REGULATION ON THE PREPARATION OF THE FINANCIAL STATEMENTS OF BANKS

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PART I
GENERAL PROVISIONS

Title I
Sources of law and definitions

Article I.I.1 - Sources of law

1. This regulation is part of the implementing measures provided for in art. 39 of the Law n. 165 dated 17 November 2005.

2. The powers regulated by the Central Bank of the Republic of San Marino as regards to the financial statements of the banks of San Marino are exercised within the context of the principles specified in the LISF, under articles 30, 31 and 32.

Article I.I.2 - Definitions

1. The definitions of certain recurrent terms used in these provisions are set forth below:

1. **"assets and liabilities expressed in a foreign currency"**: means any assets and liabilities the capital and/or interest of which is explicitly expressed in a currency other than Euro, as well as those that provide for financial indexing clauses linked to the exchange rate of the Euro against a certain currency or against a certain basket of currencies;

2. **"financial derivative contracts"**: means any financial instrument that entails an undertaking to provide a service indexed to the performance of the price of other financial instruments, interest rates, currencies (and gold), indexes, commodities. The definitions of the main financial instruments are set forth below:
   a) **"future"**: means the standardised derivative contract with which the parties undertake to exchange certain assets, or to pay or collect a predetermined amount, at a predetermined date on the basis of the performance of a benchmark;
   b) **"options"**: means the derivative contract that assigns to one of the parties, against the payment of a consideration called premium, the right, to – be exercised within a given date or upon maturity of a given period, – to purchase or to sell certain assets at a given price or to collect an amount determined based on the performance of a benchmark;
   c) **"forward rate agreement"**: means the derivative contract with which the parties undertake to pay or to collect on a predetermined date an amount based on the performance of a benchmark;
   d) **"interest rate swap"**: means the standardised derivative contract with which the parties undertake to pay or to collect on predetermined dates certain amounts determined based on the spread between different interest rates;

e) **"domestic currency swap"**: means the derivative contract with which the parties undertake to pay or to collect on a predetermined date an amount determined based on the differential between the contractual foreign exchange rate and the rate current as at the maturity date of the transaction;
f) **"currency outright"**: means the derivative contract with which currency is bought or sold at a forward date;

3. **"single-flow derivative contracts"**: derivative contracts that provide for the settlement of one spread or margin only (such as FRAs);

4. **"multi-flow derivative contracts"**: derivative contracts that provide for the settlement of one spreads or margins on more than one maturity (such as IRS);

5. **"credit derivative contracts"**: means any contract with which a person called "protection buyer" purchases protection for one (or more) asset(s) exposed to the credit risk, from another person called "protection seller", who, conversely, sells protection. These contracts are intended, however, to transfer from one person to another the underlying credit risk of one or more assets. In principle, three categories exist of credit derivatives:
   a) contracts in which the protection seller is committed to perform upon occurrence of a given event;
   b) contracts in which the protection seller is committed to perform based on the market performance of the asset at risk;
   c) contracts in which the protection buyer and the protection seller exchange their respective overall amount of the cash flows generated by the asset at risk and the cash flows linked to a market interest rate, plus or minus a given spread;

6. **"revolving credits"**: means any credit resulting from transactions characterised by a predetermined source of repayment. These are loans granted to allow the immediate availability of pending credits not yet due and payable from a third party and for which the reporting intermediary takes care of the actual collection (advance on credits for factoring, advances under reserve, etc.);

7. **"on demand loans and deposits"**: means the balances that may be withdrawn by the creditor at any moment without notice or with a prior notice of 24 hours or one business day. The period of the prior notice runs from the date when the prior notice is notified to the date when the balances may be repaid.

8. **"intangible fixed assets"**: means: a) start-up and expansion expenses, research and development costs with a multi-year use; b) goodwill, if acquired for valuable consideration; c) patent rights and rights to

use intellectual property, grants, licenses, trademarks, similar rights and assets and the relevant advances paid; c) any other multi-year expenses;

9. **“tangible fixed assets”**: means: a) any land, buildings, technical systems, equipment of any kind, advances paid to purchase or build such assets and any fixed assets in the course of completion. Land and building include all rights of possession on real estate properties and similar rights under the legislation of the country where the asset is located; b) any other assets intended for the long term use of the company;

10. **“financial fixed assets”**: means: a) equity investments, including those in companies of the group; b) financial instruments intended for the long term use of the company, i.e. intended to remain in the corporate assets as a fixed investment. They are also defined as fixed financial instruments or financial instruments of the investment portfolio;

11. **"subsidiaries":** for the definition of subsidiaries reference should be made to art. 2 of the LISF;

12. **"companies subject to dominant influence":** for the definition of companies subject to dominant influence reference should be made to art. 2 of the LISF;

13. **“commitments certain to be used”**: means the commitments to disburse funds the use of which by the borrower is not optional. These are commitments resulting from agreements binding both the bank and the borrower. This category also includes purchases of securities not yet settled as well as deposits and loans to be disbursed on a predetermined future date;

14. **“commitments uncertain to be used”**: means the commitments to disburse funds the use of which by the borrower is optional. Therefore, it is not certain whether and to which extent the funds will be actually disbursed. This category includes commitments assumed. for instance, within the activities for the placement of securities and those resulting from repurchase agreements in which the assignee has the option (and not the duty) to resell on the forward date;

15. **“securitisation”**: means the transfer to a vehicle company of loans (or other financial assets) capable of generating periodical cash flows. The vehicle company, person with separate legal personality from the originator, finds the financial resources necessary to purchase the transferred assets by issuing marketable securities placeable on the security markets. These securities may be redeemed, as regards to the capital, and pay interest through the cash flows generated by the transferred assets. Securitisation activities are also characterised by the presence of a "servicer", the person responsible for managing the assets sold (collections, payments and debt recovery), often represented by the transferring bank, and of an "arranger", person responsible for arranging the transaction;

16. **"synthetic securitisation":** or second generation securitisation, means: a transaction in which the risk linked to the credit exposures is transferred without selling the underlying assets which, therefore, continue to be registered in the financial statements of the "originator";

17. **“hedging transactions”**: means those transactions carried out by the bank for the purpose of protecting the value of individual assets and/or liabilities included in the balance sheet or "off-balance sheet" (or of groups of assets and/or liabilities) against credit risk, risk of unfavourable movements in interest rates, foreign exchange rates or in market prices. A transaction is considered to be a hedging transaction when the bank intends to hedge, there is a considerable correlation between the technical – financial features (maturity, interest rate, etc.) of the assets and liabilities hedged and those of the hedging agreement and, lastly, the two previous conditions are formalised in the internal records of the bank;

18. **"off-balance sheet transactions":** means the transactions that are not included in the assets and liabilities of the "balance sheet", but "below the line". The main families of "off-balance sheet" transactions are a) the sale and purchase agreements not yet settled (spot or forward) of financial instruments and currencies; b) derivative contracts on securities, currencies, interest rates, stock exchange indexes; c) the commitments to disburse funds, i.e. credit facilities open in favour of the counterparties, and to issue unsecured loans; d) personal guarantees or collateral issued by the credit institution;

19. **“countries of zone A”**: means all countries which are full members of the OECD and those that entered into general arrangements to borrow (GAB) with the International Monetary Fund; those countries which have restructured their foreign debt in the past 5 years are, in any case, excluded. The Republic of San Marino is regarded, by convention, as one of the countries of the zone A;
20. **“countries of zone B”:** means all countries that do not meet the definition of countries of zone A;

21. **“shareholdings”:** means any rights on the equity of other companies that, by realising a long lasting bond with such companies, are intended to integrate the business of the participant. In any case, there is a shareholding when the bank is the owner of at least 10% of the voting rights exercisable at the ordinary general meeting;

22. **“Regulation 2007/07”:** means the Regulation on savings and banking activities;

23. **"value adjustments":** means any devaluation or amortisation of the items of assets;

24. **“value recoveries”:** means the restoration of the value of the assets that had been previously subject to a value adjustment;

25. **“issue discounts”**: means the negative or positive differences between the issue value of the financial instruments and the redemption value of the same;

26. **“vehicle company”:** see item "securitisation";

27. **“resident persons”:** means any natural persons who have their residence within the territory of the Republic of San Marino. As regards to the other legal entities (legal persons and unrecognised entities) the definition of "resident person" is applied when the credit/debit relation is established by the bank with an office (including branches) that is present in the territory of the Republic of San Marino.

28. **“financial instruments”**: please refer to the definition contained in annex 2 of the LISF;

29. **“listed financial instruments”**: this category includes financial instruments listed on organised markets, that is to say markets which are regularly functioning and recognised and for which independent control bodies determine access and functioning criteria;

30. **“financial instruments included in the trading portfolio”**: financial instruments included in the trading portfolio (floating portfolio) means the securities held for sale included in the portfolio for "treasury" purposes as well as for "trading" purposes;

31. **“structured financial instruments”:** means any financial instruments comprised of the combination of a "host" contract (generally a financial liability or asset) and of one (or more) instrument which is (are) (i) a derivative instrument(s) incorporated, capable of modifying the cash flows generated by the "host" contract;

32. **“asset backed securities”:** means securities issued by the vehicle company, following the transfer to such company of the financial assets of the transferring company (originator);

33. **"government bonds"**: securities issued by any foreign country of the zone A;

34. **“senior, mezzanine and junior securities”**: types of tranches of securities issued within the context of securitisation activities by the vehicle company and characterised by an increasing level of subordination for the purpose of the redemption;

35. **"notional value of the financial derivative contracts":** corresponds to the reference amount with regard to which the benefits are defined. For instance, the notional value of an I.R.S. corresponds to the nominal amount on which the differentials are calculated upon settlement of the interest flows;

36. **“market value of the financial derivative contracts”:** corresponds to the stock exchange value, if the derivative contract is listed. The market value of an unlisted derivative contract is calculated according to the method of the current value, by adding the cost of replacement if positive, to the future credit

exposure. The cost of replacement (that would be paid by the bank in order to find another counterparty to take over the contractual obligations of the original counterparty) is given by the intrinsic value of the derivative contract, if positive. For contracts such as futures and American options, the positive intrinsic value is represented by the differential in favour of the bank between current rates or prices and the agreed rates and prices. In the event that the execution of the contract is realised at the maturity agreed by the parties (such as IRS and FRA) the intrinsic value is calculated by discounting the future cash flows based on the conditions applicable as at the calculation date. The future credit exposure represents the likelihood that, in future, with reference to the volatility of the interest rates of the indices and to the residual life of the contract, the intrinsic value of such contract would increase, if positive, or become a credit position, if the current intrinsic value is negative. The future credit exposure is determined with reference to all contracts, both with a positive or negative intrinsic value, by multiplying the nominal value of the contract by the following percentages set based on the residual life of such contracts:

- interest rate contracts: 0% (residual life of up to one year); 0.5% (residual life of between one and five years); 1.5% (residual live of more than five years);
- contracts on foreign exchange rates and gold: 1% (residual life of up to one year); 5% (residual life of between one and five years); 7.5% (residual live of more than five years);
- contracts on capital financial instruments: 6% (residual life of up to one year); 8% (residual life of between one and five years); 10% (residual live of more than five years);
- contracts on precious metals: 7% (residual life of up to one year); 7% (residual life of between one and five years); 8% (residual live of more than five years);
- contracts on other goods and contracts: 10% (residual life of up to one year); 12% (residual life of between one and five years); 15% (residual live of more than five years).

2. In the following articles of this Regulation, the words that correspond to these definitions are in bold characters.

3. Except where specified otherwise, for the purposes of these provisions the definitions contained in the LISF .and in the Regulation 2007-07 on savings and banking activities, shall apply.

Title II
Objectives and structure of the regulation

Article I.II.1 - Purposes

1. This Regulation governs the technical forms of the financial statements of the banks of San Marino.

2. These regulatory provisions, that standardise the methods for representing the items of the financial statements for the banks of San Marino, are formulated also for the purpose of preparing, gradually, the overall banking system to the application of the IAS principles.

Article I.II.2 - References

1. Some parts of this Regulation refer to legal and regulatory measures already issued or about to be issued.

Article I.II.3 - Preparation

1. The Regulation, in line with the provisions of art. 38, sub. 5 of the LISF, has been subject to prior negotiations.

Article I.II.4 - Structure

1. The Regulation is divided into 6 Parts, each one of which is divided in Titles. Each Title is comprised of Articles.

2. Articles have a numeration divided into three separate digits, separated by a dot: the first digit indicates the Part, the second indicates the Title and the third indicates the Article.

PART II
GENERAL PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Title I
Scope of application and subject matter of the law

Article II.I.1 - Scope of application

1. The provisions of this Regulation are applicable to banks, registered in the register of authorised parties, referred to in art. 11 of the LISF.

2. The provisions of this Regulation are applicable, pursuant to art. III.IV.6, sub. 4 of the Regulation 2007/07, to the branches of foreign banks authorised to conduct banking activities.

Article II.I.2 - Documents comprising the financial statements

1. The financial statements of the banks of San Marino are comprised of balance sheet, profit and loss account and explanatory notes to the financial statements. They are accompanied by a report of the directors on operations, a report off the Auditors' Committee and by a Report of the External Auditors. The first report must contain information on the operations of the company during the financial year and on any relevant facts occurred between the end of the financial year and the date when the financial statements are approved, as well as on the business outlook for the following financial year.

2. The report of the directors also evidences:

a) business development policies adopted by the bank, specifically with reference to the main features of the deposits and loans market on which the business id focused;
b) the number and the nominal value of own shares and of shares or units of the parent company (if any) held in the portfolio, purchased and sold during the financial year, the reasons behind the purchases and the sales as well as the considerations thereof;
c) the relationships, also of a financial nature, maintained with the subsidiaries and the parent company;
d) planned destination of financial year profits or plans to cover losses;
e) qualitative information on credit, market and operating risks to which the bank is exposed;
f) the policies pursued as regards to the hedging of the risks referred to in the previous letter;
g) the main actions (if any) adopted by the bank during the financial year and related to the organisational structure and internal controls.

3. The documentation comprising the financial statements submitted to the Central Bank, in addition to the documents outlined above, shall also contain a copy of the minutes of the general meeting.

Title II
General provisions

Article II.II.1 - Preparation of the financial statements

1. The financial statements are prepared in compliance with the provisions of the LISF and with the laws currently in force and clearly, truly and accurately represent the financial position and performance of the year.

2. If the information required under the provisions of this Regulation is not sufficient to provide a true and accurate representation, any ancillary information required for this purpose is provided in the explanatory notes to the financial statements.

3. Should, in exceptional cases, the application of a provision contained in the articles below become inconsistent with the principle of true and accurate representation, such provision must not be applied. The reasons for the exception and its impact on the representation of the balance sheet, the financial position and the performance, must be clarified in the explanatory notes to the financial statements.

4. The directors of the bank prepare, for each financial year, the financial statements of the company. The financial year starts on 1st January and ends on 31st December of each year. The financial statements must be approved by the meeting of the shareholders not later than on the 31st May of the following year.

5. The forms of the balance sheet and of the profit and loss account are set out in Annex A, those of the explanatory notes to the financial statements in Annex B.

6. The accounting situation as at the initial date of the financial year is the same as that of the financial statements approved and related to the previous financial year.

7. The forms of the balance sheet and of the profit and loss account are made up of items, marked with numbers, by sub-items, marked with letters and by additional information. The items, sub-items and additional information constitute the financial accounts.

8. Comparative figures must be shown for each account item of the balance sheet and of the profit and loss account. If the account items are not comparable, those of the previous financial year must be adjusted; the non-comparability, any adjustments made or the inability to make such adjustments, are reported and commented in the explanatory notes.

9. It is possible to introduce new sub-items and/or additional information, provided that they are related to the items required, and to group the sub-items if the amount thereof is irrelevant and such grouping improves the clarity of the financial statements. Further information are included in the explanatory notes.

10. The financial statements are prepared in Euros, with no decimal points. When rounding up or down the amounts, any decimal point lower than 50 cents must be ignored, whereas any decimal point equal to or higher than 50 cents must be increased to the next Euro unit. The rounded amount of the items is arrived at by adding the individual rounded amounts of the sub-items. The algebraic sum of the discrepancies resulting from the rounding up or down of the items is recognised under "other assets/liabilities" as regards to the balance sheet, and under "extraordinary income/expenses" as regards to the profit and loss account. The explanatory notes may be prepared in thousands of Euro.

11. Assets acquired in the name and for the account of any third persons and those acquired in the bank's own name and for the account of third parties are not included in the financial statements. Information of such assets is included in the explanatory notes.

12. Assets and liabilities held by the bank when acting as a trustee are registered in the memorandum accounts and the relevant information is provided in the explanatory notes.

Article II.II.2 - Substance over form

1. In order to improve the level of clarity and accuracy of the financial statements, the accounts are prepared favouring, whenever possible, the representation of the substance over form.

Article II.II.3 - Accounting on "settlement date"

1. For the purpose of achieving a representation of the financial situation that better reflects the actual financial movements of the balance sheet items of the bank, the "above the line" accounts are prepared focusing, whenever possible, on the moment of the settlement of the transactions rather than on the moment of their trading.

2. The accounting system recognises "below the line" any contractual commitment with a deferred settlement date.

Article II.II.4 – Caution, competence and correlation

1. The recognition of expenses is carried out in accordance with the principles of caution, competence and consistency resulting from the mutual correlation of the items.

Article II.II.5 - Consistency of application

1. For the purposes of the consistency and comparability in time of the data of the balance sheet, the criteria for the preparation of the accounts of the financial statements may not be changed from one financial year to another.

2. The directors must clarify the reasons for the exception and its impact on the representation of the balance sheet, the financial position and the performance, in the supplementary notes to the financial statements.

Article II.II.6 - Prohibition to set off items

1. In order not to reduce the information content of the balance sheet data, in compliance with the principles of truth and clarity, the set-off between different items is prohibited.

2. An exception to the principle of no set-off between items is given by those cases related to the need to correctly represent the "hedging" nature of certain transactions or to ensure the immediacy of the information due to the characteristics of the transactions. The set-offs carried out for this purpose are outlined in the explanatory notes.

Article II.II.7 - Link between accounting and financial statements

1. The procedures of the accounting system adopted by the banks of San Marino must allow the reconciliation between the accounting evidences and the accounts of the financial statements.

2. The accounting information system – must allow the easy retrieval of all information elements required to ensure such reconciliation. Similarly, the accounting information system – must contain, and have readily available for retrieval, all the information elements required to prepare the explanatory notes to the financial statements.

PART III
REGULATION FOR THE VALUATION OF BALANCE SHEET ITEMS

Title I
Principles

Article III.I.1 - General principles

1. The valuation of assets and liabilities included in the financial statements as well as of those off-balance sheet, are carried out according to the principle of caution and on an ongoing basis. The directors take into account any risks and losses for the financial year, even when they become known after the closing of such financial year, of any depreciation of the items of the financial statements and of the profits actually realised at the closure date of the financial year.

2. On- and off-balance sheet assets and liabilities are valued separately. Assets and liabilities linked one to the other are valued in a consistent manner.

3. Valuation criteria may not be changed from one financial year to the other. This principle may be disregarded in exceptional cases, provided that the bank recognises both the "retrospective" effects, accrued in the previous financial years, and the "current" effects, accrued during the financial year in which the criterion is modified, recognising such effects in the profit and loss account of the financial year in which the criterion is changed. The "retrospective" part must be recognised under the item "extraordinary income/expenses" whereas the "current" part must be recognised on the relevant ordinary items.

4. In the cases referred to in the preceding subparagraph, the bank must clarify in the explanatory notes the reasons behind such exception and the relevant impact on the representation of the net worth, of the financial situation and of the performance, specifying the amounts of the "retrospective" component and of the "current" component resulting from the change of the criterion.

Title II
Legislation

Article III.II.1 - Intangible fixed assets

1. The cost of INTANGIBLE FIXED ASSETS, represented by start-up and expansion costs, costs for research and development and other multi-year costs, is amortised within a period of no more than five years. No dividend may be distributed prior to the completion of the amortisation unless there are reserves available for an amount sufficient to cover the amount of the costs not amortised yet.

2. The cost of the goodwill is amortised within five years. The banks of San Marino may systematically amortise the goodwill over a longer period, provided that such period does not exceed the duration for the use of the asset in question and that adequate reasons are provided in the explanatory notes.

3. The provisions of the following article apply to the INTANGIBLE FIXED ASSETS related to patent rights and rights on intellectual properties, concessions, licenses, trademarks and any similar rights and assets, and related advances paid.

4. The revaluation of intangible fixed assets is possible only if it is permitted by specific laws.

Article III.II.2 - Tangible fixed assets

1. The cost of TANGIBLE FIXED ASSETS, the use of which is limited in time, is systematically amortised in each financial year with reference to the residual possible use. The reason for any changes to the amortisation criteria must be clarified in the explanatory notes.

2. Any TANGIBLE FIXED ASSETS the value of which, at the end of the financial year, is permanently below the cost or the value determined pursuant to sub. 1, are recognised at such lower cost; this, however, may not be maintained in the following financial years if the reasons for the adjustment made no longer exist.

3. The revaluation of tangible fixed assets is possible only if it is permitted by specific laws.

Article III.II.3 - Financial fixed assets

1. The FINANCIAL FIXED ASSETS, listed and unlisted, including EQUITY INVESTMENTS, are valued at the purchase cost. They are depreciated in case of permanent impairment of the situation of the issuer and of the ability of the country of residence of the latter to repay its debts.

2. The banks may depreciate non current financial instruments in order to take into account market performance thereof, notwithstanding the requirement for valuation consistency in case of hedging transactions.

3. If the result of the valuation of SHAREHOLDINGS at their purchase cost is higher than the value of the corresponding portion of the net equity of the subsidiary, the reasons behind this higher value must be clarified in the explanatory notes (see Tab. 6.2 on the Annex B).

4. The FINANCIAL INSTRUMENTS, listed and unlisted on organised markets, that represent off-balance sheet TRANSACTIONS, are subject to the valuation criteria specified under sub. 1, if such values are deemed to be FINANCIAL FIXED ASSETS.

5. If the circumstances giving rise to the devaluations cease to exist, then they may no longer be maintained.

6. SHAREHOLDINGS may be depreciated only according to specific laws.

7. As an alternative to the provisions of the preceding subparagraphs, SHAREHOLDINGS in subsidiaries pursuant to art. 2 of the LISF may be valued based on the value of the fraction, corresponding to the portion of the EQUITY INVESTMENT, of the net equity of the subsidiary, adjusted annually according to the provisions of subparagraph 11 below.

8. The new criterion for the evaluation of the subsidiaries may be adopted with a resolution of the Board of Directors, subject to the prior favourable opinion of the Board of Statutory Auditors specifying the underlying reasons and the effects on the assets of the controlling bank. The resolution, together with the opinion of the Board of Statutory Auditors, must be transmitted to the Central Bank not later than 10 days after its adoption.

9. If, when the this method is applied for the first time, the value of the SHAREHOLDING determined under sub. 1 is higher than the corresponding fraction of the net equity of the subsidiary, the difference, related to the portion attributable to amortisable assets or to the goodwill, is amortised according to the provisions of this Regulation. If the value of the SHAREHOLDING is lower than the corresponding fraction of the assets of the subsidiary, the difference is recognised, to the extent not attributable to any elements of the assets or liabilities of the subsidiary, in a non-distributable reserve or, when it is due to an expected negative evolution of the future economic performance of the subsidiary, in the provisions for risks and charges. The amount of the difference and the reasons for the adoption of the criterion for the valuation at net equity are specified in the explanatory notes.

10. The difference referred to in point 9 above is calculated with reference to the values existing at the moment when the method is applied for the first time. This difference may also be determined according to the values available as at the date of acquisition of the EQUITY INVESTMENT or, if the acquisition was carried out at different times, as at the date in which the shares or the units became an EQUITY INVESTMENT. When calculating the difference, the items of assets and liabilities and the "off-balance sheet" transactions of the subsidiary that were valued according to criteria other than those adopted by the parent company, may be valued again. If no new valuation is carried out, this fact must be mentioned in the explanatory notes.

11. Any positive or negative change of the net equity of the CONTROLLED COMPANY realised during the financial year and corresponding to the portion of the share holding is added up or deducted from the value of the SHAREHOLDING as resulting from the most recent approved financial statements, except where it has been already accounted for. In case of an increase in such value, and should such increase exceed the dividends collected or

that may be collected, the excess is registered in a non-distributable reserve without affecting the profit and loss account.

12. For the purposes of the application of the method, any profits and losses resulting from trades made between the bank that prepares the financial statements and the subsidiaries and related, as regards to assets other than securities, to currencies and other financial instruments, items included in the assets, are eliminated. This elimination may be omitted, and this will be mentioned in the explanatory notes, in case of insignificant amounts or if the transaction has been entered into at arm's length and such elimination might lead to disproportionate costs.

Article III.II.4 - Assets other than fixed assets

1. Loans are evaluated at the expected realisation value. For this purpose, banks adopt metrics for assessment commensurate with the loan quality, and carry out:
    a) analytical devaluations for NON PERFORMING loans that take into account the deterioration in creditworthiness of individual debtors;
    b) lump-sum devaluations for performing loans that take into account the qualitative deterioration of uniform groups of debtors (e.g., by economic sector to which the debtor belongs) or risk historically latent in the credit portfolio. Unsecured loans towards countries at risk for which classification among doubtful loans depends exclusively on the difficulties experienced in the debt servicing by the countries of residence of such debtors (country risk), are also subject to lump-sum devaluation. The amount of the lump-sum devaluations is indicated in the Explanatory Note.

2. The lump-sum devaluation method may also be used for NON PERFORMING loans if these are of a contained amount, as determined according to the criteria laid down in Art. III.II.5, paragraph 3.

3. The valuation criteria referred to in the previous paragraphs are applicable also to guarantees issued and to commitments that entail the assumption of credit risks.

4. The creation of reserve funds in the balance sheet liabilities is allowed provided that these funds are intended to cover for possible credit risks only. The devaluation of assets is carried out only by means of a direct adjustment lowering the value of the items to which they refer. Therefore, the registration of adjustment provisions under liabilities is not allowed.

5. The FINANCIAL INSTRUMENTS, other than FINANCIAL FIXED ASSETS, listed or not listed on organised markets, are valued at market value. The market value is determined, for the financial instruments not listed on organised markets, on the basis of the value of similar instruments listed or not listed or, where this is not possible, on the basis of reasonable estimates.

6. The valuation criterion referred to in paragraph 5 of this article applies to FINANCIAL INSTRUMENTS, LISTED and not listed on organised markets, representing OFF-BALANCE SHEET TRANSACTIONS, provided that such assets are not FINANCIAL FIXED ASSETS.

7. As regards to the assets other than those mentioned in the previous paragraphs and that are not fixed assets, the provisions contained in this articles are applicable based on their compatibility.

8. The devaluations carried out under this article may no longer be maintained if the circumstances giving rise to them cease to exist.

Article III.II.5 – Analytical and lump-sum devaluations

1. The analytical devaluations referred to in Art. III.II.4 paragraph 1 of this Regulation are made by considering the ability of individual debtors to perform debt servicing and regularly fulfil the obligations taken. For this purpose, it is necessary for the bank to able to detect early signs of weakness in the economic and financial position of the borrowing parties, in order to determine a new expected realisation value, identified also by taking into account the degree of coverage provided by any (personal and/or collateral) guarantees that secure the loan.

2. Banks shall constantly update the information available on the creditworthiness of their customers (taking account of any legal or non-legal actions undertaken by the bank to recover the credit), carrying out the consequent reclassifications of credit lines, if the conditions provided for by the regulation have been met, in the portfolios concerning the relevant doubtful loans. Any value adjustments (writedowns) are determined, based on the prudent assessment of the administrative bodies, also by virtue of the "effectiveness" and "regularity" of the guarantees acquired and the current value of the assets pledged as guarantees.

3. Banks can make lump-sum adjustments also on NON PERFORMING LOANS, as an alternative to analytical devaluation, provided that these are made on positions of a contained amount. The amount to be considered "contained" must be referred both to the individual loan and to the amount of doubtful loans subject to lump-sum devaluation. For this purpose, the NON PERFORMING LOANS for which the following thresholds of significance are met, shall be considered of a "contained amount":

- value of the individual gross exposure not exceeding 0.5% of the regulatory capital;
- total value of the gross exposures subject to lump-sum devaluation not exceeding 5% of the regulatory capital.

The value of NON PERFORMING LOANS to be considered for the calculation of the above-mentioned incidence rates is gross of any analytical and lump-sum devaluation made to loans.

4. For performing loans, lump-sum devaluations are carried out by determining their adjustments based on the uniform category of loans (e.g. same economic sector, geographical location, size class, etc.).

5. For (cash and off balance sheet) loans not guaranteed towards debtors residing in ZONE B COUNTRIES, lump-sum devaluations are made by country risk. Exposures are not subject to lump-sum devaluation if they are secured by collateral or personal guarantees by parties who are resident in ZONE A COUNTRIES and these guarantees are directed explicitly to neutralise the country risk.

6. Unsecured loans to borrowers residing in ZONE B COUNTRIES may be subject to lump-sum devaluations if economic, financial or political factors cause problems in the repayment of loans, regardless of the solvency status of individual debtors. The rating of the country risk takes into account the performance on sovereign debt-servicing (moratoria, debt restructuring agreements, etc.), the increase in spreads paid on national debt certificates, and the deterioration in credit ratings assigned under the "investment grade" level.

7. Lump-sum value adjustments are made on the basis of all the information evidence available to rate the risk level of the uniform category of loans considered, and its foreseeable development. In determining these adjustments, San Marino banks shall take into account possible analytical devaluations already made in relation to the individual positions.

8. To determine the lump-sum adjustments, statistical indicators can be used to rate the degree of unrecoverability considered statistically "normal" associated with classes in the credit portfolio classes considered uniform in terms of quality, debtor type (business sector, size-class, etc.) or transaction type (duration, guarantee, rates, etc.). In the absence of adequate time series data capable of ensuring statistical robustness, the lump-sum devaluation is entrusted to the prudent assessment of the administrative bodies.

9. Consistently with Art. VII.IX.11, paragraph 7, of Regulation 2007-07, the methodologies used for lump-sum evaluations must be adequately formalised and approved by the Board of Directors of the reporting banks. Any changes made over time to the above-mentioned methodologies must be previously documented, justified and subjected to evaluations of the board.

10. When reducing the value, due to the lump-sum devaluations related to loans acquired at a value lower than the nominal value, San Marino banks take into account the discount obtained in the purchase of such loans.

11. Any commercial credit whose capital and/or interest remain unpaid for at least 3 months contribute to the determination of the aggregate of unsecured loans for their full nominal value.

Article III.II.6 - Currency transactions

1. ASSETS AND LIABILITIES EXPRESSED IN FOREIGN CURRENCIES are valued using the spot foreign exchange rate applicable as of the closure date of the financial year.

2. The OFF-BALANCE SHEET TRANSACTIONS expressed in a foreign currency are valued using the spot foreign exchange rate applicable as of the closure date of the financial year, in case of spot transactions not yet settled, or, in case of forward transactions, using the forward rate applicable as of the above mentioned date for maturities corresponding to those of the transactions being valued.

3. The provision referred to in article III.I.1, sub. 2 related to HEDGING TRANSACTIONS remain unprejudiced.

4. The difference between the current value, determined pursuant to the preceding subparagraphs, of assets and liabilities and of OFF-BALANCE SHEET TRANSACTIONS and the book value of the same items and transactions, is recognised in the profit and loss account in the balance of item 60 "Profits (losses) from financial transactions". If such difference is related to OFF-BALANCE SHEET TRANSACTIONS for the hedging of fixed assets and liabilities, it must be recognised in the profit and loss account items 10-20. "Interest received (paid) and similar proceeds (expenses)".

PART IV
ACCOUNTING OF INDIVIDUAL BALANCE SHEET ITEMS

Title I
Assets

Article IV.I.1 - General criteria for the accounting of the assets

1. Any credits resulting from loan agreements are accounted for in the financial statements for the disbursed amount, net of relevant repayments. Any amount due for interest accrued but not yet collected and any default interest deemed to be recoverable are included.

2. In Section 1 of the explanatory notes, where the criteria for the valuation of balance sheet items are explained, the banks of San Marino must specify whether default interest is systematically recognised only after a specific date which, however, may not be later than 1.01.2008 (to be specified).

3. FINANCIAL INSTRUMENTS included in the investment portfolio and those included in the trading portfolio are registered under the assets for an amount inclusive (exclusive) of any accrued portion of the negative (positive) differences between the purchase cost and the redemption value at maturity of such FINANCIAL INSTRUMENTS.

4. The value of the FINANCIAL INSTRUMENTS held for trading is determined with reference to the average value of the last month prior to the valuation or, alternatively, with reference to the closure date of the financial statements. In Section 1 of the explanatory notes the banks must specify the criterion adopted. The provisions set forth in art. III.I.1, sub 3 of this Regulation remain unprejudiced.

Article IV.I.2 - Cash and cash equivalents (Item 10)

1. This item includes currencies of legal tender, including foreign banknotes and coins, money orders, bankers' drafts and postal cheques as well as any equivalent securities, coupons and securities payable on demand. Collection coins and medals are also included, as well as gold, silver and revenue stamps.

Article IV.I.3 - Interbank loans (Item 20)

1. This item includes all interbank loans regardless of their technical form, except for those represented by FINANCIAL INSTRUMENTS, which must be included in item 40 "Bonds and other debt financial instruments".

2. The countervalue of repos and repurchase agreements, in which the assignee bank has the obligation to resell at a forward date the securities to the assignor bank, are included under interbank loans. The amount recognised is equal to the spot price paid. The assets transferred on the spot date continue to be included in the portfolio of the assignor bank.

3. The item "loans to banks on demand" –covers the credit accounting balances recorded on inter-banks accounts opened for services rendered.

Article IV.I.4 - Loans to customers (Item 30)

1. Any credit resulting from loans to customers, regardless of their technical form, must also be included in this item, provided, and to the extent that the loan has actually been disbursed. Any loans not yet disbursed, even though accounted for on the "trade date", are not included in this item but in the relevant "commitments" item. Credits represented by FINANCIAL INSTRUMENTS are allocated to item 40 " Bonds and other debt financial instruments ".

2. Partial payments received against overdue or non-performing loans are stated as a direct reduction in the value of such loans. Any payments received in advance against loans not yet expired must be stated in the liabilities under items "debt with customers" or "other liabilities", depending on whether such payments are interest bearing or not.

3. Any credit resulting from financial leasing agreements for rents overdue and related credits for default interest must also be included in this item.

4. The item "loans to customers" includes the countervalue of any repos and repurchase agreements, in which the client has the obligation to repurchase on a forward date the securities transferred to the bank on a spot date. The amount recognised is equal to the spot price paid.

Article IV.I.5 - Bonds and other debt financial instruments (Item 40)

1. This item reports all debt FINANCIAL INSTRUMENTS included in the portfolio of the bank, held as investments or available for trading, such as GOVERNMENT BONDS, bonds, certificates of deposit and other fixed or floating income FINANCIAL INSTRUMENTS, linked to a predetermined benchmark (such as the interbank interest rate).

2. In accordance with the principle of prevalence of substance over form, the possible purchase of own bonds cannot find allocation in the bank's own portfolio and the related value must be directly decreased by the bonds entered under balance sheet liabilities, with consequent changes also in the related entries in the explanatory note's table.

3. FINANCIAL INSTRUMENTS are considered as FINANCIAL FIXED ASSETS, and as such they are subject to the relevant valuation rules according to the provisions of art. III.II.3 above, only if they are held as a permanent investment by the bank.

Article IV.I.6 - Shares, units and other equity instruments (Item 50)

1. This item includes any FINANCIAL INSTRUMENT having the nature of equities (shares and units) available for trading. UCIs units are also included in this item.

Article IV.I.7 - Shareholdings (Item 60) and Shareholdings in banking group companies (Item 70)

1. Item 60 includes all rights, whether or not represented by securities, in the equity of other companies and that represent a long lasting link, other than those referred to in the following subparagraph.

2. Item 70 is comprised of any SHAREHOLDINGS held in companies of the same banking group as the bank.

Article IV.I.8 - Intangible fixed assets (Item 80)

1. The assets referred to in art. I.I.2 of this Regulation, under the definition of "INTANGIBLE FIXED ASSETS" are considered as such and registered in this item.

2. Goodwill may be recognised only if acquired on an against payment basis. The relevant cost, just like any other multi-year costs, is registered under assets only subject to the specific consent of the Board of Statutory Auditors, which is granted at the moment of the preparation of the financial statements.

3. The item intangible fixed assets also include the cost for the intangible assets under financial leasing agreements. For the latter, no specific consent from the Board of Statutory Auditors is required. The leasing agreement category also includes assets pending first leasing (purchased by the bank against a leasing agreement already signed with the customers) and the assets held against terminated contracts, whose amount is detailed in a special sub-item to distinguish the component attributable to instances of termination for breach of the lessee.

Article IV.I.9 - Tangible fixed assets (Item 90)

1. The assets referred to in art. I.I.2 of this Regulation, under the definition of "TANGIBLE FIXED ASSETS" are considered as such and registered in this item.

2. This item also includes other tangible assets intended for the long term use of the company.

3. The item tangible fixed assets also include the cost for the assets under financial leasing agreements. The category of leasing agreements also includes assets pending leasing (purchased by the bank with a leasing agreement already signed with the client) and the assets held with terminated contracts, whose amount is detailed in a specific sub-item to distinguish the component attributable to instances of termination for breach of the lessee.

Article IV.I.10 - Subscribed capital not paid in (Item 100)

1. This item is comprised of the portion of share capital which has been subscribed but not yet paid in.

Article IV.I.11 - Own shares or units (Item 110)

1. This item is comprised of own shares purchased by the bank. Detailed information of these transactions are included in the supplementary notes.

Article IV.I.12 - Other assets (Item 120)

1. This item includes all assets not accounted for under the other items. This items also includes any balances (with a "debit balance") of items in transit and suspended items not allocated to the pertinent accounts.

2. Non interest bearing cash deposits with clearing houses against transaction on DERIVATIVE CONTRACTS (the so-called security margins) are also recognised under this item. Any revaluations of OFF-BALANCE SHEET TRANSACTIONS ONFINANCIAL INSTRUMENTS, currencies, interest rates, stock exchange indexes or other assets are also recognised under this item, regardless of whether they are carried out for trading or HEDGING purposes.

Article IV.I.13 - Accrued revenues and deferred expenses (Item 130)

1. Accrued revenues and deferred expenses are posted separately in the balance sheet, in specific sub-items amongst the asset accounts. The banks shall adjust directly, by either increasing or decreasing, the asset and liability accounts to which accrued revenues and deferred expenses refer, in the following cases:

a) within the asset accounts, with reference to the interest accrued on loans and securities;
b) within the liability accounts, with reference to interest accrued on debits, whether represented by securities or not, which include "advanced" interest, including any issue discount on bonds and certificates of deposit.

2. In any case, significant adjustments are detailed in the explanatory notes.

3. Accrued revenues and deferred expenses concerning the spreads or margins deriving from DERIVATE CONTRACTS covering the interest rate risk of interest-bearing assets and liabilities are calculated as an increase or decrease in the afore-mentioned assets and liabilities.

Title I
Liabilities

Article IV.II.1 - Debts with banks (Item 10)

1. This item includes all debts with banks regardless of their technical form, except for those represented by FINANCIAL INSTRUMENTS, which must be included in item 30.

2. The item "debts with banks" includes the countervalue of the FINANCIAL INSTRUMENTS received by the transferring bank on the spot date within the context of repurchase agreements and repos in which the transferee bank assumes the resale obligation on the forward date.

3. The item "Loans to banks on demand" –covers the debit accounting balances recorded on inter-banks accounts opened for services rendered.

Article IV.II.2 - Debts with customers (Item 20)

1. This item includes all debts with customers regardless of their technical form, except for those represented by FINANCIAL INSTRUMENTS, which must be included in item 30.

2. The item "debts with customers" includes the countervalue of the FINANCIAL INSTRUMENTS received by the transferring bank on the spot date within the context of repurchase agreements and repos in which the transferee customer assumes the resale obligation on the forward date.

Article IV.II.3 - Debts represented by financial instruments (Item 30)

1. This item shows, in addition to bonds and certificates of deposits, under "other financial instruments", the bank's own acceptances traded as well as the "atypical securities" referred to in art. II.III.8 of REGULATION N. 2007/07.

2. Any debt FINANCIAL INSTRUMENTS that, as at the balance sheet reference date, has expired but has not been repaid, must also be included in this item.

3. Debts represented by securities are exposed net of debt securities issued by the Bank itself, and repurchased.

Article IV.II.4 - Other liabilities (Item 40)

1. The content of this item is determined in accordance with the provisions regulating the specular content of item "Other assets". This item is also comprised of any means of payment drawn on the bank, such as, but not limited to, bankers' drafts.

Article IV.II.5 - Accrued expenses and deferred revenues (Item 50)

1. The content of this item is determined in accordance with the provisions regulating the specular content of item "Accrued revenues and deferred expenses".

Article IV.II.6 - Severance indemnity fund (Item 60)

1. This item shows the overall amount of the units of the severance indemnity (TFR) intended for the benefit of the employees of the bank.

Article IV.II.7 - Provisions for risks and charges (Item 70)

1. Provisions for risks and charges are intended to cover only losses, charges or debts determinable in nature, the existence of which is certain or likely but for which the amount or the date of occurrence are not determinable at the closure date of the financial year. These funds may not be used to adjust the values of the asset accounts and may not exceed the amount required to cover the losses, charges or debts for which they were created.

2. Sub-item a) "retirement and similar costs fund" includes also the costs for the supplementary welfare.

3. Sub-item d) "other funds" shows also the funds (other than credit risk funds) open against impairments calculated, based on the article III.II.4 of this Regulation, on the guarantees issued and on the commitments recorded under items 10 and 20 of Guarantees and Commitments.

Article IV.II.8 - Credit risk fund (Item 80)

1. "Credit risk funds" include all funds intended to cover potential credit risks only and that, therefore, are not used for adjustment purposes. Consequently, these funds form part, as positive components, of the supplementary regulatory capital (see article VII.II.3 of the REGULATION 2007/07).

2. Any provisions made against future rents related to financial leasing agreements, which are also intended to cover only potential credit risks, are also registered in this item.

3. This fund is covered with specific provisions to the debit of the profit and loss account, which must be posted under item 130 "Provision to credit risk fund" and not through the allocation of part of the profits for the year.

Article IV.II.9 - General banking risks fund (Item 90)

1. This fund is intended to cover against general business risk to which the bank is exposed. Since it is similar to a capital reserve, this fund represents a positive components of the basic regulatory capital (see article VII.II.2 of the REGULATION 2007/07).

2. The balance of allocations and withdrawals (net change) registered by the fund during the financial year is posted, with its specific algebraic sign, to item 220 of the profit and loss account "Changes in the general banking risks fund". Therefore, the creation, provisioning and utilisation of the fund may not be made through the allocation of the profits for the year.

Article IV.II.10 - Subordinated liabilities (Item 100)

1. This item shows the subordinated liabilities issued by the bank, also in the form of securities (see part VII of the REGULATION 2007/07).

Article IV.II.11 - Share capital (Item 110)

1. This item shows the entire amount of shares issued by the bank. Shares that assign to their respective holders the right to an increased dividend compared to ordinary shareholders are also included in this item.

Article IV.II.12 - Share premium (Item 120)

1. This item shows amounts, such as positive differences, resulting from the issue of shares at a price higher than their par value, including shares resulting from the conversion of bonds.

Article IV.II.13 - Reserve (Item 130) and Revaluation Reserve (Item 140)

1. Item 130 sub b), "reserve for own shares", includes any unavailable reserves equal to the amount of the own shares posted under item 110 of the assets. The available portion of such reserve, if any, created by virtue of statutory provisions and/or on the basis of a resolution of the meeting of shareholders, must be recorded under sub c), "statutory reserve", or under sub d) "other reserves".

Article IV.II.14 - Profits (losses) carried forward (Item 150)

1. This item contains profits or losses carried forward.

Article IV.II.15 - Profit (loss) for the financial year (Item 160)

1. Profits or losses for the period are posted under this item.

Title III
Guarantees and Commitments

Article IV.III.1 - Guarantees issued (Item 10)

1. Any personal guarantee issued by the bank and the assets transferred to secure obligations of third parties are recognised under this item.

Article IV.III.2 - Commitments (Item 20)

1. This item shows all irrevocable COMMITMENTS, for CERTAIN OR UNCERTAIN USE, that might give raise to credit risks (such as the margins available on irrevocable credit lines granted to customers or banks).

2. The commitments resulting from the execution of DERIVATIVE CONTRACTS, are recognised based on their notional value.

Title IV
Items of the Profit and Loss account

Article IV.IV.1 - Interest received and other proceeds (Item 10) – Interest paid and other costs (Item 20)

1. These items must contain, on an accrual basis, interest and other similar proceeds and costs related to loans, deposits and FINANCIAL INSTRUMENTS.

2. Item 10 must show the balance between any default interest accrued during the financial year and the VALUE ADJUSTMENT corresponding to the portion of such interest deemed to be irrecoverable.

3. Proceeds and costs similar to interest, to be registered, based on their relevant algebraic sign, in the profit and loss account on an accrual basis ("pro rata temporis"), include, but are not limited to:

a) the difference between purchase cost and the higher or lower redemption value upon maturity of the debt FINANCIAL INSTRUMENTS held for investment purposes. This difference is deducted or added to the interest generated on securities;

b) any deduction or increase in cost resulting from the assumption of debts, above or under par respectively. Within this context the portions of the issue discount on bonds and certificate of deposits are included as cost increase;

c) commissions and fees calculated on the basis of the amount or duration of the loan or deposit to which they refer, including any maximum overdraft charges and the charges for the processing of overdraft applications which may not be considered as a refund of out of pocket expenses incurred on behalf of the client;

d) proceeds and costs related to HEDGING TRANSACTIONS for interest generating assets and liabilities, corresponding, in DERIVATIVE CONTRACTS, to the differentials or margins, either positive or negative, accrued up to the closure date of the financial year, provided that they refer to contracts or individual instalments matured or closed within the aforementioned date. In the forward currency purchase and sale contracts the differentials correspond to the margins between the spot exchange rate and the forward exchange rate fixed in "swap" agreement or to the margins between the forward exchange rate in the "outright" contracts and the spot exchange rate applicable at the moment of the execution of such contracts;

e) proceeds and costs related to MULTI-FLOW DERIVATIVE CONTRACTS (SUCH AS IRSS) ENTERED INTO FOR THE PURPOSE OF HEDGING FINANCIAL INSTRUMENTS held for trading expired by the closure date of the financial year. The aforementioned items also include proceeds and costs generated during the year on the so called "single-flow" DERIVATIVE CONTRACTS. entered into for the purpose of hedging FINANCIAL INSTRUMENTS held for trading, the underlying asset of which, even if notional, has a residual life of no more than one year (such as FRAs), and in this case an hedging is assumed of the interest rate risk;

f) proceeds and costs related to repos and repurchase agreements referred to in art. IV.V.3, sub. 1 below. Such proceeds and costs are calculated taking into account the difference between the spot tel quel price and the forward tel quel price as well as the results (such as interest) produced by the assets during the term of the transaction.

Article IV.IV.2- Dividends and other proceeds (Item 30)

1. This item shows dividends and other proceeds resulting from equities and other similar securities, including the proceeds generated by units of UCIs.

Article IV.IV.3 - Commissions earned (Item 40) Commissions paid (Item 50)

1. These items include proceeds and costs, other than those specified in sub. 3, letter c) of article IV.IV.1 above, related to the services provided and services received by the bank, respectively (guarantees, investment services and other services).

Article IV.IV.4 - Profits (losses) from financial transactions (Item 60)

1. This item shows the aggregate difference:

a) between profits and losses resulting from on- and OFF-BALANCE SHEET transactions on FINANCIAL INSTRUMENTS held for trading, including the results of the valuations of such instruments. This balance includes:
   - profits and losses resulting from the purchase and sale of FINANCIAL INSTRUMENTS held for trading, calculated taking into account the opening balances for the financial year (balance sheet values for the previous financial year), costs and revenues resulting from purchase and sale transactions, including any subscriptions of FINANCIAL INSTRUMENTS when issued and redemptions of expired FINANCIAL INSTRUMENTS, closing balances for the financial year. The result of the purchase and sale of FINANCIAL INSTRUMENTS is recorded net of any ISSUE MARGINS accrued during the relevant holding period of such instruments, which are recognised under "interest";

- positive and negative differentials and margins on DERIVATIVE CONTRACTS with or without underlying securities, included in the trading portfolio or as hedging for FINANCIAL INSTRUMENTS held for trading, only as regards to single-flow DERIVATIVE CONTRACTS the underlying asset of which has a residual life in excess of one year, on the assumption that they protect against "price risk";
- the results of the valuation of FINANCIAL INSTRUMENTS held for trading, of purchase and sale agreements not yet settled, both spot and forward, on FINANCIAL INSTRUMENTS held for trading and of DERIVATIVE CONTRACTS the underlying securities of which have not expired yet as of the closure date of the financial year which are included in the trading portfolio both for hedging or trading purposes. Finally, the premiums collected and paid with reference to unexercised and expired OPTIONS related to the trading activities are included in this item;

b) the difference between profits and losses resulting from on- and OFF-BALANCE SHEET transactions on foreign currencies O INCLUDING THE RESULTS OF THE RELEVANT VALUATIONS. The aforementioned balance includes:
   - profits and losses resulting from the purchase and sale of currencies;
   - any differentials resulting from DERIVATIVE CONTRACTS on currencies;
   - the difference between the current value, determined as of the closure of the financial year, of the elements of assets and liabilities and of the OFF-BALANCE SHEET TRANSACTIONS expressed in a foreign currency and the book value of such elements;
   - the premiums collected and paid with reference to currency OPTIONS entered into for trading purposes.

2. Proceeds and costs related to HEDGING TRANSACTIONS to be registered under "interest", are not included in this item, pursuant to art. IV.IV.1.

Article IV.IV.5 - Other operating proceeds (Item 70) –and Other operating costs (Item 80)

1. This item shows, inter alia:

a) profits and losses resulting from the sale of SHAREHOLDINGS within the context of the merchant banking business;
b) proceeds (costs) related to the premiums collected (paid) with reference to expired and/or not exercisedOPTIONS provided they are not included in the trading portfolio.

Article IV.IV.6 - Administrative costs (Item 90)

1. Sub item a) "Labour costs" includes any not refunded costs incurred for the full time employees seconded to other companies as well as, broken down based on the respective sub items, those related to salaries and wages, social security costs, retirement allowances and severance indemnity related costs.

2. Any costs for directors and statutory auditors are also included in this item, under the sub item referred to in the preceding subparagraph.

2. Sub item b) "Other administrative costs" must report, in particular, any costs incurred for professional services (legal expenses, notary expenses, etc.), the costs for non-professional assets and services (electricity, stationary, transport etc.) rents and fees payable, insurance premiums, indirect taxes and taxes (paid and unpaid).

Article IV.IV.7 - Value adjustments on intangible fixed assets and Value adjustments on tangible fixed assets (Items 100-110)

1. These items include any VALUE ADJUSTMENTS related to INTANGIBLE and TANGIBLE FIXED ASSETS.

2. These items also include the portions of the capital of rents for the leasing of the assets underlying financial leasing agreements accrued during the financial year.

Article IV.IV.8 - Provisions for risks and costs (Item 120) - Provisions to credit risk funds (Item 130)

1. Item 120 shows the provisions to the funds referred to in sub item "other funds", of the liability item "Funds for risks and charges", except for those intended to cover impairments of the guarantees issued and of the commitments (to be included in the item "value adjustments on credits and provisions for guarantees and commitments").

2. Item 130 shows any provisions intended to expense the Fund for credit risks.

Article IV.IV.9 -Value adjustments on credits and provisions for guarantees and commitments (Item 140)

1. This item is comprised of VALUE ADJUSTMENTS made on credits with reference to recognised losses on credits following some analytical valuations carried out during the reference period and to the losses on credits calculated on a lump sum basis during the reference period for both non-performing loans and performing loans. This item also includes the value adjustments made on (explicit and implicit) loans for financial leasing.

2. The provisions for guarantees issued and commitments referred to in this item include the impairments calculated on the guarantees issued and on the commitments posted under "guarantees and commitments".

Article IV.IV.10 -Value recoveries on credits and provisions for guarantees and commitments (Item 150)

1. Any recoveries on loans depreciated during previous financial years must also be registered under this item.

Article IV.IV.11 - Value adjustments on financial fixed assets (Item 160)

1. This item includes the VALUE ADJUSTMENTS on securities held as investment, on SHAREHOLDINGS, including those in companies of the group.

Article IV.IV.12 - Value recoveries on financial fixed assets (Item 170)

1. This item includes the VALUE RECOVERIES made on securities held as investment and on SHAREHOLDINGS, including those in companies of the group, which had previously been devalued.

Article IV.IV.13 - Profit (loss) on ordinary activities (Item 180)

1. This item shows the aggregate of the proceeds and costs posted under items from 10 to 170.

Article IV.IV.14 - Extraordinary proceeds (Item 190) Extraordinary costs (Item 200)

1. These items show, inter alia:

a) extraordinary proceeds and extraordinary costs and contingent liabilities (such as the portion of the funds deemed to be in excess) and assets;
b) profits and losses resulting from the sale of tangible fixed assets, intangible fixed assets and financial fixed assets (except for debt related fixed assets), other than those, to be included under items 70 "Other operating proceeds" and 80 "Other operating costs", for the sale of shareholdings within the context of the "merchant banking" business or for the redemption of assets transferred under a leasing agreement;
c) any profits and losses resulting from the sale of (debt) FINANCIAL INSTRUMENTS held as investment, to be calculated net of the difference between purchase cost and redemption value "accrued" up until their sale, since it has already been posted under other items of the profit and loss account.

Article IV.IV.15 - Extraordinary profit (loss) (Item 210)

1. This item shows the aggregate of the extraordinary proceeds and charges (Items 190 and 200).

Article IV.IV.16 - Changes in the general banking risks fund (Item 220)

1. This item shows (with the indication of the pertinent algebraic sign) the aggregate of the allocations (provisions) and of the withdrawals (uses) of the General banking risks funds specified under item 90 of the liabilities.

Article IV.IV.17 - Operating profit (loss) (Item 240)

1. This item shows the aggregate of the proceeds and costs posted under items from 10 to 230 in the profit and loss account, except for items 180 and 210.

Title V

Provisions for the recognition in the financial statement of certain transactions

Article IV.V.1 - Transfer of financial instruments from one portfolio to the other

1. The allocation of FINANCIAL INSTRUMENTSto the two portfolios of the bank (investment/trading portfolio) is determined on the basis of specific "framework resolutions" approved by the Board of Directors of the bank, aimed at identifying the fundamental features of the two, at providing for the recognition of the securities at the

moment of their purchase and at establishing the absolute and relative size parameters of the investment portfolio.

2. The nature of permanent investment that characterises the FINANCIAL INSTRUMENTS of the investment portfolio does not allow, in principle:

a) the use of the FINANCIAL INSTRUMENTS of this portfolio within the context of the ordinary management of liquidity and market risks, except for the case of repurchase agreements or temporary divestment for other reasons (such as security lending);
b) the possibility to include such securities into portfolios the management of which is delegated to third parties.

3. In exceptional cases, and when it is deemed appropriate by the bank for the purposes of a correct management policy, it is possible to transfer FINANCIAL INSTRUMENTS from the investment portfolio to the trading portfolio and vice versa or to carry out early divestment of FINANCIAL INSTRUMENTS held as investment. Such cases require the decision of the competent administrative body, although a new "framework resolution" will not be necessary, if the new composition of the portfolio is consistent with the parameters set in the original resolution.

4. The change in the current value of the FINANCIAL INSTRUMENTS caused by the ordinary dynamics of the financial markets does not represent an exceptional case. Conversely, a change in the shareholding structure of the bank and the reorganisation and/or winding up of a business unit of the bank, for instance, represent one of such exceptional cases.

5. The transfers of the portfolios produce effects only as from the financial statements related to the financial year in which they are carried out.

6. The reallocation of the FINANCIAL INSTRUMENTS to another portfolio is accounted for at the value resulting from the application, once the transaction is concluded, of the valuation criteria of the portfolio of origin. The results of the valuations carried out at the moment of the transfer from one portfolio to the other must be specified in the tables of the explanatory notes related to financial instruments held as investment and financial instruments held for trading.

7. FINANCIAL INSTRUMENTS held as investments subject to an early transfer will not be transferred beforehand to the trading portfolio and the economic consequences to such transfers must be shown in the extraordinary items of the profit and loss account.

8. If the bank decides for the transfer from one portfolio to the other or for the early divestment from the investment portfolio, provided the requirements referred to in sub. 3 are met, the details of the transaction must be reported in the explanatory notes. Specifically, the underlying reasons of such decision must be explained, the

exceptional nature of the events must be described together with the impact on the net worth and on the financial situation and on the economic results.

Article IV.V.2 - Portfolio subject to collection, after cashing or discounted

1. Any bills and documents received by the banks of San Marino subject to collection or after cashing and for which the banks provide the collection service for the account of the transferors, must be registered into the accounts of the balance sheet (cash, credit and debts with banks and with customers) only upon settlement (collection) of such assets.

2. The settlement date is conventionally determined with reference to the date of the economic value date of the debit or credit of such values on the accounts held with the correspondent banks. If in the corporate accounting system the portfolio subject to collection is credited (debited) to the current accounts of the clients prior to the maturity of the relevant economic value date, the accounting balance of such accounts in the financial statements must be deducted of the credit (debit) items the value date of which is not arrived yet as at the date of closure of the financial year, through the appropriate adjustment entries.

3. The adjustments referred to in the preceding subparagraph and any other which might be required in order to ensure compliance with this guidelines must be carried out by means of specific reclassification entries that guarantee the necessary consistency between the accounting evidences and the financial statement accounts. Temporary differences, if any, resulting from different economic value dates applied to the different accounts are posted under "Other assets" or "Other liabilities", depending on their respective algebraic sign.

4. The discounted portfolio must be included, for an amount corresponding to the so called portfolio risk, which include also the risk for discounted bills and that for bills and documents discounted and transmitted for collection to the bank's branches or to third parties, under the relevant items of the assets ("credits with banks", "credits with customers"), provided its maturity date falls after the date of closure of the financial year.

5. The "collections" of the discounted portfolio are subject to the same provisions applicable to the "subject to collection" and "after cashing" portfolios.

Article IV.V.3 - Repurchase agreements

1. The repurchase agreements according to which the transferor bank is obliged to resell on the forward date the assets underlying the transaction must be registered by such bank as amounts due from the transferor, and by the transferor bank as amounts due to the transferee, the registered amount must be equal to the price paid or collected on the spot date. The assets transferred on the spot date will continue to be recognised in the financial statements of the transferor bank, and the latter will disclose the amount thereof in the explanatory notes, and not in the financial statements of the transferee.

2. If the repurchase agreement requires that the transferee be entitled (and not obliged) to resell the underlying assets on the forward date in conjunction with a corresponding repurchase obligation by the transferor, such assets may no longer be shown in the financial statements of the transferor bank, but must be registered in the financial statements of the transferee bank. The commitment to repurchase on the forward date is registered by the transferor under the commitments.

3. Forward transactions on currencies and securities, the issue of bonds where the issuer undertakes to repurchase all or part of such bonds prior to their maturity, and similar transactions are not considered as repurchase agreements.

Article IV.V.4 - Assets transferred or received as guarantee

1. Any assets transferred to third parties to secure own or third party's obligations will continue to be shown in the financial statements of the transferor and may not be registered in the financial statements of the transferee, if the latter is a bank. The transferor specifies under the guarantees released the amount of the assets transferred to secure third party's obligations.

2. The foregoing provisions are not applicable to any cash payments; in fact, such payments must be registered as credits or debits (with customers or banks, depending on the counterparty) or, if not interest bearing, under item 110 of the assets "Other assets" or under item 40 of the liabilities "Other liabilities".

3. The explanatory notes must specify separately the assets transferred and those received as guarantee. As regards to the first ones, a distinction should be made between those that secure obligations of third parties (see Tab. 17.1 in Annex B) and those that secure own obligations, showing, for the latter, the items of liabilities to which they refer (see Tab. 17.3 on the Annex B).

4. The sub-items "Financial leasing" and "Assets pending financial leasing" of items 80 and 90 of the balance sheets include respectively the amount of residual capital credit towards the lessees and the residual capital credit referred to both the assets pending first leasing and those resulting from terminated agreements, whose amount, expressed net of value adjustments due to deterioration of creditworthiness, is further detailed to distinguish the component attributable to instances of termination due to breach of the lessee.
Rents due (not yet collected) are entered under item 30 "Customer loans" and then reclassified in the Explanatory note table, jointly with the related residual credit values, depending on the nature (performing or non-performing) of the exposure.

5. If advances are received from the customer (lessee) during the construction phase of the asset under the financial leasing agreement, the value of the exposure to the lessor is entered net of the afore-mentioned sums of money provided that they are intended for and secured by the fulfilment of contractual obligations, without therefore any repayment obligation on the part of the bank.

Article IV.V.5 - Financial leasing granted

1. The bank registers the amount of the assets granted (and of those pending) under a financial lease under item 80 of the assets: "Intangible fixed assets" for intangible assets or under item 90 of the assets: "Tangible fixed assets" for tangible assets.

2. Any rental income accrued during the financial year is recognised, as regards to the interest thereof, under the item interest received and similar proceeds on credits, and, as regards to the capital thereof, under the item "Other operating proceeds". At the same time, the bank reduces the value of the asset leased out by the amount of the portion of capital through the registration of a cost (equal to the capital portion) into the profit and loss account, offset by a direct reduction of the value of the asset leased out.

3. At the end of the financial year, the cost item used is included under item 100 or 110 "Value adjustments on intangible fixed assets" or Value adjustment on tangible fixed assets", according to the nature of the asset leased out.

Article IV.V.6 - Options

1. Premiums paid and collected for the purchase and for the issue of OPTIONS must be capitalised and registered under item 110 of assets, "other assets" and under item 40 of liabilities, "Other liabilities", respectively. No capitalisation is carried out if the payment or the collection of the premium are made in arrears compared to the date of exercise or maturity of the option.

2. The premiums for OPTIONS also include any premiums paid on CREDIT DERIVATIVES allocated to the trading portfolio.

3. Any premium related to OPTIONS exercised within (or on) the expected expiry date are recognised as an increase or a decrease, as the case may be, of the price of the underlying assets, if the transaction entails the exchange of capitals, or as a decrease of the differential collected or paid, if the option does not entail the exchange of capitals.

3. Any premium related to unexercised and expired OPTIONS must be recognised in the profit and loss account under item 60 "Profits (losses) on financial transactions" or items 70 or 80, "Other operating proceeds", "Other operating costs", depending on whether or not the OPTIONS in question are part of the trading activities.

4. Any premium related to OPTIONS held for trading, not yet expired at the closure of the financial year, are valued in compliance with the criteria referred to in art. IV.IV.4 - Profits (Losses) on financial transactions.

Article IV.V.7 - Credit derivative contracts

1. CREDIT DERIVATIVES must be recognised in the trading portfolio if the intention of the bank is to hold them for trading purposes.

2. For the "protection seller" bank such exposures are recognised under the item "commitments". They are also included in the pertinent tables of the explanatory notes, with the COMMITMENTS FOR CERTAIN USE. If, for the purpose of calculating the solvency ratio, a credit equivalent of less than 100% is applied to the asset at risk, the commitments underlying the CREDIT DERIVATIVES are conventionally recognised with the COMMITMENTS to disburse funds for UNCERTAIN USE. The value being recognised is the full notional value, except where a payment based on a fixed sum has been contractually agreed.

3. For the "protection buyer" bank the hedged asset at risk continues to be registered in the financial statements and is also recognised under "loans secured by personal guarantees.

4. The premiums collected by the "protection seller" bank are recognised under item 40 of liabilities "Other liabilities", if the CREDIT DERIVATIVES are classified in the trading portfolio, or under item 40 of the profit and loss account "Commissions earned", if such derivatives are other than those classified in the trading portfolio. The premiums collected by the "protection buyer" bank are recognised under item 120 of assets "Other assets", if the credit derivatives are classified in the trading portfolio, or under item 50 of the profit and loss account "Commissions paid", if such derivatives are other than those classified in the trading portfolio.

5. Only as regards to the trading portfolio, at the closure of the financial year the valuation criteria governed by sub. 4 of the preceding article are applied to the premium referred in such previous subparagraph.

Article IV.V.8 - Securitisation

1. The assets transferred to the VEHICLE COMPANIES must not be recognised under the assets of the transferee bank, if the economic substance of the transaction would determine the actual transfer of the risk to the transferee. The removal of the transferred assets from the balance sheet of the transferor must be carried out against the consideration received.

2. In the event that the consideration of the transfer is settled on a deferred basis, the transferor bank recognises a credit, provided the amount is pre-set and independent from performance of the underlying asset subject matter of the securitisation.

3. The balance sheet of the transferor bank must continue to show the assets subject matter of the SYNTHETIC SECURITISATION in which only the credit risk is transferred through the credit derivatives.

4. In the recognition of the different financial positions that, often, the banks of San Marino may assume as regards to the SECURITISATIONS the following criteria must be applied:

a) any credit towards the VEHICLE COMPANY prior to the issue of the ASSET BACKED SECURITIES must be registered under item "Credits with customers";
b) any securities in a "SENIOR", "MEZZANINE" and "JUNIOR" portfolio must be included in the item "Bonds and other debt securities of financial entities" under assets in the balance sheet;
c) any credit facilities granted for the purpose of facilitating the SECURITISATION must be recognised under "guarantees and commitments". Any portion possibly disbursed must be included under assets in the balance sheet, under the item "Credits with customers".

5. In the part B of the explanatory notes the banks of San Marino provide adequate and complete information regarding the strategies underlying the SECURITISATION as well as on the risks, on the relevant monitoring procedures and on the economic results linked with the existing on- and off-balance sheet positions related to the SECURITISATION.

6. Any losses resulting from the transfer of credits within the context of SECURITISATION TRANSACTIONS are recognised under item 140 of the profit and loss account "Value adjustments on credits and provisions for guarantees and commitments".

Article IV.V.9 - Structured financial instruments

1. The DERIVATIVE CONTRACTS incorporated into a "host" contract are recognised, and thus included in the accounts of the financial statements, as "stand alone" FINANCIAL INSTRUMENTS if the economic features and the risks of the incorporated derivative are not strictly connected to those of the "host" contract and this may be independently qualified as a DERIVATIVE CONTRACT.

2. The incorporated DERIVATIVE CONTRACTS are not autonomously registered if the benchmark of the incorporated DERIVATIVE CONTRACT is of the same nature of the benchmark that determines the cash flows of the "host" instrument or if the contract provides for some indexing clauses linked to inflation rate or early redemption OPTIONS.

PART V
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Title I
General rules for the preparation of the explanatory notes

Article V.I.1 - Structure and compilation rules

1. The explanatory notes are divided into the following four parts:

a) part A) – Valuation criteria;
b) part B) – Information on the balance sheet;
c) part C) – Information on the profit and loss account;
d) part D) – Other information.

2. The explanatory notes to the financial statements must be prepared in accordance with the scheme available in Annex B, following the instructions set forth in such annex.

3. The directions provided for the compilation of the individual tables are not included by the banks of San Marino in the explanatory notes.

4. Purpose of the explanatory notes is to provide those reading the financial statements with additional information, also of a qualitative nature, by breaking down the individual items of the financial statements and representing the dynamics that affected them.

5. Each part of the explanatory notes illustrates individual aspects of the business management. The explanatory notes are comprised, inter alia, of tables prepared on the basis of these directions even when they are filled in only with a few of the items. Each section of the individual parts contain remarks on the items and tables or notes to describe the aspects dealt with.

6. The explanatory notes may be prepared in thousands of Euro.

7. In the tables that provide detailed information on the components of individual items, they are, unless specified in the table, reported in degressive order until 80% of the item has been covered, and the remaining portion not detailed is grouped under the title "others".

Article V.I.2 - Memorandum Accounts

1. In the table related to the memorandum accounts, FINANCIAL INSTRUMENTS are linked to their alternative pertinent items, based on the contracts executed with the customers, for asset managing, custody and administration, trust agreement and depositary bank agreement, respectively.

2. The aforementioned FINANCIAL INSTRUMENTS are recognised in the memorandum accounts at market value.

3. The valuation of the assets held in trust is made on the basis of the criteria defined in art. 2 of the Delegated Decree n. 51 dated 16 March 2010. The value of such assets is summarised in table n. 19.2 of the Explanatory notes.

PART VI FINAL PROVISIONS

Title I
Effectiveness of the Regulation

Article VI.I.1 - Coming into force of the Regulation

1. The provisions of this regulation will be effective as from the preparation of the financial statements for the financial year 2009.

Article VI.I.2 - Abrogation of the regulations previously in force

1. Under art. 157, sub. 5 of the LISF, following the coming into force of this regulation, the provisions related to the financial statements of the banks contained in the law no. 21 dated 12 February 1986 are repealed.

2. Under art. 157, sub. 4 of the LISF, following the coming into force of this regulation, the previous supervisory provisions related to the financial statements, referred to in Circular no. 9 dated 11 April 1986, in the Uniform Letter no. 74 dated 26 September 1996 and in the circular 2008/02 on the valuation criteria of certain assets in the financial statements of banking enterprises are repealed.

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ANNEXES

To the Regulation on the preparation of the financial statements of banks

year 2008 / number 02

ANNEX

A

Balance Sheet and

Profit and Loss account formats

Annex A

BALANCE SHEET

ASSETS

Assets items		t	t-1
10.	Cash and cash equivalents		
20.	Loans to banks		
	a) on demand		
	b) other loans		
30	Loans to customers		
	a) on demand		
	b) other loans		
40.	Bonds and other debt financial instruments		
	a) of public issuers		
	b) of banks		
	c) issued by financial institutions (companies)		
	d) issued by others		
50.	Shares, units and other capital financial instruments		
60.	Shareholdings		
	a) Financial companies		
	b) Non-financial companies		
70.	Shareholdings in banking group companies		
	a) Financial companies		
	b) Non-financial companies		
80.	Intangible fixed assets*		
	a) Financial leasing		
	b) Assets pending leasing		
	- *of which* resulting from terminated leasing agreements		
	- *of which* for breach of the lessee		
	c) Goodwill		
	d) Other intangible fixed assets		
90.	Tangible fixed assets*		
	a) financial leasing		
	b) assets pending financial leasing		
	- *of which* resulting from terminated leasing agreements		
	- *of which* for breach of the lessee		
	c) Real estate property		
	d) Other tangible fixed assets		
100.	Subscribed capital not paid in		
110.	Own shares or units		
120.	Other assets		
130.	Accrued revenues and deferred expenses		
	a) accrued revenues		
	b) deferred expenses		
140.	**Total Assets**		

* The recording of the amounts concerning the residual credit of the leasing agreements is net of the depreciations and the value adjustments in relation to creditworthiness.

Annex A

continues: **BALANCE SHEET**

LIABILITIES

	Liabilities items	t	t-1
10.	Debts with banks		
	a) on demand		
	b) term or notice debts		
20.	Debts with customers		
	a) on demand		
	b) term or notice debts		
30.	Debts represented by financial instruments		
	a) bonds		
	b) certificates of deposit		
	c) other financial instruments		
40.	Other liabilities		
	- *Of which* cheques in circulation and other securities		
50.	Accrued expenses and deferred revenues		
	a) accrued expenses		
	b) deferred revenues		
60.	Severance indemnity fund		
70.	Provisions for risks and charges		
	a) retirement and similar costs funds		
	b) tax fund		
	c) other funds		
80.	Fund for credit risk		
90.	Provision for general banking risks		
100.	Subordinated Liabilities		
110.	Share Capital		
120.	Share issue premiums		
130.	Reserves		
	a) ordinary reserve		
	b) reserve for own shares		
	c) extraordinary reserves		
	d) other reserves		
140.	Revaluation reserves		
150.	Profit (loss) carried forward		
160.	Profit (loss) for the financial year		
170.	**Total liabilities**		

Annex A

continues: **BALANCE SHEET**

GUARANTEES AND COMMITMENTS

	Items	t	t-1
10.	Guarantees issued - of which: a) acceptances b) other guarantees		
20.	Commitments - of which: a) for certain use - *of which*: financial instruments b) for uncertain use - *of which*: financial instruments c) other commitments		
	Total		

Annex A

PROFIT AND LOSS ACCOUNT

	Items of the Profit and Loss Account	**t**	**t-1**
10.	Interest received and other proceeds a) on inter-bank loans b) on loans to customer c) on debt securities		
20.	Interest paid and other costs a) on due to banks b) on due to customers c) on debts represented by securities – of which on subordinated liabilities		
30.	Dividends and other proceeds a) on shares, units and other capital securities b) on shareholdings c) on shareholdings in group companies		
40.	Commissions received		
50.	Commissions paid		
60.	Profits (losses) on financial transactions		
70.	Other operating proceeds		
80.	Other operating charges		
90.	Administrative costs: a) Labour costs - wages and salaries - social security costs - staff retirement allowances - retirement and similar liabilities - directors and statutory auditors - other labour costs b) Other administrative expenses		
100.	Value adjustments on intangible fixed assets		
110.	Value adjustments on tangible fixed assets		
120.	Provisions for financial risks and costs		
130.	Provisions to credit risk funds		
140.	Value adjustments on credits and provisions for guarantees and commitments		
150.	Value recoveries on loans and provisions for guarantees and commitments		
160.	Value adjustments on financial fixed assets		
170.	Value recoveries on financial fixed assets		
180	**Profit (loss) on ordinary activities**		
190.	Extraordinary proceeds		

200.	Extraordinary costs		
210.	**Extraordinary profit (loss)**		
220.	Income tax for the financial year		
230.	Variation to the Fund for general banking risks		
240.	**Profit (loss) for the financial year**		

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ANNEX B

B

Explanatory notes forms and instructions
for the compilation thereof

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF BANKS

PART A – VALUATION CRITERIA

Section 1 – Explanation of the valuation criteria.

1. In this section, the banks of San Marino shall:

a) explain the criteria adopted for the valuations in the financial statements, for the VALUE ADJUSTMENTS, for the VALUE RECOVERIES and for the revaluations;

b) provide explanations if, compared with the previous financial year, the criteria adopted for the recognition and valuation of the financial statements have been changed, particularly as regards to the reasons behind such changes and their impact on the representation of the net worth, financial and economic situation;

c) motivate any changes made to the amortisation criteria as well as the exercise of the faculty to carry out amortisations in a period of more than five years;

d) provide information (if any) related to the valuation criteria for the SHAREHOLDINGS.

Section 2 – Adjustments and provisions

1. This section must contain any clarification about the reasons for any VALUE ADJUSTMENT and provisions made only in application of tax regulations, and the relevant amounts must be specified. Indications are also provided on the influence that the above-mentioned adjustments and provisions have on the representation of the assets and liabilities statements and economic outcome, as well as, if these are of a significant amount, on future tax changes.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

1. **Cash and cash equivalent** (item 10 of assets)

Table 1.1: details of item 10 "Cash and cash equivalent".

DIRECTIONS FOR THE COMPILATION OF TABLE 1.1:

Please provide details on the composition of item 10.

	31.12.t	31.12.t-1	Variations	
Cash and cash equivalent:			amount	%
…				
Total				

2. **Interbank loans and cash equivalents** (item 20 of assets)

Table 2.1: details of item 20 "Interbank loans".

DIRECTIONS FOR THE COMPILATION OF TABLE 2.1:

Please provide details on the composition of item 20 broken down by technical form.

	31.12.t		31.12.t-1		Variation	
	In Euros	In foreign currency	In Euros	In foreign currency	amount	%
Interbank loans:						
A) On demand A1. Mutual accounts opened for services rendered A2. C/accounts in credit A3. Others						
B) Other credits B1. Term deposits B2. C/accounts in credit B3. Repurchase agr. and repos B4. Others						
Total						

Table 2.2: Cash loans to banks.

DIRECTIONS FOR THE COMPILATION OF TABLE 2.2:

Specify the situation of cash loans outstanding as of the balance sheet date.

- OVERALL VALUE ADJUSTMENTS: represent, for each of the categories of credits specified in the table, the aggregate amount of the devaluations carried out on such credits at an accounting level in the past, as outstanding at the end of the period, both at an analytical level (that is to say on the individual credit positions) as well as on a lump sum basis on uniform groups of credits and by country risk.
- Net exposure: corresponds, for each category, to the amount of credits specified under assets in the balance sheet.
- Gross exposure: is equal to the sum of the net exposure and the overall VALUE ADJUSTMENTS.
- Performing loans: means any exposure not included under doubtful loans.

	31.12.t			31.12.t-1		
Categories/Amounts	Gross Exposure	Total value adjustments	Net Exposure	Gross Exposure	Total value adjustments	Net Exposure
A) Doubtful loans						

A1. Non-performing loans A2. Watch list A3.Restructured loans						
A4.Expired/past due loans A5. Unsecured loans to countries at risk						
B) Performing loans						
Total						

Table 2.3: trend of doubtful loans to banks.

DIRECTIONS FOR THE COMPILATION OF TABLE 2.3:

This table must contain any increases and decreases occurred during the financial year in the amount of the gross exposures. Specifically, in these sub-items:

- Default interest: should contain the default interest accrued during the financial year, gross of any portion deemed to be irrecoverable;
- Other increases/decreases: should include any and all changes to the initial gross exposure due to factors other than those mentioned in the preceding sub-items (possible changes in the value of the credits expressed in foreign currencies caused by the fluctuations in foreign exchange rates, etc.). In case of changes for significant amounts, detailed information should be provided at the bottom of the table.

Descriptions/Categories	Non-performing	Watch list	Restructured loans	Credits expired/past due	Unsecured loans to countries at
A**) Opening gross exposure** *- of which for default interest*					
B) **Increases** B1. entries from performing loans B2. default interest B3. other increases					
C) **Decreases** C1. exits towards performing loans C2. cancellations C3. amounts collected C4. income from transfers C5. other decreases					
D) **Closing gross exposure as at 31.12.t** *- of which for default interest*					

Table 2.4: Trend of total adjustments of "Loans to banks".

DIRECTIONS FOR THE COMPILATION OF TABLE 2.4:

Any changes occurred during the financial year in the amount of the VALUE ADJUSTMENTS on cash loans must be represented here. Specifically, the sub-items:

- VALUE ADJUSTMENTS (sub-item B1 of the table): must contain the amount corresponding to that specified for the cash loans in the item of the same name in the profit and loss account increased by the amount of any default interest considered to be irrecoverable;
- Increases: it is required that the amount of the value adjustments corresponding to the portion of default interest considered to be irrecoverable be also stated.

Categories	Non-performing loans	Watch list	Restructured loans	Expired/ past due loans	Unsecured loans tocountries at risk	Performing loans
A) Initial value adjustments						
B) Increases B1. Value adjustments *- of which: default interest* B2. Withdrawals from credit risk funds B3. Transfers from other credit categories B4. Other increases						
C) Decreases C1. Value recoveries from valuation *- of which: default interest* C2. Value recoveries from collections *- of which: default interest* C3. Cancellations C4. Transfers to other credit categories C5. Other decreases						
D) Value adjustments of final values as at 31.12.t						

Table 2.5: composition of "Loans to banks" based on the residual life.

DIRECTIONS FOR THE COMPILATION OF TABLE 2.5:

The residual life corresponds to the period of time between the reference date of the balance sheet and the contractual maturity of each transaction. For transactions with a sinking plan, reference should be made to the residual life of the individual instalments.

MATURITY	31.12.t	31.12.t-1
On demand		
From 1 to 3 months		
From 3 months to 6 months		
From 6 months to 1 year		
From 1 year to 18 months		
From 18 months to 2 years		
From 2 years to 5 years		
More than 5 years		
Without maturity		
Total		

3. **Loans to customers** (item 30 of assets)

Table 3.1: details of item 30 "Loans to customers".

DIRECTIONS FOR THE COMPILATION OF TABLE 3.1:

Please provide details on the composition of item 30 broken down by technical form.

	31.12.t		**31.12.t-1**		**Variations**	
	In Euros	In foreign currency	In Euros	In foreign currency	amount	%
A) On demand/until revoked: A1. C/accounts in credit A2. Others						
B) Other credits: B1. C/accounts in credit B2. Portfolio discounted and subject to collection B3. Repurchase agr. and repos B4. Other financing						
Total						

Table 3.2: Secured loans to customers.

DIRECTIONS FOR THE COMPILATION OF TABLE 3.2:

Specify the amount of "Loans to customers" secured, in whole or in part, by collateral or personal guarantees. For partially secured loans only the secured amount must be specified.

Item "B) From lies on:"

- "cash deposits": include the loans secured by liens on current accounts, savings accounts and, conventionally, even those issued by the reporting entity and deposited with the same;
- "securities": include all the loans secured by liens on financial instruments;
- "other assets": includes all loans secured by liens that cannot be included in the previous items".

	31.12.t	**31.12.t-1**	**Variations**	
A) From mortgages			amount	%

B) From liens on: 1. cash deposits 2. securities 3. other assets				
C) From guarantees of: 1. Countries 2. other public authorities 3. banks 4 other financial enterprises 5. other operators				
Total				

Table 3.3: Situation of cash loans to customers.

DIRECTIONS FOR THE COMPILATION OF TABLE 3.3:

Specify the situation of cash loans, including any credit resulting from financial leasing transactions outstanding as of the balance sheet date.

- TOTAL VALUE adjustments**:** represent, for each category of credits specified in the table, the aggregate amount of the devaluations carried out at an accounting level in the past on such credits, both at an analytical level (that is to say on the individual credit positions) and on a lump sum basis on uniform groups of credits and by country risk. As regards loans for contracts resulting from leasing transactions, the value adjustments, in the presence of a deterioration in the ability to repay one's debts and in the economic and capital situation of the lessee and any of the guarantors, shall affect both explicit credits, entered among customer loans, and implicit credits (residual credit).
- Net exposure: corresponds, for each category, to the amount of credits specified under assets in the balance sheet.
- Gross exposure: is equal to the sum of the net exposure and the total VALUE ADJUSTMENTS.
- Performing loans: are represented by the exposures to persons that at the moment do not show any specific insolvency risk.
  The sub-item "of which from leasing transactions": corresponds for each category to the amount of financial leasing and assets pending leasing and includes both the residual credit (implicit credit) and the rents due and not yet collected (explicit credit).
  In the case of contracts terminated due to a breach of the lessee, the overall exposure (value relating to rents due and residual credit) is entered under the item 'non performing loans'.

The totals of the following table do not necessarily coincide with the data reported in the financial statements forms under loans to customers, taking into account the inclusion of credits generated by financial leasing activities. In fact, such credits are recognised in the financial statements under fixed assets (see tables 7.1, 8.1, 26.1 and 26.2).

	31.12.t			**31.12.t-1**		
Categories/Amounts	Gross Exposure	Total value adjustments	Net Exposure	Gross Exposure	Total value adjustments	Net Exposure
A) Doubtful loans *- of which resulting from financial leasing transactions*						

A1. Non performing loans - *of which resulting from financial leasing transactions* A2. Watch list - *of which resulting from financial leasing transactions* A3. Restructured loans - *of which resulting from financial leasing transactions* A4. Expired/past due loans - *of which resulting from financial leasing transactions* A5. Unsecured loans to Countries at risk						
B) Performing loans - *of which resulting from financial leasing transactions*						
Total						

Table 3.4: trend of doubtful loans to customers.

DIRECTIONS FOR THE COMPILATION OF TABLE 3.4:

This table must contain any increases and decreases occurred during the financial year in the amount of the gross exposures. Specifically, the sub-items:

- Default interest: should contain the default interest accrued during the financial year, gross of any portion deemed to be irrecoverable;
- Other increases/decreases: should include any and all changes to the initial gross exposure due to factors other than those mentioned in the preceding sub-items (possible changes in the value of the credits expressed in foreign currencies caused by the fluctuations in foreign exchange rates, etc.). In case of changes for significant amounts, detailed information should be provided at the bottom of the table.

Description/Categories	Non-performing loans	Watch list	Restructured loans	Expired/past due loans	Unsecured loans to countries at risk
A) Initial gross exposure - *of which: default interest*					
B) Increases B1. Entries from performing loans B2. Default interest B3. Other increases					

C) Decreases C1. Disbursements to performing loans C2. Cancellations C3. Collections C4. Income from transfers C5. Other decreases					
D) Final gross exposure as at 31.12.t -- *of which: default interest*					

Table 3.5: trend in total value adjustments of "Loans to customers".

DIRECTIONS FOR THE COMPILATION OF TABLE 3.5:

Any changes occurred during the financial year in the amount of VALUE adjustments on cash loans must be represented in this table. Specifically, the sub-items:

- VALUE ADJUSTMENTS (sub-item B1 of the table): must contain the amount corresponding to that specified for the cash loans in the item of the same name in the profit and loss account, increased by the amount of any default interest considered to be irrecoverable;
- Increases: it is required that the amount of the VALUE ADJUSTMENTS corresponding to the portion of default interest considered to be irrecoverable be also stated.

Categories	Non-performing loans	Watch list	Restructured loans	Expired loans	Unsecured loans to countries at risk	Performing loans
A) Opening total adjustments						
B) Increases B1. Value adjustments - *of which: default interest* B2. Withdrawals from credit risk funds B3. Transfers from other credit categories B4. Other increases						
C) Decreases C1. Value recoveries from valuation - *of which: default interest* C2. Value recoveries from collections - *of which: default interest* C3. Cancellations C4. Transfers to other credit categories C5. Other decreases.						

D) Closing total value adjustments as at 31.12.t *- of which: default interest*						

Table 3.6: composition of "Loans to customers" based on the residual life.

DIRECTIONS FOR THE COMPILATION OF TABLE 3.6:

The residual life corresponds to the period of time between the reference date of the balance sheet and the contractual maturity of each transaction. For transactions with a sinking plan, reference should be made to the residual life of the individual instalments and the amount, including capital and interest, of individual instalments expiring in specific time brackets must be reported. As regards non-performing loans, since it is not possible to refer to the credit's original residual life as established contractually, they must be entered under the item "Without maturity".

MATURITY	31.12.t	31.12.t-1
On demand		
From 1 to 3 months		
From 3 months to 6 months		
From 6 months to 1 year		
From 1 year to 18 months		
From 18 months to 2 years		
From 2 years to 5 years		
More than 5 years		
Without maturity		
Total		

Table 3.7: composition of "Customer loans" (net values) by business sector.

DIRECTIONS FOR THE COMPILATION OF TABLE 3.7:

In this table, loans to consumer and producer households are to be entered under the item "Households".
Loans for leasing (financial leasing and assets pending leasing) are included.

	31/12/t	31/12/t-1
a) Government and public sector		
b) Financial companies		
c) Non-financial companies - Industry - Construction - Services - Other		
d) Households		
e) Other sources		

4. **Bonds and other fixed income debt financial instruments and shares, units and other capital financial instruments** (items: 40 – 50 of assets)

Table 4.1: composition of financial instruments held for investments and held for trading.

As at 31.12.t		
Items/Amounts	Held for investment	Held for trading
Bonds and other debt financial instruments:		
a) issued by public issuers		
b) issued by banks		
c) issued by financial institutions (Companies)		
d) issued by others institutions		
Shares, units and other capital financial instruments … … …		
Total		

Table 4.2: details of "financial instruments held as investment".

DIRECTIONS FOR THE COMPILATION OF TABLE 4.2:

The market value of FINANCIAL INSTRUMENTS must be calculated on the basis of:
- the relevant prices quoted, for FINANCIAL INSTRUMENTS LISTED in organised markets;
- the market performance for the other FINANCIAL INSTRUMENTS.

The debt FINANCIAL INSTRUMENTS include also GOVERNMENT BONDS (issued by foreign countries of the Zone A)

Capital FINANCIAL INSTRUMENTS held as investment include also the units of UCIs held for investment.

	31.12.t		**31.12.t-1**	
Items/Amounts	Book value	Market value	Book value	Market value
1. Debt financial instruments				
1.1 Bonds - listed - unlisted				
1.2 Other debt financial instruments - listed - unlisted				
2. Capital financial instruments - listed - unlisted				
Total				

Table 4.3: annual changes in "financial instruments held for investment".

DIRECTIONS FOR THE COMPILATION OF TABLE 4.3:

- Opening balances: correspond to the value of the FINANCIAL INSTRUMENTS held for investment as registered in the financial statements related to the previous financial year.
- Purchases: include also the subscriptions of FINANCIAL INSTRUMENTS to be issued.
- VALUE RECOVERIES: means the restoration of the value of the FINANCIAL INSTRUMENTS that had been previously depreciated.
- VALUE ADJUSTMENTS: correspond to the devaluations carried out during the year. Lasting devaluations referred to in art. III.II-3, sub. 1 are included under the specific "of which" sub-item.
- Closing balances: correspond to the difference between "opening balances" and the "increases" for the financial year, on one side, and the "decreases" for the financial year, on the other side, and coincide with the value registered in the financial statements.

	31.12.t	31.12.t-1
Opening balances		
Increases: 1. Purchases - *of which*: debt financial instruments 2. Value recoveries 3. Transfer from the trading portfolio 4. Other changes		
Decreases: 1. Sales - *of which*: debt financial instruments 2. Reimbursements 3. Value adjustments *- of which: lasting devaluations* 4. Transfer to the trading portfolio 5. Other changes		
Closing balances		

Table 4.4: details of "financial instruments held for trading".

DIRECTIONS FOR THE COMPILATION OF TABLE 4.4:

As regards to the compilation of this table, it should be noted that the book value coincides with the market value.

	31.12.t	31.12.t-1
Items/Amounts	Market value	Market value
1. Debt financial instruments		
1.1 Bonds - listed - unlisted		
1.2 Other debt financial instruments - listed - unlisted		
2. Capital financial instruments - listed - unlisted		
Total		

Table 4.5: annual changes of "financial instruments held for trading".

DIRECTIONS FOR THE COMPILATION OF TABLE 4.5:

- Opening balances: correspond to the value of the FINANCIAL INSTRUMENTS held for trading as registered in the financial statements related to the previous financial year.
- Purchases and Sales: include only purchase and sale contracts with third parties, settled during the financial year, of FINANCIAL INSTRUMENTS held for trading. They include also the subscriptions of FINANCIAL INSTRUMENTS to be issued and the redemption of FINANCIAL INSTRUMENTS expired.
- VALUE RECOVERIES: means the restoration of the value of the FINANCIAL INSTRUMENTS that had been previously depreciated.
- VALUE ADJUSTMENTS: correspond to the devaluations carried out during the year.
- Closing balances: correspond to the difference between "opening balances" and the "increases" for the financial year, on one side, and the "decreases" for the financial year, on the other side, and coincide with the value registered in the financial statements.

	31.12.t	**31.12.t-1**
Opening balances		
Increases: 1. Purchases - *of which*: debt financial instruments - *of which*: capital financial instruments 2. Value recoveries and revaluations 3. Transfer from the investment portfolio 4. Other changes		
Decreases: 1. Sales and redemptions - *of which*: debt financial instruments - *of which*: capital financial instruments 2. Value adjustments and devaluations 3. Transfer to the investment portfolio 4. Other changes		
Closing balances		

5. **Transactions on own shares** (item 110 of assets)

Table 5.1: Details of own shares held.

DIRECTIONS FOR THE COMPILATION OF TABLE 5.1:

The presence of a value in item 110 of assets means that the bank is the owner of some of its own shares, and in such case the following table must be filled in and be supplemented with the details on the movements (if any) on own shares carried out during the financial year.

	Number of Shares	**% of share capital**	**Nominal**	**Traded amount**
Amounts as at 31.12.t-1				
Purchases Sales				
Amounts as at 31.12.t				

	Profit/loss
Trading profit/loss on own shares generated during the financial year	

6. **Shareholdings (**items 60 - 70 of assets)

Table 6.1: shareholdings.

DIRECTIONS FOR THE COMPILATION OF TABLE 6.1:

This table provides information related to each company in which the bank has a SHAREHOLDING equal to, or greater than, 10% of the share capital of the controlled company.

For each one of the subsidiaries, this table must report the name, registered office, amount of net equity, activity carried out (Business activity), amount of the profits or losses registered in the last financial year closed, the percentage of capital held, the value of the shareholding as registered in the financial statements. The provisions of art. V.I.1, sub. 7 do not apply to the compilation of this table.

The net equity of the controlled company is calculated including also any profit allocated to reserves or deducting any losses.

Company name	Registered Office	Net equity	Business activity	Profit/loss	Unit %	Balance Sheet Value
A. Companies of relevant banking group 1. .. 2… 3. .. …						
B. Other subsidiaries 1. .. 2… 3. .. ….						
C. Other controlled companies 1. .. 2… 3… …						

Table 6.2: comparison between the valuation at net equity and the valuation at cost (items 60 and 70).

DIRECTIONS FOR THE COMPILATION OF TABLE 6.2:

Information are included in this table when the valuation at cost of the SHAREHOLDINGS held is greater than the value of the corresponding portion of net equity of the controlled company. This greater value must be commented at the bottom of this table.

Name	Business activity	Share Capital	Ownership %	Portion of net equity (a)	Portion of the balance sheet value (b)	Comparisons (a) – (b)

Table 6.3: composition of item 60 "Shareholdings".

DIRECTIONS FOR THE COMPILATION OF TABLE 6.3:

This table supplements the information provided in the preceding tables by reporting the most significant changes occurred during the financial year.

	31.12.(t)	31.12.(t-1)
In banks - listed - unlisted		
In other financial enterprises - listed - unlisted		
Other - listed - unlisted		
Total		

Table 6.4: composition of item 60 "Shareholdings".

DIRECTIONS FOR THE COMPILATION OF TABLE 6.4:

- Opening balances: correspond to the value of the SHAREHOLDINGS registered in the financial statements related to the previous financial year.
- Purchases: include also any subscriptions of new shares or equities against payment.
- VALUE RECOVERIES: contain the restoration of the value of the SHAREHOLDINGS that had been previously depreciated.
- Other changes: include profits and losses resulting from sales and any transfers from item 60 (shareholdings) to item 70 (shareholdings in group companies) or to item 50 (shares, units and other equities) and vice versa; the amount of such transfers is shown separately.
- VALUE ADJUSTMENTS: correspond to the lasting devaluations carried out during the year;
- Closing balances: represent the difference between "opening balances" and the "increases" for the financial year, on one side, and the "decreases" for the financial year, on the other side, and correspond to the value registered in the financial statements.
- Total revaluations and total adjustments: must include the amount of all revaluations and VALUE ADJUSTMENTS carried out from time to time on the SHAREHOLDINGS held in the portfolio at the end of the financial year.

	31.12.t
A. Opening balances	
B. Increases B1. Purchases B2. Value recoveries B3. Revaluations B4. Other changes	
C. Decreases C1. Sales C2. Value adjustments - *of which: lasting devaluations* C3. Other changes	
D. Closing balances	
E. Total revaluations F. Total adjustments	

Table 6.5: annual changes in item 70 "Shareholdings in enterprises of the banking group".

DIRECTIONS FOR THE COMPILATION OF TABLE 6.5:

Reference should be made to the directions provided for table 6.4.

	31.12.t

A. Opening balances	
B. **Increases** B1. Purchases B2. Value recoveries B3. Revaluations B4. Other changes	
C. **Decreases** C1. Sales C2. Value adjustments *- of which: lasting devaluations* C3. Other changes	
D. Closing balances	

Table 6.6: Assets and liabilities involving controlled companies (item 60)**.**

	31.12.t
Assets - loans to banks *of which: subordinated* - loans to other financial enterprises *of which: subordinated* - loans to other enterprises *of which: subordinated* – bonds and other debt financial instruments *of which: subordinated*	
Liabilities - debts with banks - debts with other financial enterprises - debts with other enterprises - subordinated liabilities	
Guarantees and commitments - guarantees provided - commitments	

Table 6.7: Assets and liabilities involving controlled companies of the banking group (item 70)**.**

	31.12.t
Assets - loans to banks *of which: subordinated* - loans to other financial enterprises *of which: subordinated* - loans to other enterprises *of which: subordinated* – bonds and other debt financial instruments *of which: subordinated*	
Liabilities: - debts with banks - debts with other financial enterprises - debts with other enterprises - subordinated liabilities	
Guarantees and commitments: - guarantees provided	

- commitments	

7. **Intangible fixed assets** (item 80 of assets)

Table 7.1: movements in item 80 "intangible fixed assets".

DIRECTIONS FOR THE COMPILATION OF TABLE 7.1:

- Opening balances: correspond to the value registered in the financial statements related to the previous financial year.
- VALUE RECOVERIES: contain the restoration of the value of fixed assets that had been previously depreciated;
- Other increases: include also any advances paid for fixed assets being realised during the year;
- VALUE ADJUSTMENTS: correspond to lasting amortisations and devaluations carried out during the year;
- Closing balances: represent the difference between "opening balances" and the "increases" for the financial year, on one side, and the "decreases" for the financial year, on the other side, and correspond to the value registered in the financial statements.
- This table includes the assets leased (and those pending leasing) for their residual credit, possibly to be adjusted by using the specific item "for creditworthiness" to take into account possible adjustments/ value recoveries on the credit exposure in relation to the development of the ability to repay one's debts and of the economic and capital situation of the lessee and of any guarantors.
- Under the column "of which deriving from terminated agreements due to breach of the lessee", the values entered are a detail of the column "assets pending leasing" and represent the implicit credit of the relevant leasing agreement.

Annual changes	**31.12.t**	**Financial leasing**	**Assets pending leasing**	***Of which* assets resulting from terminated agreements due to breach of the lessee**	**Start-up costs**	**other multi-year costs**
A. Opening balances						
B. Increases						
B1. Purchases B2. Value recoveries - for creditworthiness B3. Revaluations B4. Other increases						
C. Decreases						
C1. Sales C2. Value adjustments - depreciations - lasting devaluations - for creditworthiness C3. Other decreases						
D. Closing balances						

8. **Tangible fixed assets** (item 90 of assets)

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

DIRECTIONS FOR THE COMPILATION OF TABLE 8.1:

Reference should be made to the directions provided for under table 7.1.

Annual changes	**31.12.t**	**financial leasing**	**Assets pending leasing**	***Of which* assets resulting from terminated agreement due to breach of the lessee**	**real estate properties**	**Other fixed assets**
A. Opening balances						
B. Increases						
B1. Purchases B2. Value recoveries - for creditworthiness B3. Revaluations B4. Other changes						
C. Decreases						
C1. Sales C2. Value adjustments: - depreciations - lasting devaluations - for creditworthiness C3. Other changes						
D. Closing balances						

9. **Other assets** (items: 120 – 130 of assets)

Table 9.1: composition of item 120 "Other assets".

DIRECTIONS FOR THE COMPILATION OF TABLE 9.1:

Detailed information must be provided for the individual components of item 120 "Other assets", broken down by technical type.

	31.12.t	**31.12.t-1**
Other assets:		
Margin deposits		
Premiums paid for options		
Other		
Total		

LIABILITIES

10. **Debts with banks (**item 10 of liabilities)

Table 10.1: details of item 10 "debts with banks".

DIRECTIONS FOR THE COMPILATION OF TABLE 10.1:

Provide details on the composition of the item "debts with banks" broken down by technical type.

	31.12.t			31.12.t-1		
	In Euros	In foreign currency	Total	In Euros	In foreign currency	total
A) On demand: A1. Mutual accounts opened for services rendered A2. Demand deposits A3. Others						
B) Term or with notice: B1. Overdrawn c/accounts B2. Term deposits B3. Repurchase agr. and reverse repos B4. Other financing						
Total						

Table 10.2: composition of "debts with banks" based on the residual life.

DIRECTIONS FOR THE COMPILATION OF TABLE 10.2:

The residual life corresponds to the period of time between the reference date of the balance sheet and the contractual maturity of each transaction. For transactions with a sinking plan, reference should be made to the residual life of the individual instalments.

MATURITY	31.12.t	31.12.t-1
On demand		
From 1 to 3 months		
From 3 months to 6 months		
From 6 months to 1 year		
From 1 year to 18 months		
From 18 months to 2 years		
From 2 years to 5 years		
More than 5 years		
Without maturity		
Total		

11. **Debts with customers** (item 20 of liabilities)

Table 11.1: details of item 20 “Debts with customers”.

DIRECTIONS FOR THE COMPILATION OF TABLE 11.1:

Provide details on the composition of item 20 "Debts with customers" broken down by technical type.

	31.12.t			31.12.t-1		
	In Euros	In foreign currency	Total	In Euros	In foreign currency	Total
A. On demand A1. Overdrawn c/accounts A2. Savings deposits A3. Others						

B. Term or with notice: B1. Time overdrawn c/accounts B2. Time savings deposits B3. Repurchase agr. and reverse repos B4 Other funds						
Total						

Table 11.2: composition of "debts with customers" based on the residual life.

DIRECTIONS FOR THE COMPILATION OF TABLE 11.2:

The residual life corresponds to the period of time between the reference date of the balance sheet and the contractual maturity of each transaction. For transactions with a sinking plan, reference should be made to the residual life of the individual instalments.

MATURITY	31.12.t	31.12.t-1
On demand		
From 1 to 3 months		
From 3 months to 6 months		
From 6 months to 1 year		
From 1 year to 18 months		
From 18 months to 2 years		
From 2 years to 5 years		
More than 5 years		
Without maturity		
Total		

12. **The Funds** (item: 60 - 70 - 80 of liabilities)

Table 12.1: movements occurred in item 60 "Severance indemnity fund".

	31.12.t	31.12.t-1
Opening balances		
Increases - provisions - other changes		
Decreases - withdrawals - other changes		
Closing balance		

Table 12.2: composition of item 70 "Provisions for risks and charges".

DIRECTIONS FOR THE COMPILATION OF TABLE 12.2:
Provide details on the composition of item 70 “Provisions for risks and charges”.

Composition:	**31.12.t**	**31.12.t-1**
Tax fund		
Pension funds and similar provisions		
Other funds: ……….. ………..		
Total		

Table 12.3: movements in the "tax fund".

	31.12.t	**31.12.t-1**
Opening balances		
Increases - provisions - other changes		
Decreases - withdrawals - other changes		
Closing balance		

Table 12.4: movements in sub-item c) "other funds".

	31.12.t	**31.12.t-1**
Opening balances		
Increases provisions other changes		
Decreases withdrawals other changes		
Closing balance		

Table 12.5: movements in item 80 “Credit risk funds”.

DIRECTIONS FOR THE COMPILATION OF TABLE 12.5:

- Opening balances: correspond to the value registered in the financial statements related to the previous financial year.
- Provisions: must show the amount of item 130 of the profit and loss account.
- Withdrawals”: shows only the amount of the withdrawals made to cover any decreases in value registered in the credit portfolio.
- Other changes: include all decreases of the credit risk funds other than those considered under "withdrawals" (such as decreases related to collections of default interest registered under assets)

	31.12.t	**31.12.t-1**
Opening balances		

Increases provisions other changes		
Decreases withdrawals other changes		
Closing balance		

13. **Other liabilities** (items: 40 - 50 of liabilities)

Table 13.1: composition of item 40 "Other liabilities".

DIRECTIONS FOR THE COMPILATION OF TABLE 13.1:

Detailed information must be provided for the individual components of item 40 "Other liabilities", broken down by technical type.

	31.12.t	31.12.t-1
Other liabilities:		
Premiums collected for options		
Margin deposits		
Other		
Total		

14. **Capital, reserves, Share issue premium, Subordinated liabilities, General banking risk fund and Profits for the year** (items: 90 – 100 – 110 – 120 – 130 – 150 - 160 of liabilities).

Table 14.1: composition of item 90 "General banking risk fund".

	31.12.t	31.12.t-1	Absolute changes and %	
Initial balance				
Contributions in the financial year				
Withdrawals in the financial year				
Closing balance				

Table 14.2: composition of item 100 "Subordinated liabilities".

DIRECTIONS FOR THE COMPILATION OF TABLE 14.2:

The table shows the amount of subordinated liabilities and the relevant changes occurred during the financial year, compared with the previous financial year.

The reasons for such changes are outlined at the bottom of the table: repurchase, within the limits allowed, of part of the liabilities, amortisation, redemptions.

	31.12.t	31.12.t-1	Absolute

			changes and %	
Subordinated Liabilities				

Table 14.3: composition of item 110 "Share capital or endowment fund".

	31.12.t	**31.12.t-1**	**Absolute changes and %**	
N....ordinary shares with a value of....				

Table 14.4: composition of item 120 "Share issue premium".

	31.12.t	**31.12.t-1**	**Absolute changes and %**	
Share issue premiums				

Table 14.5: composition of item 130 "Reserves".

	31.12.t	**31.12.t-1**	**Absolute changes and %**	
a) ordinary reserve				
b) extraordinary reserve				
c) reserve for own shares				
d) other reserves				
Total				

Table 14.6: composition of item 150 "Profits(losses) carried forward".

	31.12.t	**31.12.t-1**	**Absolute changes and %**	
Profits (losses) carried forward				

Table 14.7: composition of item 160 "profit(loss) for the financial year".

	31.12.t	**31.12.t-1**	**Absolute changes and %**	
Profit (loss) for the financial year				

Table 14.8: changes in Net equity in the last 4 years

	Share capital	Share capital not paid in	Share issue premium	Ordinary reserve	Other reserves	Result for the financial year	Profits/losses carried forward	General banking risks fund	Total
Balances as at T – 3									
Balances as at T – 2									
Balances as at T – 1									
Balances as at T									

15. **Revaluation reserves** (item 140 of liabilities)

Table 15.1: composition of item 140 "Revaluation reserves".

	31.12.t	31.12.t-1	Absolute changes and %	
Revaluation reserves				

16. **Prudential aggregates**

Table 16.1: Prudential aggregates.

DIRECTIONS FOR THE COMPILATION OF TABLE 16.1:

In the preparation of this table, concerning the prudential aggregates, the directions contained in the REGULATION 2007/07 and in the supervisory regulations in force must be followed. The part related to the information on market risks will be completed only after the coming into force of the specific regulations.

	Amount
Regulatory capital A1. Tier I Capital A2. Tier II capital A3. Items to be deducted A4. Regulatory capital	
Risk-assets and adequacy ratios B1. Weighed risk assets C1. Regulatory capital/weighed risk assets	
Prudential requirements for supervisory purposes D1. Market risk - of which: – …….. – …….. – ……..	

– ……..	

17. **Guarantees and commitments**

Details must be provided on guarantees and commitments, as well as on other OFF-BALANCE SHEET TRANSACTIONS. Exhaustive information must be provided about possible transactions on derivative FINANCIAL INSTRUMENTS, specifying the relevant amount, features (type) and the accounting methods used. It is also required that the economic/financial reasons for which the transaction has been made, be provided.

Table 17.1: composition of the "guarantees provided".

DIRECTIONS FOR THE COMPILATION OF TABLE 17.1:

The guarantees provided must be classified, based on their economic purposes, in:

- unsecured commercial loans: i.e. personal guarantees backing specific commercial transactions (such as, but not limited to, documentary credits) or the proper execution of the contracts;
- financial unsecured loans: i.e. personal guarantees baking the regular performance of the debt servicing by the ordering party;
- assets (such as securities or cash) pledged as guarantee of third party commitments.

	31.12.t	31.12.t-1	Absolute changes and %	
A) Unsecured commercial loans				
B) Unsecured financial loans				
C) Assets pledged as guarantee				
Total				

Table 17.2: composition of above mentioned unsecured loans.

	31.12.t	31.12.t-1	Absolute changes and %	
A) Unsecured commercial loans A1. Acceptances A2. Bank guarantees and sureties A3. Letters of patronage A4. Other				
B) Unsecured financial loans B1. Acceptances B2. Bank guarantees and sureties B3. Letters of patronage B4. Other				
Total				

Table 17.3: assets pledged as guarantee of own debts.

DIRECTIONS FOR THE COMPILATION OF TABLE 17.3:

This table shows, separately and for each item of liabilities and by type of assets, the amounts of the assets pledged by the bank as guarantee for its own debts.

Liabilities:	Amounts of the assets pledged

Table 17.4: margins available on credit facilities.

DIRECTIONS FOR THE COMPILATION OF TABLE 17.4:

Specify the overall margins available to the bank at the end of the financial year with central banks and/or other banks.

	31.12.t	31.12.t-1
A) Central Banks		
b) Other banks		
Total		

Table 17.5: composition of "spot commitments".

	31.12.t	31.12.t-1	Absolute changes and	%
A Disbursement commitments for certain use - *of which commitments for loans to be disbursed* B. Commitments to exchange financial instruments for certain use				
C Disbursement commitments for uncertain use - *of which negative margins to be used on credit facilities* - *of which put options issued* D. Commitments to exchange financial instruments for uncertain use				
Total				

Table 17.6: forward commitments.

DIRECTIONS FOR THE COMPILATION OF TABLE 17.6:

This table includes all OFF-BALANCE SHEET TRANSACTIONS existing at the end of the financial year. Specifically: a) forward purchase and sale agreements, not yet settled, of FINANCIAL INSTRUMENTS and currencies; b) DERIVATIVE CONTRACTS with an underlying security; c) DERIVATIVE CONTRACT on currencies; d) DERIVATIVE CONTRACTS without underlying security linked to interest rates or indexes or other assets; e) deposits ans loans entered into and to be disbursed or received on a predetermined future date, spot or forward.

Different types, not included in the above mentioned table, must be specified in detail when they are for a relevant amount.

The value to be allocated to the transaction is as follows:

- to purchase and sale agreements of FINANCIAL INSTRUMENTS and currencies and to DERIVATIVE CONTRACTS that would or could lead to an exchange of capitals (or of other assets), the settlement price of such contracts. For DERIVATIVE CONTRACTS traded on organised markets and which provide for the daily payment of the variation margins, the value to be allocated is, conventionally, equal to the nominal value of the reference capital;
- for deposit and loan contracts, the amount to pay or receive;
- for DERIVATIVE contracts that do not imply the exchange of capitals on a forward date (such as, but not limited to, interest rate or index contracts), the nominal value of the capital of reference.

The contracts that provide for the exchange of two currencies (or of the spread between two currencies) must be included only once, referring, by convention, to the currency to be purchased. The contracts that provide for the exchange of interest rate as well as the exchange of currencies must be reported under the contracts on currencies only.
Interest rate DERIVATIVE CONTRACTS are conventionally classified as purchases or sales depending on whether the bank purchases or sells the fixed rate.

Transaction Type	Hedging transaction	Trading transaction	Other transactions
1. Sales and purchases 1.1. Financial instruments - purchases - sales 1.2 Currencies - currency against currency - purchases against Euro - sales against Euro			
2. Deposits and loans - to be disbursed - to be received			
3. Derivative contracts 3.1 With exchange of capitals: a) Securities - purchases - sales b) Currencies - currency against currency - purchases against Euro - sales against Euro c) Other assets - purchases - sales 3.2 Without exchange of capitals a) Currencies - currency against currency - purchases against Euro - sales against Euro b) Other assets - purchases - sales			

Table 17.7: financial derivatives.

DIRECTIONS FOR THE COMPILATION OF TABLE 17.7:

This table shows the same items and sub-items related to DERIVATIVE CONTRACTS of the preceding table, reported at market value, according to the method specified in art. I-I-2, point 45.

Transaction Type	Hedging transaction	Trading transaction	Other transactions
1. Derivative contracts 1.1 With exchange of capitals: a) Securities			

- purchases			
- sales			
b) Currencies			
- currency against currency			
- purchases against Euro			
- sales against Euro			
c) Other assets			
- purchases			
- sales			
1.2 Without exchange of capitals			
a) Currencies			
- currency against currency			
- purchases against Euro			
- sales against Euro			
b) Other assets			
- purchases			
- sales			

Table 17.8: derivatives contracts on credit.

Transaction category	Trading transaction	Other transactions
1. Protection purchases 1.1 With exchange of capitals 1.2 Without exchange of capitals		
2. Protection sales 2.1 With exchange of capitals 2.2 Without exchange of capitals		

18. **Concentration and distribution of assets and liabilities**

Table 18.1: major risks.

DIRECTIONS FOR THE COMPILATION OF TABLE 18.1:

The banks of San Marino must specify in this table the weighed overall amount and the number of risk positions that represent a "major risk" according to the supervisory regulations currently in force.

	31.12.t	**31.12.t-1**	**Variations**	
Amount				
Number				

Table 18.2: risk exposures to related parties

DIRECTIONS FOR THE COMPILATION OF TABLE 18.2:

The banks of San Marino must specify in this table the weighed overall amount and the number of risk positions to related parties and to the parties connected to the latter, according to the provisions of the supervisory regulations currently in force.

	31.12.t	31.12.t-1	Variations	
Amount				
Number				

Table 18.3 breakdown of assets and liabilities by maturities.

DIRECTIONS FOR THE COMPILATION OF TABLE 18.4:

For the residual life bands of more than 1 year, the table must be filled in separating the amounts into fixed rate (F) and floating rate (V).

Items/remaining duration	Total	on demand	from 1 to 3 months	from 3 months to 6 months	from 6 months to 1 year	from 1 year to 18 months		from 18 months to 2 years		From 2 years to 5 years		more than 5 years		without maturity
						F	V	F	V	F	V	F	V	
1. Assets 1.1 Loans to banks 1.2 Loans to customers 1.3 Bonds and other debt financial instruments 1.4 Off-balance-sheet transactions														
2. Liabilities 2.1 Debts with banks 2.2 Debts with customers 2.3 Debts represented by financial instruments: - bonds - certificates of deposit - other financial instruments 2.4 Subordinated liabilities 2.5 Off-balance-sheet transactions														

Table 18.4: securitisation activities.

DIRECTIONS FOR THE COMPILATION OF TABLE 18.5:

These activities, if any, must be clarified.

This table, to be prepared based on the information requirements of the bank, must contain at least the following information:

- the distinction between positions resulting from securitisation transactions carried out for the bank's own account and those carried out for the account of third parties;
- the type of the instruments held resulting from securitisation transactions of the bank ("senior","mezzanine", "junior" securities, etc.);

- the type of the instruments held resulting from SECURITISATION TRANSACTIONS of third parties ("senior","MEZZANINe", "junior" securities, etc.);
- any VALUE ADJUSTMENTS registered on the positions underlying the SECURITISATION TRANSACTIONS;
- a report on the activities as "servicer" and "arranger".

MEMORANDUM ACCOUNTS

Table 19.1: Memorandum Accounts.

DIRECTIONS FOR THE COMPILATION OF TABLE 19.1:

This table must be completed according to the directions referred to in art. V.I.2. The information on asset under management in the portfolio of the bank refers to the component comprised of FINANCIAL INSTRUMENTS as well as to that represented by cash.

Sub-item b) "third party financial instruments deposited with third parties" represents an "of which" of sub-item a) "third party financial instruments held in deposit".

Item C) of the table must be compiled with the amount of the assets held by the bank in carrying out the functions referred to in Art. 71 of LISF, i.e. of a party with which the values (financial instruments, liquidity and assets) of collective investment undertaking (CIS) of San Marino and those under foreign law are deposited, and such activities must be provided for in the administrative regulations or in the equivalent legal assets of the same CIS.

The above values do not coincide with what is entered under item B) a) “Deposited third party financial instruments” as the securities referred to custodian bank activities must not include securities under management and custody.

Items	t	t-1
A) Asset management		
a) asset management for customers;		
- of which liquidity		
- of which liquidity deposited with the reporting entity		
- of which debt securities		
- of which debt securities issued by the reporting entity		
- of which capital securities and CIS units		
- of which capital securities issued by reporting entity		
b) own portfolios managed by third parties;		
B) Custody and administration of financial instruments		
a) third party financial instruments held in deposit		
- of which, debt securities issued by the reporting entity		
- of which capital securities and other assets issued by the reporting entity		
- of which third-party financial instruments deposited with third parties		
b) third-party financial instruments deposited with third parties		
c) own financial instruments deposited with third parties		
C) Financial instruments and other assets linked to the activities as custodian bank		
a) liquidity		
- *of which* liquidity deposited with the reporting entity		
b) debt securities		
- *of which* debt securities issued by the reporting entity		
c) capital securities, CIS units, other financial instruments		
- o*f which* capital securities issued by the reporting entity		
d) other assets other than financial instruments and liquidity		

Table 19.2: Assets held in the exercise of the functions of trustee.

DIRECTIONS FOR THE COMPILATION OF TABLE 19.2:

All assets held in trust are reported in this table using the different specific sub-items. For the valuation criteria, reference should be made to the decree no. 51 dated 16 March 2010 (see articles II.II.1, sub. 12 and art. VI.I.2 of this Regulation).

	31.12.t	31.12.t-1
A. Assets		
A.1 Cash on hand		
A.2 Credits		
A.3 Securities		
A.3.1 *Debt securities*		
A.3.2 *Capital securities*		
A.3.3 *UCIs*		
A.3.4 *Others*		
A.4 Shareholdings		
A.5 Other financial assets		
A.6 Real estate properties		
A.7 Registered movables		
A.8 Other assets and services		
Total assets held in trust		
B. Liabilities		
B.1 Debts		
B.2 Other liabilities		
Total assets held in trust		
C.Operating proceeds and costs		
C.1 Proceeds related to the assets in Trust		
C.2 Costs related to the assets in Trust		
Difference between proceeds and costs		

PART C – INFORMATION ON THE PROFIT AND LOSS ACCOUNT

20. **Interest** (items: 10 - 20 of the profit and loss account)

Table 20.1 details of item 10 "Interest income and similar items".

	31.12.t	31.12.t-1	Variations	
			amount	%
A) On loans to banks A1. C/accounts in credit				

A2. Deposits A3. Other financing *of which on leasing transactions*				
B) On loans to customers B1. C/accounts in credit B2. Deposits B3. Other financing *of which on leasing transactions*				
C) On debt financial instruments from banks C1. Certificates of deposit C2. Bonds C3. Other financial instruments D) On debt financial instruments from customers (other issuers) D1. Bonds D2. Other financial instruments				
Total				

Table 20.2 details of item 20 "Interest paid and similar costs".

	31.12.t	31.12.t-1	Variations	
			amount	%
A) On debts with banks A1. Overdrawn c/accounts A2. Deposits A3. Other debts				
B) On debts with customers B1. Overdrawn c/accounts B2. Deposits B3. Other debts				
C) On debts represented by financial instruments to banks - of which: on certificates of deposit				
D) On debts represented by financial instruments to customers - of which: on certificates of deposit				
E) On subordinated liabilities				
Total				

21. **Dividends and other proceeds** (item 30 of the profit and loss account)

Table 21.1: details of item 30 "Dividends and other proceeds".

	31.12.t	31.12.t-1	Variations	
			amount	%

A) On shares, units and other capital financial instruments				
B) On shareholdings				
C) On shareholdings in banking group companies				
Total				

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

Table 22.1: details of item 40 "Commissions earned".

	31.12.t	31.12.t-1	Variations	
Commissions earned:			amount	%
a) Guarantees provided				
b) Credit derivatives				
c) Investment services: 1. receipt and transmission of orders (letter D1 Ann. 1 LISF) 2. execution of orders (letter D2) 3. management of portfolios of financial instruments (letter D4) 4. placement of financial instruments (letters D5 and D6)				
d) Advice on financial instruments				
e) Distribution of third party services and products other than placement 1. asset management 2. insurance products 3. other services or products				
f) Collection and payment services				
g) Custodian bank services				
h) Custody and administration of financial instruments				
i) Fiduciary services				
l) Tax collection and treasury services				
m) Other services				
Total				

Table 22.2: details of item 5 "Commissions paid".

	31.12.t	31.12.t-1	Variations

Commissions paid:			amount	%
a) Guarantees received				
b) Credit derivatives				
c) Investment services: 1. receipt and transmission of orders (letter D1 ann. 1 LISF); 2. execution of orders (letter D2, ann. 1 LISF); 3. management of portfolios of financial instruments (letter D4, ann. 1 LISF): - own portfolio; - portfolio of third parties; 4. placement of financial instruments (letters D5 and D6).				
d) Door to door sale of financial instruments, products and services;				
e) Collection and payment services				
f) Other services				
Total				

23. **Profits (losses) on financial transactions** (item 60 of the profit and loss account)

Table 23.1: composition of item 60 "Profits(losses) on financial transactions".

DIRECTIONS FOR THE COMPILATION OF TABLE 23.1:

This table must show, separately by operating segment (transactions on FINANCIAL INSTRUMENTS, transactions on currencies, other transactions), the composition of profits/losses on financial transactions, separating the results from valuations (points A1 and A2) from those from trading (point B), which must also include any differential produced by the DERIVATIVE CONTRACTS closed or expired during the financial year.

For the transactions on currencies, the results of trading activities and those of the valuations must be specified together in point B. The differentials or margins of OFF-BALANCE SHEET TRANSACTIONS that envisage the exchange of interest rates on different currencies (such as, but not limited to, "cross currency interest rate swaps") must be included in column "other transactions".

The line with the totals must report, with the relevant sign, the algebraic sum of all proceeds and losses produced by each operating segment. The algebraic sum of the three totals must correspond to the amount shown in item 60 of the profit and loss account "profits (losses) on financial transactions".

For the transactions on FINANCIAL INSTRUMENTS the breakdown of the total of the profits/loses of the segment must also be shown divided by categories of FINANCIAL INSTRUMENTS (considered in the table) underlying the transactions in question. For each category it is necessary to specify, with the relevant sign, the algebraic sum of the proceeds and losses resulting from trading activities and from the valuations that interested that category.

As at 31.12.t			
Items/Transactions	Transactions on financial instruments	Currency transactions	Other transactions
A1. Revaluations A2. Devaluations B. Other profits/losses			
Total			

1. Government securities 2. Other debt financial instruments 3. Capital financial instruments 4. Derivative contracts on financial instruments		

24**. Administrative expenses** (item 90 of the profit and loss account)

Table 24.1: Number of employees by category.

DIRECTIONS FOR THE COMPILATION OF TABLE 24.1:

The actual number of employees must be indicated for the current financial year and for the previous financial year. In addition, the average number of employees must be specified, calculated on the balances of each end of the month.

	Average	Number as at 31.12.t	Number as at 31.12.t-1
a) Executives			
b) Managers			
c) Rest of staff 1. employee 2. other staff			

Table 24.2: details of sub-item b) "Other administrative expenses".

	31.12.t	31.12.t-1	Variations	
			amount	%
Other administrative expenses: … Total				

25. **Adjustments, recoveries and provisions** (items 100-110-120-130-140-150-160-170 of the profit and loss account)

Table 25.1: composition of items 100-110 “Value adjustments of tangible and intangible fixed assets”.

	31.12.t	31.12.t-1	Variations	
			amount	%
a) Intangible fixed assets …. ….				

of which on leased assets Total				
b) Tangible fixed assets … … *of which on leased assets* Total				
Total				

Table 25.2: composition of item 120 "Provisions for risks and charges".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
Provisions for risks and costs:				
a) Pension funds b) Tax funds c) Other funds: … … …				
Total				

Table 25.3: item 130 "Provisions to credit risk reserves".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
… …				
Total				

Table 25.4: composition of item 140 "Value adjustments of loans and provisions for guarantees and commitments".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
a) Value adjustments on loans of which: - flat rate adjustments for country risk - other flat rate adjustments				
b) Provisions for guarantees and commitments of which: - flat rate provisions for country risk - other flat rate provisions				

Total				

Table 25.5: different types of movement of the financial year.

DIRECTIONS FOR THE COMPILATION OF TABLE 26.5:

The overall total must correspond to the value recognised in the financial statements under item 140 and to the total of table 25.4 above.

The columns "analytical / flat rate" must specify whether the devaluation is made on an analytical or flat rate basis.

	31.12.t		**31.12.t-1**	**Variations**	
	Analytical	Flat rate		amount	%
A - Total devaluations of cash credits: Devaluations of non performing loans Devaluation of loans- on watch list Devaluation other credits					
B - Total losses on cash loans: Non-performing loans Watch list Others					
Total value adjustments on cash loans (A+B)					
C) Total provisions for guarantees and commitments Guarantees					
Overall Total (A+B) + C					

Table 25.6: composition of item 150 "Value recoveries on loans and provisions for guarantees and commitments".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
Value recoveries *- of which on non performing loans* *- of which on watch list* *- of which on other credits*				

Table 25.7: composition of item 160 "Value adjustments of financial fixed assets".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
Value adjustments *- of which on shareholdings* *- of which on shareholdings in group companies*				

- *of which on other capital financial instruments* - *of which on debt financial instruments* - *of which on derivative financial instruments*				

Table 25.8: composition of item 170 "Value recoveries of financial fixed assets".

	31.12.t	**31.12.t-1**	**Variations**	
			amount	%
Value recoveries - *of which on shareholdings* - *of which on shareholdings in group companies* - *of which on other capital financial instruments* - *of which on debt financial instruments* - *of which on derivative financial instruments*				

26. **Other items of the profit and loss account** (items 70 – 80 – 190 of the profit and loss account)

Table 26.1/26.2: composition of items 70/80 "Value operating proceeds", "Other operating costs".

DIRECTIONS FOR THE COMPILATION OF TABLES 26.1 and 26.2:
The tables related to the types of proceeds/costs show, inter alia, those generated by the merchant banking and financial leasing activities and from exercised or expired OPTIONS of the investment portfolio.

	31.12.t	**31.12.t-1**	**Variations**	
Other operating income:			amount	%
… … …				
Total				

	31.12.t	**31.12.t-1**	**Variations**	
Other operating charges:			amount	%
… … …				
Total				

Table 26.3: composition of item 190 "Extraordinary proceeds".

	31.12.t	**31.12.t-1**	**Variations**	
Extraordinary proceeds:			amount	%
… … …				

Total				

Table 26.4: composition of item 200 "Extraordinary costs".

	31.12.t	**31.12.t-1**	**Variations**	
Extraordinary costs:			amount	%
… … …				
Total				

PART D – OTHER INFORMATION

27. **The directors and statutory auditors**

Table 27.1: remuneration.

	31.12.t	**31.12.t-1**	**Variations**	
			Amount	%
a) Directors b) Statutory auditors				
Total				

28. **Other Information**

This section may be used to provide additional and complementary information useful to better understand the financial statements.