REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2013

Dear Shareholders,

We are pleased to submit the Financial Statements as at 12/31/2013 for your consideration and for your approval.

Before illustrating the Bank's activities and the results achieved during the financial year, it is considered necessary to refer briefly to the economic international trend of Italy and the Republic of San Marino, with a focus on banking and financial system.

The International Economic Situation

The growth of world economic activity and international trade continues at a moderate pace.

In the United States there are signs of a strengthening economy, which also contributes to a lower uncertainty on fiscal policy; the start of the reduction in purchases of securities by the Federal Reserve did not increased the volatility in the financial markets and exchange rates.

The growth in the emerging economies continues; however, the downside risks associated with less expansive global financial conditions burden on it.

In the euro area, a modest recovery is underway, but it remains fragile. The weakness of the economic activity is reflected in a very moderate dynamic of consumer prices, which translates into higher interest rates in real terms and in a slower reduction of public and private debt.

International Economy

The GDP of the United States has accelerated its growth in the third quarter of 2013, recording an increase of 4% per annum over the previous period (2.5% in the second).

Growth remained sustained in the United Kingdom (3.1%), driven by internal demand.

In Japan, after strong growth in the previous quarters, the gross domestic product has slowed down (1.1%), following an abrupt deceleration in consumption and exports.

In the fourth quarter there have been additional positive signs for growth in the United States: the strengthening of the employment trend in place since the summer, was accompanied by the acceleration of consumption.

In Japan, the activity returned to growth in the fourth quarter, supported by exports and a temporary increase in consumption, especially of durable goods, induced by the increase in indirect taxes scheduled for next April.

In the UK, improved credit conditions for households and large enterprises; the evolution of the labor market and the PMI indices are consistent with a stabilization of growth at high levels.

In the main emerging countries, economic activity showed different trends.

In the third quarter of 2013, the growth has strengthened in China (7.8% on year) driven by the measures of support for investments and exports undertaken in the summer.

On the other hand, the increase in the product remained moderate in India (4.8%), despite the sharp depreciation of the rupee and the recovery of production in the agricultural sector; GDP slowed in Brazil (2.2%) and continued to stagnate in Russia.

The most recent data indicate that world trade accelerated in the fourth quarter of 2013, after having already strengthened in the third (4.9% on the previous period and on an annual basis, from 1. 2 in the second).

Inflation in the advanced countries has remained at very contained levels.

In November, the index of consumer prices grew by 1. 2% on year in the United States and by 2.1% in the UK; in Japan the change in the general price index, turned positive since last summer, has reached 1.6%.

Among emerging countries, the dynamics of consumer prices remains high in India, Brazil and Russia.

The Federal Reserve has launched the reduction of monetary stimulus and at the same time reiterated that the stance of monetary policy will remain expansive for much longer.

The Bank of England has significantly revised upwards its expectations for growth and employment, but made it clear that any decline in the unemployment rate faster than anticipated would not translate automatically in an increase in the reference rate for monetary policy.

The Bank of Japan has maintained its expansive trend for monetary policy, confirming programs of purchase of government securities and increase in the monetary base.

Since last autumn, the monetary policies in key emerging economies have become of less accommodating tone.

In China, the central bank has reduced the pace of expansion of liquidity to restrain the pace of credit; in India (in October) and in Brazil (in October, November and January), the authorities have raised the benchmark interest rates for monetary policy to contain inflationary pressures and counteract the outflow of capital.

According to the latest OECD estimates, global growth, after falling to 2.7% in 2013, would mark a recovery to 3.6% this year.

The Euro Zone

In the Euro Zone, the product marked a slight increase in the third quarter of 2013. However, lower than during the previous period. The recovery of has continued in the fourth quarter; growth will be limited in the next few months.

Inflation has reached the minimum values of the last four years.

In November, the Governing Council of the ECB reduced the interest rate on the main refinancing operations and in January it firmly reiterated that it plans to keep official interest rates at levels equal to or lower than current for an extended period of time.

In the third quarter of 2013, GDP has grown in the euro zone by 0.1% compared to the second quarter, drawing support from the increase in consumption (0.1%), the accumulation of stocks and the increase in gross fixed investment (0.5%).

The dynamic yet supported in imports (1.2%) was accompanied by a slowdown in exports (0.3%).

Among the major economies, Germany's GDP has increased by 0.3%, driven by investments in construction; in France it has decreased by 0.1%, reflecting the contribution of the negative net foreign demand and the decline in investment.

Industrial activity, however, still show signs of weakness: in the two months October/November, production has essentially stagnated in the area.

Household demand is slow to recover force, despite some signs of improvement.

During the quarter September - November, car registrations, seasonally corrected, have increased in the zone driven by the sales in Germany.

According to surveys coordinated by the European Commission, in December, consumer confidence in the euro zone has increased, extending the improvements in place by the end of 2012.

Most recent data confirm the positive trend of sales abroad.

In the autumn months, inflation has decreased, reaching extremely low levels, and it decreased again in December to 0.8%.

To the weak dynamics of prices contribute the most volatile components as well as the basic ones (non-food and non-energy goods and services): the growth of the latter is placed at minimum levels compared to the past.

Pressure on the side of costs continues to decline.

In November, producer prices have gone down by 1.2% compared to the same month of 2012, reflecting the drop in the prices of intermediate goods and energy.

Based on Consumer Surveys, the weakness of prices would remain unchanged in 2014: the expectations of businesses about the change in their price lists and those of families on the trend of retail prices remain steady at low levels.

According to the forecasts, in 2014, inflation in the euro zone would be 1.1%.

In November, loans to businesses shrank by 3.6%, while loans to households grew modestly by 0.6%.

Overall, loans to non-financial private sector have decreased by 1, 3%. Among the main countries, lending to businesses has continued to decline on year in Spain, Ireland and, less intensely, in Germany; it has increased slightly in France and the Netherlands.

In light of the prospects for a prolonged period of low inflation, limited dynamics in money and credit and weakness of economic activity, at its meeting in early November, the Governing Council of the ECB has reduced the interest rate on the main refinancing operations and the one on transactions on marginal lending by 25 basis points (0.25% and 0.75%, respectively); the interest rate on overnight deposits in the Eurosystem remained unchanged at zero.

At the meeting in January, the Council of Europe has firmly reiterated that it plans to keep official interest rates at levels equal to or lower than current ones for an extended period of time.

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The Economic Situation in Italy

The conditions on European and Italian financial markets have further improved; the prospects for recovery, the accommodating monetary policy, progress in the governance of the euro zone and the stabilisation of the internal framework in Italy have contributed to this improvement.

Interest rates on long-term Italian government bonds have decreased; the differential with respect to the German ten-year Bund yield has decreased below 200 basis points.

The interest of non-residents for the Italian financial assets is back.

In Italy, GDP, supported by exports and stock changes, discontinued its downfall in the third quarter of 2013. Based on the polls and the trend of industrial production, output growth was barely positive in the fourth quarter.

The indices of confidence among firms that have still improved in December, are standing on the levels seen in early 2011.

The economic situation is however still very different depending on categories of business and geographical location.

A context still unfavourable for smaller companies, for those in the services sector and those in the south is opposed to the improved prospects of industrial enterprises of greater size and of those more oriented towards foreign markets. Despite early signs of stabilisation in employment and increase in hours worked, labour market conditions remain difficult.

The unemployment rate, which usually lags behind the evolution of the economic cycle, reached 12.3% in the third quarter and could further increase to 12.6% in October-November.

Inflation in Italy has continued to decrease more than expected a few months ago, falling to 0.7% in December.

The weak demand has contained the prices set by firms to a greater extent than in the past; the VAT increase in October was translated only to a small extent on the final prices.

The balance in the current account of the balance of payments turned positive in 2013; the budget surplus is expected to increase further, despite an increase in imports induced by the expected gradual strengthening of economic activity.

The improvement in the balance between 2010 and 2013 has not only been affected by the decline in imports induced by the recession, but also by the increase of exports.

This year there would be a moderate recovery in economic activity, which would accelerate, albeit to a limited extent, the next year: after being reduced by 1.8% in 2013, the GDP would grow by 0.7% this year and 1% in 2015.

The recovery would be driven by foreign demand and gradual expansion of productive investments, helped by the improvement in demand prospects and increased cash and cash equivalents of companies, thanks to the payment of trade payables of the previous government.

The ratio between investments and GDP is expected to remain below the historical average.

Consumption would remain weak.

The improving economy would be transmitted with the usual delays to the conditions of the labour market: employment could restart expanding only in 2015.

The forecasts of consumer price inflation for the biennium have been downgraded, just above 1% this year, around 1.4% next year.

Even domestic prices, as measured by the GDP deflator, would grow at a moderate pace, for the effect of the large margin of unused production capacity on the pricing policies of the companies.

The risks to growth, compared to this forecast scenario, remain on the downside. If the conditions of access to credit remained restrictive longer than envisioned or if the payments of trade payables of public administrations registered deferrals, investment recovery would be delayed.

The resurgence of fears about the determination of the national authorities in pursuing the consolidation of public finances and implementing structural reforms, or of the European ones in pursuing the reform of the EU governance, could reflect unfavorably on interest rates in the long term. The risk of general deflation remains fairly modest, but the decline in inflation may be more pronounced and persistent than envisioned, especially if weak demand reflected on the expectations.

Italian Banking Market

Detailed revenues of the baking system remain strong; there is some signal of return in terms of confidence in the Italian banks from the part of international investors. However, the decline in loans continues, reflecting weak demand and supply policies. Italian banks have further improved their capital position, although profitability remains low.

In December 2013, the amount of customer loans granted by banks operating in Italy (€ 1,845.5 billion) is significantly higher than the total amount of customer deposits (€1,730.6 billion) while remaining so relevant to the need of guarantee interbank funding. The dynamics of bank lending to households and firms, although still negative, has a slight recovery increasing in absolute value: -3.4% annual change at the end of 2013, -4.5% in November, 2013, in absolute value between November and December 2013, the aggregate amount increased by almost €5 billion.

Following the ongoing crisis and its effects, the risk level of loans in Italy has further increased; net non performing loans in November 2013 amounted to 75.6 billion, the gross ones to 149.6 billion; the ratio between net non-performing loans and total loans was 4.08% in November. The ratio between gross non performing loans and loans was 7.8% in November 2013, value that reaches 13.6% for small businesses, 12.6% for firms and 6.3% for households.

In December, 2013, the interest rates on loans has settled in Italy at historically very low levels: the average interest rate on new loans for house purchase is positioned at 3.40%, the lowest since July 2011. The average interest rate on new financing operations to businesses is positioned at 3.54%, while the average rate on total loans amounted to 3.83%.

On an annual basis, in Italy, the medium and long term deposits decrease; that is through bonds, fact that penalizes the granting of medium and long-term loans (-9.4% in December, marking a decrease on a monthly basis in absolute value of almost € 2 billion), while the trend of total funding recorded a decrease of -3.3 billion euro compared to the previous month, manifesting in December 2013, a change of -1.8% on a yearly basis.

In December 2013, the average rate of total bank deposits from customers in Italy stood at 1, 94%. The rate charged on deposits (current accounts, savings deposits and certificates of deposit) remained mainly stable at 0.98% just as the one on bonds, 3.44%, while the PCT was equal to 1.50%.

The spread between the average interest rate on loans and the average on deposits from households and non-financial companies in Italy is still at particularly low levels, in December 2013 it totaled 194 basis points (191 basis points even in November 2013). On average, in 2013, the differential was equal to 183 basis points, down from 187 basis points in 2012. Prior to the start of the financial crisis, the spread exceeded 300 points.

MAIN BANKING FIGURES: COMPARISON 2013 vs 2007

		2007 [1]	2013[2]	Delta %
Loans to economy	(billion Euros)	1.673	1.851	11%
Deposits from customers	(billion Euros)	1.513	1.736	15%
Average rate of interest on loans	(%)	6,18%	3,80%	-39%
Average rate of interest on deposits	(%)	2,89%	1,91%	-34%
Spread (loan interest rate – deposit interest rate)	(%)	3,29%	1,89%	-43%
Gross NPLs	(billion Euros)	47,2	149,6	217%
Gross NPLs on lending	(%)	2,80%	7,80%	179%
of which				
- Small businesses	(%)	7,10%	13,60%	92%
- Companies	(%)	3,60%	12,60%	250%
- Households	(%)	2,90%	6,30%	117%
Net overdue on lending [3]		0,86%	4,08%	374%

Source: ABI Report December, 2013

(1) Data refer to December
(2) Data refer to November (latest BdI figures)

(3) The initial data for comparison is reported to December 2008 (the first comparable data available)

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The Economic Situation in the Republic of San Marino

In 2013, the economy of San Marino has experienced a general decline of the main indicators as a result of a combination of factors that have a negative impact in the period.

The already difficult international economic situation collided with an internal crisis of the system originated, among other things, from the tension in relations with neighboring Italy, which resulted, also for 2013, in the non-inclusion of San Marino in the "white list", despite the signing of the Convention on double taxation that took place in June 2012 and was ratified in July 2013. The particular geographical location of San Marino, a state enclave formed within Italy, means that Italy is the most important commercial and financial partner of the Republic of San Marino. In the relations between the two countries, the phenomenon of Italian cross-border workers, or Italian nationals residing for tax purposes in Italy but with steady work (and subsequent income earned) within the territory of San Marino is an important phenomenon too, which amounted to about six thousand units.

Only after formal notification from the Italian State, from October 3, 2013, the Convention entered into force after the completion of the procedures for the exchange of notifications between the two countries, with effect from January 1, 2014.

On February 12, 2014, the Italian Minister of Economy and Finance has signed the decree with which the Republic of San Marino is expunged from the Italian "black list" of tax havens.

The macroeconomic scenario shows that 2013 was the sixth consecutive year of decline in GDP (-2.3%), in particular due to the real estate sector and the arising allied industries.

GDP						
	2008	2009	2010	2011	2012	2013
San Marino	-3,4	-12,8	-5,2	-2,6	-2,0	-2,3

Source: Information, Technology and Statistics Department of the Republic of San Marino

The economic activities (corporations, sole proprietorships, freelancers, etc.) decreased by 123 units, rising from 5.307 to 5.184 active subjects (in particular, the companies declines from 2.919 to 2.756).

Increased from 8.14% at 12/31/2012 to 9.19% at 12/31/2013 (1.925 units), the unemployment rate continues to go up, the number of public and private employees has gone from 18,612 to 18,392 units.

The residents in the Republic increased by 63 units, rising from 32.457 of 12/31/2012 to 32.520 of 12/31/2013; on the other hand, households decreased from 13,880 to 13,814 units at 12/31/2013.

The index of consumer prices increased on average during 2013 from 1.53%.

The financial system in San Marino

The financial sector was made up as at 12/31/2013 from 28 authorized persons, in decrease in comparison with the previous year (as at 12/31/2012 persons authorized by BCSM were 33). This decrease is due to both merger and consolidation of credit institutions and to liquidations, voluntary and unfortunately relocated, which involved several financial companies. Even for 2014 further reductions are expected since some people have ongoing voluntary liquidations.

The pooled system data show, after years of sharp declines, the confirmation of what has already happened in 2012, meaning volumes remain largely unchanged. Compared with the data of the end of 2012 with those of 12/31/2013, it should be noted that direct customer deposits have increased slightly (5,022 million euro at 12/31/2013 compared to 4,991 billion euro at 12/31/2012); indirect deposits are slightly lower (2.142 million at 12/31/2013 compared to 2,288 million euro at 12/31/2012), so the total deposits decreased slightly from 7,28o billion at 12/31/2012 to 7.164 million at 12/31/2013 (- 1.59%).

Loans decreased from 4,484 billion euro at 12/31/2012 to 4,194 billion euro at 09/30/2013 (-6.46%). Similarly to what happens in Italy, the quality of the loan portfolio continues to deteriorate, context in which the incidence of non-performing loans has increased from 10.3% at 12/31/2012 to the 11.80% at 12/31/2013.

The total net assets of the banks of San Marino have decreased from 537 to 521 million Euros.

The reading of the aggregated data of the system, showed in the following table, helps to understand that the financial system of San Marino has undergone distortion in recent years.

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	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Direct collection	7.146	5.900	5.150	4.991	5.022
Indirect collection	3.043	2.617	2.119	2.288	2.142
Total collection	**10.190**	**8.517**	**7.269**	**7.280**	**7.164**
Lending	5.169	4.858	3.839	4.484	4.194
Net assets	**1.214**	**1.068**	**749**	**537**	**521**

Source: BCSM – data in million Euros.

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San Marino Investment Bank

The strategic plan of expansion, approved in October 2011, presented and authorized by the Central Bank of the Republic of San Marino in December 2011, has continued its due course.

The Bank, while maintaining and continuing to strengthen the financial sector, a service that over the years has reached levels of excellence also thanks to the creation of the “Wealth Management” service, intended to be characterized as a *retail* bank, serving families and businesses in the area, with the goal of protecting and enhancing savers’ deposits and assisting, through targeted funding, both the private sector and production stages. The expansion of the branch network aims at reaching this goal.

During the year, it has followed up on the planned capital increase which has allowed us to bring the share capital of our institute to EUR 20.000.000.

We briefly retrace the major events of 2013.

To the staff already in the company, new professionals have been added. More specifically, from 24 employees on 12/31/2012 the number increased to 30 on 12/31/2013 (+25%).

The Città branch was opened in July, and the restructuring of the General Directorate of Rovereta was completed in autumn.

Products/services introduced during 2013:

- *Wealth Management* service was introduced, in order to offer the *customers* advanced solutions for private investment operating with advanced financial instruments;
- we completely redefined the management project for the prepaid card 'Bianca', issued directly by our institute as *Principal Member MasterCard*. The card is now fully manageable from the corporate information system and, for the customer, from the Web Banking platform;
- “3D-Secure” certification has been secure, to guarantee our customers the highest level of security for *e-commerce* transactions;
- enterprise information system has been implemented to enable customers to operate directly on the FOREX market;
- the mortgage loan "Libero" has been launched, an innovative product for the market in San Marino, with customizable variable installments.

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Particular attention has been paid to risk management and internal control system, continuing the collaboration with external consultants with proven experience in training and assisting the personnel assigned to Compliance/Inspection.

Taking into account the still reduced size of the Institute and the inevitable incompatibility between the roles played, and considering also the absence on the market of adequate staff with specific professional profile, the Board of Directors preferred to keep the Risk Manager function *outsourced*, using San Marino San Marino Advisor Srl, company that has already been working with leading companies on the financial landscape of the Republic.

The *Internal Audit* function has been outsourced also for 2013 to the company Baker Tilly Consulaudit of Bologna, a leading audit Italian Company.

The major financial statement data are reported below.

Total deposits at the end of 2013 amounted to € 333,008,407 of which € 215,697,939 direct deposits and indirect deposits of € 117,310,468. Compared to the previous year, the figure records a growth of more than € 97 million (+41%), which is clearly higher than that recorded by the system.

With regard to the treasury of the Bank, 31/12/2013, we highlight liquidities:

a) € 48,425,425 arising from interbank deposits (sight and term deposits) and foreign currency deposits;

b) € 110,152,905 from securities divided between different issuers; more specifically, the trading portfolio amounts to € 72,778,794while investment securities at € 37,374,111.

The total treasury amounts, therefore, to € 158,578,330, a considerable amount considering the size of the Bank and of the economic downturn in general.

The investment strategies have been inspired, as in the past, by criteria of prudence and diversification.

On the lending side, the year 2013 has seen a significant increase in loans to ordinary customers, which at year-end amounted to € 76,613,886 (+55%). This increase was made possible thanks to the credit strategy, aimed at its splitting/subdividing, both in terms of number of granted positions and technical forms used.

With regard to non performing loans, at 31/12/2013, there were impaired loans amounting to € 1,514,662, overdue of € 550,793, restructured loans of € 4,521,050 (almost entirely related to "Gruppo Delta"), in addition to past due/overdue credits of € 477,623. The data given below are expressed as a net amount, considerating value adjustments for € 3,071,272.

Among the financial statement ratios, we highlight the relationship between net loans and direct deposits amounting to 35.52%, the ratio non-performing loans - net lending amounting to 0.72% and finally the ROE amounting to 5.09%.

The net assets of the bank at 12/31/2013 totaled € 21,133,884, an increase compared to the amount of the previous year (+30%). At the same time, due to the strong volume growth, the ratio of net assets /active assets decreased, going from 9.28% in 2012 to 8.27% in 2013.

The Bank does not hold any own shares in portfolio.

The profit obtained is equal to € 1,022,721, net of the various provisions made and the establishment of a Fund for General Banking Risks of € 500,000. The financial result achieved is very rewarding, considering the substantial investments made during the year and the economic situation in this market.

Among the items of income statement that have recorded largest increases, we report the interest margin, which rose from € 1,330,766 in 2012 to € 2,449,510 in 2013 (+84.07%), fee and commission income which increased by 136.51%, from € 267,348 in 2012 to € 632,317 in 2013, profits from financial transactions increased by 23.75%, from € 2,506,464 in 2012 to € 3,101,788 in 2013. At the same time there are obviously increased operating costs, from € 2,975,066 in 2012 to € 3,561,262 in 2013 (+ 19.70%).

Dear members, in consideration of the foregoing and of the results obtained, we invite you to approve these Financial Statements, proposing the capitalization of all income earned, subject to the provisions required.

The Board of Directors

The President

STATEMENT AS PER FORMER ART. 6, PARAGRAPH X
OF LAW No. 47 DATED FEBRUARY 23, 2007
AND SUBSEQUENT AMENDMENTS

- **Emanuel Colombini**, born in San Marino (RSM) on February 28, 1978, a resident of Serravalle (RSM) in Strada del Cardio no. 61, ISS code 22616, a citizen of San Marino, Chairman of "Banca Sammarinese di Investimento S.p.A.", based in Rovereta (RSM), Via Monaldo da Falciano no.3, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2013;

- Enzo Donald Mularoni, born in Detroit (USA) on September 9, 1952, a resident of Borgo Maggiore (RSM) in Via Brandolina no. 51, ISS code 15821, a citizen of San Marino, Chairman of the Board of Directors of "**Banca Sammarinese di Investimento S.p.A**.", based in Rovereta (RSM), Via Monaldo da Falciano no. 3, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2013;

- **Roberto Ragini**, born in San Marino (RSM) on May 3, 1956, a resident of Dogana (RSM) in Via Tre Settembre no. 184, ISS code 9689, a citizen of San Marino, a director of "Banca Sammarinese di Investimento S.p.A.", based in Rovereta (RSM), Via Monaldo da Falciano no. 3, registered under no. 2771 of the Register of Companies of San Marino, C.O.E. SM 18493, attached to the notes to the financial statements for the year ended on December 31, 2013;

declare

under their own responsibility, the permanence for every one of the objective and subjective conditions required by the law no. 47 dated February 23, 2006 and subsequent amendments and additions for the assumption of the office of director.

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Emanuel Colombini Enzo Donald Mularoni

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Roberto Ragini

BALANCE SHEET : ASSETS

		12/31/2013		12/31/2012	
		Part amounts	*Total amounts*	*Part amounts*	*Total amounts*
10	**Cash and cash equivalents**		**930.177**		**528.228**
20	**Inter-bank loans**		**48.425.425**		**56.401.017**
	(a) sight credits	42.083.884		26.569.007	
	(b) other credits	6.341.541		29.832.010	
30	**Customer loans**		**62.915.911**		**41.788.213**
40	**Bonds and other debt securities**		**106.087.562**		**56.186.386**
	(a) issued by public bodies	31.492.288		7.942.156	
	(b) issued by banks	54.511.249		39.701.609	
	- of which: own securities	-		-	
	(c) issued by financial institutions (companies)	14.054.632		5.772.768	
	(d) issued by other bodies	6.029.393		2.769.853	
50	**Shares, quotas and other capital securities**		**4.065.343**		**-**
60	**Holdings**		**-**		**-**
70	**Holdings in group businesses**		**-**		**-**
80	**Intangible fixed assets**		**857.770**		**745.839**
	- of which: goodwill	-		-	
90	**Tangible fixed assets**		**14.958.442**		**8.277.044**
	- of which: leasing	*13.697.975*		*7.539.716*	
	- of which: assets to be leased	-		-	
100	**Uncalled capital**		**-**		**-**
110	**Owned shares and quotas**		**-**		**-**
120	**Other assets**		**15.156.030**		**10.500.712**
130	**Accrued revenues and deferred expenses:**		**2.039.266**		**1.364.150**
	(a) accrued revenues	1.919.689		1.238.896	
	(b) deferred expenses	119.577		125.254	
140	TOTAL ASSETS		255.435.926		175.791.589

BALANCE SHEET : LIABILITIES

		12/31/2013		12/31/2012	
		Part amounts	*Total amounts*	*Part amounts*	*Total amountsi*
10	**Debt with banks**		**201.559**		**154.078**
	(a) sight debts	201.559		154.078	
	(b) term or notice debts	-		-	
20	**Debts with customers**		**90.061.426**		**42.822.726**
	(a) sight debts	62.048.237		38.802.442	
	(b) term or notice debts	28.013.189		4.020.284	
30	**Debts represented by securities**		**122.597.148**		**95.493.100**
	(a) bonds	-		-	
	(b) certificates of deposit	122.597.148		95.493.100	
	(c) other securities	-		-	
40	**Other liabilities**		**16.041.397**		**11.470.809**
50	**Accrued expenses and deferred revenues:**		**1.412.406**		**1.354.530**
	(a) accrued expenses	1.402.717		1.351.678	
	(b) deferred revenues	9.689		2.852	
60	**Staff retirement allowances**		**208.117**		**174.449**
70	**Risks and costs funds :**		**279.989**		**30.734**
	(a) retirement and similar costs funds	-		-	
	(b) tax funds	210.801		-	
	(c) other funds	69.188		30.734	
80	**Allowances for possible loan losses**		**-**		**-**
90	**Fund for general banking risks**		**500.000**		**-**
100	**Subordinated liabilities**		**3.000.000**		**7.980.000**
110	**Corporate capital**		**20.000.000**		**16.200.000**
120	**Issue premium**		**-**		**-**
130	**Reserves**		**111.163**		**4.478**
	(a) ordinary reserves	22.075		738	
	(b) treasury stock reserves	-		-	
	(c) extraordinary reserves	88.302		2.954	
	(d) other reserves	786		786	
140	**Revaluation reserves**		**-**		**-**
150	**Profits (Losses) carried forward**		**-**		**-**
160	**Profits (Losses) for the financial year**		**1.022.721**		**106.685**
170	TOTAL LIABILITIES		255.435.926		175.791.589

GUARANTEES AND COMMITMENTS

		12/31/2013		12/31/2012	
		Part amounts	*Total amounts*	*Part amounts*	*Total amounts*
10	**Guarantees issued**		**1.819.722**		**1.135.075**
	- of which:				
	(a) acceptances	187.552		-	
	(b) other guarantees	1.632.170		1.135.075	
20	**Commitments**		**8.296.781**		**1.157.654**
	- of which:				
	(a) certain to be called on	2.496.333		1.075.654	
	of which: financial instruments	*200.216*		*148.496*	
	(b) not certain to be called on	1.521.034		82.000	
	of which: financial instruments	-		-	
	(c) other commitments	-		-	

PROFITS AND LOSS ACCOUNT

		12/31/2013		12/31/2012	
		Part amounts	Total amounts	Part amounts	Total amounts
10	**Interest received and proceeds**		**7.225.317**		**4.225.297**
	- *of which:*				
	(a) on customer loans	2.854.686		1.357.527	
	(b) on debt securities	3.665.170		1.602.611	
20	**Interest paid and costs**		**(4.775.807)**		**(2.894.531)**
	- *of which:*				
	(a) on debts with customers	(818.871)		(270.997)	
	(b) on debts represented by securities	(3.952.605)		(2.614.380)	
30	**Dividends and other proceeds:**		**-**		**5.650**
	secus	-		5.650	
	(b) on holdings	-		-	
	(c) on holdings in group businesses	-		-	
40	**Commissions earned**		**632.317**		**267.348**
50	**Commissions paid**		**(291.331)**		**(190.080)**
60	**Profits (Losses) from financial operations**		**3.101.788**		**2.506.464**
70	**Other operating proceeds**		**2.851.669**		**1.428.743**
80	**Other operating costs**		**-**		**-**
90	**Administrative costs:**		**(3.472.394)**		**(2.949.731)**
	(a) labour costs	(2.398.424)		(1.937.031)	
	- wages and salaries	(1.744.874)		(1.418.932)	
	- pension contributions	(445.433)		(343.650)	
	- retirement allowances	(208.117)		(174.449)	
	- severance indemnity-related costs	-		-	
	(b) other administrative costs	(1.073.970)		(1.012.700)	
100	**Value adjustments on intangible fixed assets**		**(165.876)**		**(123.732)**
110	**Value adjustments on tangible fixed assets**		**(2.774.661)**		**(1.330.346)**
120	**Provisions for risks and costs**		**-**		**-**
130	**Provisions to allowances for possible loan losses**		**-**		**-**
140	**Value adjustments on credits and provisions for guarantees and commitments**		**(2.150.896)**		**(6.859.753)**
150	**Value recoveries on credits and provisions for guarantees and commitments**		**214.735**		**-**
160	**Value adjustments on financial assets**		**-**		**(547.498)**
170	**Value recoveries on financial assets**		**-**		**-**
180	**Profits (Losses) on ordinary activities**		**394.861**		**(6.462.169)**
190	**Extraordinary proceeds**		**486.860**		**6.489.736**
200	**Extraordinary costs**		**(73.311)**		**(170.882)**
210	**Extraordinary Profits (Losses)**		**413.549**		**6.318.854**
220	**Variation to the Fund for general banking risks**		**(500.000)**		**250.000**
230	**Income tax for the financial year**		**714.311**		**-**
240	**Profits (Losses) for the financial year**		**1.022.721**		**106.685**

RESTATED BALANCE SHEET

ASSETS

		12/31/2013	Impact	12/31/2012	Impact
	Inter-bank loans	48.425.425	1896%	56.401.017	32,08%
	Customer loans	62.915.911	24,63%	41.788.213	23,77%
	Debt and capital securities	110.152.905	43,12%	56.186.386	31,96%
	Leased assets	13.697.975	5,36%	7.539.716	4,29%
AF	**INTEREST-BEARING ASSETS**	**235.192.216**	**92,07%**	**161.915.332**	**92,11%**
	Cash and cash equivalents	930.177	0,36%	528.228	0,30%
	Intangible fixed assets	857.770	0,34%	745.839	0,42%
	Tangible fixed assets	1.260.467	0,49%	737.328	0,42%
	Other assets	15.156.030	5,93%	10.500.712	5,97%
	Accrued revenues and deferred expenses	2.039.266	0,80%	1.364.150	0,78%
ANF	**NON-INTEREST-BEARING ASSETS**	**20.243.710**	**7,93%**	**13.876.257**	**7,89%**
	TOTAL ASSETS	255.435.926	100,00%	175.791.589	100,00%

LIABILITIES

		12/31/2013	Impact	12/31/2012	Impact
	Debts with banks	201.559	0,08%	154.078	0,09%
	Debt with customers	90.061.426	35,26%	42.822.726	24,36%
	Debts represented by securities	122.597.148	48,00%	95.493.100	54,32%
	Subordinated liabilities	3.000.000	1,17%	7.980.000	4,54%
PO	**BEARING LIABILITIES**	**215.860.133**	**84,51%**	**146.449.904**	**83,31%**
	Other liabilities	16.041.397	6,28%	11.470.809	6,53%
	Accrued expenses and deferred revenues	1.412.406	0,55%	1.354.530	0,77%
	Staff retirement allowances	208.117	0,08%	174.449	0,10%
	Risks and costs funds	279.989	0,11%	30.734	0,02%
PNO	**NON-BEARING LIABILITIES**	**17.941.909**	**7,02%**	**13.030.522**	**7,41%**
	Fund for general banking risk	500.000	0,20%	-	-
	Corporate capital	20.000.000	7,83%	16.200.000	9,22%
	Reserves	111.163	0,04%	4.478	0,00%
	Profits (Losses)for the financial year	1.022.721	0,40%	106.685	0,06%
PAT	**ASSETS**	**21.633.884**	**8,47%**	**16.311.163**	**9,28%**
	TOTAL LIABILITIES	255.435.926	100,00%	175.791.589	100,00%

RECLASSIFIED INCOME STATEMENT

		12/31/2013	12/31/2012	Variation
	Interest received and proceeds	7.225.317	4.225.297	71,00%
	Interest paid and cost	(4.775.807)	(2.894.531)	64,99%
MI	**INTEREST MARGIN**	**2.449.510**	**1.330.766**	**84,07%**
	Commissions earned	632.317	267.348	136,51%
	Commissions paid	(291.331)	(190.080)	53,27%
CN	**NET COMMISSIONS**	**340.986**	**77.268**	**341,30%**
	Dividends and other proceeds	-	5.650	(100,00%)
	Profits/Losses from financial operations	3.101.788	2.506.464	23,75%
MINT	**INTERMEDIATION MARGIN**	**5.892.284**	**3.920.148**	**50,31%**
	Administrative costs	(3.472.394)	(2.949.731)	17,72%
	Value adjustments on intangible fixed assets	(165.876)	(123.732)	34,06%
	Value adjustments on tangible fixed assets	(2.774.661)	(1.330.346)	108,57%
	Other operating proceeds/costs	2.851.669	1.428.743	99,59%
CO	**OPERATING COSTS**	**(3.561.262)**	**(2.975.066)**	**19,70%**
RG	**GROSS OPERATING PROFIT**	**2.331.022**	**945.082**	**146,65%**
	Value adjustments on credits	(1.936.161)	(6.859.753)	(71,78%)
	Value adjustments on financial assets	-	(547.498)	(100,00%)
	Extraordinary proceeds/costs	413.549	6.318.854	(93,46%)
	Variation to the fund for general banking risks	(500.000)	250.000	(300,00%)
RL	**PROFIT FOR THE FINANCIAL YEAR**	**308.410**	**106.685**	**189,08%**
	Financial taxes	714.311	-	-
RN	**PROFIT FOR THE FINANCIAL YEAR**	**1.022.721**	**106.685**	**858,64%**

HIGHLIGHTS

Key balance sheet figures (in EUR)

	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Total assets	255.435.926	175.791.589	126.336.091	120.381.234
Net lending	76.613.886	49.327.929	32.142.283	31.193.354
Net non-performing loans	7.168.593	6.573.251	11.783.243	10.497.560
Provision for adjustments on doubtful loans	3.071.272	2.328.107	1.079.089	1.001.809
Direct collection	215.697.939	146.560.317	102.107.309	99.626.334
Indirect collection:	117.310.468	89.111.117	62.014.090	62.242.966
- operated	55.416.355	17.264.481	-	-
- managed	61.894.113	71.846.636	62.014.090	62.242.966
Net equity	21.133.884	16.311.163	14.193.103	14.365.410

Main structural and operational highlights

	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Number of employees	30	24	10	10
Counters	4	3	1	1

Main economic and operation data (in EUR)

	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Interest margin	2.449.510	1.330.766	1.030.862	942.988
Intermediation margin	5.892.284	3.920.148	2.180.409	2.630.260
Administrative costs	3.472.394	2.949.731	1.878.250	2.024.655
Personnel costs	2.398.424	1.937.031	690.602	774.403
Operating costs	3.561.262	2.975.066	2.034.960	2.232.276
Profit for the financial year	1.022.721	106.685	3.693	6.189

RATIOS

Structural ratios (%)

	12/31/2013	var.	12/31/2012	var.	12/31/2011	var.	12/31/2010
Direct collection / Total assets	84,44	1,07	83,37	2,55	80,82	(1,94)	82,76
Net lending / Total assets	29,99	1,93	28,06	2,62	25,44	(0,47)	25,91
Net lending / Direct collection	35,52	1,86	33,66	2,18	31,48	0,17	31,31
Operated collection / Indirect collection	47,24	27,86	19,37	19,37	-	-	-
Managed collection / Indirect collection	52,76	(27,86)	80,63	(19,37)	100,00	-	100,00
Net equity / Total assets	8,27	(1,01)	9,28	(1,96)	11,23	(0,70)	11,93
Net equity/ Net lending	27,58	(5,48)	33,07	(11,09)	44,16	(1,90)	46,05

Indicators of the quality of credit (%)

	12/31/2013	var.	12/31/2012	var.	12/31/2011	var.	12/31/2010
Net NPLs / Net lending	0,72	(0,98)	1,70	(12,53)	14,23	9,88	4,35
Net problem loans / Net lending	1,98	(9,62)	11,60	7,20	4,40	(8,09)	12,49
Net doubtful credits / Net lending	9,36	(3,97)	13,33	(23,33)	36,66	3,01	33,65
Net NPLs / Net equity	2,61	(2,54)	5,15	(26,52)	31,67	22,40	9,27

Profitability ratios (%)

	12/31/2013	var.	12/31/2012	var.	12/31/2011	var.	12/31/2010
Interest margin / Intermediation margin	41,57	7,62	33,95	(13,33)	47,28	11,43	35,85
Interest margin / Interest-bearing assets	1,04	0,22	0,82	(0,04)	0,86	0,04	0,82
Intermediation margin / Interest-bearing assets	2,51	0,09	2,42	0,61	1,81	(0,48)	2,29
Administrative costs / Intermediation margin	58,93	(16,32)	75,25	(10,89)	86,14	9,16	76,98
Cost / Income	60,44	(15,45)	75,89	(17,44)	93,33	8,46	84,87
Net profit / (Net Equity – Net profit) [R.O.E.]	5,09	4,43	0,66	0,63	0,03	(0,01)	0,04
Net profit / Total Assets [R.O.A.]	0,40	0,34	0,06	0,06	0,00	(0,01)	0,01

Efficiency ratios (in thousands of EUR)

	12/31/2013	var.	12/31/2012	var.	12/31/2011	var.	12/31/2010
Total deposits per employee	11.100	1.281	9.820	(6.592)	16.412	225	16.187
Net loans per employee	2.554	498	2.055	(1.159)	3.214	95	3.119
Intermediation margin per employee	196	33	163	(55)	218	(45)	263
Average personnel costs	80	(1)	81	12	69	(8)	77
Total operating costs per employee	119	(5)	124	(80)	203	(20)	223

STATEMENT OF CASH FLOW

		2013		2012
Funds generated and collected		**6.593.432**		**9.202.028**
Profit for the financial year	1.022.721		106.685	
Value adjustments on intangible fixed assets	2.940.537		2.001.576	
Value adjustments on credits and provisions for guarantees and commitments	2.150.896		6.859.753	
Provision for severance pay	208.117		174.449	
Provision for risks and charges	271.161		59.565	
Increase in funds collected		**79.018.693**		**47.430.842**
Other liabilities	4.570.588		7.529.488	
Debts with banks	47.481		46.543	
Debts evidenced by securities	27.104.048		38.827.100	
Debts with customers	47.238.700		366.868	
Accrued expenses and deferred revenues	57.876		660.843	
Decrease in funds invested		**7.975.592**		**395.481**
Shares and other equity	-		395.481	
Inter-bank loans	7.975.592		-	
Variation to net equity		**4.300.000**		**3.200.000**
Share capital	3.800.000		3.200.000	
Variation of the general banking risks fund	500.000		-	
Total funds generated and collected		**97.887.717**		**60.228.351**

Write-backs and use of funds generated from management operations		**411.090**		**57.418**
Write-backs	214.735		-	
Use of provisions for risks and charges	21.906		28.831	
Use of the provision for severance pay	174.449		28.587	
Increase in funds invested		**92.496.627**		**58.712.308**
Other assets	4.655.318		5.149.797	
Cash and cash equivalents	401.949		266.532	
Inter-bank loans	-		19.007.233	
Customer loans	23.063.859		20.093.084	
Intangible fixed assets	277.807		642.656	
Tangible fixed assets	9.456.059		5.880.416	
Shares, quotas and other stock items	4.065.343		-	
Bonds and other debt securities	49.901.176		6.405.852	
Accrued revenues and deferred expenses	675.116		1.266.738	
Decrease in funds collected		**4.980.000**		**20.000**
Subordinated liabilities	4.980.000		20.000	
Variation to net equity		**-**		**1.438.625**
Change in reserve for general banking risks	-		250.000	
Reserves	-		1.188.625	
Total funds used and invested		**97.887.717**		**60.228.351**

Section A

ASSESSMENT CRITERIA

The Financial Statements related to the financial year ended on 12/31/2013 were prepared in accordance with the provisions of Regulation no. 2008-02 on the preparation of the financial statements of banks issued on September 23, 2008 (and updated on December 7, 2012) from the Central Bank of the Republic of San Marino, in accordance with Article 39 of Law No. 165 dated November 17, 2005.
The Financial Statements include the Balance Sheet, the Guarantees and Commitments, the Income Statement and the Notes to the accounts. The Financial Statements shall be accompanied by the report of the Directors on the management, the report of the Statutory Auditors and the Report of the Independent Auditors.
The Financial Statements shall be drawn up clearly and give a true and fair view of the assets, the financial situation and the result of its operations.
The values shown are expressed in Euros and are compared with those of the previous financial year. We also apply the regulations issued by the Central Bank, Supervision Division.
The algebraic sum of the differences arising from the rounding of the items is recorded under "Other assets / liabilities" in the balance sheet and under "Extraordinary income/expenses" in the Income Statement.
The various items of the Financial Statement are reflected in the corporate accounting which was prepared in compliance with the various administrative events occurred during the period.
The true and fair representation is made according to the provisions of the Law; in the event of an exception, the reasons and the relevant influence on the representation of the balance sheet, the financial position and the results of operations are explained in the notes to the accounts.
In order to improve the level of clarity and truth of the Financial Statements, the accounts were prepared in such a way, where possible, to privilege the representation of the substance over form. In order to provide a representation of the financial position closer to the actual movements of the financial balance sheet of the bank, accounts "above the line" are prepared to give preference, where possible, to the time of settlement of transactions rather than the bargaining one.
The recognition of income and expenses is in accordance with the accrual principle, regardless of the collection date and payment date, and the principle of prudence. Priority is given to the latter principle, provided that there is no explicit formation of reserves.
In order not to reduce the information content of the Financial Statements data according to the principles of truth and clarity, no item compensations were made.
The depreciation and amortization of assets are carried out solely by the direct adjustment decreasing the value of these elements with the exception of the value adjustments on receivables in implied leasing, which are detected through allocations to provisions for risks and charges to item 70 of Liabilities.

Section 1 – Presentation of the assessment criteria

The assessment of assets and liabilities shown in the Financial Statements and out of them are carried out according to the principle of prudence and the going concern basis.

* Cash and cash equivalents (item 10 of assets)

This item includes legal currency, including banknotes and coins in foreign currency, money orders, cashier's and postal checks as well as similar securities, warrants and securities due on demand. It also includes coins and collection medals as well as gold, silver and stamps.

* Inter-bank loans (item 20 of assets)

This item includes all amounts due from banks, regardless of their technical form, except those represented by financial instruments that must be allocated to the item no. 40 "Bonds and other debt instruments" and are recorded at their estimated realizable value.
Receivables from banks include the countervalue of the repurchase agreements, in which the assignee bank has the obligation to resell the securities to the transferor bank. The amount is equal to the price paid in cash. The assets transferred continue to appear in the portfolio held by the transferor bank.

* Customer loans (item 30 of assets)

This item includes credits arising from contracts of financing to customers, whatever is their technical form, and provided that, to the extent that, there was the actual disbursement of the loan. The credits not yet disbursed, although recognized under accounting records as "contract date", are not included in this item, but in the relevant item of the securities. The credits represented by securities are recorded under item 40 "Debt securities and other debt instruments."

The partial payments received for past due or overdue directly reduce the value of the receivables. Payments received in advance against receivables not yet due are included in liabilities, "due to customers" or "other liabilities", depending on whether the payments themselves are bearing interest or not.
This item also includes credits arising from finance leases for installments due and not yet received and related receivables for default interest.
Among the "Credits to customers" there is the value of the repurchase agreements, in which the customer has the obligation to repurchase the underlying securities to the bank. The amount recorded is equal to the price paid in cash.
The credits are recorded in the balance sheet according to the estimated realizable value determined on the basis of the solvency of the debtor and, at a flat rate, depending on the situation of debt-servicing difficulties faced by the country of residence of the debtor.
The determination of the net realizable value is made based on an evaluation of all the elements characterizing the trend of the relationships, supported by the balance sheet, income statement and financial debtors information, by the nature of the business and any guarantees given.

In detail:

- Non performing loans: they identify the area of the credits, regardless of the forecast of potential losses to persons in a state of insolvency, even if not established by a court, or in similar situations; this item includes the entire exhibition before interests accounted and recognized for expenses incurred in the recovery activities of the ground portion of the interest deemed not recoverable. The assessment of non-performing credits is analyzing the chances of recovery on an individual basis and determining the relative loss alleged.

- Substandard loans: they are loans to borrowers under temporary difficulties, which it is expected to be resolved within a reasonable period of time. The assessment is carried out on an individual basis. Furthermore, the Substandard loans as a result of Regulation no. 2008-02, also include funding for which they were due and not paid, even if only partially:
3 half-yearly installments or 5 quarterly installments for the loans of original maturity of more than 36 months
2 half-yearly installments or 3 quarterly installments whose duration is less than or equal to 36 months
If the amortization schedule of the loan provided monthly installments, the number of overdue and unpaid fees considered is as follows:
equal to 7 for loans longer than 36 months
equal to 5 for the loans of less than 36 months.

- Past due and/or overrun loans: they identify with all exposures to individual customers holding cash and off-balance sheet loans, other than the doubtful and substandard ones, which, to date, have expired or overdue on an ongoing basis by more than 90 days; if such exposures amount to 20% of overall exposure, a write-down was expected for these loans.

- Loans to countries at risk: they are *exposures due from borrowers belonging to the countries of Zone B; this category is a residual part of loans, so a general write-downs was made*

- Restructured loans: these are the cash and "off balance sheet" loans for which a bank, due to the deterioration of the financial situation of the borrower, agrees to modify the original contractual terms (i.e., rescheduling of deadlines, debt and/or interest reduction, etc.) that give rise to a loss. Excluded are loans to companies for which it is provided for the cessation of the activity (for example, cases of voluntary liquidation or similar situations). The assessment also excludes the loans whose anomalous situation is due solely to factors pertaining to the country risk.

- Restructured receivables to ex Gruppo Delta: they refer to all receivables subject to the restructuring agreement of Delta Group, pursuant to article 182 bis of the Italian Bankruptcy Law. Taking into account the particular nature of the exposures ("Plusvalore Spa" and "Carifin Italia Spa"), these credits cannot be included in the categories listed in Regulations no. 2008-02, and a dedicated category was created in the Explanatory Notes.

- Performing loans: these are written down based on a standard method, to ensure coverage of the so-called "inherent risk"; the impairment of receivables is performed with downward adjustment of the value recorded in the balance sheet.

*** Bonds and other debt securities (item 40 of assets)**

The securities portfolio consists of securities held for investment and trading securities held for trading and treasury.
This item includes all debt instruments held in the portfolio of the bank, comprising tangible and intangible assets, such as government bonds, bonds, certificates of deposit and other financial instruments at fixed or variable income.
The assessments were performed in accordance with Regulation no. 2008-02 dated 09/23/2008 by the BCSM on the preparation of the Financial Statements of the banks.

Investment portfolio
The financial instruments of the investment portfolio, including all listed and unlisted financial instruments intended to be held for long term by the bank (until the natural expiry, unless exceptional events) are valued at their acquisition cost. They are written down in the event of permanent impairment of the ability to repay the debt by the issuer and the related country risk. These write-downs will be eliminated at if their reasons lack.
Listed and unlisted financial instruments on organized (regulated) markets, which are "off balance sheet" transactions related to the investment portfolio, apply the same accounting policies as set forth above.
Please note that the long-term active and / or passive accrued expense depending on the result achieved by the difference between the cost to book and the nominal repayment amount divided by the remaining life of the security.

Trading portfolio
This portfolio includes all financial instruments held for investment purposes but for trading purposes to meet the cash and trading requirements.
The financial instruments which form part of the trading portfolio, listed or unlisted on an organized (regulated) market, are valued at market value. For the listed financial instruments, the market value is the value of listing. For the unlisted financial instruments, the market value is determined based on the value of similar listed and unlisted instruments or if this is not possible, based on reasonable estimates.
The determination of the value of trading securities is made by reference to the value determined at the date of the balance sheet.
The capital gains and losses, arising from the comparison between the market value at the date of December 31, 2013 with the latest book value, have been accounted for in the income statement.

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

Intangible assets are recorded at their original acquisition cost, adjusted for amortization carried out directly, systematically, based on the expected remaining life. The ordinary annual depreciation rate is 20%. With reference to the intangible assets related to contracts, the depreciation was calculated based on the duration of the latter.

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

Tangible fixed assets are recorded at their purchase cost, including ancillary costs and any additional expenses to increase.
The depreciation of fixed assets is carried out systematically with direct adjustment of the value by using the tax rates established by the Rey Decree no. 3 dated January 20, 1986, deemed adequate and representative of the value corresponding to the remaining useful life of the asset. If the asset has a value below the cost, we proceed to its devaluation. The impairment losses recognized in prior periods are not maintained if the reasons lack.
Please note that the letter Prot. 5584 dated 05/18/2012 by Tax Office of the Republic of San Marino has authorized the request of the bank to use depreciation equal to one half of the ordinary fee in relation to all durable goods acquired during the year to enhance the technical infrastructure of the Institute, so taking into account the actual useful life of the assets.

*** Financial lease (leasing)**

The amount of the assets under finance leases is recorded in item 90 of "tangible assets". Loans related to finance lease transactions are determined using the financial method, as provided by Law no. 115 dated 11/19/2001, and recorded as assets for the algebraic balance obtained by the difference between the capital funded or the historical cost of the asset and the related accumulated amortization powered by the principal amount of the fees due.
The interests of the fees accrued during the financial year are under item 10 of the income statement "Interest income and similar income on receivables" and, the capital is under items 70 "Other operating income" and 110 "Value adjustments on tangible assets" for the same amount with a neutral effect on the operating result.

*** Assets and liabilities in currency**

The assets and liabilities and the off balance sheet transactions are valued at the spot rate as at the balance sheet date, as set out in art. III.II.6 of Regulation no. 2008-02. The effect of this valuation is recognized in the income statement.
Foreign currency "off balance sheet" transactions are recorded at the spot rate of exchange as at the balance sheet date; in the case of spot transactions not yet settled or "hedging" transactions. In the latter case, the spreads between spot exchange rate and term to maturity of the contracts are recorded in the income statement according to criteria of timing and complement the interest on the assets and liabilities being hedged: it shall be counted in the income statement 10 and 20 "Interest income (expense) and income (expense)".

*** "Off balance sheet" transactions (other than those on currency)**

Off balance sheet transactions are assessed using the same criteria as for the assets / liabilities recognized in the financial statements according to whether they are recorded as intangible assets or non-constituent fixed assets.
The contracts for the sale of (spot or forward) securities, not yet settled at the balance sheet date, are assessed using criteria consistent with those adopted for the assessment of the securities in the portfolio.

*** Debts to banks (item 10 of liabilities)**

This item includes all amounts due to banks, regardless of their technical form, except those represented by financial instruments that should be brought under item 30.
Amounts due to banks include the amount of the value of the securities received by the originating bank in the operations of repurchase agreements and swaps in which the assignee bank assumes the obligation to resell.
The above items are recorded at their nominal value.

*** Debts to customers (item 20 of liabilities)**

This item includes all amounts due to customers, regardless of their technical form, except those represented by financial instruments that must be allocated to the item no. 30.
Amounts due to customers include the amount of the countervalue of the securities received by the originating bank in the operations of repurchase agreements and swaps in which the client transferee customer assumes the obligation to resell.
The above items are recorded at their nominal value.

*** Debts represented by securities (item 30 of liabilities)**

Debts represented by financial instruments are recorded at their nominal value.
This item, as well as bonds and certificates of deposit, includes in the item "other financial instruments", their acceptances as well as atypical securities traded in Art. II.III.8 of Regulation no. 2007-07. Also included are financial instruments of debt that, at the date of the balance sheet, have not yet been repaid.
The "Repurchase agreements" operations on securities with customers, which provide that the transferee is obliged to resell the securities involved in the transaction, shown as "Term or with deposit due to customers b)" and are recorded at their "spot" value, while the underlying securities are shown under the item "Bonds and other debt securities."

*** Other assets – Other liabilities (item 120 of assets – item 40 of liabilities)**

This item includes all assets and liabilities not attributable to other assets or liabilities. It includes also balances ("debit balance" or "credit balance") of temporary or suspense items not allocated to destination accounts.
Among other liabilities, the means of payment drawn on the bank, such as bank drafts, are also under detection.

*** Accrued expenses and deferred income (items 130 and 50 of liabilities)**

They are recognized in accordance with the principle of accrual, however, the principle adopted for accounting of all income and expenses, the share of interest income and expense and other income and expenses.
Prepayments and accrued income are shown separately in the balance sheet in the appropriate sub-items of the assets and liabilities.

*** Staff retirement allowances (item 60 of liabilities)**

The Provision for severance indemnities (TFR) fully covers the seniority of all the employees of this company accrued at the balance sheet date, will be paid directly to the beneficiaries on an annual basis as permitted by applicable laws.

*** Provisions for risks and charges (item 70 of liabilities)**

These funds are intended solely to cover the losses, expenses or debts of a specific nature, either probable or certain, but for which, at the balance sheet date, have an uncertain amount and date of occurrence.
Provisions for risks and charges include:
- Provisions made for taxes to be paid, calculated based on a realistic estimate of the tax burden, in relation to the tax provision in force;
- Provisions to cover potential liabilities of which the exact amount or date of occurrence is not known;
- Provisions on implicit leasing receivables.

*** Guarantees**

This item includes all the guarantees provided by the bank as well as the assets sold as guarantee obligations of third parties.

*** Commitments**

This item includes every irrevocable certain or uncertain commitment, which may give rise to credit risks (i.e. margins available on irrevocable lines of credit granted to customers or banks).
The commitments arising from derivative contracts are valued in relation to their notional value.
Guarantees issued and commitments are recorded as follows:
- The contracts of deposit and loan based on the amount to be given;
- The irrevocable lines of credit based on the residual amount to be used;
- Other commitments and guarantees based on the value of the contractual commitment by the Bank.

Section 2 – Adjustments and tax provisions

No provisions and value adjustments solely for tax purposes were performed.

Section B/1

INFORMATION ON THE STATEMENT OF ASSETS AND LIABILITIES: ASSETS

Cash and cash equivalents (item 10 of assets)

Table 1.1
Breakdown of assets item 10 "Cash and cash equivalents"

	12/31/2013	12/31/2012	Variations Amount	Variations %
Banknotes and coins in Euros	903.288	504.960	398.328	78,88%
Foreign currency cash	15.539	23.268	(7.729)	(33,22%)
Other	11.350	-	11.350	-
Total	930.177	528.228	401.949	76,09%

The item 10 "Cash and cash equivalents" includes all of the money and coins in Euros and foreign currency lying in the branches of the Institute.

Inter-bank loans (item 20 of assets)

Table 2.1
Breakdown of assets item 20 "Inter-bank loans"

	12/31/2013		12/31/2012		Variations	
	Euros	Currency	Euros	Currency	Amount	%
Sight credits :	**39.323.985**	**2.759.899**	**25.309.070**	**1.259.937**	**15.514.877**	**58,39%**
- Free deposits	30.933.841	-	18.644.697	-	12.289.144	65,91%
- Current accounts	8.390.144	2.759.899	6.664.373	1.259.937	3.225.733	40,71%
- Other	-	-	-	-	-	-
Other credits :	**5.545.478**	**796.063**	**29.000.000**	**832.010**	**(23.490.469)**	**(78,74%)**
- Term deposits	5.545.478	796.063	29.000.000	832.010	(23.490.469)	(78,74%)
- Current accounts	-	-	-	-	-	-
- Repos and reverse repos	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total	44.869.463	3.555.962	54.309.070	2.091.947	(7.975.592)	(14,14%)

The item 20 "Loans to banks" includes all amounts due from banks, regardless of their technical form, with the exception of loans represented by securities which are returned to item 40 of assets. These receivables are stated at their estimated realizable value.
The item "On demand" includes all current accounts and demand deposits held with other foreign and San Marino banks in Eur and in foreign currency.
The item "Time deposits - currency" includes the deposit guarantying the operation of the prepaid credit cards previously traced in item 120 "Other assets".

Table 2.2
Breakdown of cash credits to banks

	12/31/2013			12/31/2012		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
Doubtful credits:	**-**	**-**	**-**	**44.677**	**44.677**	**-**
- Non-performing loans	-	-	-	44.677	44.677	-
- Substandard loans	-	-	-	-	-	-
- Restructured loans	-	-	-	-	-	-
- Past due/ overrun loans	-	-	-	-	-	-
- Unsecured loans to countries at risk	-	-	-	-	-	-
Performing loans	**48.425.425**	**-**	**48.425.425**	**56.401.017**	**-**	**56.401.017**
Total	48.425.425	-	48.425.425	56.445.694	44.677	56.401.017

The remaining loans are shown under "Performing loans", considered collectable and therefore no further adjustments have not made.

Table 2.3
Changes in bad and doubtful loans to banks

	Non-performing loans	Substandard loans	Restructured loans	Past due/ overrun loans	Unsecured loans to countries at risk
Opening gross exposure	**44.677**	**-**	**-**	**-**	**-**
of which: for past-due interests	*202*	-	-	-	-
Increases :	**-**	**-**	**-**	**-**	**-**
- inflow from loans	-	-	-	-	-
- past-due interests	-	-	-	-	-
- other increases	-	-	-	-	-
Decreases :	**44.677**	**-**	**-**	**-**	**-**
- outflow to loans	-	-	-	-	-
- write-offs	44.677	-	-	-	-
- collections	-	-	-	-	-
- arising from sales	-	-	-	-	-
- other decreases	-	-	-	-	-
Closing gross exposure at 12/31/2013	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-

The table shows the increases and decreases occurred during the financial year in the amount of gross exposures.
The Institute has proceeded the write-off of receivable due against the "Credito Sammarinese S.p.A. in compulsory winding up" by use of the reserve for loan risks constituted in the year 2012.

Table 2.4
Changes in total value adjustments on "Inter-bank loans"

	Non-performing loans	Substandard loans	Restructured loans	Past due/ overrun loans	Unsecured loans to countries at risk	Performing loans
Opening total adjustments	**44.677**	**-**	**-**	**-**	**-**	**-**
Increases :	**-**	**-**	**-**	**-**	**-**	**-**
- Value adjustments	-	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-	-
- Utilization of allowance for possible loan losses	-	-	-	-	-	-
- Transfers from other categories of loans	-	-	-	-	-	-
- Other increases	-	-	-	-	-	-
Decreases :	**44.677**	**-**	**-**	**-**	**-**	**-**
- Value recoveries from valuation	-	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-	-
- Value recoveries from collection	-	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-	-
- Write-offs	44.677	-	-	-	-	-
- Transfers from other categories of loans	-	-	-	-	-	-
- Other decreases	-	-	-	-	-	-
Closing total adjustments at 12/31/2013	-	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-	-

The table shows the movements during the year in the amount of the value adjustments on loans to banks.

Table 2.5
Composition of item "Inter-bank loans" according to residual life

	12/31/2013	12/31/2012
Sight	42.083.884	26.569.007
From 1 day to 3 months	5.520.478	22.000.000
From 3 months+ to 6 months	25.000	7.000.000
From 6 months+ to 1 year	-	-
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	796.063	832.010
Total	**48.425.425**	**56.401.017**

The residual life corresponds to the time interval between the date of the financial statements and the contractual maturity of each transaction. In the case of bound operations, the deadline does not exceed 6 months. The security deposit previously described in Table 2.1 is attributed to the category of "Expiry date not given".

Customer loans (item 30 of assets)

Table 3.1
Breakdown of assets item 30 "Customer loans"

	12/31/2013		12/31/2012		Variations	
	Euros	Foreign currency	Euros	Foreign currency	Amount	%
Sight / non-revolving loans :	**45.580.056**	**367**	**28.841.408**	**3.168**	**16.735.847**	**58,02%**
- Current accounts	17.910.344	367	16.264.354	3.168	1.643.189	10,10%
- Other	27.669.712	-	12.577.054	-	15.092.658	120,00%
Other loans :	**17.084.601**	**250.887**	**12.943.637**	**-**	**4.391.851**	**33,93%**
- Current accounts	3.846.322	-	2.556.122	-	1.290.200	50,47%
- Discounted portfolio and subject to collection	7.476.899	-	8.060.973	-	(584.074)	(7,25%)
- Repos and reverse repos	-	-	-	-	-	-
- Other loans	5.761.380	250.887	2.326.542	-	3.685.725	158,42%
Total	62.664.657	251.254	41.785.045	3.168	21.127.698	50,56%

The item 30 "Loans to customers" is the collection of credits arising from loan agreements entered into with customers, whatever is their technical form, and are stated at their estimated realizable value.
The items "C/c assets (at sight/other receivables)" include the summation of the debit balances on current accounts, including interest, in the form of current account according to the maturity of the loan itself.
The items "Other", "Discounted portfolio and sbf" and "Other loans" include credits arising from financing import / export transactions, open positions for portfolio advances, mortgage relationships with amortization schedule, grants and the loans.

Table 3.2
Secured customer loans

			Variations	
	12/31/2013	12/31/2012	Amount	%
From mortgages	**8.818.707**	**2.337.472**	**6.481.235**	**277,28%**
From pledges on :	**4.933.551**	**3.808.382**	**1.125.169**	**29,54%**
- Cash deposits	3.414.849	606.924	2.807.925	462,65%
- Securities	1.518.702	3.201.458	(1.682.756)	(52,56%)
- Other valuables	-	-	-	-
From guarantees by :	**19.749.428**	**15.655.032**	**4.094.396**	**26,15%**
- States	1.886.243	107.047	1.779.196	1662,07%
- Other government bodies	-	-	-	-
- Banks	-	-	-	-
- Other finance companies	-	-	-	-
- Other issuers	17.863.185	15.547.985	2.315.200	14,89%
Total	33.501.686	21.800.886	11.700.800	53,67%

This table indicates the total amount of "Loans to customers" that are assisted, in whole or in part, by real and personal guarantees. If a credit is partially guaranteed, only the amount of loans guaranteed has been shown.

Table 3.3
Breakdown of cash credits to customers

	12/31/2013			12/31/2012		
	Gross exposure	Overall total adjustments	Net exposure	Gross exposure	Overall total adjustments	Net exposure
Bad and doubtful loans :	**9.690.925**	**2.522.332**	**7.168.593**	**8.730.083**	**2.156.832**	**6.573.251**
of which: from financial leases	-	-	-	-	-	-
- Non-performing loans	1.394.206	843.413	550.793	2.424.062	1.583.405	840.657
of which: from financial leases	-	-	-	-	-	-
- Substandard loans	2.271.327	756.665	1.514.662	6.293.684	572.810	5.720.874
of which: credits to ex Gruppo Delta	-	-	-	*6.190.865*	*523.351*	*5.667.514*
of which: from financial leases	-	-	-	-	-	-
- Restructured loans	5.417.317	896.267	4.521.050	-	-	-
of which: credits to ex Gruppo Delta	*5.334.073*	*854.645*	*4.479.428*	-	-	-
of which: from financial leases	-	-	-	-	-	-
- Past due / overrun loans	502.761	25.138	477.623	12.337	617	11.720
of which: from financial leases	-	-	-	-	-	-
- Unsecured loans to countries at risk	105.314	849	104.465	-	-	-
Performing loans	**69.994.233**	**548.940**	**69.445.293**	**42.925.953**	**171.275**	**42.754.678**
of which: from financial leases	*13.873.315*	*6.446*	*13.866.869*	*7.540.120*	*404*	*7.539.716*
Total	**79.685.158**	**3.071.272**	**76.613.886**	**51.656.036**	**2.328.107**	**49.327.929**

The table shows the situation of cash credits for each category of credit, as dictated by art. I.I.2 of Regulation no. 2007-07, which also includes credits arising from finance leases. That said, the total table item does not necessarily coincide with the item 30 "Due to customers" because it takes into account the receivables originated by financial leasing in the financial statements in items 80 and 90 "Tangible and intangible assets". The write-backs for general risks on credits equal 1% of the same credits. The institute proceeded to the classification of receivables claimed to the ex Gruppo Delta among the restructured loans giving specific reports by creating the appropriate subheading.

Table 3.4
Changes in bad and doubtful loans to customers

	Non-performing loans	Substandard loans	Restructured loans	Past due/ overrun loans	Unsecured loans to countries at risk
Opening gross exposure	**2.424.062**	**6.293.684**	**-**	**12.337**	**-**
of which: for past-due interests	*161.572*	-	-	*52*	-
Increases :	**321.795**	**2.251.873**	**5.417.317**	**496.998**	**105.314**
- inflow from performing loans	130.258	2.250.113	83.244	463.935	105.314
- past-due interests	43.959	1.386	-	-	-
- other increases	147.578	374	5.334.073	33.063	-
Decreases :	**1.351.651**	**6.274.230**	**-**	**6.574**	**-**
- outflow to loans	-	17.079	-	6.574	-
- write-offs	1.300.117	89.569	-	-	-
- collections	51.534	976.338	-	-	-
- arising from sales	-	-	-	-	-
- other decreases	-	5.191.244	-	-	-
Closing gross exposure on 12/31/2013	**1.394.206**	**2.271.327**	**5.417.317**	**502.761**	**105.314**
of which: for past-due interests	*43.269*	*1.386*	-	-	-

This table provides a representation of the up and down changes that occurred during the financial year in the amount of gross exposures of doubtful credits.
During 2013 the Institute has been revised in full all amounts receivable in an analytical way, providing for their reclassification taking into account the risk involved. The entry other variations in increase of the restructured receivables category relates entirely to the ex Gruppo Delta previously classified as non performing/bad loan.
In the interim consolidated financial statements at 06/30/2013 prepared for receivables supervisory purposes the former Gruppo Delta had been classified as non-performing; the indication of this further intermediate step was not considered, as it was deemed sufficient to indicated the initially made shift from 12/31/2012 to the final one of 12/31/2013.

Table 3.5
Changes in total value adjustments on customer loans

	Non-performing loans	Substandard loans	Restructured loans	Past due/ overrun loans	Unsecured loans to countries at risk	Performing loans
Opening total adjustments	**1.583.405**	**572.810**	**-**	**617**	**-**	**171.275**
Increases :	**503.822**	**755.691**	**896.267**	**24.850**	**849**	**465.234**
- Value adjustments	472.870	745.588	387.651	23.134	824	436.414
of which: for past-due interests	*30.010*	-	-	-	-	-
- Utilization of allowance for possible loans	-	-	-	-	-	-
- Transfers from other categories of loans	30.952	10.103	508.616	1.716	25	5
- Other increases	-	-	-	-	-	28.815
Decreases :	**1.243.814**	**571.836**	**-**	**329**	**-**	**87.569**
- Value recoveries	-	15.189	-	2	-	75.160
of which: for past-due interests	-	-	-	-	-	-
- Value recoveries from collection	148.311	-	-	-	-	-
of which: for past-due interests	-	-	-	-	-	-
- Write-offs	1.095.503	-	-	-	-	-
- Transfers to other categories of loans	-	539.568	-	5	-	11.844
- Other decreases	-	17.079	-	322	-	565
Closing total adjustments on 12/31/2013	**843.413**	**756.665**	**896.267**	**25.138**	**849**	**548.940**
of which: for past-due interests	*30.010*	-	-	-	-	-

This table shows the changes that occurred during the year in the amount of the total value adjustments on cash.

Table 3.6
Composition of assets item "Customer loans" according to residual life

	12/31/2013	12/31/2012
Sight	21.859.442	24.928.542
From 1 day+ to 3 months	9.899.459	2.168.560
From 3 months+ to 6 months	4.998.527	3.668.827
From 6 months+ to 1 year	3.553.265	1.325.054
From 1 year+ to 18 months	2.708.091	1.283.650
From 18 months+ to 2 years	3.762.550	1.101.010
From 2 years+ to 5 years	12.129.940	7.101.508
5 years+	16.901.084	6.802.238
No term	801.528	948.540
Total	**76.613.886**	**49.327.929**

The term "residual life" means the time interval between the date of the financial statements and the contractual maturity of each transaction. In particular, for transactions with repayment plans, reference was made to the remaining duration of a single instalment.

Bonds and other debt securities and shares, quotas and other capital securities (items 40 and 50 of assets)

Table 4.1
Composition of investment and trading securities

	Investment	Trading
Bonds and other debt securities :	**37.374.111**	**68.713.451**
- issued by public bodies	21.279.596	10.212.692
- issued by banks	10.388.612	44.796.253
- issued by financial institutions	5.159.018	-
- issued by other bodies	546.885	13.704.506
Shares, quotas and other capital securities	**-**	**4.065.343**
Total at 12/31/2013	37.374.111	72.778.794

The securities in the portfolio are exclusively owned bonds issued by sovereign states, banks and private companies belonging to zone A.
The trading portfolio consists of securities held for trading and/or maintained for the cash requirements. The investment portfolio, as required by law, is valued at purchase or transfer value from another portfolio, while the trading portfolio is valued at its market value.

Table 4.2
Breakdown of investment securities

		12/31/2013		12/31/2012
	Book Value	Market Value	Book Value	Market Value
Debt securities :	**37.374.111**	**37.553.018**	**14.182.678**	**13.860.946**
- Bonds	37.374.111	37.553.018	14.182.678	13.860.946
listed	30.342.814	30.350.818	6.055.824	6.037.842
unlisted	7.031.297	7.202.200	8.126.854	7.823.104
- Other debt securities	-	-	-	-
listed	-	-	-	-
unlisted	-	-	-	-
Capital securities :	**-**	**-**	**-**	**-**
- listed	-	-	-	-
- unlisted	-	-	-	-
Total	37.374.111	37.553.018	14.182.678	13.860.946

Investment securities are composed of bonds issued by sovereign states and banks for about 80%, the remaining part consists of bonds issued by private companies in which a stake is held by the States.

Table 4.3
Annual variations to investment securities

	12/31/2013	12/31/2012
Opening balance	**14.182.678**	**14.542.694**
Increases :	**37.627.456**	**20.274.848**
- Purchases	-	-
of which: debt securities	-	-
- Value recoveries	-	-
- Transfers from trading portfolio	36.973.660	19.702.823
- Other variations	653.796	572.025
Decreases :	**14.436.023**	**20.634.864**
- Sales	11.292.379	4.408.398
of which: debt securities	*11.292.379*	-
- Redemptions	-	7.105.980
- Value adjustments	-	547.498
of which: lasting devaluations	-	-
- Transfers to trading portfolio	3.108.695	8.401.223
- Other variations	34.949	171.765
Closing balance	**37.374.111**	**14.182.678**

In order to achieve a correct management policy and in particular to mitigate the strong imbalance between the volume of deposits and loans reduced, as required by the provisions of art. IV.V.1 of the CBSM Regulation no. 2008-02, it should be noted that during the year, securities have been transferred from the free portfolio to the investment portfolio for a total of approximately Eur 37 million, and from the investment portfolio to free one for about Eur 3 million: these transfers have generated positive income amounting to Eur 963.620; without these transfers the valuation of securities remaining in the portfolio at 12/31/2013 would have led to an additional positive result/profit of Eur 357.892.

Table 4.4
Breakdown of "Trading securities"

	12/31/2013	12/31/2012
	Market Value	Market Value
Debt securities :	**68.713.451**	**42.003.708**
- Bonds	68.713.451	42.003.708
listed	53.823.748	11.656.580
unlisted	14.889.703	30.347.128
- Other debt securities	-	-
listed	-	-
unlisted	-	-
Capital securities :	**4.065.343**	**-**
- listed	4.065.343	-
- unlisted	-	-
Total	**72.778.794**	**42.003.708**

Table 4.5
Annual variations to "Trading securities"

	12/31/2013	12/31/2012
Opening balance	**42.003.708**	**36.180.819**
Increases :	**335.721.451**	**263.121.853**
- Purchases	328.710.102	251.970.573
of which: debt securities	*303.215.736*	*250.890.075*
of which: capital securities	*25.494.366*	*1.080.498*
- Value recoveries and revaluation	747.419	1.028.591
- Transfers from investment portfolio	3.108.695	8.401.223
- Other variations	3.155.235	1.721.466
Decreases :	**304.946.365**	**257.298.964**
- Sales and redemption	267.189.584	237.344.090
of which: debt securities	*245.691.160*	*235.856.923*
of which: capital securities	*21.498.424*	*1.487.167*
- Value adjustments and revaluation	605.496	174.550
- Transfers to investment portfolio	36.973.660	19.702.823
- Other variations	177.625	77.501
Closing balance	**72.778.794**	**42.003.708**

The valuation of investment securities is based on market value as at 12/31/2013. The effect of this method finds its effects under the item "Write-downs and write-ups" and "Value adjustments and write-downs."

Transactions on own shares (item 110 of assets)

During 2013 repurchase and sale of own shares in the portfolio have not been entered.

Investments (items 60 and 70 of assets)

The Bank does not hold investments in other companies

Intangible fixed assets (item 80 of assets)

Table 7.1
Movements and description of assets item 80 "Intangible fixed assets"

	12/31/2013	Leased assets	Set up charges	Other deferred charges
Opening balance	**745.839**	**-**	**-**	**745.839**
Increases :	**277.807**	**-**	**-**	**277.807**
- Purchases	277.807	-	-	277.807
- Value recoveries	-	-	-	-
- Revaluations	-	-	-	-
- Other variations	-	-	-	-
Decreases :	**165.876**	**-**	**-**	**165.876**
- Sales	-	-	-	-
- Value adjustments	165.876	-	-	165.876
of which, depreciations	*165.876*	-	-	*165.876*
of which, lasting devaluations	-	-	-	-
- Other variations	-	-	-	-
Closing balance at 12/31/2013	**857.770**	**-**	**-**	**857.770**

This table shows the change of the intangible assets in the balance sheet at their acquisition cost, net of direct straight-line depreciation.
The item "Purchases" consists mainly of costs incurred for the design and construction of the new Città Branch and the expansion of the new Head Office, both rented.

Tangible fixed assets (item 90 of assets)

Table 8.1
Movements and description of assets item 90 "Tangible fixed assets"

	12/31/2013	Leased assets	Assets to be leased	Real estate	Other tangible assets
Opening balance	**8.277.044**	**7.539.716**	**-**	**-**	**737.328**
Increases :	**10.114.295**	**9.430.229**	**-**	**-**	**684.066**
- Purchases	9.127.876	8.445.781	-	-	682.095
- Value recoveries	-	-	-	-	-
- Revaluations	984.448	984.448	-	-	-
- Other variations	1.971	-	-	-	1.971
Decreases :	**3.432.897**	**3.271.970**	**-**	**-**	**160.927**
- Sales	306.696	303.614	-	-	3.082
- Value adjustments	2.774.660	2.616.815	-	-	157.845
of which, depreciations	*2.774.660*	*2.616.815*	-	-	*157.845*
of which, lasting devaluations	-	-	-	-	-
- Other variations	351.541	351.541	-	-	-
Closing balance at 12/31/2013	**14.958.442**	**13.697.975**	**-**	**-**	**1.260.467**

The table below shows the movements in property, plant and equipment recorded in the balance sheet at their acquisition cost, net of accumulated depreciation.
The item "Purchases" shows an increase for the acquisition of new assets leased to third parties under finance leases and purchases of tangible assets related to the preparedness of the new Città Branch and Head Office.
Below is the analytical composition of item 90 "Tangible fixed assets":

	Purchase cost	Accumulated depreciation	Book value
Movable property:	**1.939.624**	**(679.157)**	**1.260.467**
- Furniture and various furnishings	795.879	(370.822)	425.057
- Plant and equipment	842.305	(226.236)	616.069
- Electrical and electronic machinery	255.670	(80.820)	174.850
- Vehicles	45.770	(1.279)	44.491
Movable assets under finance lease:	**27.473.117**	**(13.775.142)**	**13.697.975**
- Vehicles	2.928.285	(1.375.589)	1.552.696
- Equipment	252.638	(84.774)	167.864
- Fleet	307.513	(292.299)	15.214
- Plants	23.984.681	(12.022.480)	11.962.201

It should be noted that during the year the bank has sold a car owned by a third party, with a gain amounting to Eur 2.588.

Other assets (items 120 and 130 of assets)

Table 9.1
Breakdown of assets item 120 "Other assets"

	12/31/2013	12/31/2012
Maintenance margins	-	-
Premiums paid for options	-	-
Others :	15.156.030	10.500.712
- Effects received from correspondent banks	1.036.900	213.008
- Effects from SBF customers	9.523.304	6.046.816
- Effects after collection from customers	1.861.512	310.921
- Illiquid effects	1.346.942	3.593.275
- Transitional accounts-items to be settled	68.664	35.991
- I.G.R. advances and withholding of the Tax Office	303.019	203.576
- Anticipated taxes as per Art. 40 Law no. 150/2012	1.014.639	-
- Other items	1.050	97.125
Total	15.156.030	10.500.712

The Institute has exercised the option provided for in Article 40 of Law no. 150/2012 (financial year 2013) that allows, as an exception to the current tax regime, to deduct 100% of the tax losses relating to the period 2009 to 2012 without any time limit by paying a substitute tax of 1.5% on the amount of tax loss carryforwards. The Institute has exercised the option in relation to tax losses that occurred in 2012. Consequently it was recorded under "Other assets" of the Assets Deferred tax assets of Eur 1.014.639 with an offsetting economic with income statement contra entry under item 230 "Tax income " of the net tax paid and fully recognized in the income statement, amounting to Eur 89.527. The Institute considera founded the recording of deferred tax assets based on the simultaneous existence of the following conditions:
-there is a reasonable certainty of obtaining future taxable income that can absorb tax losses within the period in which they are deductible according to tax regulations, that is because the carryover of the credit has no time limit and the Industrial Plan of the Institute foresees the achievement of taxable income profits as early as from the current year; therefore, the use of deferred tax assets was expected to begin from as early as this balance sheet;
- the fiscal losses in question derive from clearly identified circumstances and it is reasonably certain that these circumstances will not be repeated as already justified in the balance sheet of the year ended at 12/31/2012.

Table 9.2
Composition of assets item 130 "Accrued revenues and deferred expenses"

	12/31/2013	12/31/2012
Accrued revenues on :	**1.919.689**	**1.238.896**
- on loans and grants	42.293	15.678
- on foreign transactions	24.275	34.631
- on banks	-	308.316
- on securities	1.807.950	869.168
- on leasing transactions	2.624	1.579
- on other transactions	42.547	9.524
Deferred expenses	**119.577**	**125.254**

With particular reference to this item, it is evident that for the year 2013 the Institute has not directly adjusted up or down the asset accounts to which accruals and deferrals relate as provided by art. IV.I.13 of Regulation no. 2008-02 of the Central Bank.

Section B/2

INFORMATION ON THE STATEMENT OF ASSETS AND LIABILITIES: LIABILITIES

Debts with banks (item 10 of liabilities)

Table 10.1
Description of item 10 of liabilities "Debts with banks"

	12/31/2013		12/31/2012		Variations	
	Euro	Foreign Currency	Euro	Foreign Currency	Amount	%
Sight debts :	**201.559**	**-**	**154.078**	**-**	**47.481**	**30,82%**
- Current accounts overdrafts	201.559	-	154.078	-	47.481	30,82%
- Demand deposits	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Term or notice debt :	**-**	**-**	**-**	**-**	**-**	**-**
- Current accounts overdrafts	-	-	-	-	-	-
- Time deposits	-	-	-	-	-	-
- Repos and reverse repos	-	-	-	-	-	-
- Other loans	-	-	-	-	-	-
Total	201.559	-	154.078	-	47.481	30,82%

The table shows the debts that the Institute has towards San Marino and foreign banks.
There are no particular deviations from the previous year if not due to movements of items on correspondent accounts.

Table 10.2
Composition of debts with banks according to residual life

	12/31/2013	12/31/2012
Sight	201.559	154.078
From 1 day+ to 3 months	-	-
From 3 months+ to 6 months	-	-
From 6 months+ to 1 year	-	-
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	-	-
Total	201.559	154.078

Please note that "residual life" means the time interval between the date of the financial statements and the contractual maturity of each transaction.
As can be seen, the Institute does not have debts to other banks other than those relating to the ordinary operation.

Debts with customers (item 20 of liabilities)

Table 11.1
Breakdown of item 20 of liabilities "Debts with customers"

	12/31/2013		12/31/2012	
	In Euros	In foreign currency	In Euros	In foreign currency
Sight debts :	**59.125.020**	**2.923.217**	**36.471.137**	**2.331.305**
- Current accounts overdrafts	58.079.738	2.923.217	34.873.151	2.331.305
- Sight savings deposits	236.131	-	722.726	-
- Other	809.151	-	875.260	-
Term or notice debts:	**28.013.189**	**-**	**4.020.284**	**-**
- Time deposits	-	-	-	-
- Time savings deposits	-	-	-	-
- Repos and reverse repos	26.771.070	-	3.317.296	-
- Other funds	1.242.119	-	702.988	-
Total	87.138.209	2.923.217	40.491.421	2.331.305

This table lists all the amounts due to customers regardless of their technical form, except those represented by financial instruments which are brought back to item 30 of liabilities.
Compared to 2012, there was a strong increase in both debts in sight and term debts, due to the constant increase in direct revenues.

Table 11.2
Composition of debts with customers according to residual life

	12/31/2013	12/31/2012
Sight	62.048.237	38.802.442
From 1 day+ to 3 months	2.290.289	2.365.459
From 3 months+ to 6 months	2.049.293	1.102.003
From 6 months+ to 1 year	23.673.607	552.822
From 1 year+ to 18 months	-	-
From 18 months+ to 2 years	-	-
From 2 years+ to 5 years	-	-
5 years+	-	-
No term	-	-
Total	90.061.426	42.822.726

The table shows how the amounts due to customers have maturity up to 1 year.

Funds (items 60, 70 and 80 of liabilities)

Table 12.1
Movements of item 60 of liabilities "Staff retirement allowances"

	12/31/2013	12/31/2012
Opening balance	**174.449**	**28.587**
Increases :	**208.117**	**174.449**
- Provisions	208.117	174.449
- Other variations	-	-
Decreases :	**174.449**	**28.587**
- Utilization	174.449	28.587
- Other variations	-	-
Closing balance	208.117	174.449

As required by law, the TFR is paid annually to employees of the Institute. Accordingly, the balance at the end of 2013 coincides with the relative share of the current year to be settled within the next year.

Table 12.2
Breakdown of item 70 of liabilities "Risks and fees funds"

	12/31/2013	12/31/2012
Taxes and fees fund	210.801	-
Fund for post-employment benefits and similar obligations	-	-
Other funds :	69.188	30.734
- Fund for paid and unused leave	69.188	30.734
Total	279.989	30.734

The amount of the tax liability will be partially compensated by the use of deferred tax assets in accordance with the rules laid down by art. 40 of the Finance Act 2013 (No. 150/2012).

Table 12.4
Shifting of sub-item c) "Other provisions"

	12/31/2013	12/31/2012
Opening balance	**30.734**	**-**
Increases :	**60.360**	**59.565**
- Provisions	60.360	29.748
- Other variations	-	29.817
Decreases:	**21.906**	**28.831**
- Utilization	21.906	28.831
- Other variations	-	-
Closing balance	69.188	30.734

The table represents the movements in the "Fund untaken leave" in 2013 that at the end the year shows a balance of Eur 69.188.

Other liabilities (items 40 and 50 of liabilities)

Table 13.1
Composition of item 40 of liabilities "Other liabilities"

	12/31/2013	12/31/2012
Maintenance margins	0	0
Premiums received for options	0	0
Other :	16.041.397	11.470.809
- Cheques in circulation	39.365	264.491
- Transferor of SBF effects	11.839.618	9.793.833
- Transferor of After-collection effects	2.361.623	501.837
- Due to Tax Office	483.119	240.670
- Transitional accounts and items to be settled	122.829	171.134
- Other creditors	1.194.843	498.844
Total	**16.041.397**	**11.470.809**

The sub-item "Due to Tax Office" includes the liabilities against the State relating to withholdings made on interest, premium and other income paid by the Institute to its customers as required under the Tax Law (Eur 94.355). This item also includes debts for single-phase tax and withholding tax on income from employment.
The sub-item "Sundry creditors" is consists of the following:

	Amount
Supplier invoices to be received	57.717
Payables to I.S.S.	57.857
Payables to F.S.S.	1.974
Payables to C.S.U.	279
Payables to Erario Italia	28.130
Employees payroll account	157.421
Payables to suppliers	706.308
Amounts in favour of third parties	185.157
Total sub-item	**1.194.843**

Table 13.2
Composition of item 50 of liabilities "Accrued expenses and deferred revenues"

	12/31/2013	12/31/2012
Accrued expenses on :	**1.402.717**	**1.351.678**
- on certificates of deposit	1.188.772	1.261.407
- on savings deposits	-	34.660
- on repurchase agreements	139.688	3.770
- on bonds	2.083	50.435
- other transactions	72.174	1.406
Deferred revenues	**9.689**	**2.852**

Please note that, as for item 50 of the assets, the Institute has not adjusted directly the increased or decreased liability accounts to which accruals and deferrals relate as provided by art. IV.I.13 of Regulation no. 2008-02 of the Central Bank. "Deffered liabilities" refer mainly to commissions on unsecured loans.

Corporate capital, Reserves, Issue premium, Subordinated liabilities, Fund for general banking risks and Profit for the financial year (items 90, 100, 110, 120, 130, 150 and 160 of liabilities)

Table 14.1
Composition of item 90 of liabilities "Fund for general banking risks"

	12/31/2013	12/31/2012
Opening balance	**-**	**250.000**
Inflow in the financial year	500.000	500.000
Utilization in the financial year	-	750.000
Closing balance	**500.000**	**-**

"General and banking risks fund" has been reconstituted with a contribution amounting to Eur 500.000 as approved by the Board of Directors of 12.18.2013, in order to strengthen the capital.

Table 14.2
Breakdown of item 100 of liabilities "Subordinated liabilities"

			Variations	
	12/31/2013	12/31/2012	Amount	%
Subordinated liabilities	3.000.000	7.980.000	(4.980.000)	(62,41%)

The difference compared to 2012 is due to the repayment of an obligation expired on 15.12.2013 for an amount totaling 5.000.000

Table 14.3
Breakdown of item 110 of liabilities "Corporate capital or endowment fund"

			Variations	
	12/31/2013	12/31/2012	Amount	%
Number of shares	20.000	16.200	3.800	23,46%
Nominal value	1.000	1.000	-	-
Corporate capital	**20.000.000**	**16.200.000**	**3.800.000**	**23,46%**

On 11.12.2013 the shareholders' meeting approved a further increase of the share capital, fully paid on 12/23/2013 which led to a total amount of Eur 20.000.000.

Table 14.5
Breakdown of item 130 of liabilities "Reserves"

			Variations	
	12/31/2013	12/31/2012	Amount	%
Ordinary reserve	22.075	738	21.337	2891,19%
Extraordinary reserve	88.302	2.954	85.348	2889,23%
Reserve for own transactions	-	-	-	-
Other reserves	786	786	-	-
Total	**111.163**	**4.478**	**106.685**	**2382,43%**

With a resolution dated May 15, 2013, the shareholders' meeting approved the allocation of profits of the year 2011 as follows:
- contribution of Eur 21.337 to the "Ordinary reserve";
- contribution of Eur 85.348 to the "Extraordinary reserve".

Table 14.7
Breakdown of item 160 "Profit (Loss) for the financial year"

				Variations
	12/31/2013	12/31/2012	Amount	%
Profit/Loss for the year	1.022.721	106.685	916.036	858,64%

Table 14.8
Variation to net equity in the last 4 years

	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Corporate capital	20.000.000	16.200.000	13.000.000	13.000.000
Uncalled capital	-	-	-	-
Issue premium	-	-	-	-
Ordinary reserve	22.075	738	445.866	439.677
Other reserves	89.088	3.740	743.544	919.544
Operating performance	1.022.721	106.685	3.693	6.189
Profits (Losses) carried forward	-	-	-	-
Fund for general banking risks	500.000	-	250.000	250.000
Total	21.633.884	16.311.163	14.443.103	14.615.410

Table 14.9
Table of net equity variations

	Value at 12/31/2012	Profit allocation	Other variations	Profit for the financial year	Value at 12/31/2013
Fund for general banking risks	-	-	500.000	-	500.000
Corporate capital	16.200.000	-	3.800.000	-	20.000.000
Issue premium	-	-	-	-	-
Reserves:	4.478	106.685	-	-	111.163
a) Ordinary reserve	738	21.337	-	-	22.075
b) Extraordinary reserve	2.954	85.348	-	-	88.302
c) Other reserves	786	-	-	-	786
Profit (Loss) for the financial year	106.685	(106.685)	-	1.022.721	1.022.721
Total Net Equity	16.311.163	-	4.300.000	1.022.721	21.633.884

We summarize the key events that have characterized the changes in shareholders' equity during the financial year:
- Allocation of the financial year 2012 profit entirely in capital reserves for Eur 106.685 as approved by the shareholders meeting on May 15. 2013;
- Increase in share capital of Eur 3.800.000, as approved by the General meeting on December 11, 2013, to date fully paid;
- establishment of banking risks reserve for Eur 500.000 as approved by the BOARD OF DIRECTORS of 18 December 2013.

Revaluation reserves (item 140 of liabilities)

None.

Prudential aggregates

Table 16.1
Prudential aggregates

	Amount - %
Regulatory capital	
- Basic assets	20.776.114
- Supplementary assets	600.000
- Elements to be deducted	4.164.414
- Assets for supervisory purposes	17.211.700
Assets at risk and capital adequacy ratio	
- Weighted risks assets	109.051.357
- Assets for supervisory purposes/Weighted risks assets	15,78%

Guarantees and Commitments

Table 17.1
Composition of "Guarantees issued"

			Variations	
	12/31/2013	12/31/2012	Amount	%
Endorsement credits of a trade nature	1.470.121	903.263	566.858	62,76%
Endorsement credits of a financial nature	349.601	231.812	117.789	50,81%
Assets pledged as collateral security	-	-	-	-
Total	**1.819.722**	**1.135.075**	**684.647**	**60,32%**

Table 17.2
Composition of credit commitments

			Variations	
	12/31/2013	12/31/2012	Amount	%
Credit commitments of a trade nature :	**1.470.121**	**903.263**	**566.858**	**62,76%**
- Acceptances	187.552	-	187.552	-
- Guarantees and endorsements	904.424	903.263	1.161	0,13%
- Strong comfort letter	-	-	-	-
- Other	378.145	-	378.145	-
Credits commitments of a financial nature :	**349.601**	**231.812**	**117.789**	**50,81%**
- Acceptances	-	-	-	-
- Guarantees and endorsements	349.601	231.812	117.789	50,81%
- Strong comfort letter	-	-	-	-
- Other	-	-	-	-
Total	**1.819.722**	**1.135.075**	**684.647**	**60,32%**

Table 17.5
Composition of "Spot commitments"

	12/31/2013	12/31/2012	Variations Amount	%
Commitments to grant finance certain to be called on	**-**	**-**	**-**	**-**
of which: commitments for financing to be granted	-	-	-	-
Commitments to exchange financial instruments certain to be called on	**200.216**	**148.496**	**51.720**	**34,83%**
Commitments to grant finance not certain to be called on :	**1.521.034**	**82.000**	**1.439.034**	**1754,92%**
of which: passive margins usable on credit lines	*1.521.034*	*82.000*	*1.439.034*	*1754,92%*
of which: put option issued	-	-	-	-
Commitments to exchange financial instruments not certain to be called on	**-**	**-**	**-**	**-**
Other commitments	**-**	**-**	**-**	**-**
Total	**1.721.250**	**230.496**	**1.490.754**	**646,76%**

The item "Commitments to exchange financial instruments with certain use" of this table includes amounts for purchasing and selling securities that, at the date of the balance sheet, had not yet reached the settlement date (purchases from regular sales of Eur 200.216).
The item "Commitments to disburse funds for uncertain use" includes available margins on lines of credit granted by the customer for a total of Eur 1.521.034

Table 17.6
Composition of "Forward commitments"

	Coverage	Negotiation	Other transactions
Trades :	**1.011.800**	**1.284.317**	**-**
- Financial instruments	-	-	-
purchases	-		-
sales	-		-
- Currencies	1.011.800	1.284.317	-
currency against currency	-	-	-
purchases against EUR	812.800	-	-
sales against EUR	199.000	1.284.317	-
Deposits and loans :	**-**	**-**	**-**
- to be given	-	-	-
- to be received	-	-	-
Derivative contracts	**-**	**-**	**-**

The item "Trades" lists all the outstanding off-balance transactions at year-end relating to contracts of sale not yet settled. The contracts involving the exchange of two currencies have been shown with reference to the single currency to be purchased.

Concentration and distribution of assets and liabilities

Table 18.1
Major risks

	12/31/2013	12/31/2012	Variations Amount	Variations %
Amount	20.557.997	15.215.828	5.342.169	35,11%
Number	8	5	3	60,00%

Table 18.2
Risks with related parties

	12/31/2013	12/31/2012	Variations Amount	Variations %
Amount	10.108.415	4.317.297	5.791.118	134,14%
Number	10	12	(2)	(16,67%)

Table 18.3
Distribution of customer loans for main debtor categories

	12/31/2013	12/31/2012	Variations Amount	Variations %
States	10	-	10	-
Other public bodies	-	-	-	-
Financial companies	62.720	5.677.972	(5.615.252)	(98,90%)
Non-financial companies	47.484.089	25.708.873	21.775.216	84,70%
of which Industry	*21.191.992*	*8.158.816*	*13.033.176*	*159,74%*
of which Construction	*2.368.667*	*28.731*	*2.339.936*	*8144,29%*
of which Services	*23.923.430*	*17.521.326*	*6.402.104*	*36,54%*
Households	24.379.670	15.237.658	9.142.012	60,00%
Other	4.687.397	2.703.426	1.983.971	73,39%
Total	**76.613.886**	**49.327.929**	**27.285.957**	**55,32%**

In the above table, loans to customers comprise also finance lease agreements referred to in item 90 of Assets "Tangible assets: out of which finance lease".

Table 18.4
Temporal distribution of assets and liabilities

	Total	Sight	From 1 day+ to 3 months	From 3 months+ to 6 months	From 6 months+ to 1 year	From 1 year+ to 18 months F	From 1 year+ to 18 months V	From 18 months+ to 2 years F	From 18 months+ to 2 years V	From 2 years+ to 5 years F	From 2 years+ to 5 years V	More than 5 years F	More than 5 years V	No term
ASSETS:														
Inter-bank loans	48.425.425	42.083.884	5.520.478	25.000	-	-	-	-	-	-	-	-	-	796.063
Customer loans	76.613.886	21.859.441	9.899.459	4.998.527	3.553.265	549.365	2.158.726	511.041	3.251.509	2.073.745	10.056.195	225.553	16.675.532	801.528
Bonds and other debt securities	106.087.562	5	139.720	14.239.470	26.562.659	17.278.709	22.432.029	25.434.970	-	-	-	-	-	-
Off-balance sheet operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIABILITIES:														
Debts with banks	201.559	201.559	-	-	-	-	-	-	-	-	-	-	-	-
Debts with customers	90.061.426	62.048.237	2.290.289	2.049.293	23.673.607	-	-	-	-	-	-	-	-	-
Debts represented by securities:														
- bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- certificates of deposit	122.597.148	2.381.748	44.287.000	42.271.400	32.711.000	551.000	-	235.000	-	160.000	-	-	-	-
- other securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities: cheques in circulation	39.365	39.365	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated liabilities	3.000.000	-	-	-	-	-	3.000.000	-	-	-	-	-	-	-
Off-balance sheet operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-

This table shows a time cross-section of the remaining life of the asset and liability of the balance sheet. The column "Deadline not conferred" shows the doubtful credits and receivables for which there was found an appropriate allocation of temporal relevance.

Suspence accounts

Table 19.1
Suspence accounts

	12/31/2013	12/31/2012
Asset management :	**55.416.355**	**17.264.481**
- Customer asset management	55.416.355	17.264.481
of which cash	*7.247.443*	*2.559.333*
of which debt securities	*35.072.364*	*13.372.068*
of which debts	*13.096.548*	*1.333.080*
- Portfolios managed by third parties	-	-
Securities custody and management :	**172.047.018**	**128.053.021**
- Deposited third party securities	61.894.113	71.846.636
of which: owned issued securities (debts)	*3.000.000*	*7.980.000*
of which: owned issued securities (equities)	*16.726.000*	*12.312.000*
of which: third party securities deposited with third parties	*38.454.564*	*47.444.886*
- Owned securities deposited with third parties	110.152.905	56.206.385
Securities and other values related to the custodian bank's activity	**-**	**-**

The Institute has set Asset Management among its products whose item "Asset management", at the end of the year, shows a total amount of Eur 55.416.355 consisting of cash, deposited entirely at our Institute, and equity financial instruments and debt issued by us.
The item "Financial instruments held on deposit - of which fin. tools and other securities issued by the bank (equity securities)" also include some BSI shares for a value of Eur 16.726.000.

Section C

INFORMATION ON THE STATEMENT OF EARNINGS

Interests (items 10 and 20 of profit and loss account)

Table 20.1
Breakdown of item 10 “Interests received and proceeds”

			Variation	
	12/31/2013	12/31/2012	Amount	%
On inter-bank loans :	**705.461**	**1.265.159**	**(559.698)**	**(44,24%)**
- Current accounts	183.936	640.823	(456.887)	(71,30%)
- Deposits	521.525	624.336	(102.811)	(16,47%)
- Other loans	-	-	-	-
of which: on financial leases	-	-	-	-
On customer loans:	**2.854.686**	**1.357.527**	**1.497.159**	**110,29%**
- Current accounts	1.086.569	659.329	427.240	64,80%
- Deposits	-	-	-	-
- Other loans	1.768.117	698.198	1.069.919	153,24%
of which: on financial leases	*434.332*	*183.303*	*251.029*	*136,95%*
On debt securities from banks :	**-**	**-**	**-**	**-**
- Certificates of deposit	-	-	-	-
- Bonds	-	-	-	-
- Other securities	-	-	-	-
On debt securities from customers (other issuers) :	**3.665.170**	**1.602.611**	**2.062.559**	**128,70%**
- Bonds	3.665.170	1.602.611	2.062.559	128,70%
- Other securities	-	-	-	-
Total	7.225.317	4.225.297	3.000.020	71,00%

The general increase of the items listed below is mainly attributable to the increase in the number of customers and volumes, the result of the new corporate mission as retail bank.

Table 20.2
Breakdown of item 20 "Interest paid and costs"

			Variations	
	12/31/2013	12/31/2012	Amount	%
On debts with banks :	**4.331**	**9.154**	**(4.823)**	**(52,69%)**
- Current accounts overdrafts	3.876	9.154	(5.278)	(57,66%)
- Deposits	455	-	455	-
- Other debts	-	-	-	-
On debts with customers :	**818.871**	**270.997**	**547.874**	**202,17%**
- Current accounts overdrafts	804.481	255.590	548.891	214,75%
- Deposits	14.390	15.407	(1.017)	(6,60%)
- Other debts	-	-	-	-
On debts represented by securities with banks:	**-**	**-**	**-**	**-**
of which: on certificates of deposit	-	-	-	-
On debts represented by securities with customers:	**3.889.180**	**2.435.089**	**1.454.091**	**59,71%**
of which: on certificates of deposit	*3.631.963*	*2.162.393*	*1.469.570*	*67,96%*
On subordinated liabilities	**63.425**	**179.291**	**(115.866)**	**(64,62%)**
Total	**4.775.807**	**2.894.531**	**1.881.276**	**64,99%**

"Interest expense and similar charges" are increasing compared to last financial year, in particular, the item "On debt securities to customers" for customer investments in certificates of deposit.

Dividends and other revenues (table for item 30)

Table 21.1
Breakdown of item 30 "Dividends and other revenues"

			Variations	
	12/31/2013	12/31/2012	Amount	%
On shares, quotas and other capital financial instruments	-	5.650	(5.650)	(100,00%)
On holdings	-	-	-	-
On holdings in bank group companies	-	-	-	-
Total	**-**	**5.650**	**(5.650)**	**(100,00%)**

Commissions (table for items 40 and 50)

Table 22.1
Breakdown of item 40 "Commissions earned"

	12/31/2013	12/31/2012	Variations Amount	Variations %
Guarantees issued	13.884	6.067	7.817	128,84%
Credit derivatives	-	-	-	-
Investment services:	61.586	49.717	11.869	23,87%
- receipt and transmission of orders (let. D1 enc. 1 LISF)	49.681	30.063	19.618	65,26%
- execution of orders (let. D2 enc. 1 LISF)	11.905	4.384	7.521	171,56%
- management of securities portfolio (let. D4 enc.1 LISF)	-	15.270	(15.270)	(100,00%)
- placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
Consultancy services	-	-	-	-
Distribution of third-party services and products other than placement :	99.479	-	99.479	-
- asset management	99.479	-	99.479	-
- insurance products	-	-	-	-
- other services or products	-	-	-	-
Collection and payment services	238.807	103.732	135.075	130,22%
Custodian bank services	-	-	-	-
Securities custody and management	36.734	58.594	(21.860)	(37,31%)
Trust services	26.684	5.750	20.934	364,07%
Operation of tax services and treasury	-	-	-	-
Currency transactions	31.870	20.820	11.050	53,07%
Other services	123.273	22.668	100.605	443,82%
Total	**632.317**	**267.348**	**364.969**	**136,51%**

Table 22.2
Breakdown of item 50 "Commissions paid"

	12/31/2013	12/31/2012	Variations Amount	Variations %
Guarantees received	150	-	150	-
Credit derivatives	-	-	-	-
Investment services :	107.368	62.426	44.942	71,99%
- receipt and transmission of orders (let. D1 enc.1 LISF)	-	-	-	-
- order execution (let. D2 enc. 1 LISF)	23.741	2.757	20.984	761,12%
- management of securities portfolios (let. D4 enc.1 LISF) :	83.627	59.669	23.958	40,15%
own portfolio	52.313	30.012	22.301	74,31%
third-party portfolio	31.314	29.657	1.657	5,59%
- placement of securities (let. D5 and D6 enc. 1 LISF)	-	-	-	-
Door-to-door sale of financial instruments, products and services	-	-	-	-
Collection and payment services	85.317	46.399	38.918	83,88%
Other services	98.496	81.255	17.241	21,22%
Total	**291.331**	**190.080**	**101.251**	**53,27%**

Profits and losses from financial operations (table for item 60)

Table 23.1
Composition of item 60 "Profits (Losses) from financial operations"

	Securities transactions	Currency transactions	Other transactions
Revaluations	747.419		-
Write-downs	605.496		-
Other profits / losses (+/-)	2.875.686	84.179	-
Total by operative division	**3.017.609**	**84.179**	**-**
of which: government securities	*456.595*		
of which: other debt-based financial instruments	*2.491.613*		
of which: capital financial instruments	*69.401*		
of which: contracts derived from financial instruments	-		

Under the heading "Revaluations" and "Writedowns/Impairment losses", the capital gains and losses recognized on the value of securities in the trading portfolio at 12/31/2013 are reduced. The item "Other gains/losses" reports profits and losses deriving from trading and trading of financial instruments and transactions of buying and selling of currencies other than the Euro.

Administrative costs (table for item 90)

Table 24.1
Number of employees by category

	Average	Number as of 12/31/2013	Number as of 12/31/2012
Senior managers	12	12	11
Managers	2	2	1
Remaining personnel :	14	16	12
- office employees	14	16	12
- other personnel	-	-	-
Total	**28**	**30**	**24**

The employed personnel increased of 6 units as a result of the development plan, bringing the total number of employees from 24 at the end of year 2012 to the current number of 30. The workforce consists of 12 directors (1 general manager, 2 deputy general managers and 8 officials responsible for the operational areas and branches), 2 managers and 16 employees. 73% of current employees are male while the remaining 27% are women.

Table 24.2
Detail of the subcategory : B) Other selling and administrative expenses

	12/31/2013	12/31/2012	Variations Amount	Variations %
Services	246.813	280.744	(33.931)	(12,09%)
Consumable materials	58.407	49.456	8.951	18,10%
Rental expenses	157.440	136.984	20.456	14,93%
Network services fee	247.832	273.555	(25.723)	(9,40%)
Insurance	54.640	29.182	25.458	87,24%
Maintenance and repair	29.318	17.161	12.157	70,84%
Utilities and service fees	86.867	44.558	42.309	94,95%
Supervisory and associative burdens	101.217	66.388	34.829	52,46%
Taxes and duties	9.111	7.155	1.956	27,34%
Other general expenses	82.325	107.517	(25.192)	(23,43%)
Total	**1.073.970**	**1.012.700**	**61.270**	**6,05%**

The item under consideration, which has remained almost unchanged from the previous year despite the opening of a new subsidiary, the expansion and restructuring of the General Directorate and the significant increase in the number of customers, demonstrates a proper policy for the management and monitoring of costs.

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

Table 25.1
Composition of items 100 and 110 "Value adjustments on tangible and intangible fixed assets"

			Variations	
	12/31/2013	31/12/2012	Amount	%
Value adjustments on intangible fixed assets :	**165.876**	**123.732**	**42.144**	**34,06%**
- Software	109.104	90.268	18.836	20,87%
- Multi-year fees	56.772	33.464	23.308	69,65%
Value adjustments on tangible fixed assets :	**2.774.661**	**1.330.346**	**1.444.315**	**108,57%**
- Furniture	62.012	48.308	13.704	28,37%
- Systems and technical equipment	64.446	28.549	35.897	125,74%
- Electronic office devices	24.426	12.940	11.486	88,76%
- Vehicles	6.962	6.200	762	12,29%
- Goods in leasing	2.616.815	1.234.349	1.382.466	112,00%
Total	2.940.537	1.454.078	1.486.459	102,23%

The difference compared to the previous financial year is due to the value adjustments on the purchase of new capital equipment to carry out the banking activity in addition to net value of the assets held under finance leases reported in items 80 and 90 of Assets in the Balance Sheet. The latter will not have an impact on the operating result as they will be offset from registration under the item 70 "Other operating income" of the part of capital relating to finance lease.

Table 25.4
Composition of item 140 "Value adjustments on credits and provisions for guarantees and commitments"

			Variations	
	12/31/2013	12/31/2012	Amount	%
Value adjustments on credits	**2.150.896**	**6.859.753**	**(4.708.857)**	**(68,64%)**
of which: lump-sum adjustments for country risk	-	-	-	-
of which: other lump-sum adjustments	*379.145*	*165.749*	*213.396*	*128,75%*
Provisions for guarantees and commitments	**-**	**-**	**-**	**-**
of which: lump-sum adjustments for country risk	-	-	-	-
of which: other lump-sum provisions	-	-	-	-
Total	2.150.896	6.859.753	(4.708.857)	(68,64%)

With a view to controlling and managing the Bank made prudent provisions, based on presumable realizable value, to cover the insolvency risks, posted/entered in the relevant item of the income statement.

Table 25.5
Different types of movement of the financial year

		12/31/2013	12/31/2012		Variations
	Analytical	Lump sum		Amount	%
Total cash credit write-downs:	**337.388**	**379.145**	**480.969**	**235.564**	**48,98%**
- Non performing loans	337.388	-	324.880	12.508	3,85%
- Substandard loans	-	-	-	-	-
- Other loans	-	379.145	156.089	223.056	142,90%
Total losses on cash credits :	**1.434.363**	**-**	**6.378.784**	**(4.944.421)**	**(77,51%)**
- Non performing loans	1.344.794	-	5.337.285	(3.992.491)	(74,80%)
- Substandard loans	89.569	-	1.000.000	(910.431)	(91,04%)
- Other loans	-	-	41.499	(41.499)	(100,00%)
Total cash value adjustments	**1.771.751**	**379.145**	**6.859.753**	**(4.708.857)**	**(68,64%)**
Total advances on guarantees and commitments:	**-**	**-**	**-**	**-**	**-**
- Guarantees	-	-	-	-	-
- Commitments	-	-	-	-	-
Total	1.771.751	379.145	6.859.753	(4.708.857)	(68,64%)

Table 25.6
Composition of the entry 150 " Value retake on credits and reserves for guarantees and earmarks "

				Variations
	12/31/2013	12/31/2012	Amount	%
Writebacks	**214.735**	**-**	**214.735**	**-**
of which on non-performing loans	-	-	-	-
Of which on impaired loans	-	-	-	-
Of which on other receivables/credits	*214.735*	-	*214.735*	-

This item shows the write-back of the loan value amounting to Eur 214.735 of the credit owed by Carifin Italy SpA in liquidation. This amount was written off in the previous year with a partial cancellation of the credit.

Table 25.7
Composition of item 160 “Value adjustments on financial fixed assets”

				Variations
	12/31/2013	12/31/2012	Amount	%
Value adjustments	**-**	**547.498**	**(547.498)**	**(100,00%)**
of which on investments	-	-	-	-
of which on investments in group companies	-	-	-	-
of which on other equity instruments	-	-	-	-
of which on debt instruments	-	*547.498*	*(547.498)*	*(100,00%)*
of which on derivative financial instruments	-	-	-	-

Other items in the profit and loss account (items 70, 80, 190 and 200 of profit and loss account)

Table 26.1
Composition of item 70 "Other operating proceeds"

				Variations
	12/31/2013	12/31/2012	Amount	%
Proceeds for recovery expenses	234.854	194.394	40.460	20,81%
Other proceeds lease principal	2.616.815	1.234.349	1.382.466	112,00%
Total	**2.851.669**	**1.428.743**	**1.422.926**	**99,59%**

As shown in the footnote to Table 25.1, this item includes the share capital of the finance lease payments accrued during the financial year and is the greater impact part of this item.

Table 26.3
Composition of item 190 "Extraordinary proceeds"

				Variations
	12/31/2013	12/31/2012	Amount	%
Extraordinary proceeds	486.860	6.489.736	(6.002.876)	(92,50%)
Totali	**486.860**	**6.489.736**	**(6.002.876)**	**(92,50%)**

The above items include also gains on disposal of investment securities for Eur 466.692, capital gains for Eur 2.588 deriving from the sale of a car, contingent assets for Eur 7.362 and other extraordinary income for Eur 10.218

Table 26.4
Composition of item 200 "Extraordinary costs"

				Variations
	12/31/2013	12/31/2012	Amount	%
Non-deductible bank tax	-	150.000	(150.000)	(100,00%)
Other contingent liabilities	73.311	20.882	52.429	251,07%
Total	**73.311**	**170.882**	**(97.571)**	**(57,10%)**

The item is characterized by losses on investment securities for Eur 29.300 and for Eur 44 011 from costs/expenses pertaining to previous years.

Section D
OTHER INFORMATION

Directors and statutory auditors

Table 27.1
Remuneration

			Variations	
	12/31/2013	12/31/2012	Amount	%
Directors	-	-	-	-
Statutory auditors	28.249	26.466	1.783	6,74%
Total	**28.249**	**26.466**	**1.783**	**6,74%**

As shown in the table, no fees were given during this financial year to the Directors as a result of their formal renunciation.

Other information

It is considered appropriate to inform that the item 230 "Income taxes" of the income statement, usually negative accounting item/entry, presents a positive balance amounting to Eur 714,311 at year-end 2013.
As previously highlighted in the Explanatory Notes, the Institute has exercised its option to deduct the fiscal losses for the period 2012 paying a substitute tax (1.5%) calculated thereof: therefore the "Income tax for the fiscal year" showed a positive entry equal to Eur 1.014.639 for tax benefit deriving from Law no. 150/2012 and a negative entry amounting to Eur 89.527 for the replacement tax paid and Eur 210.801 for the provisions to the "Provisions for taxation" for the year 2013.

BANCA SAMMARINESE DI INVESTIMENTO S.P.A.

Via Monaldo da Falciano no. 3 - Rovereta (R.S.M.)
Statutory Request 05/29/2002 – Company Registration no. 2771
Share Capital EUR 20.000.000 (i.v.) - C.O.E. SM18493

*** *** ***

REPORT OF THE BOARD OF AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 12.31.2013

Dear Shareholders,

The draft financial statements for the year ended 31 December 2013, that the Chairman of Board of Directors submits for your approval in a timely manner, has been prepared in accordance with the provisions of Law no. 47, dated February 23, 2006 and its subsequent amendments, and the Law 165/2005 (LISF) and the regulations issued by the Central Bank - Supervision Division and in particular the Regulation 2/2008 on the Explanatory Notes.

The aforementioned document is thus made up of the balance sheet, the income statement and the explanatory notes.

The Board of Auditors was also provided with the report of the independent auditors containing the compliance assessment of the financial statements for the year ended at 12/31/2013 with the rules governing reporting criteria. The report draws attention to the subject of the explanatory notes on page 26/44 with regard to the recognition of deferred tax assets made under Article. 40 of Law 150/2012.

Moreover, it should be noted that on December 11, 2013, the Meeting of the Shareholders voted to increase the share capital up to the current amount of EUR 20,000,000 that has been fully paid.

Finally, it should be noted that, as shown on pages 11/44 and 20/44 of the supplementary note on the change of classification, compared to the previous year, the receivables due from the former "Gruppo Delta".

The financial statements, the explanatory notes and the report of the Board of Directors for the 2013 financial statements were made available to the Board of Auditors in respect of the deadline imposed by art. 83 paragraph 1 of Law 47/2006.

The Balance Sheet and the Income Statement show, in summary, the following data:

Balance Sheet:		
ASSETS		
Intangible assets	Euro	857.770
Tangible fixed assets net of provisions	Euro	14.958.442
Current assets: Cash and cash equivalents	Euro	49.355.602
Current assets (net of the provision for write-downs on current receivables): receivables and securities	Euro	188.224.846
Accrued income and deferred charges	Euro	2.039.266
TOTAL ASSETS	**Euro**	**255.435.926**
Net assets		
Share capital	Euro	20.000.000
Other reserves	Euro	111.163
Operating profit (loss)	Euro	1.022.721
LIABILITIES		
Termination indemnity, severance pay, leaving indemnity	Euro	208.117
Provisions for risks and charges	Euro	279.989
Fund for general banking risks	Euro	500.000
Subordinated debt	Euro	3.000.000
Bank payables	Euro	201.559
Payables to customers, debt securities and other	Euro	228.699.971
Accrued expenses/adjustment accounts	Euro	1.412.406
TOTAL LIABILITIES	**Euro**	**255.435.926**
Guarantees, commitments, risks and other memorandum accounts	Euro	10.116.503
Income Statement:		
Positive components	Euro	15.226.997
Negative components	Euro	14.204.276
Operating profit (loss)	Euro	1.022.721

The Board of Auditors has to fulfill its duties in accordance with the regulatory provisions in force and in accordance with the provisions of Law 47/2006 and subsequent amendments, while the functions relating to the accounting control were specifically assigned to the independent auditors.

SUPERVISORY ACTIVITIES

During the financial year ended at December 31, 2013 we have monitored the compliance with the law and the bylaws, we have verified the compliance with the principles of sound administration and also supervised, to the extent of our competence, the adequacy of the accounting system in accordance with the principles set out by professional bodies.

With regard to the performance of our duties, we inform you that:

- we attended the meetings of the shareholders and of the Board of Directors;
- we got from the administrative body information about the activities and operations of major economic, financial and capital significance made by the company, in order to be able to ensure the compliance with the law and the statute.
- during the supervisory activities, we received no complaints pursuant to art. 65 of Law 47/2006, and there were no reports submitted pursuant to art. 66 of the Law 47/2006;
- we have not heard of any omissions, reprehensible actions, limitations, exceptions or irregularities that would require express comments herein;
- we verified the appropriateness of the accounting system and its capacity to correctly represent operational events by examining the company documents.

With regard to overall activity, the Board of Statutory Auditors has nothing to report.

As for the financial year ended at 31 December 2013, we monitored its general approach as well as its compliance with the provisions of law relating to its formation and structure. It should be noted that the draft financial statement has been prepared with adequate and correct assessment criteria, consistent with those adopted in previous years.

We have no particular indications/warnings to report.

The year 2013 shows a positive result of EUR 1,022,721 and the Board of Directors, in the explanatory notes, illustrated the evaluation criteria adopted for the various items and has provided the required information both on the balance sheet and the income statement.

During the financial year there were no exceptional circumstances that would require the use of derogations under Article. 75 of Law no. 47/2006.

We ascertained that the financial statements correspond to the facts and information that we obtained through the activities required by our assignment and we have no warnings/indications to report.

In conclusion, based on the information received from the Company and obtained through the supervisory activities carried out by us, there are no criticisms or reservations to report.

We therefore propose to the Assembly to proceed with the approval of the financial statements prepared by the Board of Directors on 31 December 2013 along with the proposed allocation of the Profit for the year, as formulated in the foot note of the "Report of the Board of Directors on the financial statements for the year ended at 12.31.2013 ".

Pursuant to art. 6 of Law No. 47 dated 02/23/2006, the members of the Board of Statutory Auditors herewith certify, under their personal responsibility, the guarantee of the objective and subjective conditions provided by law for the covered assignment and of not falling in the conditions provided for by art. 60 of the same Law.

San Marino, May 13, 2014

The Board of Auditors

Dr. Amici Alfredo (Chairman)

Acc. Marco Cevoli

Dr. Giuseppe Dini

BANCA SAMMARINESE DI
INVESTIMENTO S.p.A.

Via Monaldo da Falciano, 3
47891 – ROVERETA
Republic of San Marino

REPORT OF THE INDEPENDENT AUDITORS

Pursuant to Art. 33

of the Law on Companies and Banking, Finance and Insurance Services

(LISF – Law no. 165 dated 11/17/2005)

Balance closed at 12/31/2013

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of
BANCA SAMMARINESE DI INVESTIMENTO S.p.A.

1. We have conducted our audit of the financial statements of BANCA SAMMARINESE DI INVESTIMENTO S.p.A. for the year ended on December 31, 2013. The responsibility for the preparation of financial statements lies with the Directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was conducted in accordance with International Standards on Auditing (ISA) and with reference to the laws of the Republic of San Marino governing the financial statements. In compliance with these principles, the audit was planned and performed to obtain the information necessary to determine whether the financial statements are free of material misstatement and, taken as a whole, reliable. The auditing procedure includes examining, on random checks basis, the evidence supporting the amounts and information contained in the financial statements, as well as evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors. We believe that our audit provides a reasonable basis for expressing our professional opinion.

   For the opinion on the financial statements of the prior period, whose data are presented for comparative purposes as required by law, we refer to our report dated April 17, 2013.

3. In our opinion, the financial statement of BANCA SAMMARINESE DI INVESTIMENTO SpA for the year ended on December 31, 2013, as a whole, complies with the regulations governing reporting criteria; therefore it is drawn up clearly and provides a true and fair view of the net worth and financial situation and the net result of the Company.

4. Attention is drawn on the following information provided by the directors in the Explanatory Note.

AUDIT WORLD S.R.L. Società di revisione e organizzazione contabile
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Via XVIII Luglio, 212 – 47893 – BORGO MAGGIORE – REPUBBLICA DI SAN MARINO
tel. 0549 888808 - www.audit-world.com –info@audit-world.com

1 - The Bank has exercised the option provided for in Article 40 of Law no. 150/2012 (financial year 2013) that allows, as an exception to the current tax regime, to deduct 100% of the tax losses relating to the period from 2009 to 2012 without any time limit by paying a substitute tax of 1.5% on the amount of tax losses carried forward. The Institute has exercised the option in relation to tax losses that occurred in 2012. Consequently were recorded under the item "Other assets", deferred tax assets of approximately € 1 million with an income statement contra entry in item 230 of the economic statement 'Income for the fiscal year' to the net of the substitute tax fully paid and charged to the income statement amounted to approximately € 0.1 million. The Bank has considered founded the registration of deferred tax assets based on the existence of the conditions described in the notes.

2- During the year the Bank has transferred securities from the free portfolio to the investment portfolio for a total of approximately Euro 37 million and from the investment portfolio to the free one for about € 3 million. The reasons for and the effects of these transfers are shown in the notes.

3 - The fund for general banking risks, as permitted by law, has been moved with effects on the income statement for the year, for the reasons set out in the Explanatory Notes.

AUDIT WORLD S.r.l.

Alessia Scarano
Auditor

San Marino, May 2, 2014