

BANCA  CENTRALE
DELLA REPUBBLICA DI SAN MARINO

Annual Accounts

2023



Annual Accounts 2023



CENTRAL BANK OF THE REPUBLIC OF SAN MARINO
Publicly and privately owned entity
Economic Operator Code SM04262 - Endowment fund EUR 12,911,425.00 fully paid up

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Governing bodies of the Central Bank of the Republic of San Marino as at 31 December 2023

Governing Council	
Catia Tomasetti	President
Francesco Mancini	Vice President
Francesco Ielpo	Member
Walter Guidi	Member

Board of Statutory Auditors	
Pier Angela Gasperoni	Chair
Valentina Di Francesco	Statutory Auditor
Monica Zafferani	Statutory Auditor

Directorate General	
Andrea Vivoli	Managing Director
Daniele Bernardi	Deputy Managing Director

Supervision Committee	
Andrea Vivoli	Chair
Giuliano Battistini	Internal Inspector
Marco Giulianelli	Internal Inspector
Fabio Mazza	Internal Inspector
Maurizio Pappalardo	Internal Inspector





Governing Council Report on Operations - FY 2023



Dear Shareholders,

Below are the financial highlights and main economic-equity indicators for financial year 2023.

	2023	2022	Change	
			Absolute	%
Balance Sheet Total	789,945,721	660,140,574	129,805,147	19.66%
Loans to credit institutions	142,799,666	70,900,450	71,899,216	101.41%
Loans to customers	16,324,030	21,931,451	-5,607,421	-25.57%
Bonds and other debt financial instruments	612,161,012	537,015,051	75,145,961	13.99%
Shares, quotas and other capital financial instruments	7,760	7,275	485	6.67%
Shareholdings	0	0	0	0%
Debts owed to credit institutions	413,154,221	433,053,631	-19,899,410	-4.60%
Customer deposits	309,987,594	160,067,899	149,919,695	93.66%
Financial instruments issued	0	0	0	0%
Provision for risks and charges	713,489	733,299	-19,810	-2.70%
Net equity ¹	51,930,013	56,581,942	-4,651,929	-8.22%
Interest margin	-1,418,855	3,194,996	-4,613,851	-144.41%
Profits and losses on financial transactions	798,610	-54,369	852,979	1,568.87%
Gross income	5,945,958	9,296,822	-3,350,864	-36.04%
Gross operating income	-4,565,821	-736,118	-3,829,703	-520.26%
Extraordinary income	74,096	32,776	41,320	126.07%
Net result	-4,651,929	-1,028,248	-3,623,681	-352.41%
Change in the fund for general financial risks	4,651,929	1,028,248	3,623,681	352.41%
Net profit (loss) of the year	0	0	0	0%

¹: It includes the endowment fund, reserves, the fund for general financial risks, and the net profit (loss) of the year.

Net equity data

Over the course of 2023, the balance sheet total increased by EUR 129.81 million, shifting from EUR 660.14 million to EUR 789.95 million.

Fluctuations in the balance sheet were strongly affected by the increase in funding and the resulting increase in loans.

At the end of 2023, **collection** from banks and customers, mainly from the public sector, totalled EUR 723.14 million, reflecting an increase of EUR 130.02 million compared to EUR 593.12 million as at 31/12/2022.

More specifically, in the period under review:

- collection from banks decreased overall by EUR 19.90 million (- 4.60%); particularly, short-term debts decreased by EUR 53.62 million, partially offset by the increase in demand deposits.
- Collection from customers, on the other hand, recorded a decrease of EUR 149.92 million (+93.66%), mainly attributable to demand deposits.

Loans and the securities portfolio stood at EUR 771.28 million as at 31 December 2023, showing an increase of EUR 141.43 million compared to EUR 629.85 million in the previous year.



More specifically:

- "loans to credit institutions" increased by EUR 71.90 million due to the presence of time deposits under "other loans", unlike the previous year.
- "loans to customers" decreased by EUR 5.61 million due to the repayment of loans by the Ecc.ma Camera.

As at 31/12/2023 the bond portfolio amounts to a total of EUR 612.16 million, with an increase of 13.99% compared to 31/12/2022, mainly due to internal management choices and allocation of the available financial resources during the year.

As at 31/12/2023 **net equity** amounts to EUR 51.93 million and consists of the endowment fund subscribed by the Ecc.ma Camera, as well as by banks, reserves, and the Fund for General Financial Risks and operating margin, as detailed in the relevant section of the Notes to the Annual Accounts. The decrease of EUR4.65 million recorded in 2023 due to the use of the Fund for General Financial Risks ordered by the Bank's Governing Council with the aim to replenish the operating surplus recorded in 2023 and close the year at break-even.

Economic and Income Indicators

Compared to the previous fiscal year, a decline was recorded in the income indicators of ordinary management, as evidenced by the Reclassified Income Statement, which was negatively impacted by the **gross income**, standing at EUR 5.95 million, down by EUR 3.35 million from the previous period. This result was mainly due to the decrease in the interest margin, although it was partially offset by the increase in service revenues and profits from financial operations.

Below are the main components that have influenced the Bank's economic performance during fiscal year 2023:

- **Interest margin**

The interest margin decreased by EUR 4.61 million compared to 2022, mainly due to the growth in interest paid, amounting to EUR 12.82 million, following the general rise in interest rates that began in the second half of 2022 and continued throughout 2023.

For the same reasons, interest income also increased, reaching EUR 11.40 million, compared to EUR 4.76 million recorded in the previous fiscal year.

- **Service revenues**

Compared to 2022, an increase of EUR 0.41 million was recorded, with service revenues standing at EUR 6.57 million, mainly due to the expansion of the items listed in the paragraph "Other operating proceeds". This increase was mainly due to the full recovery of 2023 supervisory costs and the recovery of costs for the centralized cash management service.

- **Profits/losses on financial transactions**

The net profits from financial operations amounting to EUR 798,610 (in 2022, a loss of EUR 54,369 was recorded), increased by EUR 852,979 compared to the previous year. Specifically, the securities management resulted in a trading loss of EUR 801,532 and a capital gain of EUR 485, from the single equity security held. Additionally, as at December 31, 2023, there is a profit from foreign currency valuation/trading of EUR 3,407 (compared to a profit of EUR 16,976 as at 31/12/2022).

Global economic situation



In 2023, there was a marked deterioration in the international geopolitical situation, with new conflicts emerging in several regions around the world.

In addition to the ongoing Russia-Ukraine conflict, which has continued since February 2022, new military crises have emerged in both Africa and the Middle East.

In Africa, there have been numerous instances of warfare and coups, including the overthrow of elected presidents in French-speaking Gabon and Niger.

In October, Israel faced a terrorist attack planned by the Palestinian terrorist group Hamas, with the abduction of over 250 hostages and a death toll of over 1,100 Israelis, many of whom were part of the agricultural and productive Kibbutzim communities.

Israel's response was severe, leading to retaliatory actions within the Gaza Strip aimed at killing the perpetrators and eliminating Hamas.

This response resulted in tens of thousands of Palestinian deaths and triggered a mass exodus towards the Gaza Strip's southern border with Egypt.

So far, the conflict has not spread to other nations, but there have been terrorist attacks by Houthi rebels on Western merchant ships navigating the Suez Canal, causing disruptions to trade routes between the Far East and Europe. This has led to increased transportation costs, longer transit times, potential supply chain interruptions, and rising inflation.

Inflation has been the most closely monitored economic variable throughout 2023 by both markets and central banks. Major international monetary authorities have pursued a restrictive interest rate policy, with the Federal Reserve continuing to raise rates from 0.25% in January 2022 to 5.50% in December 2023.

The ECB continued its restrictive phase on the cost of borrowing, with a zero refinancing rate in July 2022 reaching 4.50% in September 2023.

In light of the recent rate hikes by the ECB, the Fed, and the BOE, the phase of rate increases and restrictive monetary policy may be coming to an end. By the end of 2023, markets were already beginning to anticipate rate cuts during 2024.

Throughout 2023, the economic growth of major economies was generally lower than the previous year.

Global growth stood at +3.1% compared to +3.5% in 2022, while the growth rate for advanced economies halted at +1.6% compared to +2.6% the previous year (Source: IMF).

Among major economies, only the United States, Japan, and China ended 2023 with higher growth rates than in 2022: +2.5% versus +1.9% for the US, +1.9% versus +1.0% for Japan, and +5.2% versus +3.0% for China, thanks to the easing of anti-COVID measures.

In the euro area, economic growth recorded a modest +0.5% compared to +3.4% the previous year. Specifically, Germany experienced a contraction of -0.3% compared to +1.8% in 2022 and France grew by +0.8% versus +2.5% previously. Italy's economic growth in 2023 slowed to +0.7% from +3.7% in 2022, and Spain grew by +2.4% compared to +5.8% the year before. Among other major economies, the United Kingdom grew by +0.5% compared to +4.3% in 2022. Despite sanctions imposed by most other countries, Russia ended 2023 with a growth of +3%, compared to a negative -1.2% at the end of 2022.

In Asia, India grew by +6.7% compared to +7.2% in the previous year.



In South America, Brazil recorded growth of +3.1% compared to +3% the previous year, while Mexico grew by +3.4% compared to +3.9% in 2022.

Trends in economic growth rates indicate greater difficulties for European economies compared to economies in other continents, due to the prolonged conflict in Ukraine, rising energy prices, and reduced trade with Russia, which used to be an important market for EU goods and services before the conflict.

The profit margins recorded in 2023 were strongly affected by the upward trend in interest rates that began in the second half of 2022 and solidified during the current fiscal year. As noted above, the interest margin, which decreased by over EUR 4.6 million compared to 2022, largely explains the operating loss. This is due to the immediate adjustment of economic conditions applied to on-demand deposits for institutional clients (expanded public sector and banks).

This dynamic was not adequately offset by the increase in interest income generated by the securities portfolio, which was predominantly invested in fixed-rate bonds with low coupons reflecting past market conditions. These bonds were significantly devalued and, therefore, could not be sold without incurring substantial realized losses.

The higher costs incurred by the Central Bank in 2023 in terms of interest expenses were nonetheless paid to systemic counterparties such as the public administration (EUR 1.82 million compared to EUR 0.49 million in 2022) and San Marino banks (EUR 7.64 million compared to EUR 0.64 million in 2022), and were recorded as revenue. Overall, the revenue recorded by these counterparties **amounted to EUR 9.46 million compared to EUR 1.13 million in 2022** (+ EUR 8.33 million).

The losses attributable to the sudden increase in interest rates to counter inflation, are also reflected in the financial statements of many central banks. A recent analysis conducted by the newspaper MF shows that the gross operating income for 2023 (before the use of any equity reserve funds) was negative for the U.S. Federal Reserve (EUR -107 billion), the Bundesbank (EUR -21.6 billion), the Bank of France (EUR -12.4 billion), the ECB (EUR -7.9 billion), the Bank of Italy (EUR -7.1 billion), and the Bank of Spain (EUR -6.6 billion).

The gross income is therefore not sufficient to fully cover the operating costs (administrative expenses and depreciation on tangible and intangible assets), which amount to EUR10.51 million. Within these costs, personnel expenses total EUR 7.24 million (an increase of EUR0.21 million compared to the previous year, partly due to the strengthening of the Bank's resources).

Consequently, the **gross operating income** stands at EUR -4.57 million (EUR -0.74 million in 2022). After deducting provisions and net value adjustments, the **ordinary income** amounts to EUR -4.73 million.

The balance of **extraordinary management**, amounting to EUR 74,096, shows a positive change of EUR41,320. This increase is primarily due to higher extraordinary income in 2023, largely resulting from the release of a provision made in previous years (to support a supervised entity) that was not utilized following the end of the compulsory administrative liquidation.

The **final net result** is negative, standing at EUR -4.65 million.

As outlined above, the Governing Council has decided to use the Fund for General Financial Risks to offset the net operating result. Consequently, the fiscal year ended with a break-even result.

Finally, regarding "Guarantees and Commitments," it is noted that the guarantees issued remain the same as in 2022. However, there are now commitments to provide funds amounting to EUR10 million, which were not present in 2022.



Regarding the report on activities carried out in the exercise of institutional functions, please refer to the Central Bank's Annual Report to the Great and General Council, as outlined in Article 4, paragraph 2 of Law No. 96/2005 and its subsequent amendments.

* * *

In the context outlined above, the Central Bank has already implemented measures to restore economic balance, strengthening its financial position, and improving overall managerial efficiency.

Particularly, in recent months, as soon as market conditions allowed, the securities portfolio was restructured by replacing lower-yielding securities with higher-yielding ones, including medium-term securities, while adhering to strict prudential criteria to limit associated risks. This approach has enabled a gradual recovery in profitability, with the average coupon increasing from 0.90% in January 2023 to 3.28% in April 2024.

At the same time, recognizing the importance of technology in enhancing operational efficiency, the Central Bank has committed to advancing the digitalization of its document processes. This move is expected to result in cost savings and an improved ability to respond to requests from internal and external stakeholders.

However, no intervention will be sufficient without the full recovery of costs incurred for the services provided to the system and the State. These costs are well-documented and inherent to the complexity and breadth of the activities that were carried out without any remuneration and with a spirit of service, including the continuous and specialized technical support provided to the State Secretariats and their respective departments, regarding new regulations or international commitments.

To this end, the renegotiation of the Remuneration Agreement with the State, to be signed in 2024, is of crucial importance. The aim is to address the current imbalance between the "flat-rate" remuneration received and the direct and indirect costs incurred by the Central Bank for its strategic functions in Tax Collection, Treasury, and Payment Systems.

As repeatedly emphasized, financial autonomy is key to both safeguarding for the entire system's stability and preserving the Central Bank's independence from any interference and constraints that could undermine its actions. The Central Bank must continue to work with even greater determination, especially in the light of the future commitments arising from the Association Agreement with the European Union, in the exclusive interest of the country.

Human resources and payroll

As at December 31, 2023, the payroll consists of 102 employees, of which 18 assigned to the Financial Intelligence Agency. During the year, there were 3 terminations and 7 new hirings, primarily on fixed-term contracts (2 of which in the FIA).

The average number of employees actually present was 84.13, with 13.97 of these assigned to the Financial Intelligence Agency.

Staff on the payroll and actually present staff

Unit	On the payroll	Actually present
Managing Director, Deputy Director and staff organizational units	37	28.68
Supervision Department - statutory function	24	20.98
Payment Systems Department - statutory function	5	4.71
Overdue Tax Collection Department - statutory function	9	7.78
State Treasury - statutory function	6	5.23



Finance Department – relevant function	3	2.78
CENTRAL BANK (CBSM)	84	70.16

FINANCIAL INTELLIGENCE AGENCY (FIA)	18	13.97
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FIA+CBSM STAFF	102	84.13
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Female staff represents 54% of total staff. The bank is committed to promoting equal opportunities, valuing diversity, and fostering inclusion. To this end, the Governing Council, in its meeting on November 10, 2023, adopted the "[Diversity Management Charter](#)" on the proposal of the Diversity & Inclusion Committee. This charter formalizes the commitment to recognizing equality, diversity, and inclusion as guiding principles for valuing individuals within the Institution, aiming to make the work culture more inclusive and better serve the citizens and the country. Additionally, the Diversity & Inclusion Coordination has provided technical support to the Equal Opportunities Authority in preparing a bill that, among other things, introduces concessional credit for victims of violence, thereby addressing their lack of financial independence.

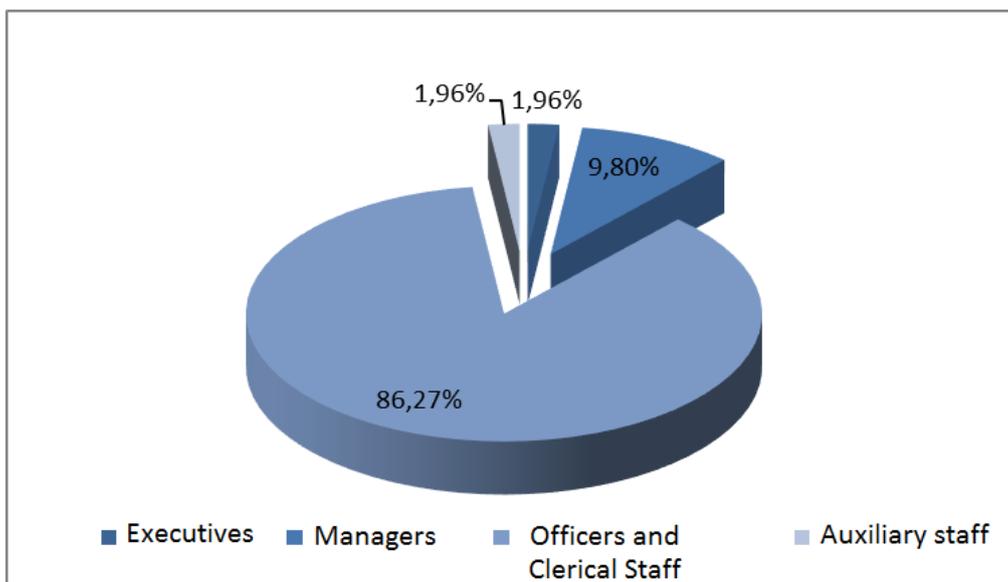
Compared to the previous year, the average age has decreased to around 47, thanks to hiring processes focused primarily on junior talent. However, the need for generational turnover remains, and the Bank is committed to maintaining a strong focus on this in the future.

Over the next five years, in light of the upcoming signing of San Marino's Association Agreement with the European Union and the projected impacts on the Bank's organization, staff will need to be strengthened, particularly the Supervisory Department staff. This will be necessary both in the initial phase to meet the required alignment with European standards and subsequently for the ongoing supervisory activities in a market that will be larger, more complex, and more diverse than the current one. This market will feature significant cross-border operations, requiring constant interaction with foreign supervisory authorities and the European Supervisory Authorities (ESAs). In this regard, the costs associated with the necessary adjustments could be substantial and will need to be addressed. This need was also highlighted by the IMF in the concluding statement of the Article IV Mission conducted in September 2023. Strengthening the financial position of the Central Bank is essential to safeguard its independence and to support the stability of the financial sector, including through an effective lender of last resort function.

With regard to contractual categories, 1.96% of employees belong to the Executive category, 9.80% are in the Officer category, 86.27% are classified as Managers and Staff, and 1.96% are Auxiliaries.

Contractual categories





Effective 1 March 2023, after successfully completing a probationary period and receiving the approval by the Great and General Council, Mr. Andrea Vivoli fully assumed his duties as Managing Director in accordance with the Statute. His term will last six years, with the possibility of renewal. Mr. Vivoli also chairs the Supervisory Coordination Committee, which in 2023 is composed of the Chairman and four additional Internal Inspectors.

Mr. Daniele Bernardi is the Deputy Director of the Central Bank, while the Director of the Financial Information Agency (FIA) is Mr. Nicola Muccioli and the FIA Deputy Director is Mr. Alessandro Sberlati.

During the year, a project to define career paths for employees was launched with the aim to identify strengths, areas for improvement, and growth opportunities. This project will support the General Management in fostering career orientation and planning, as well as ongoing staff training.

Training sessions, which was conducted almost exclusively online, have been intensified compared to the previous year, with an average of approximately 22 hours per employee. Notable initiatives include several training sessions on AML-CFT and Privacy, as well as the launch of an in-house English language course. This course will gradually involve all staff, addressing the growing need for language skills due to the Bank's increasingly intensive international interactions.

In the area of safety and health, the company has maintained the protocols established in 2022 to mitigate the risk of COVID-19 transmission even after the end of the health emergency.

During the year, efforts continued to rationalize management costs. Notably, in addition to granting part-time work and leaves to those who requested it, there was also a reduction in overtime. Additionally, negotiations were initiated for the renewal of the Bank's Employment Contracts, aimed at cost containment and improving efficiency.

Organizational chart

During 2023, the Bank's organizational structure underwent several changes, detailed as follows:

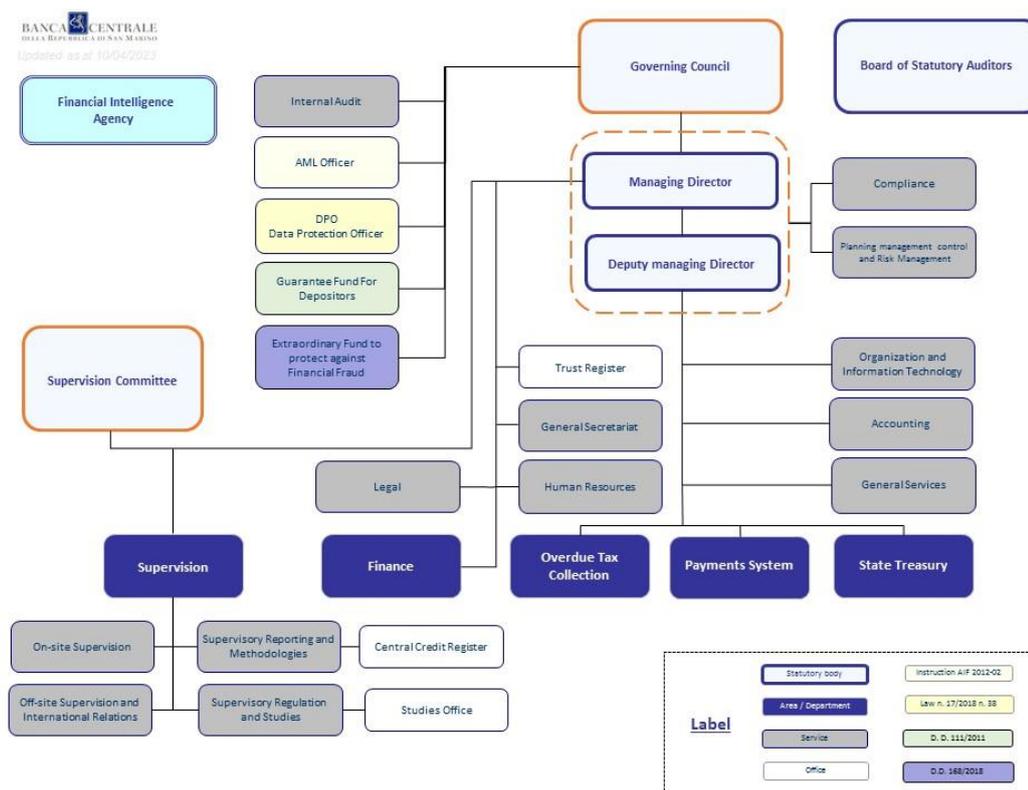
- Review of the General Management's responsibilities and direct coordination of units by the Deputy Director to enhance internal management efficiency
- Division of the Organization and General Services Department into two distinct services: the Organization and Information Systems Service and the General Services Service. This reorganization aims to achieve better balance in managing Physical Security and IT Security functions (with the latter managed jointly by both services).



Regarding internal functions, the following actions have been taken:

- Assignment of extraordinary procedures for supervised entities, including administrative liquidation procedures and associated investigations, as well as existing voluntary liquidation procedures, to the Off-site Supervision and International Relations Service.
- Assignment of supervisory sanction procedures to the Regulatory Supervision and Studies Service, and, in collaboration with the Legal Service, management of disputes related to administrative appeals against sanctions and the collection of such penalties.

Organizational chart



Significant events which occurred after the closure of the financial year

As stated in the press release published by the Central Bank of the Republic of San Marino (CBSM) on 7 February 2024, the Governing Council of the European Central Bank (ECB) has decided to extend the duration of the EUR100 million liquidity line with CBSM until January 31, 2025.

On April 16, 2024, the Bank received the summons for civil case No. 93/2024 filed by Asset Banca S.p.A. in voluntary liquidation and several of its shareholders, with the Central Bank named as the defendant. For more details, please refer to the section of the supplementary note concerning provisions for risks and charges.

Expected developments in management

The allocation of new activities to the Bank, along with commitments arising from the overall evolution of San Marino's international agreements, will demand the enhancement of the Bank's resources. Nevertheless, the Bank is continuing its efforts to control costs and achieve the highest level of efficiency.



Financial management, consistently aimed at seeking optimized integrated asset and liability management, will continue to maintain a low level of risk.

Dear Shareholders,

Following the approval of the Annual Accounts, the net equity of the Central Bank includes the following items:

	euro
Endowment Fund	12,911,425
Ordinary Reserve Fund	1,274,013
Statutory Reserve Fund	9,627,277
Fund for General Financial Risks	28,117,298
Other Equity Reserves	0
Total Net Equity	51,930,013

Dear Shareholders,

The Governing Council's Report on the 2023 Annual Accounts has been presented. On behalf of the Governing Council, following the reading of the Board of Auditors' Report, shareholders are requested to approve the entire Annual Accounts pursuant to the law.

A heartfelt thank you is extended to the General Management and all staff for their dedicated work for the Bank, and to the Board of Auditors for their collaboration and participation in the Governing Council meetings.

Finally, we wish to thank the shareholders, the authorities of the Republic of San Marino, and the public administration for their cooperation.

San Marino, 30 April 2024



2023 Annual Accounts





Balance Sheet Assets

Assets	2023		2022	
10. CASH BALANCE AND FUNDS AVAILABLE AT CENTRAL BANKS AND POST OFFICES		7,118,513		23,180,702
20. TREASURY SECURITIES AND OTHER FINANCIAL INSTRUMENTS ELIGIBLE FOR RE-FINANCING WITH CENTRAL BANKS		0		0
a) Treasury securities and similar financial instruments	0		0	
b) other financial instruments eligible for re-financing with central banks	0		0	
30. LOANS TO CREDIT INSTITUTIONS		142,799,666		70,900,450
a) on demand	64,992,899		70,900,450	
b) other loans	77,806,767		0	
40. LOANS TO CUSTOMERS		16,324,030		21,931,451
a) on demand	259,360		321,802	
b) other loans	16,064,670		21,609,649	
50. BONDS AND OTHER DEBT FINANCIAL INSTRUMENTS		612,161,012		537,015,051
a) issued by public institutions	74,271,625		62,229,770	
b) issued by credit institutions	289,176,538		229,384,403	
c) issued by financial companies other than credit institutions	172,727,404		197,500,311	
d) issued by other institutions	75,985,445		47,900,567	
60. SHARES, QUOTAS, AND OTHER EQUITY FINANCIAL INSTRUMENTS		7,760		7,275
70. SHAREHOLDINGS		0		0
a) financial companies	0		0	
b) non-financial companies	0		0	
80. SHAREHOLDINGS IN UNDERTAKINGS OF THE GROUP		0		0
a) financial companies	0		0	
b) non-financial companies	0		0	
90. INTANGIBLE FIXED ASSETS		496,990		294,471
a) financial leasing, of which:	0		0	
- assets under construction	0		0	
b) assets pending financial leasing due to termination of leasing agreement, of which:	0		0	
- due to breach by lessee	0		0	





Assets	2023		2022	
c) available assets from debt recovery, of which:	0		0	
- available assets from claim repayment by settlement agreement	0		0	
d) goodwill	0		0	
e) start-up expenses	0		0	
f) other intangible fixed assets	496,990		294,471	
100. TANGIBLE FIXED ASSETS		2,566,787		2,739,023
a) financial leasing, of which:	0		0	
- assets under construction	0		0	
b) assets pending financial leasing due to termination of leasing agreement, of which:	0		0	
- due to breach by lessee	0		0	
c) assets available from debt recovery, of which:	0		0	
- assets available from claim repayment by settlement agreement			0	
d) lands and buildings	2,460,794		2,649,940	
e) other tangible fixed assets	105,993		89,083	
110. SUBSCRIBED UNPAID CAPITAL		0		0
- of which, called-up capital	0		0	
120. OWN SHARES OR QUOTAS		0		0
130. OTHER ASSETS		8,367,484		3,959,036
140. ACCRUED REVENUES AND DEFERRED EXPENSES		103,479		113,115
a) accrued revenues	0		0	
b) deferred expenses	103,479		113,115	
150. TOTAL ASSETS		789,945,721		660,140,574





Balance Sheet Liabilities

Liabilities	2023		2022	
10. DEBTS TO CREDIT INSTITUTIONS		413,154,221		433,053,631
a) demand debts	240,656,571		206,940,078	
b) term or notice debts	172,497,650		226,113,553	
20. DEBTS TO CUSTOMERS		309,987,594		160,067,899
a) demand debts	297,590,451		149,921,806	
b) term or notice debts	12,397,143		10,146,093	
30. FINANCIAL INSTRUMENTS ISSUED		0		0
a) bonds	0		0	
b) certificates of deposit	0		0	
c) other financial instruments	0		0	
40. OTHER LIABILITIES		13,509,518		9,191,948
- of which, outstanding cheques and other securities	269,936		989,571	
50. ACCRUED EXPENSES AND DEFERRED REVENUES		64,046		0
a) accrued expenses	0		0	
b) deferred revenues	64,046		0	
60. STAFF SEVERANCE PAYMENTS		586,840		511,855
70. FUNDS FOR RISKS AND CHARGES		713,489		733,299
a) retirement funds and similar provisions	0		0	
b) tax fund	0		0	
c) other funds	713,489		733,299	
80. RESERVE FOR POSSIBLE LOAN LOSSES		0		0
90. FUND FOR GENERAL FINANCIAL RISKS		28,117,298		32,769,227
100. SUBORDINATED LIABILITIES		0		0
110. SUBSCRIBED CAPITAL		12,911,425		12,911,425
120. SHARE PREMIUM		0		0
130. RESERVES		10,901,290		10,901,290
a) ordinary or legal reserve	1,274,013		1,274,013	
b) reserve for own shares or units	0		0	
c) statutory reserves	9,627,277		9,627,277	
d) other reserves	0		0	
140. REVALUATION RESERVE		0		0





Liabilities	2023		2022	
150. PROFITS (LOSSES) CARRIED FORWARD		0		0
160. PROFIT (LOSS) FOR THE YEAR		0		0
170. TOTAL LIABILITIES		789,945,721		660,140,574





Guarantees and commitments

Items	2023	2022
10. GUARANTEES GRANTED	5,550,000	5,550,000*
- of which:		
a) acceptances	0	0
b) other guarantees	5,550,000	5,550,000*
20. COMMITMENTS	10,000,000	0
- of which:		
a) for certain use, of which:	0	0
financial instruments	0	0
b) for uncertain use, of which:	10,000,000	0
- financial instruments	0	0
c) other commitments	0	0
TOTAL	15,550,000	5,550,000*

* For data comparability purposes, the 2022 value has been adjusted, in line with the 2023 value, as defined by Article 13 of CBSM Regulation No. 2024-01, amending Regulation No. 2016-02





Profit and loss account

Items	2023	2022
10. INTEREST INCOME AND SIMILAR PROCEEDS	11,402,096	4,753,869
a) on loans to credit institutions	1,247,550	-252,233
b) on loans to customers	871,374	321,727
c) on debt securities	9,283,172	4,684,375
20. INTEREST EXPENSES AND SIMILAR CHARGES	-12,820,951	-1,558,873
a) on debts with credit institutions	-10,375,730	-995,842
b) on debts with customers	-2,445,221	-563,031
c) on debts represented by securities, of which:	0	0
- on subordinated liabilities	0	0
30. DIVIDENDS AND OTHER PROCEEDS	0	0
a) on shares, units, and other capital securities	0	0
b) on shareholdings	0	0
c) on shareholdings in undertakings of the group	0	0
40. INCOME FROM COMMISSIONS	2,250,405	2,251,327
50. EXPENSES FOR COMMISSIONS	-235,715	-209,686
60. PROFITS (LOSSES) ON FINANCIAL TRANSACTIONS	798,610	-54,369
70. OTHER OPERATING INCOME	4,749,934	4,380,920
80. OTHER OPERATING EXPENSES	-198,421	-266,366
90. ADMINISTRATIVE COSTS	-10,190,708	-9,717,239
a) staff costs	-7,243,353	-7,029,835
of which:		
- wages and salaries	-5,146,193	-4,986,675
- pension contributions	-1,374,429	-1,325,737
- staff severance payments	-534,967	-516,611
- retirement pay and similar expenses	0	0
- directors and statutory auditors	-168,689	-198,189
- other staff costs	-19,075	-2,623
b) other administrative costs	-2,947,355	-2,687,404
100. WRITE-DOWN OF INTANGIBLE FIXED ASSETS	-100,022	-87,536
110. WRITE-DOWN OF TANGIBLE FIXED ASSETS	-221,049	-228,165
120. PROVISIONS FOR RISKS AND CHARGES	-180,750	-312,160
130. PROVISIONS FOR LOAN LOSSES	0	0
140. WRITE-DOWN ON LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	0	-13,466
150. WRITE-BACKS ON LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	20,546	720





Items	2023	2022
160. WRITE-DOWN ON FINANCIAL FIXED ASSETS	0	0
170. WRITE-BACKS ON FINANCIAL FIXED ASSETS	0	0
180. ORDINARY INCOME	-4,726,025	-1,061,024
190. EXTRAORDINARY PROCEEDS	113,016	38,556
200. EXTRAORDINARY EXPENSES	-38,920	-5,780
210. EXTRAORDINARY INCOME	74,096	32,774
220. INCOME TAXES FOR THE FINANCIAL YEAR	0	0
230. CHANGE IN THE FUND FOR GENERAL FINANCIAL RISKS	4,651,929	1,028,248
240. NET PROFIT (LOSS) OF THE YEAR	0	0



Reclassified profit and loss account

Items	2023	2022
1 - Interest income and similar proceeds	11,402,096	4,753,869
2 - Interest expenses and similar expenses	-12,820,951	-1,558,873
A - Interest margin	-1,418,855	3,194,996
3 - Commission income	2,250,405	2,251,327
4 - Commission expense	-235,715	-209,686
5 - Other operating proceeds	4,749,934	4,380,920
6 - Other operating expenses	-198,421	-266,366
B - Service revenues	6,566,203	6,156,195
7 - Dividends and other proceeds	0	0
8 - Profits (losses) on financial transactions	798,610	-54,369
C- Gross income (A+B+7+8)	5,945,958	9,296,822
9 - Administrative expenses	-10,190,708	-9,717,239
10 - Write-downs on tangible and intangible fixed assets	-321,071	-315,701
D - Operating expenses	-10,511,779	-10,032,940
E - Gross operating income (C-D)	-4,565,821	-736,118
11 - Provisions for risks and charges	-180,750	-312,160
12 - Provisions for loan losses	0	0
13 - Write-downs on loans and provisions for guarantees and commitments	0	-13,466
14 - Write-backs on loans and provisions for guarantees and commitments	20,546	720
15 - Write-downs on financial fixed assets	0	0
16 - Write-backs on financial fixed assets	0	0
F - Ordinary income	-4,726,025	-1,061,024
17 - Extraordinary proceeds	113,016	38,556
18 - Extraordinary expenses	-38,920	-5,780
G - Extraordinary income	74,096	32,776
H. Total income before taxes	-4,651,929	-1,028,248
19 - Taxes on income for the financial year	0	0
I - Net result*	-4,651,929	-1,028,248
20 - Change in the Fund for general financial risks	4,651,929	1,028,248
Net profit / loss of the year	0	0

* Gross of change in the Fund for general financial risks.





Notes to the Annual Accounts



Notes to the Annual Accounts

Structure and Contents of the Annual Accounts

PART A - GENERAL PART

Section 1 - Valuation Criteria

Section 2 - Adjustments and Provisions

PART B - INFORMATION ON THE BALANCE SHEET

PART C - INFORMATION ON THE PROFIT AND LOSS ACCOUNT

PART D - OTHER INFORMATION

Structure and Contents of the Annual Accounts

The 2023 Annual Accounts are drawn up in compliance with the laws currently in force. The main relevant laws are Law No. 96 dated 29 June 2005 (CBSM Statute), Law No. 165 dated 17 November 2005 (Law on Companies and Banking, Financial and Insurance Services), Law No. 47 dated 23 February 2006 (Company Law), and Article 4 of Delegated Decree No. 50 of March 21, 2023, and subsequent amendments and additions.

The Annual Accounts, comprising the Balance Sheet, the Profit and Loss Account, and the Notes to the Annual Accounts, are accompanied by the Reports of the Governing Council, the Board of Statutory Auditors, and the Audit Firm.

The Annual Accounts are drawn up in a clear manner and serve as a truthful and accurate description of the assets and liabilities, the financial situation, and the economic profit for the financial year.

The Balance Sheet and the Profit and Loss Account are drawn up according to the statements defined by CBSM Regulation No. 2016/02. The Notes to the Annual Accounts is drawn up based on the provisions set out in the aforementioned Regulation, the operational provisions set forth by CBSM Circular No. 2017/03, and the provisions under Article 4 of Delegated Decree dated 21 March 2023, No. 50. The peculiarities inherent in the Central Bank's activities are also taken into account.

Furthermore, the Statement of Cash Flows (Part D - Other information) are attached to the Notes to the Annual Accounts.

For easier data reference, the figures of the previous financial year are also included and reclassified, when necessary, to ensure data comparability between the two years.

Some of the items in the Notes to the Annual Accounts have been distinguished, depending on their denomination into "euro" and "foreign currency," with the latter category including all currencies other than the euro.

As for individual items in the Annual Accounts, they are presented in euros and obtained through either the rounding off of the decimals, or the sum of rounded amounts of sub-items.

Any differences that may have arisen in this process have been classified, within the same Annual Accounts, as "other assets/liabilities" in the Balance Sheet and as "extraordinary income/expenses" in the Profit and Loss Account, in accordance with the general criteria for the Annual Accounts' preparation.

It should also be noted that the Notes to the Annual Accounts do not include detailed tables for items that do not have accounting implications in the two reference periods. Similarly, sections related to activities and/or circumstances that are not exercisable and/or applicable due to the aforementioned peculiarities have not been reported (Unfilled tables: 2.1-3.3-3.4-4.4-4.5-6.1-6.2-6.3-6.4-6.5-6.6-6.7-8.3-8.4-9.1-10.1-15.1-16.2-18.3-18.5-19.2-19.4-19.6-19.7-20.3-20.5-20.8-20.9-20.10-21.2-21.4-21.5-23.1-24.3-28.3-28.6-28.7-28.8-31.1-32.1-32.2-33.1-35.1-35.2-36.1-36.2-36.3-36.4-37.1).



• Section 1 - Valuation Criteria

The 2023 Annual Accounts have been prepared in accordance with the general principles of prudence, competence, and business continuity. Wherever possible, priority has been given to substance over form, and to the time of settlement of transactions over that of negotiation.

CASH BALANCE AND FUNDS AVAILABLE AT CENTRAL BANKS AND POST OFFICES

They are shown at their nominal value, which corresponds to their assumed salvage value.

LOANS

- **Loans to credit institutions** are shown at their nominal value, corresponding to their assumed salvage value. They also included the interest accrued and matured at the reporting date.
- **Loans to customers** are shown at their assumed realisable value, corresponding to their nominal value. They also included the interest accrued and matured at the reporting date.
- **Other loans** (held under "Other assets") are shown at their assumed salvage value, corresponding to their nominal value.

An exception applies to loans for the recovery of other charges, which are recorded at their assumed salvage value, corresponding to their nominal value net of any value adjustments, along with an increase in the bad debt reserve for the portion deemed unrecoverable.

BONDS AND OTHER DEBT FINANCIAL INSTRUMENTS

In accordance with Article 4 of Delegated Decree no. 50 dated 21 March 2023, based on the decisions of the Governing Council dated January 17, 2023, and February 3, 2023, starting from the 2022 Annual Accounts, the Central Bank has adopted accounting principles and practices for preparing its financial statements that are similar to those set out in the legal framework for recognition and reporting in force within the European System of Central Banks, as outlined in Decision (EU) 2016/2247 and Guideline (EU) 2016/2249 of the European Central Bank, as amended. This is part of the process of gradual alignment with the EU regulatory standards.

There are two bond portfolios: one held for financial stability purposes and the other consisting of own funds to be held until maturity, which includes the public debt of the State of San Marino in the form of irredeemable bond, issued under Decree-Law No. 133 of July 19, 2021. Both portfolios are measured using the amortized cost method, defined as the value at which the financial asset was initially recognized, net of principal repayments, and increased or decreased by the cumulative amortization using the effective interest method on the difference between the initial value and the maturity value, subject to impairment, taking into account any permanent reductions in value.

SHARES, QUOTAS, AND OTHER CAPITAL FINANCIAL INSTRUMENTS

Only one share (of limited amount) was accounted for. In the absence of a market quotation, reference is made to the share value reported by the issuing company as of 31/12/2023.

This security generated a capital gain in 2023, which, as in previous years, was recorded under the item 'profits and losses from financial operations'.

INTANGIBLE FIXED ASSETS

The following assets were recorded at their purchase price, including any ancillary expenses, and were amortised according to the straight-line method on a yearly basis:

- Software programmes amortized based on amortization plans with a maximum duration of 5 years and amortization percentages consistent with the tax legislation (Law No. 166 dated 16 December 2013, and subsequent amendments).



- Intangible fixed assets under construction, to which no amortization has been applied.
- Other multi-year costs.

Multi-year costs were recorded in the Annual Accounts upon specific approval of the Board of Statutory Auditors.

During the first year, intangible fixed assets are amortised for the entire financial year, regardless of the date of actual use.

TANGIBLE FIXED ASSETS

They were recorded at their purchase cost, including any ancillary expenses. No write-downs and/or revaluations were made during 2023.

There are tangible fixed assets under construction, for which no depreciation has yet been applied.

Depreciation of tangible fixed assets is applied for the entire financial year in the first year, regardless of the actual start date of use.

The cost of fixed assets is depreciated, taking into account the remaining useful life span of the assets, based on the percentages laid down by the current tax regulation (Law No. 166 of 16/12/2013, and subsequent amendments) that were deemed to reflect service life.

ACCRUED REVENUES AND EXPENSES / DEFERRED REVENUES AND EXPENSES

These items include the portion of costs and proceeds that are common to two or more financial years, in accordance with the accruing principle.

OTHER ASSETS AND LIABILITIES

In this account, all the assets and liabilities that cannot be classified under other items of the assets and liabilities are recorded, including items in transit not assigned to relevant accounts.

Among other liabilities, this includes payment instruments drawn on the bank, such as quittance and drawer's cheques.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies were shown in Euro, based on the exchange rates reported by the European Central Bank's bulletin dated 29 December 2023.

The total amount of foreign currency-denominated assets and liabilities is, respectively, EUR 469,923 and EUR 2,225.

DEBTS

Debts are recorded at their nominal value. Any accrued interests up to the closing date of the Annual Accounts is also included.

SEVERANCE PAYS

This item accounts for the entire amount of pays accrued by employees during the year, pursuant to the laws and labour agreements currently in force.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set up to cover certain or probable losses or debts, whose amount or date of occurrence could not be determined at the end of the financial year. In evaluating such funds, the general criteria of prudence and accrual have been respected and no generic risk provisions without economic justification have been set up. Contingent liabilities were recorded in the Annual Accounts and included in the funds, as they were considered to be likely and a reasonable estimate was made around its respective charge.



No tax fund has been established, in accordance with the provisions of the Central Bank's Statute, which exempts any profits from General Income Tax

GENERAL RISK PROVISION

The provision is intended to cover general business risk and, therefore, it is part of the equities. The balance of any modifications is recorded in a specific item of the Profit and loss account.

GUARANTEES AND COMMITMENTS

Guarantees issued were recorded at the value corresponding to the commitment undertaken or guaranteed.

Commitments to disburse funds were recorded for the residual amount to be used.

INTEREST, COMMISSIONS, EXPENSES, AND PROCEEDS

Interest, commissions, expenses, and proceeds were accounted for on an accrual basis.

MEMORANDUM ACCOUNTS

Third-party financial instruments on deposit and proprietary instruments deposited with third parties are valued, where available, at year-end market prices. In other cases, they are valued at nominal or issue value and in others at a symbolic value.

- **Section 2 - Adjustments and provisions made in compliance with tax regulations**

No value adjustments or provisions were made exclusively in application of tax regulations.



Assets

1 Cash balance and funds available at central banks and post offices (item 10 of Assets)

Table 1.1: Breakdown of item 10 "Cash balance and funds available at central banks and post offices"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Cash balance and funds available at central banks and post offices:				
Cash and available funds	7,118,513	23,180,702	-16,062,189	-69.29%
Total	7,118,513	23,180,702	-16,062,189	-69.29%

The vault cash consisted of euro-denominated notes and coins totalling 7,117,371 including cash available at the company used to discharge centralised cash management duties and cash on hand (EUR 87) maintained with the Single Court of San Marino for legal notification expenses. It also included foreign currencies for an equivalent of EUR 1,055.

2 Treasury bonds and other financial instruments eligible for re-financing purposes at central banks (item 20 of Assets)

Table 2.1: Breakdown of item 20 "Treasury bonds and other financial instruments eligible for refinancing purposes at central banks"

No amount was entered for this item since it accounts for financial instruments that are held by San Marino's banks and are eligible for refinancing at this Central Bank.

3 Loans to credit institutions (item 30 of Assets)

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

	31/12/2023			31/12/2022			Change	
	In EUR	In foreign currency	Total	In EUR	In foreign currency	Total	Total amount	%
Loans to credit institutions:								
A) On demand:	64,524,031	468,868	64,992,899	70,145,001	755,449	70,900,450	-5,907,551	-8.33%
A1. Mutual accounts opened for services rendered	3,669,701	0	3,669,701	4,105,784	0	4,105,784	-436,083	-10.62%
A2. Current accounts with a credit balance	60,854,330	468,868	61,323,198	66,039,217	755,449	66,794,666	-5,471,468	-8.19%
A3. Others	0	0	0	0	0	0	0	0%
B) Other loans	77,806,767	0	77,806,767	0	0	0	77,806,767	n.d.
B1. Term deposits	77,806,767	0	77,806,767	0	0	0	77,806,767	n.d.
B2. Current accounts with a credit balance	0	0	0	0	0	0	0	0%
B3. Repurchase agreements and repos	0	0	0	0	0	0	0	0%

B4. Others	0	0	0	0	0	0	0	0%
Total	142,330,798	468,868	142,799,666	70,145,001	755,449	70,900,450	71,899,216	101.41%

Loans to credit institutions as at 31/12/2023 registered an total increase of EUR 71,9 milioni equalling 101,41% compared to 31/12/2022, resulting from the increase in "Other loans – term deposit" of EUR 77.8 million. This variation is mainly due to ordinary activities, treasury decisions, and partly attributable to an increase in the State liquidity, as further detailed in the following Table 14.1.

The Central Bank does not hold any shareholdings. Therefore, as at 31 December 2023, there are no existing credits to subsidiaries, associated companies, or companies linked to the Central Bank through a participating interest.

This item includes accrued and overdue interest at year-end on sight deposits with banks, amounting to EUR302,766.

The loans described in this section are not subordinated.

Table 3.2: Situation of cash credits to credit institutions

Categories/Items	31/12/2023				31/12/2022			
	Gross exposure	Total value adjustments	Net exposure	Total of partial cancellations (*)	Gross exposure	Total value adjustments	Net exposure	Total of partial cancellations (*)
A) Doubtful loans:	0	0	0		0	0	0	0
A1 Bad loans	0	0	0		0	0	0	0
A2. Problem loans	0	0	0		0	0	0	0
A3. Restructured loans								
A4. Overdue/past due loans	0	0	0		0	0	0	0
A5. Unsecured loans towards countries at risk	0	0	0		0	0	0	0
B) Performing loans	142,799,666	0	142,799,666	0	70,900,450	0	70,900,450	0
Total	142,799,666	0	142,799,666	0	70,900,450	0	70,900,450	0

(*) Value to be disclosed for informational purposes.

Table 3.3: Trends in doubtful loans to credit institutions

No "doubtful credits to credit institutions" were recorded as at 31 December 2023, nor at 31 December 2022.

Table 3.4: Trend in total write-downs of "Loans to credit institutions"

No "write-downs of loans to credit institutions" were recorded at 31 December 2023, nor at 31 December 2022.



Table 3.5: Breakdown of “Loans to credit institutions” based on residual life

MATURITY	31/12/2023	31/12/2022
On demand	64.992.899	70.900.450
Up to 3 months	77.806.767	0
3 to 6 months	0	0
6 to 12 months	0	0
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	0	0
Total	142.799.666	70.900.450

As for the loans shown in this section, it should be noted that the remuneration received in the majority of positions was settled at a floating rate.

4 Loans to customers (item 40 of Assets)

Table 4.1: Breakdown of “Loans to customers” (item 40)

	31/12/2023			31/12/2022			Changes	
	In EUR	In foreign currency	Total	In EUR	In foreign currency	Total	Total amount	%
A) On demand/until revoked:	259,360	0	259,360	321,802	0	321,802	-62,442	-19.40%
A1. Current accounts with a credit balance	259,360	0	259,360	321,802	0	321,802	-62,442	-19.40%
A2. Others	0	0	0	0	0	0	0	0%
B) Other loans:	16,064,670	0	16,064,670	21,609,649	0	21,609,649	-5,544,979	-25.66%
B1. Current accounts with a credit balance	12,673,238	0	12,673,238	17,648,061	0	17,648,061	-5,544,979	-25.66%
B2. Portfolio discounted and subject to collection	0	0	0	0	0	0	0	0%
B3. Repurchase agreements and repos	0	0	0	0	0	0	0	0%



B4. Other loans	3,391,432	0	3,391,432	3,961,588	0	3,961,588	-570,156	-14.39%
Total	16,324,030	0	16,324,030	21,931,451	0	21,931,451	-5,607,421	-25.57%

“Loans to customers” mainly include credits to the Public Administration and, to a lesser extent loans to Central Bank employees. Specifically, the sub-item “Other credits - current accounts with a credit balance” includes a loan for EUR 60 million to the Ecc.ma Camera, taken out in December 2012, with repayment starting from 30 November 2014 and expiring on 31 May 2020. On 26 November 2014, the maturity of said loan was extended to 30 June 2026, and consequently the repayment instalments were halved to EUR 2.5 million. The first instalment was collected on 31 December 2014. At 31 December 2021, the residual credit is equal to EUR 12.5 million.

The sub-item “Other credits - other loans” includes the residual credit of EUR 1.07 million referring to an unsecured loan in which the Central Bank took over as creditor of the Ecc.ma Camera and the loans disbursed to the employees of the CBSM equal to EUR 2.32 million. As at 31 December 2023, the item in question recorded a total increase of EUR 570.156 essentially attributable to unsecured loans.

In relation to loans disbursed to the Bank employees In relazione ai finanziamenti erogati ai dipendenti the Bank received mortgage guarantees from employees amounting to EUR 5.274.493 and sureties amounting to EUR 269.048, as shown in table 4.2 below.

“Interest to be debited to customers”, accrued and overdue at year end, totalling EUR 191.260, mainly listed under “Other credits - current accounts” for EUR 173.238 and under “On demand credits - current accounts with a credit balance” for EUR 18.022.

The Central Bank does not hold any shareholdings in corporate customers. Therefore, as at 31 December 2023 there are no existing credits to subsidiaries and associated companies or companies linked by a participating interest. Likewise, no loans granted to the members of the administrative, management and control bodies were in place.

The credits described in this section are not subordinated.

Table 4.2: Secured loans to customers

	31/12/2023	31/12/2022	Changes	
			Amount	%
A) From mortgages	2,324,832	2,361,688	38,856	-1.56%
B) From liens on:	0	0	0	0%
1. cash deposits	0	0	0	0%
2. securities	0	0	0	0%
3. other assets	0	0	0	0%
C) From guarantees provided by:	0	0	0	0%
1. Public Administrations	0	0	0	0%
2. Monetary financial institutions	0	0	0	0%
3. Investment funds other than monetary mutual funds	0	0	0	0%
4. Other financial companies	0	0	0	0%
5. Insurance undertakings	0	0	0	0%
6. Pension funds	0	0	0	0%
7. Non-financial companies	0	0	0	0%
8. Households and not-for-profit institutions servicing households	0	0	0	0%
- 8.1 Consumer and producer households	0	0	0	0%
- 8.2 Not-for-profit institutions servicing households	0	0	0	0%
9. Others	0	0	0	0%



	Total	2,324,832	2,361,688	38,856	-1.56%
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Details above refer to mortgages granted to employees. They are sometimes extended against collaterals and personal guarantees. Such loans are stated under mortgage-backed loans for their entire amount, given that the mortgage lien is prevailing compared to the personal guarantee, which is residual in nature.

The aforementioned table, where the amount of credits secured by collateral and/or personal guarantees is reflected, does not specify availability obligations applied on current accounts with reference to loans disbursed.

Table 4.3: Cash loans to customers

Categories/A mounts	31/12/2023				31/12/2022			
	Gross exposure	Total value adjustments	Net exposure	Total of partial cancellations (*)	Gross exposure	Total value adjustments	Net exposure	Total of partial cancellations (*)
A) Non-performing loans:	0	0	0	0	0	0	0	0
A1 Bad loans	0	0	0	0	0	0	0	0
A2. Problem loans	0	0	0	0	0	0	0	0
A3. Restructured loans	0	0	0	0	0	0	0	0
A4. Overdue/past due loans	0	0	0	0	0	0	0	0
A5. Unsecured loans towards countries at risk	0	0	0	0	0	0	0	0
B) Performing loans	16,324,030	0	16,324,030	0	21,931,451	0	21,931,451	0
Total	16,324,030	0	16,324,030	0	21,931,451	0	21,931,451	0

(*) Value to be disclosed for informational purposes.

Table 4.4: Trend in non-performing loans to customers

No "non-performing loans to customers" were accounted for as at 31 December 2023, nor as at 31 December 2022.

Table 4.5: Trend in total value adjustments of "Loans to customers"

No value adjustments of loans to customers were recognised either as at 31 December 2023, nor as at 31 December 2022.



Table 4.6: Breakdown of “Loans to customers” based on residual life

MATURITY	31/12/2023	31/12/2022
On demand	432,598	449,675
Up to 3 months	36,795	78,827
3 to 6 months	2,537,205	2,537,286
6 to 12 months	3,108,919	3,108,781
12 to 18 months	2,577,260	2,576,709
18 to 24 months	3,112,237	3,111,256
2 to 5 years	2,955,854	8,499,227
Over 5 years	1,563,162	1,569,690
Without maturity	0	0
Total	16,324,030	21,931,451

The abovementioned loans are paid at a floating rate. It should be noted that the loan to the Ecc.ma Camera, with a residual value of EUR 12.5 million, has been reported for the purposes of the aforementioned allocation based on the repayment plan (capital portion) agreed upon with the counterparty, even though, from a contractual perspective, it is a credit line. This allocation takes into account the new plan agreed on 26 November 2014 and described above.

Table 4.7: Breakdown of “Loans to customers” (net amounts) for each business sector

	31/12/2023	31/12/2022
a) Public Administrations	13,754,648	19,268,150
b) Financial companies other than credit institutions:	0	0
- Monetary financial institutions (excluding credit institutions)	0	0
- Investment funds other than monetary mutual funds	0	0
- Other financial institutions	0	0
- Insurance undertakings	0	0
- Pension funds	0	0
c) Non-financial companies	0	0
- of which parties cancelled from the Register of Authorised Entities	0	0
- Industrial sector	0	0
- Construction	0	0
- Services	0	0
- Other non-financial companies	0	0
d) Households and non-profit institutions serving households	2,569,382	2,663,301
- Consumer and producer households	2,569,382	2,663,301
- Non-profit institutions serving households	0	0
e) Others	0	0
Total	16,324,030	21,931,451



5 Bonds and other debt financial instruments and Shares, participations and other capital financial instruments (items 50 - 60 of Assets)

Table 5.1: Breakdown of "Bonds"

31/12/2023		
Items/Amounts	Proprietary portfolio	Securities portfolio held for financial stability purposes
Bonds and other debt financial instruments:	76,331,941	535,829,071
- of <i>which</i> bonds and other subordinated debt instruments	0	0
- of <i>which</i> bonds and other debt financial instruments maturing in 2023	0	73,940,258
a) issued by public institutions	23,105,006	51,166,620
b) issued by credit institutions	5,997,505	283,179,032
c) issued by financial companies other than credit institutions	47,229,430	125,497,974
d) issued by other institutions	0	75,985,445
Total	76,331,941	535,829,071
- of <i>which</i> unavailable for reverse repurchase agreements	3,504,271	39,779,619

As shown in the table above, there are two portfolios of bond instruments as at 31 December 2023: one held for financial stability purposes, and the other consists of proprietary funds to be held until maturity.

As shown in the previous Section 1 - "Valuation criteria for bonds and other financial instruments," from 2023 onwards, all securities are valued at amortised cost, taking into account any subsequent reductions in value that are deemed to be significant and long-lasting.

Among the financial instruments of "public issuers" in the proprietary portfolio, CBSM received by the Ecc.ma Camera an Irredeemable Government Debt Security in exchange for the termination of BNS participation (Banca Nazionale di San Marino), as envisaged by Decree Law July 19, 2021, No. 133 (which ratified Decree Law June 25, 2021, No. 118).

The value of the two bond portfolios as of 31/12/2023, using the market price valuation criterion, amounts to a total of EUR593,053,771.

Table 5.2: Breakdown of "Capital Financial Instruments"

Items/amounts	31/12/2023	31/12/2022
	Book value	Book value
Shares, participations, and other equity financial instruments:	7,760	7,275
a) shares	7,760	7,275



There is only one equity share (Swift) of insignificant amount. The value reported for such share is the one by the issuing company, since no market quotation is available.

Table 5.3: Breakdown of “Financial instruments held for financial stability purposes”

	31/12/2023	31/12/2022
Items/Amounts	Book value	Book value
1. Debt financial instruments		
1.1 Bonds		
- listed		
- unlisted	76,331,941	76,373,845
1.2 Other debt financial instruments		
- listed		
- unlisted		
2. Equity financial instruments		
- listed		
- unlisted		
Total	76,331,941	76,373,845

The portfolio held for financial stability consists of securities not listed on regulated markets.

Table 5.4: Annual changes in “Financial instruments held for financial stability”

	31/12/2023
Opening balances	76,373,845
Increases:	1,309,956
1. Purchases	0
- of which: debt financial instruments	0
- of which: equity financial instruments	0
2. Transfer from the proprietary portfolio	0
3. Other changes	0
Increases:	1,309,956
Decreases:	1,351,860
1. Sales	0
- of which: debt financial instruments	0
- of which: equity financial instruments	0
2. Refunds	0
3. Value adjustments	0
- of which: permanent impairments	0
4. Transfer to the proprietary portfolio	0
5. Other changes	1,351,860
Final balances	76,331,941

With reference to the table above, the following should be noted:

Increases - Other changes



includes:

- Accrued interest income resulting from the amortised cost criterion, totalling EUR 1.066.892;

- Accrued interest accruals resulting from the amortised cost criterion as at 31/12/2023 totalling EUR 243.065

Decreases - Other changes

It refers to the coupon amount as a write-down of the amount of capitalized interest income based on the amortized cost method, as indicated under the item 'Increases - other changes'.

As at December 31, 2023, the Central Bank does not hold any investments or financial instruments issued by controlled or affiliated companies, nor does it have any investments in companies with which it has a significant ownership interest.

Table 5.5: Breakdown of "Financial instruments held in the proprietary portfolio"

Residual duration of bonds	31/12/2023	
	Tasso fisso	Tasso variabile
On demand	0	0
Up to 3 months	0	0
3 to 6 months	0	0
6 to 12 months	0	0
12 to 18 months	0	20,226,680
18 to 24 months	0	0
2 to 5 years	18,851,671	14,276,916
Over 5 years	0	3,971,910
Without maturity	19,004,764	0
Total	37,856,435	38,475,506

Table 5.6: Breakdown of "Financial debt instruments held for financial stability classified according to remaining maturity"

items	31/12/2023	31/12/2022
	Book value	Book value
1. Debt financial instruments		
1.1 Bonds		
- listed		
- unlisted	535,829,071	460,641,206
1.2 Other debt financial instruments		
- listed		
- unlisted		
2. Equity financial instruments		
- listed		
- unlisted		
Total	535,829,071	460,641,206



The bond portfolio held for financial stability purposes consists of securities not listed on regulated markets and is valued using the amortized cost method, as previously defined in Part A – Section 1 of this Note.

Table 5.7: Annual changes in Financial instruments held in the proprietary portfolio.

	31/12/2023
Opening balances	460,641,206
Increases:	636,344,974
1. Purchases	626,948,753
- of which: debt financial instruments	626,948,753
- of which: equity financial instruments	0
3. Transfer from the financial stability portfolio	0
4. Other changes	9,396,221
Decreases:	561,157,109
1. Sales	535,292,369
- of which: debt financial instruments	535,292,369
- of which: capital financial instruments	0
2. Refunds	20,438,065
3. Write downs	0
- of which: permanent impairments	0
4. Transfers to the proprietary portfolio	0
5. Other changes	5,426,675
Final balances	535,829,071

With reference to the table above, the following should be noted:

Increases – purchases

Includes:

- Purchasing transactions at the *tel quel* price

Increases – other changes

Includes:

- Trading profit from securities amounting to EUR 1,423,005
- Capitalized interest income resulting from the amortized cost method amounting to EUR 5,254,617;
- Accrued interest from the amortized cost method as of 31/12/2023 for EUR 2,718,599.

Decreases - sales and redemptions

Includes:

- Sales transactions at the *tel quel* price

Decreases – other changes

Includes:

- Coupon amount of EUR4,805,202 as an adjustment to the capitalized interest income resulting from the amortized cost method, as noted under 'Increases - other changes.
- Loss from securities trading amounting to EUR621,473

The Central Bank does not hold any equity investments; therefore, as at December 31, 2023, there are no financial instruments issued by controlled or affiliated companies, or companies linked by a participating interest.



Table 5.8: Breakdown of “Debt financial instruments held for own funds” based on their residual duration.

Residual duration of bonds	31/12/2023	
	Fixed rate	Floating rate
On demand	0	0
Up to 3 months	3,771,784	1,040,405
3 to 6 months	15,002,834	0
6 to 12 months	54,125,236	0
12 to 18 months	45,333,115	8,164,579
18 to 24 months	59,740,589	35,487,974
2 to 5 years	209,479,104	43,693,788
Over 5 years	33,874,289	26,115,374
Without maturity	0	0
Total	421,326,951	114,502,120

Table 5.9: Shares, participations, and other equity financial instruments.

31/12/2023	
Items/amounts	Book value
Shares, participations, and other equity financial instruments:	7,760
a) shares	7,760
Total	7,760

The item '(Unquoted) Equity Financial Instruments' only includes the value of one share owned by Swift SCRL, gross of the recorded valuation gain of EUR 485.

6 Shareholdings (items 70 - 80 of Assets)

Table 6.1: Shareholdings including Shareholdings in undertakings of the group

No “Shareholdings including Shareholdings in undertakings of the group” are recorded as at 31 December 2023.

Table 6.2 Shareholdings (item 70)

No shareholdings are recorded as at 31/12/2023, nor at 31/12/2022.

Table 6.3 Shareholdings in undertakings of the group (item 80)

No shareholdings in undertakings of the group are recorded as at 31/12/2023, nor at 31/12/2022.

Table 6.4 Annual changes in Shareholdings (item 70)

No shareholdings are recorded as at 31/12/2023, nor at 31/12/2022.



Table 6.5 Annual changes in Shareholdings in undertakings of the group (item 80)

No shareholdings in undertakings of the group are recorded as at 31/12/2023, nor at 31/12/2022.

Table 6.6 Assets and liabilities involving affiliated companies (item 70)

No assets and liabilities involving affiliated companies are recorded as at 31/12/2023, nor at 31/12/2022.

Table 6.7 Assets and liabilities involving undertakings of the group (item 80)

No assets and liabilities involving undertakings of the group are recorded as at 31/12/2023, nor at 31/12/2022.

7 Intangible fixed assets (item 90 of Assets)**Table 7.1: Description and movements in item 90 "Intangible fixed assets"**

Annual changes	31/12/2023	Financial leasing	Assets pending financial leasing for termination of leasing agreement	Assets available from debt recovery	Goodwill	Start-up expenses	Other intangible fixed assets
A. Opening balances	294,471	0	0	0	0	0	294,471
B. Increases	311,541	0	0	0	0	0	311,541
B1. Purchases	132,073	0	0	0	0	0	132,073
B2. Value recoveries:	0	0	0	0	0	0	0
- of which for creditworthiness	0	0	0	0	0	0	0
B3. Revaluations	0	0	0	0	0	0	0
B4. Other increases	179,468	0	0	0	0	0	179,468
C. Decreases	109,022	0	0	0	0	0	109,022
C1. Sales	0	0	0	0	0	0	0
C2. Value adjustments:	100,022	0	0	0	0	0	100,022
- of which amortisation	100,022	0	0	0	0	0	100,022
- of which lasting devaluations	0	0	0	0	0	0	0
- of which for creditworthiness	0	0	0	0	0	0	0
C3. Other decreases	9,000	0	0	0	0	0	9,000
D. Final balances	496,990	0	0	0	0	0	496,990



With reference to the above table, the following should be noted:

Item B.1: Purchases
Refers to costs for the purchase of software programs.
Item B.4: Other increases
Refers to assets under construction.
Item C.2: Write-downs
Refers to annual amortisation of EUR 100,022
Item C.3: Other decreases
It refers to EUR 9,000 for the transfer of assets under construction and advances to software programs.

Table 7.2: Intangible fixed assets (item 90)

Items/Amounts	31/12/2023			31/12/2022		
	Purchase price/ Production cost	Book value	Fair value*	Purchase price/ Production cost	Book value	Fair value*
A. Financial leasing	0	0	0	0	0	0
- of which assets under construction	0	0	0	0	0	0
B. Assets pending financial leasing for termination of leasing agreement	0	0	0	0	0	0
- of which for breach of the lessee	0	0	0	0	0	0
C. Assets available resulting from debt recovery	0	0	0	0	0	0
- of which assets available for repayment of loan through a settlement agreement	0	0	0	0	0	0
D. Goodwill	0	0	0	0	0	0
E. Costs of start-up	0	0	0	0	0	0
F. Other intangible fixed assets	648,025	496,990	==	424,128**	294,471	==
Total	648,025	496,990	==	424,128**	294,471	==

*The figure related to the fair value was not specified since, in the event of measurement at purchase cost, it is optional.

** The figure as of 31/12/2022 has been revised due to an error in the original report.



8 Tangible fixed assets (item 100 of Assets)

Table 8.1: Description and movements in item 100 "Tangible fixed assets"

Annual changes	31/12/2023	Financial leasing	Assets pending financial leasing for termination of leasing agreement	Assets available resulting from debt recovery	Lands and buildings	Other tangible fixed assets
A. Opening balances	2,739,023	0	0	0	2,649,940	89,083
B. Increases	48,813	0	0	0	0	48,813
B1. Purchases	25,813	0	0	0	0	25,813
B2. Value recoveries:	0	0	0	0	0	0
- of which for creditworthiness	0	0	0	0	0	0
B3. Revaluations	0	0	0	0	0	0
B4. Other changes	23,000	0	0	0	0	23,000
C. Decreases	221,049	0	0	0	189,146	31,903
C1. Sales	0	0	0	0	0	0
C2. Value adjustments:	221,049	0	0	0	189,146	31,903
- of which depreciation	221,049	0	0	0	189,146	31,903
- of which lasting devaluations	0	0	0	0	0	0
- of which for creditworthiness	0	0	0	0	0	0
C3. Other changes	0	0	0	0	0	0
D. Final balances	2,566,787	0	0	0	2,460,794	105,993

With reference to the above table, the following should be noted:

Item B.1: Purchases

This item includes costs for the purchase of:

- electronic equipment totalling EUR 8,913
- miscellaneous equipment for EUR 4,223



- systems and fittings totalling EUR 10,514
- office furnishings for EUR 2,163

Item B.4: Other increases

It refers to tangible assets under construction.

Table 8.2: Tangible fixed assets (item 100)

Items/Amounts	31/12/2023			31/12/2022		
	Purchase price/ Production cost	Book value	Fair value*	Purchase price/ Production cost	Book value	Fair value*
A. Financial leasing	0	0	0	0	0	0
- of which assets under construction	0	0	0	0	0	0
B. Assets pending financial leasing for termination of leasing agreement	0	0	0	0	0	0
- of which for breach of the lessee	0	0	0	0	0	0
C. Assets available resulting from debt recovery	0	0	0	0	0	0
- of which assets available for repayment of loan through a settlement agreement	0	0	0	0	0	0
D. Lands and buildings	6,304,853	2,460,794	==	6,304,853	2,649,940	==
E. Other tangible fixed assets	840,412	105,993	==	791,597	89,083	==
Total	7,145,265	2,566,787	==	7,096,450	2,739,023	==

*The figure related to the fair value was not specified since, in case of a measurement at purchase cost, it is optional.

9 Unpaid subscribed capital (item 110 of Assets)

No portions of unpaid subscribed capital were reflected as at 31 December 2023, nor at 31 December 2022.

10 Transactions on own shares (item 120 of Assets)

No own shares were reflected either as at 31 December 2023 or 31 December 2022.



11 Other assets (item 130 of Assets)

Table 11.1: Breakdown of "Other assets" (item 130)

	31/12/2023	31/12/2022
Other assets:		
Security margins	0	0
Premiums paid for options	0	0
Others	8,367,484	3,959,036
Total	8,367,484	3,959,036

"Other assets" include:

1. Credits for the recovery of sums levied from supervised parties for 2023, equal to EUR 2,633,229 million, which supervised parties are obliged to pay back to the Central Bank by 31 May 2024 (equalling EUR 2.51 million in 2022)
2. Credits for the recovery of sums levied from supervised parties and other recoveries, which are still unpaid.

These credits, having a nominal value of EUR 253,242 (in 2022 they stood at EUR 288,269), were fully written down, as was the case in the previous year.

No write-downs were made in financial year 2023, while write-backs stand at EUR 20,546, therefore the overall depreciation equalled EUR 232,696 (EUR 253,242 in 2022).
3. Credits, amounting to EUR 163,359, relating to the recovery of costs incurred in 2023 in relation to the maintenance of the Central Credit Register (Circular No. 2015-02). In 2022 they amounted to EUR 132,284.
4. Entries to be settled in relation to the pre-authorized collection procedure, totalling EUR 3.78 million (EUR 0.25 million as at 31/12/2022).

12 Accrued revenues and deferred expenses (item 140 of Assets)

Table 12.1: Breakdown of "Accrued revenues and deferred expenses" (item 140)

	31/12/2023	31/12/2022
Accrued revenues	0	0
Deferred expenses:	103,479	113,115
- other deferred expenses	92,396	87,304
- long-term deferred expenses	11,083	25,811
Total	103,479	113,115

Both other and long-term deferred expenses mainly relate to prepaid fees for rents paid and services (e.g., software maintenance, database services).



Liabilities

13 Debts with credit institutions (item 10 of Liabilities)

Table 13.1: Breakdown of "Debts with credit institutions" (item 10)

	31/12/2023			31/12/2022			Changes	
	In EUR	In foreign currency	Total	In EUR	In foreign currency	Total	Total amount	%
A) On demand:	240,656,571	0	240,656,571	206,940,078	0	206,940,078	33,716,493	16.29%
A1 Mutual accounts opened for services rendered	0	0	0	0	0	0	0	0%
A2. Demand deposits	240,656,571	0	240,656,571	206,940,078	0	206,940,078	33,716,493	16.29%
A3. Others	0	0	0	0	0	0	0	0%
B) Term or notice debts	172,497,650	0	172,497,650	226,113,553	0	226,113,553	-53,615,903	-23.71%
B1. Current accounts with a debit balance	119,160,370	0	119,160,370	122,019,733	0	122,019,733	-2,859,363	-2.34%
B2. Term deposits	25,856,411	0	25,856,411	25,079,739	0	25,079,739	776,672	3.10%
B3. Repurchase agreements and reverse repos	27,480,869	0	27,480,869	79,014,080	0	79,014,080	-51,533,211	-65.22%
B4. Other loans	0	0	0	0	0	0	0	0%
Total	413,154,221	0	413,154,221	433,053,631	0	433,053,631	-19,899,410	-4.60%

The accrued liabilities for interest accrued as at 31/12/2023 on term deposits, amounting to EUR 856,411, are included in the item "Term or notice debts – Term deposits."

With reference to the technical feature of the relationship, the item "Term or notice debts - current accounts with a debit balance" includes the amount of the Mandatory Reserve established by the banks and related to the maintenance period 15/12/2023-14/01/2024.

The item "Term or notice debts - Repurchase agreements and reverse repos" indicates the nominal value of the bond securities transferred as collateral to secure the liquidity received from counterparties (REPO - Repurchase Agreement operations) and includes the accrued liabilities related to the interests on these operations for EUR 151,586.

The collection from banks shows an overall decrease of 4.60% compared to 31/12/2022. This decrease mainly concerned Repurchase Agreement transactions, partially offset by the increase in demand deposit account balances.



Compensation is at a variable rate in most cases.

Table 13.2: Breakdown of “Debts with credit institutions based on residual life”

MATURITY	31/12/2023	31/12/2022
On demand	240,656,571	206,940,078
Up to 3 months	53,337,280	104,093,819
3 to 6 months	0	0
6 to 12 months	0	0
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	119,160,370	122,019,734
	413,154,221	433,053,631

In the previous table, liabilities to banks represented by deposits held for the purpose of the mandatory reserve have been classified under the ‘Without maturity’ category, as the reserve requirement obligation persists over time. However, depending on the ongoing maintenance period, the amounts of individual deposits are subject to variation.

The Central Bank does not hold any equity investments; therefore, as of 31/12/2023, there are no liabilities to subsidiaries, associates, or companies in which it has an equity interest.

14 Debts with customers (item 20 of Liabilities)

Table 14.1: Breakdown of “Debts with customers” (item 20)

Debts with customers	31/12/2023			31/12/2022			Changes	
	In EUR	In foreign currency	Total	In EUR	In foreign currency	Total	Total amount	%
A) On demand:	297,588,943	1,508	297,590,451	149,921,136	670	149,921,806	147,668,645	98.50%
A1. Current accounts with a debit balance	297,588,943	1,508	297,590,451	149,921,136	670	149,921,806	147,668,645	98.50%
A2. Savings deposits	0	0	0	0	0	0	0	0
A3. Others	0	0	0	0	0	0	0	0
B) Term or notice debts:	12,397,143	0	12,397,143	10,146,093	0	10,146,093	2,251,050	22.19%
B1. Time overdrawn c/accounts	0	0	0	0	0	0	0	0
B2. Term savings deposits	0	0	0	0	0	0	0	0
B3. Repurchase agreements	12,397,143	0	12,397,143	10,146,093	0	10,146,093	2,251,050	22.19%



and reverse repos								
B4. Other funds	0	0	0	0	0	0	0	0
Total	309,986,086	1,508	309,987,594	160,067,229	670	160,067,899	149,919,695	93.66%

At the end of 2023, accrued interest on current account relationships and amounts to be credited to customers, for EUR 807,785, is included under the item "On demand - Current account liabilities", while EUR 204,879 of accrued interest expenses deriving from term operations are included in the item 'Term or Notice - Term deposits and other liabilities'.

With regard to the composition of such items, it should be clarified that the liabilities categorized as "on demand" are remunerated at a variable interest rate and mainly consist of funds collected from the Extended Public Administration. On the other hand, the liabilities categorized as "Repurchase agreements and reverse repos" (item B3) primarily include passive forward transactions with the Deposit Guarantee Fund (item B.3) and to a lesser extent, those obtained from employees of the Central Bank.

The table shows that customer liabilities increased by EUR149,92 million, primarily due to the State's liquidity derived from new public debt security issuances, net of reimbursements.

Additionally, further liabilities include approximately EUR20 million from the application of Law No. 157 of August 30, 2021, related to securitization transactions, and approximately EUR35 million received under Article 7 of Law No. 148 of October 25, 2022, subsequently supplemented by Decree-Law No. 129 of September 7, 2023.

Table 14.2: Breakdown of "Debts with customers based on residual life"

MATURITY	31/12/2023	31/12/2022
On demand	297,590,451	149,921,806
Up to 3 months	2,347,465	4,270,348
3 to 6 months	1,584,267	2,974,203
6 to 12 months	8,465,411	2,901,542
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	0	0
Total	309,987,594	160,067,899

The Central Bank does not hold any shareholdings in corporate customers. Therefore, as at December 31, 2023, it does not have any outstanding debts towards subsidiaries, affiliates, or companies with which it has a participation relationship.

15 Financial instruments issued (item 30 of Liabilities)

Table 15.1: Breakdown of "Financial instruments issued"

No "financial instruments issued" were accounted for either as at 31 December 2023, nor at 31 December 2022.



16 Other liabilities (item 40 of Liabilities)

Table 16.1: Breakdown of "Other liabilities" (item 40)

	31/12/2023	31/12/2022
Other liabilities:		
Security margins	0	0
Premiums received on options	0	0
Cheques in circulation and kindred papers	269,936	989,571
Others	13,239,582	8,202,377
Total	13,509,518	9,191,948

As shown in the table above, the item "Other liabilities" includes cheques in circulation of EUR 269,936 corresponding to quittance and drawer's cheques issued within the State Treasury.

The sub-item "Other" includes the following liabilities:

1. sums available to third parties related to collections from the Treasury Service, which, due to processing times, are waiting to be credited to their respective current accounts, amount to approximately EUR 5.57 million. Additionally, there are outstanding items related to the pre-authorized collections procedure amounting to EUR 3.78 million (as at 31/12/2022 they were approximately EUR 4.46 million and EUR 234,106).
2. The collected tax rolls awaiting transfer to the respective competent authorities amount to EUR 580,927 and other suspended items related to the Tax Collection Service totaling EUR 278,388 (as at 31 December 2022, they were approximately EUR 1.42 million and EUR 182,985).
3. Debts for supplies and services amount to EUR 1,033,578 (EUR 290,902 nel 2022).
4. Existing debts related to labour costs, falling in the region of EUR 1.6 million (as at 31/12/2022 they stood at EUR 1.5 million), including emoluments, social security and tax costs (including amounts related to the calculation of untaken holiday entitlement as at 31 December 2023) yet to be paid.

Breakdown of "Other liabilities based on residual life"

MATURITY	31/12/2023	31/12/2022
On demand	3,498,948	107,786
Up to 3 months	8,312,407	8,099,067
3 to 6 months	694,248	677,475
6 to 12 months	0	2,152
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	1,003,915	305,468



Total	13,509,518	9,191,948
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17 Accrued expenses and deferred revenues (item 50 of Liabilities)

Table 17.1: Breakdown of “Accrued expenses and deferred revenues” (item 50)

	31/12/2023	31/12/2022
Accrued expenses	0	0
Deferred revenues:	0	0
long-term deferred revenues	64,046	0
Total	64,046	0

The long-term deferred revenues include long-term costs, which have already been settled, related to the reimbursement of costs incurred by AIF.

18 Funds (items 60-70-80 of Liabilities)

Table 18.1: Movements in “Severance pays” (item 60)

	31/12/2023	31/12/2022
Opening balances	511,855	459,958
Increases	530,214	511,855
- provisions	530,214	511,855
- other changes	0	0
Decreases	455,229	459,958
- withdrawals	454,162	459,958
- other changes	1,067	0
Closing balance	586,840	511,855

This item accounts for the indemnity in lieu of severance payments accrued during 2023 (“provisions”) and the amount of staff severance payments relating to unused holiday leave from previous years. Under the “provisions”, there is also an indication of the increase, which occurred in 2022, in the liability for the severance pay to be paid in relation to the accrued but unused vacation days.

The indemnity accrued in one year is paid to employees in the following year (“withdrawals”), within the deadlines set by current employment contracts.



Table 18.2: Breakdown of "Risks and costs funds" (item 70)

Breakdown:	31/12/2023	31/12/2022
Retirement funds and similar provisions	0	0
Tax funds	0	0
Other funds:	713,489	733,299
- fund for costs for extraordinary proceedings	152,250	170,900
- fund for legal proceedings	561,239	562,399
- fund for investment losses	0	0
- fund for miscellaneous costs	0	0
Total	713,489	733,299

Table 18.3: Movements in the "Tax fund"

No "tax fund" was established given that the Central Bank's Statute set out that profits (if any) are exempt from General Income Tax.

Table 18.4: Movements in sub-item c) "Other funds"

	31/12/2023	31/12/2022
Opening balances	733,299	852,158
Increases	180,750	312,160
- provisions	180,750	312,160
- other changes	0	0
Decreases	200,560	431,019
- withdrawals	138,158	417,080
- other changes	62,402	13,939
Closing balance	713,489	733,299

The increase in "other funds" pertained to the provision of:

1. EUR 63,500 to the "Fund for legal proceedings". Its total amount – namely EUR 561,239 – was determined on the basis of the estimated costs, including legal expenses and lawyer's fee reimbursements, that may arise from proceedings pending before the Court.
2. EUR 117,250 to the "Fund for costs for extraordinary proceedings", designed to cover costs arising from proceedings pursuant to Title II of Part II of Law No. 165 dated 17 November 2005.

On the other hand, the decrease pertained to the following:



1. the use of the “Fund for legal proceedings” for EUR 64,658 in relation to legal fees and lawyer’s fee reimbursements incurred in connection with proceedings before the Court and the recognition of contingent assets of EUR 2 (other changes).
2. the use of “Fund for extraordinary proceedings costs” of EUR 73,500 for the financial support provided to administrative compulsory liquidation procedures and the recognition of contingent assets for EUR 62,400 (other changes) following the termination of a provision that remained used due to the conclusion of activities related to a procedure.

In the 2022 Annual Accounts it was stated that the Bank was unsuccessful in two administrative appeals, which confirmed the unlawfulness of the extraordinary administration and compulsory administrative liquidation measures concerning Asset Banca S.p.A. in Voluntary Liquidation. Additionally, reference was made to two other closely related administrative appeals that are still pending.

With reference to the two concluded disputes, no specific provisions had been made at that time to the Provisions for Risks and Charges, considering that no detailed and documented compensation claims had been formally submitted by the shareholders of the liquidated company.

During extrajudicial negotiations throughout 2023, the Bank has made multiple efforts to explore the possibility of reaching an agreement to resolve the dispute, while emphasizing that this process cannot occur without the involvement of the Judge in civil court, given its institutional role.

Although the Bank has been actively proposing potential solutions in this regard (despite being the passive party in the claim), as of the date of approval of the 2023 Annual Accounts, the situation described above has not undergone any significant changes.

In fact, the several attempts made by the Bank were not well-received by the other party, which, at the beginning of March 2024, communicated its intention to discontinue the extrajudicial negotiations, indicating a move toward resorting to the competent civil jurisdiction.

On 16 April 2024, the Bank was indeed served with a summons through which Asset Banca S.p.A. in Voluntary Liquidation and several of its shareholders initiated civil action against the Central Bank for compensation for damage, the precise quantification of which has been entrusted to the judge.

Given the aforementioned circumstances, and with reference to the 2023 Annual Accounts, the Bank was therefore required to make a prognostic assessment regarding both the likelihood of the condition affecting the existence of the elements constituting the potential liability and, secondly, the estimation process for a possible provision. Ultimately, it was concluded, particularly concerning the latter point, that it was impossible to reach a reliable estimate of the amount.

Since the aforementioned prognostic assessment further indicated the absence of at least one of the two specified conditions (the likelihood of the loss occurring and/or the possibility of making a reliable estimate), the potential liability did not result in a provision in the Annual Accounts, but only a clear, precise, and objective description in this explanatory note.

According to generally accepted accounting principles, a provision for risks and charges cannot be recognized to account for potential liabilities whose amount can only be determined in a random and arbitrary manner. Consequently, the related loss cannot be subject to any reliable estimate.

Table 18.5: Movements in “ Reserve for possible loan losses” (item 80)

No provisions were made to the “**Reserve for possible loan losses**” either as at 31 December 2023 or 31 December 2022.



19 Fund for General Financial Risks, Subordinated debt, Subscribed capital, Share premiums; Reserves; Revaluation reserves; Profits (losses) carried forward and Operating profit (loss) (items 90-100-110-120-130-140-150-160 of liabilities)

Table 19.1: Breakdown of item 90 “Fund for General Financial Risks”

	31/12/2023	31/12/2022	Changes	
			Amount	%
Opening balance	32,769,227	33,797,475	-1,028,248	-3.04%
Contributions in the financial year	0	0	0	0%
Withdrawals in the financial year	-4,651,929	-1,028,248	-3,623,681	-352.41%
Closing balance	28,117,298	32,769,227	-4,651,929	-14.20%

With the resolution adopted by the Governing Council on 9 April 2024, a provision of EUR 4,65 million from the Fund for General Financial Risks was used to cover the 2023 operating deficit.

The purpose of this fund, which was gradually appropriated over the years, is to cover the general entrepreneurial risk and is similar to an equity reserve.

The use of the Fund for General Financial Risks for the purpose of containing losses must take place during the preparation of the Annual Accounts by the management body, before the recognition of the financial results. This fund is not subject to manipulation by the Shareholders' Assembly, unlike the legal and statutory reserves.

The Fund for General Financial Risks is a component of the Bank's equity, like the other reserves mentioned above, to be used by the General Meeting of the Shareholders. As shown in Table 19.9 relating to “Changes in net equity in the last 4 years”, the effect of allocating said fund is an increase in the balance sheet aggregate.

Table 19.2: Breakdown of “Subordinated debt” (item 100)

No “Subordinated debt” was recognised either as at 31 December 2023, nor at 31 December 2022.

Table 19.3: Breakdown of “Subscribed capital” (item 110)

Type of shares	31/12/2023			31/12/2022			Variazioni	
	No. of shares	Unit value	Total value	No. of shares	Unit value	Total value	Amount	%
Registered shares	2,500	5,164.57	12,911,425	2,500	5,164.57	12,911,425	0	0%
Total	2,500	5,164.57	12,911,425	2,500	5,164.57	12,911,425	0	0%

As provided for in art. 20 of the Central Bank Statute, the “Endowment fund” is divided into nominative and indivisible shares of EUR 5,164.57 each.

The ownership of shares is divided as follows:

- 72% State of San Marino (“Eccellentissima Camera”)
- 16% Cassa di Risparmio della Repubblica di San Marino S.p.A.
- 6% Banca di San Marino S.p.A.
- 5% Banca Agricola Commerciale Istituto Bancario Sammarinese S.p.A.
- 1% Banca Sammarinese di Investimento S.p.A.



In accordance with Article 2 of Law No. 94 of June 24, 2022, extended by Article 4, paragraph 24, of Law No. 171 of December 23, 2022, the Congress of State, with Resolution No. 11 dated March 13, 2023, resolved to acquire 125 shares of the Central Bank of the Republic of San Marino held by the Asset Management Company formerly BNS S.p.A., representing 5% of the endowment fund. This purchase took place on August 4, 2023."

Table 19.4: Breakdown of "Share premium" (item 20)

No "Share premium" was recognised either as at 31 December 2023, nor at 31 December 2022.

Table 19.5: Breakdown of "Reserves" (item 130)

	31/12/2023	31/12/2022	Changes	
			Amount	%
a) Ordinary or legal reserve	1,274,013	1,274,013	0	0%
b) Reserve for own shares or units	0	0	0	0%
c) Statutory reserves	9,627,277	9,627,277	0	0%
d) Other reserves	0	0	0	0%
Total	10,901,290	10,901,290	0	0%

Table 19.6: Breakdown of "Revaluation reserve" (item 140)

No "Revaluation reserve" was set aside either as at 31 December 2023, nor at 31 December 2022.

Table 19.7: Breakdown of "Profits/losses carried forward" (item 150)

No "Profits/losses carried forward" were recognised either as at 31 December 2023, nor at 31 December 2022.

Table 19.8: Breakdown of "Operating profit (loss)" (item 160)

	31/12/2023	31/12/2022	Changes	
			Amount	%
Operating profit (loss)	0	0	0	0%

The financial year ended with a break-even result due to the provision to the Fund for General Financial Risks, as outlined earlier.

Table 19.9: Changes in net equity in the last 4 years

	Subscribed capital	Ordinary or legal reserve	Statutory reserve	Operating results	Fund for General Financial Risks	Total
Balances as at 31/12/2020	12,911,425	1,274,013	9,627,277	0	32,530,308	56,343,023
Balances as at 31/12/2021	12,911,425	1,274,013	9,627,277	0	33,797,475	57,610,190



Balances as at 31/12/2022	12,911,425	1,274,013	9,627,277	0	32,769,227	56,581,942
Balances as at 31/12/2023	12,911,425	1,274,013	9,627,277	0	28,117,298	51,930,013

Table 19.10: Breakdown of funding by business sector

	31/12/2023	31/12/2022
a) Public Administrations	257,289,037	133,981,136
b) Financial companies other than credit institutions:	0	0
- Monetary financial institutions (excluding credit institutions)	0	0
- Investment funds other than monetary mutual funds	0	0
- Other financial institutions	0	0
- Insurance undertakings	0	0
- Pension funds	0	0
c) Non-financial companies	753,596	836,207
- <i>of which</i> parties cancelled from the Register of Authorised Entities	0	0
- Industry	0	0
- Construction	0	0
- Services	753,596	836,207
- Other non-financial companies	0	0
d) Households and not-for-profit institutions servicing households	6,755,095	5,597,829
- Consumer and producer households	6,590,116	5,431,835
- Not-for-profit institutions servicing households	164,979	165,994
e) Others	31,825,341	8,840,913



Guarantees and Commitments

20 Guarantees and commitments

Table 20.1: Breakdown of "guarantees issued"

	31/12/2023	31/12/2022	Changes	
			Amount	%
A) Credit commitments of a commercial nature	0	0	0	0%
B) Credit commitments of a financial nature	550,000	550,000	0	0%
C) Assets pledged as guarantee	0	0	0	0%
- for third party obligations	0	0	0	0%
- for own obligations	5,000,000	5,000,000	0	0%
Total	5,550,000	5,550,000	0	0%

Come per il precedente esercizio si rilevano attività costituite in garanzia di obbligazioni proprie per EUR 5.000.000, che si riferiscono ai titoli dati in pegno a garanzia della linea di credito ottenuta da un ente creditizio.

Table 20.2: Breakdown of unsecured loans

	31/12/2023	31/12/2022	Variazioni	
			Importo	%
A) Unsecured loans of a commercial nature	0	0	0	0%
A1. Acceptances	0	0	0	0%
A2. Sureties and bank guarantees	0	0	0	0%
A3. Strong comfort letters	0	0	0	0%
A4. Others	0	0	0	0%
B) Unsecured loans of a financial nature	550,000	550,000	0	0%
B1. Acceptances	0	0	0	0%
B2. Sureties and bank guarantees	550,000	550,000	0	0%
B3. Strong comfort letters	0	0	0	0%
B4. Others	0	0	0	0%
Total	550,000	550,000	0	0%

The unsecured loans above consist of sureties that the Bank provided as guarantee for commitments undertaken by the Broader Public Administration.



Table 20.3: Unsecured loans to credit institutions

No "credit commitments to credit institutions" were accounted for either as at 31 December 2023, nor at 31 December 2022.

Table 20.4: Unsecured loans to customers

Categories/Amounts	31/12/2023			31/12/2022		
	Gross exposure	Total value adjustments	Net Exposure	Gross exposure	Total value adjustments	Net Exposure
A) Non-performing loans	0	0	0	0	0	0
- of which Bad loans	0	0	0	0	0	0
- of which Problem loans	0	0	0	0	0	0
- of which Restructured loans	0	0	0	0	0	0
- of which Overdue/past due loans	0	0	0	0	0	0
- of which Unsecured loans towards countries at risk	0	0	0	0	0	0
B) Performing loans	550,000	0	550,000	550,000	0	550,000
Total	550,000	0	550,000	550,000	0	550,000

Breakdown of "guarantees issued" based on the residual life

MATURITY	31/12/2023	31/12/2022
On demand	0	0
Up to 3 months	550,000	550,000
3 to 6 months	0	0
6 to 12 months	0	0
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	5,000,000	5,000,000
Total	5,550,000	5,550,000



Table 20.5: Assets pledged as guarantee of own debts

During 2023, compared to the previous fiscal year, the active line of credit with a counterparty was not utilized, as shown in the following table 20.6.

Table 20.6: Margins available on credit lines

	31/12/2023	31/12/2022
A) Central banks	100,000,000	100,000,000
B) Other credit institutions	4,800,000	0
C) Other financial companies	0	0
Total	104,800,000	100,000,000

Since the 2021 fiscal year, the Central Bank of San Marino has obtained credit lines from the European Central Bank through the Bank of Italy and from other financial institutions, aimed at initiating financing operations. In December 2022, the European Central Bank decided to extend the precautionary liquidity line granted to the Central Bank until 15 January 2024, and later until 31 January 2025, in light of the current uncertainty arising from the conflict in Ukraine and its related economic and financial repercussions on the global economy and financial markets.

Recently, the specific limit for disburseable credit related to one of the credit lines granted to the Central Bank by a commercial bank has not been defined; hence, this specific piece of information is not shown in the table.

The increase in "Other financial institutions" is due to the non-utilization of the credit line as there was no term deposit as of 31/12/2022.

Table 20.7: Breakdown of "Spot commitments"

	31/12/2023	31/12/2022	Changes	
			Amount	%
A. Commitments to disburse funds for certain use	0	0	0	0%
- of which commitments for loans to be disbursed	0	0	0	0%
B. Commitments to exchange financial instruments for certain use	0	0	0	0%
C. Commitments to disburse funds for uncertain use	10,000,000	0	10,000,000	n.d.
- of which negative margins to be used on credit lines	10,000,000	0	10,000,000	n.d.
- of which put options issued	0	0	0	0%
D. Commitments to exchange financial instruments for uncertain use	0	0	0	0%
E. Other commitments	0	0	0	0%



Total	10,000,000	0	10,000,000	n.d.
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The sub-item 'Commitments to disburse funds for uncertain use' refers to the available margin on a line of credit granted to customers.

Table 20.8: Term commitments

No term commitments were in place as at 31 December 2023.

Table 20.9: Financial derivatives

No financial derivative contracts were in place as at 31 December 2023.

Breakdown of "Commitments" based on residual life

MATURITY	31/12/2023	31/12/2022
On demand	0	0
Up to 3 months	0	0
3 to 6 months	10,000,000	0
6 to 12 months	0	0
12 to 18 months	0	0
18 to 24 months	0	0
2 to 5 years	0	0
Over 5 years	0	0
Without maturity	0	0
Total	10,000,000	0

Table 20.10: Credit derivatives contracts

No credit derivatives contracts were in place as at 31 December 2023.



Memorandum accounts

21 Memorandum accounts

Table 21.1: Memorandum accounts

	31/12/2023	31/12/2022
1) Asset management	0	0
a) Asset management for customers	0	0
- of which liquidity	0	0
- of which liquidity deposited with the Central Bank	0	0
- of which debt securities	0	0
- of which debt securities issued by the Central Bank	0	0
- of which debt securities issued by other credit institutions of San Marino	0	0
- of which capital securities and CIS units	0	0
- of which capital securities issued by the Central Bank	0	0
b) Own portfolios managed by third parties	0	0
2) Financial instruments custody and management	1,371,536,840	1,323,118,492
a) Deposited third-party financial instruments	778,938,081	786,096,166
- of which <i>debt securities issued by the Central Bank</i>		
- of which <i>debt securities issued by other credit institutions of San Marino</i>		
- of which capital securities and other securities issued by the Central Bank		
- of which third-party financial instruments deposited with third parties	1,667,851	1,466,936*
b) Own financial instruments deposited with third parties	592,598,759	537,022,326
3) Financial instruments, liquidity and other assets linked to activities as custodian bank	196,870,766	170,539,775
a) Liquidity	3,349,181	294,485
- of which liquidity deposited with the Central Bank	3,349,181	294,485
b) Debt securities		
- of which debt securities issued by the Central Bank		
- of which debt securities issued by other credit institutions of San Marino		
c) Capital securities, CIS units, other financial instruments		
- of which capital securities issued by the Central Bank		
d) Other assets other than financial instruments and liquidity	193,521,585	170,245,290



* The data as of 12/31/2022 has been revised, as it was incorrectly reported.

As for "2) Financial instruments custody and management - a) deposited third-party financial instruments", this item includes mostly instruments related to the bond issues of the State of San Marino "Ecc. Camera"), which are managed centrally by the Central Bank.

With reference to item "3) Financial instruments, liquidity and other assets linked to the activities as custodian bank", it should be noted that the amounts stated refer to the activities carried out by the Central Bank on behalf of Fondiss (Supplementary welfare fund of the Republic of San Marino), pursuant to Law No. 191 dated 6 December 2011.

With reference to other memorandum accounts, the following information is provided:

- The assets foreclosed by the Overdue Tax Collection Service of the Central Bank and deposited with third parties, pending their auction sale pursuant to Article 70 et seq. of Law No. 70 dated 25 May 2004, were recognized for a total amount of EUR 132,291. As at 31 December 2023, amounts due for collection totalled EUR 295,064,348, while guarantees received in relation to extensions granted by the Overdue Tax Collection Service stood at EUR 28,557,903.
- The amount of the mediation guarantee fund managed by the Central Bank (CBSM Regulation No. 2013-03) stood at EUR 650,000.
- The Guarantee Fund for Depositors managed by the Central Bank (CBSM Regulation No. 2016-01) totalled EUR 10,891,191;
- Two Promissory Notes of EUR 44,934,950 and EUR 15,260,428 issued by the Government of the Republic of San Marino in favour of the International Monetary Fund are deposited with the Central Bank.

As for the "San Marino Investor Compensation Fund," established by Delegated Decree No. 148/2018, it is to be noted that the implementing regulations have not been issued yet. On the other hand, the "Extraordinary Fund for Protection against Financial Frauds," established by Delegated Decree No. 168/2018, began operating in March 2022 following the issuance of Delegated Decree No. 9/2022 and CBSM Regulation No. 2022-02.

The Extraordinary Fund was appointed by the Central Bank's Board of Directors and holds an account in its name at the Central Bank. This account is to be used exclusively for the transit of state funds, within the limits of the public financial ceiling allocated for this purpose, to cover the exact total amount of the checks to be issued to the compensation beneficiaries.

Table 21.2: Mediation on behalf of third parties: execution of orders

No operations were recorded either as at 31 December 2023, nor at 31 December 2022.



Table 21.3: Breakdown of indirect funding by business sector

	31/12/2023	31/12/2022
a) Public Administrations	1,516,687	1,428,627
b) Financial companies:	0	0
- Monetary financial institutions	0	0
- Investment funds other than monetary mutual funds	0	0
- Other financial institutions	0	0
- Insurance undertakings	0	0
- Pension funds	0	0
c) Non-financial companies	0	0
- <i>of which parties cancelled from the Register of Authorised Entities</i>	0	0
- Industry	0	0
- Construction	0	0
- Services	0	0
- Other non-financial companies	0	0
d) Households and not-for-profit institutions servicing households	409,394	296,539
- Consumer and producer households	409,394	296,539
- Not-for-profit institutions servicing households	0	0
e) Others	0	0

23 Interest (items 10 - 20 of the profit and loss account)

Table 22.1: Breakdown of item 10 "Interest received and other proceeds"

	31/12/2023	31/12/2022	Changes	
			Amount	%
A) On Treasury Bonds and other financial instruments eligible for refinancing purposes at central banks:	0	0	0	0%
A1. Treasury Bonds and other similar instruments	0	0	0	0%
A2. Other financial instruments eligible for refinancing purposes at central banks	0	0	0	0%
B) On loans to credit institutions:	1,247,550	-252,233	1,499,783	594.60%
B1. Current accounts with a credit balance	1,089,963	-192,815	1,282,778	665.29%
B2. Deposits	157,587	-59,418	217,005	365.22%
B3. Other loans	0	0	0	0%
- of which on leasing transactions	0	0	0	0%
C) On loans to customers:	871,374	321,727	549,647	170.84%
C1. Current accounts with a credit balance	686,879	240,696	446,183	185.37%
C2. Deposits	0	0	0	0%
C3. Other loans	184,495	81,031	103,464	127.68%
- of which on leasing transactions	0	0	0	0%
D) On debt securities issued by credit institutions:	4,516,304	1,867,206	2,649,098	141.88%
D1. Certificates of deposit	0	0	0	0%
D2. Bonds	4,516,304	1,867,206	2,649,098	141.88%
D3. Other financial instruments	0	0	0	0
E) On debt securities from customers (issued by other issuers):	4,766,868	2,817,169	1,949,699	69.21%
E1. Bonds	4,766,868	2,817,169	1,949,699	69.21%
E2. Other financial instruments				
Total	11,402,096	4,753,869	6,648,227	139.85%

In 2023, the item "Interest received" recorded an increase of EUR 6.6 million due to the rise in interest income from debt securities, as a result of the increase in the average coupon of the portfolio starting from the second quarter of 2023, as well as the interest income on loans to credit institutions. This



followed the general rise in interest rates that began in the second half of 2022 and continued throughout 2023.

Table 22.2: Breakdown of item 20 "Interest paid and other costs"

	31/12/2023	31/12/2022	Changes	
			Amount	%
A) On debts with credit institutions	10,375,730	995,842	9,379,888	941.91%
A1. Current accounts with a debit balance	6,333,280	573,459	5,759,821	1,004.40%
A2. Deposits	1,340,277	86,822	1,253,455	1,443.71%
A3. Other debts	2,702,173	335,561	2,366,612	705.27%
B) On debts with customers	2,445,221	563,031	1,882,190	334.30%
B1. Current accounts with a debit balance	2,107,942	519,294	1,588,648	305.92%
B2. Deposits	0	0	0	0%
B3. Other debts	337,279	43,737	293,542	671.15%
C) On debts represented by financial instruments to credit institutions	0	0	0	0%
- of which on certificates of deposit	0	0	0	0%
D) On debts represented by financial instruments to customers	0	0	0	0%
- of which on certificates of deposit	0	0	0	0%
E) On subordinated debt	0	0	0	0%
- of which on hybrid capitalisation instruments	0	0	0	0%
Total	12,820,951	1,558,873	11,262,078	722.45%

As reported in Table 22.1, the general increase in interest rates has also raised those applied to overdraft accounts, leading to a significant rise in interest expenses. This primarily affected the sub-item "on debts with credit institutions" (EUR 9.4 million) and, to a lesser extent, the sub-item "on debts with customers" (EUR 1.9 million).

24 Dividends and other proceeds (item 30 of the profit and loss account)

No "Dividends and other proceeds" were recorded either as at 31 December 2023, nor at 31 December 2022.

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

Table 24.1: Breakdown of item 40 "Commissions earned"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Commissions earned:				
a) Guarantees issued	2,750	3,683	-933	-25.33%
b) Credit derivatives	0	0	0	0%
c) Advice on financial instruments	0	0	0	0%
d) Collection and payment services	1,566,728	1,566,728	0	0%



e) Custodian bank services	7,200	7,200	0	0%
f) Financial instruments custody and management	0	0	0	0%
g) Other services	673,727	673,716	11	0%
Total	2,250,405	2,251,327	-922	-0.04%

The items "Collection and payment services" and "Other services" include revenues associated with services provided to the Broader Public Administration.

In this regard, it should be noted that, on 30 December 2022, the agreement for the remuneration of services to the Public Administration for the three-year period 2022/2024 was signed. The corresponding revenue for 2023, amounting to EUR 2,240,000, was collected during the fiscal year.

The fees collected by the Central Bank for the services provided on behalf of Fondiss - the Supplementary Pension Fund of the Republic of San Marino - are instead included in the "Custodian Bank Services" section.

Table 24.2: Breakdown of item 50 "Commissions paid"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Commissions paid:				
a) Guarantees received	0	0	0	0%
b) Credit derivatives	0	0	0	0%
c) Financial instruments custody and management	68,605	72,334	-3,729	-5.16%
- own portfolio	65,605	69,087	-3,482	-5.04%
- third-party portfolio	3,000	3,247	-247	-7.61%
d) Collection and payment services	110,886	86,891	23,995	27.62%
e) Other services	56,224	50,461	5,763	11.42%
Total	235,715	209,686	26,029	12.41%

Commissions relating to "Collection and payment services" include charges incurred in relation to the POS service provided to the Public Administration totalling EUR 96.885, while those for "Other services" are various commissions requested by banks on current accounts.

26 Profits (losses) on financial transactions (item 60 of the profit and loss account)

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

AI 31/12/2023				
Items/Transactions	Transactions on financial instruments	Foreign currency transactions	Transactions on precious metals	Other transactions
A1. Revaluations	485	0	0	0
A2. Devaluations	0	0	0	0
B. Other profits/losses	801,532	-3,407	0	0
Total	802,017	-3,407	0	0
1. Government bonds	752,385			



2. Other debt financial instruments	49,147			
3. Capital financial instruments	485			
4. Derivative contracts on financial instruments	0			
Total	802,017	-3,407	0	0

Item A.1: revaluations

This item accounts for the capital gain value of each single share in the company Swift SCRL.

Item B.: other profits/losses

This item refers to profits and losses resulting from securities trading, including those realised/incurred at the time of redemption at maturity; the second column shows proceeds (trading/valuation) from currencies.

In 2023, the item "Profit (loss) on financial transactions" shows a balance of EUR 798,610, , mainly stemming from the following:

1. Securities management had a positive trading result of EUR 802,017 while the balance as at 31/12/2022 was negative, equalling to EUR 71,345
2. There was a foreign currency valuation/trading loss of EUR 3,407 (in there was a profit of EUR 16,976).

27 Other operating proceeds (item 70 of the profit and loss account) and other operating expenses (item 80 of the profit and loss account)

Table 26.1: Breakdown of items 70 - 80 "Other operating income", "Other operating expenses"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Other operating income:				
a) Rents received	3,553	3,500	53	1.51%
b) Recovery of sums levied from supervised parties	2,633,229	2,509,428	123,801	4.93%
c) Credit notes, allowances and positive rounding-off of figures	88	86	2	2.33%
d) Proceeds from Overdue Tax Collection Service	56,191	50,490	5,701	11.29%
e) Recovery of costs for Central Credit Register	163,359	133,804	29,555	22.09%
f) Recovery Cash Procurement Service expenses	296,377	190,671	105,706	55.44%
g) Annual maintenance costs of the RIS for SEPA payment instruments	19,574	18,108	1,466	8.10%
h) Recovery of POS-related expenses	96,885	76,799	20,086	26.15%
i) Recovery of AIF-related expenses	1,449,381	1,381,485	67,896	4.91%
l) Secretarial fees	23,100	14,700	8,400	57.14%
m) Miscellaneous proceeds	8,197	1,849	6,348	343.32%
Total	4,749,934	4,380,920	369,014	8.42%
Other operating expenses:				



a) Expenses related to the centralised management of cash	125,797	117,491	8,306	7.07%
b) Allowances and various rounding-off of figures	40	29	11	36.93%
c) Costs for extraordinary proceedings on supervised entities	70,000	147,750	-77,750	-52.62%
d) Miscellaneous costs	2,584	1,096	1,488	135.75%
Total	198,421	266,366	-67,945	-25.51%

The item "Other operating income" includes, as the most significant economic component, the reimbursement of 2023 charges related to the exercise of supervision over credit, financial, and insurance activities, partially debited as decided by the Governing Council.

"Recovery of costs for Central Credit Register" refers to the recognition of the recovery of costs pertaining to financial year 2023 carried out by the Central Bank pursuant to Circular No. 2015-02.

"Recovery Cash Procurement Service expenses" refers to the recoveries made in 2023 with the relevant amount for the period.

"Recovery of POS-related costs" refers to the recovery of costs sought from the Broader Public Administration in 2023 for the POS service provided to them.

"Recovery of AIF-related expenses" refers to the recovery of costs incurred by the Financial Information Agency for the year 2023, as included in the agreement signed between CBSM and the Public Administration for the compensation of rendered services.

The sub-item "Secretarial fees" has been added, previously included under "Miscellaneous income." Therefore, to ensure the correct comparability of data, the value for the 2022 fiscal year for this item has been recalculated.

Other operating expenses include "Recovery of sums levied from supervised parties".

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

Table 27.1: Number of employees by category and labour costs

	Average as at 31 December 2023	Labour costs as at 31 December 2023	Headcount as at 31 December 2023	Average as at 31 December 2022	Labour costs as at 31 December 2022	Headcount as at 31 December 2022
a) Senior Officers	1.83	328,730	2	1.00	143,828	1
b) Managers	9.50	1,274,526	10	10.50	1,400,715	10
c) Other staff	87.92	5,452,333	90	85.00	5,284,480	88
1. front office managers/clerks	85.34	5,372,510	88	82.00	5,170,359	85
2. support staff	2.58	79,823	2	3.00	114,121	3
Total	99.25	7,055,589	102	96.50	6,829,023	99

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

	31/12/2023	31/12/2022	Changes	
			Amount	%
Other administrative costs:				
Remuneration to the Audit firm	21,000	19,320	1,680	8.70%



- of which: for services other than the auditing of the Annual Accounts	0	0	0	0%
Graphic art work and advertising	1,860	1,438	422	29.35%
Insurance premiums	690,504	489,643	200,861	41.02%
Miscellaneous utilities and cleaning of premises	118,891	124,965	-6,074	-4.86%
Forms, stationery and newspapers	15,482	12,902	2,580	20.00%
Postage and telephone	114,932	102,254	12,678	12.40%
Consumables and spare parts	10,584	6,444	4,140	64.25%
Professional consultancy fees	344,177	375,540	-31,363	-8.35%
Reimbursement of travel costs	10,098	8,888	1,210	13.61%
Travel	17,700	13,370	4,330	32.39%
Rentals, technical assistance, repairs and various services	1,461,724	1,386,299	75,425	5.44%
Association memberships and similar fees	9,764	9,523	241	2.53%
Rents paid	72,538	81,088	-8,550	-10.54%
Import taxes	248	386	-138	-35.75%
Translations	158	7,079	-6,921	-97.77%
Miscellaneous transport	31,527	19,508	12,019	61.61%
Miscellaneous and other expenses	26,168	28,757	-2,589	-9.00%
Total	2,947,355	2,687,404	259,951	9.67%

Administrative costs ("Labour Costs" and "Other administrative costs") include the costs incurred for the Financial Intelligence Agency.

Table 27.3: Salaries

	31/12/2023	31/12/2022	Change	
			Amount	%
Directors	128,489	157,389	-28,900	-18.36%
Statutory Auditors	40,200	40,800	-600	-1.47%
Management	291,513	256,160	35,353	13.80%
Total	460,202	454,349	5,853	1.29%

No commitments were in place regarding retirement benefits for members of the administrative, management or governance bodies who were no longer in office.

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

Table 28.1: Breakdown of items 100-110 "Write-downs on intangible and tangible fixed assets"

	31/12/2023	31/12/2022	Change	
			Amount	%
a) Intangible fixed assets	100,022	87,536	12,486	14.26%



- Software	99,392	86,303	13,089	15.17%
- multi-year costs	0	0	0	0%
- multi-year costs on third-party assets	630	1,233	-603	-48.91%
b) Tangible fixed assets	221,049	228,165	-7,115	-3.12%
- real property	189,146	189,146	0	0%
- systems and fittings	9,529	9,450	79	0.84%
- other tangible fixed assets	22,374	29,569	-7,195	-24.33%
Total	321,071	315,701	5,370	1.70%



Table 28.2: Breakdown of item 120 "Provisions to risk and charges"

	31/12/2023	31/12/2022	Change	
			Amount	%
a) Retirement funds	0	0	0	0%
b) Tax funds	0	0	0	0%
c) Other funds:	180,750	312,160	-131,410	-42.10%
<i>of which:</i> fund for legal proceedings	63,500	196,660	-133,160	-67.71%
<i>of which:</i> fund for costs for extraordinary proceedings	117,250	115,500	1,750	1.52%
<i>of which:</i> fund for losses on subsidiaries	0	0	0	0%
<i>of which:</i> fund for miscellaneous costs	0	0	0	0%
Total	180,750	312,160	-131,410	-42.10%

As already illustrated in the corresponding section of Liabilities, the item "Provisions for risks and charges" includes the following provisions:

1. Fund for legal proceedings (EUR 63,500) in view of the estimated costs, including legal costs and reimbursements of legal costs, that could arise from Court proceedings which were initiated in 2022 and previous years.
2. Fund for costs for extraordinary proceedings (EUR 117,250) in view of the financial support to be provided in respect of administrative compulsory winding-up procedures.

Table 28.3: Item 130 "Provisions for loan losses"

No provisions were allocated to the Reserve for possible loan losses in 2023 and 2022.

Table 28.4: Breakdown of item 140 "Write-downs on credits and provisions for guarantees and commitments"

	31/12/2023	31/12/2022	Change	
			Amount	%
a) Write-downs of credits	0	13,466	-13,466	-100.00%
b) Provisions for guarantees and commitments	0	0	0	0%
Total	0	13,466	-13,466	-100.00%

No write-downs were accounted for on credits either with clients or banks.

Table 28.5: Breakdown of item 150 "Write-backs on credits and provisions for guarantees and commitments"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Write-backs	20,546	720	19,826	2753.61%



Total	20,546	720	19,826	2753.61%
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These are value recoveries from collections related to receivables for the recovery of sums levied from supervised parties included in "other assets", which were previously fully written off.

No value recoveries on credits either with clients or banks were accounted for in 2023 and 2022.

Table 28.6: Breakdown of item 160 "Write-downs of financial fixed assets"

No write-downs of financial fixed assets were made in 2022 and 2023.

Table 28.7 Breakdown of item 170 "Write-backs on financial fixed assets"

No write-backs on financial fixed assets were made in 2022 and 2023.

29 Extraordinary proceeds (item 190 of the profit and loss account) and Extraordinary costs (item 200 of the profit and loss account)

Table 29.1: Breakdown of items 190 and 200 "Extraordinary proceeds" and "Extraordinary expenses"

	31/12/2023	31/12/2022	Changes	
			Amount	%
Extraordinary proceeds				
a) Windfall proceeds	3,907	23,698	-19,791	-83.51%
b) Contingent assets	109,108	14,856	94,252	634.44%
c) Rounding offs in Euro (EUR) units	1	2	-1	-50.00%
Total	113,016	38,556	74,460	193.12%
Extraordinary expenses				
a) Windfall expenses	38,920	4,919	34,001	691.22%
b) Contingent liabilities	0	861	-861	-100.00%
c) Capital losses	0	0	0	0%
d) Other extraordinary costs	0	0	0	0%
e) Rounding offs in Euro (EUR) units	0	0	0	0%
Total	38,920	5,780	33,140	573.36%

The significant increase in "Windfall proceeds" is primarily due to an unused provision following the closure of the controlled administrative liquidation, which was carried out to subsidize a regulated entity, and, to a lesser extent, to settle a debt with a supplier, as it was recognized as no longer owed.



30 Change in the Fund for General Financial Risks (Item 230 of the profit and loss account)

Table 30.1: Breakdown of item 230 "Change in the Fund for General Financial Risks"

	31/12/2023	31/12/2022		Changes	
				Amount	%
Change in the Fund for General Financial Risks	4,651,929	1,028,248		3,623,681	352.41%
Total	4,651,929	1,028,248		3,623,681	352.41%

As already mentioned in the corresponding item of Liabilities, the provision to the Fund for General Financial Risks was made by resolution of the Governing Council with the aim of partially replenishing the equity reserves eroded in 2023 and stabilize the economic outcome. For further details on the movements in the Fund for General Financial Risks, please refer to the previous Section 19, Table 19.1.



31 Statement of Cash Flows

Generated and collected funds	2023	2022
Funds generated from operations		
Operating loss	0	0
Provisions for risks and charges	180,750	312,160
Provisions to the fund for general financial risks	0	0
Write-downs on fixed assets	321,071	315,701
	501,821	627,861
Increase in funds collected:		
Other liabilities	4,317,571 ⁽¹⁾	3,725,866
Debts with credit institutions	0	0
Debts with customers	149,919,695	0
Financial instruments issued	0	0
Provisions for staff retirement allowances	530,214	511,855
Other changes	0	0
Accrued expenses and deferred revenues	64,046	0
	154,831,526	4,237,721
Decrease in funds used		
Other assets	0	0
Shares, quotas and other capital financial instruments	0	0
Cash and available funds	16,062,189	0
Intangible fixed assets	9,000	0
Tangible fixed assets	0	0
Accrued revenues and deferred expenses	9,636	9,644
Inter-bank loans	0	301,499,712
Bonds and other debt financial instruments	0	0
Loans to customers	5,607,421	5,141,754
Shareholdings	0	0
	21,688,246	306,651,110
Total generated and collected funds	177,021,593	311,516,692



Funds used and spent	2023	2022
Value recoveries and use of funds generated from operations:		
Value recoveries (on "other funds")	200,560	431,020
Utilisation of other funds	4,651,929	1,028,248
Dividends paid out	0	0
Other reserves (unavailable reserves)	0	0
	4,852,489	1,459,268
Increase in funds spent:		
Other assets (of which round-ups)	4,408,448	150,715 ⁽²⁾
Other changes	0	0
Cash and available funds	0	1,475,977
Loans to credit institutions	71,899,216	0
Loans to customers	0	0
Intangible fixed assets	311,540	144,566
Tangible fixed assets	48,815	40,138
Shares, quotas and other capital financial instruments	485	1,220
Bonds and other debt financial instruments	75,145,961	128,394,001
Shareholdings	0	0
Accrued revenues and deferred expenses	0	0
	151,814,465	130,206,615
Decrease in funds collected:		
Other liabilities	0	0
Debts with banks	19,899,410	127,927,431
Debts with customers	0	51,461,898
Use of staff retirement allowances	455,229	459,958
Financial instruments issued	0	0
Accrued expenses and deferred revenues	0	1,520
	20,354,639	179,850,807
Total funds used and spent	177,021,593	311,516,692





Board of Statutory Auditors'
Report on the Statement of
operations for financial year
2023



BOARD OF STATUTORY AUDITORS' REPORT ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

Dear Shareholders,

The draft Annual Accounts as at 31 December 2023, which the Governing Council of Banca Centrale della Repubblica di San Marino S.p.A. (hereinafter also referred to as "Bank" or "Supervisory Authority"), submits for your approval, were drawn up in compliance with current regulatory provisions, specifically, in accordance with Law No. 96 of 29 June 2005 (Statute of the Central Bank of the Republic of San Marino), Law No. 165 of 17 November 2005, and Law No. 47 of 23 February 2006, as well as under Article 4 of Delegated Decree No. 50 of 21 March 2003, and subsequent amendments and additions.

The Board of Statutory Auditors has examined all the documentation produced by the other bodies in charge. During the audits carried out over the course of the engagement, it performed a sample analysis on the main components.

The Balance Sheet and the Profit and Loss Account were prepared according to the standards defined by CBSM in Regulation No. 2016/02. The Notes to the Annual Accounts were prepared based on the provisions set out in the aforementioned Regulation, CBSM Circular No. 2017/03, and, starting from 2022, Article 4 of the Delegated Decree no.50 of 21 March 2023. The documents were prepared with consideration of the unique characteristics of the Central Bank's business.

Furthermore, the Statement of Cash Flows (Part D - Other information) was attached to the Notes to the Annual Accounts.

In order to aid in the analysis of the various items, the figures of the previous financial year were also included, reclassified, where necessary, for the purpose of ensuring data comparability between the two financial years.

The draft Annual Accounts were approved by the Governing Council during the meeting on 30 May 2024 and concurrently shared with the Board of Statutory Auditors in compliance with the deadline stipulated in Article 83, paragraph 1 of Law No. 47 dated 23 February 2006 (Company Law).



While the administrative body is accountable for the Annual Account's drafting, our responsibility lies in exercising professional judgment based on our audit and supervisory endeavours.

We evaluated the suitability of the accounting standards applied and the rationality of the accounting projections devised by the directors. The Annual Accounts for the year 2023 were formulated adhering to the fundamental principles of caution, accrual-based accounting, and the continuity of business operations.

We have examined the report on operations required by the Statute that accompanies the Annual Accounts and we believe it is consistent with the Annual Accounts themselves.

Throughout the year ending on 31 December 2023, we oversaw adherence to legal requirements, the Statute, and Internal Regulations of the Central Bank, while also ensuring the observance of the principles of sound governance.

The chosen accounting standards and the methodology adopted to determine the profit (loss) for the year are detailed in the Notes to the Annual Accounts and further clarified through a breakdown of income components in the Profit and Loss Account. The Balance Sheet provides a truthful overview of the company's financial standing.

The quantitative representation of operational occurrences, as statically reflected in the Annual Accounts, is appropriately revealed in the mandated Report on Operations, as stipulated by the Statute, and its alignment with the Annual Accounts is confirmed by the Board following a comprehensive review.

This report stems from the legal obligation that mandates statutory auditors to carry out their duties with the requisite professionalism and diligence commensurate with the nature of their role. They bear responsibility for the accuracy of their declarations and must maintain confidentiality regarding the facts and documents they become privy to through their official capacity.

At the same time, this report serves as a useful tool for exchanging information with the Shareholders' Meeting regarding the overall performance of the company's activities and the administration and control systems in place.

The substantive legitimacy review conducted by the Governing Council aimed to ensure compliance not only with the rules that protect the Bank's interests and went beyond a merely external verification, meaning a check on the formal observance of the law.



Indeed, it also included a review of compliance with good governance standards, specifically with the principles of diligence in the execution of activities. However, this could not extend to the assessments made by the Governing Board, which is the administrative body responsible for making judgments related to the soundness, cost-effectiveness, and prudent management.

Through this annual report, the statutory auditors duly present to the Shareholders' Meeting the findings of the conducted control activities. This encompasses both the results for the fiscal year and the outcome of the pertinent audit on the Annual Accounts' conformity. This report equips the Shareholders' Meeting with a valuable resource for assessing the operational report and formulating an informed opinion.

Throughout the fiscal year, the supervisory duties assigned to the Board of Auditors, in compliance with the Statute and legal provisions, were performed through periodic inspections. These inspections were occasionally carried out in collaboration with the relevant function heads and were duly documented in the Board of Auditors' Register, certified as required by law.

The transcribed minutes as at 31 December 2023 did not reveal any noteworthy events requiring inclusion in this Report, nor did they indicate any instances of legal violations and/or objections necessitating notification to judicial authorities or the Financial Intelligence Agency.

It should be noted that the Board of Statutory Auditors did not receive any reports of allegedly improper conduct or any other types of reports outlined in Article 65 of Law No. 47/2006 from Shareholders or third parties.

During the year 2023, the Board of Statutory Auditors:

- participated in the Governing Council's meetings. Based on the information gathered from these meetings, we can reasonably confirm that the actions taken are compliant with the law and the Statute, lack evident imprudence or riskiness, and do not present potential conflicts of interest or contradictions with resolutions adopted by the Shareholders' Meeting. Furthermore, these actions do not jeopardize the integrity of the company's assets.
- participated in the Shareholders' Meetings, during which the information provided by the President and the Managing Director was consistent with the Executive Body's decisions and accurately reflected the events that took place.



- verified the effectiveness of the working method established within the Governing Council, whose individual members, with express and limited powers, interacted with the organisational structure on work projects, as long as areas that required functional review were identified both with reference to the internal committees and the processes and activities carried out, making it easier to implement generally shared solutions.
- acquired, through routine audits and interactions within the Governing Council sessions, comprehensive insights from Institution officials, directors, and the Managing Director. This encompassed information pertaining to overall operational performance, future prospects, as well as significant economic, financial, and equity-related operations.
- evaluated the adequacy of the administrative and accounting organizational frameworks, scrutinizing their practical effectiveness and confirming the system's capability to guarantee completeness and dependability in the accounting recording of operational occurrences. This assessment encompassed both direct evaluations conducted by this Board of Statutory Auditors and the lack of reports from the Audit Firm. The financial accounts were transcribed in adherence to the principles and guidelines outlined in current regulations. These accounts served as the foundation upon which the Governing Council obtained recurrent updates and fiscal forecasts essential for the cost rationalization initiative.
- monitored the adherence of managerial activities, encompassing the lawfulness of governance procedures, while also verifying the execution of rectifying steps identified during audits. Furthermore, observed specific efforts aimed at revising and updating internal regulations, with completion anticipated in the current year. This particularly pertains to the interactions between the Governing Council and the Supervision Committee, in accordance with the provisions outlined in the Statute.
- ensured the ongoing focus of the Governing Council on the establishment of internal controls, designed to ensure both operational adherence and managerial effectiveness.
- ensured the accurate establishment of suitable anti-money laundering control protocols, along with the implementation of a Control Plan initiated by the Appointed Officer.



The draft Annual Accounts submitted for your evaluation encompass the Balance Sheet, the Profit and Loss Account, the Notes to the Annual Accounts, and the Report on Operations from the Governing Council.

The Board of Statutory Auditors analyzed the draft Annual Accounts for the fiscal year concluding on 31 December 2023, and thoroughly examined the Notes to the Annual Accounts, which outline the valuation principles, adjustments, and provisions, in addition to providing information concerning the Balance Sheet, Profit and Loss Account, and other pertinent details. The examination also encompassed the Governing Council's report on operations.

It is also to be noted that CBSM, in accordance with current regulations, used the Fund for General Financial Risks for EUR 4,651,929 to stabilize the 2023 economic results. As of 31.12.2023, the Fund for General Financial Risks stands at EUR 28,117,298.

The analysis carried out using the sampling method did not reveal any anomalies.

Among the noteworthy facts after the financial closing, the Governing Council of the European Central Bank (ECB) announced its decision to extend the repo line with the CBSM set at EUR 100 million until 31 January 2025.

It is also to be noted that on 16 April 2024 CBSM received the writ of summons concerning civil lawsuit no.93/2024 filed by Asset Banca S.p.A. in voluntary liquidation and some of its shareholders for the compensation of potential damages – to be quantified by the judge. Under the circumstances, and in consideration of the 2023 Annual Accounts, CBSM had to assess both the likelihood of the conditions for the existence of the liability's elements and the amount, regarding which no reliable estimate could be made.

It is also to be noted that, according to generally accepted accounting principles, general provisions for risks and charges cannot be recognized to account for potential liabilities whose amount can only be determined in a random and arbitrary way.

It is also to be noted that, following discussions with the Auditing Firm, the Board of Statutory Auditors shared the Firm's considerations regarding the Annual Accounts closed on 31.12.2023. The Board examined the Firm's report dated 7 May 2024, which was drafted pursuant current regulations on banks and companies. In this respect it is noted that:



- the report was drafted according to the principles of international auditing and the current internal regulations on annual accounts.
- The auditing firm considers the evidence gathered to be adequate and sufficient to support its judgement.
- A compliance opinion was provided, confirming that the financial statements conform to the applicable editing standards.
- Informational notes are included that do not alter or affect the auditor's judgement, but rather highlight significant events that occurred during the fiscal year.

Now therefore, having examined the auditor's judgement – *'the annual accounts offers a true and fair view of the financial position of the Central Bank of San Marino as at 31/12/2023 and net profit for the fiscal year ending on the same date'*, notice is taken of Auditing Firm's emphasis of matter that nevertheless does not modify its judgement but rather draw the attention to the information detailed in the Notes and in the Report of the Governing Council on the 2023 company management.

The emphasis of matter covers the following facts:

- *Following two administrative appeals filed by Asset Banca S.p.A. in voluntary liquidation, in which the Central Bank emerged as the losing party, and two ongoing administrative appeals closely related to the former, the Central Bank of San Marino conducted extrajudicial negotiations to explore the possibility of settling the ongoing dispute. The Bank's various attempts did not receive support from the opposing party. On 16 April 2024 the Central Bank was notified the writ of summons of a civil lawsuit filed by Asset Banca S.p.A. in voluntary liquidation and some of its shareholders against the Central Bank for the compensation of potential damages to be quantified by the judge.*

The Board of Statutory Auditors considered it essential to address matters within its scope of authority with the Audit Firm to ensure an accurate and prudent evaluation of a provision for a dedicated risk fund related to "Asset Banca". Following this exchange and considering the Audit Firm's position, as well as the information gathered, the writers have found no evidence of concerns regarding the assessment of provisions. Indeed, there have been no changes compared to the previous year that would warrant a reassessment.



- *As allowed by the current regulations, CBSM employed EUR 4.65 million from the Fund for General Financial Risks for with the aim of stabilizing the financial result for the fiscal year 2023. The Fund for General Financial Risks Fund recorded a year-end balance of EUR 28.1 million as at 31/12/2023.*

The Board of Statutory Auditors hereby states that no critical issues have been raised by the Audit Firm, having the latter verified that the annual accounts align with the facts and information available resulting from the fulfilment of its duties, and in the absence of any reports.

Through a legality check, the abovementioned Board assessed the project's overall structure and its compliance with the law. The Annual Accounts was found to be clearly drafted, compliant with current civil and tax regulations, and truthfully and accurately representing the financial position and the net result for the fiscal year. We believe that the Management Report and the Notes to the Annual Accounts provide a clear understanding of the facts and an accurate presentation of data, showing consistency in the application of formation criteria.

We believe that the Annual Accounts as at 31 December 2023 are compliant with the accounting principles and assessment criteria included in the Notes. Such principles and criteria are in turn compliant with current regulations and specifically with the provisions and technical aspects of financial reporting.

Additionally, mention should be made to the reasonable accounting estimates made by the administrators, which were based on the duty to protect the integrity of corporate assets and preserve business continuity, in line with the principle of prudent valuation, materiality, and periodicity.

Considering the foregoing, since no findings or reservations have emerged, this Board of Statutory Auditors believes to have expressed its opinion for matters within its competence to the best of its knowledge, in compliance with the rules for drafting the Annual Accounts. The latter have indeed been prepared with clarity and provide a true and fair view of the Central Bank's equity and income situation and the economic result for the year.

Lastly, the Board of Statutory Auditors wishes to thank the entire Governing Council, the Managing Director and all staff for their cooperative and supportive approach, which greatly facilitated the understanding of facts and the verification activities.

Dear Shareholders,



We invite you to approve the draft Annual Accounts for the year 2023, owing to the above and based on the exhaustive disclosure provided. Stakeholders have been provided with all the necessary information to correctly assess their investment and the correct equity, financial and economic position of the Supervisory Authority, in light of the operating environment in which the Central Bank carries out its activities.

The Board of Statutory Auditors, under its own responsibility, pursuant to Art. 6, Paragraph 10, Delegated Decree No. 46 of 24 February 2011, hereby declares that each of its members continues to meet the subjective and objective conditions envisaged by current regulations for the performance of their duties.

San Marino, 8 May 2024

The Board of Statutory Auditors

Ms. Pier Angela Gasperoni

Ms. Valentina Di Francesco

Ms. Monica Zafferani



Audit Firm's Report on the Statement of operations for financial year 2023



INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 23 PARAGRAPH 3 OF LAW NO. 96 DATED 29 JUNE 2005 (STATUTE OF THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO)

To the Shareholders of the CENTRAL BANK OF THE REPUBLIC OF SAN MARINO

Opinion

We audited the Annual Accounts of the CENTRAL BANK OF THE REPUBLIC OF SAN MARINO (hereinafter also "the Bank" or "Central Bank") consisting of the Balance Sheet as at 31 December 2023, Income Statement for the financial year then ended and the Notes to the Annual Accounts.

In our opinion, the Annual Accounts provide a true and fair view of the equity and financial position of the CENTRAL BANK OF THE REPUBLIC OF SAN MARINO as at 31 December 2023 and of the economic result for the year ended on that date.

Basis for opinion

We carried out the audit in compliance with the regulations in force in the Republic of San Marino and, where applicable, with international standards for auditing. Our responsibilities under these standards are further described in the "Responsibilities of the independent auditor for the audit of the Annual Accounts" section of this report. We are independent of the Bank in compliance with the rules and principles on ethics and independence applicable in the San Marino legal system to the audit of the Annual Accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our opinion.

Emphasis of matter

Without prejudice to our opinion, we would like to draw your attention to the information set out in greater detail in the Notes to the Annual Accounts and in the "Governing Council Report on Operations - 2023" with regard to the following events:

- As a result of two administrative appeals filed by Asset Banca S.p.A. in voluntary liquidation, where the Bank was unsuccessful, and two ongoing first-instance administrative appeals closely related to the previous ones, the Bank was involved in out-of-court negotiations aimed at resolving the dispute that had meanwhile arisen. On 16 April 2024 the Central Bank was notified a writ of summons informing that Asset Banca S.p.A. in voluntary liquidation and some of its shareholders had initiated civil proceedings against the former for the compensation of damages, whose exact quantification was deferred to the discretion of the court. The Bank undertook a prospective evaluation, assessing both the level of fulfilment of the condition for the existence of potential liability and the estimation process for a potential provision. With particular reference to the latter



point, the Bank concluded that it was not feasible to establish a reliable estimate of the amount. Based on this evaluation, at least one of the two conditions was deemed unsubstantiated, resulting in the non-recognition of potential liability on the balance sheet, which has only been mentioned in the Notes to the Annual Accounts. This description is found in Section 18 of the Liabilities, specifically related to funds, particularly those for risks and charges.

- The Bank, in accordance with the current regulations, has employed EUR 4.65 million from the Fund for General Financial Risks with the objective of stabilizing the financial result for the fiscal year 2023. As at December 31, 2023, the Fund for General Financial Risks carries a year-end balance of EUR 28.1 million.

Other aspects

This report is issued pursuant to art. 23, paragraph 3 of Law No. 96 of 29 June 2005 (Statute of the CENTRAL BANK OF THE REPUBLIC OF SAN MARINO). The audit is carried out by another party other than the auditing firm.

Responsibilities of the Governing Council and the Board of Statutory Auditors for the Annual Accounts

The Governing Council is responsible for preparing the Annual Accounts so as to provide a true and fair view in compliance with the San Marino regulations on drafting criteria and, within the terms established by law, for that part of internal audit deemed necessary by the directors themselves to allow the preparation of Annual Accounts free from significant errors due to fraud or unintentional behaviour or events.

The Governing Council is responsible for assessing the Bank's ability to continue operating and for using the going concern assumption appropriately in preparing the Annual Accounts, as well as the adequate disclosure on the matter. The Governing Council adopt the going concern assumption unless they have assessed that the conditions exist for the liquidation of the Bank or for the interruption of its business, or have no realistic alternatives to such choices.

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

Auditor's responsibilities for the audit of the Annual Accounts

Our goal is to obtain reasonable assurance that the Annual Accounts as a whole are free from material misstatements, whether due to fraud or unintentional errors, and to issue an audit report that includes our judgment. Reasonable assurance means a high level of assurance, which, nevertheless, does not guarantee that an audit conducted in accordance with the applicable regulations in the Republic of San Marino and, where applicable, international auditing standards, will always detect any material misstatements. Errors can arise from fraud or unintentional actions or events and are



considered material if they could reasonably be expected, individually or collectively, to influence economic decisions made by users based on the Annual Accounts.

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

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

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

San Marino, 7 May 2024

SOLUTION S.r.l.
Marco Stolfi
Chairman of the Board of Directors



Guarantee Fund for Depositors



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Statement of operations for financial year 2023: Statement of assets and liabilities

ASSETS	31/12/2023		31/12/2022	
	Total value	Percentage out of tot assets	Total value	Percentage out of tot assets
A. FINANCIAL INSTRUMENTS	0	0%	0	0%
A.1. Listed financial instruments	0	0%	0	0%
A.1.1. Debt securities	0	0%	0	0%
A.1.2. Capital securities	0	0%	0	0%
A.1.3. CIS parts	0	0%	0	0%
A.2. Unlisted financial instruments	0	0%	0	0%
A.2.1. Debt securities	0	0%	0	0%
A.2.2. Capital securities	0	0%	0	0%
A.2.3. CIS parts	0	0%	0	0%
A.3. Derivative financial instruments	0	0%	0	0%
B. CREDITS	10,879,791	100%	10,035,367	100%
B.1. Repurchase agreements	10,879,791	100%	10,035,367	100%
B.2. Others	0	0%	0	0%
C. CASH AT BANKS	0	0%	0	0%
C.1 On demand	0	0%	0	0%
C.2 Others	0	0%	0	0%
D. LIQUIDITY	11,400	0%	46,408	0%
E. OTHER ASSETS	0	0%	0	0%
TOTAL ASSETS	10,891,191	100%	10,081,775	100%

LIABILITIES	31/12/2023		31/12/2022	
	Total value		Total value	
F. FUNDING RECEIVED		0		0
G. DERIVATIVE FINANCIAL INSTRUMENTS		0		0
H. OTHER LIABILITIES		0		0
TOTAL LIABILITIES		0		0

NET	31/12/2023		31/12/2022	
	Total value		Total value	
NET ASSET VALUE OF THE FUND		10,891,191		10,081,775



Statement of operations for financial year 2023: Income position

	31/12/2023	31/12/2022
	Total value	Total value
FINANCIAL INSTRUMENTS	0	0
LISTED FINANCIAL INSTRUMENTS	0	0
PROCEEDS FROM INVESTMENTS	0	0
Interest and other proceeds on debt securities	0	0
Dividends and other proceeds on capital income	0	0
Proceeds on CIS parts	0	0
PROFIT/LOSS ON DISPOSALS	0	0
Debt securities	0	0
Capital securities	0	0
CIS parts	0	0
CAPITAL GAINS/LOSSES	0	0
Debt securities	0	0
Capital securities	0	0
CIS parts	0	0
HEDGING TRANSACTIONS MARGIN OF LISTED FINANCIAL INSTRUMENTS	0	0
Operating margin of listed financial instruments	0	0
UNLISTED FINANCIAL INSTRUMENTS	0	0
PROCEEDS FROM INVESTMENTS	0	0
Interest and other proceeds on debt securities	0	0
Dividends and other proceeds on capital income	0	0
Proceeds on CIS parts	0	0
PROFIT/LOSS ON DISPOSALS	0	0
Debt securities	0	0
Capital securities	0	0
CIS parts	0	0
CAPITAL GAINS/LOSSES	0	0
Debt securities	0	0
Capital securities	0	0
CIS parts	0	0
HEDGING TRANSACTIONS MARGIN OF UNLISTED FINANCIAL INSTRUMENTS	0	0
Operating margin on unlisted financial instruments	0	0
NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	0	0
Operating margin on non-hedging derivative financial instruments	0	0
CREDITS	304,374	43,387
Interest received and other proceeds	304,374	43,387
Value increases/decreases	0	0
Profit/loss on disposals	0	0
Operating margin on loans	304,374	43,387
CASH AT BANKS	0	0
Interest received and other proceeds	0	0
Operating margin on cash at banks	0	0
OTHER ASSETS	0	0
Operating margin on investment in other assets	0	0
FOREIGN CURRENCY MANAGEMENT	0	0



Operating margin of foreign currency management	0	0
OTHER OPERATING TRANSACTIONS	0	0
Operating margin on other transactions	0	0
<u>GROSS OPERATING MARGIN OF OPERATING ACTIVITIES</u>	304,374	43,387
FINANCIAL COSTS	0	0
Interest paid on funding received	0	0
Other financial costs	0	0
<u>NET OPERATING MARGIN OF OPERATING ACTIVITIES</u>	304,374	43,387
OPERATING COSTS	0	0
Commissions	0	0
Administrative costs	0	0
Other operating costs	0	0
OTHER REVENUES AND COSTS	5,102	4,666
Other revenues	5,103	4,666
Other costs	1	0
<u>OPERATING PROFIT/(LOSS)</u>	309,476	45,854





Statement of operations for financial year
2023:
Notes to the Annual Accounts



Structure and content of the Statement of operations

Pursuant to the provisions of Article 3.3.2, paragraph 2, of the “Regulation on the Guarantee Fund for Depositors” (Reg. 2016-01, as amended), the reporting format of the Statement of operations of the Guarantee Fund for Depositors was based on the provisions of Regulation 2007-06 of the Central Bank currently in force and on the schedules and statements annexed thereto, to the extent as compatible.

More specifically, the format of the statement of operations applicable to the so called “Open-end” Funds was used as a basis, with the specific items of mutual investment funds being eliminated. The level of details of the items that, under the laws currently in force, may not result in any movement for the Guarantee Fund for Depositors was reduced; and some sub-items were adjusted due to the individual features of the Fund itself.

The Statement of operations consists of the Statement of assets and liabilities, the Income position and the Notes to the Annual Accounts, and is accompanied by the Board of Statutory Auditors’ Report and the Audit Firm’s Report. Indeed, the statement of operations is meant to explain, as regards each financial year, the assets and liabilities mix of the Fund, the profit/loss result achieved and the movements in equity, whereas a broader representation of operations on the Fund is provided in the Annual Report of the Central Bank to the Great and General Council, pursuant to Article 3.3.2, Paragraph 2, of Regulation 2016-01.

Valuation criteria

In preparing this statement of operations, reliance was made on the accounting principles and valuation criteria generally applied by mutual investment funds, according to the laws and regulations currently in force. Figures are shown in Euro (EUR).

Liquidity and credits were measured at nominal value, which corresponds to the assumed realisable value thereof.

Interest received and paid, other proceeds and costs to be borne by the Fund were calculated on an accrual basis, regardless of the date of their collection and payment, including by recognising, where necessary, accrued revenues and accrued expenses.

As regards the valuation of financial instruments as at 31 December 2023, it is worth noting that on such date no such instruments were included in the portfolio.

Part A - Assets and liabilities and net equity of Fund

Section 1 - Assets

A. FINANCIAL INSTRUMENTS

A.1. Listed financial instruments

As at the reporting date of this statement of operations, the Fund did not hold any listed financial instruments in its portfolio.



A.2. Unlisted financial instruments

As at the reporting date of this statement of operations, the Fund did not hold any unlisted financial instruments in its portfolio.

A.3. Derivative financial instruments

As at the reporting date of this statement of operations, the Fund did not hold any derivative financial instruments in its portfolio.

B. CREDITS

B.1. Repurchase agreements

Credits	31/12/2023	31/12/2022
Repurchase agreements	10,879,791	10,035,367
Others	0	0
Total	10,879,791	10,035,367

The "Credits – Repurchase Agreements" refer to existing repurchase transactions with the Central Bank of the Republic of San Marino, carried out in accordance with the investment policy defined by the Governing Council of the same Central Bank in its meetings on April 12, 2017, and November 27, 2019.

Accrued interest amounts at the end of the fiscal year for these transactions total EUR 181.651 and are included in the aforementioned item.

As for financial year 2023, the Fund was allocated to repurchase agreements due to a higher yield compared to that recognized for current account deposits.

B.2. Others

As at the reporting date of this statement of operations, the Fund has no credit granting transactions in progress.

C. CASH AT BANKS

As at the reporting date of this statement of operations, no cash at banks was held other than the current account maintained with the Central Bank and held under "Liquidity".

D. LIQUIDITY

Liquidity	31/12/2023	31/12/2022
Liquidity	11,400	46,408
Total	11,400	46,408

"Liquidity" refers to the current account maintained in the name of the Fund with the Central Bank of the Republic of San Marino.



Interest to be received accrued as at the end of the financial year with reference to such current account, totalling EUR 53, was held under this item.

E. OTHER ASSETS

As at the reporting date of this statement of operations, the Fund did not hold any other assets.

Section 2 - Liabilities

F. FUNDING RECEIVED

As at the reporting date of this statement of operations, the Fund did not receive any funding.

G. DERIVATIVE FINANCIAL INSTRUMENTS

As at the reporting date of this statement of operations, the Fund did not have any holdings in derivative financial instruments.

H. OTHER LIABILITIES

As at the reporting date of this statement of operations, the Fund did not hold any other liabilities.

Section 3 - Net Asset Value

Net Asset Value of the Fund	31/12/2023	31/12/2022
Net equity at the beginning of the period	10,081,775	9,943,122
Increases	499,940	92,799
Decreases	0	0
Result for the period	309,476	45,854
Net equity at the end of the period	10,891,191	10,081,775

With reference to the data disclosed in the table, it should be noted that:

- a. The increase of EUR 499,940 refer to the ordinary contribution, net of payment commitments from participating entities, resulting from the application of a contribution rate for the year 2023 of 0.066% on the protected deposits as at 31 December 2022. This rate was determined to achieve the minimum coverage level objective of the Fund, as defined by Article 3.2.1 Paragraph 1 of Regulation 2016-01, established at the European level as 0.8% of the protected deposits by 3 July 2024.

Furthermore, according to the aforementioned Regulation in Article 3.2.1 Paragraph 2, this objective can also be achieved through payment commitments provided by participating entities, which cannot exceed 30% of the net assets of the Fund. For the year 2023, the total of the aforementioned payment commitments received amounts to EUR 594,604.

As of 31 December 2023, considering the total payment commitments made by the participating entities referred to in point I below, **the financial allocation of the Fund amounts to EUR 12,482,103.**

- b. the result for the period (EUR 309,476) was tax exempt due to the institutional peculiarities of the Fund.



I. COMMITMENTS, GUARANTEES ISSUED, AND OTHER OFF-BALANCE SHEET ITEMS

Commitments	31/12/2023	31/12/2022
Guarantees issued	1,590,912	996,308
Total	1,590,912	996,308

The payment commitments received from participating entities, pursuant to Article 3.2.1 paragraph 2 of Regulation 2016-01, are fully guaranteed by the secured deposits held at the Central Bank of the Republic of San Marino.

Part B - Income position

The year under review shows a positive result of EUR 309.476. resulting from the items shown in the tables in this section.

Section 1 - Performance of financial instrument management

In the period under review, the Fund did not carry out any transaction on financial instruments.

Section 2 - Operating margin on credits

Credits	31/12/2023	31/12/2022
Interest received and other proceeds	304,374	43,387
Value increases/decreases	0	0
Profit/loss on disposals	0	0
Total	304,374	43,387

The entry represents the amount of accrued interest related to purchase agreements conducted with the Central Bank of the Republic of San Marino.

Section 3 - Operating margin on cash at banks

As at the reporting date of this statement of operations, no income entries resulting from the management of cash at banks were accounted for.

Section 4 - Operating margin on investment in other assets

In the period under review, the Fund did not carry out any transaction on other assets.

Section 5 - Operating margin of foreign currency management

During the year, the Fund did carry out any foreign currency transactions.

Section 6 - Operating margin on other transactions

In the period under review, no other operating transactions were carried out.



Section 7 - Financial costs

In the period under review, no loans were raised.

Section 8 - Operating costs

As was the case in the previous period, the costs for operating the Fund in 2023 were covered by the Central Bank, as established with resolution dated 6 April 2018 issued by the Governing Council of the Central Bank of the Republic of San Marino itself.

Section 9 - Other revenues and costs

Other revenues and costs	31/12/2023	31/12/2022
Other revenues	5,103	2,467
Other costs	1	0
Total	5,102	2,467

"Other revenues" to a small extent pertain to interest accrued on the current account maintained with the Central Bank of the Republic of San Marino and the receipt of EUR 5,012 allocated to the Fund pursuant to Article 7, paragraph 5, of Law No. 207 dated 22 December 2021.

"Other costs" equalling to EUR 1 are rounding adjustments resulting from the preparation of the financial statement templates to the nearest euro.

Part C - Other information

There is no other information to report.



Board of Statutory Auditors' Report on the Statement of operations for financial year 2023



BOARD OF STATUTORY AUDITORS' REPORT
ON THE STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31
DECEMBER 2023
GUARANTEE FUND FOR DEPOSITORS

Dear participants and beneficiaries of the Guarantee Fund for Depositors,

The draft Annual Accounts as at 31 December 2023 that the Governing Council submits for your approval, were prepared in compliance with current laws (Law No. 96 dated 29 June 2005, as amended - Central Bank Statute; Law No. 165 dated 17 November 2005 - Law on Companies and Banking, Financial and Insurance Services; Law No. 47 dated 23 February 2006 - Company Law); they consist of the Assets and Liabilities Statements, Income Position, Notes to the Annual Accounts, Board of Statutory Auditors' Report as well as Audit Firm's Report.

Pursuant to the provisions of Article 3.3.2, paragraph 2, of the "Regulation on the Guarantee Fund for Depositors" (Reg. 2016-01, as amended), the reporting format of the Statement of operations of the Guarantee Fund for Depositors was based on the provisions of Regulation 2007-06 of the Central Bank currently in force and on the schedules and statements annexed thereto, to the extent as compatible.

More specifically, the starting point was the reporting framework established for so-called "open-end" funds, with only the specific items related to mutual investment funds being removed. The level of detail was streamlined for items that, under current regulations, will not be subject to transactions for the Deposit Guarantee Fund. Additionally, certain sub-items were adjusted to reflect the specific characteristics of the Fund.

The Statement, comprised of the Assets and Liabilities Statements, Income Position, Notes to the Annual Accounts, is meant to explain, as regards each financial year, the assets and liabilities mix of the Fund, the profit/loss result achieved and the movements in equity, whereas a broader representation of operations is available in the Central Bank's Annual Report to the Great and General Council, pursuant to Art. 3.3.2, Paragraph 2 of Regulation 2016-01.

The Statement of Operations was approved by the Governing Council on 30 April 2024, and simultaneously made available to the Board of Statutory Auditors.



The Statement of Operations submitted for your approval shows a positive result (EUR 309,476) whose analytical demonstration is in the income components included in the Profit and Loss Account; the Balance Sheet provides a reliable representation of the equity and financial situation of the company. Said result for the year was tax exempt due to the institutional characteristics of the Fund.

During the year ended 31 December 2023, our activities were based on the legal provisions and the Rules of Conduct of the Board of Statutory Auditors issued by the Association of Chartered Accountants of the Republic of San Marino.

No further significant events emerged from the supervisory activity that would require mention in the following report.

The Board of Statutory Auditors confirms that there have been consultations with the Audit Firm and coordination on respective areas at expertise. No significant issues emerged that required specific investigations; in the conducted examinations, no censorable matters were communicated to us.

We monitored compliance with the legal framework, the proper preparation of the Management Report, adherence to the Deposit Guarantee Fund's Regulations, and the observance of principles of sound administration. In this regard, we have no observations to report.

We have monitored its overall framework, ensuring its conformity with the law, in terms of formation and structure, and have no particular observations to bring forward.

We acquired information from the Management on the overall performance of operations and on the outlook, as well as on the most significant transactions, owing to their size or characteristics, carried out by the Fund and on the basis of the information acquired, we have no observations to report.

We have obtained information from the Management regarding the overall progress of operations and foreseeable developments, as well as significant transactions conducted by the Fund due to their size or characteristics. Based on the acquired information, we have no observations to report.

We have been able to verify that the actions deliberated and undertaken are in compliance with the law and regulations, and there appear to be no instances of imprudent or risky behaviour, nor potential conflicts of interest.

We have acquired knowledge and overseen, to the extent of our competence, the adequacy and functioning of the accounting-administrative system, as well as the reliability of the latter to accurately represent operational events through information



provided by those responsible for the management body and the individual entrusted with the audit. In this regard, we have no particular observations to report.

Insofar as it may be necessary, it is acknowledged that the Board of Statutory Auditors was not aware of any decisions by the competent bodies that did not comply with the regulations of the Central Bank and the provisions of the law.

During the supervisory activity, no further significant events emerged that would require mention in the following report.

The Board of Statutory Auditors acknowledged the Report of the Audit Firm appointed by the Shareholders' Meeting, received today, which expresses the following opinion in its conclusions: *"the statement of operations gives a true and fair view of the assets and liabilities, and financial position of the Fund as at 31 December 2023 and of the profit or loss for that period, in accordance with Regulation No. 2007-06 issued by the Central Bank of the Republic of San Marino, which governs their preparation criteria"*.

In consideration of the above, since no findings or reservations have emerged, this Board of Statutory Auditors believes to have expressed its opinion for matters within its competence and to the best of its knowledge in compliance with the rules for drafting the Statement of Operations of the Guarantee Fund for Depositors as at 31 December 2023. The Statements have therefore been drawn up clearly and provides a true and fair view of the equity and income situation.

Lastly, the Board of Statutory Auditors wishes to thank the entire Governing Council, the Managing Director and all staff, for facilitating the understanding of the facts and the verification activities through a cooperative and supportive approach.

San Marino, 8 May 2024

The Board of Statutory Auditors

Ms. Pier Angela Gasperoni

Ms. Valentina Di Francesco

Ms. Monica Zafferani





Audit Firm's Report on the Statement for operations for financial year 2023





INDEPENDENT AUDITOR'S REPORT PURSUANT TO ART. 33 OF THE LISF AND ART. III.III.2, PARAGRAPH 2, OF THE "REGULATION OF THE GUARANTEE FUND FOR DEPOSITORS" (CBSM REGULATION NO. 2016-01) AND ACCORDING TO THE PROVISIONS OF CBSM REGULATION NO. 2007-06 CURRENTLY IN FORCE

To the Participants and guaranteed parties of the

Guarantee Fund for Depositors

Opinion

We audited the Annual Accounts of the Guarantee Fund for Depositors (hereinafter Fund), consisting the Balance Sheet as at 31 December 2023, the Income Statement for the financial year then ended and the Notes to the Annual Accounts.

In our opinion, the Annual Accounts provide a true and fair view of the financial position of the Fund as at 31 December 2023 and its economic result in the financial year then ended, in accordance with Regulation No. 2007-06 on drafting criteria issued by the Central Bank of the Republic of San Marino.

Basis for opinion

We carried out the audit in compliance with the regulations in force in the Republic of San Marino, which establishes the criteria for preparing the statement of operations and, where applicable, in compliance with the International Standards on Auditing. Our responsibilities under these standards are further described in the "Responsibilities of the Directors of the Fund and the Board of Statutory Auditors for the Annual Accounts" section of this report. We are independent of the Fund, the Directors of the Fund appointed by the Central Bank of the Republic of San Marino, as well as the directors of the Central Bank itself, in compliance with the rules and principles on ethics and independence applicable to the audit of the Annual Accounts in the San Marino legal system. We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis for our opinion.

Responsibilities of the Directors of the Fund and the Board of Statutory Auditors for the Annual Accounts

The Governing Council of the Central Bank of the Republic of San Marino is responsible for preparing the Annual Accounts of the Fund that provides a true and fair view in compliance with Regulation No. 2007-06 issued by the Central Bank of the Republic of San Marino, which regulates the drafting criteria and, within the terms established by law, for that part of internal control deemed necessary by the directors themselves to allow the preparation of the Annual Accounts without significant errors due to fraud or unintentional behaviour or events.

The Governing Council of the Central Bank of the Republic of San Marino is responsible for the assessment of the Fund's ability to continue as an operating entity and, in preparing the Annual Accounts, for the appropriateness of the use of the going concern



assumption, as well as for adequate disclosure on the matter. The directors use the going concern assumption in preparing the Annual Accounts unless they have assessed that the conditions exist for the liquidation of the Fund or for the interruption of the business or have no realistic alternatives to such choices.

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

Auditor's Responsibilities for the audit of the Annual Accounts

The purpose of our audit is to obtain reasonable assurance that the Annual Accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance means a high level of confidence, but it does not guarantee that an audit conducted in accordance with the regulatory framework of San Marino will always detect a material misstatement if it exists. Material misstatements can arise from fraud or error and are considered material if they could influence the economic decisions of users based on the Annual Accounts, either individually or collectively.

In conducting our audit in accordance with the laws of the Republic of San Marino and, where applicable, International Standards on Auditing, we exercised professional judgment and maintained professional scepticism throughout the audit process.

Additionally:

- We identified and assessed the risks of material misstatements in the Annual Accounts due to fraud or error, designed and performed audit procedures to address these risks, and obtained sufficient and appropriate audit evidence to form our opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of not detecting material misstatements due to unintentional error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or coercion, which can be more challenging to uncover through auditing procedures.
- We obtained a relevant understanding of the internal control for audit purposes to design appropriate audit procedures. Our assessment of internal control is not an opinion on the effectiveness of the Fund's or the Central Bank of the Republic of San Marino's internal controls.
- We evaluated the appropriateness of the accounting principles used and the reasonableness of the accounting estimates made by the management, including related disclosures.
- We reached a conclusion on the appropriateness of the going concern assumption used by management and assessed whether there is a significant uncertainty about events or circumstances that may cast substantial doubt on the Fund's ability to continue operating as a going concern. If there is a significant uncertainty, we are required to either include a related disclosure in the audit



report or modify our opinion accordingly. Our conclusions are based on audit evidence obtained up to the date of the report. However, subsequent events or circumstances could affect the Fund's ability to continue as a going concern.

- We evaluated the presentation, structure, and content of the Annual Accounts as a whole, including disclosures, to ensure that they represent the underlying transactions and events in a true and fair manner.

We communicated with those charged with governance of the Fund, at an appropriate level, about the planned scope and timing of the audit and significant findings that arose during the audit process.

San Marino, 7 May 2024

SOLUTION S.r.l.

Marco Stolfi
Chairman of the Board of Directors

Solution S.r.l

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Registered in the Companies Register (Reg. No. 4650) on 06 March 2007

Registered in the Register of Auditors (Reg. No. 11) – share capital: EUR 26,000.00 fully paid – C.O.E. SM 21110



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