified as held for sale.

9 – CURRENT AND DEFERRED TAXES

a) Classification

Current tax assets and liabilities consist of tax advances paid and income taxes on the tax base for the year, respectively.

Deferred tax assets and liabilities originate on the temporary differences between the carrying amounts of assets and liabilities and their tax bases.

b) Recognition and measurement

Current and deferred taxes, calculated in accordance with the Italian tax legislation, are recognised on an accruals basis, in line with the costs and revenue generating them and using enacted tax rates. Income taxes are recognised in profit or loss except for those related to captions recognised directly in equity.

Income taxes are provided for based on a prudent estimate of the current and deferred taxes.

Current taxes are the net of current tax liabilities and current tax assets, being the advances and tax withholdings paid.

Deferred taxes are determined considering the temporary differences (without time limits) between the carrying amount of assets and liabilities and their tax bases.

The estimate of recoverability is made by performing a probability test, as set out by IAS 12. This test is based on an economic prediction developed across a future period of 3 years, adjusting its pre-tax profit to consider temporary and permanent future differences in accordance with the tax regulations in force at the valuation date, so as to give an estimate of the future tax results capable of determining the recovery of deferred tax assets.

Following enactment of Law no. 214/2011, governing the recognition of deferred tax assets, a round table was held during which Bank of Italy, CONSOB and ISVAP discussed the issue in the light of the IFRS. On 15 May 2012, they published a document stating that, due to the above-mentioned law, the probability test is automatically passed, as the recoverability of deferred tax assets is now certain in any circumstances. Accordingly, they are recognised in the financial statements.

Deferred tax liabilities include income taxes payable in future periods for temporary taxable differences.

Deferred tax assets and liabilities are recognised in the balance sheet without offsetting.

c) Recognition of costs and revenue

Current and deferred taxes are recognised under “Current and deferred tax assets” and “Current and deferred tax liabilities” respectively.

They are recognised in equity if they relate to transactions recognised directly in equity.

10 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

LIABILITIES AND SECURITIES ISSUED

a) Recognition

These financial liabilities are recognised when the amounts are received or the debt instruments are issued.

They are initially recognised at fair value, which is normally equal to the consideration received or the issue price, plus or minus any additional costs or revenue directly attributable to the individual transaction and not reimbursed to the creditor. The fair value of financial liabilities issued at other than market conditions is estimated and the difference compared to the consideration received is recognised directly in profit or loss, when the conditions of IFRS9 are met.

b) Classification

Due to banks, due to customers and securities issued include the characteristic types of interbank and customer funding as well as lending through certificates of deposit and bonds issued net of any repurchases.

c) Measurement

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Conversely, current financial liabilities continue to be measured at the consideration received as the effect of the amortised cost measurement would be negligible.

d) Derecognition

Financial liabilities are derecognised when they expire or are extinguished. They are also derecognised when previously issued securities are repurchased. The difference between their carrying amount and the amount paid to repurchase them is recognised in profit or loss.

If the repurchased security is subsequently placed on the market again, this is treated as a new issue and is recognised at the new placement price, with no effect on profit or loss.

e) Recognition of costs and revenue

Interest is recognised under “Interest and similar expense”. Gains and losses on the repurchase of the liabilities are shown under “Gain (loss) from sales/repurchases of financial liabilities”.

11 – FINANCIAL LIABILITIES HELD FOR TRADING

a) Recognition

Financial liabilities held for trading are initially recognised at the settlement date while derivatives are recognised at their agreement date.

They are initially recognised at fair value, which usually equals the consideration received, without considering directly related transaction costs and revenue.

b) Classification

The category includes financial liabilities held for trading. It also includes embedded derivatives with a negative fair value.

c) Measurement

Financial liabilities held for trading are subsequently measured at fair value through profit or loss.

Market prices are used to determine the fair value of financial instruments listed on active markets. If an active market does not exist, commonly adopted estimation/valuation models that take into account market data such as methods based on the measurement of listed instruments with similar characteristics, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions are used.

d) Derecognition

Financial liabilities held for trading are derecognised when they expire, are extinguished or all the related risks and rewards are transferred to third parties.

e) Recognition of costs and revenue

Fair value gains and losses are recognised in “Net trading income (expense)”.

12 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The bank has not undertaken this type of transaction.

13 – FOREIGN CURRENCY TRANSACTIONS

a) Recognition and derecognition

Foreign currency transactions are initially recognised in Euros by applying the exchange rate prevailing at the transaction date.

b) Classification and measurement

Foreign currency assets and liabilities are translated into Euros at each reporting date using the following criteria:

- ✓ monetary items are translated using the closing rates;
- ✓ non-monetary items measured at historical cost are translated using the transaction-date exchange rates;
- ✓ non-monetary items measured at fair value are translated using the closing rates.

c) Measurement of costs and revenue

Exchange differences arising from the settlement of monetary items or from the translation at exchange rates other than the initial translation rate or the prior closing rate are recognised in profit or loss in the period in which they arise.

When the gain or loss on a non-monetary item is recognised in equity, the exchange gain or loss is also taken to equity. However, when the gain or loss is recognised in profit or loss, the related exchange gain or loss is recognised there too.

All exchange gains and losses are recognised under “Net trading income (expense)”.

14 – OTHER INFORMATION

14.1 – PROVISIONS FOR RISKS AND CHARGES

a) Recognition and derecognition

b) Classification

c) Measurement

Loan commitments and financial guarantees given

The fund includes the risk assessment of the guarantees and the commitments to disburse performing exposures. The measurement criterion is the one established for performing exposures. For stage 3 endorsement credits, the measurement is analytical.

Pension and similar provisions

They include the supplementary pension fund organised by INPS (the Italian social security institution).

The fund, which technically is a defined benefit plan, includes accruals to guarantee pensioners with the related vested rights a supplementary pension, determined on an objective and realistic forward-looking basis, equal to the “mathematical reserve” calculated by an external actuary. It is recognised in accordance with IAS 19 as amended by the IASB in 2011, which eliminated the corridor approach and requires the immediate recognition of any actuarial gains or losses in equity (OCI).

Other provisions

Other provisions include provisions made when the following concurrent conditions are met:

- a) the bank has a present legal or constructive obligation as a result of a past event;
- b) it is probable that an outflow of resources will be necessary to settle the obligation;
- c) the obligation can be determined reliably.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation or transfer it to third parties at the closing date.

The types of events that could require provisions are:

- a) ongoing legal disputes;
- b) risks for ongoing claw-back claims;
- c) certain or probable obligations arising from contractual commitments or an executive ruling which is not yet final.

When the effect of the time value of money is material, the provisions are discounted using the spot market rates at the closing date.

d) Recognition of costs and revenue

Accruals to these provisions are recognised in “Net accruals to provisions for risks and charges” while those for post-employment benefits are recognised under “Personnel expense”.

14.2. – Post-employment benefits

a) Recognition

b) Classification

c) Measurement

d) Derecognition

Post-employment benefits are recognised at their actuarial value.

This value is determined using the procedure for defined benefit plans and the projected unit credit method, whereby future payments are projected using historical series analyses and demographical trends and discounted using a market rate.

Accruals are recognised under “Personnel expense” and include the Italian Civil Code revaluation and interest expense on the increase in present value due to the time value of money. The actuarial gains or losses are calculated in accordance with IAS 19, as amended by the IASB in 2011, which eliminated the corridor approach and their full recognition in profit or loss, requiring their recognition in other comprehensive income (OCI), hence directly in an equity reserve without affecting profit or loss.

e) Recognition of costs and revenue

Actuarial gains and losses are recognised as other comprehensive income, in a specific equity reserve.

14.3 – Treasury shares

The bank did not have any treasury shares in its portfolio at the reporting date.

14.4 – Dividends and revenue recognition

In accordance with IFRS 15, revenue is recognised when the contractual obligation to transfer a promised good or service is met. Transfer is considered to be completed when the customer obtains control of the good or service. This may take place in two ways:

- 1) over time, or
- 2) at a point in time.

Specifically, dividends are recognised in profit or loss when the right to receive their payment arises.

Income from the trading or issue of financial instruments, being the difference between the transaction price and the instrument's fair value, is recognised in profit or loss when the transaction is recognised if the fair value can be determined using parameters or recent transactions on the same market as that on which the instrument is traded; if not, they are deferred and recognised over the instrument's term considering its nature.

Income from financial instruments that cannot be measured using the above methods is taken to profit and loss over the transaction's term.

A.3 – TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

A.3.1 Reclassified financial assets: change in business model, carrying amount and interest income

The bank has not reclassified any financial assets.

A.3.2. Reclassified financial assets: change in business model, fair value and impact on OCI

The bank did not reclassify its financial assets as a result of a change in its business model.

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

The bank did not reclassify its financial assets as a result of a change in its business model.

A.4 – FAIR VALUE

Qualitative disclosure

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the principal market at the measurement date.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The fair value of financial instruments quoted on active markets is calculated using the official prices of the principal market. A financial instrument is considered to be quoted on an active market if the quoted prices are promptly and regularly available in a price list, from an operator, broker, etc. and these prices represent effective market transactions that take place regularly in normal conditions.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

If an active market that can give the price of a financial instrument does not exist, the bank determines fair value using the following methods:

- ❖ **Market approach:** the bank uses prices generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities.
- ❖ **Discounted cash flow:** the bank estimates future cash flows expected or generated by the financial instrument which it discounts using risk free rates to which it adds the credit spread requested by the market for instruments with similar risk profiles.
Fair value equals the sum of the discounted cash flows.
The credit spread for performing exposures with customers is calculated considering expected losses.
The fair value of credit-impaired exposures is their carrying amount.
- ❖ **Similar transactions:** the fair value of equity instruments for which market prices or market prices for identical or similar assets are not available is based on recent transactions or the unrestricted trade of the same instrument.
If there are no recent transactions by third parties, the bank uses the transaction performed to acquire the financial instrument to calculate its fair value.

Financial products are classified as level 2 when fair value is determined by using observable inputs on an active market. They are classified as level 3 when market sources do not provide a market price and the bank applies valuation techniques used on the market and applied to its assets.

Financial instruments not measured at fair value, including loans and receivables with customers and banks, are not managed on the basis of the fair value. For these instruments, the fair value is only calculated to comply with the disclosure requirements of IFRS 13 and does not affect the financial statements or profit or loss. As these instruments are not traded, determination of their fair value is based on internal parameters not directly observable on the market as defined by IFRS 13.

The fair value of debt instruments issued by the bank and recognised at amortised cost is determined using the effective interest method.

A.4.2 Measurement processes and sensitivity

The bank has measured investments in unlisted entities, classified in the HTCS portfolio and for which observable prices in an active market do not exist, as fair value level 3. The carrying amount was determined using the prices of the most recent transactions performed. The bank performed a sensitivity analysis for these assets, assuming a variation of -10%/+10% in equity. The following table shows the possible variations:

Investee	Equity	Investment %	Share of equity	10% decrease in equity	10% increase in equity	Carrying amount at 31/12/2024
Bancomat S.p.A.	26,909,495	0.1000%	26,909	24,219	29,600	21,945
CBIS c.p.a.	16,163,433	0.3284%	53,084	47,776	58,392	3,022
CARICESE S.r.l.	24,106,497	0.5000%	120,532	108,479	132,586	20,000
ConfidiCoop Marche	28,636,979	1.5000%	429,555	386,599	472,510	100,000
CSE Consorzio Servizi Bancari S.r.l.	101,928,627	5.0000%	5,096,431	4,586,788	5,606,074	6,250,000
Fermano Leader s.c.a.r.l.	49,798	1.5000%	747	672	822	3,000
S.W.I.F.T. - Brussels	719,274,000	0.0004%	2,643	2,378	2,907	2,529
TOTAL	917,068,829		5,729,901	5,156,911	6,302,891	6,400,496

The above table shows that the fair value of the equity investments listed above (shown in the financial statements) is consistent with the inputs used for the sensitivity analysis.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy depending on the observability of the valuation technique inputs adopted. There are three levels:

1. Level 1: the fair value of instruments classified in this level is based on quoted prices in active markets;
2. Level 2: the fair value of instruments classified in this level is based on valuation models that use inputs that are observable on inactive/active markets for the asset or liability;
3. Level 3: the fair value of instruments classified in this level is based on valuation models used on the market and applicable to the bank's assets.

A.4.4. Other disclosures

The bank has not undertaken transactions that would require disclosure as per IFRS 13.51/93(i)/96.

Quantitative disclosure

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

Financial assets/liabilities measured at fair value	12/2024			12/2023		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	181,128	5,018	-	171,553	7,492	-
a) financial assets held for trading	181,128	2,774	-	171,553	4,685	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	2,244	-	-	2,807	-
2. Financial assets measured at fair value through other comprehensive income	542,002	15,000	6,400	584,265	15,000	6,400
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	723,130	20,018	6,400	755,818	22,492	6,400
1. Financial liabilities held for trading	75	493	-	7	331	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	75	493	-	7	331	-

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

Financial assets classified as at fair value through OCI in the L1 column of the A.4.5.1 table refer to:

- debt instruments traded on organised markets;
- the bank's listed equity instruments.

Financial assets classified as trading in the L2 column of the A.4.5.1 table refer to debt instruments traded on inactive markets and measured using the criteria set out in Part A, section 2 of these notes.

Financial assets classified in the portfolio obligatorily measured at fair value indicated in schedule A.4.5.1 in column L2 refer to units of the Efesto Fund (AIF), acquired after the sale of loans classified as UTP, for which fair value was determined based on the most recently available NAV, discounted to take liquidity risk into account.

Financial assets classified at fair value through OCI in the L2 column of schedule A.4.5.1 refer to equity instruments in Bank of Italy, for which the fair value can be objectively determined.

Financial assets classified as at fair value through OCI in table A.4.5.1 of the L3 column refer to unlisted equity investments and investments in companies limited by quotas (S.r.l.) acquired by the bank over the last few years with carrying amounts equal to the average prices struck for the last few acquisitions. If this information is not available, they are measured at cost.

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

	Financial assets at fair value through profit or loss				Financial assets at fair value through OCI	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	Including: a) financial assets held for trading	Including: b) financial assets designated at fair value	Including: c) other financial assets mandatorily measured at fair value				
1. Opening balance	-	-	-	-	6,400	-	-	-
2. Increases	-	-	-	-	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Gains recognised in:	-	-	-	-	-	-	-	-
2.2.1. Profit or loss	-	-	-	-	-	-	-	-
- including: gains on sales	-	-	-	-	-	-	-	-
2.2.2. Equity	-	-	-	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	-	-	-	-	-	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Repayments	-	-	-	-	-	-	-	-
3.3. Losses recognised in:	-	-	-	-	-	-	-	-
3.3.1. Profit or loss	-	-	-	-	-	-	-	-
- including: losses on sales	-	-	-	-	-	-	-	-
3.3.2. Equity	-	-	-	-	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	6,400	-	-	-

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

The table has not been inserted since there is no instance of this case.

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 level

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	12/2024				12/2023			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	1,546,147	265,076	13,786	1,309,588	1,488,802	248,211	9,359	1,256,226
2. Investment property	490	-	-	490	507	-	-	507
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
TOTAL	1,546,637	265,076	13,786	1,310,078	1,489,309	248,211	9,359	1,256,733
1. Financial liabilities measured at amortised cost	2,105,662	-	-	2,123,725	2,136,211	-	-	2,141,195
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
TOTAL	2,105,662	-	-	2,123,725	2,136,211	-	-	2,141,195

A.5 – DISCLOSURE ON “DAY ONE PROFIT/LOSS”

In the case of Level 3 operations, the model fair value may differ from the transaction price. Positive differences (day one profit) are amortised across the remaining term of the instrument, while negative differences (day one loss) are recognised in the income statement on a precautionary basis.

As at 31 December 2024, no differences were found between the transaction values and the corresponding fair values.

PART B

Notes to the balance sheet

ASSETS

Section 1 – Cash and cash equivalents – Caption 10

1.1 Cash and cash equivalents: breakdown

Tax base / Amount	12/2024	12/2023
a) Cash	25,562	25,113
b) Current accounts and on-demand deposits with central banks	-	-
c) Current accounts and deposits with banks	10,007	13,377
Total	35,569	38,490

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

2.1 Financial assets held for trading: breakdown by product

Tax base / Amount	12/2024			12/2023		
	L1	L2	L3	L1	L2	L3
A. Assets						
1. Debt instruments	164,291	361	-	158,002	390	-
1.1 Structured instruments	-	-	-	-	-	-
1.2 Other debt instruments	164,291	361	-	158,002	390	-
2. Equity instruments	14,520	-	-	10,895	-	-
3. OEIC units	1,976	2,115	-	2,595	3,470	-
4. Financing	-	-	-	-	-	-
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	180,787	2,476	-	171,492	3,860	-
B. Derivatives						
1. Financial derivatives:	341	297	-	60	825	-
1.1 for trading	341	297	-	60	825	-
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	341	297	-	60	825	-
Total (A + B)	181,128	2,773	-	171,552	4,685	-

The amount shown in the “Level 2” column for item “1.2 Other debt instruments” relates to the securities purchased by the bank and issued by the Porto Sant’Elpidio municipality for € 361 thousand.

The amount indicated in column L2 of Item “3. OEIC units” refers to units of funds acquired as part of the management appointment granted to Epsilon Sgr and Eurizon Sgr.

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

Tax base / Amount	12/2024	12/2023
A. ASSETS		
1. Debt instruments	164,652	158,392
a) Central banks	-	-
b) Public administrations	109,012	89,194
c) Banks	29,467	43,002
d) Other financial companies	19,603	19,901
<i>including: insurance companies</i>	-	-
e) Non-financial companies	6,570	6,295
2. Equity instruments	14,520	10,895
a) Banks	223	191
b) Other financial companies	2,261	1,686
<i>including: insurance companies</i>	167	166
c) Non-financial companies	12,036	9,018
d) Other issuers	-	-
3. OEIC units	4,091	6,065
4. Financing	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>including: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	183,263	175,352
B. DERIVATIVES		
a) Central counterparties	341	38
b) Other	297	848
Total B	638	886
Total (A + B)	183,901	176,238

The derivatives set out in point B include:

- interest rate swaps;
- cap options;
- futures;
- currency forwards.

The bank has agreed a mirroring derivative with leading national banks to hedge each IRS agreed with its customers. This led to the substantial overlapping of the fair value of the derivatives.

The futures and forwards relate to the assets managed by Epsilon SGR. They are listed and their fair value is based on their market prices at the reporting date. Futures are settled daily and, hence, the related changes in the margin account made by the clearing house are recognised in profit or loss.

2.5. Other financial assets mandatorily measured at fair value: breakdown by product

Tax base / Amount	12/2024			12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	-	-	-	-	8	-
1.1 Structured instruments	-	-	-	-	-	-
1.2 Other debt instruments	-	-	-	-	8	-
2. Equity instruments	-	-	-	-	-	-
3. OEIC units	-	2,244	-	-	2,800	-
4. Financing	-	-	-	-	-	-
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	-	2,244	-	-	2,808	-

The amount shown in item “3” expresses the value of the shares of Fondo Efesto acquired following the sale of UTP exposures. The initial value of the shares was € 4,205 thousand and partial per share reimbursements through 31 December 2024 come to € 1,534 thousand. The Bank measures the units of the Fund in respect of the most recently available NAV. A 15% impairment percentage is applied to this amount, calculated collectively, to take the liquidity risk of the Fund into account (liquidity discount). Measurement of the Efesto Fund at 31 December 2024 led to capital loss of € 194 thousand, recognised in the income statement.

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

Tax base / Amount	12/2024	12/2023
1. Equity instruments	-	-
<i>including: banks</i>	-	-
<i>including: other financial companies</i>	-	-
<i>including non-financial companies</i>	-	-
2. Debt instruments	-	8
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	8
<i>including: insurance companies</i>	-	-
e) Non-financial companies	-	-
3. OEIC units	2,244	2,800
4. Financing	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>including: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	2,244	2,808

Section 3 – Financial assets measured at fair value through other comprehensive income - Caption 30
3.1 Financial assets measured at fair value through other comprehensive income: breakdown by product

Tax base / Amount	12/2024			12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	541,358	-	-	583,483	-	-
1.1 Structured instruments	-	-	-	-	-	-
1.2 Other debt instruments	541,358	-	-	583,483	-	-
2. Equity instruments	644	15,000	6,400	783	15,000	6,400
3. Financing	-	-	-	-	-	-
Total	542,002	15,000	6,400	584,266	15,000	6,400

Financial assets at fair value through other comprehensive income:

1. in the L1 column refer to:
 - a. debt instruments traded on regulated active markets;
 - b. listed equity instruments;
 - c. other listed investments.
2. in column L2, they refer to the value of Bank of Italy equity shares in which the fair value is determined objectively;
3. in the L3 column refer to equity instruments measured based on recent transactions. If this information is not available, they are measured at cost.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Tax base / Amount	12/2024	12/2023
1. Debt instruments	541,358	583,483
a) Central banks	-	-
b) Public administrations	539,895	582,058
c) Banks	-	-
d) Other financial companies	-	-
<i>including: insurance companies</i>	-	-
e) Non-financial companies	1,463	1,425
2. Equity instruments	22,045	22,184
a) Banks	15,156	15,107
b) Other issuers:	6,889	7,077
- other financial companies	610	798
<i>including: insurance companies</i>	-	-
- non-financial companies	6,279	6,279
- other	-	-
3. Financing	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>including: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	563,403	605,667

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total impairment losses

Tax base / Amount	Gross amount					Total impairment losses				Partial/total write-offs
	Stage 1		Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
		including: instruments with a low credit risk								
Debt instruments	541,491	-	-	-	-	133	-	-	-	-
Financing	-	-	-	-	-	-	-	-	-	-
Total (31/12/2024)	541,491	-	-	-	-	133	-	-	-	-
Total (31/12/2023)	583,626	-	-	-	-	144	-	-	-	-

Section 4 - Financial assets measured at amortised cost - Caption 40

4.1 Financial assets measured at amortised cost: loans to banks broken down by product

Transaction/Amount	12/2024						12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
A. Loans and receivables with central banks	14,363	-	-	-	-	14,363	12,868	-	-	-	-	12,868
1. Term deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Minimum reserve	14,363	-	-	-	-	-	12,868	-	-	-	-	-
3. Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans to banks	22	-	-	-	-	22	14	-	-	-	-	14
1. Financing	22	-	-	-	-	-	14	-	-	-	-	-
1.1 Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Term deposits	-	-	-	-	-	-	-	-	-	-	-	-
1.3. Other financing	22	-	-	-	-	-	14	-	-	-	-	-
- Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
- Other	22	-	-	-	-	-	14	-	-	-	-	-
2. Debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured instruments	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
Total	14,385	-	-	-	-	14,385	12,882	-	-	-	-	12,882

4.2 Financial assets measured at amortised cost: breakdown of loans to customers by product

Transaction/Amount	12/2024						12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
Financing	1,211,803	17,604	-	-	-	1,295,202	1,159,640	26,869	-	-	-	1,243,344
1.1. Current accounts	98,355	1,614	-	-	-	-	99,840	4,476	-	-	-	-
1.2. Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.3. Loans	955,123	12,249	-	-	-	-	891,744	17,925	-	-	-	-
1.4. Credit cards, personal loans and salary-backed loans	51,495	419	-	-	-	-	48,397	538	-	-	-	-
1.5. Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
1.6. Factoring	-	-	-	-	-	-	-	-	-	-	-	-
1.7. Other financing	106,830	3,322	-	-	-	-	119,659	3,930	-	-	-	-
Debt instruments	302,355	-	-	265,076	13,786	-	289,410	-	-	247,217	9,345	-
1.1. Structured instruments	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other debt instruments	302,355	-	-	265,076	13,786	-	289,410	-	-	247,217	9,345	-
Total	1,514,158	17,604	-	265,076	13,786	1,295,202	1,449,050	26,869	-	247,217	9,345	1,243,344

Item "1.7. Other" of table 4.2 includes the following:

- import/export advances of € 11,139 thousand;
- advances on bills under reserve and invoices of € 81,504 thousand;
- portfolio risks of € 517 thousand;
- subsidies with or without repayment plans of € 14,485 thousand;
- loans and receivables with garnishee administration for salary-backed loans for € 258 thousand;
- advances in favour of treasury entities managed for € 16 thousand.

4.3 Financial assets measured at amortised cost: breakdown of loans to customers by debtor/issuer

Transaction/Amount	12/2024			12/2023		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt instruments	302,356	-	-	289,410	-	-
a) Public administrations	283,573	-	-	275,090	-	-
b) Other financial companies	18,783	-	-	14,320	-	-
including: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Financing with:	1,211,803	17,603	-	1,159,641	26,870	-
a) Public administrations	198,611	1	-	135,692	-	-
b) Other financial companies	31,657	-	-	33,998	39	-
including: insurance companies	1	-	-	-	-	-
c) Non-financial companies	630,853	11,380	-	626,287	16,960	-
d) Households	350,682	6,222	-	363,664	9,871	-
Total	1,514,159	17,603	-	1,449,051	26,870	-

Item “1. Debt instruments” of the above table shows the securities classified in the HTC portfolio in line with the bank’s business model, the market value of which is € 277,472 thousand.

4.4 Financial assets measured at amortised cost: gross amount and total impairment losses

Tax base / Amount	Gross amount				Total impairment losses				Partial/total write-offs
	Stage 1		Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
		including: instruments with a low credit risk							
Debt instruments	302,464	-	-	-	-	109	-	-	-
Financing	1,067,626	-	168,592	40,843	-	3,636	6,393	23,239	6,041
Total (31/12/2024)	1,370,090	-	168,592	40,843	-	3,745	6,393	23,239	6,041
Total (31/12/2023)	1,248,878	-	227,306	68,591	-	2,816	11,437	41,720	9,488

The caption financing of the stage 1 column includes loans and receivables with banks of € 14.4 million.

The figures for coverage of performing loans to customers can be found in the following table:

Stage	financing with customers	Impairment losses	Net performing exposures w/customers	% hedged
Stage 1	1,053,240	3,636	1,049,604	0.35%
Stage 2	168,592	6,393	162,199	3.79%
Total	1,221,832	10,029	1,211,803	0.82%

4.4a Financing measured at amortised cost subject to COVID-19 support measures: gross amount and total impairment losses

Tax base / Amount	Gross amount					Total impairment losses				Partial/total write-offs
	Stage 1		Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
		including: instruments with a low credit risk								
1. Financing subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-
2. Financing subject to existing moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-
3. Financing subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-
4. New financing	74,646	-	12,893	2,852	-	346	439	786	-	-
Total (31/12/2024)	74,646	-	12,893	2,852	-	346	439	786	-	-
Total (31/12/2023)	123,889	-	18,460	2,552	-	340	831	1,070	-	-

The amount indicated in item 4 refers to the financing disbursed under government guarantee according to the legislative provisions related to economic support for households and companies associated with the COVID-19 emergency.

Section 8 - Property, plant and equipment - Caption 80

8.1 Property and equipment used for operations: breakdown of assets measured at cost

Asset / Amount	Total 12/2024	Total 12/2023
1 Owned	9,683	10,471
a) land	4,221	4,221
b) buildings	4,133	4,811
c) furniture	756	799
d) electronic systems	247	290
e) other	326	350
2 Rights of use acquired with leases	4,913	5,561
a) land	-	-
b) buildings	3,810	4,251
c) furniture	-	-
d) electronic systems	1,071	1,254
e) other	32	56
Total	14,596	16,032
including: obtained through enforcement of guarantees received	-	-

Item “2 Rights of use acquired with leases - b) buildings” in the above table indicates the rights of use on leased properties, calculated following application of IFRS 16 for € 3,810 thousand.

The amount under item “2 Rights of use acquired with leases - d) electronic systems” including the rights of use on leased electronic machinery amounts to € 1,071 thousand, while item “e) other” includes the rights of use for car hire for € 32 thousand.

8.2 Investment property held for investment: breakdown of assets measured at cost

Asset / Amount	Total 12/2024				Total 12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1 Owned	490	-	-	490	507	-	-	507
a) land	-	-	-	-	-	-	-	-
b) buildings	490	-	-	490	507	-	-	507
2 Rights of use acquired with leases	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	490	-	-	490	507	-	-	507
including: obtained through enforcement of guarantees received	490	-	-	490	507	-	-	507

8.6 Property and equipment used for operations: changes

Tax base / Amount	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	4,227	34,597	7,079	7,283	7,481	60,667
A.1 Accumulated depreciation and net impairment losses	6	29,786	6,280	6,993	7,131	50,196
A.2 Net opening balance	4,221	4,811	799	290	350	10,471
B. Increases:	-	-	105	110	85	300
B.1 Purchases	-	-	105	110	85	300
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Impairment gains	-	-	-	-	-	-
B.4 Fair value gains recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	-	678	148	153	109	1,088
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation and depreciation	-	678	148	153	109	1,088
C.3 Impairment losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	-	-	-	-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	4,221	4,133	756	247	326	9,683
D.1 Accumulated depreciation and net impairment losses	6	30,464	6,428	7,146	7,240	51,284
D.2 Gross closing balance	4,227	34,597	7,184	7,393	7,566	60,967
E. Measurement at cost	-	-	-	-	-	-

The decreases in line “C.2 Amortisation and depreciation” of the table above comply with the tax rates established by the Ministry for the Economy and Finance decree as no material wear and tear was identified during the year.

A list of the property owned by the bank is attached to these notes.

8.6-bis Including - Property, plant and equipment used for operations - Rights of use acquired with leases: annual changes

Tax base / Amount	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	-	9,053	-	2,608	316	11,977
A.1 Accumulated depreciation and net impairment losses	-	4,802	-	1,354	260	6,416
A.2 Net opening balance	-	4,251	-	1,254	56	5,561
B.Increases:	-	525	-	108	14	647
B.1 Purchases	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Impairment gains	-	-	-	-	-	-
B.4 Fair value gains recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-				-
B.7 Other changes	-	525	-	108	14	647
C.Decreases:	-	966	-	291	38	1,295
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation and depreciation	-	964	-	290	37	1,291
C.3 Impairment losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-				-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	2	-	1	1	4
D. Net closing balance	-	3,810	-	1,071	32	4,913
D.1 Accumulated depreciation and net impairment losses	-	5,766	-	1,644	297	7,707
D.2 Gross closing balance	-	9,576	-	2,715	329	12,620
E. Measurement at cost	-	-	-	-	-	-

The previous statement highlights the changes in rights of use in line with the provisions of IFRS16.

Point B7 - "Other changes" shows the new tangible goods rental contracts signed during financial year 2024 and the additions to existing contracts.

Point C.7 "Other changes" contains the changes due to fee revision of existing lease contracts and early repayments.

8.7 Investment property: annual changes

Tax base / Amount	Total at 12/2024	
	Land	Buildings
A. Opening balance	-	507
B.Increases	-	-
B.1 Purchases	-	-
B.2 Capitalised improvement costs	-	-
B.3 Fair value gains	-	-
B.4 Impairment gains	-	-
B.5 Exchange gains	-	-
B.6 Transfers from property used for operations	-	-
B.7 Other changes	-	-
C.Decreases	-	17
C.1 Sales	-	-
C.2 Amortisation and depreciation	-	17
C.3 Fair value losses	-	-
C.4 Impairment losses	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
<i>a) property used for operations</i>	-	-
<i>b) non-current assets held for sale and disposal groups</i>	-	-
C.7 Other changes	-	-
D. Closing balance	-	490
E. Fair value	-	-

The above table shows the value of the properties assigned to the bank by the Courts of Terni and Fermo following credit recovery enforcement procedures.

Section 9 - Intangible assets - Caption 90

9.1 Intangible assets: breakdown by asset type

Asset / Amount	Total at 12/2024		Total at 12/2023	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill		-		-
A.2 Other intangible assets	91	-	164	-
including: software	91	-	164	-
A.2.1 Assets measured at cost	91	-	164	-
a) Internally-generated	-	-	-	-
b) Other assets	91	-	164	-
A.2.2 Asset measured at fair value:	-	-	-	-
a) Internally-generated	-	-	-	-
b) Other assets	-	-	-	-
Total	91	-	164	-

9.2 Intangible assets: annual changes

Tax base / Amount	Goodwill	Other intangible assets: internally-generated		Other intangible assets: other		Total
		with finite life	with indefinite life	with finite life	with indefinite life	
A. Opening balance	-	-	-	1,120	-	1,120
A.1 Accumulated depreciation and net impairment losses	-	-	-	956	-	956
A.2 Net opening balance	-	-	-	164	-	164
B. Increases	-	-	-	16	-	16
B.1 Purchases	-	-	-	16	-	16
B.2 Increase in internally generated assets		-	-	-	-	-
B.3 Impairment gains		-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- equity		-	-	-	-	-
- profit or loss		-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	-	-	-	89	-	89
C.1 Sales	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	89	-	89
- Amortisation and depreciation		-	-	89	-	89
- Impairment losses	-	-	-	-	-	-
+ equity		-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Fair value losses	-	-	-	-	-	-
- equity		-	-	-	-	-
- profit or loss		-	-	-	-	-
C.4 Transfers to disposal groups	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	-	-	-	91	-	91
D.1 Accumulated amortisation and net impairment losses	-	-	-	1,045	-	1,045
E. Gross closing balance	-	-	-	1,136	-	1,136
F. Measurement at cost	-	-	-	-	-	-

Intangible assets include software packages amortised over five years unless their user licence provides otherwise.

Section 10 - Tax assets and liabilities - Caption 100 of assets and Caption 60 of liabilities

10.1 Deferred tax assets: breakdown

Components	12/2024	12/2023
Personnel provisions	667	721
Accruals to Provisions for Risks and Charges	1,298	1,346
Fair value losses on HTCS securities	2,604	8,446
Impairment losses on loans and receivables	4,393	6,920
Actuarial losses on agents' termination benefits/employee termination indemnities	649	667
Total	9,611	18,100

“Impairment losses on loans and receivables” includes the deferred tax assets calculated during transition to IFRS9 on the impairment losses for € 2,063 thousand.

10.2 Deferred tax liabilities: breakdown

Components	12/2024	12/2023
Fair value gains on bonds	-	-
Fair value gains on HTCS securities	193	356
Deferred gains	-	-
FTA depreciation of land	672	672
Employee termination indemnities	235	235
Actuarial gains on employee termination indemnities	-	-
Total	1,100	1,263

Deferred tax assets and liabilities were affected by changes in the measurement reserve for financial assets held in the HTCS securities portfolio. Moreover, the tax legislative changes applicable to entities that apply the IFRS authorised use of the “derivazione rafforzata” criterion rather than the “neutrality” criterion. This substantially decreased the differences between the carrying amounts and tax bases of assets and liabilities with the resulting decrease in the related deferred tax assets and liabilities. Law no. 214/2011 introduced the provision for the conversion of deferred tax assets recognised on loans and receivables and goodwill when they satisfy the probability test. Table 10.3 bis shows the deferred tax assets covered by the law if the bank has an accounting or tax loss.

The probability test as envisaged by IAS 12 was carried out for the estimate of recoverability of other deferred tax assets. This test is based on the prediction for future years, adjusting its pre-tax profit to consider temporary and permanent future differences in accordance with the tax regulations in force at the valuation date, so as to give an estimate of the future tax results capable of determining the recovery of deferred tax assets.

10.3 Changes in deferred tax assets (recognised in profit or loss)

Tax base / Amount	Total at 12/2024	Total at 12/2023
1. Opening balance	8,988	11,522
2. Increases	554	618
2.1 Deferred tax assets recognised in the year	554	618
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting policies</i>	-	-
<i>c) reversals of impairment losses</i>	-	-
<i>d) other</i>	554	618
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	3,183	3,152
3.1 Deferred tax assets derecognised in the year	3,183	3,152
<i>a) reversals</i>	3,183	3,152
<i>b) impairment due to non-recoverability</i>	-	-
<i>c) change in accounting policies</i>	-	-
<i>d) other</i>	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
<i>a) conversion into tax assets as per Law no. 214/2011</i>	-	-
<i>b) other</i>	-	-
4. Closing balance	6,359	8,988

10.3-bis Change in deferred tax assets as per Law no. 214/2011

Tax base / Amount	Total at 12/2024	Total at 12/2023
1. Opening balance	4,342	6,471
2. Increases	-	-
3. Decreases	2,011	2,129
3.1 Reversals	2,011	2,129
3.2 Conversions into tax assets	-	-
<i>a) arising on losses</i>	-	-
<i>b) arising on tax losses</i>	-	-
3.3 Other decreases	-	-
4. Closing balance	2,331	4,342

The above table shows the deferred tax assets related to impairment losses on loans and receivables that are convertible into tax assets should the bank record a loss for accounting or tax purposes as per Law no. 214/2011.

10.4 Changes in deferred tax liabilities (recognised in profit or loss)

Tax base / Amount	Total at 12/2024	Total at 12/2023
1. Opening balance	672	672
2. Increases	-	-
2.1 Deferred tax liabilities recognised in the year	-	-
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred tax liabilities derecognised in the year	-	-
<i>a) reversals</i>	-	-
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	672	672

10.5 Changes in deferred tax assets (recognised in equity)

Tax base / Amount	Total at 12/2024	Total at 12/2023
1. Opening balance	9,112	18,635
2. Increases	104	134
2.1 Deferred tax assets recognised in the year	104	134
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	104	134
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	5,964	9,657
3.1 Deferred tax assets derecognised in the year	5,964	9,657
<i>a) reversals</i>	5,964	9,657
<i>b) impairment due to non-recoverability</i>	-	-
<i>c) due to changes in accounting policies</i>	-	-
<i>d) other</i>	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	3,252	9,112

10.6 Changes in deferred tax liabilities (recognised in equity)

Tax base / Amount	Total at 12/2024	Total at 12/2023
1. Opening balance	591	593
2. Increases	42	157
2.1 Deferred tax liabilities recognised in the year	42	157
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	42	157
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	205	159
3.1 Deferred tax liabilities derecognised in the year	205	159
<i>a) reversals</i>	205	159
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	428	591

10.7 Other information

Caption "100a" of "Tax assets: a) current" of € 6,075 thousand comprises:

- tax relief for earthquakes of € 5,427 thousand;
- tax assets of € 3 thousand for withholdings on public bodies;
- substitute tax on account of € 624 thousand on the capital gain;
- IRES tax relief of €21 thousand.

Section 12 - Other assets - Caption 120

12.1 Other assets: breakdown

Components	Total at 12/2024	Total at 12/2023
a) other tax assets	28,228	20,736
b) cheques drawn on other banks	499	61
c) cheques to be received from clearing house and truncated in branch	-	-
e) revenue stamps and other stamps	3	3
g) shortfalls, embezzlement, theft and other prior	-	-
h) items in transit	22,551	15,743
i) leasehold improvements	633	581
j) accrued income	138	99
k) prepayments	314	212
l) portfolio adjustment differences	-	-
m) other	7,970	5,614
Total	60,336	43,049

Specifically, in the above table:

- point a) includes construction tax credits acquired from customers with reference to law 34/2020 and restated in item "120 Other assets", equal to € 23,539 thousand;
- item h) includes transactions under settlement by BFF S.P.A. and Bank of Italy in the amount of €5,557 thousand, and items in transit to be debited to the end accounts, resolved in 2025, in the amount of €16,994 thousand;
- item k) mostly consists of prepaid insurance premiums;
- item m) includes sundry amounts of €3,118 thousand, accrued commissions of €4,852 thousand.

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Caption 10

1.1 Financial liabilities measured at amortised cost: breakdown by product due to banks

Transaction/Amount	Total at 12/2024				Total at 12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	-				174,991			
2. Due to banks	2,914				64			
2.1 Current accounts and on-demand deposits	2,853				-			
2.2 Term deposits	61				64			
2.3 Financing	-				-			
2.3.1 Repurchase agreements	-				-			
2.3.2 Other	-				-			
2.4 Commitments to repurchase own equity instruments	-				-			
2.5 Lease liabilities	-				-			
2.6 Other liabilities	-				-			
Total	2,914	-	-	2,914	175,055	-	-	175,055

Point 1 of the previous table no longer shows financing granted by the ECB through TLTRO III, which was repaid early on 26 June 2024.

1.2 Financial liabilities measured at amortised cost: breakdown by product of due to customers

Transaction/Amount	Total at 12/2024				Total at 12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and on-demand deposits	1,814,336				1,752,840			
2. Term deposits	4,018				4,831			
3. Financing	-				-			
3.1 Repurchase agreements	-				-			
3.2 Other	-				-			
4. Commitments to repurchase own equity instruments	-				-			
5. Lease liabilities	4,840				5,461			
6. Other liabilities	199,906				140,679			
Total	2,023,100	-	-	2,041,684	1,903,811	-	-	1,909,671

1.2.1 Lease liabilities: performance

Transaction/Amount	Lease liabilities at 12/2023	Interest expense	Fees paid for leasing	Other changes	Carrying amount at 12/2024
Total financial liabilities for leasing	5,461	51	- 1,309	637	4,840

The column “Other changes” includes early repayments with reference to IFRS 16 contracts for € 39 thousand and new contracts and ISTAT adjustments to existing ones for € 676 thousand.

1.2.2 Lease liabilities: time bracket

Transaction/Amount	Present value at 12/2024	Present value at 12/2023
Up to 3 months	1	2
After 3 months and up to 1 year	107	15
After 1 year and up to 5 years	2,143	2,236
After 5 years	2,589	3,208
Total	4,840	5,461

1.3 Financial liabilities measured at amortised cost: breakdown by product of securities issued

Security /Amount	Total at 12/2024				Total at 12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	-	-	-	-	-	-	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	-	-	-	-	-	-	-	-
2. other securities	79,647	-	-	79,126	57,345	-	-	56,469
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	79,647	-	-	79,126	57,345	-	-	56,469
Total	79,647	-	-	79,126	57,345	-	-	56,469

Item “2.2 - other” includes the certificates of deposit issued by the bank.

Section 2 - Financial liabilities held for trading - Caption 20
2.1 Financial liabilities held for trading: breakdown by product

Transaction / Amount	Total at 12/2024					Total at 12/2023				
	Nominal or notional amount	Fair Value			Fair Value (*)	Nominal or notional amount	Fair Value			Fair Value (*)
		L1	L2	L3			L1	L2	L3	
A. Liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt instruments	-	-	-	-	-	-	-	-	-	-
3.1. Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	-	-	-	-	-	-
3.1.2 Other bonds	-	-	-	-	-	-	-	-	-	-
3.2. Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	-	-	-	-	-	-
3.2.2 Other	-	-	-	-	-	-	-	-	-	-
Total A	-	-	-	-	-	-	-	-	-	-
B. Derivatives										
1. Financial derivatives		75	493	-			7	332	-	
1.1 For trading		75	493	-			7	332	-	
1.2 Associated with fair value option		-	-	-			-	-	-	
1.3 Other		-	-	-			-	-	-	
2. Credit derivatives		-	-	-			-	-	-	
2.1 For trading		-	-	-			-	-	-	
2.2 Associated with fair value option		-	-	-			-	-	-	
2.3 Other		-	-	-			-	-	-	
Total B		75	493	-			7	332	-	
Total (A+B)		75	493	-			7	332	-	

Section 6 - Tax liabilities - Caption 60

6.1 Current tax liabilities

Tax base / Amount	12/2024	12/2023
Current tax liabilities	2,740	67
IRES	6,586	7,089
IRAP	1,687	1,877
Stamp duty	58	294
Additional payments on account	- 923	- 1,245
IRES payments on account	- 6,105	- 8,404
IRAP payments on account	- 1,848	- 2,179
Prior year tax assets	3,285	2,635

In addition to the accruals for taxes during the year, the advance payments made for this purpose were deducted as envisaged by IAS 12.

Section 8 - Other liabilities - Caption 80

8.1 Other liabilities: breakdown

Components	12/2024	12/2023
a) Tax liabilities	8,432	8,053
b) Amounts due to social security institutions	974	1,083
c) Amounts available to customers	1,976	2,509
d) Third party guarantee deposits	513	121
f) Other amounts due to employees	3,063	3,174
g) Items in transit	18,023	20,244
h) Accrued expenses	3	3
i) Deferred income	383	330
j) Portfolio adjustment differences	29,736	612
k) Other items	4,223	3,745
Total	67,326	39,874

Item "a) Tax liabilities" refers to tax withholdings to be paid and amounts collected on behalf of customers to be transferred to the tax authorities.

Item "g) Items in transit" refers mainly to the following transactions which have not yet reached the account which is their final destination: cash-advance operations in the amount of €482 thousand; 034 network messages received in the amount of €522 thousand; network messages concerning foreign transfers in the amount of €314 thousand; sorting of messages towards customer foreign accounts in the amount of €495 thousand; withdrawals to be debited made from our ATMs with cards from other institutions in the amount of €356 thousand; network messages concerning Setif (electronic interbank funds transfer system) and bank transfers

involving substantial sums in the amount of €1,141 thousand; messages concerning SDDs received in the amount of €1,692 thousand; network messages concerning SEPA transfers being sent in the amount of €11,349 thousand; transfers concerning subscriptions to mutual investment funds in the amount of €958 thousand; various other residual transactions in the amount of €714 thousand.

Item “j) Portfolio adjustment differences” refers to operations to eliminate the illiquid parts of the portfolio, as summarised in the table below:

Transactions	FY 12/2024
a) “debit” adjustments	404,514
1) bank joint accounts	86,361
2) central portfolio	317,420
3) cash	195
4) other accounts	538
b) “credit” adjustments	434,250
1) bank joint accounts	103,775
2) transferors of bills and documents	329,957
3) other accounts	518
DIFFERENCE	29,736

Item “k) Other items” includes: invoices to be received for € 1,886 thousand and sundry positions for € 2,337 thousand.

Section 9 – Employee termination indemnities – Caption 90

9.1 Employee termination indemnities: annual changes

Tax base / Amount	Total 12/2024	Total 12/2023
A. Opening balance	4,710	5,195
B. Increases	226	191
B.1 Accruals	146	191
B.2 Other changes	80	-
C. Decreases	275	676
C.1 Payments	256	528
C.2 Other changes	19	148
D. Closing balance	4,661	4,710
Total	4,661	4,710

The actuarial losses of € 80 thousand determined by the actuary are recognised in point “B.2 Other changes”. Point B.1 shows the annual interest cost, as calculated by the actuary. Point C.2, on the other hand, shows the amount of the substitute tax on the revaluation of termination indemnities.

9.2 Other information:

Breakdown of “B. Increases”

Description	Amounts
Interest cost	146
<i>including: Revaluation</i>	110
Actuarial loss	80
Total	226

Breakdown of “C. Decreases”

Description	Amounts
Decrease due to employee termination indemnities Legislative decree no. 252/2005 / Actuarial gain	-
Post-employment advances and payments	- 256
Substitute tax on revaluation	- 19
Total	- 275

Actuarial valuation of employee termination indemnities

Description	Amounts
Present value of benefits at 31/12/2023	4,710
Interest cost	146
Substitute tax	- 19
Service cost	-
Payments	- 256
Total recursive	4,581
Present value of benefits at 31/12/2024	4,661
Accumulated actuarial loss	- 80

Since 1 January 2007, post-employment benefits are transferred to either the INPS treasury fund or a supplementary pension fund. Therefore, the actuarial calculation considers the value of accrued benefits, i.e. the total liability for each employee. The calculation is based on demographic and economic assumptions already used at 31/12/2024. The bank eliminated the corridor approach in 2012 and recognised the actuarial loss immediately in equity, thus adopting one of the effects of the revised IAS 19 (2011) early.

For the financial assumptions, reference was made by the actuary to the:

- demographic parameters;
- economic parameters;
- financial parameters.

The demographic parameters are most directly attributable to the actuarial aspects. These parameters are usually included in tables created from general samples from various institutes (e.g. ISTAT (the Italian National Institute of Statistics), INAIL, etc.) and by using the assumptions of a reduction in users based on the probability of death and invalidity.

The economic parameters concern the assumptions made on the changes in values with a direct economic connotation. Relative to the inflation rate, an essential value when determining trends for remeasuring performance in years after the initial valuation, the macroeconomic projections for Italy from 2024-2026 were used, prepared by Bank of Italy experts in the context of the coordinated Eurosystem exercise. The legal revaluation of the post-employment benefits is based on a mechanism that requires recognition of an annual capitalisation rate of 75% of the growth rate of the prices plus 1.5 percentage points. Given the scenario used in relation to this parameter, the measurement provides for a gross revaluation of the post-employment benefits corresponding to 2.78%.

The financial, and most significant, parameter is given from the rate used in the discounting of cash outflows and, therefore, in determining the average present value of the obligations. Through discounting, future commitments are all reported at the measurement date. The curve of Corporate Euro securities with AA rating (source: LSEG Data Analytics) reported at 31/12/2024 was used in the model, as shown by the following table:

YEAR	EUR AA CORPORATE CURVE YIELD TABLE	YEAR	EUR AA CORPORATE CURVE YIELD TABLE
1	2.6400%	16	3.3366%
2	2.6070%	17	3.3582%
3	2.6840%	18	3.3798%
4	2.7540%	19	3.4014%
5	2.8210%	20	3.4230%
6	2.8900%	21	3.4226%
7	2.9670%	22	3.4222%
8	3.0380%	23	3.4218%
9	3.0940%	24	3.4214%
10	3.1370%	25	3.4210%
11	3.1726%	26	3.3948%
12	3.2082%	27	3.3686%
13	3.2438%	28	3.3424%
14	3.2794%	29	3.3162%
15	3.3150%	30	3.2900%

On the basis of the above assumptions, the bank recognised the actuarial loss of € 80 thousand in other comprehensive income.

Section 10 - Provisions for risks and charges - Caption 100
10.1 Provisions for risks and charges: breakdown

Tax base / Amount	Total 12/2024	Total 12/2023
1. Provisions for credit risk associated with loan commitments and financial guarantees given	95	625
2. Provisions for other commitments and other guarantees given	-	-
3. Internal pension funds	4,853	5,027
4. Other provisions	4,216	4,391
4.1 legal and tax disputes	2,553	2,203
4.2 personnel expense	-	-
4.3 other	1,663	2,188
Total	9,164	10,043

10.2 Provisions for risks and charges: annual changes

Tax base / Amount	Provisions for other commitments and other guarantees given	Pension funds	Other provisions	Total
A. Opening balance	625	5,027	4,391	10,043
B. Increases	-	356	1,330	1,686
B.1 Accruals	-	209	1,330	1,539
B.2 Discounting	-	-	-	-
B.3 Changes due to variations in discount rate	-	-	-	-
B.4 Other changes	-	147	-	147
C. Decreases	530	530	1,505	2,565
C.1 Utilisations	-	478	1,505	1,983
C.2 Changes due to variations in discount rate	-	-	-	-
C.3 Other changes	530	52	-	582
D. Closing balance	95	4,853	4,216	9,164

Other provisions of € 4,216 thousand, shown in table 10.2, may be analysed as follows by type of litigation:

Other Provisions		
	12/2024	12/2023
Civil litigation	1,790	1,237
Claw-back claims	-	305
Labour disputes and litigation	764	661
Legal and tax disputes (a)	2,553	2,203
Contingent liabilities	1,267	1,809
Various disputes and charges	396	379
Other (b)	1,663	2,189
Total Other Provisions (a)+(b)	4,216	4,391

There are 16 civil litigations, linked to counterparty claims regarding charging of compound interest or interest exceeding the legal rate, or payment refusals.

There are two disputes regarding personnel, the most significant of which concerns a claim against the Bank made by two former employees for the repayment of grants for training to INPS. The case, following a second level judgement in favour of the bank, has been reinstated by the plaintiffs.

The bank has considered the typical risks of the banking sector and a prudent interpretation of the reference regulations when measuring and determining the specific provisions for risks and charges.

It regularly reviews contingent liabilities for which specific provisions have not been made. These relate to obligations that are possible only or present obligations for which:

- a. it is not certain whether an outflow of resources will be necessary;
- b. the amount cannot be determined.

The case in point a. refers to situations in which the probability that an outflow of resources from the Bank will be necessary depends on events that suggest that the likelihood of a negative outcome is very unlikely or impossible.

Specifically, it includes disputes existing at the reporting date, for which a negative outcome is improbable based on:

- (i) the legal advisors' opinion;
- (ii) rulings in the bank's favour by earlier court hearings.

The contingent liabilities and present obligations as at 31 December 2024 are summarised as follows:

Type of risk	Contingent liability		Bonds	
	Petition	Accrual	Petition	Accrual
Civil litigation	2,114	-	3,692	1,790
Claw-back claims	-	-	-	-
Labour disputes and litigation	-	-	764	764
Contingent liabilities	2,529	-	1,481	1,267
Various disputes and charges		-	396	396
Total	4,643	-	6,333	4,216

Contingent liabilities for civil disputes refer to the following categories:

- a) repudiation of false drawers' signatures on credit instruments;
- b) compound interest or interest exceeding the legal rate;
- c) other claims for damage compensation.

The amount of € 2,114 thousand refers to 4 reimbursement requests for damages asserted by customers. With reference to the € 3,692 thousand claimed relative to bonds, this refers to 12 claims involving various civil cases, as described above.

The figure of €2,529 refers to 11 miscellaneous requests, while the €1,481 claimed relative to bonds concern 6 requests for reimbursement.

10.3. Provisions for credit risk associated with loan commitments and financial guarantees given

Tax base / Amount	Provisions for credit risk associated with loan commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
Loan commitments	9	1	-	-	10
Financial guarantees given	13	2	70	-	85
Total	22	3	70	-	95

10.5 Defined benefit internal pension plans

The bank's pension fund ("*Fondo d'integrazione delle pensioni dell'assicurazione obbligatorio per l'invalidità, la vecchiaia ed i superstiti gestita dall'INPS per il Personale - ruolo credito - della Cassa di Risparmio di Fermo*"), included in the special section III as number 9107 of the Pension funds register held by COVIP (the Italian pension regulator) and recognised in caption 100. b) on the liabilities side of the balance sheet, is regulated by the Agreement of 4 December 1990, Legislative decree no. 124/93, the new legislative framework as defined by Law no. 335 of 8 August 1995 and the measure attached to the 1998 Finance Act (Law no. 449/1997) as well as the agreement of 18 October 2000 for the fund's transformation by setting up a defined contribution part from 1 January 2001.

The fund's object is to provide its beneficiaries and their surviving family members with a supplementary pension in addition to that provided by INPS.

Following the aforesaid transformation agreement, the fund covers the bank's employees that had retired at 31 December 2000 or their surviving family members. The bank pays in a contribution in order to ensure its actuarial balance.

At 31/12/2024, the fund had 92 beneficiaries, including those with zero annuities as shown in the following table:

Gender	Direct	Indirect or reversible	Total
Women	6	48	54
Men	37	1	38
Total	43	49	92

The actuarial calculations were based on a projection of the individual beneficiaries' positions at 31 December 2024. This projection was extended until the complete extinguishment of the obligations considering a hypothetical system based on:

1. legislative parameters;
2. demographic parameters;
3. economic parameters;
4. financial parameters.

The generation RG 48 chart prepared by the State General Accounting Office was used for the demographic parameters while the estimates usually used for INPS simulations were used for the family beneficiaries.

An annual increase in prices of 2% over the long term was assumed for the economic parameters. The effects of the provision contained in law no.45 of 30/12/2018 were also estimated, though given the transitory nature of the measure, as of 2022 the revaluation will nevertheless be

estimated in line with the general provision under article 34, paragraph 1 of Law no. 448 of 23 December 1998 which provides for the following recognition rates for annual price changes:

BRACKET	RATE
Up to 3 times the minimum treatment	100%
From 3 to 5 times the minimum treatment	90%
More than 5 times the minimum treatment	75%

With respect to the financial parameters, in compliance with IAS provisions, an update was made to the returns structure of the curve of the Corporate Euro securities with AA rating (source: LSEG Data Analytics) reported at 31 December 2024.

The average present value appraised by the relevant expert of the cost of integrating and substituting the pension plan for the 92 beneficiaries is in line with the amount recognised in the financial statements.

Technical accounts at 31/12/2024	
Average present value - immediate	4,587
Average present value - total charges	4,587
Mathematical reserve at 31/12/2023	4,761
Equity at 31/12/2024	4,758
Mathematical provision	4,587
TECHNICAL DEFICIT	171
Calculation of actuarial gains/losses for IFRS purposes	
Mathematical provision at 31 December 2023	4,761
Interest cost	157
Service cost	0
Payments	478
Accumulated net actuarial gain at 31/12/2024	146

The bank has replaced the corridor approach with the immediate recognition of actuarial gains or losses in other comprehensive income. The interest cost recognised in profit or loss amounted to € 157 thousand and the actuarial loss to € 146 thousand, recognised in other comprehensive income.

Section 12 – Equity – Captions 110, 130, 140, 150, 160, 170 and 180

12.1 Share capital and treasury shares: breakdown

Component	Amount
Share capital	39,241
Total	39,241

The fully subscribed and paid-in share capital consists of 759,750 shares with a nominal amount of €51.65 for a total €39,241,087.50.

The bank's shareholders are:

- Fondazione Cassa di Risparmio di Fermo, with 506,500 ordinary shares equal to an investment of 66.67%;
- Intesa Sanpaolo S.p.A., with 253,250 ordinary shares equal to an investment of 33.33%.

The caption did not undergo any change during the year.

12.2 Share capital - number of shares: annual changes

Tax base / Types	Ordinary	Other
A. Opening balance	759,750	-
- fully paid-in	759,750	-
- not fully paid-in	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	759,750	-
B. Increases	-	-
B.1 New issues	-	-
- against consideration:	-	-
- business combinations	-	-
- bond conversions	-	-
- exercise of warrants	-	-
- other	-	-
- bonus issues:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	-	-
C.1 Cancellations	-	-
C.2 Repurchase of treasury shares	-	-
C.3 Disposals of equity investments	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	759,750	-
D.1 Treasury shares (+)	-	-
D.2 Closing balance	759,750	-
- fully paid-in	759,750	-
- not fully paid-in	-	-

12.4 Income-related reserves: other information

Tax base	LEGAL RESERVE	STATUTORY RESERVE	OTHER
OPENING BALANCE	24,025	91,732	- 7,135
INCREASES	2,243	10,341	6,048
Allocation of profits	2,243	10,341	6,048
DECREASES	-	-	-
Other changes (FTA reserve)	-	-	-
CLOSING BALANCE	26,268	102,073	- 1,087

The legal reserve was increased by the allocation of 10% of the profit for the year as provided for by article 24 of the by-laws, regardless of the legal requirements for it to be equal to one fifth of the bank's share capital as required by article 2430 of the Italian Civil Code.

It exceeds one fifth of the bank's share capital by € 18,420 thousand.

The statutory reserve includes:

- 15% of the profit for the year as provided for by article 24 of the by-laws;
- reclassification of the income-related reserves for €15,200 thousand as determined during IFRS FTA of 1 January 2005.

The other reserves comprise:

- the contribution reserve pursuant to Law 218/90 for € 6,130 thousand.
- FTA reserve of € -2,860 thousand;
- IFRS 9 FTA reserve of 1 January 2018 of € -10,405 thousand.
- the unavailable reserve pursuant to Italian Law no. 136 of 09/10/2023 (known as the law on excess bank profits) in the amount of €6,048 thousand.

12.4.1 Equity: breakdown, availability and distributability of the different captions

Nature/description	Amount	Possible use (1)	Available portion	Summary of use in the last 3 years (2)	
				To cover losses	For other purposes
Share capital	39,241,087.50				
Equity-related reserves:					
Contribution reserve	6,129,826.94	A,B,C	6,129,826.94		
Revaluation reserve	15,121,767.94	A,B,C	15,121,767.94		
Share premium reserves (3)	34,660,068.07	A,B,C	34,660,068.07		
Income-related reserves:					
Legal reserve	26,267,946.72	B	18,419,729.22		
Statutory reserve	102,073,873.43	B	-		
Reserve pursuant to Italian Law no. 136 of 09/10/23	6,047,646.46	B	-		
Other reserves:					
FTA reserve (IAS/IFRS adoption)	- 13,265,284.23		-		
Fair value reserve (HTCS securities)	- 5,005,482.79		-		
Actuarial reserve	- 2,002,711.49		-		
Retained earnings	-		-		
Total	209,268,738.55		74,331,392.17	-	-
Undistributable portion (4)			723,771.16		
Remaining distributable portion			73,607,621.01		

in Euros

Key:

A = share capital increase

B = to cover losses

C = dividend distribution

Note:

(1) = Except for additional constraints imposed by by-laws

(2) = Utilisations are shown from 2000 as comparative previous years' data are unavailable

(3) = Pursuant to article 2431 of the Italian Civil Code, the entire reserve can only be distributed when the legal reserve has reached the threshold set by article 2430 of the Italian Civil Code.

(4) = The portion that cannot be distributed due to: the translation reserve, the reserve for equity-accounted investees, the reserve for departures as per article 2413.4 of the Italian Civil Code and the part allocated to cover unamortised deferred costs as per article 2426.5 of the Italian Civil Code.

12.4.2 Proposed allocation of the profit for the year

Profit distribution plan			
PROFIT FOR THE YEAR		21,971,944.89	
Reserves as per article 6 of Legislative decree no. 38/2005:			
fair value gains recognised in profit or loss (to be recognised in the relevant reserve)		-	
other		-	
Unavailable profits		-	
DISTRIBUTABLE PROFIT FOR THE YEAR		21,971,944.89	
10% to the legal reserve		2,197,194.00	
15% to the statutory reserve		3,295,792.00	
- Shareholder remuneration: dividend per share		8.000	
- Shares held by Banca Intesa S.p.A.		253,250.00	2,026,000.00
- Shares: held by Fondazione Cassa di Risparmio di Fermo		506,500.00	4,052,000.00
Dividends to be distributed		6,078,000.00	
Remainder to the statutory reserve		10,400,958.89	
Summary of allocation			
To the legal reserve		2,197,194.00	
To the statutory reserve		13,696,750.89	
Total increase in equity		15,893,944.89	
Dividends		6,078,000.00	
TOTAL DISTRIBUTABLE PROFIT		21,971,944.89	

The profit for the year to be allocated amounts to € 21,971,945.

Pursuant to the relevant laws and article 25 of the by-laws, we propose it be allocated as follows:

- to the shareholders as a unit dividend of € 8;
- 10% to the legal reserve, i.e., € 2,197,194;
- € 3,295,792 to the statutory reserve;
- the remaining € 10,400,959 also to the statutory reserve.

After the allocation set out above pursuant to article 25 of the by-laws, the legal reserve, which amounted to € 26,267,947 at 31 December 2024, will amount to € 28,465,141 exceeding one fifth of the share capital as per article 2430 of the Italian Civil Code by € 20,616,924.

OTHER INFORMATION

1. Loan commitments and financial guarantees given other than those at fair value

Transactions	Nominal amount on commitments and financial guarantees given				Amount at 12/2024	Amount at 12/2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
Loan commitments	657,909	23,684	5,603	-	687,196	602,259
a) Central banks	-	-	-	-	-	-
b) Public administrations	95,135	-	-	-	95,135	77,604
c) Banks	8,443	-	-	-	8,443	-
d) Other financial companies	37,284	26	-	-	37,310	24,786
e) Non-financial companies	473,220	18,236	5,311	-	496,767	445,073
f) Households	43,827	5,422	292	-	49,541	54,796
Financial guarantees given	19,954	449	74	-	20,477	22,874
a) Central banks	-	-	-	-	-	-
b) Public administrations	21	-	-	-	21	27
c) Banks	5,285	-	-	-	5,285	5,285
d) Other financial companies	1,761	-	-	-	1,761	4,937
e) Non-financial companies	11,773	373	74	-	12,220	11,545
f) Households	1,114	76	-	-	1,190	1,080

2. Other commitments and other guarantees given

There are no transactions of this kind in the bank's operations.

3. Assets pledged as guarantee for liabilities and commitments

Portfolios	Amount at 12/2024	Amount at 12/2023
1. Financial assets measured at fair value through profit or loss	-	1,298
2. Financial assets measured at fair value through other comprehensive income	-	278,909
3. Financial assets measured at amortised cost	20,432	148,101
4. Property, plant and equipment	-	-
including: held as inventories	-	-

Table 3 shows the securities pledged as guarantee for the bank's liabilities:

- transactions tied to payment of pensions by INPS for €10 thousand;
- transactions tied to the ECB's monetary policies for € 20,422 thousand.

4. Management and trading on behalf of third parties

Service	Amount at 12/2024	Amount at 12/2023
1. Execution of customer orders	-	-
a) Purchases	-	-
1. <i>settled</i>	-	-
2. <i>unsettled</i>	-	-
b) Sales	-	-
1. <i>settled</i>	-	-
2. <i>unsettled</i>	-	-
2. Asset management	-	-
a) individual	-	-
b) collective	-	-
3. Securities custody and administration	2,713,885	2,696,377
a) third party securities held as part of depository bank services (excluding asset management)	-	-
1. <i>securities issued by the reporting entity</i>	-	-
2. <i>other securities</i>	-	-
b) third party securities on deposit (excluding asset management): other	850,737	832,240
1. <i>securities issued by the reporting entity</i>	26,161	26,161
2. <i>other securities</i>	824,576	806,079
c) party securities deposited with third parties	817,756	776,006
d) securities owned by the bank deposited with third parties	1,045,392	1,088,131
4. Other	737,407	616,254

PART C

Notes to the income statement

Section 1 – Interest – Captions 10 and 20

1.1 Interest and similar income: breakdown

Tax base / Products	Debt instruments	Financing	Other	Total at 12/2024	Total at 12/2023
1. Financial assets measured at fair value through profit or loss:	2,924	-	-	2,924	2,349
1.1 Financial assets held for trading	2,916	-	-	2,916	2,349
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	8	-	-	8	-
2. Financial assets measured at fair value through other comprehensive income	19,809	-		19,809	27,394
3. Financial assets measured at amortised cost:	4,329	58,721		63,050	56,136
3.1 Loans to banks	-	3,432		3,432	974
3.2 Loans to customers	4,329	55,289		59,618	55,162
4. Hedging derivatives			-	-	-
5. Other assets			-	-	-
6. Financial liabilities				-	-
Total	27,062	58,721	-	85,783	85,879
- including: interest income on credit-impaired exposures	-	1,234	-	1,234	1,581
- including: interest income on finance leases		-		-	-

a) Interest accrued since the start of the year on the following credit-impaired exposures, which, at the reporting date, are unlikely to pay or are past due/overdrawn by more than 90 days:

1. Unlikely to pay (€ 1,372 thousand);
2. Past due/overdrawn by more than 90 days (€ 13 thousand).

b) The interest income accrued on NPL due to the passage of time, included in item 3.2 of the “Loans” table above, comes to € 1,234 thousand.

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

Tax base / Amount	Total at 12/2024	Total at 12/2023
1.2.1 Interest income on foreign currency financial assets	513	551

1.3 Interest and similar expense: breakdown

Tax base / Products	Financial liabilities	Securities	Other	Total at 12/2024	Total at 12/2023
1. Financial liabilities measured at amortised cost	- 31,544	- 2,020	-	- 33,564	- 29,341
1.1 Due to central banks	- 3,383		-	- 3,383	- 11,622
1.2 Due to banks	- 7		-	- 7	- 38
1.3 Due to customers	- 28,154		-	- 28,154	- 17,072
1.4 Securities issued		- 2,020	-	- 2,020	- 609
2. Financial liabilities held for trading	-	-	- 2	- 2	- 2
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions			-	-	-
5. Hedging derivatives			-	-	-
6. Financial assets				-	-
Total	- 31,544	- 2,020	- 2	- 33,566	- 29,343
including: interest expense related to lease liabilities	-			-	-

1.4 Interest and similar expense: other information
1.4.1 Interest expense on foreign currency liabilities

Tax base / Amount	Total at 12/2024	Total at 12/2023
1.4.1 Interest expense on foreign currency liabilities	- 115	- 84

Section 2 – Fees and commissions - Captions 40 and 50

2.1 Fee and commission income: breakdown

Service / Amount	Total at 12/2024	Total at 12/2023
a) Financial instruments	5,573	5,604
1. Securities placement	4,907	4,955
1.1 With underwriting commitment and/or based on an irrevocable commitment	-	-
1.2 Without irrevocable commitment	4,907	4,955
2. Order collection and transmission and execution of customer orders	666	649
2.1 Order collection and transmission for one or more financial instruments	516	533
2.2 Execution of customer orders	150	116
3. Other fees and commissions associated with activities linked to financial instruments	-	-
including: negotiation on own behalf	-	-
including: individual asset management	-	-
b) Corporate Finance	-	-
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees and commissions associated with corporate finance services	-	-
c) Consultancy services concerning investments	-	-
d) Compensation and regulation	-	-
e) Custody and administration	106	108
1. Depository bank	-	-
2. Other fees and commissions linked to custody and administration	106	108
f) Central administrative services for collective asset management	-	-
g) Fiduciary activities	-	-
h) Payment services	14,954	14,847
1. Current accounts	10,266	10,132
2. Credit cards	-	-
3. Debit cards and other payment cards	593	468
4. Transfers and other payment orders	1,405	1,354
5. Other fees and commissions linked to payment services	2,690	2,893
i) Distribution of third party services	4,919	4,719
1. Collective asset management	139	133
2. Insurance products	2,885	2,864
3. Other products	1,895	1,722
including: individual asset management	259	256
j) Structured finance	-	-
k) Servicing activities for securitisations	-	-
l) Loan commitments	-	-
m) Financial guarantees given	255	271
including: credit derivatives	-	-
n) Financing operations	1,563	1,493
including: for factoring transactions	-	-
o) Foreign currency transactions	83	82
p) Commodities	-	-
q) Other fee and commission income	1,679	1,493
including: for management of multilateral exchange systems	-	-
including: for management of organised trading systems	-	-
Total	29,132	28,617

The balance shown as letter “q) Other fee and commission income” in the above table mainly includes:

- Fee and commissions for home banking services for € 611 thousand³;
- Commission on intermediation of credit operations for € 598 thousand⁴;
- Fees and commissions for certification requests € 76 thousand;
- Fees and commissions for recovery of cash retail costs € 213 thousand;
- Fees and commissions for recovery of appraisal, investigation and file search costs €143 thousand.

2.2 Fee and commission income: product and service distribution channels

Channel / Amount	Total at 12/2024	Total at 12/2023
a) own branches:	9,826	9,674
1. asset management	-	-
2. securities placement	4,907	4,955
3. third party services and products	4,919	4,719
b) off-premises distribution:	-	-
1. asset management	-	-
2. securities placement	-	-
3. third party services and products	-	-
c) other distribution channels:	-	-
1. asset management	-	-
2. securities placement	-	-
3. third party services and products	-	-

2.3 Fee and commission expense: breakdown

Service / Amount	Total at 12/2024	Total at 12/2023
a) Financial instruments	- 397	- 417
including: trading in financial instruments	- 135	- 108
including: placement of financial instruments	-	-
including: individual asset management	- 262	- 309
- Own portfolio	-	-
- Third party portfolios	- 262	- 309
b) Compensation and regulation	-	-
c) Custody and administration	- 75	- 54
d) Collection and payment services	- 1,677	- 1,718
including: credit cards, debit cards and other payment cards	- 135	- 135
e) Servicing activities for securitisations	-	-
f) Commitments to receive funds	-	-
g) Financial guarantees received	- 150	- 191
including: credit derivatives	-	-
h) Off-premises distribution of securities, products and services	-	-
i) Foreign currency transactions	-	-
j) Other fee and commission expense	- 104	- 92
Total	- 2,403	- 2,472

³ In the 2022 financial statements this type of commission was classified under line “h) payment services” for € 561 thousand and to improve understanding of the figures, in the 2022 column in table 2.1 the item was reclassified to line “q) Other fee and commission income”

⁴ In the 2022 financial statements this type of commission was classified under line “h) Distribution of third party services” for € 543 thousand and to improve understanding of the figures, in the 2022 column in table 2.1 the item was reclassified to line “q) Other fee and commission income”.

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Tax base / Income	Total at 12/2024		Total at 12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	170	-	151	-
B. Other financial assets mandatorily measured at fair value	-	-	-	39
C. Financial assets measured at fair value through other comprehensive income	1,270	-	1,189	-
D. Equity investments	-	-	-	-
Total	1,440	-	1,340	39

Section 4 – Net income from trading activities - Caption 80

4.1 Net trading income: breakdown

Tax base / Income	Gains (A)	Trading income (B)	Losses (C)	Trading losses (D)	Profit for the year [(A+B) – (C+D)]
1. Financial assets held for trading	3,324	4,854	- 707	- 1,606	5,865
1.1 Debt instruments	1,648	1,999	- 84	- 441	3,122
1.2 Equity instruments	1,353	2,487	- 623	- 1,111	2,106
1.3 OEIC units	323	368	-	- 54	637
1.4 Financing	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt instruments	-	-	-	-	-
2.2 Liabilities	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange gains					- 302
4. Derivatives	14,405	-	- 13,955	-	450
4.1 Financial derivatives:	14,405	-	- 13,955	-	450
- On debt securities and interest rates	14,405	-	- 13,955	-	450
- On equity instruments and share indexes	-	-	-	-	-
- On currencies and gold					-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
<i>including: natural hedges associated with the fair value option</i>					-
Total	17,729	4,854	- 14,662	- 1,606	6,013

EXPENSES AND LOSSES:			REVENUE AND PROFITS:		
Tax base	2024	2023	Tax base	2024	2023
A) Opening balance in foreign currency	1,827	741	E) Revenue from currency	438,853	359,555
B) Cost of purchasing currency	437,597	361,771	F) Closing balance	292	1,827
D) Total costs	439,424	362,512	H) Total revenue	439,145	361,382
SUMMARY:					
	2024	2023			
(+) Total revenue	439,145	361,382			
(-) Total costs	- 439,424	- 362,512			
(+) Currency fees	57	51			
(-) Losses (+) gains on currencies	- 674	307			
(-) Impairment losses (+) gains on Securities	594	- 400			
(-) Impairment losses (+) gains on Currencies					
Profit from currency valuation	- 302	- 1,172			

Section 6 - Gain (loss) from sales/repurchases - Caption 100

6.1 Gain (loss) from sales/repurchases on disposal or repurchase: breakdown

Tax base / Income statement item	Total at 12/2024			Total at 12/2023		
	Gains	Losses	Net gain	Gains	Losses	Net gain
Financial assets						
1. Financial assets measured at amortised cost:	502	- 563	- 61	1,020	- 1,494	- 474
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans to customers	502	- 563	- 61	1,020	- 1,494	- 474
2. Financial assets measured at fair value through other comprehensive income	3,992	- 10,838	- 6,846	2,288	- 11,219	- 8,931
2.1 Debt instruments	3,992	- 10,838	- 6,846	2,288	- 11,219	- 8,931
2.2 Financing	-	-	-	-	-	-
Total assets	4,494	- 11,401	- 6,907	3,308	- 12,713	- 9,405
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

Item "1.2 Loans to customers", column 3, includes the loss made from the sale of securities included in the HTC portfolio, for € 208 thousand. As indicated in the directors' report, investments made as part of the HTC portfolio mainly targeting the coupon flow were nearly entirely represented by Italian government bonds. The same line (corresponding to Item 100a in the Income Statement) also includes the net profit from the securitisation transaction previously mentioned, for around €148 thousand.

Section 7 - Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss - Caption 110

7.2 Net gains (losses) on other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transaction / Income statement item	Gains (A)	Realised gains (B)	Losses (C)	Realised losses (D)	Profit for the year [(A+B) - (C+D)]
1. Financial assets	-	-	204	-	204
1.1 Debt instruments	-	-	9	-	9
1.2 Equity instruments	-	-	-	-	-
1.3 OEIC units	-	-	195	-	195
1.4 Financing	-	-	-	-	-
2. Foreign currency financial assets: Exchange gains (losses)					-
Total	-	-	204	-	204

The amount indicated in point 1.3 of the table above refers to the decrease in the value of the units of the Efesto Fund (AIF) as previously indicated.

Section 8 – Net impairment gains (losses) for credit risk - Caption 130

8.1 Net impairment losses for credit risk related to financial assets at amortised cost: breakdown

Transaction / Income statement item	Impairment losses (1)						Impairment gains (2)				Total at 12/2024	Total at 12/2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-offs	Other	Write-offs	Other						
- Loans to banks	-	-	-	-	-	-	5	-	-	-	5	1
- Financing	-	-	-	-	-	-	5	-	-	-	5	1
- Debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Loans to customers	- 465	-	544	- 9,842	-	-	4,091	-	6,122	-	638	308
- Financing	- 465	-	544	- 9,842	-	-	4,089	-	6,122	-	640	308
- Debt instruments	-	-	-	-	-	-	2	-	-	-	2	-
- Total	- 465	-	544	- 9,842	-	-	4,096	-	6,122	-	633	307

8.2 Net impairment losses for credit risk related to financial assets at fair value through other comprehensive income: breakdown

Transaction / Income statement item	Impairment losses (1)						Impairment gains (2)				Total 12/2024	Total 12/2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-offs	Other	Write-offs	Other						
A. Debt instruments	- 37	-	-	-	-	-	-	-	-	-	- 37	- 26
B. Financing	-	-	-	-	-	-	-	-	-	-	-	-
- With customers	-	-	-	-	-	-	-	-	-	-	-	-
- With banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	- 37	-	-	-	-	-	-	-	-	-	37	26

Section 9 – Gains (Losses) from contractual modifications without derecognition - Caption 140

9.1 Gains (Losses) from contractual modifications without derecognition: breakdown

Tax base / Amount	Total at 12/2024	Total at 12/2023
9.1 Gains (Losses) from contractual modifications without derecognition: breakdown	- 515	- 1,139

Section 10 - Administrative expenses – Caption 160
10.1 Personnel expense: breakdown

Expense / Amount	Total at 12/2024	Total at 12/2023
1) Employees	- 26,315	- 25,738
a) wages and salaries	- 18,240	- 17,839
b) social security contributions	- 4,903	- 4,794
c) employee termination indemnities	- 110	- 191
d) pension costs	- -	- -
e) accrual for employee termination indemnities	- 1,219	- 1,051
f) accrual for pension and similar provisions:	- 157	- 190
- defined contribution	- -	- -
- defined benefit plans	- 157	- 190
g) payments to external supplementary pension funds	- 597	- 574
- defined contribution	- 597	- 574
- defined benefit plans	- -	- -
h) costs of share-based payment plans	- -	- -
i) other employee benefits	- 1,089	- 1,099
2) Other personnel	- -	- -
3) Directors and statutory auditors	- 609	- 609
4) Retired personnel	- -	- -
5) Cost recoveries for personnel seconded to other companies	- -	- -
6) Cost reimbursements for personnel seconded to the bank	- -	- -
Total	- 26,924	- 26,347

Item 3 of the table includes the statutory auditors' fees and the directors' insurance policies. According to Law no. 124 of 4 August 2017, known as the "law for market and competition", which introduced the policy on "subsidies, contributions, remunerated engagements and economic rewards of any kind" received from public administrations, the bank did receive this kind of contribution, which was recognised in caption "1) -b social security contributions". The following table analytically lists the financial incentives received:

N.	Contributing entity	Contribution received in euro	Reason
1	INAIL	-	law no. 92/2012 women unemployed over 24 months
2	INPS	-	law no. 92/2012 women unemployed over 24 months
3	INPS	39,306.56	law no. 205/2017 recruitment of young people
4	INPS	-	law no. 87/2018 - 160/2019 dignity decree
5	INPS	-	Decree law no. 151/2015 art. 10 disabled people
6	INPS	-	NASPI recipients law no. 92/2012 art. 2 subsection 15 decree law no. 76/2013
Total economic benefits received		39,306.56	

10.1.1 Wages and salaries: bonuses

Expense / Amount	Total at 12/2024	Total at 12/2023
a) wages and salaries	- 18,240	- 17,839
- including: bonuses	- 1,145	- 1,152

10.2 Average number of employees per category

Breakdown	Peak value at 12/2024	Average at 12/2024	Peak value at 12/2023
• Employees	346	331	346
a) managers	2	2	2
b) junior managers	90	91	91
- including: 3rd and 4th level	42	42	42
c) other employees (including cleaning staff)	254	238	253
- including: 3rd professional group	253	237	252
- including: 2nd professional group	1	1	1
• Other personnel	10	10	10

The average was determined considering the part-time personnel for 50%.

10.3 Internal defined benefit pension plans: costs and revenue

Expense/Amount	12/2024	12/2023
Remuneration on supplementary pension fund - interest cost	157	190

10.4 Other employee benefits

Expense/Amount	12/2024	12/2023
Other employee benefits	- 1,089	- 1,099

This caption mainly comprises training costs of € 171 thousand, life, accident and health insurance policies of € 373 thousand, lunch vouchers of € 479 thousand and other employee benefit payments of € 31 thousand.

10.5 Other administrative expenses: breakdown

Components	12/2024	12/2023
1 - credit collection legal fees	- 1,446	- 1,135
2 - sundry and technical legal consultancy	- 1,273	- 1,327
3 - maintenance, repairs, conversions	- 1,065	- 973
4 - lease of premises	- -	- -
4 - cleaning services	- 654	- 578
5 - rental of machinery and data transmission lines	- 1,145	- 1,141
6 - security and security transportation	- 523	- 543
7 - lighting and heating	- 647	- 627
8 - stationery and printed matter	- 171	- 178
9 - postal, telegraph, telex, telephone	- 326	- 304
10 - sundry insurance	- 387	- 393
11 - advertising	- 280	- 263
12 - subscriptions and purchases of publications	- 73	- 78
13 - third party service costs	- 5,598	- 5,358
14 - transportation and relocation	- 175	- 190
15 - membership fees	- 292	- 271
16 - contribution to the National Resolution Fund and the Interbank Guarantee Deposit Fund	- 1,829	- 2,701
17 - car leases	- 40	- 42
18 - information and Chamber of Commerce business register file searches	- 466	- 539
19 - other	- 426	- 336
Subtotal of other administrative expenses	- 16,816	- 16,977
Indirect taxes and duties		
1 - stamp duty	- 4,236	- 3,883
2 - own municipal tax	- 361	- 363
3 - other	- 539	- 509
Total indirect taxes and duties	- 5,136	- 4,755
Total other administrative expenses	- 21,952	- 21,732

“Maintenance, repair and conversions” relate to work performed to make the buildings usable. Therefore, they have been expensed.

Item 16 “Contribution to the National Resolution Fund and the Interbank Deposit Protection Fund” shows the contributions paid before the face contributions paid to the IDPF for € 1,829 thousand.

The contractual amounts paid in 2024 to the independent auditors, net of expenses and VAT and the contribution to the supervisory authority, are as follows:

Service	Service provider	Fees
Statutory audit	Deloitte & Touche S.p.A.	82,727
Attestation service	Deloitte & Touche S.p.A.	30,101
Other services	Deloitte & Touche S.p.A.	4,504
TOTAL		117,332

Section 11 - Net accruals to provisions for risks and charges - Caption 170
11.1 Net accruals for credit risk associated with loan commitments and financial guarantees given

Tax base / Amount	12/2024	12/2023
Loan commitments:	-	503
- commitments for endorsement credits	-	503
- other commitments	-	-
Financial guarantees given:	230	77
- guarantees given	230	77
- other guarantees given	-	-
Total	230	426

11.3 Net accruals to other provisions: breakdown

Tax base / Amount	12/2024	12/2023
1 - accrual for legal disputes	1,063	211
2 - accrual for claw-back claims	-	245
3 - other	267	462
Total accruals	1,330	918
4 - Use to settle claw-back claims/civil disputes	1,505	895
Total utilisations	1,505	895
Total net accruals at 31/12/2024	175	23

Section 12 - Net adjustments to property, plant and equipment - Caption 180

12.1 Net adjustments to property, plant and equipment: breakdown

Asset/Income statement item	Depreciation (a)	Impairment losses (b)	Impairment gains (c)	Profit for the year (a + b – c)
A. Property, plant and equipment				
1. Used for operations	- 2,377	-	-	- 2,377
- owned	- 1,087	-	-	- 1,087
- rights of use acquired with leases	- 1,290	-	-	- 1,290
2. Investment	- 17	-	-	- 17
- owned	- 17	-	-	- 17
- rights of use acquired with leases	-	-	-	-
3. Inventories		-	-	-
Total	- 2,394	-	-	- 2,394

Section 13 - Net adjustments to intangible assets - Caption 190

13.1 Net adjustments to intangible assets: breakdown

Asset / Income statement item	Depreciation (a)	Impairment losses (b)	Impairment gains (c)	Profit for the year (a + b – c)
A. Intangible assets				
including: software	-	-	-	-
A.1 Owned	- 89	-	-	- 89
- Generated internally	-	-	-	-
- Other	- 89	-	-	- 89
A.2 Rights of use acquired with leases	-	-	-	-
Total	- 89	-	-	- 89

Section 14 - Other operating expense/income - Caption 200

14.1 Other operating expense: breakdown

Tax base / Amount	12/2024	12/2023
1 - Charitable donations	- 5	- 9
2 - Contributions to bodies and municipalities receiving treasury services	- 3	- 3
3 - Amortisation of leasehold improvements	- 239	- 181
4 - Losses for robberies	- -	- -
5 - Other	- 806	- 474
Total other operating expense	- 1,053	- 667

Item “5 – Other” includes € 168 thousand related to payments for adjustment of expenses and interest in 2023; € 31 thousand for greater expenses for banking services; € 417 thousand for settlement agreements on civil litigation for interest exceeding the legal rate and revocations; € 13 thousand for non-deductible contingencies; € 6 thousand for payments for various commissions; and € 171 thousand for other contingent liabilities. Use of the risk provision related to settlement agreements was restated to caption 170 of the profit or loss.

During the year, commissions were repaid that had been classified in profit and loss in previous years, totalling € 6 thousand, in accordance with transparency regulations.

14.2 Other operating income: breakdown

Tax base / Amount	12/2024	12/2023
1 - Recoveries of administrative expenses	5,219	4,823
2 - Security box fees	88	81
3 - Lease income	411	447
4 - Other income	1,056	730
Total other operating income	6,774	6,081
Total caption 200	5,721	5,414

Caption “1 - Recoveries of administrative expenses” includes:

- recoveries of indirect taxes (stamp duty, substitute tax on medium- and long-term financing, registration fees) for € 4,532 thousand;
- recoveries of legal fees for € 459 thousand;
- fast credit processing fees for € 114 thousand;
- recoveries of postal, insurance and telephone fees for € 37 thousand;
- fees for treasury services bodies € 77 thousand.

Item “4 - Other income” includes:

- recovery of fines and fees on current accounts and deposits of € 309 thousand;
- prior year income of € 317 thousand;
- Enbicredito employment fund and FBA contributions of € 430 thousand;

Section 18 - Gains (losses) on disposal of investments - Caption 250

18.1 Gains (losses) on disposal of investments: breakdown

Income statement item / Amount	Total 31/12/2024	Total 31/12/2023
A. Property	-	19
- Gains on sales	-	-
- Losses on sales	-	19
B. Other assets	-	25
- Gains on sales	-	25
- Losses on sales	-	-
Net gain	-	6

Section 19 - Income taxes - Caption 270

19.1 Income taxes: breakdown

Income statement item / Amount	Total 31/12/2024	Total 31/12/2023
1. Current taxes (-)	- 8,270	- 8,937
2. Change in current taxes from previous years (+/-)	-	-
3. Decrease in current taxes for the year (+)	-	-
3 bis. Decrease in current taxes for the year due to tax assets as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	- 2,629	- 2,534
5. Change in deferred tax liabilities (+/-)	-	-
6. Utilisation of prior year tax provision (+)	-	-
7. Income taxes (-) (-1+/-2+3+/-4+/-5)	- 10,899	- 11,471

19.2 Reconciliation between the theoretical and effective tax expense

Income statement item / Tax base	Amounts	Balance
Pre-tax profit	32,870	
Effective IRES tax rate	27.50%	
Theoretical tax expense		9,039
Permanent and temporary differences for IRES purposes		- 2,456
a) dividends	- 561	
b) other	- 8,371	
IRES tax		6,583
Pre-tax profit	32,870	
Effective IRAP tax rate	5.50%	
Theoretical tax expense		1,808
Permanent differences for IRAP purposes	-	- 121
a) non-deductible personnel expense	- 79	
b) impairment losses/gains on loans and receivables	- 5,315	
c) other	3,188	
IRAP tax		1,687
Income tax expense		8,270
Utilisation of tax provision for IRES reimbursement pursuant to Law decree no. 201/2011 - tax credit		-
Change in "deferred tax assets", "deferred tax liabilities" and "current taxes from previous years"		2,629
Income tax benefit		10,899

Section 22 – Earnings per share
22.1 Average number of ordinary shares with dilutive effect

	Total 31/12/2024	Total 31/12/2023
Weighted average number of shares	759,750	759,750
Profit attributable to the share categories (Euro)	21,971,945	22,431,072
Basic EPS (Euro)	28.92	29.52
Diluted EPS (Euro)	28.92	29.52

Pursuant to IAS 33.10/33, the basic earnings per share (EPS) are € 28.92.

The bank has not repurchased treasury shares. It has not issued nor does it have shares with dilutive effects.

PART D

Comprehensive income

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Tax base		12/2024	12/2023
10.	Profit for the year	21,972	22,431
	Items that will not be reclassified to profit or loss		
20.	Equity instruments measured at fair value through other comprehensive income:	- 139	25
	a) Fair value losses	- 139	25
	b) Transfers to other equity items	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating):	-	-
	a) Fair value losses	-	-
	b) Transfers to other equity items	-	-
40.	Hedges of equity instruments measured at fair value through other comprehensive income:	-	-
	a) Fair value gains (losses) (hedged items)	-	-
	b) Fair value gains (losses) (hedges)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	- 225	104
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
100.	Items that will not be reclassified to profit or loss: related tax	20	22
	Items that will be reclassified to profit or loss		
110.	Hedges of investments in foreign operations:	-	-
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Exchange rate gains (losses):	-	-
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	including: on net positions	-	-
140.	Hedging instruments: (non-designated items)	-	-
	a) changes in value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income:	17,313	28,880
	a) fair value gains (losses)	6,865	20,604
	b) reclassification to profit or loss	10,448	8,276
	- impairment losses for credit risk	- 11	36
	- gains/(losses) on sales	10,459	8,312
	c) other changes	-	-
160.	Non-current assets held for sale and disposal groups:	-	-
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	Share of valuation reserves of equity-accounted investees:	-	-
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	- impairment gains (losses)	-	-
	- gains/(losses) on sales	-	-
	c) other changes	-	-
180.	Related tax	- 5,717	9,542
190.	Total other comprehensive expense	11,252	19,281
200.	Comprehensive income (expense) (captions 10 + 130)	33,224	41,712

PART E

Information on risks and relative hedging policies

SECTION 1 - CREDIT RISK

Introduction - General information

Risk management (monitoring, management and measurement) is a fundamental creator of value for the bank and its stakeholders. Accordingly, the bank's control units (the Internal Audit Office, the Risk Governance Office - including the Risk Management and AML units until 31 December 2024 - and Compliance and Privacy and ICT Risk Office) are given complete independence and operating powers to ensure the correct and full presentation of risks to the board of directors, the board of statutory auditors, the shareholders and all those who have direct and indirect interests in the bank's equity.

In compliance with the principle of proportionality, risks are managed using methods and processes appropriate for the bank's operations.

The Risk Management Unit of the Risk Governance Office is in charge of monitoring and managing risks. The main duties attributed to the unit are as follows:

- proposing methods, tools and procedures to identify, measure, monitor and manage the most important types of risks to management;
- measuring and assessing the bank's exposure to large risks and reporting thereon;
- checking that bank's risk profiles are in line with the strategies decided by the board of directors;
- regularly reviewing the models and methods used, reporting any weaknesses;
- checking compliance with operating limits defined by both external and internal regulations, proposing adjustments if necessary to the latter;
- working with the IT outsourcer and teams that work on risk management projects;
- monitoring the production and filing of methodological documentation about risk management and control;
- processing analyses and assessments required by the ICAAP (internal capital adequacy assessment process) and ILAAP (internal liquidity adequacy assessment process);
- preparing the data necessary for part E of the notes to the financial statements together with other units;
- checking the quality of the performing exposures portfolio and the classification and measurement of performing and non-performing exposures in the financial statements together with the other units involved;
- regularly preparing reports on trends and risk appetites of the bank's customers;
- preparing the reports on large exposures and, in the case of irregularities, informing the relevant units;
- checking compliance with the prudent regulatory limits as per Bank of Italy Circular no. 285/2013, Part Three, Chapter 11 (Risk-weighted assets and conflicts of interest with related parties) every quarter;
- participating in the finance committee, which ensures the coordinated management of the portfolio managed and the issues pertaining to market, interest rate and liquidity risks; the committee is also attended by the general manager, the head of the administration, control and finance unit, the head of the finance unit and the head of the treasury and finance office.

Once a year, the Risk Management Unit prepares a report for the market when the annual report is published, which includes the "... information about capital adequacy, exposure to risks and the general characteristics of the systems in place to identify, measure and manage such risks" in the "Pillar 3, Market disclosures, situation at 31/12/..." document, posted in the financial reporting section of the bank's internet site www.carifermo.it.

Following the transposition of "Country-by-country reporting" introduced by article 89 of Directive no. 2013/36/EU (the CRD IV) into Italian law, banks are required to publish the

information set out in Annex A, Part 1, Title III, Chapter 2 of Circular no. 285/2013 starting from 1 July 2014. The bank publishes this information on its web page: www.carifermo.it/it/bilanci.

In accordance with Bank of Italy Circular no. 285/13, the board of directors defined the bank's risk appetite framework (RAF), identifying the risk objectives, the internal controls, specifying the roles and responsibilities of the internal bodies and units and preparing the related internal regulation and the criteria to identify the more significant transactions to be approved in advance by the Risk Management Unit.

The new internal controls strengthen the role of the control units and, especially, that of the Risk Management Unit which is actively involved in monitoring credit exposure, especially non-performing exposures.

On 1 January 2018, IFRS 9 "Financial instruments" replaced IAS 39, changing the classification and measurement of financial instruments and the related impairment rules. One of the key changes of the new standard IFRS 9 is the calculation of lifetime expected credit losses of all performing exposures that show a "significant increase in credit risk" since initial recognition. The transition to IFRS 9 entailed the bank's revision of the estimation parameters used to calculate collective impairment losses on performing exposures and the definition of a "significant increase in credit risk" of performing exposures.

In line with regulations, every year the Bank updates the operational plan for managing NPLs. The "Cassa di Risparmio di Fermo's strategy for managing NPE" document presents the bank's NPE management strategy, which is firstly aimed at its optimisation, by maximising the present value of recoveries. The strategy is defined on the basis of an analysis of its operating ability, the market conditions and the characteristics of its NPE portfolio.

With reference to climate and environmental risks, the Bank is committed to integrating ESG factors within its corporate processes, also in consideration of supervisory expectations with reference to climate and environmental risks. The Bank continued with projects in the ESG area during 2024, involving all the main corporate departments. The Credit Process Regulation was altered with a resolution by the Board of Directors on 23 January 2024, introducing a socio-environmental analysis into the Assessment Process in order to evaluate the exposure of the credit applicant to ESG risks, with particular reference to the results of analyses by the provider Crif SpA. The data provided by Crif have been used by the Risk Management unit for the analyses for which it is responsible.

The bank and its bodies encourage the circulation and development of a cross-the-board risk culture and employee training about the issue. Accordingly, it provided the internal bodies with information about new legislation that affects the bank's operations, showing the bank's compliance and any necessary actions.

Qualitative disclosure

1. General aspects

In line with its mission, the bank focuses on extending credit to households and SMEs, with products designed to help develop production activities. Its natural inclination towards promoting loans to SMEs is facilitated by its partnership with the underwriting syndicates, especially with those supervised by Bank of Italy. Although it privileges its local social and economic environment, the bank also builds up its customer portfolio in areas where it has a smaller base, partly to mitigate its risks.

The bank is careful when granting and monitoring credit that it does not build up risk concentrations in one sector or industry or, with respect to households, in certain age brackets.

The bank has a policy of ongoing improvement to safeguard both the debtors and their families as well as itself, covering product efficiency, insurance policies for pure risk with cover for death, invalidity and dismissals.

2. Credit risk management policies

2.1 Organisational aspects

Credit risk is the most significant risk for the bank and is the risk of losses due to the non-payment or partial payment of principal, interest or other amounts by the debtor (ordinary and institutional customers). Credit risk includes counterparty risk, i.e., the risk that the counterparty to a transaction involving certain financial instruments defaults before the transaction is settled.

The unit which decides and organises the management of credit risk has different operating powers, depending on whether it is located at the branches/agencies or the head office (board of directors, executive committee, general manager, managing director, Loans Unit, Loans Office, Loan Monitoring Unit, NPE Office and Legal Affairs and Litigation Office). Each level is defined considering the overall risk assessment of each customer and potential connected customers, the type of credit, the direct and indirect exposure and type of guarantee.

The credit management process involves the following head office units:

- **Loans Unit:** coordinates implementation of credit guidelines and strategies, participating in the definition of credit strategy guidelines, as well as guidelines on the Bank's credit risk appetite and management. Oversees the governance of the credit risk process, namely the activities involving the assumption, management and monitoring of that risk. It guarantees the quality of the credit granted, authorising the same within the extent of its responsibilities and monitoring the Bank's credit risk appetite and management. It monitors the evolution of the Bank's credit portfolio quality, promoting implementation of corrective actions to guarantee credit quality.
- **Loan Office:** supports development within the local area in synergy with the Commercial Unit, ensuring consistency between risk management and the use of credit instruments. In the assumption and management of risk, examines and assesses the lending proposals sent by the branches/agencies, authorising them directly if within the limits of their delegated powers, or reporting them to the superior decision-making bodies, supporting their decisions. Helps to distribute credit expertise, both by collaborating with the various units of the bank in the analysis and interpretation of relevant credit legislation and by providing the network with training and specialist consulting.
- **Credit Monitoring Office,** reporting to the Loans Unit, is mainly responsible for ensuring proper classification of loans, ensuring that all actors responsible for governing this risk work properly and promptly, activating all actions needed for protection in a timely manner and playing a secondary first level control role for credit risk. It monitors positions exposed to risk, promptly identifying impairment and proposing the actions deemed necessary.
- **Impaired Credit Management Office:** cooperates to establish credit processes to improve credit risk management, working to support the dissemination of a shared risk management language. The Office supports the identification of formalised opportunities for coordination, to plan activities both for top level management and the network in relation to the results of management activities for the relative positions, with the aim of identifying and sharing remedial actions. It cooperates with corporate control units to develop control methods consistent with corporate strategies and operations. It manages impaired loans classified as unlikely to pay (UTP) or past due impaired, implementing all management activities deemed expedient to protect the amounts due to the Bank. It promptly informs Credit Monitoring of cases and positions at risk for which, based on the information it holds, it has deemed it appropriate to suggest a change of status.
- **Legal Affairs and Litigation Office:** manages bad exposures and litigation. Analyses bad exposures to identify the appropriate actions to be taken. Manages insolvency and exposure recovery, by preparing restructuring plans intended to guarantee the extinguishment of bad exposures. Prepares out-of-court or judicial settlement deeds, possibly together with the appointed outside counsel, following dispute settlement.
- **Risk Management Unit:** assesses and develops credit risk measurement methodologies in line with best practices; carries out static and dynamic analyses of the exposure portfolio's risk profile and reports thereon every quarter and month to the internal bodies

and bank risk monitoring units. Analyses trends in the exposures and regularly checks that they are classified and provided for correctly.

- **Compliance and Privacy and ICT Risk Unit:** analyses credit management procedures and processes within its remit, in addition to related contracts to check compliance with current legislation.
- **Inspection and Internal Audit Office:** performs level 3 controls, including on-site, and checks the bank's regular operations and changes in risks; assesses the completeness, adequacy, working and reliability of the internal controls, informing the corporate bodies of any need for adjustment.

2.2 Management, measuring and control systems

In order to promptly identify any deterioration in credit standings, and to analyse trends across all loan positions, a new credit-monitoring procedure was implemented from 2021 and subsequently updated during 2024 with the introduction of new triggers. In 2025, monitoring will continue on the procedures used in order to identify any improvements to be made and assess the introduction of anomaly indices, where deemed necessary.

This procedure, as well as recognising signs of irregularity arising from different sectors (e.g. central credit register, internal performance data, damaging news, etc.), uses numerous financial statement triggers that make it possible to catch any underlying risks even in the absence of irregularities in performance. The procedure supports the network, and in particular the company units in charge of credit performance control, including: the Loan Monitoring Unit.

The latter, in fulfilling its responsibility for secondary first-level controls, acts as manager overseeing exposures as part of the monitoring process, ensuring compliance with the credit policies and assessing the adequacy of the interventions made and the outcomes thereof. It receives reports regarding irregular positions to be inserted manually into the IT procedure; periodically produces a transition matrix as a tool for monitoring the trend in the credit portfolio over the period of reference; and oversees the status migration process.

Within the Loan Monitoring Unit is Early Management, which oversees the management of irregularities and the implementation of forbearance measures on positions showing initial signs of irregularity, supporting the network in the management of overcoming irregularities of this type (so-called Forborne performing). Specifically, this involves:

- identifying positions within the performing credit portfolio for which the concession of forbearance measures, or any other actions aimed at protecting credit, should be considered due to the identification of early causes for alert;
- monitoring the trend of performing positions during the duration of their probation period;
- at the end of the probation period, assessing whether or not the criteria for dropping "forborne" status apply and, if so, flagging the status for status migration.

The NPE Manager, which is also part of the Loan Monitoring Unit, focuses instead on the management of irregular positions within the performing credit portfolio assigned a medium/high-risk management status, in order to guarantee that a high level of quality is maintained in the Bank's credit portfolio. Specifically:

- it works with the network to identify actions to be taken to resolve irregularities and restore positions to normal status;
- it identifies the irregular performing positions to be subjected to forbearance measures, thereafter checking the criteria (financial difficulty) for activation of the forbearance procedure;
- it identifies the positions to undergo status migration.

The Credit Monitoring Office periodically provides senior management with a complete report in order to give a general overview of the quality of the credit portfolio, its evolution over time, and the measures in place to protect it.

During 2024, the Credit Monitoring Office performed an in-depth analysis of all companies which have received loans in the fashion sector, which has been particularly affected by a drop in

demand, in the context of ongoing rate increases, with the aim of identifying the most vulnerable counterparties potentially affected by credit impairment.

The analysis, which was initially conducted on a sample of selected companies before being repeated on all those operating in sectors deemed to be at risk, was carried out with the assistance of the branches using guided questionnaires, a now well-established tool that makes it possible to rapidly obtain up-to-date information on customers, with the aim of adopting targeted actions to review creditworthiness and/or any actions needed to contain credit risk.

The bank also uses a specific procedure called credit position control (CPC) which gives each borrower a score. The CPC is used to monitor customers' behaviour in order to identify any loan deterioration on a timely basis using diagnostic tools. The risk management unit uses this data and prepares periodic reports on the CPC for the company bodies.

Quarterly reports analysing the entire portfolio's risk and additional in-depth analyses by business and geographical segment are prepared for the board of directors. This report assesses compliance with the main internal limits, monitors the capital absorption of risks assumed and analyses large exposures.

The data coming from the internal rating system (SARa application) was also used for credit monitoring. The system is based on 2 PD estimate models (one for businesses and one for households), dividing customers into three main segments (Corporate, SME retail and Retail) and classifying counterparties using a scale of ten classes, consisting of nine for performing counterparties (AAA, AA, A, BBB, BB, B CCC, CC and C) and one for defaulting counterparties (D). Based on this data, Risk Management periodically evaluates the overall risk level of the Bank's credit portfolio.

The internal rating system has also been included in the loan disbursement process, amending the related "delegated powers". Specifically, when positions are rated as CCC or below, the loan approval powers are automatically transferred to general management and are exercised by no lower than the head of the Loans Office.

The Risk Management Unit checks compliance with the limits and ceilings for credit quality, counterparty concentration and concentration by product every quarter.

The Risk Management Unit also performs stress tests on the capital requirement for credit and counterparty risk, including quantification, in terms of additional capital, of sensitivity to three risk factors:

1. counterparty credit worthiness;
2. exposure impairment rate;
3. acceptability as credit risk mitigation tools.

The stress test results are included in the quarterly reports.

As required by the bank's strategy for managing NPE, the Risk Management Unit carries out quarterly checks of actual results and the application of non-performing exposure management. It reports the results of its quarterly checks to the bank's internal bodies.

2.3 Measurement of expected credit losses

Assessment of the significant increase in credit risk (SICR)

At 31 December 2024 no additional staging criteria were identified with respect to that indicated in the following paragraph and established in the Bank's internal regulations.

Measurement of expected losses

IFRS 9 requires that in-scope financial instruments be classified into three stages. The three stages reflect the impairment level of the credit quality:

- stage 1: financial instruments whose credit risk has not significantly increased since initial recognition or with a low credit risk at the reporting date;
- stage 2: financial instruments whose credit risk has increased significantly since initial recognition, but for which there is no objective evidence of impairment;
- stage 3: financial assets with objective evidence of impairment at the reporting date (NPE).

As part of its policy for managing loans and receivables with customers, the bank adopted rules and processes for monitoring relations, which led, among other things, to a structured classification of them into standardised risk categories (stages), taking into consideration, as mentioned, the particular context of macroeconomic uncertainty.

The bank defined the “significant increase in credit risk”, i.e., when a financial asset should be classified into Stage 2, by considering certain indicators, such as a worsening in the counterparty’s internal rating, a deterioration in the internal score, the number of ongoing past due/overdrawn days and any forbearance measures. With a resolution on 20 January 2023, following the update to the rating model, the Bank recalibrated its staging criteria, increasing by one notch the change in rating established for exposures transferred to stage 2.

The above rules to reclassify performing exposures from Stage 1 to Stage 2 are used within a model prepared in collaboration with the IT outsourcer.

The bank estimated ECL considering forward-looking information, including macroeconomic information.

As required by law, the expected credit losses are calculated on the basis of 3 possible scenarios weighted to reflect an objective amount in relation to their different probabilities of occurrence. At 31 December 2024, the impairment model only made use of the adverse scenario, with 100% probability of occurrence, given the prospective macroeconomic situation which includes significant uncertainty linked to the various external factors cited previously.

As a whole, the adjustment provisions include “overlays” related to climate risks, the risks of the Fashion-Shoemaking sector, scenario risks and model risks. The choice of overlays has the nature of a judgement, and is approved periodically by the Board of Directors.

It identifies its NPE to be classified as stage 3 in accordance with the definitions and non-performing categories provided for by Bank of Italy’s requirements set out in Chapter II “Credit quality”) of Circular no. 272 “Accounts matrix”. These exposures are subject to a measurement process according to Part A of the Accounting Policies.

2.4 Credit risk mitigation techniques

The Bank uses credit risk mitigation techniques and tools, the classification and utilisation of which are set out in the “Collateral evaluation policy” approved by the Board of Directors on 29 April 2022.

Without prejudice to the fact that loan disbursement must essentially be based on evaluating the income capacity of the relevant entity, it is particularly important to acquire additional instruments that help to reduce eventual losses for the Bank in the case of counterparty default.

Instruments used to attenuate credit and counterparty risk are essentially represented by collateral and personal guarantees. The bank obtains acceptable guarantees, such as CRM tools, on a preferential basis, without waiving those without these requirements as additional protection of credit; Important mitigating factors are collateral, mainly consisting of pledges of highly liquid financial assets and mortgages on residential property. Other mitigating guarantees are mortgages on non-residential property, personal guarantees depending on the guarantor’s standing and pledges of financial assets other than government bonds.

Management of guarantees with reference to loans granted is the responsibility of the Bank’s Credit Office supported, with reference to verification, activation and filing activities, by the external company Caricese.

In accordance with the supervisory regulations and with respect to exposures guaranteed by property, the bank has systems which monitor the property’s value on a statistical basis and operating procedures to check its actual value.

The “Collateral evaluation policy” also governs the methods used to evaluate real estate and moveable asset collateral, internal organisational aspects and monitoring and reassessment of guarantees.

The Bank did not have credit derivatives at the reporting date.

3. Credit-impaired exposures

3.1 Management policies and strategies

Cassa di Risparmio di Fermo's strategy for managing NPE (non-performing exposures) is firstly aimed at its optimisation, by maximising the present value of recoveries. The bank defined its strategy on the basis of an analysis of its operating ability, the market conditions and the characteristics of its NPE portfolio.

By identifying the optimum combination of various possible actions for the recovery and/or reclassification as performing, the NPE operational plan has defined the trend of the bank's NPE for the 2024-2026 period. The Strategy is based on the following: continuous strengthening of the monitoring processes for performing loans and creditworthiness selectivity; improvement of the NPL ratio indicators; maintaining adequate collection levels for impaired loans, reducing collection times and maintaining adequate coverage levels for NPLs.

The periodic monitoring of the qualitative and quantitative objectives set out by the operational plan is conducted by the competent functions. Every quarter, the Risk Management Unit verifies the effective application of the company policies, preparing reports for the internal bodies. In the event of substantial deviations from the pre-established targets capable of preventing the achievement of those objectives, an assessment is made of which measures to take and any integrations to the plan's strategies.

Management of the "past due" non-performing and "unlikely to pay" (UTP) financial assets is delegated to the NPE Office. "Bad exposures" is delegated to the Legal Affairs and Litigation Office.

Utilising a specific IT procedure to monitor credit, information is acquired in terms of performance and anomalies coming from both internal sources (overdrafts, suspended cheques, items to be adjusted, etc.) and from external sources (Central Risk Database, CAI, external provider reports on prejudicial events, etc.). Based on this evidence and any notifications received from Branches/Agencies, as well as inspection reports or notices from the Risk Governance Office, after carrying out the necessary research, the relevant units determine the expediency of adopting provisions to contain risk and, when necessary, prepare documents so as to switch classification status (from performing to UTP, from UTP to impaired).

Classification as "unlikely to pay" derives from an opinion, not necessarily based exclusively on the aforementioned irregularities, related to the improbability that without recourse to measures such as the enforcement of guarantees, the debtor will comply fully with its obligations (capital and/or interest).

This classification is proposed, based on the parameters established in the "Credit Measurement and Classification Policy", through the Credit Monitoring Office and approved by the various decision-making bodies with relevant responsibilities.

Management of past due exposures or unlikely to pay exposures is carried out by the Impaired Credit Management Office and requires dialogue with the client, generally through the reference branch and, in situations involving significant amounts, complexity or conflict, also involve the relevant Hub manager. When necessary, the Impaired Credit Management Office Manager, assisted by local units, will meet directly with the counterparty.

These activities are intended to improve the actions implemented to normalise the positions, while impeding any worsening of impairment, returning the relation to current status and helping to minimise credit risk.

In cases in which, after the investigation process, the Bank wishes to extricate itself from the relation and the counterparty is in a definitive and irreversible state of crisis that will not allow for out of court settlements, even with a debt rescheduling agreement, the Impaired Credit Management Office begins activities to revoke the loan within the limits of the powers granted to the Office Manager, submitting any positions exceeding these limits to the Delegated Bodies. The post-revocation process must end by a deadline of 6 months.

The NPE Office manager also requests the relevant branch/agency officer for a periodic report on the position and examines the customer's financial statements and/or assets and income, to assess and decide whether to:

- maintain the position as unlikely to pay;

- propose the positions be reclassified as performing, when the original difficulties are overcome;
- classify the position as bad or to propose the position be classified as bad if it exceeds the amount of their proxies.

With respect to the requirements for preparation of annual and interim half year reports, the Impaired Credit Management Office checks all positions classified as unlikely to pay, non-performing past due and/or overdrawn. Based on a review of the customers' financial positions and their guarantees, the Office calculates the percentages to be used to determine the impairment losses and the recoverable amount, in line with the Credit Measurement and Classification Policy.

With respect to impaired positions, the Bank has outlined the management and monitoring activities for impaired loans in the Impaired Credit Management Regulations, while the Credit Monitoring Office's activities are governed through the Credit Monitoring Framework, which among other things is intended to identify the initial symptoms of credit impairment. Moreover, the intervention strategies described in the document "Cassa di Risparmio di Fermo's strategy for managing NPE" to reduce unlikely to pay and bad exposures and also include out-of-court activities through external credit collection agencies and legal advisors and the factoring of a portion of the NPE portfolio.

3.2 Write-offs

Based on the amount involved and their relevant powers, the heads of the Organisation and Legal Affairs department, Legal Affairs and Litigation Office and Impaired Credit Management Office and senior management may transfer positions for which a loss is expected to the "credit loss account". Positions are written off (entirely or partially) when they are considered to be irrecoverable due to new events, such as winding ups, unsuccessful enforcement procedures and unsuccessful out-of-court recovery attempts of amounts due from borrowers lacking "foreclosable assets".

3.3 Purchased or originated credit-impaired exposures

The bank did not purchase credit-impaired exposures, nor did they originate internally.

4. Financial assets subject to renegotiations for commercial reasons and forbearance measures

The seventh update of circular no. 272 of 20 January 2015 updated the classification of loans and receivables, based on the definitions of non-performing exposures and forbearance introduced by the implementing technical standards (ITS) defined by the EBA. These new definitions have required a number of adjustments to internal processes and regulations, including the board of directors' approval of the "Credit Measurement and Classification Policy" (last updated on 22 December 2023), which manages the processes to classify and measure loans and receivables, the concepts of performing, non-performing, forbearance, financial difficulties and the default detection parameters.

Forborne exposures (contract modifications or refinancing) are those with borrowers facing financial difficulties whose contractual terms the bank has agreed to modify solely because of such financial difficulties, regardless of their classification as non-performing or the counterparty's default.

Forbearance measures are applied to counterparties that, on the basis of the assessment of their repayment ability, may be reclassified as performing or repay the debt through forbearance measures. These measures are implemented in the following ways:

- reorganisation of the duration of the financing (e.g. transformation from short- to medium- or long-term or extension of the plans to medium- or long-term);
- definition of rescheduling plans for withdrawn or past due exposures;
- renegotiation of the interest rate combined with the above measures;
- total or partial refinancing of the debt.

The Loans Monitoring Unit continuously monitors the effectiveness of the measures applied in order to verify the effective improvement of the exposure.

The definition of forborne exposures does not include contractual amendments or renegotiations for commercial reasons/practices only.

The total stock of forborne exposures relative to clients came to € 31.3 million at 31 December 2024 in terms of gross exposure. This includes forborne exposures relative to performing counterparts for € 20.0 million. The non-performing forborne exposures include bad exposures for € 4.3 million and unlikely to pay for € 7.0 million.

Quantitative disclosure

A. Credit quality

A.1 Non performing and performing exposures: carrying amount, impairment losses, performance and business breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amount)

Portfolio/quality	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures	Performing past due exposures	Performing assets	Total
1. Financial assets measured at amortised cost	5,673	11,645	286	5,196	1,523,347	1,546,147
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	541,358	541,358
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/12/2024	5,673	11,645	286	5,196	2,064,705	2,087,505
Total 31/12/2023	15,221	10,883	767	4,842	2,040,581	2,072,294

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross amount and carrying amount)

Portfolio/quality	Non-performing exposures				Performing exposures			Total (carrying amount)
	Gross amount	Total impairment	Carrying amount	Partial/total write-offs	Gross amount	Total impairment	Carrying amount	
1. Financial assets measured at amortised cost	40,843	23,239	17,604	6,041	1,538,681	10,138	1,528,544	1,546,148
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	541,491	133	541,358	541,358
3. Financial assets designated at fair value	-	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31/12/2024	40,843	23,239	17,604	6,041	2,080,172	10,271	2,069,902	2,087,506
Total 31/12/2023	68,590	41,720	26,870	9,488	2,059,811	14,397	2,045,423	2,072,293

Partial write-offs of non-performing exposures totalled € 6,041 thousand.

It had 2 bad exposures under deed of arrangement at 31 December 2024 (€ 50 thousand gross).

Eight positions, for a gross amount of € 574 thousand, classified as bad exposures in 2023, were wound up in 2024.

During the current financial year, one position under deed of arrangement was classified as a bad exposure, having previously been classified as unlikely to pay, with a gross exposure of €50 thousand.

The unlikely to pay exposures at 31 December 2024 include:

- 7 positions under deed of arrangement (€ 1,411 thousand);
- none of the positions under deed of arrangement is currently in a probation period.

Portfolio/quality	Assets with poor credit quality		Other assets
	Accumulated losses	Carrying amount	Carrying amount
1. Financial assets held for trading	-	-	165,291
2. Hedging derivatives	-	-	-
Total 31/12/2024	-	-	165,291
Total 31/12/2023	-	-	159,278

A.1.3 Breakdown of financial assets by past due bracket (carrying amounts)

Portfolio / Risk stage	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	From 1 to 30 days	After 30 to 90 days	After 90 days	Up to 30 days	After 30 to 90 days	After 90 days	Up to 30 days	After 30 to 90 days	After 90 days	Up to 30 days	After 30 to 90 days	After 90 days
1. Financial assets measured at amortised cost	1,999	245	1	1,007	1,731	214	85	1,478	9,754	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	1,999	245	1	1,007	1,731	214	85	1,478	9,754	-	-	-
Total 31/12/2023	1,337	5	2	1,262	2,163	72	104	2,483	18,892	-	-	-

A.1.4 Financial assets, loan commitments and financial guarantees given: total impairment losses and provisioning

Reason / Risk stage	Total impairment																						Total provisioning on loan commitments and financial guarantees given				Total	
	Assets classified to Stage 1						Assets classified to Stage 2						Assets classified to Stage 3						Purchased or originated credit-impaired exposures									
	Loans to banks and central banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Loans to banks and central banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Loans to banks and central banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3		Loan commitments and purchased or originated credit-impaired financial guarantees given
Opening balance	8	2,816	144	-	135	2,681	-	11,437	-	-	-	11,437	-	41,721	-	-	41,721	-	-	-	-	-	-	35	9	581	-	56,751
Increase in purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cancellations other than write-offs	-	24	48	-	24	-	-	-	-	-	-	-	-	16,608	-	-	16,608	-	-	-	-	-	-	-	-	-	16,680	
Net impairment losses (gains) for credit risk (+/-)	4	953	37	-	2	955	-	5,044	-	-	-	5,044	-	7,202	-	-	7,202	-	-	-	-	-	-	13	6	511	-	2,614
Modification losses (gains)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Write-offs not directly recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	9,076	-	-	9,076	-	-	-	-	-	-	-	-	-	9,076	
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	4	3,745	133	-	109	3,636	-	6,393	-	-	-	6,393	-	23,239	-	-	23,239	-	-	-	-	-	-	22	3	70	-	33,609
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	52	-	-	52	-	-	-	-	-	-	-	-	-	52	
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	465	-	-	-	-	-	17	-	-	17	-	-	-	-	-	-	-	-	-	482	

Financial assets at amortised cost represented by loans to customers, in stage 1 and stage 2, were subject to collective measurement utilising forward looking models, to calculate ECL at one year for stage 1 and lifetime ECL for stage 2. The figure for individual impairment refers to impairment of HTC securities in the Bank's portfolio.

With the resolution of 27 March 2018, the board of directors defined the "significant increase in credit risk", i.e., when a financial asset should be classified into stage 2, by considering certain indicators, such as a worsening in the counterparty's internal rating, a deterioration in the internal score, the number of ongoing past due/overdrawn days and any forbearance measures. On 20 January 2023, the Board of Directors updated these criteria without any significant impacts in terms of stage 1 and stage 2 classification of non-impaired credit exposures.

Stage 3 financial assets have been assessed individually, also considering the relevant guarantees.

A.1.5 Financial assets, loan commitments and financial guarantees given: transfers among the various credit risk stages (gross and nominal amounts)

Portfolio / Risk stage	Gross/nominal amounts					
	Transfer between stages 1 and 2		Transfer between stages 2 and 3		Transfer between stages 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	67,963	83,741	5,243	348	5,662	332
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Loan commitments and financial guarantees given	11,198	14,204	381	-	1,502	-
Total 31/12/2024	79,161	97,945	5,624	348	7,164	332
Total 31/12/2023	107,282	62,997	5,328	790	4,265	317

A.1.5a Financing subject to COVID-19 support measures: transfers among the various credit risk stages (gross amounts)

Portfolio / Risk stage	Gross/nominal amounts					
	Transfer between stages 1 and 2		Transfer between stages 2 and 3		Transfer between stages 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Financing at amortised cost	6,686	3,343	718	17	1,341	27
A.1 subject to forbearance compliant with the GLs	-	-	-	-	-	-
A.2 Financing subject to existing moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-
A.3 subject to other forbearance measures	-	-	-	-	-	-
A.4 new financing	6,686	3,343	718	17	1,341	27
B. Financing at fair value through other comprehensive income	-	-	-	-	-	-
B.1 subject to forbearance compliant with the GLs	-	-	-	-	-	-
B.2 Financing subject to existing moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-
B.3 subject to other forbearance measures	-	-	-	-	-	-
B.4 new financing	-	-	-	-	-	-
Total 31/12/2024	6,686	3,343	718	17	1,341	27
Total 31/12/2023	9,607	4,485	526	-	610	24

A.1.6. On- and off-statement of financial position exposures with banks: gross and carrying amounts

Exposure / Amount	Gross amount				Total impairment losses and accruals				Carrying amount	Partial/total write-offs
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-STATEMENT OF FINANCIAL POSITION EXPOSURES										
A.1 ON DEMAND	10,010	10,010	-	-	4	4	-	-	10,006	-
a) Non-performing exposures	-	-	-	-	-	-	-	-	-	-
b) Performing exposures	10,010	10,010	-	-	4	4	-	-	10,006	-
A.2 OTHER	43,852	14,385	-	-	-	-	-	-	43,852	-
a) Bad exposures	-	-	-	-	-	-	-	-	-	-
- including: forbore exposures	-	-	-	-	-	-	-	-	-	-
b) Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	-
- including: forbore exposures	-	-	-	-	-	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
- including: forbore exposures	-	-	-	-	-	-	-	-	-	-
d) Performing past due exposures	-	-	-	-	-	-	-	-	-	-
- including: forbore exposures	-	-	-	-	-	-	-	-	-	-
e) Other performing exposures	43,852	14,385	-	-	-	-	-	-	43,852	-
- including: forbore exposures	-	-	-	-	-	-	-	-	-	-
TOTAL A	53,862	24,395	-	-	4	4	-	-	53,858	-
B. OFF-STATEMENT OF FINANCIAL POSITION										
a) Non-performing exposures	-	-	-	-	-	-	-	-	-	-
b) Performing exposures	7,508	7,210	-	-	9	9	-	-	7,499	-
TOTAL B	7,508	7,210	-	-	9	9	-	-	7,499	-
TOTAL A + B	61,370	31,605	-	-	13	13	-	-	61,357	-

The amounts shown in item “B. OFF-STATEMENT OF FINANCIAL POSITION - a) Non-performing exposures” and “b) Performing exposures” are broken down in the following table for their better presentation:

A.1.6.1 Breakdown of off-statement exposures with banks

Exposure / Amount	Gross amount				Total impairment losses and accruals				Carrying amount	Partial/total write-offs
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
B. OFF-STATEMENT OF FINANCIAL POSITION										
a) Non-performing exposures	-	-	-	-	-	-	-	-	-	-
a.1) Non-performing exposures	-	-	-	-	-	-	-	-	-	-
b) Performing exposures	7,508	7,210	-	-	9	9	-	-	7,499	-
b.1) Deposits for repos	1,925	1,925	-	-	-	-	-	-	1,925	-
b.2) Interbank Deposit Protection Fund (FITD)	5,285	5,285	-	-	9	9	-	-	5,276	-
b.3) Commitment with CC.OO to purchase securities	-	-	-	-	-	-	-	-	-	-
b.4) Interest rate derivatives	-	-	-	-	-	-	-	-	-	-
b.5) Currency forwards	298	-	-	-	-	-	-	-	298	-
TOTAL B	7,508	7,210	-	-	9	9	-	-	7,499	-

A.1.7 On- and off-statement of financial position exposures with customers: gross and carrying amounts

Exposure / Amount	Gross amount				Total impairment losses and accruals				Carrying amount	Partial/total write-offs		
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired				
A. ON-STATEMENT OF FINANCIAL POSITION												
a) Bad exposures	18,046		-	18,046	-	12,373		-	12,373	-	5,673	6,041
- including: forbore exposures	4,272		-	4,272	-	2,972		-	2,972	-	1,300	1,676
b) Unlikely to pay exposures	22,467		-	22,467	-	10,822		-	10,822	-	11,645	-
- including: forbore exposures	7,042		-	7,042	-	3,156		-	3,156	-	3,886	-
c) Non-performing past due exposures	330		-	330	-	44		-	44	-	286	-
- including: forbore exposures	-		-	-	-	-		-	-	-	-	-
d) Performing past due exposures	5,554	2,323	3,231		-	357	78	279		-	5,197	-
- including: forbore exposures	140	-	140		-	11	-	11		-	129	-
e) Other performing exposures	2,195,418	1,894,870	165,363		-	9,913	3,799	6,114		-	2,185,505	-
- including: forbore exposures	19,873	-	19,873		-	989	-	989		-	18,884	-
TOTAL A	2,241,815	1,897,193	168,594	40,843	-	33,509	3,877	6,393	23,239	-	2,208,306	6,041
B. OFF-STATEMENT OF FINANCIAL POSITION												
a) Non-performing exposures	5,677		-	5,677	-	70		-	70	-	5,607	-
b) Performing exposures	695,128	649,575	24,134		-	15	13	2		-	695,113	-
TOTAL B	700,805	649,575	24,134	5,677	-	85	13	2	70	-	700,720	-
TOTAL A + B	2,942,620	2,546,768	192,728	46,520	-	33,594	3,890	6,395	23,309	-	2,909,026	6,041

Also for this statement, the amounts shown in item “B. OFF-STATEMENT OF FINANCIAL POSITION - a) Non-performing exposures” and “b) Performing exposures” are broken down in the following table for their better presentation:

A.1.7.1 Breakdown of off-statement exposures with customers

Exposure / Amount	Gross amount					Total impairment losses and accruals					Carrying amount	Partial/total write-offs
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired				
B. OFF-STATEMENT OF FINANCIAL POSITION												
a) Non-performing exposures	5,677		-	5,677	-	70		-	70	-	5,607	-
a.1) Financial endorsement credits	-		-	-	-	-		-	-	-	-	-
a.2) Commercial endorsement credits	74		-	74	-	70		-	70	-	4	-
a.3) Commitments of uncertain use	5,603			5,603	-	-		-	-	-	5,603	-
b) Performing exposures	695,128	649,575	24,134		-	15	13	2		-	695,113	-
b.1) Financial endorsement credits	726	718	8			1	1	-		-	725	-
b.2) Commercial endorsement credits	14,393	13,951	441		-	4	3	1		-	14,389	-
b.3) Commitments of uncertain use	657,959	634,274	23,685			9	8	1		-	657,950	-
b.4) Financing for repos	-	-	-		-	-	-	-		-	-	-
b.5) Commitment with II.CC to purchase securities issued by CC.OO.	21,077	-	-		-	-	-	-		-	21,077	-
b.6) Interest rate derivatives and forwards	341	-	-		-	-	-	-		-	341	-
b.7) Currency forwards	-	-	-		-	-	-	-		-	-	-
b.8) Risks associated with SFTs (repos)	-	-	-		-	-	-	-		-	-	-
b.9) Interbank Deposit Protection Fund - voluntary scheme	632	632	-		-	1	1	-		-	631	-
TOTAL B	700,805	649,575	24,134	5,677	-	85	13	2	70	-	700,720	-

A.1.7a Financing subject COVID-19 support measures: gross and carrying amounts

Exposure / Amount	Gross amount					Total impairment losses and accruals					Carrying amount	Partial/total write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. NON-PERFORMING FINANCING	-	-	-	-	-	-	-	-	-	-	-	-
a) Subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New financing	-	-	-	-	-	-	-	-	-	-	-	-
B. UNLIKELY TO PAY FINANCING	2,842	-	-	2,842	-	785	-	-	785	-	2,057	-
a) Subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New financing	2,842	-	-	2,842	-	785	-	-	785	-	2,057	-
C) NON-PERFORMING PAST DUE FINANCING	10	-	-	10	-	1	-	-	1	-	9	-
a) Subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New financing	10	-	-	10	-	1	-	-	1	-	9	-
D) PERFORMING PAST DUE FINANCING	502	64	438	-	-	63	9	54	-	-	439	-
a) Subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New financing	502	64	438	-	-	63	9	54	-	-	439	-
E) OTHER PERFORMING FINANCING	87,038	74,583	12,455	-	-	722	337	385	-	-	86,316	-
a) Subject to forbearance compliant with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratoria measures no longer compliant with the GLs and not valued as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New financing	87,038	74,583	12,455	-	-	722	337	385	-	-	86,316	-
TOTAL A + B + C + D + E	90,392	74,647	12,893	2,852	-	1,571	346	439	786	-	88,821	-

A.1.8 On-statement of financial position exposures with banks: gross non-performing positions

The table is not shown in these financial statements since there are no credit-impaired exposures with banks.

A.1.8-bis On-statement of financial position exposures with banks: gross forborne exposures broken down by credit quality

As a result of the information described in the previous section, this table is not shown either.

A.1.9 On-statement of financial position exposures with customers: gross non-performing positions

Reason/Category	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures
A. Gross opening balance	44,390	23,112	1,088
- including: exposures transferred but not derecognised	-	-	-
B. Increases	9,209	10,011	343
B.1 from performing exposures	3,993	8,638	287
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing categories	3,959	620	-
B.4 modification gains	-	-	-
B.5 other increases	1,257	753	56
C. Decreases	35,553	10,656	1,101
C.1 transfers to performing exposures	-	510	50
C.2 write-offs	8,807	18	-
C.3 collections	3,069	6,176	424
C.4 sales	7,300	-	-
C.5 losses on sales	-	-	-
C.6 transfers to other non-performing categories	-	3,952	627
C.7 modification gains	-	-	-
C.8 Other decreases	16,377	-	-
D. Gross closing balance	18,046	22,467	330
- including: exposures transferred but not derecognised	-	-	-

Item “B.5 other increases” in the “NPE” column shows the gain made for the sale of loans through the “Luzzatti POP NPLs 2024” securitisation, in the amount of €421 thousand.

Again in the NPE column, item “C.8 other decreases” includes, in relation to the cited securitisation, the use of the provision for impairment:

- 1) for losses equal to € 13,128 thousand;
- 2) for writebacks from collections equal to € 2,999 thousand;
- 3) for IAS interest accrued on sold positions equal to € 250 thousand.

A.1.9-bis On-statement of financial position exposures with customers: gross forborne exposures broken down by credit quality

Reason/Quality	Non-performing forborne exposures	Other forborne exposures
A. Gross opening balance	17,656	22,003
- including: exposures transferred but not derecognised	-	-
B. Increases	5,499	10,363
B.1 transfers from performing exposures not subject to forbearance	552	9,333
B.2 transfers from performing forborne exposures	1,059	
B.3 transfers from non-performing forborne exposures		220
B.4 transfers from non-performing exposures not subject to forbearance measures	-	-
B.5 other increases	3,888	810
C. Decreases	11,841	12,353
C.1 transfers to performing exposures not subject to forbearance		652
C.2 transfers to performing forborne exposures	220	
C.3 transfers to non-performing forborne exposures		1,059
C.4 cancellations	1,266	-
C.5 collections	2,735	10,642
C.6 sales	1,219	-
C.7 losses on sales	-	-
C.8 other decreases	6,401	-
D. Gross closing balance	11,314	20,013
- including: exposures transferred but not derecognised	-	-

Item "C.6 sales", in the "Non-performing forborne exposures" column, shows the collection relevant to the "Forborne" relationships sold as part of the "Luzzatti POP NPLs 2024" securitisation.

Item "C.8 other decreases", in the "Non-performing forborne exposures" column, includes the use of the allowance for impairment relevant to the "Forborne" relationships sold as part of the "Luzzatti POP NPLs 2024" securitisation, in the amount of € 3,232 thousand.

A.1.10 On-statement of financial position non-performing exposures with banks: changes in total impairment

As a result of the information described in section A.1.8, the table is not shown because there are no valuations.

A.1.11 On-statement of financial position non-performing exposures with customers: changes in total impairment

Reason/Category	Bad exposures		Unlikely to pay exposures		Non-performing past due exposures	
	Total	Including: forbore exposures	Total	Including: forbore exposures	Total	Including: forbore exposures
A. Opening balance	29,169	5,277	12,230	5,083	322	54
- including: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	12,141	3,825	4,507	1,027	44	-
B.1 impairment losses of purchased or originated credit-impaired assets	-	-	-	-	-	-
B.2 other impairment losses	9,236	2,024	4,310	976	44	-
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing categories	2,715	1,801	197	51	-	-
B.5 modification gains	-	-	-	-	-	-
B.6 other increases	190	-	-	-	-	-
C. Decreases	28,937	6,130	5,915	2,954	322	54
C.1 impairment gains from valuation	805	242	1,573	767	18	3
C.2 impairment gains from collection	2,276	1,749	1,612	386	104	-
C.3 gains on sales	421	-	-	-	-	-
C.4 write-offs	9,058	4,139	18	-	-	-
C.5 transfers to other non-performing categories	-	-	2,712	1,801	200	51
C.6 modification gains	-	-	-	-	-	-
C.7 other decreases	16,377	-	-	-	-	-
D. Closing balance	12,373	2,972	10,822	3,156	44	-
- including: exposures transferred but not derecognised	-	-	-	-	-	-

Item “C.3 gains on sales” in the “NPE - Total” column refers to gains made on sales of loans through the “Luzzatti POP NPLs 2024” securitisation.

Again in the NPE - Total column, item “C.7 other decreases” includes, in relation to the cited securitisation, the use of the provision for impairment:

- 1) for losses equal to € 13,128 thousand;
- 2) for writebacks from collections equal to € 2,999 thousand;
- 3) for IAS interest accrued on sold positions equal to € 250 thousand.

A.2 Classification of financial assets, loan commitments and financial guarantees given based on external and internal rating class

A.2.1 Breakdown of financial assets, loan commitments and financial guarantees given by external rating class (gross amounts)

Moody's provides the external ratings in accordance with the ECAI used to calculate the capital requirements for credit risk on exposures with governments and supervised intermediaries.

The exposure with externally-rated ordinary customers on and off-statement of financial position is negligible.

The exposure with institutional and banking counterparties has the rating shown in the following table:

Exposures	External rating class						No rating	Total
	AAA/AA-	A+/A-	BBB+/BBB	BB+/BB-	B+/B-	Lower than B		
A. Financial assets measured at amortised cost	-	-	485,637	-	-	-	1,093,888	1,579,525
- Stage 1	-	-	485,637	-	-	-	884,451	1,370,088
- Stage 2	-	-	-	-	-	-	168,594	168,594
- Stage 3	-	-	-	-	-	-	40,843	40,843
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	-	-	541,491	-	-	-	-	541,491
- Stage 1	-	-	541,491	-	-	-	-	541,491
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	-	-	1,027,128	-	-	-	1,093,888	2,121,016
D. Loan commitments and financial guarantees given	-	-	35,471	-	-	-	672,203	707,674
- Stage 1	-	-	35,471	-	-	-	642,392	677,863
- Stage 2	-	-	-	-	-	-	24,134	24,134
- Stage 3	-	-	-	-	-	-	5,677	5,677
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total D	-	-	35,471	-	-	-	672,203	707,674
Total (A + B + C + D)	-	-	1,062,599	-	-	-	1,766,091	2,828,690

A.2.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating class (gross amounts)

The bank has decided not to use internal rating systems.

A.3 Breakdown of guaranteed exposures by type of guarantee

A.3.2 On- and off-statement of financial position guaranteed credit exposures with customers

Tax base / Amount	Gross amount	Carrying amount	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
							Credit derivatives					Endorsement credits				
			Mortgaged property	Financing for leased property	Securities	Other collateral	CLN	Other derivatives				Public administrations	Banks	Other financial companies		Other
								Central counterparties	Banks	Other financial companies	Other					
1. Guaranteed exposures:	949,457	920,971	325,092	-	9,002	34,030	-	-	-	-	-	137,517	121	222,090	163,998	891,850
1.1. fully guaranteed	812,286	786,454	323,866	-	8,121	33,579	-	-	-	-	-	68,491	89	193,927	158,380	786,453
- including: non-performing	34,154	15,205	10,217	-	-	448	-	-	-	-	-	3,510	-	118	911	15,204
1.2. Partly guaranteed	137,171	134,517	1,226	-	881	451	-	-	-	-	-	69,026	32	28,163	5,618	105,397
- including: non-performing	3,701	2,019	127	-	-	-	-	-	-	-	-	1,731	32	25	83	1,998
2. Off-statement of financial position guaranteed exposures:	213,100	213,091	11,003	-	729	2,283	-	-	-	-	-	14,446	-	5,160	164,533	198,154
2.1. fully guaranteed	178,321	178,313	10,343	-	560	1,308	-	-	-	-	-	8,032	-	5,143	152,928	178,314
- including: non-performing	2,550	2,547	1,597	-	-	17	-	-	-	-	-	203	-	-	729	2,546
2.2. Partly guaranteed	34,779	34,778	660	-	169	975	-	-	-	-	-	6,414	-	17	11,605	19,840
- including: non-performing	313	313	-	-	-	-	-	-	-	-	-	154	-	-	64	218

A.4 Financial and non-financial assets obtained through enforcement of guarantees received

Tax base / Amount	Derecognised exposure	Gross amount	Total impairment	Carrying amount	
					including: obtained during the year
A. Property, plant and equipment	2,013	571	81	490	-
A.1. Used for operations	-	-	-	-	-
A.2. Investment	2,013	571	81	490	-
A.3. Inventories	-	-	-	-	-
B. Equity instruments and debt instruments	-	-	-	-	-
C. Other assets	-	-	-	-	-
D. Non-current assets held for sale and disposal groups	-	-	-	-	-
D.1. Property, plant and equipment	-	-	-	-	-
D.2. Other assets	-	-	-	-	-
Total 12/2024	2,013	571	81	490	-
Total 12/2023	2,013	571	64	507	-

Item "A.2 Investment" in the above table indicates the value of a property allocated to the bank by the Court of Fermo, following the enforcement procedure concluded in 2019 and of another three properties allocated by the Court of Terni following another enforcement procedure.

B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

B.1 Breakdown of on- and off-statement of financial position exposures with customers by business segment

Exposure/Counterparty	Public administrations		Financial companies		Financial companies (including: insurance companies)	
	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment
A. On-statement of financial position						
A.1 Bad exposures	-	-	-	-	-	-
- including: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-
- including: forborne exposures	-	-	-	-	-	-
A.3 Non-performing past due exposures	1	-	-	-	-	-
- including: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	1,131,090	251	70,043	382	1	-
- including: forborne exposures	-	-	-	-	-	-
Total A	1,131,091	251	70,043	382	1	-
B. Off-statement of financial position						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	116,228	5	24,851	2	93	-
Total B	116,228	5	24,851	2	93	-
Total (A + B) at 31/12/2024	1,247,319	256	94,894	384	94	-
Total (A + B) at 31/12/2023	1,159,658	4,573	97,985	714	93	-

Exposure/Counterparty	Non-financial companies		Households	
	Carrying amount	Total impairment	Carrying amount	Total impairment
A. On-statement of financial position				
A.1 Bad exposures	4,567	8,776	1,106	3,597
- including: forborne exposures	654	1,821	646	1,151
A.2 Unlikely to pay exposures	6,802	7,647	4,843	3,175
- including: forborne exposures	1,664	1,504	2,222	1,652
A.3 Non-performing past due exposures	11	2	273	42
- including: forborne exposures	-	-	-	-
A.4 Performing exposures	638,887	4,849	350,682	4,789
- including: forborne exposures	13,037	805	5,977	194
Total A	650,267	21,274	356,904	11,603
B. Off-statement of financial position				
B.1 Non-performing exposures	5,315	70	292	-
B.2 Performing exposures	503,597	5	50,436	3
Total B	508,912	75	50,728	3
Total (A + B) at 31/12/2024	1,159,179	21,349	407,632	11,606
Total (A + B) at 31/12/2023	1,107,018	33,560	429,406	17,880

Item “A.1 Bad exposures - including: forborne exposures” includes 48 positions, comprising both those with debt rescheduling agreements and those under deed of arrangement.

Item “A.2 Unlikely to pay exposures - including: forborne exposures” includes 83 positions subject to forbearance measures.

Item “A.3 Non-performing past-due exposures - including: forborne exposures” does not contain any positions subject to forbearance measures.

Item “A.4 Performing exposures - including: forborne exposures” comprises 139 positions subject to forbearance measures.

The credit concentration risk is analysed in the directors’ report.

B2 Breakdown of on- and off-statement of financial position exposures with customers by geographical segment

Exposure/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment
A. On-statement of financial position										
A.1 Bad exposures	5,673	12,373	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	11,645	10,822	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	286	44	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,098,123	10,270	18,131	-	12,275	-	3,377	-	58,796	-
Total A	2,115,727	33,509	18,131	-	12,275	-	3,377	-	58,796	-
B. Off-statement of financial position										
B.1 Non-performing exposures	5,607	70	-	-	-	-	-	-	-	-
B.2 Performing exposures	690,111	15	7	-	5	-	-	-	4,989	-
Total B	695,718	85	7	-	5	-	-	-	4,989	-
Total (A + B) at 31/12/2024	2,811,445	33,594	18,138	-	12,280	-	3,377	-	63,785	-
Total (A + B) at 31/12/2023	2,704,868	56,726	63,862	-	17,026	-	2,824	-	5,488	-

B.2.1 Breakdown of on- and off-statement of financial position exposures with customers by geographical segment

Exposure/Geographic area	North-west ITALY		North-east ITALY		Central ITALY		South ITALY and islands	
	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment
A. On-statement of financial position								
A.1 Bad exposures	1	4	-	1	5,662	11,735	9	634
A.2 Unlikely to pay exposures	58	47	16	15	10,959	10,073	612	686
A.3 Non-performing past due exposures	46	5	47	5	132	28	61	7
A.4 Performing exposures	83,377	637	27,580	85	1,872,951	8,523	114,214	1,025
Total A	83,482	693	27,643	106	1,889,704	30,359	114,896	2,352
B. Off-statement of financial position								
B.1 Non-performing exposures	16	65	-	-	5,551	3	41	3
B.2 Performing exposures	14,664	1	6,660	-	603,792	13	64,996	1
Total B	14,680	66	6,660	-	609,343	16	65,037	4
Total (A + B) at 31/12/2024	98,162	759	34,303	106	2,499,047	30,375	179,933	2,356
Total (A + B) at 31/12/2023	72,308	2,531	31,444	194	2,420,339	50,976	180,777	3,024

B.3 Breakdown of on- and off-statement of financial position exposures with banks by geographical segment

Exposure/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment
A. On-statement of financial position										
A.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	22,950	3	20,828	-	4,392	1	-	-	5,689	-
Total A	22,950	3	20,828	-	4,392	1	-	-	5,689	-
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	7,498	9	-	-	-	-	-	-	-	-
Total B	7,498	9	-	-	-	-	-	-	-	-
Total (A + B) at 31/12/2024	30,448	12	20,828	-	4,392	1	-	-	5,689	-
Total (A + B) at 31/12/2023	29,788	22	33,623	-	7,792	2	-	-	4,187	-

B.3.1 Breakdown of on- and off-statement of financial position exposures with banks by geographical segment

Exposure/Geographic area	North-west ITALY		North-east ITALY		Central ITALY		South ITALY and islands	
	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment	Carry. amount	Tot. impairment
A. On-statement of financial position								
A.1 Bad exposures	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	8,587	3	-	-	14,363	-	-	-
Total A	8,587	3	-	-	14,363	-	-	-
B. Off-statement of financial position								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	2,223	-	-	-	5,276	9	-	-
Total B	2,223	-	-	-	5,276	9	-	-
Total (A + B) at 31/12/2024	10,810	3	-	-	19,639	9	-	-
Total (A + B) at 31/12/2023	11,651	6	-	-	18,137	16	-	-

B.4 Large exposures

Tax base / Amount	31/12/2024	31/12/2023
a) Carrying amount	1,447,441	1,471,152
b) Weighted amount	43,562	78,799
c) Number	5	7

The above table shows both the weighted and carrying amount of the large exposures. The number of positions decreased to 5 compared to those recorded in 2023, and mainly refer to institutional counterparties, with only one an ordinary customer.

Their weighted amount decreased from € 78,799 thousand in 2023 to € 43,562 thousand at 31/12/2024.

C. SECURITISATIONS

Qualitative disclosure

NPL SECURITISATION OPERATION “BUONCONSIGLIO 4 2021”.

In December 2021, the multi-originator securitisation operation was concluded pursuant to Law no. 130 of 30 April 1999, named *Buonconsiglio 4*, with regard to 273 positions classified as bad exposures by the bank on retail and corporate customers, alongside other portfolios of receivables from another 37 credit institutes.

On 9 December 2021, the financing contract with limited recourse was signed in favour of the SPV *Buonconsiglio 4 Srl*, while on 13 December the bank signed the agreement for the subscription of the bonds issued by the vehicle and the approval of the binding offer from Irish fund Buckthorn Financing DAC was signed for the purchase of 95% of the mezzanine and junior bonds, as an essential condition to carry out the derecognition of the exposures transferred from the assets.

The bonds were issued on 14 December and on 15 December the mezzanine and junior bonds were sold with settlement date on 17 December 2021. In line with the provisions of IFRS9, the senior bonds were recognised in the HTC portfolio at amortised cost, while the mezzanine and junior bonds, which did not pass the SPPI test, were recognised in the portfolio of financial assets at fair value through profit or loss.

The operation was structured in such a way that had suitable characteristics for the senior securities to benefit from the state guarantee in the context of securitisation operations (“GACS”). The GACS guarantee was granted by the Ministry of Economy and Finance with a deed dated 10/06/2022.

In order to comply with the obligation to retain net economic interest of at least 5% in the operation set out by (i) art. 405, paragraph 1, letter a) of Regulation (EU) 537/2013 (the “CRR”), (ii) art. 51, paragraph 1, letter a) of Commission Delegated Regulation (EU) 231/2013 (the “AIFMD Regulation”), and (iii) art. 254, paragraph 2, letter a) of Commission Delegated Regulation (EU) 35/2015 (the “Solvency II Regulation”), the assignor banks undertook to retain a quota of at least 5% of the nominal amount of each tranche of securities issued in the context of the operation (“vertical slice”).

The main characteristics of the securities issued by the vehicle are shown below.

Securities	Nominal amount	Subscribers and buyers.	Maturity	Rate	Margin
Class A, senior securities	€ 117.7 million	100% assignor banks	2042	Euribor 6 months	0.40% spread with zero-floor coupon.
Class B, mezzanine securities	€ 16.5 million	95% investors 5% assignor banks	2042	Euribor 6 months	10.0 % spread with zero-floor coupon
Class J, junior securities	€ 5.893 million **	95% investors 5% assignor banks	2042	Euribor 6 months	15.00% plus variable return zero-floor coupon

** of which € 4,393.000 related to the over-issue of junior securities, subscribed in cash by the assignor banks, for the payment of all costs of the operation.

With reference to the placement of securities, as is understood from the table above, the senior securities were subscribed by the assignor banks at the issue date; the mezzanine and junior securities, fully subscribed by the assignor banks at the issue date, were subsequently transferred to third-party independent investors for a total amount of 95% of their nominal amount as previously communicated to the ECB with letter dated 30 September 2021. The

remaining 5% of the nominal amount of the mezzanine and junior securities will be retained by the assignor banks in order to comply with the obligation to retain net economic interest of 5% in the operation in question (retention rule).

The derecognition of the bad exposures from the financial statements of the assignor banks took place following the transfer of the 95% of the mezzanine and junior securities to Buckthorn Financing DAC. The transfer took place for both tranches on 15 December 2021 with settlement on 17 December 2021.

Portfolio securitised by Cassa di Risparmio di Fermo S.p.A.

The most significant figures from the transferred portfolio and the securitisation of Cassa di Risparmio di Fermo S.p.A. are shown below:

A) Transfer of exposures without recourse on 1 December 2021

<i>Amounts in euro</i>	[A]	[B]	[C] = [A] - [B]	[D]	[E] = [C] - [D]
GBV	Gross carrying amount	Impairment losses	Net carrying amount	Loss on sales	Sale price
38,732,197.62	25,717,899.87	16,042,694.11	9,675,205.76	236,205.76	9,439,000**

** price gross of collections recorded at the final cut-off date of 31 July 2021 at the transfer date excluded for € 23,119.67.

In particular, the securitised portfolio includes bad exposures at the transfer date for a gross carrying amount of € 25,717,899.87 and for an aggregate gross amount at the transfer date, net of impairment and including any collections from the exposures and pertaining to the securitisation company, received by the assignor company between the date of definition of the carrying amount and the transfer date, confirmed on the basis of the accounting records to be € 9,698,325.43 (of which collections for 23,119.67), transferred at an amount of € 9,439,000.

B) Issue of notes by the SPV and subscription of notes by the bank on 14/12/2021

Amounts in euro

Description	Notes type			Total notes
	Senior	Mezzanine	Junior	
- Scope - Rating - DBRS - Morningstar - ARC	BBB	No rating	No rating	
CTV issue	8,187,000	1,148,000	323,000***	9,658,000

*** amount includes the overissue of junior securities paid by cash € 219,000 (amount equal to the upfront costs of the operation)

On the date the Notes were issued, 14 December 2021, the SPV transferred the Senior, Mezzanine and Junior Notes to the Bank, against the portfolio sale price. On 15 December 2021, with the settlement recognised for accounting purposes on 17 December 2021, the Bank transferred 95% of the Mezzanines and 95% of the Juniors to Buckthorn Financing DAC.

Securitised positions

The following table contains the securitised positions held by the bank following the transfer to Buckthorn Financing DAC of 95% of the mezzanine notes and 95% of the junior notes:

Class	Amount	ISIN
Class A	8,187,000	IT 0005473647
Class B	58,000	IT 0005473654
Class J	21,000	IT 0005473662
Limited recourse loan	362,000	N.A.

Limited recourse loan agreement: was signed on 9 December 2021 by Buonconsiglio 4 S.r.l. and the assignor banks (lending banks), pro rata, for a total amount of € 5,198,000. As part of the securitisation operation, the lending banks granted the vehicle a limited recourse loan intended to finance the establishment of an initial cash reserve, a retention amount and a recovery expenses target amount. The sums due by the vehicle for any reason pursuant to this agreement shall be paid by it to the lending banks in compliance with the order of priority of payments applicable from time to time and shall therefore be subject to the payments to be made by the vehicle with priority, pursuant to the applicable order of priority of the payments. The portion of this loan granted by Carifermo totals € 362 thousand.

NPL SECURITISATION OPERATION “LUZZATTI POP NPLs 2023”.

In December 2023, Cassa di Risparmio di Fermo S.p.A. carried out a securitisation transaction pursuant to Law 130 of 30 April 1999, together with a consortia of banks, involving a number of NPE portfolios deriving from mortgage or unsecured loan contracts with debtors classified as “non-performing” for a total gross carrying amount (GBV) of € 313,440,471, of which 14,843,255 or 4.7% of the total, pertaining to Cassa di Risparmio di Fermo.

Promoted at a consortium level by Luigi Luzzatti S.c.p.A. (“Luzzatti”), which served as the global coordinator and advisor, the securitisation was structured with assistance from Intesa Sanpaolo S.p.A. (IMI Corporate & Investment Banking Division) as the Arranger and Placement Agent, while Studio Orrick Herrington & Sutcliffe LLP (on the Seller side) and Studio Legale Chiomenti (on the SPV/Arranger side) served as the legal consultants for the transaction. The special purpose vehicle (Luzzatti POP NPLS 2023 S.r.l.) appointed doNext S.p.A. as Master Servicer and doValue S.p.A. as Special Servicer. Luzzatti, on the account of the Sellers, appointed the ratings agencies Morningstar DBRS and ARC Rating S.A. to obtain a rating for the Class A securities issued by the SPV.

The fee for selling the loans was paid by the SPV to each Seller through income deriving from the issuing of multiple classes of asset backed securities, pursuant to the Law on Securitisation, divided into senior securities (Class A), mezzanine (Class B or Mezzanine) and junior securities (Class J or Junior).

The features of Class A securities were defined so as to obtain a rating of BBB+ or equivalent from both the above ratings agencies. The Mezzanine and Junior securities are not rated.

95% of the Mezzanine and Junior securities, following a competitive bidding procedure carried out with assistance from Intesa Sanpaolo S.p.A. with selected international investors, were initially subscribed by Intesa Sanpaolo S.p.A. on 28 December 2023, to facilitate the sale process to the investor selected by the Sellers as the Placement Agent and, on the same date and at the same price, sold to a fund managed by Azimut Libera Impresa SGR S.p.A. (“Azimut”).

The main characteristics of the securities issued by the vehicle are shown below.

Securities	Nominal amount	Subscribers and buyers.	Maturity	Rate	Margin
Class A, senior securities	€ 77.500 million	100% Sellers	2043	Fixed	Coupon 4%
Class B, mezzanine securities	€ 11.000 million	95% investors 5% Sellers	2043	Variable (Euribor 6 month)	Spread 10%
Class J, junior securities	€ 3.000 million	95% investors 5% Sellers	2043	Variable (Euribor 6 month)	Spread 15% plus variable return

Securities issued in favour of CR Fermo, prior to and after the sale of 95.0% of mezzanine and junior securities are shown below:

Securities	Nominal amount	Nominal amount sold	Nominal amount retained
Class A, senior securities	3,188,000	-	3,188,000
Class B, mezzanine securities	452,487	429,862	22,625
Class J, junior securities	123,405	117,234	6,171

The residual nominal amount of the mezzanine and junior securities was retained by the Sellers to comply with the obligation to retain a net economic interest of no less than 5% in the operation in question (retention rule).

Securitised positions

Class	Amount	ISIN
Class A	3,188,000	IT0005577801
Class B	22,625	IT0005577819
Class J	6,171	IT0005577827
Limited recourse loan	144,000	N.A.

On 22 December 2023, a financing contract with limited recourse was signed by the seller banks and the SPV Luzzatti POP NPLs 2023 S.r.l. for a total of € 3,490,000, corresponding to the initial cash reserve on the issue date, the retention amount and the recovery expenses reserve amounts. The interest rate is 4% and the portion granted to Cassa di Risparmio di Fermo is € 144 thousand.

NPL SECURITISATION OPERATION “LUZZATTI POP NPLs 2024”.

At the end of 2024, Cassa di Risparmio di Fermo S.p.A. carried out a securitisation transaction pursuant to Law 130 of 30 April 1999. The transaction was completed on 19 December 2024, and involved the participation of Cassa di Risparmio di Fermo S.p.A., seven other banks, and a financial intermediary pursuant to art. 106 of the TUB. The portfolio of bad exposures sold by the originators to the securitisation vehicle established for this purpose pursuant to Italian Law no. 130 of 30 April 1999 as amended, represented around 4,500 debtors. In terms of numbers, it consisted of almost 50% non-performing exposures guaranteed by at least a first-priority mortgage (representing 47% of the Gross Book Value and 66% of the Gross Cash Flows), with the remainder made up by exposures guaranteed by lower-priority mortgages or unsecured exposures, deriving from loans classified as non-performing as at 10 December 2024 (the Transfer Date) with a total Gross Book Value (“GBV”) of around € 204,478,612 on 30 June 2024 (i.e. the cut-off data), € 37,962,665 of which, or 18.6% of the total, concern CR Fermo.

The securitisation, promoted at the consortia level by Luigi Luzzatti S.c.p.A. (“Luzzatti”), which served as Advisor, was structured with the assistance of Intesa Sanpaolo S.p.A. (IMI Corporate & Investment Banking Division) as the Arranger and Placement Agent, while Studio Hogan Lovells (on the Seller side) and Studio Legale Chiomenti (on the SPV/Arranger side) served as the legal consultants for the transaction. The special purpose vehicle (Luzzatti POP NPLS 2024 S.r.l.) appointed Master Gardant S.p.A. as Master Servicer and Special Gardant S.p.A. e Axis S.p.A. as Special Servicer. Luzzatti, on the account of the Sellers, appointed the ratings agencies Morningstar DBRS and ARC Ratings to obtain a rating for the Class A securities issued by the SPV.

The fee for selling the loans was paid by the SPV to each Seller through income deriving from the issuing of multiple classes of asset backed securities, pursuant to the Law on Securitisation, divided into senior securities (Class A), mezzanine (Class B or Mezzanine) and junior securities (Class J or Junior). The features of Class A securities were defined so as to obtain a rating of BBB+ or equivalent from both the above ratings agencies. The Mezzanine and Junior securities are not rated.

95% of the Mezzanine and Junior securities, following a competitive bidding procedure carried out with assistance from Intesa Sanpaolo S.p.A. with selected international investors, were initially subscribed by Intesa Sanpaolo S.p.A. on 19 December 2024, to facilitate the sale process to the investor selected by the Sellers as the Placement Agent and, on the same date and at the same price, sold to a fund managed by Christofferson, Robb & Company, LLC (“CRC”).

The main characteristics of the securities issued by the vehicle are shown below

Securities	Nominal amount	Subscribers and buyers.	Maturity	Rate	Margin
Class A, senior securities	€ 47.850 million	100% Sellers	2045	Fixed	Coupon 3.50%
Class B, mezzanine securities	€ 7.000 million	95% investors 5% Sellers	2045	Variable (Euribor 6 month)	Spread 10%
Class J, junior securities	€ 1.500 million	95% investors 5% Sellers	2045	Variable (Euribor 6 month)	Spread 15% plus variable return

Securities issued in favour of CR Fermo, prior to and after the sale of 95.0% of mezzanine and junior securities are shown below:

Securities	Nominal amount	Nominal amount sold	Nominal amount retained
Class A, senior securities	€ 7,268,000	-	€ 7,268,000
Class B, mezzanine securities	€ 1,063,254	€ 1,010,091	€ 53,163
Class J, junior securities	€ 227,840	€ 216,448	€ 11,392

The residual nominal amount of the mezzanine and junior securities was retained by the Sellers to comply with the obligation to retain a net economic interest of no less than 5% in the operation in question (retention rule).

Securitised positions

Class	Amount	ISIN
Class A	7,268,000	IT0005625626
Class B	1,591	IT0005625634
Class J	8	IT0005625642
Limited recourse loan	343,000	N.A.

On 18 December 2024, a financing contract with limited recourse was signed by the seller banks and the SPV Luzzatti POP NPLs 2024 S.r.l., corresponding to the initial cash reserve on the issue date, the retention amount and the recovery expenses reserve amounts. The interest rate is 3.50% and the portion granted to Cassa di Risparmio di Fermo is € 343 thousand.

Quantitative disclosure

C.1 Exposures of the main “own” securitisations broken down by securitised asset and type of exposure

Type of securitised asset / exposure	On-statement of financial position					
	Senior		Mezzanine		Junior	
	Carrying amount	Impairment gains (losses)	Carrying amount	Impairment gains (losses)	Carrying amount	Impairment gains (losses)
A. Subject to full derecognition	-	-	-	-	-	-
A.1 Buonconsiglio 4	4,624	28	-	-	-	-
- Repurchased securities not capitalised, uncommitted - SPV 000002064	4,624	28	-	-	-	-
- Subordinated loan active in the form of securities - SPV 000002064	-	-	-	-	-	-
A.2 Luzzatti Pop NPLs 2023	1,848	12	-	-	-	-
- Current own securities, uncommitted - SPV Luzzatti Srl	1,848	12	-	-	-	-
- Subordinated loan payable in the form of securities - Luzzatti Srl	-	-	-	-	-	-
A.3 Luzzatti Pop NPLs 2024	7,276	-	-	-	-	-
- Current own securities, uncommitted - SPV Luzzatti Srl	7,276	-	-	-	-	-
- Subordinated loan payable in the form of securities - Luzzatti Srl	-	-	-	-	-	-
A.4 name of securitisation ..	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
B. Subject to partial derecognition	-	-	-	-	-	-
B.1 name of securitisation 1	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
B.2 name of securitisation 2	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
B.3 name of securitisation ..	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
C. Not derecognised	-	-	-	-	-	-
C.1 name of securitisation 1	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
C.2 name of securitisation 2	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-
C.3 name of securitisation ..	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-

The previous table in point A.1 shows the residual securities, “senior”, at the carrying amount at 30/06/2024 received following the multi-originator securitisation with GACS, Buonconsiglio 4.

Point A.2 shows the senior and mezzanine securities at their carrying amount at 30/06/2024, received following the multi-originator securitisation Luzzatti POP NPLs 2023.

During 2024, the Buonconsiglio 4 senior security saw redemptions of €1,516 thousand, with an impairment gain of €41 thousand; while the Luzzatti Pop NPLs 2023 senior security saw redemptions of €1,328 thousand, with an impairment of €12 thousand.

SECTION 2 - MARKET RISK

2.1 Interest rate and price risks - supervisory trading book

Qualitative disclosure

A. General aspects

The securities portfolio was almost entirely comprised of securities issued by governments or banks in 2023, like in the previous year, in order to minimise interest rate risks. The bank also pledged bank and government bonds from different portfolios as security with the ECB, pursuant to the Bank of Italy instructions about open market operations.

Other interest rate swaps include mirroring contracts for corporate customers, hedged specifically with institutional counterparties. As a result, derivatives do not entail the bank's taking on of risk.

In short, therefore, the Bank's policy for trading on its own behalf consists of medium-term repurchase transactions, monitoring the performance and risk profiles, in order to achieve returns on a portfolio mainly composed of inflation-linked floating rate items.

As part of its ordinary trading activities, the Bank undertook transactions directly for government bonds and bonds, mostly issued by banks.

B. Interest rate and price risk management processes and measurement methods

The bank applies the standardised method as per Regulation (EU) no. 575/2013 and subsequent amendments and the related supervisory regulations to calculate its prudent capital requirements. It has specific market risk control procedures in place as well as ensuring and checking compliance with the prudent rules.

Specifically, internal control regulations establish that the securities portfolio's exposure to market risks be checked by the Risk Management Unit using the VaR method and sensitivity analyses.

As of 2016, the Board Of Directors has transferred part of its banking book to a portfolio managed by Epsilon SGR S.p.A. A total of € 120 million was transferred to asset management. In the first quarter of 2021, the bank expanded the diversification of the securities portfolio with a new Total Return asset management mandate for € 50 million granted to Eurizon SGR.

The bank checks the operating and total risk limits set in the "Policies for financial risk management" using the portfolio not transferred to Epsilon S.p.A., while it checks compliance with the limits set in the mandate's guidelines for the transferred assets.

With reference to the portfolio managed internally, VaR measurement takes place daily, based on a historic model. This uses the history of risk factors to estimate the maximum loss that the portfolio could incur, to a certain degree of certainty (99%) and over a given period of time (10 days), coming up with various hypothetical scenarios based on past fluctuations.

At present, the VaR model is solely used for management and internal control purposes.

As of April 2024, new reports have also been activated which measure sensitivity (+/-100bps) in relation to rate and spread shocks.

With respect to the financial instruments used for asset management, the manager Epsilon SGR provides the 1-month VaR with a confidence level of 99% on a daily basis, and the results of certain stress tests at each month end. The manager Eurizon SGR, on the other hand, provides monthly reports. The Risk Management Unit monitors the manager's compliance with the limits set in the mandate's guidelines once a month.

With respect to price risk, the Bank's operations in financial instruments sensitive to such risks are monitored through internal VaR reports, reports from the asset managers, and in relation to the limits set by the latter and by internal regulations.

Quantitative disclosure

1. Regulatory trading book: breakdown by residual maturity (repricing date) of financial assets and liabilities and financial derivatives.

Currency denomination: Euro

Type/Residual maturity	on demand	up to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	after 5 to 10 years	after 10 years	open term
1. Assets	-	50,266	14,561	29,735	58,052	8,416	-	-
1.1 Debt instruments	-	50,266	14,561	29,735	58,052	8,416	-	-
- with early repayment option	-	479	3,406	1,017	2,520	-	-	-
- other	-	49,787	11,155	28,718	55,532	8,416	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	33,426	820	1,767	2,347	1,235	144	-
3.1 With underlying security	-	6	-	-	-	-	-	-
- Options	-	6	-	-	-	-	-	-
+ long positions	-	3	-	-	-	-	-	-
+ short positions	-	3	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	33,420	820	1,767	2,347	1,235	144	-
- Options	-	298	340	621	2,347	1,235	144	-
+ long positions	-	120	172	314	1,195	620	72	-
+ short positions	-	178	168	307	1,152	615	72	-
- Other derivatives	-	33,122	480	1,146	-	-	-	-
+ long positions	-	23,764	240	573	-	-	-	-
+ short positions	-	9,358	240	573	-	-	-	-

Currency denomination: Other currencies

Type/Residual maturity	on demand	up to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	after 5 to 10 years	after 10 years	open term
1. Assets	-	-	-	-	2,570	-	-	-
1.1 Debt instruments	-	-	-	-	2,570	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	2,570	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	65,925	480	1,146	-	-	-	-
3.1 With underlying security	-	2	-	-	-	-	-	-
- Options	-	2	-	-	-	-	-	-
+ long positions	-	1	-	-	-	-	-	-
+ short positions	-	1	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	65,923	480	1,146	-	-	-	-
- Options	-	74	-	-	-	-	-	-
+ long positions	-	37	-	-	-	-	-	-
+ short positions	-	37	-	-	-	-	-	-
- Other derivatives	-	65,849	480	1,146	-	-	-	-
+ long positions	-	25,722	240	573	-	-	-	-
+ short positions	-	40,127	240	573	-	-	-	-

The amounts shown in item 3.2 “Financial derivatives without underlying security - Options” of the above table include data about the remaining term of the cap options, calculated as a series of forward rate agreement options equal in number of the options for which the bank receives (pays) the fixed rate and pays (receives) the fair value of the indexed reference rate. These options are implicitly included in the loans granted to customers and are tied to the variability of interest rates.

Item 3.2. “Financial derivatives without underlying security - Other derivatives” includes futures comprised in the assets managed by Epsilon SGR S.p.A.

2. Regulatory trading book: breakdown of exposure in equity instruments and share indexes by main stock exchange.

Operation type/Stock exchange	Listed						Unlisted
	ITALY	U.S.A.	UK	Switzerland	Germany	Other	
A. Equity instruments	133	11,421	864	319	556	1,226	-
- Long positions	133	11,421	864	319	556	1,226	-
- Short positions	-	-	-	-	-	-	-
B. Unsettled trading on equity instruments	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-
C. Other derivatives on equity instruments	-	-	-	-	-	8	-
- Long positions	-	-	-	-	-	4	-
- Short positions	-	-	-	-	-	4	-
D. Derivatives on share indexes	-	-	-	-	-	5	-
- Long positions	-	-	-	-	-	5	-
- Short positions	-	-	-	-	-	-	-

In the trading book, the bank has one future on the stock indexes with underlying value traded on the US market.

3. Regulatory trading book: internal models and other methodologies for sensitivity analyses.

The bank does not use internal models to quantify the capital absorbed by market risks. As shown above, for management purposes only, the daily VaR of the trading book not included in the mandate is measured.

During 2024, the monthly VaR of the internally managed trading book recorded a maximum value of approximately € 59 thousand and a minimum value of around € 51 thousand, while the average value was around € -55 thousand. At the end of December 2024, the absolute value for the VaR of the internally managed trading book was €53 thousand.

Including asset management securities, the absolute value for the VaR of the trading portfolio in 2024 reached a maximum value of around € 2,304 thousand at the end of November 2024 and a minimum value of around € 2,204 thousand at the end of January 2024; the average value was around € 2,252 thousand.

With respect to the financial instruments used for asset management, present exclusively in the trading book, the manager Epsilon SGR provides the 1-month VaR with a confidence level of 99% on a daily basis, and the results of the stress tests at each month end. The manager Eurizon SGR provides these data on a monthly basis. During 2024 the VaR limits set by the management mandates were always respected.

2.2 Interest rate and price risk - banking book

Qualitative disclosure

A. General aspects, management and measurement of interest rate and price risks

The banking book includes all financial assets and liabilities not included in the trading book. The duration mismatching of funding and lending products generates interest rate risk.

Until the third quarter of 2024, the Risk Management Unit measured the banking book's interest rate risk, in terms of variations both to the economic value and to the interest income, every quarter using the A2 matrix data, as well as periodically using Prometeia's Ermas management application for internal purposes. The unit applied the methodology required by the prudential supervisory instructions (Bank of Italy Circular no. 285/2013).

As of the third quarter of 2024, rate risk has been measured using the IRRBB's new Standardised Approach (SA, pursuant to EU Regulation 2024/857) and the modelling of on-demand liabilities across a 10-year time frame, with distinctions made between the different types of customers (Retail Transactional, non-Transactional, Corporate).

The Standardised Approach is more sophisticated than the previous simplified model set out in Annex C to Bank of Italy Circular no. 285. Interest rate risk exposure is defined as the difference between the actual value of cash flows (capital and interest) of the individual transactions in the various scenarios simulated, and the value calculated based on the baseline scenario (market data on the day of assessment).

The SA method categorises on-demand liabilities as "non-stable components" allocated to a 1-day maturity; "stable non-core components" (medium-long term indexed components), also allocated to 1 day; and "stable core components" (medium-long term non-indexed components), which are allocated based on the repricing profile defined by the adopted behavioural model (10 years). There is a cap for the application of the behavioural model, particularly in relation to the average duration of the core component, which must not exceed a pre-determined threshold, from 4-5 years depending on the type of funding.

The SA method is based upon scenario dependency, meaning that the repricing profile of the stable core component changes under different scenarios.

In relation to the prepayment risk of fixed-rate loans towards retail counterparties, the Bank of Italy model is applied, considering an annual prepayment rate of 4%-6%, differentiated based on the hypothetical interest rate shock scenario (lower value in the event of an upward shock; higher value in the event of a downward shock).

Quantitative disclosure

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities

Currency denomination: Euro

Type/Residual maturity	on demand	up to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	after 5 to 10 years	after 10 years	Open term
1. Assets	196,886	530,725	524,869	47,863	252,494	268,205	271,877	-
1.1 Debt instruments	-	4,634	503,747	-	83,344	164,922	87,066	-
- with early repayment option	-	4,624	-	-	1,463	-	9,125	-
- other	-	10	503,747	-	81,881	164,922	77,941	-
1.2 Financing to banks	5,524	14,363	-	-	-	-	-	-
1.3 Financing to customers	191,362	511,728	21,122	47,863	169,150	103,283	184,811	-
- current accounts	94,741	1,548	1,536	89	1,221	834	-	-
- other financing	96,621	510,180	19,586	47,774	167,929	102,449	184,811	-
- with early repayment option	11,852	497,571	19,387	47,407	165,305	100,065	184,811	-
- other	84,769	12,609	199	367	2,624	2,384	-	-
2. Liabilities	1,814,437	26,080	26,829	25,821	41,869	38,262	127,630	-
2.1 Due to customers	1,810,889	2,593	5,076	4,687	29,291	38,262	127,630	-
- current accounts	1,741,094	148	27	888	10	-	-	-
- other liabilities	69,795	2,445	5,049	3,799	29,281	38,262	127,630	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	69,795	2,445	5,049	3,799	29,281	38,262	127,630	-
2.2 Due to banks	2,853	-	-	-	-	-	-	-
- current accounts	2,853	-	-	-	-	-	-	-
- other liabilities	-	-	-	-	-	-	-	-
2.3 Debt instruments	695	23,487	21,753	21,134	12,578	-	-	-
- with early repayment option	-	1,774	2,947	7,302	12,568	-	-	-
- other	695	21,713	18,806	13,832	10	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	22,599	1,130	1,100	8,765	5,070	7,575	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	22,599	1,130	1,100	8,765	5,070	7,575	-
- Options	-	22,599	1,130	1,100	8,765	5,070	7,575	-
+ long positions	-	269	487	1,094	8,763	5,052	7,455	-
+ short positions	-	22,330	643	6	2	18	120	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-statement of financial position transactions	53,271	14,830	-	-	-	8	2,433	-
+ long positions	18,000	14,830	-	-	-	8	2,433	-
+ short positions	35,271	-	-	-	-	-	-	-

Currency denomination: Other currencies

Type/Residual maturity	on demand	up to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	after 5 to 10 years	after 10 years	Open term
1. Assets	4,505	87	-	-	-	-	-	-
1.1 Debt instruments	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Financing to banks	4,505	-	-	-	-	-	-	-
1.3 Financing to customers	-	87	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other financing	-	87	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	87	-	-	-	-	-	-
2. Liabilities	4,674	61	-	-	-	-	-	-
2.1 Due to customers	4,674	-	-	-	-	-	-	-
- current accounts	4,661	-	-	-	-	-	-	-
- other liabilities	13	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	13	-	-	-	-	-	-	-
2.2 Due to banks	-	61	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other liabilities	-	61	-	-	-	-	-	-
2.3 Debt instruments	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- 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-statement of financial position transactions	-	3,850	-	-	-	-	-	-
+ long positions	-	1,925	-	-	-	-	-	-
+ short positions	-	1,925	-	-	-	-	-	-

2. Banking book: internal models and other methodologies for sensitivity analyses

At 31 December 2024, the difference in net interest income at 1 year — defined using the new IRRBB Standardised Approach for the measurement of interest rate risks — following the parallel shift of +200 bps, amounted to € 8.0 million, respecting the threshold provided for by the SOT (5% of Own Funds).

2.3 Currency risk

Qualitative disclosure

A. General aspects, management and measurement of currency risk

Currency risk is the risk that the bank may incur losses due to adverse changes in foreign exchange rates affecting its positions.

The bank's currency risk mainly arises on its transactions in foreign currency securities held in the asset management portfolio. Foreign currency activities also include spot and forward purchases and sales with customers, which are concurrently matched on the market by agreeing very short-term short/long positions that give rise to immaterial price risk. The bank mainly operates in the US dollar.

The relevant operating offices that carry out first level controls monitor the currency positions. The Risk Management Unit performs checks of the internal limits once a month. The bank does not usually take on large risky positions in the currencies market.

Internal models to calculate the capital requirements for market risk are not used.

B. Currency hedges

The bank does not agree specific currency hedges. For operating and economic efficiency purposes, transactions with customers are not immediately matched on the market but may be offset, including cumulatively, during the same day or the following day, against other transactions in the same currency of a spot or forward nature and an opposite sign.

Currency risk hedges for the assets managed by the external manager are managed through hedges agreed by Epsilon SGR S.p.A.

Quantitative disclosure

1. Breakdown of assets, liabilities and derivatives by currency

Tax base	Currencies					
	US dollar	Pound sterling	Yen	Canadian dollar	Swiss franc	Other currencies
A. Financial assets	14,975	748	31	377	735	3,494
A.1 Debt instruments	-	-	-	-	-	2,739
A.2 Equity instruments	11,515	603	-	290	370	250
A.3 Financing to banks	3,373	145	31	87	365	505
A.4 Financing to customers	87	-	-	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	252	69	17	18	66	21
C. Financial liabilities	3,677	156	61	108	414	319
C.1 Due to banks	-	-	61	-	-	-
C.2 Due to customers	3,677	156	-	108	414	319
C.3 Debt instruments	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	-	-	-	-	-	-
E. Financial derivatives	27,951	830	3,845	255	1,580	289
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other derivatives	27,951	830	3,845	255	1,580	289
+ long positions	6,926	-	3,212	10	-	24
+ short positions	21,025	830	633	245	1,580	265
Total assets	22,153	817	3,260	405	801	3,539
Total liabilities	24,702	986	694	353	1,994	584
Difference (+/-)	- 2,549	- 169	2,566	52	- 1,193	2,955

2. Internal models and other methodologies for sensitivity analyses

The bank does not use internal models to measure currency risk or other methodologies for sensitivity analyses.

SECTION 3 – DERIVATIVES AND HEDGING POLICIES

3.1 - Trading derivatives

A. Financial derivatives

A.1 Trading financial derivatives: reporting-date notional amounts

Underlying asset / Derivative	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt instruments and interest rates	-	-	5,332	20,022	-	-	7,148	16,651
a) Options	-	-	5,332	3,659	-	-	7,148	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	16,363	-	-	-	16,651
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indexes	-	-	-	803	-	-	61	121
a) Options	-	-	-	798	-	-	61	119
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	5	-	-	-	2
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	34,738	-	-	-	47,584	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	34,738	-	-	-	47,584	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other underlying assets	-	-	-	-	-	-	-	-
Total	-	-	40,070	20,825	-	-	54,793	16,772

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by product

Type of derivative	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	-	341	-	-	127	38
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	297	-	-	-	721	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	-	-	297	341	-	-	848	38
1. Negative fair value								
a) Options	-	-	2	75	-	-	91	7
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	491	-	-	-	241	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	-	-	493	75	-	-	332	7

A.3 OTC financial derivatives - notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Government and central banks	Banks	Other financial companies	Other
Contracts not covered by netting agreements				
1. Debt securities and interest rates				
- notional amount		2,851	-	2,481
- positive fair value		-	-	-
- negative fair value		-	-	2
2. Equity instruments and share indexes				
- notional amount		-	-	-
- positive fair value		-	-	-
- negative fair value		-	-	-
3. Currencies and gold			-	
- notional amount		31,024	-	3,714
- positive fair value		297	-	-
- negative fair value		326	-	165
4) Commodities				
- notional amount		-	-	-
- positive fair value		-	-	-
- negative fair value		-	-	-
5. Other				
- notional amount		-	-	-
- positive fair value		-	-	-
- negative fair value		-	-	-
Contracts covered by netting agreements				
1. Debt securities and interest rates				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2. Equity instruments and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3. Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5. Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC trading financial derivatives: notional amounts

Underlying / Residual life	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	1,245	2,892	1,195	5,332
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	34,738	-	-	34,738
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	35,983	2,892	1,195	40,070
Total 31/12/2023	49,316	3,600	1,877	54,793

B. Credit derivatives

The bank has not agreed credit derivatives.

3.3 Other disclosures on trading and hedging derivatives

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

The institution does not have any trading derivatives or hedging derivatives subject to offsetting with respect to IAS 32, paragraph 42.

SECTION 4 - LIQUIDITY RISK

Qualitative disclosure

A. General aspects, management and measurement of liquidity risk

Liquidity risk is the risk that the bank is unable to meet its payment commitments due to its inability to raise funds on the market (funding liquidity risk) and/or to free its assets (market liquidity risk), thus jeopardising daily operations or its financial position.

The bank's liquidity risk management strategy is based on ensuring a steady flow of liquidity, as required by the supervisory regulations and its healthy and prudent management policies. The "Liquidity risk governance and management policy", updated in March 2023, defines the Bank's liquidity and funding management policies, the risk objectives and the main stages of the risk management and monitoring process, specifying the roles and responsibilities of the relevant internal bodies and units. The document also includes the Contingency Funding Recovery Plan (CFRP) that sets out the strategies for handling any liquidity crises and the procedures for obtaining funds in the case of emergency.

As far as the risk-protection governance structure concerns, the Finance Unit Head is in charge of managing liquidity, including by investing any surplus on the interbank deposit market. The Risk Management Unit regularly monitors the overall liquidity conditions and reports to the general manager.

Regular risk monitoring requires the monthly check that the limits set by regulations and in the RAF by the board of directors are complied with in respect of short-term and structural liquidity and the ordinary customers' lending/liquidity ratio.

The management application feeds the internal risk assessment model, which has differentiated weighing ratios depending on the type of asset, liability and commitment and classifies each item into residual maturity categories (maturity ladder). Any differences and certain synthetic indexes are used to assess the structural liquidity situation over the entire timeframe.

Once a month, the bank checks the regulatory operating liquidity ratio (LCR - liquidity coverage ratio), which measures its ability to cover its forecast net cash outflows over 30 days, and the net stable funding ratio CRR2 which estimates the degree of coverage of medium-term funding through stable forms of funding.

Both ratios were always adequate and higher than the regulatory and internal limits, set by the RAF, in the financial year in question. The highly liquid assets, which are the numerator in the LCR ratio, mainly consist of uncommitted government bonds plus other liquidity items and the bank's exposure to the central bank which can be monetised in stress conditions as well as other securities which can easily be sold if necessary.

In addition, after enactment of the Commission Implementing Regulation (EU) no. 313/2016 about additional liquidity monitoring metrics (ALMM), subsequently transposed by the seventh update to Circular no. 286, the bank supplemented its liquidity risk disclosure procedures to include the ALMM report, prepared once a quarter.

The Risk Management Unit also performs monthly stress tests and the results are used to define ex-ante limits and ex-post assessments of their adequacy, to plan and undertake transactions to remedy any differences and to define and periodically overview the liquidity risk mitigation systems.

The bank uses a judgement-based approach to estimate cash flows, based on subjective forecasts drawing on past experience and the guidance received from the supervisory authorities. Identification of appropriate risk factors is essential for the suitability of the stress tests. Given the bank's operations and related vulnerabilities, the main liquidity risk factors relate to its capacity to fund itself on the interbank and retail markets, to cover on-demand liabilities, the use of credit facilities granted and the usability of those received, losses due to non-repayment of large positions and the degree of liquidity of its assets.

Based on these factors, the Risk Management Unit uses stress tests that include increases in the haircuts of highly liquid assets and cash outflows of the maturity ladder based on scenarios

that it intends to analyse (increase in withdrawals by customers and greater use of current account credit facilities).

During the year, data from the internal structural liquidity model demonstrated the Bank's satisfactory liquidity position, also confirmed by the regulatory ratios.

At 31 December 2024, the top 15 customers (excluding banks) accounted for roughly 8.3% of the direct funding (calculated using operating amounts).

Quantitative disclosure

1. Breakdown of financial assets and liabilities by residual contractual maturity

The breakdown of financial assets and liabilities by residual contractual maturity show an overall balance both in relation to deposits/financing and spot and forward exchange rates.

Therefore, currency risks are immaterial thanks to the bank's careful management of foreign currency.

Currency denomination: Euro

Tax base/Time frame	on demand	after 1 to 7 days	after 7 to 15 days	after 15 days to 1 month	after 1 to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	After 5 years	Open term
Assets	156,604	11,596	35,113	28,594	63,751	117,084	147,555	685,524	1,061,923	14,363
A.1 Government bonds	-	9,977	32,098	45	1,760	9,385	26,722	223,505	637,160	-
A.2 Other debt instruments	-	-	-	1,174	1,363	6,772	9,071	42,468	22,647	-
A.3 OEIC units	6,335	-	-	-	-	-	-	-	-	-
A.4 Financing	150,269	1,619	3,015	27,375	60,628	100,927	111,762	419,551	402,116	14,363
- Banks	5,526	-	-	-	-	-	-	-	-	14,363
- Customers	144,743	1,619	3,015	27,375	60,628	100,927	111,762	419,551	402,116	-
Liabilities	1,814,445	2,479	3,826	4,215	15,605	30,291	29,256	41,912	165,769	-
B.1 Deposits and current accounts	1,811,455	116	115	179	1,793	1,856	888	143	-	-
- Banks	2,853	-	-	-	-	-	-	-	-	-
- Customers	1,808,602	116	115	179	1,793	1,856	888	143	-	-
B.2 Debt instruments	704	2,363	3,707	4,036	13,560	22,058	21,565	12,504	-	-
B3 Other liabilities	2,286	-	4	-	252	6,377	6,803	29,265	165,769	-
Off-statement of financial position transactions	41,014	10	1,838	15,742	15,540	483	1,364	16,046	19,284	-
C.1 Financial derivatives with exchange of capital	-	10	1,838	15,742	15,540	480	1,146	-	-	-
- Long positions	-	10	924	14,217	8,617	240	573	-	-	-
- Short positions	-	-	914	1,525	6,923	240	573	-	-	-
C.2 Financial derivatives without exchange of capital	2	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	2	-	-	-	-	-	-	-	-	-
C.3 Deposits and financing to be received	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	35,276	-	-	-	-	-	-	16,000	19,276	-
- Long positions	-	-	-	-	-	-	-	16,000	19,276	-
- Short positions	35,276	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	5,736	-	-	-	-	3	218	46	8	-
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	-	-	-	-	-	-	-	-	-	-

At the reporting date, the bank had received guarantees of €16,338 thousand which are not shown in the above table as there is no evidence to reasonably suggest that they will be enforced or when they will be used. Guarantees enforced in the last four years are as follows:

2021: one position for a total of € 12 thousand;

2022: one position for a total of € 100 thousand;

2023: one position for a total of € 4 thousand;

2024: four positions for a total of € 398 thousand;

Currency denomination: Other currencies

Tax base/Time frame	on demand	after 1 to 7 days	after 7 to 15 days	after 15 days to 1 month	after 1 to 3 months	after 3 to 6 months	after 6 months to 1 year	after 1 to 5 years	After 5 years	Open term
Assets	4,506	-	-	220	48	-	-	2,586	-	-
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt instruments	-	-	-	181	-	-	-	2,586	-	-
A.3 OEIC units	-	-	-	-	-	-	-	-	-	-
A.4 Financing	4,506	-	-	39	48	-	-	-	-	-
- Banks	4,506	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	39	48	-	-	-	-	-
Liabilities	4,674	-	-	61	-	-	-	-	-	-
B.1 Deposits and current accounts	4,661	-	-	61	-	-	-	-	-	-
- Banks	-	-	-	61	-	-	-	-	-	-
- Customers	4,661	-	-	-	-	-	-	-	-	-
B.2 Debt instruments	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	13	-	-	-	-	-	-	-	-	-
Off-statement of financial position transactions	9	3,860	1,838	15,742	15,535	480	1,146	-	-	-
C.1 Financial derivatives with exchange of capital	-	10	1,838	15,742	15,535	480	1,146	-	-	-
- Long positions	-	-	914	1,525	6,920	240	573	-	-	-
- Short positions	-	10	924	14,217	8,615	240	573	-	-	-
C.2 Financial derivatives without exchange of capital	9	-	-	-	-	-	-	-	-	-
- Long positions	7	-	-	-	-	-	-	-	-	-
- Short positions	2	-	-	-	-	-	-	-	-	-
C.3 Deposits and financing to be received	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	3,850	-	-	-	-	-	-	-	-
- Long positions	-	1,925	-	-	-	-	-	-	-	-
- Short positions	-	1,925	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-

SECTION 5 - OPERATIONAL RISK

Qualitative disclosure

A. General aspects, management and assessment of operational risk

Operational risk is the risk of losses arising from errors or shortfalls in internal procedures, human resources or systems and external factors. This risk includes losses caused by fraud, human error, business discontinuity, system breakdowns, contractual defaults and natural disasters. It also comprises legal risk but not strategic or reputational risk.

In line with the proportionality principle, the bank uses the basic method (basic indicator approach of 15% of the average for the relevant indicator for the last three years) to measure its capital requirements to cover operational risk.

The capital requirement with respect to operating risk, calculated using the relevant indicator for 2021-2024, is € 13.7 million.

The operational risk assessment is also integrated annually through an internal qualitative valuation of the losses incurred and the definition of the residual risk.

Operational risks are also mitigated by drawing up regulations, company policies and other internal rules, as well as by organising specific training sessions on certain topics, in order to improve the adequacy of internal controls and increase awareness of risks among all the bank's personnel.

The bank's internal organisational structure is set up for the control of operational risks. In accordance with the Internal Control System, the following measures are in place:

- the board of directors defines the guidelines to control and mitigate operational risk, regularly checking that they are correctly implemented and reflect the bank's operations as well as the transparent and appropriate allocation of duties and responsibilities;
- the General Manager defines the rules and operating practices, activities (including training), procedures and units most appropriate to manage the operational risk mitigation processes, with the assistance of the competent units and in line with the policies set by the Board of Directors and the guidelines of the Executive Committee; they also check the suitability of these aspects over time, in terms of their adequacy and functionality, and ensure the necessary steps are taken to eliminate any weaknesses or shortcomings identified;
- as a control body, the board of statutory auditors monitors the adequacy of the risk management and control system and internal controls;
- the Risk Management Unit designs and updates the qualitative methods to measure operating risks, alongside the competent offices;
- the Compliance Unit measures operating risk with respect to the areas assessed and in terms of compliance with internal and external regulations;
- the ICT and Information Security Unit assesses the risks within its sphere of competence, identifying areas for improvement and activities to be implemented in accordance with the existing regulations;
- the Internal Audit Unit carries out regular audits of the operational risk management system, informing the Company Bodies of the outcomes of these checks.

With respect to the operational risk mitigation tools, the bank focused on the transfer of risk through the agreement of insurance policies, suitable for low frequency events with a high financial impact. These policies cover risks of losses from:

- fraud or misconduct;
- damage to third parties caused by errors made during banking operations;

- non-intentional violations of legal, regulatory and by-laws obligations by directors and specific employees;
- third-party fraud;
- damage to property and equipment as a result of natural or criminal events;
- accidents and slight or serious injuries to third parties inside the bank's premises;
- emergencies linked to cyber security in its IT systems.

Legal risks

Legal risk is identified as the risk of impairment or reduction in value of the assets due to inadequate or incorrect contracts or legal documents, which could lead to significantly sizeable disputes. This risk is a manifestation of operational risk.

Situations that lead to legal risks principally relate to operations covered by the main special regulations such as, specifically, entities' administrative liability (Legislative decree no. 231/2001), occupational safety (Legislative decree no. 81/2008), building site regulations (Legislative decree no. 494/96), privacy (Legislative decree no. 196/2003), anti-money laundering (Legislative decree no. 231/2007), banking transparency, usury, investment services, etc.

With respect to Legislative decree no. 231/01, the bank implemented the organisational model proposed by the ABI, approved by the Ministry for Justice, and set up a supervisory body to ensure the working and compliance of the models. Since March 2014, the board of statutory auditors has carried out the supervisory body's duties, with the assistance of the pro tempore heads of the bank's control units: Internal Audit, Risk Management, Compliance and AML.

The Compliance Unit is responsible for monitoring legal risks and the bank's compliance with external and internal rules and regulations. It also checks new products/services' compliance in order to identify any potential risks in advance and make the necessary amendments.

The "Compliance Unit's Regulation" regulates the risk of non-compliance and its management as well as the methods adopted by the Unit to carry out its duties. Pursuant to Bank of Italy Circular no. 285/13, the regulation defines the scope of the Unit's duties and specific controls, as well as a special function to perform the compliance tests.

The Anti-Money Laundering Unit performs ongoing controls and encourages a culture of compliance with internal and external regulations.

With respect to the correct management and keeping of the centralised computer database, the Unit ensures the network is periodically monitored and kept aware of the issue, assisted by other General Management units.

The main legal disputes are described below.

Compound interest disputes

In line with the banking sector's general practice, the bank does not agree with the decision reiterated by the Supreme Court since 1999 which confirms the "negotiating" rather than the "regulatory" nature of the quarterly capitalisation clause for interest expense and, therefore, the illegality of its application to bank current accounts. The bank maintains its opinion in court as well.

The banks' position is supported by numerous merits rulings which emphasise different legal points, which are valid, and that may lead the Supreme Court to rethink its position in the future.

At present, the bank is obliged to make adequate provision for its ongoing disputes with customers about compound interest, based on the calculations made when the dispute arose. Quantification of this risk is recognised in the provision for risks and charges.

Claw-back claims

The bank assesses individual requests for the return of amounts from the official receivers, estimating the inherent risks. It assesses the cost/benefits ratio only when it deems it more useful and proposes out-of-court settlements to the counterparties, which are often successful and avoid going to court.

Should a legal proceeding be commenced, the bank evaluates its possibility of losing, updates its risk estimates and defends itself suitably in court, also based on its understanding of the counterparty's insolvency. Once such legal proceedings commence, provision is made for the risks related to the amounts deemed re-obtainable based on internal assessments. Quantification of the risk of bankruptcy revocations is recognised in the provision for risks and charges.

Disputes involving securities

Supported by a number of court rulings in its favour, the bank reviews each dispute and only makes adequate provision when it deems that it may effectively have to pay.

In any case, the number of proceedings commenced against the institution for the acquisition of securities by customers has always been very modest compared to the number of transactions performed at the time.

PART F

Equity

Section 1 - Equity

Qualitative disclosure

Regulation (EU) no. 575/2013 (CRR) and Directive no. 2013/36/EU (CRD IV) of 26 June 2013 covering banks and investment companies became effective on 1 January 2014. They transposed the supervisory standards for banks defined by the Basel Committee in the European Union.

On 19 December 2013, Bank of Italy published Circular no. 285 “Prudential reporting instructions for banks”, setting out guidance on how to implement CRD IV. The central bank subsequently issued Circular no. 286 “Instructions for preparing prudential reports for banks and investment companies”, which regulates the prudent supervisory reports prepared on a separate and consolidated basis since 1 January 2014.

Equity management covers all the policies and decisions necessary to ensure that the bank’s own funds are adequate to cover its assets and risks. The bank has to comply with capital adequacy requirements established by the above regulations.

Checks of compliance with the minimum prudential requirements are ongoing and consider possible changes in risks and the Risk Appetite Framework (RAF).

Moreover and in accordance with the ECB’s recommendations of 28 January 2015, compliance with the minimum requirements is also ensured by observance of a pay-out policy tied to attainment of the above-mentioned minimum capital requirements.

The directors’ report discloses and comments on the main financial statements indicators which include, in particular, the capitalisation ratios, useful to analyse the bank’s equity on a qualitative basis.

Since 1 January 2014, the Italian banks are required to have a minimum CET1 ratio of 4.5%, a TIER 1 ratio of 5.5% (6% from 2015) and a Total Capital Ratio of 8%. These minimum requirements have been supplemented by the following CET1 buffers: Capital conservation buffer of 2.5% from 1 January 2014 and, from 2016, Countercyclical buffer in periods of high credit growth and Systematic buffer for major international or local banks. Non-compliance with the sum of these buffers (combined requirement) leads to limits on distributions and the requirement to introduce a capital conservation plan.

The SREP requirements set out by the Bank of Italy for 2024 are listed below:

- Common Equity Tier 1 Ratio (CET1R) 10.50%
- TIER1R 12.30%
- Total capital ratio (TCR) 14.70%
- Total capital ratio (TCR) including the Systemic Risk Buffer (SyRB) .. 15.08%

Quantitative disclosure

B.1 Equity: breakdown

Tax base/Amount	Amount at 31/12/2024	Amount at 31/12/2023
1. Share capital	39,241	39,241
2. Share premium	34,660	34,660
3. Reserves	127,254	108,622
- income-related	134,389	115,757
a) legal reserve	26,268	24,025
b) statutory reserve	102,074	91,732
c) treasury shares	-	-
d) other	6,047	-
- other	- 7,135	- 7,135
4. Equity instruments	-	-
5. (Treasury shares)	-	-
6. Valuation reserves	8,114	- 3,138
- Equity instruments measured at fair value through other comprehensive income	46	146
- Hedges of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	- 5,051	- 16,647
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (non-designated items)	-	-
- Exchange gains (losses)	-	-
- Non-current assets held for sale and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains (losses) on defined benefit pension plans	- 2,003	- 1,759
- Portion of valuation reserves of equity-accounted investees	-	-
- Special revaluation laws	15,122	15,122
7. Profit for the year	21,972	22,431
Total	231,241	201,816

Item “3. Reserves – d) other” of €6,047 thousand refers to the positive unavailable reserve created following the application of Italian Law no. 136 of 09/10/2023 (known as the law on excess bank profits). Instead, item “3. Reserves – d) other” includes: the fair value losses of equity generated during the First-Time Adoption (FTA) of IAS accounting criteria, in the amount of €2,860 thousand; the fair value losses generated following the FTA of the IFRS 9 accounting principle, in the amount of €10,405 thousand; and the contribution reserve required by Italian Law no. 218/90, in the amount of €6,130 thousand.

B.2 Fair value reserve: breakdown

Asset / Amount	Total 31/12/2024		Total 31/12/2023	
	Fair value gains	Fair value losses	Fair value gains	Fair value losses
1. Debt instruments	133	5,183	144	16,791
2. Equity instruments	236	191	337	191
3. OEIC units	-	-	-	-
4. Financing	-	-	-	-
Total	369	5,374	481	16,982

B.3 Fair value reserve: annual changes

Tax base / Amount	Debt instruments	Equity instruments	OEIC units	Financing
1. Opening balance	- 16,647	146	-	-
2. Increases	18,336	101	-	-
2.1 Fair value gains	7,147	49	-	-
2.2 Impairment losses for credit risk	133	-	-	-
2.3 Reclassification of fair value losses to profit or loss on sale	10,838	-	-	-
2.4 Transfers to other equity reserves (equity instruments)	-	-	-	-
2.5 Other increases	218	52	-	-
3. Decreases	6,739	202	-	-
3.1 Fair value losses	194	188	-	-
3.2 Impairment gains for credit risk	144	-	-	-
3.3 Reclassification of fair value gains to profit or loss	466	-	-	-
3.4 Transfers to other equity reserves (equity instruments)	-	14	-	-
3.5 Other decreases	5,935	-	-	-
4. Closing balance	- 5,050	45	-	-

B.4 Actuarial reserves: changes

	Fip (pension fund)	Employee termination indemnities
1. Opening balance	- 834	- 925
2. Increases	40	-
2.1 Actuarial gains	-	-
2.2 Change in deferred tax assets	40	-
3. Decreases	225	59
3.1 Actuarial losses	146	59
3.2 Change in deferred tax liabilities	79	-
4. Total	- 1,019	- 984

Section 2 – Own funds and ratios

More information is available in the disclosure to the public on own funds and capital adequacy (“Third Pillar”).

2.1 Own funds

A. Qualitative disclosure.

The reforms of the Basel Committee agreements (Basel 3), aimed at strengthening banks’ ability to absorb shocks caused by financial and economic tensions, became part of the EU legislation on 1 January 2014.

The Committee maintained the three-pillar approach at the base of the previous capital agreement (Basel 2), which it integrated and strengthened to improve the amount and quality of intermediaries’ capital. It also introduced countercyclical supervisory tools and rules about liquidity risk management and financial leverage containment.

The above EU laws were integrated by the instructions issued by Bank of Italy in Circular no. 285 of 17 December 2013, which grouped the prudential supervisory regulations applicable to banks and Italian banking groups.

The transition to IFRS 9 on 1 January 2018 affected the bank’s regulatory capital and prudential ratios.

B. Quantitative disclosure

Tax base / Amount	Total at 12/2024	Total at 12/2023
A. Common Equity Tier 1 (CET1) before application of prudential filters	225,163	198,017
<i>including CET1 instruments covered by the transitional measures</i>	-	-
B. CET1 prudential filters (+/-)	- 750	- 785
C. CET1 including the elements to be deducted and the effects of the transitional regime (A +/- B)	224,413	197,232
D. Elements to be deducted from CET1	- 142	- 181
E. Transitional regime - Impact on CET1 (+/-)	-	-
E.2 Phased-in effect of IFRS 9 (article 473-bis of CRR)	-	-
F. Total CET1 (C - D +/- E +/- E.2)	224,271	197,051
G. Additional Tier 1 (AT1) including the elements to be deducted and the effects of the transitional regime	-	-
<i>including AT1 instruments covered by the transitional measures</i>	-	-
H. Elements to be deducted from AT1	-	-
I. Transitional regime - Impact on AT1 (+/-)	-	-
L. Total AT1 (G - H +/- I)	-	-
M. Tier2 (T2) including the elements to be deducted and the effects of the transitional regime	-	-
<i>including T2 instruments covered by the transitional measures</i>	-	-
N. Elements to be deducted from T2	-	-
O. Transitional regime - Impact on T2 (+/-)	-	-
P. Total T2 (M - N +/- O)	-	-
Q. Total own funds (F + L + P)	224,271	197,051

2.2 Capital adequacy

A. Qualitative disclosure

As shown in the table on the bank's risk-weighted assets and capital ratios, it had a CET1 ratio of 23.48%, a Tier 1 ratio of 23.48% and a Total capital ratio of 23.48% at 31/12/2024, well above the minimum mandatory requirements of CRR/CRD IV and Bank of Italy's instructions in its Circular no. 285/2013.

The prudential capital requirements of € 76.4 million refer to credit, operational and market risks. The lending business requires the largest portion of capital, with credit risk requirements of € 54.4 million.

Risk-weighted assets amount to € 955.2 million.

B. Quantitative disclosure

Category/Amount	Unweighted amounts		Weighted amounts/requirements	
	Total 31/12/2024	Total 31/12/2023	Total 31/12/2024	Total 31/12/2023
A. EXPOSURES				
A.1 Credit and counterparty risk	2,274,635	2,268,662	680,059	674,451
1. Standard method	2,274,635	2,268,662	680,059	674,451
2. IRB approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			54,405	53,956
B.2 Risk of adjustments to credit rating			5	18
B.3 Regulation risk			-	-
B.4 Market risk			8,356	8,192
1. Standard method			8,356	8,192
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			13,651	12,375
1. Basic method			13,651	12,375
2. Standard method			-	-
3. Advanced method			-	-
B.6 Other calculation elements			-	-
B.7 Total prudential requirements			76,417	74,541
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			955,213	931,763
C.2 CET1/risk-weighted assets (CET1 ratio)			23.48%	21.15%
C.3 Tier 1/risk-weighted assets (Tier 1 ratio)			23.48%	21.15%
C.4 Total own funds/risk-weighted assets (Total capital ratio)			23.48%	21.15%

PART H

Related party transactions

General information

The bank's board of directors has identified the entities that qualify as related parties pursuant to IAS 24.

They are:

1. Fondazione Cassa di Risparmio di Fermo, which holds 66.67% of the bank's ordinary shares and controls it;
2. Banca Intesa S.p.A., which holds 33.33% of the bank's ordinary shares and has significant influence thereover;
3. directors and managers, due to their strategic powers;
4. the statutory auditors, due to their supervisory powers;
5. spouses and immediate descendants of the parties listed in points 3 and 4;
6. subsidiaries companies or companies over which the parties listed in points 3, 4 and 5 have significant influence.

The key managers' remuneration is given with separate mention of the directors' and statutory auditors' fees compared to the remuneration of directors which receive (as provided for by IAS 24.16) short-term benefits, which include direct and indirect costs, and termination benefits. All other forms of remuneration covered by the standard are excluded. Specifically, managers do not have incentive plans tied to profits, further to that provided for in the second level national labour contracts, or pension plans other than those existing for employees. There are no stock option plans.

Transactions undertaken by the bank with its related parties (as defined above) comply with the ruling legislation, are fair and take place at market prices.

The bank has not performed atypical or unusual transactions with related parties during the year, i.e., transactions that do not form part of its normal operations or that would have a significant impact on its financial position, results of operations and cash flows.

1. Key managers' remuneration (in Euros)

Tax base / Amount	Amount at 31/12/2024
C. Managers	622,923
Short-term benefits	592,625
Current termination benefits	30,298
<i>Total termination benefits</i>	<i>311,047</i>
A. Directors	294,976
Remuneration	294,976
B. Statutory auditors	140,188
Remuneration	140,188

(values expressed in Euros)

The short-term benefits of € 592,625 include salaries and indirect costs relating to two managers.

"Total termination benefits" for € 311,047 includes the costs post-employment benefits accrued in favour of the two managers mentioned above.

“Fees” relating to directors (€ 295 thousand) and statutory auditors (€ 140 thousand) include the amounts relating to their individual remits, therefore excluding the amounts paid to them as cost reimbursements and premiums for liability insurance.

2. Related party transactions (€'000)

	Assets	Liabilities	Costs	Revenue	Guarantees received
A. Directors	77	514	21	7	130
B. Statutory auditors	21	-	1	3	84
C. Managers	-	122	6	5	84
D. Family members	686	270	23	35	749
E. Other related parties	3,053	2,899	292	359	983
Total	3,837	3,805	343	409	2,030

Item “E. Other related parties” includes the relations held with the bank’s investors and companies associated with the directors.

The bank holds voting rights greater than 10% on shares of companies acquired as collateral, as greater guarantee of credit, for which, in fact, it does not exercise the voting right at the shareholders’ meeting.

The shares acquired as collateral are regularly indicated in the disclosure base as: “P – ownership structures of credit and financial institutions”.

The above table does not indicate the exposures with those companies since by not exercising the voting right, there is no resulting influence.

PART M

Lease reporting

Section 1 – Lessee

Qualitative disclosure

IFRS16 applies to all types of contracts containing a lease, i.e. to contracts that provide the lessee with the right to control the use of an identified asset for a certain period of time (period of use) in exchange for a fee.

The analysis of the contracts falling within the scope of application of the standard mainly involved those related to: (i) property, (ii) vehicles and (iii) hardware.

Property lease contracts represent the most significant impact area of implementation since they make up 87% of the value of the rights of use. Vehicles make up a negligible amount of the right of use.

The impacts of the hardware segment are marginal.

All contracts refer to operational leases.

The property lease contracts mostly include properties used as offices or banking branches and have terms longer than 12 months and typically include options for renewal and termination that can be exercised by the lessor or lessee according to the law or specific contractual provisions. These contracts do not include the option to purchase at the end of the lease or significant reinstatement costs for the bank.

For vehicles, these are 4- or 5-year rental contracts referring to the company fleet provided to employees (private and business use) or the bank's company units.

The contracts related to electronic machinery range from 5 to 7 years. These long-term contracts have no options for renewal and do not include the option to purchase the asset.

During FTA of IFRS16, the bank adopted some simplifications set out by the standard under section C10 et seq.; in particular, short-term contracts (term equal to or less than 12 months) were excluded. The bank also opted not to apply the new standard to contracts with an overall term equal to or less than 12 months and to low-value contracts (underlying asset worth €5,000 or less when new). In this case, the fees related to these leases are recognised at cost – similarly to how they were recognised in the past. No short-term or low-value contracts were signed in 2023.

With specific reference to property leases, the bank decided to only consider the initial period of renewal as reasonably certain for all new contracts (including at the date of FTA). On the basis of the characteristics of the Italian lease contracts and the provisions of Law no. 392/1978, when signing a new lease contract with a contractual term of six years and the optional automatic renewal of the contract every six years, the overall duration of the lease will be at least twelve years. Future payment flows, pursuant to the accounting standard in question, have been subject to a discounting process in order to form the lease liability. The discounting rate takes into account the following considerations:

- 1) Interbank rates fell slightly over 2024;
- 2) The discounting effects are in any case modest even in the case of higher interest rates applied in light of the short-term trend of cash flows tied to these contracts;
- 3) High discounting rates would nullify the transparency of the balance of the values recognised in future financial statements, therefore imposing the need for a significant disclosure.

In consideration of the above, a 1% rate was considered when discounting the Lease Liability, unchanged from financial year 2023.

The quantitative impacts have been described in the relative sections in the notes to the financial statements, specifically:

- in Section 8 of Assets - Property, equipment and investment property;
- in Section 1 of Liabilities - Table 1.2 - Financial liabilities at amortised cost: breakdown of due to customers by product;
- in Section 1 of Liabilities - Table 1.2.1 - Lease liabilities: performance;
- in Section 1 of Liabilities - Table 1.2.2 - Lease liabilities: time bracket;
- in Section 12 of Profit or loss - Table 12.1 - Net impairment losses on property, equipment and investment property - Caption 180.

Annexes to the financial statements

The annexes include:

- a) – a list of the sections and financial statements captions that have not been presented;
- b) – a list of property;
- c) – a list of HTCS equity investments;
- d) – treasury and cash services.

Sections and tables not presented

This list shows the tables in the notes that have not been presented due to the lack of amounts/operating information:

PART B – NOTES TO THE BALANCE SHEET

ASSETS

SECTION 2 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

2.3 Financial assets at fair value through profit or loss: breakdown by product

2.4 Financial assets at fair value through profit or loss: breakdown by debtor/issuer

SECTION 3 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CAPTION 30

3.3a Financing at fair value through other comprehensive income subject to COVID-19 support measures: gross amount and total impairment losses

SECTION 5 - HEDGING DERIVATIVES

5.1 Hedging derivatives: breakdown by type and level

5.2 Hedging derivatives: breakdown by hedged item and type

SECTION 6 - MACRO-HEDGING ADJUSTMENTS TO FINANCIAL ASSETS

6.1 Adjustments to hedged assets: breakdown by hedged portfolio

SECTION 7 - EQUITY INVESTMENTS

7.1 Equity investments: information

7.2 Significant equity investments: carrying amount, fair value and dividends received

7.3 Significant equity investments: financial information

7.4 Non-significant equity investments: financial information

7.5 Equity investments: changes

7.6 Commitments for interests in jointly controlled entities

7.7 Commitments for investments in associates

7.8 Material restrictions

7.9 Other information

SECTION 8 – PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

8.3 Property and equipment: breakdown of revalued assets

8.4 Investment property: breakdown of assets measured at fair value

8.5 Inventories of property, equipment and investment property covered by IAS 2: breakdown

8.8 Inventories of property, equipment and investment property covered by IAS 2: changes

8.9 Commitments to purchase property, equipment and investment property

SECTION 9 - INTANGIBLE ASSETS

9.3 Intangible assets: other disclosures

SECTION 11 - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS

11.1 Non-current assets classified as held for sale and disposal groups: breakdown by type

11.2 Other information

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES AT AMORTISED COST

1.4 Breakdown of subordinated securities/financial liabilities

1.5 Breakdown of structured financial liabilities

1.6 Finance lease liabilities

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING

2.2 Breakdown of “Financial liabilities held for trading”: subordinated

2.3 Breakdown of “Financial liabilities held for trading”: structured

SECTION 3 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

3.1 Financial liabilities designated at fair value: breakdown by product

3.2 Breakdown of “Financial liabilities designated at fair value”: subordinated

SECTION 4 - HEDGING DERIVATIVES

4.1 Hedging derivatives: breakdown by type and level

4.2 Hedging derivatives: breakdown by hedged item and type

SECTION 5 - MACRO-HEDGING ADJUSTMENTS TO FINANCIAL LIABILITIES

5.1 Macro-hedging adjustments to hedged financial liabilities: breakdown

SECTION 7 - LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES

10.4 Provisions for other commitments and other guarantees given

10.6 Provisions for risks and charges - other provisions

SECTION 11 - REDEEMABLE SHARES

11.1 Redeemable shares: breakdown

SECTION 12 - EQUITY

12.3 Equity - Other information

12.5 Equity instruments: breakdown and changes

12.6 Other information

OTHER INFORMATION

4. Operating leases

6. Offset financial assets or assets subject to master netting agreements or similar agreements

7. Offset financial liabilities or liabilities subject to master netting agreements or similar agreements

8. Securities lending transactions

9. Jointly controlled operations

PART C - NOTES TO THE INCOME STATEMENT

SECTION 1 – INTEREST

1.2 Interest and similar income: other information

1.2.2 Interest income on finance leases

1.4 Interest and similar expense: other information

1.4.2 Interest expense on finance leases

1.5 Differences on hedging transactions

SECTION 5 - NET HEDGING INCOME (EXPENSE)

5.1 Net hedging income (expense): breakdown

SECTION 6 – GAIN (LOSS) FROM SALES/REPURCHASES

6.1 Gain (loss) from sales/repurchases: breakdown

SECTION 7 - NET GAIN (LOSS) ON OTHER FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

7.1 Net gain (loss) on other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets designated at fair value

SECTION 8 – NET IMPAIRMENT GAINS (LOSSES) FOR CREDIT RISK

8.2a Net impairment losses for credit risk relating to loans measured at fair value through other comprehensive income subject to Covid-19 support measures: breakdown

SECTION 11 - NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

11.2 Net accruals to provisions for other commitments and other guarantees given: breakdown

SECTION 15 - GAINS (LOSSES) ON EQUITY INVESTMENTS

15.1 Gains (losses) on equity investments: breakdown

SECTION 16 - FAIR VALUE GAINS (LOSSES) ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

16.1 Net fair value (or deemed cost) or estimated realisation value gains (losses) on property, equipment and investment property and intangible assets: breakdown

SECTION 17 – IMPAIRMENT LOSSES ON GOODWILL

17.1 Impairment losses on goodwill: breakdown

SECTION 20 - POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

20.1 Post-tax profit (loss) from discontinued operations: breakdown

20.2 Breakdown of income taxes relating to discontinued operations

SECTION 21 - OTHER INFORMATION

SECTION 22 – EARNINGS PER SHARE

22.2 Other information

PART E - Information on risks and relative hedging policies

SECTION 1 - CREDIT RISK

Quantitative disclosure

A. CREDIT QUALITY

A.3 Breakdown of guaranteed exposures by type of guarantee

A.3.1 On- and off-statement of financial position guaranteed exposures with banks

C. SECURITISATIONS

Quantitative disclosure

C.2 Exposures of the main “third party” securitisations broken down by securitised asset and type of exposure

C.3 Securitisation vehicles

C.4 Unconsolidated securitisation vehicles

C.5 Servicer - own securitisations: collection of securitised loans and redemption of securities issued by the securitisation vehicle

D. DISCLOSURE ON UNCONSOLIDATED STRUCTURED ENTITIES (OTHER THAN SECURITISATION SPVs)

Qualitative disclosure

Quantitative disclosure

E. DISPOSALS

A. Financial assets transferred and not fully derecognised

Qualitative disclosure

Quantitative disclosure

E.1 Financial assets transferred and not derecognised and associated financial liabilities: carrying amount

E.2 Financial assets transferred and not fully derecognised and associated financial liabilities: carrying amount

E.3 Transfers with liabilities that can solely be covered by the assets transferred and not fully derecognised: fair value

B. Financial assets transferred and fully derecognised with recognition of continuing involvement

Qualitative disclosure

Quantitative disclosure

E.4 Covered bond transactions

F. CREDIT RISK MEASUREMENT MODELS

SECTION 3 – DERIVATIVES AND HEDGING POLICIES

3.1 - Trading derivatives

B. Credit derivatives

B.1 Trading credit derivatives: reporting date notional amounts

B.2 Trading credit derivatives: gross positive and negative fair value - breakdown by product

B.3 OTC trading credit derivatives - notional amounts, gross positive and negative fair value by counterparty

B.4 Residual life of OTC trading credit derivatives: notional amounts

B.5 Credit derivatives associated with fair value option: changes

3.2 – Hedge accounting

Qualitative disclosure

A. Fair value hedges

- B. Cash flow hedges
- C. Hedges of investments in foreign operations
- D. Hedging instruments
- E. Hedged items

Quantitative disclosure

A. Hedging financial derivatives

- A.1 Hedging financial derivatives: reporting date notional amounts
- A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product
- A.3 OTC hedging financial derivatives - notional amounts, gross positive and negative fair value by counterparty
- A.4 Residual life of OTC hedging financial derivatives: notional amounts

B. Hedging credit derivatives

- B.1 Hedging credit derivatives: reporting date notional amounts
- B.2 Hedging credit derivatives: gross positive and negative fair value - breakdown by product
- B.3 OTC hedging credit derivatives - notional amounts, gross positive and negative fair value by counterparty
- B.4 Residual life of OTC hedging credit derivatives: notional amounts

C. Non-derivative hedges

- C.1 Non-derivative hedges: breakdown by portfolio and type of hedge

D. Hedged items

- D.1 Fair value hedges
- D.2 Cash flow hedges and hedges of investments in foreign operations

E. Hedging gains or losses recognised in equity

- E.1 Reconciliation of equity items

SECTION 5 - OPERATIONAL RISK

Quantitative disclosure

PART G - BUSINESS COMBINATIONS

SECTION 1 - TRANSACTIONS CARRIED OUT DURING THE YEAR

SECTION 2 - TRANSACTIONS CARRIED OUT AFTER THE REPORTING DATE

SECTION 3 - RETROSPECTIVE ADJUSTMENTS

PART I - SHARE-BASED PAYMENTS

Qualitative disclosure

- 1. Share-based payment plans

Quantitative disclosure

- 1. Changes
- 2. Other information

PART L – SEGMENT REPORTING**PART M – LEASE REPORTING**

SECTION 1 – LESSEE

Quantitative disclosure

SECTION 2 – LESSOR

Qualitative disclosure

Quantitative disclosure

1. Notes to the statement of financial position and the income statement

2. Finance leases

2.1 Classification by time bracket of the payments to be received and reconciliation with financing for leases recognised in the assets

2.2 Other information

3. Operational leases

3.1 Classification by time bracket of the payments to be received

3.2 Other information

Property

PROPERTY	REVALUATION			GROSS AMOUNT	including: land	including: buildings	CARRYING AMOUNT OF BUILDINGS
	pursuant to Law 72/83	pursuant to Law 218/90	pursuant to Law 413/91				
Fermo Via Don E. Ricci, 1	1,011,739.07	2,017,280.65	401,803.47	3,498,627.99	349,862.81	3,148,765.18	21,771.78
Fermo Campoleggio Corso Marconi, 19	103,291.38	274,755.07	42,865.92	432,750.15	43,275.02	389,475.13	2,858.52
Fermo Campoleggio - extension Corso Marconi, 19	-	-	1,549.37	19,039.38	1,903.94	17,135.44	14.00
Carassai Piazza Leopardi 8/9	25,822.84	24,273.47	11,362.05	66,563.76	8,653.29	57,910.47	310.01
Cupramarittima Via E. Ruzzi, 9	-	211,230.87	47,514.03	436,910.79	-	436,910.79	2,587.39
Grottazzolina Via Verdi, 5	51,645.69	32,020.33	25,306.39	124,894.81	-	124,894.81	573.30
Montegranaro Piazza Mazzini	175,595.35	47,867.29	41,501.96	200,509.38	-	200,509.38	893.63
Monterubbiano Piazza Calzecchi Onesti, 9	46,481.12	63,007.74	18,592.45	131,741.32	13,174.13	118,567.19	734.33
Monte San Pietrangeli Via S. Antonio, 6	-	64,040.66	4,131.66	140,636.48	-	140,636.48	1,406.46
Montottone Piazza Leopardi, 8	37,184.90	29,954.50	14,977.25	85,204.37	10,224.52	74,979.85	395.34
Monturano Via Gramsci, 32/A	232,405.60	583,079.84	129,114.22	1,058,503.84	158,775.58	899,728.26	6,053.58
Petritoli Via Mannocchi Tornabuoni, 25	28,405.13	88,314.13	12,911.42	135,285.44	13,528.54	121,756.90	911.06
Falerone fraz. Piane di Falerone Viale della Resistenza, 95	51,645.69	205,549.85	26,339.30	301,981.85	75,495.47	226,486.38	1,739.26
Porto S. Elpidio Via S. Giovanni Bosco, 10	180,759.91	203,484.02	76,952.08	487,019.99	97,404.00	389,615.99	2,243.43
Porto S. Elpidio - Faleriense Via Marina, 1	180,759.91	167,848.49	81,600.19	499,256.17	70,224.58	429,031.59	21,043.13
Porto S. Giorgio - registered office Via Annibal Caro, 11	-	2,471,246.26	73,853.34	5,703,013.66	1,140,602.74	4,562,410.92	20,932.22
S. Elpidio a Mare Via Roma, 31	129,114.22	523,170.84	65,590.03	764,747.17	-	764,747.17	5,887.51
S. Elpidio a Mare extension 1981 Via Roma, 31	-	-	34,602.61	127,207.59	-	127,207.59	345.99
S. Elpidio a Mare extension 1983 Via Roma, 31	-	-	33,569.70	139,393.78	-	139,393.78	335.72
Fermo Piazza Mascagni, 4	154,937.07	211,747.33	66,106.48	455,484.95	-	455,484.95	2,778.64
Fermo - Piazza Mascagni extension 1984	-	-	5,164.57	25,169.18	-	25,169.18	51.58
Fermo Via Ognissanti	-	11,878.51	4,648.11	29,035.21	3,484.22	25,550.99	145.48
Fermo Corso Cavour, 104	-	1,066,999.95	217,428.35	2,647,791.16	264,779.13	2,383,012.03	11,559.74
S. Elpidio a Mare - Casette d'Ete Corso Garibaldi, 3	-	203,484.02	83,149.56	678,504.31	33,925.22	644,579.09	2,723.13
Fermo Viale Trento, 182	-	3,083,247.69	601,672.29	7,454,739.36	1,490,947.88	5,963,791.48	29,479.53
S. Benedetto del Tronto Via Liberazione, 190	-	820,650.01	211,230.87	2,356,260.19	164,938.21	2,191,321.98	9,596.42

PROPERTY	REVALUATION			GROSS AMOUNT	including: land	including: buildings	CARRYING AMOUNT OF BUILDINGS
	pursuant to Law 72/83	pursuant to Law 218/90	pursuant to Law 413/91				
Civitanova Marche Via Cairoli, 22	-	388,375.59	30,987.41	804,859.80	-	804,859.80	4,193.63
Porto S. Elpidio - Faleriense Piazza Giovanni XXIII, 14	232,405.60	108,455.95	-	419,019.11	-	419,019.11	201,293.25
Fermo Area di Viale Ciccolungo	-	-	-	0.01	-	0.01	-
Grottazzolina Via Fonterotta	-	-	-	476,932.12	-	476,932.12	476,932.12
Pescara Piazza Duca d'Aosta, 30	-	-	-	1,908,478.18	-	1,908,478.18	76,339.01
Montegranaro Via Gramsci	-	-	-	465,720.02	-	465,720.02	109,444.22
Recanati Santacroce 34/E	-	-	-	301,285.46	60,257.09	241,028.37	56,641.71
Rome Via Puglie 15/21	-	-	-	2,932,724.03	-	2,932,724.03	1,129,098.77
Colli del Tronto Via Matteotti, 2	-	-	-	342,295.20	-	342,295.20	133,571.33
Porto S. Elpidio - Renovation Via S. Giovanni Bosco, 10	-	-	-	497,084.46	99,416.89	397,667.57	153,101.96
Falerone fraz. Plane - Renovation Viale della Resistenza, 95	-	-	-	111,836.61	-	111,836.61	58,143.83
Montegiorgio - Loc. Plane Via A. Einstein, 8	-	-	-	869,227.16	116,000.00	753,227.16	481,236.89
Fermo Via G. da Palestrina 13/19	-	-	-	418,945.49	-	418,945.49	266,742.65
Fermo Piazza del Popolo, 38	-	-	-	16,400.00	-	16,400.00	10,758.40
San Benedetto del Tronto Via Francesco Fiscoletti	-	-	-	918,260.22	-	918,260.22	615,050.66
Recanati Via Villa Musone, no street number	-	-	-	306,356.00	-	306,356.00	212,825.51
Magliano di Tenna Via Monti Sibillini, 9	-	-	-	272,000.00	-	272,000.00	231,200.00
Montecchio (TR) Via San Rocco, no street number	-	-	-	299,320.32	-	299,320.32	258,822.28
TOTAL	2,642,193.48	12,901,963.06	2,364,525.08	39,361,016.47	4,216,873.26	35,144,143.21	4,622,767.40

List of HTCS equity investments

OTHER FUNCTIONAL INVESTMENTS	Carrying amount at 12/2023	Changes in 2024			Carrying amount at 12/2024	including: remeasurement of contribution value	including: valuation
		(+) Purchases	(-) Sales / reimbursements	(+/-) Fair value			
SEDA - Soc.Elaborazione Dati S.p.A.	0.00	0.00	0.00	0.00	0.00	0.00	0.02
BANK OF ITALY	15,000,000.00	0.00	0.00	0.00	15,000,000.00	0.00	0.00
Intesa Sanpaolo S.p.A.	106,665.92	0.00	0.00	49,149.51	155,815.43	0.00	59,689.85
Bancomat S.p.A.	21,945.00	0.00	0.00	0.00	21,945.00	0.00	1.00
CBI S.c.p.a.	3,022.00	0.00	0.00	0.00	3,022.00	0.00	0.00
Alipicene S.r.l. - In Liquidation	0.00	0.00	0.00	0.00	0.00	0.00	-2,582.00
S.W.I.F.T. - Brussels	2,529.08	0.00	0.00	0.00	2,529.08	0.00	0.00
Fermano Leaders s.c.a.r.l	3,000.00	0.00	0.00	0.00	3,000.00	0.00	0.00
CSE Consorzio Servizi Bancari S.r.l.	6,250,000.00	0.00	0.00	0.00	6,250,000.00	0.00	-80,000.00
CARICESE S.r.l.	20,000.00	0.00	0.00	0.00	20,000.00	0.00	0.00
CONFIDICOOP MARCHE	100,000.00	0.00	0.00	0.00	100,000.00	0.00	0.00
Voluntary Scheme c/o Interbank Guarantee Deposit Fund (C.R. CESENA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Italian Dream Factory S.r.l.	0.00	0.00	0.00	0.00	0.00	0.00	-315,792.68
NEXI S.p.a.	675,930.96	0.00	0.00	-187,772.77	488,158.19	0.00	466,091.73
TOTAL AS PER ACCOUNTING RECORDS	22,183,092.96	0.00	0.00	-138,623.26	22,044,469.70	0.00	127,407.92

Treasury and cash services

Treasury and cash services.

Treasury services	
Body	Municipality
A.A.T.O. 4 Marche Centre-South	Sant'Elpidio a Mare (FM)
Municipality of Altidona	Altidona (FM)
Municipality of Belmonte Piceno	Belmonte Piceno (FM)
Municipality of Campofilone	Campofilone (FM)
Municipality of Comunanza	Comunanza (AP)
Municipality of Carassai	Carassai (AP)
Municipality of Falerone	Falerone (FM)
Municipality of Fermo	FERMO
Municipality of Grottazzolina	Grottazzolina (FM)
Municipality of Lapedona	Lapedona (FM)
Municipality of Magliano di Tenna	Magliano di Tenna (FM)
Municipality of Mogliano	Mogliano (MC)
Municipality of Monte Vidon Combatte	Monte Vidon Combatte (FM)
Municipality of Monte San Giusto	Monte San Giusto (MC)
Municipality of Monte San Pietrangeli	Monte San Pietrangeli (FM)
Municipality of Monsampietro Morico	Monsampietro Morico (FM)
Municipality of Monte Giberto	Monte Giberto (FM)
Municipality of Montefiore dell'Aso	Montefiore dell'Aso (AP)
Municipality of Montegiorgio	Montegiorgio (FM)
Municipality of Montegranaro	Montegranaro (FM)
Municipality of Monteleone	Monteleone di Fermo (FM)
Municipality of Montelparo	Montelparo (FM)
Municipality of Monterubbiano	Monterubbiano (FM)
Municipality of Montottone	Montottone (FM)
Municipality of Moresco	Moresco (FM)
Municipality of Pedaso	Pedaso (FM)
Municipality of Petritoli	Petritoli (FM)
Municipality of Ponzano di Fermo	Ponzano di Fermo (FM)
Municipality of Porto San Giorgio	Porto San Giorgio (FM)
Municipality of Porto Sant'Elpidio	Porto Sant'Elpidio (FM)
Municipality of Rapagnano	Rapagnano (FM)
Municipality of Ripe San Ginesio	Ripe San Ginesio (MC)
Municipality of Rotella	Rotella (AP)
Municipality of Sant'Elpidio a Mare	Sant'Elpidio a Mare (FM)
Municipality of Servigliano	Servigliano (FM)
Municipality of Torre San Patrizio	Torre S. Patrizio (FM)
Province of Fermo	FERMO
Unione Montana dei Sibillini	Comunanza (AP)

Cash services	
Body	Municipality
Conservatorio Musicale "G.B. Pergolesi"	FERMO
ISC Fracassetti - Capodarco di Fermo	FERMO
Istituto Tecnico Industriale Statale "G. Montani"	FERMO
Liceo Artistico "A. Caro - U. Preziotti - O. Licini"	FERMO
Liceo Scientifico "Calzecchi Onesti"	FERMO
Ordine Dottori Commercialisti ed Esperti Contabili	FERMO

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Cassa di Risparmio di Fermo S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cassa di Risparmio di Fermo S.p.A. (the “Bank”), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in shareholders’ equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and valuation of loans to consumers measured at amortised cost

Description of the key audit matter

As reported in Part B - Information on the balance sheet - Assets - Section 4 - Financial assets measured at amortised cost – Item 40 in the explanatory notes and in the Directors’ report in the paragraph “Lending”, loans to customers measured at amortised cost of the Bank show a gross value of Euro 1,262.7 million as at December 31, 2024 (including Euro 40.8 million of non-performing loans), reduced by impairment losses of Euro 33.3 million (including Euro 23.2 million related to non-performing loans), resulting in a net value of Euro 1,229.4 million (including Euro 17.6 million of non-performing loans).

The Directors’ report also shows that the overall coverage ratio as at December 31, 2024 of these loans is 2.63%. In particular, considering the classification provided by the international accounting standard IFRS 9 - Financial Instruments, the coverage ratio of performing loans classified in "Stage 1" and "Stage 2" is 0.82%, while the coverage ratio of non-performing loans classified in "Stage 3" is 56.90%.

Part A – Accounting Policies – A.2 - Main items of the financial statements - 3 Financial assets measured at amortised cost and Part E - Information on risks and relative hedging policies - Section 1 - Credit Risk – Qualitative information of the explanatory notes also describe:

- the processes and criteria adopted by the Bank for the classification of these loans in compliance with the instructions of the Supervisory Authorities and the applicable accounting standards;
- the related valuation criteria, including the methods for estimating expected losses and the resulting impairment losses based on the allocation of credit exposures in the three "Stages".

As reported in Part E - Information on risks and relative hedging policies in the explanatory notes, as part of its policies for managing loans to consumers, the Bank has adopted rules and processes for monitoring position, which have involved a complex activity of classifying them into homogeneous risk categories (*stage*).

Given the materiality of the amount of loans to customers measured at amortised cost included in the financial statements and the complexity of the credit quality monitoring processes and estimation of expected losses adopted by the Bank, taking into account also the relevance of the subjectivity components inherent in such processes, we considered the classification and valuation of loans to customers measured at amortised cost a key audit matter of the financial statements of the Bank as at December 31, 2024.

Classification and valuation of loans to consumers measured at amortised cost

Audit procedures performed

The main procedures carried out as part of our audit work were, among others, as follows:

- gaining an understanding of the internal regulations and processes implemented by the Bank for classifying and determining the recoverable amount of performing loans to customers measured at amortised cost and monitoring their quality, in order to verify the compliance with the regulatory framework and the applicable accounting standards;
- checking the implementation and operating effectiveness of the relevant controls identified in relation to processes of classification and valuation of loans to consumers measured at amortised cost;
- conducting qualitative and trend analyses of performing and non-performing loans to customers measured at amortised cost, by calculating appropriate qualitative and quantitative indicators in order to identify possible matters of interest;
- checking, on a sample basis, the classification of performing loans to customers measured at amortised cost in accordance with the regulatory framework, internal Bank policies, and applicable accounting standards, with specific focus on loans classified in stage 2;
- checking, on a sample basis, the classification and valuation of non-performing loans to customers measured at amortised cost in accordance with the regulatory framework, internal Bank policies, and applicable accounting standards, also by obtaining and examining written confirmations by the lawyers appointed for their collection;
- checking the completeness and the compliance of the disclosure provided in the financial statements in accordance with the regulatory framework and applicable accounting standards.

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Cassa di Risparmio di Fermo S.p.A. has appointed us on April 30, 2019 as auditors of the Bank for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10**

The Directors of Cassa di Risparmio di Fermo S.p.A. are responsible for the preparation of the Directors' report of Cassa di Risparmio di Fermo S.p.A. as at December 31, 2024, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the Directors' report with the financial statements;
- express an opinion on the compliance with the law of the Directors' report;
- make a statement about any material misstatement in the Directors' report.

In our opinion, the Directors' report is consistent with the financial statements as at December 31, 2024.

In addition, in our opinion, the Directors' report is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Benini
Partner

Bologna, Italy
April 11, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.