



**BSI**

banca sammarinese  
di investimento

***Financial Statements***  
***Year 2022***

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## CORPORATE OFFICERS AS OF 31/12/2022

### S.P.A. BANCA SAMMARINESE DI INVESTIMENTO

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<i>Economic Operator Code</i>	18493
<i>Share Capital</i>	Euro 21.500.000,00 fully paid in
<i>Registration</i>	Register of Companies no. 2771 of 29/05/2002 Register of Authorized Parties no. 17 of 05/05/2006 Register of Parent Companies no. IC006 of 08/08/2022

Bank implementing the depositor protection system introduced by Delegated Decree no. 111/2011

#### Board of Directors

Gabriele Monti	Chairman
Emanuel Colombini	Directors
Paolo Mularoni	
Ferdinando Novara	
Neni Rossini	
Pier Giovanni Terenzi	

#### Board of Auditors

Francesca Monaldini	Chairman
Fabrizio Cremoni	Standing Auditors
Alida Tosi	

Pierluigi Rossetti      **Managing Director**

AB&D Audit Business & Development S.p.A.      **Auditing Firm**

## PRESENCE WITHIN THE TERRITORY: BRANCHES

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BSDISMSDXXX

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## BOARD OF DIRECTORS' REPORT ON MANAGEMENT

### THE INTERNATIONAL MACROECONOMIC SCENARIO

The global fight against inflation, the Russian military escalation in Ukraine and the resurgence of the COVID-19 pandemic in China led to a deceleration of the world economy during 2022 and the first two factors are expected to negatively influence its dynamics in the current year as well.

According to International Monetary Fund analysts, global growth was estimated at 3.4% in 2022 and should drop to 2.9% in 2023 and then increase to 3.1% in the following year, as can be seen from the World Economic Outlook table of January 2023 (page 2), while still remaining below the historical annual average of 3.8% in 2000/2019.

For advanced economies, growth is expected to decrease by one and a half percentage points from 2.7% in 2022 to 1.2% in 2023, before recovering to 1.4% in 2024.

In particular, growth in the United States is expected to gradually decrease from 2% in 2022 to 1.4% in 2023 and 1% in 2024, respectively. Compared to the October forecasts, we can observe an increase in annual growth of 0.4 percentage points in 2023, which reflects the knock-on effects of the resilience of domestic demand in 2022, and a decline in annual growth of 0.2 percentage points in the following year, due to the rapid rate hike decided by the Federal Reserve.

In the Eurozone, growth, which was estimated at 3.5% for 2022, should settle at 0.7% in 2023 and then rise to 1.6% in 2024. The upward revision of 0.2 percentage points of the forecast for 2023 compared to the October projections reflects the effects of the ECB's tightening monetary policy, the erosion of real incomes, lower wholesale energy prices as well as the announced tax supports to the purchasing power of disadvantaged groups.

Notably, the Spanish economy continues to pull the recovery in the old continent with an estimated growth of 5.2% for 2022 and 1.1% and 2.4% for 2023 and 2024 respectively.

On the other hand, growth estimates for Italy, France and Germany appear more contained, with +3.9%, +2.6% and +1.9% respectively for 2022, +0.6%, +0.7% and +0.1% for 2023 and +0.9%, +1.6% and +1.4% for 2024.

In the United Kingdom, growth, which was estimated at 4.1% for 2022, should decrease by 0.6% in the following year, with a further contraction of 0.9 percentage points compared to the October forecasts, due to more restrictive fiscal and monetary policies, financial conditions, and still high retail energy prices.

In Japan, growth, which was estimated at 1.4% in 2022, is expected to rise to 1.8% in 2023, driven by monetary and fiscal support as well as business investment, before dropping to 0.9% in the following year as a result of the fading effects of the incentive.

With regard to emerging markets and developing economies, forecasts show lower growth in 2023 than in 2022 for about half of the countries observed. On average, growth is expected to increase from 3.9% in 2022 to 4% in 2023 and 4.2% in 2024.

In particular:

- in Asia growth is expected to increase to 5.3% and 5.2% in 2023 and 2024 respectively, after having recorded a slowdown to 4.3% in the previous year due to the contraction of the Chinese economy, which, for the first time in more than 40 years, recorded growth below the global average of 3% in 2022, expected to rise again to 5.2% in 2023 and then fall back to 4.5% in the following year. As for India, which stood at 6.8% in 2022, growth should decrease by 0.7 percentage points in the following year to return to the same levels as

2022 in 2024;

- in emerging European countries, after 0.7% in 2022, growth forecasts stand at 1.5% for 2023 and 2.6% for the following year. These forecasts are influenced by the lower contraction in the Russian economy, estimated at -2.2% in 2022, and the expected recovery for the following two years (+0.3% in 2023 and +2.1% in 2024), directly related to the crude oil exports and trade with countries that have not applied sanctions following the Ukrainian invasion;
- in Latin America, growth is expected to decrease from 3.9% in 2022 to 1.8% in 2023 and then recover by 0.3% in the following year, settling at 2.1%. The forecasts reflect those of the Brazilian and Mexican economies for which growth stands at 3.1% for 2022, 1.2% and 1.7% for 2023 and 1.5% and 1.6% for 2024 respectively;
- growth in the Middle East and Central Asia is expected to contract from 5.3% in 2022 to 3.2% in 2023 due to the marked slowdown in the Saudi Arabian economy following cuts in oil production. The economy of the area is expected to grow again by 3.7% in 2024, driven by Saudi Arabia's increase by 0.8%;
- in sub-Saharan Africa, growth is expected to remain stable at 3.8% in the 2022-2023 period and then rise to 4.1% in 2024. The small upward revision for 2023 (0.1%) reflects the limited growth of Nigeria, due to the measures taken to address insecurity issues in the oil sector. In South Africa, on the other hand, after the rebound in 2022, forecast growth for 2023 was halved (+1.2%), reflecting a decline in external demand, energy shortage and structural constraints.

After analyzing the economic growth prospects, we are going to examine the variables that determined trends.

Unfortunately, the violent escalation of the conflict between Russia and Ukraine contributed to the increase in the prices of energy products as well as other raw materials and grains. In particular, the rush to stock methane gas led to a reckless increase in the price which reached its peak last August, settling at Euro 350 per MWh. Prices progressively decreased over time due to the diversification of supply sources and favorable climatic conditions and, in the last days of last January, the price of natural gas stood at around Euro 55 per MWh.

In the same period, the price of oil underwent more contained fluctuations than that of gas, reaching a peak of Dollar 120 a barrel in June 2022 and then falling to Dollar 90 a barrel last January.

Inflation, which had increased broadly since spring 2021 due to demand induced by the economic recovery and constrictions in supply chains, intensified with the outbreak of war in Ukraine, in the wake of the aforementioned increase in energy product prices, reaching a peak of 9% in the United States in June and 10.6% in the Eurozone in following October. After that, the consumer price trend fell to 6.5% in the United States in December 2022 and to 8.5% in the Eurozone in January 2023.

According to IMF forecasts, global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, while remaining above pre-pandemic levels by around 3.5 percentage points, due to the fall in the prices of fuel products and raw materials, weaker global demand, and tighter monetary policies.

The reduction of price dynamics led the Federal Reserve to moderate its interest rate increase strategy so much that, after seven consecutive increases by between 75 and 50 basis points, in the first two meetings of the new year increases were limited to 25 bps.

The Bank of England also continued its key rate increase program and launched its balance sheet reduction program.

Conversely, the Bank of Japan, despite the rise in inflation and the depreciation of the yen, did not change the official rates, which remain negative, and maintained the securities purchase program, albeit widening the tolerance band on the rate of return on 10-year treasury bonds.

As for emerging countries, monetary policies were heterogeneous due to cyclical conditions. In particular, the Central Bank of Brazil halted the official rate hikes in September while in India the fourth increase was decided in

December. Conversely, in China, where inflation levels were more contained, the Central Bank reduced the compulsory reserve requirements on deposits to support credit, especially credit aimed at the distressed real estate sector.

In Europe, the ECB made 4 increases in official rates up to 2.5% in 2022, announcing its intention to continue with the increases, significantly and at a constant pace, to encourage a timely return of the medium-term objective of 2%. It also relaxed the conditions for longer-term refinancing operations and announced the criteria on the basis of which it will normalize the stocks of securities held by the Eurosystem for monetary policy purposes. Likewise, it announced the reduction, at a measured and predictable pace, of the portfolio of the financial asset purchase program as well as the reinvestment of maturing securities under the pandemic emergency program. In the current year, the ECB continued its monetary tightening by opting for two further rate increases of 50 basis points and reiterating an approach that directly depends on the data and information available at the various meetings of the Governing Council.

In this context, the global outlook is affected by a balance of downside risks, although the International Monetary Fund's assessments in January showed more moderate adverse risks than last October.

In particular, the following continues to weigh on global prospects, holding back growth and exacerbating inflationary dynamics: the stalling Chinese economy, which could lead to new critical issues in the supply chains, the ongoing conflict in Ukraine and the related effects on the increase in costs of energy and food products, the unsustainability of public debt for some economies (especially emerging ones), persistent inflation, the sudden repricing of the financial market and geopolitical fragmentation.

Conversely, the bullish scenario appears supported by a boost from pent-up demand as well as a downward push from inflation, resulting in smaller monetary tightening. This led the analysts of the Monetary Fund to solicit actions aimed at achieving specific priority objectives; namely: the sustained reduction of inflation to target levels, the containment of the COVID-19 pandemic which resurged in China, financial stability, debt sustainability, policies to support vulnerable subjects, the strengthening of supply through policies aimed at addressing the structural factors that hinder its growth as well as strengthening international cooperation, especially as regards the fight against the pandemic, the sustainability of public debts, the strengthening of global trade, the use of securities in the financial sector, and green transition.

Finally, let us focus on sovereign debt whose sustainability, as mentioned above, constitutes one of the main downside risks for global economic growth.

Pandemic emergency, Russian military escalation in Ukraine, inflation and climate change had a heavy impact, also in structural terms, on the countries' public finances.

According to a report just released by S&P Global Ratings, sovereign debt will reach Dollar 10.5 trillion in 2023, almost 40% higher than the historical average before the pandemic. The most significant increase in debt will be recorded by the developed countries of Europe and Latin America, due to stagnant growth and budgetary pressures impacted by high energy prices.

The International Monetary Fund had previously estimated, in the context of the Fiscal Monitor (October 2022), that global sovereign debt was equal to 91% of world GDP, up by about 7.5 percentage points compared to pre-pandemic levels.

Restrictive and prolonged monetary policies will negatively affect the cost of sovereign debt, especially for advanced countries, which could see their issue costs double. The cost of sovereign debt of emerging countries, which is also rising rapidly due to shorter maturities and their dependence on foreign currency, represents a growing credit risk.

As for Europe, S&P estimates that the 30 countries being analyzed will issue around Dollar 1,750 billion of gross long-



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term commercial debt in 2023, with a positive balance compared to the previous year of around 348 billion, resulting from high debt stocks, fiscal deficits, exchange rate effects, inflation and shrinking cash reserves. All this in conjunction with the transition from quantitative easing to quantitative tightening, so much so that the new sovereign issues can only be offered to commercial creditors.

S&P also estimates that the stock of commercial debt of issuers in the EMEA area will reach Dollar 2,900 billion by the end of 2023, equal to 36.1% of GDP, with an increase in long-term gross commercial debt attributable only to emerging markets in EMEA of approximately Dollar 434.9 billion.

## INTERNATIONAL FINANCIAL MARKETS

2022 was a particularly negative year for financial markets due to the growing inflationary pressures and related restrictive policies adopted by the main central banks as well as geopolitical tensions, the Russian military escalation in Ukraine, the energy crisis, and the resurgence of the COVID-19 pandemic in China.

2022 does seem to be one of the most negative of the third millennium for the world stock exchanges and, as such, second only to 2008, as it is marked by negative performances on the stock markets and even more so on the bond markets.

On Wall Street, the Dow Jones index underwent a drop of about 9%; the performances of the S&P500 and the technological Nasdaq were significantly worse, losing 19.4% and 33.1% respectively.

In Italy, the Milan stock exchange lost over 12% during the year and, in particular, the FTSEMIB index recorded a negative variation of over 13 percentage points, decreasing from 27,347 points at the beginning of the year to 23,707 points at the close on Friday 30 December.

The Paris and Frankfurt stock exchanges also closed lower, with a drop of 9.5% for the CAC40 and 12.35% for the DAX respectively, while the decrease for the Madrid Stock Exchange was more contained, with a drop of 5 percentage points.

In contrast, the London Stock Exchange appears to be the only one in the old continent to close positively with the Ftse100 index recording +0.9%.

However, the bill for the European stock exchanges could have been even heavier if, in the last months of the year, the inflationary spiral had not been slowed down by the sharp drop in gas prices; in fact, in October the European indices were down by around 25% compared to the end of 2021.

Lastly, a 40% collapse was recorded by the Moscow stock exchange, although the price of gas sustained the cost of energy for a long part of the year.

As mentioned above, the bond sector also suffered significant losses, well in excess of 10%, in all sub-sectors, including those with the lowest volatility.

Also noteworthy is a decrease of approximately 14% for government bonds due to the growth in yields on government bonds. The restrictive monetary policies implemented by the main central banks and the high levels of inflation pushed up the yields of government bonds so much that in late 2022 the ten-year American bond exceeded the 4% threshold, with an increase on an annual basis by more than two percentage points. Similarly, the German ten-year bond left the negative sphere of late 2021 (-0.18%), marking +2.56%. More significant was the increase in the yield recorded by the 10-year BTP, which went from 1.17% to 4.70%, due to the increase in the BTP-Bund spread.

Similarly, the prices of raw materials and related financial assets underwent significant increases following the start of hostilities; in particular, natural gas, oil, agricultural products, and metals experienced the greatest increases with prices that in many cases reached the highest peaks of the last 10 years or even exceeded their all-time high.

In the second half of 2022, however, these same markets began a downward trend, while remaining at historically sustained values.

Conversely, with the outbreak of war in Ukraine, the intensification of problems related to inflation and the general increase in the price of commodities, the trend in the price of gold fluctuated during the year, affected by the trend of interest rates and the appreciation of the dollar, only recovering towards the end of December, when it stood at

Euro 54.65/Gr.

In fact, the price of the US currency was pushed towards new relative highs by the risk of recession and the increase in interest rates.

The pressure of the dollar had negative effects both on the currencies of emerging markets and on those of the major economies. In particular, the Euro/Dollar exchange rate decreased from 1.1386 at the end of 2021 to 1.0711 at the end of 2022, after even going below parity (0.97) in the first months of the second half. The same goes for the exchange of the dollar against the Japanese yen and the British pound.

For cryptocurrencies 2022 was also a negative year and in strong contrast with the performances recorded by digital assets in the previous year, when the capitalization of the cryptocurrency ecosystem had reached its maximum with a total value of over Dollar 2,800 billion. One year later, the scenario appears to have changed profoundly as tokens lost about Dollar 1,300 billion in market cap with bitcoin losing 65% of its value.

## ECONOMIC PERFORMANCE IN THE ITALIAN REPUBLIC

In 2022, the Italian economy kept growing despite the tensions arising as a result of the conflict in Ukraine. Overall, on the basis of quarterly accounts, GDP increased by 3.9%, marking a better result than that of the Eurozone, the United States and China.

Private consumption grew in the first nine months of the year by around 2.5%, favoring the services sector, fueled by household savings. Conversely, in the autumn months consumption fell under the pressure of the rise in inflation, marking -1.5%, to then stabilize towards the end of the year.

Capital accumulation strengthened, reflecting the positive trend of the component relating to plants and machinery and construction, even though the trend of investments during the year was characterized by a significant slowdown, going from 3.8% in January-March to 0.8% in the summer months.

A weaker credit market characterized the last few months of 2022 as a result of both fears related to the economic contraction and the deterioration of funding conditions related to the restrictive monetary policies of the ECB and the reduction in liquidity, which was affected by the cessation of quantitative easing. According to available data, in November the average interest rate on bank loans increased for businesses to 2.9%, settling just below that of households. In the same period, the demand for credit from businesses dropped by 4.8% while that from households showed a decrease of 2.8%, both in the real estate component and in consumer credit.

The dynamics of exports remains favorable (+10%), despite the stagnation in the summer period, and higher than that of the main European partners (Germany +3.1% and France +7.8%). Imports also recorded a significant increase, settling in the third quarter at +13.8%, with a balance sheet that decreased by 16.3 billion in November 2022, mainly due to the dynamics of energy prices.

The Italian economy, after showing encouraging signs of growth in the central quarters, recorded a contraction in the autumn months, which was due to the dynamics of manufacturing sector. The construction sector went against the trend, as did the services sector, which benefited from the recovery in tourist flows.

The positive evolution of the labor market continues. Employment levels are increasing, with a significant acceleration of permanent work, to the benefit of both gender classes as well as the youth fraction and that of over-50s. Overall, employment increased by 2.4%, returning above pre-pandemic levels for all components except for that of the self-employed.

Wage integration treatments also decreased significantly, recording a contraction of around 20% compared to the previous year, even though the relative levels are still higher than before the pandemic.

Salary growth was moderate (+1.1%) and largely attributable to the renewal of the contract for Public Administration employees, only partially incorporating the significant increase in consumer goods.

Inflation grew considerably, reaching its highest levels since the 1980s, driven by the increases in the prices of energy goods which, in recent months, have shown signs of normalization, partly causing the inflation dynamics to fall back with regard to the core component. In particular, the trend growth of the national consumer price index in December 2022 stood at 11.6, compared to an annual average of 8.1%.

The prospects for the Italian economy appear uncertain due to the volatility of the commodity markets, influenced by the conflict in Ukraine, and by the dynamics of international trade, despite the decrease in inflation levels. Overall, the Parliamentary Budget Office estimates GDP growth of around half a percentage point for 2023, in line with IMF forecasts, which should strengthen in the following year, settling at around 1.5% (up by 0.6 points on IMF October

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forecast, which was subsequently seen down by 0.4 points in January 2023 WEO).

## ECONOMIC PERFORMANCE IN THE REPUBLIC OF SAN MARINO

In the last two years, the San Marino economy has shown considerable resilience, as attested by international bodies.

In particular, strong foreign demand, robust manufacturing production and high flows of tourists contributed to the consolidation of economic activity, despite the shock resulting from the unprecedented increases in the price of energy products and food, both of which were related to the geopolitical tensions that resulted in the Russian military escalation in Ukraine.

The estimates made by the International Monetary Fund in the context of the Article IV Consultation of last November show gross domestic product growing by 8.3% in 2021 and by 3.5% in 2022. The latter data was revised upwards on the occasion of the Staff Visit last March when growth for 2022 was estimated to exceed 4% and it was acknowledged that the pre-pandemic levels had been exceeded, both as regards economy and employment.

This was made possible by the limited implications of the energy crisis resulting from import agreements at advantageous prices and a limited transfer of higher energy costs to households and businesses.

However, due to the increase in uncertainty and the weakening of the global context, IMF analysts forecast a slowdown in economic activity for 2023. Likewise, the ongoing geopolitical tensions, the increase in prices and market volatility financial factors lead them to also orient prospects downwards.

According to the IMF, it is therefore essential to establish reserves, both budgetary and financial, and to complete the fiscal and structural reform program, especially since the high public debt and the rollover of Eurobonds in 2024 require an ambitious fiscal consolidation to ensure its sustainability and reduce its risks, despite the good results recorded by fiscal policy in 2022.

Hence the IMF's call to develop a global strategy for debt sustainability, which makes it possible to implement a domestic debt market in the medium term, as well as to opportunistically exploit any market window that may open in the current year for the renewal of the Eurobond.

Meanwhile, the encouraging conclusions of Fitch in the last comment on the evaluation action of last February noted an improvement in the trajectory of the public debt, which at the end of 2021 was given at 82.1% of GDP, predicting that the same falls below 70% by the end of 2024.

In order to give a picture of the San Marino economy, the main indicators are briefly reviewed below.

The number of companies operating in the area recorded a positive balance of 92 units, increasing from 4,957 in 2021 to 5,049 in 2022, as did the number of employees in the private sector, which stood at 17,408 employees in 2022, with an increase of 830 units compared to 2021. Employees in the public sector also rose by 17, reaching 3,683 workers. The balance of frontier workers also increased from 6,659 units in 2021 to 6,920 units in 2022. Conversely, the number of self-employed workers, equal to 1,591, decreased by 34 units compared to 2021.

The total number of unemployed people decreased from 1,072 units in 2021 to 854 units in 2022, confirming the positive trend recorded in recent years, with an unemployment rate of 5.14%, against 7.8% in neighboring Italy and 6.6% of the Eurozone.<sup>1</sup>

With regard to social safety nets, available data show a significant drop in access to the wage guarantee fund (CIG)

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<sup>1</sup> Istat, Employment and Unemployment - December 2022 and Eurostat, Euroindicators.

and the special economic allowance (IES) compared to the end of 2021, in line with the trend recorded in the previous two years. In particular:

- in December 2022, 672 companies had recourse to the CIG, mainly for causes linked to temporary market situations, for a total of 284,695 hours requested and 7,967 workers involved; at the end of 2021, 2,151 companies had resorted to the CIG, for a total of 765,990 hours requested and 15,325 workers involved;
- in December 2022, there were 2,093 cases of workers affected by staff reduction processes or termination of company activity placed in a state of temporary layoff who benefited from the IES, against 3,340 recorded at the end of 2021, for a total amount disbursed of approximately Euro 1.7 million.

With regard to inflation, the San Marino price index showed an increasing trend over the last 12 months, driven by the food and beverage category, settling at +5.7%, which was below the average of the Eurozone, equal to 7.4%, due to the effect of lower increases in energy and more moderate wage growth and which Fitch analysts expect to gradually contract, reaching 3% in 2024.

## THE SAMMARINESE FINANCIAL SYSTEM

The San Marino financial sector as at 31 December 2022 was made up of 10 entities authorized under San Marino law: 4 banks, 3 management companies, 1 insurance company, 1 financial company and 1 payment institution.

Compared to the previous year, the figure shows a decrease of one unit due to the revocation of the authorization to exercise reserved activities and the simultaneous compulsory administrative liquidation of an insurance company.

Furthermore, following the completion of the administrative procedure, at the end of the first half of 2022 CBSM authorized a foreign financial company based in the United Kingdom to provide payment services in the territory under the system of provision of services without an establishment, thus increasing the number of foreign entities authorized to operate in San Marino to 2 units.

With regard to the performance of the sector, the aggregate data processed by the Associazione Bancaria Sammarinese (ABS) confirm a newfound confidence of depositors in the San Marino banking system which, during 2022, will see a consolidation of the positive trend recorded by total deposits as well as its components.

In particular, total deposits as at 31 December 2022 amounted to Euro 5,767 million, recording an annual basis increase of 4.56%, equal to Euro 252 million.

As for direct deposits, the annual basis increase stood at 1.52%, equal to Euro 55 million, while, with regard to indirect deposits, there was a positive balance of Euro 198 million, equal to +10.41%.

The dynamics of loans remained unchanged. Also in 2022, they recorded a negative trend. On the basis of the performance data processed by ABS, as at 31 December 2022 gross loans to customers (including leasing) amounted to Euro 1,976 million, down by 9.15% compared to the same period of 2021, while the ratio between gross loans and savings collection decreased from 60.19% in 2021 to 53.96% in 2022.

To better understand the dynamics recorded in the financial system of San Marino in the last two years, two graphs are shown below describing the trends:

- of total deposits and their components of direct deposits and indirect deposits (Figure 1) and
- of loans (Figure 2),

as obtained on the basis of monthly reports by the associates.



Figure 1 – Total, direct and indirect deposits

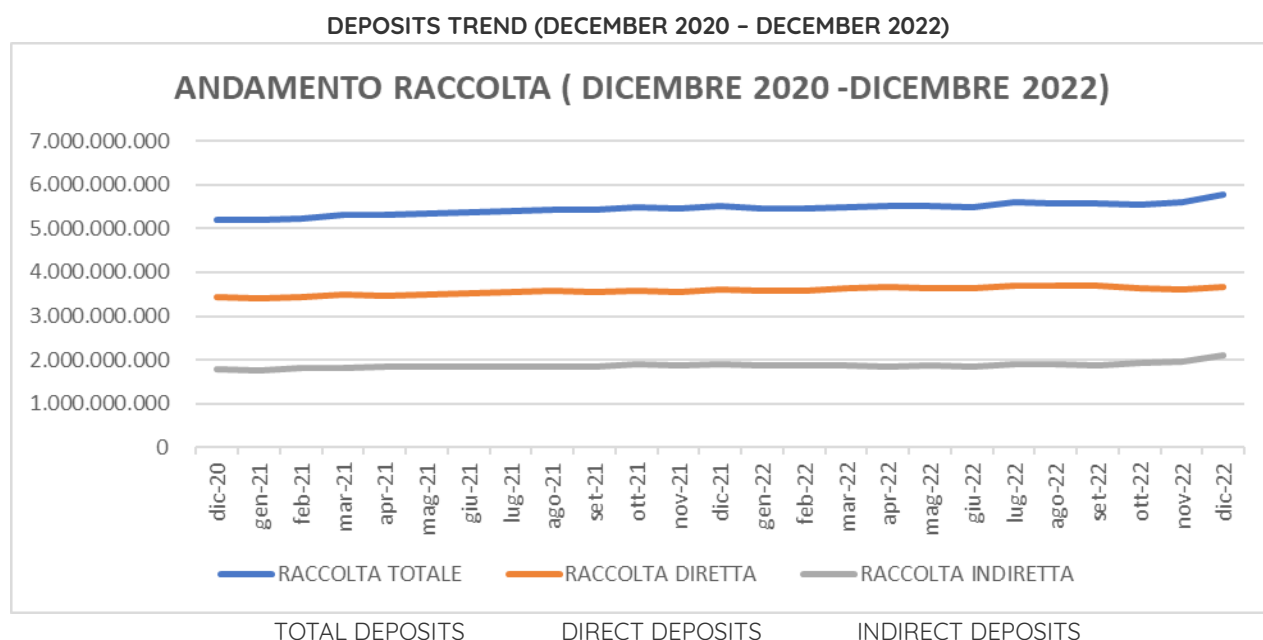
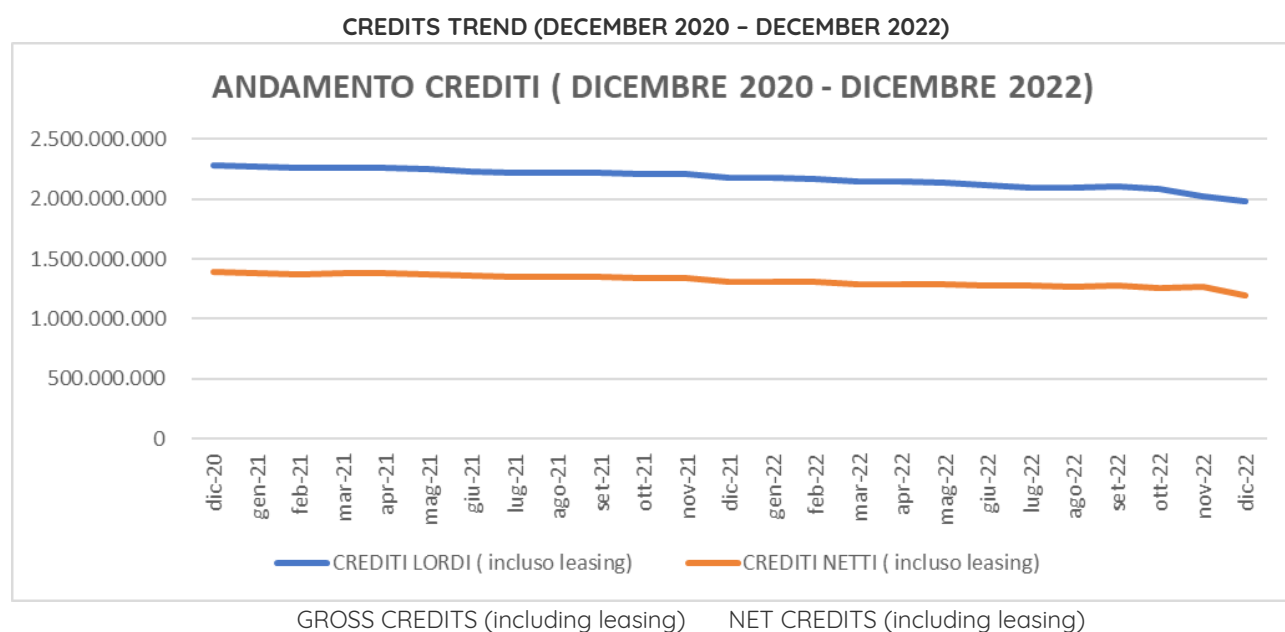


Figure 2 – Loans



As for Non-Performing Loans, the statistics compiled by the Central Bank of San Marino with regard to the third quarter of 2022 refer to gross doubtful loans for a total of Euro 1,224 million, of which Euro 503 million non-performing loans, with a coverage ratio on doubtful loans of 66.6%.

Although NPLs continue to represent a highly critical element due to their impact on the general system data and on the San Marino economy, a progressive improvement in indexes can be observed, probably also attributable to the

effects of the regulatory innovations adopted with Law no. 154 of 27 August 2021 “Provisions on civil procedure and civil law”. In fact, compared to the same period of 2021, the total amount of doubtful loans and non-performing loans decreased by Euro 123 million and by Euro 56 million respectively, while the coverage ratio on doubtful loans increased by 2.6 percentage points.

A significant step in the resolution of the critical issues relating to NPLs is in any case expected within the first half of the current year, when the system securitization project pursuant to Law 157/2021 will be closed. Therefore:

- once the regulatory framework regarding the NPL securitization project was completed with the CBSM’s issue of the “Regulation on securitization transactions and related servicers” and the “Circular on the prudential regime of system securitization” and
  - once the functional activities for the establishment of the system servicer were carried out
- banks, in compliance with the provisions of the aforementioned Law 157/2021, formalized in the State Congress the list of candidates within which the system arranger was identified, who was subsequently entrusted with “the preparation” of the first San Marino securitization transaction (multi-originator).

As for the shareholders’ equity (including the provision for general banking risks), the aggregate figure as at 30 September 2022, which can be inferred from the third-quarter CBSM Information Bulletin, stands at Euro 281 million, against Euro 248 million recorded in the same period of 2021, with a positive balance of Euro 33 million also attributable to the new profitability of San Marino banks.

## THE REFERENCE LEGISLATION INTRODUCED IN 2022

### Primary regulations

During 2022, the following primary regulatory acts were issued, having an impact on the San Marino banking and financial sector:

- Delegated Decree no. 8 of 24 January 2022 - Ratification of Delegated Decree no. 211 of 24 December - Provisions on financial matters transposing (EU) Regulations nos. 648/2012, 909/2014, 2015/2365 and 2016/1011
- Delegated Decree no. 19 of 17 February 2022 - Transformation of the Società Veicolo Pubblico di Segregazione Fondi Pensione S.p.A. into a purpose trust and related ratification provision (Delegated Decree no. 51 of 23 March 2022)
- Delegated Decree no. 22 of 23 February 2022 - Transitional provisions for the presentation of financial statements of economic operators
- Delegated Decree no. 29 of 7 March 2022 - Ratification of Delegated Decree no. 196 of 7 December 2021 - New provisions on the declaration of patrimonial, financial assets and company shares held abroad - Amendments to Delegated Decree no. 199 of 13 November 2020
- Decree Law no. 35 of 15 March 2022 - Restrictive measures implementing Decision 2014/145/CFSP of the Council of the European Union and subsequent amendments and (EU) Regulation no. 269/2014 of the Council of 17 March 2014 and related ratification provision (Decree Law no. 67)
- Council Decree no. 42 of 23 March 2022 - Adhesion to Convention no. 190 of the International Labor Organization - Convention on the elimination of violence and harassment in the world of work
- Decree Law no. 58 of 6 April 2022 - Amendment of Decree Law no. 56 of 29 March 2020 and subsequent amendments and provisions for the use of teleconference/videoconference in meetings and related ratification provision (Decree Law no. 70 of 28 April 2022)
- Decree Law no. 59 of 7 April 2022 - Restrictive commercial measures implementing (EU) Decision 2014/512/CFSP of the Council of the European Union and subsequent amendments and (EU) Regulation no. 833/2014 of the Council of 31 July 2014 and subsequent amendments
- Decree Law no. 60 of 8 April 2022 - Restrictive financial measures implementing (EU) Decision 2014/512/PESC of the Council of the European Union and subsequent amendments and (EU) Regulation no. 833/2014 of the Council of 31 July 2014 and subsequent amendments and related ratification provision (Decree Law no. 68 of 28 April 2022)
- Delegated Decree no. 61 of 11 April 2022 - Issuance of Public Debt Securities - Republic of San Marino, fixed rate 0.80%, 2 June 2023
- Delegated Decree no. 63 of 13 April 2022 - Management of periodic services provided by FONDISS and related ratification provision (Delegated Decree no. 90 of 21 June 2022)
- Delegated Decree no. 79 of 18 May 2022 - Interventions for employment, training and active policies in the world of work and related ratification provision (Delegated Decree no. 105 of 15 July 2022)
- Law no. 80 of 24 May 2022 - Rules to facilitate and simplify the start-up of businesses
- Decree Law no. 89 of 7 June 2022 - Extraordinary provisions for the payment of pension benefits following the application of restrictive measures aimed at countering activities that threaten international peace and security and related ratification provision (Decree Law no. 93 of 21 June 2022)
- Law no. 94 of 24 June 2022 - Variation to the Budget of the State and Public Bodies for the financial year 2022 and amendments to Law no. 207 of 22 December 2021
- Delegated Decree no. 100 of 6 July 2022 - Statute of the Istituto per la Gestione e il Recupero dei Crediti - I.G.R.C. S.p.A.
- Delegated Decree no. 112 of 4 August 2022 - Rules for the implementation of the "San Marino Card" project

- and related ratification provision (Delegated Decree no. 130 of 15 September 2022)
- Delegated Decree no. 113 of 8 August 2022 - Renewal of mortgage registrations (subsequently repealed with Delegated Decree no. 133 of 16 September 2022)
  - Delegated Decree no. 115 of 22 August 2022 - Amendments to Law no. 47 of 23 February 2006 - Companies law and subsequent amendments
  - Law no. 129 of 14 September 2022 - Interventions in support of families
  - Delegated Decree no. 133 of 16 September 2022 - Renewal of mortgage registrations and related ratification provision (Delegated Decree no. 143 of 21 October 2022)
  - Delegated Decree no. 141 of 5 October 2022 - Cross-border transfer of cash
  - Law no. 148 of 25 October 2022 - Second variation to the Budget of the State and of the Entities of the Enlarged Public Sector for the financial year 2022, amendments to Law no. 207 of 22 December 2021 and subsequent amendments
  - Delegated Decree no. 152 of 15 November 2022 - Provisions on the procedures for accessing, keeping, and consulting the Register of Companies pursuant to Law no. 47 of 23 February 2006 - Companies law and subsequent amendments
  - Law no. 157 of 29 November 2022 - Reform of the Social Security System
  - Delegated Decree no. 159 of 2 December 2022 - Regulation of migration flows for work reasons and extraordinary needs for the year 2023
  - Delegated Decree no. 161 of 5 December 2022 - Issuance of Public Debt Securities - Republic of San Marino, fixed rate 1.50%, 31 December 2037 and related ratification provision (Delegated Decree no. 168 of 16 December 2022)
  - Delegated Decree no. 162 of 5 December 2022 - Issuance of Public Debt Securities - Republic of San Marino, fixed rate 1.75%, 31 December 2042 and related ratification provision (Delegated Decree no. 169 of 16 December 2022)
  - Law no. 164 of 9 December 2022 - Reform of the rules on employment
  - Delegated Decree no. 166 of 14 December 2022 - Definition of the maximum spread and the nominal interest rate to be applied until 30 September 2023 to loans assisted by the state contribution pursuant to Law no. 44 of 31 March 2015 and subsequent amendments
  - Law no. 170 of 20 December 2022 - General Report of the State and Public Bodies for the financial year 2021
  - Law no. 171 of 23 December 2022 - Budgets of the State and Public Bodies for the financial year 2023 and 2023/2025 Multi-Year Budgets

Furthermore, the following provisions connected to the COVID-19 emergency contain support measures in favor of San Marino families and businesses:

- Delegated Decree no. 4 of 17 January 2022 - Intervention in support of travel and tourist agencies and tour operators following the COVID-19 emergency
- Delegated Decree no. 28 of 4 March 2022 - Interventions in support of economic operators and families following the COVID-19 emergency and related ratification provision (Delegated Decree no. 52 of 23 March 2022)
- Decree Law no. 54 of 29 March 2022 - Extension of extraordinary interventions in the economic field to support the economic emergency caused by COVID-19

Finally, the company organization was oriented in compliance with the following additional measures connected to the COVID-19 emergency:

- Decree Law no. 3 of 14 January 2022 - Strengthening of the provisions for contrasting the spread of the COVID-19 contagion and related ratification provision (Decree Law no. 6 of 21 January 2022)
- Decree Law no. 5 of 21 January 2022 - Ratification of Decree Law no. 215 of 31/12/2021 - General and administrative provisions related to the COVID-19 pandemic
- Decree Law no. 20 of 18 February 2022 - Mitigation of the provisions for contrasting the spread of the

COVID-19 contagion and related ratification provision (Decree Law no. 36 of 17 March 2022)

- Decree Law no. 55 of 29 March 2022 - Termination of the COVID-19 emergency state and general provisions on the current COVID-19 pandemic state and related ratification provision (Decree Law no. 72 of 28 April)
- Decree Law no. 111 of 1 August 2022 - Urgent and temporary changes to the general provisions on the current COVID-19 pandemic state and related ratification provision (Decree Law no. 124 of 31 August 2022)
- Decree Law no. 137 of 29 September 2022 - Changes to the general provisions on the current COVID-19 pandemic state

## CBSM secondary regulations

During 2022, the Central Bank of the Republic of San Marino adopted the following secondary measures:

- Regulation no. 2022-01 - Miscellany of targeted interventions to revise the supervisory provisions in force
- Regulation no. 2022-02 - Regulation on the extraordinary fund for protecting against financial fraud
- Regulation no. 2022-03 - Regulation updating the transparency rules for investors in mutual investment funds
- Regulation no. 2022-04 - Regulation on securitization transactions and related servicers
- Circular no. 2022-01 - Circular on the prudential regime of system securitization.

## FIA documents

During 2022, the Financial Information Agency did not adopt any specific measures with regard to the “Financial Entities Series”. In the same period, as part of the process of transposing the Fifth Anti-Money Laundering Directive (EU Directive 2018/843) into the San Marino legal system, a comparison was promoted by FIA with the private sector, in particular with ABS, associated banks and the professional orders, functional to the revision of the AML/CFT regulatory package.

## BANCA SAMMARINESE DI INVESTIMENTO

### MANAGEMENT PERFORMANCE

Last year the Bank reached and exceeded the objectives set by the three-year development plan (for the years 2021/2023) drawn up in collaboration with the Bologna-based consultancy firm Prometeia, approved in January 2021, continuing the work of strengthening its presence on the domestic market.

The 2022 final balance should be considered extremely positive, especially because it was achieved in a period that was strongly marked by the Russian-Ukrainian conflict, which broke out at the end of February and is still ongoing. The war deteriorated the already complex global economic scenario. Since the beginning of the year, the global economy showed signs of a slowdown due to the spread of the COVID variants and, subsequently, to the growing geopolitical tensions which culminated in the invasion of Ukraine by Russia.

The application of international sanctions, promptly adopted against Russia, triggered the energy and raw materials crisis, helping to start an inflationary process that is still ongoing. Central banks, in order to combat this process, adopted a strong rate-raising policy, generating great uncertainty and volatility, particularly in the financial sector.

These dramatic events had an impact on the performance of the main financial markets which recorded significant losses, only partially recovered towards the end of the year. For example, the investment grade bond market alone recorded a loss of 16.30% last year.

During the year, the Bank carried out a careful survey of the existing risks regarding counterparties located in the countries involved in the Russian-Ukrainian conflict and monitored existing and potential customers, with a view to complying with the sanctions introduced in Europe and in San Marino.

In the first half of the year, the Supervisory Authority made, as has already happened in the past, interventions aimed at protecting the stability of the system. The bank carried out the transfer of financial instruments from the trading portfolio to the investment portfolio by virtue of two communications from CBSM (Prot. no. 22/3413 of 31/03/2022 and Prot. no. 22/6395 of 23/06/2022). The transfer involved securities for a total nominal value of Euro 100,273,000 and made it possible to neutralize capital losses due to the valuation of financial instruments, the economic effects of which are detailed in the relative section of the explanatory notes.

Furthermore, in accordance with the aforesaid communications, two “structured” financial instruments with a total nominal value of Euro 1,550,000, which had exceeded the barrier envisaged for the repayment of the capital at maturity, were transferred from the investment portfolio to the trading portfolio.

Refer to the appropriate section of the explanatory notes for further details on the securities sector.

The ambitious objectives set by the business plan for 2022 were all largely achieved, as were the objectives set for the credit sector. The Bank’s approach to the granting of credit remains, as in the past, always based on the utmost prudence, also taking into account the worsening of the market situation following the energy crisis.

Despite this negative situation, BSI continued to support San Marino economic operators and families, as well as the extraordinary initiatives promoted by the San Marino government in support of local economic activities, such as, for example, the extension of the moratorium on reimbursement of capital shares on loans of various kinds disbursed over the years to companies and individuals.

The Private Banking sector relating to banking and financial services provided to customers of high standing remains a central element of our business. The development of this sector, also made possible by the continuous training of personnel, remains a priority and is aimed at providing, in the near future, the same services to foreign customers with specific needs.

It should be noted that our Bank was the first institute on the San Marino market to issue its own credit cards. We believe that the decision taken in the past to manage the credit card service in complete autonomy has given more than positive feedback and has allowed for a good return on the company's image. To date, the structure deals with all the issuing and acquiring activities, as well as the placement of revolving cards.

Let us briefly review the main events of 2022 that concerned the Bank.

The long process that led to the acquisition of SCUDO SG S.p.A., taken over by the former BNS S.p.A. asset management company, was completed in July. The company was acquired for the synergies it can achieve with the bank, such as the placement with its customers of open-ended mutual investment funds created and managed by SG. The asset management sector represents a fundamental asset of our bank and consequently this acquisition represents its natural evolution.

Following the transfer of ownership, SG changed its company name to 739 SG S.p.A., moving the registered office to the premises located in Piazza Tini in Dogana and owned by the Bank. Furthermore, the share capital was increased from Euro 200,000 to Euro 500,000.

In the first few months, the activity of SG will be focused on the creation of funds deriving from the transfer of asset management lines that have already been active for some time within the bank. BSI boasts a significant weight in the domestic asset management market (approximately 70% of market share). At the same time, it will continue to manage the three currently operational funds:

- Loan Management closed alternative fund;
- Odisseo closed alternative fund;
- Scudo Arte Moderna in liquidation fund.

The first two are NPL management funds that will be part of the "system securitization" project which, as already mentioned, will be made operational in the first half of 2023, while the Arte Moderna fund has been in liquidation for some time and will find its definitive conclusion by the end of 2023.

The Bank's workforce as at 31/12/2022 increased by 4 units compared to the previous year, reaching the number of 59 employees, although 6 employees left the bank.

During the year, given the increase in volumes and in the number of customers and in order to make up for the aforementioned employees' leaving, 10 employees from San Marino were hired, 4 of whom already had previous experience at other San Marino banks.

As at 31/12/2022, the staff was distributed as follows: 30 employees in the commercial network and 29 employees in the management offices.

The average age of the staff is 39 years. 58% are male and 42% are female (data substantially unchanged compared to the past).

46% of employees have a university degree.

The Board of Directors continues to pay close attention to risk management and the internal control system. The risk assessment activity resulted in the definition of a system of risk objectives and the complete revision of the risk management and monitoring system, in line with the best practices on the subject, from a risk appetite framework (RAF) perspective.

In compliance with current legislation, the Bank set up the Risk Committee and the Anti-Money Laundering Committee, collective bodies with functions of inter-functional liaison, with the aim of supporting the General Management and the Heads of the relevant Organizational Units in interpreting the phenomena related to the current and potential risks that characterize the Bank's performance, with a view to conscious risk-taking and defining the most appropriate management lines.

The Internal Audit function remains outsourced and entrusted to the Bologna-based company PKF Italia S.p.A.

Last year some training activities were followed up, mainly through online methods, including the refresher course for the insurance sector held over several sessions throughout the year and attended by the Head of the service, as well as a refresher course on anti-money laundering, spread over several days, held by the Milan-based company SGR Consulting and attended by the Compliance Officer, the RIA and the staff.

Among face-to-face courses, a training course dedicated to the reform of the company law was organized in September by the Associazione Bancaria Sammarinese, which was attended by the General Manager, the Compliance Officer and the Head of the Legal and Litigation Department. Furthermore, the Credit Manager and the International Manager took part in a "customized" course relating to the various activities and services of commercial foreign countries, held at the Padua-based firm Di Meo S.r.l. in November.

In addition to the courses held by external speakers, in-house training activities were carried out, intended for all employees of the institution, concerning anti-money laundering and investment products.

The senior figures of the institute, together with the members of the Board of Directors and the Board of Statutory Auditors, participated in four face-to-face events organized by the Associazione Bancaria Sammarinese in collaboration with the Central Bank, held during the first half of the year, as part of a broader "training course for company representatives and top management functions" launched in the last months of 2021.

As every year, the Trustee Manager and authorized colleagues participated in the technical refresher course for maintaining the qualification, organized for 2022 by the Trust Academy of the Republic of San Marino in collaboration with the University of San Marino.

Below are the main balance sheet and income statement figures.

Total deposits at the end of 2022 amounted to Euro 1,243,662,358, of which Euro 673,510,463 from savings collection and Euro 570,151,895 from indirect deposits. Compared to the previous year, the figure shows an increase of over Euro 56 million (+4.68%).

As regards the Bank's treasury, liquidity was as follows as at 31/12/2022:

- a) Euro 82,382,033 deriving from interbank deposits (at sight and term) and foreign currency deposits;
- b) Euro 454,211,655 deriving from debt securities, and to an almost negligible amount of capital, distributed over various issuers; in particular, the trading portfolio amounts to Euro 96,164,471, while investment securities amount to Euro 358,047,184.

The total treasury thus amounts to Euro 536,593,688. As in the past, investment strategies were inspired by criteria of prudence and risk diversification.

On the lending side, 2022 recorded an increase in loans to ordinary customers, which amounted to Euro 187,347,801 at the end of the year (+6.70% compared to 2021) gross of value adjustments and inclusive of financial leasing. The bank continues to pursue a granting policy for credit aimed at splitting it, both in terms of number of positions assigned and technical forms used.

As regards non-performing loans (NPL), 31/12/2022 recorded gross non-performing loans amounting to Euro



11,283,203 with value adjustments of Euro 6,923,281, gross impaired loans amounting to Euro 1,544,629 with value adjustments of Euro 216,269, restructured loans amounting to Euro 2,618,263 with value adjustments of Euro 180,876, as well as past due/overdue loans amounting to Euro 29,904 with value adjustments of Euro 1,495 and unsecured loans to countries at risk amounting to Euro 728 with value adjustments of Euro 4.

Therefore, the Bank's total non-performing loans amount to Euro 15,476,727, recording a slight increase compared to 2021, with a coverage ratio of 47.31% (compared to 47.51% last year). It should be noted that most of the aforesaid receivables relate to mortgage or leasing transactions or in any case have lien titles, which made it possible to limit the loss forecasts. The dynamics of doubtful loans to customers is adequately clarified in the specific tables of the explanatory note to the financial statements.

In this regard, it is appropriate to mention the regulatory provisions that are being adopted by the Supervisory Authority, relating to the calendar provisioning and the classification of credit exposures. In detail, a Regulation will be issued which will regulate:

- calendar provisioning measures for future exposures, relating to loans disbursed as of 01/07/2023, to transpose the EU provisions;
- a new taxonomy of credit exposures, harmonized with those in force in the EU;
- new formats of information notes to the financial statements, in line with the new taxonomy;
- provisions for connection and coordination between supervisory regulations, with particular regard to the regulations in force regarding the Central Credit Risk Register.

In addition, a circular governs the application of calendar provisioning measures on the current stock of non-performing credit exposures. This provision will have an almost immediate capital impact on San Marino banks. The simulations carried out show that the financial impact of the aforementioned measure for BSI is entirely sustainable.

As regards the shareholdings held, in addition to the abovementioned 100% shareholding in 739 SG, there are no changes. The Bank holds a minimal stake in the capital of Banca Centrale della Repubblica di San Marino S.p.A. (1%) and a 10% share in the share capital of Tenuta Santa Chiara S.r.l., a "static" real estate company under San Marino law.

Balance sheet ratios include the ratio between net loans and direct deposits equal to 26.63%, the ratio between net non-performing loans and net loans equal to 2.43%, the ratio between shareholders' equity and net loans equal to 29.65%, the cost/income ratio equal to 37.76% and finally the R.O.E. equal to 16.93%.

The Bank's shareholders' equity as at 31/12/2022, including the provision for general financial risks, amounts to Euro 53,173,551.

The Regulatory Capital, as determined on the basis of the provisions of the Supervisory Authority, stands at Euro 45,866,214, up on the figure recorded in 2021 equal to Euro 41,400,473. The Bank has assets suitable for hedging potential risks, showing a total capital ratio of 17.34%, well above the required regulatory 11% minimum.

The bank does not hold any treasury shares in its own portfolio.

Among the income statement items that recorded the greatest increases, we point out the interest margin which rose from Euro 11,216,097 in 2021 to Euro 16,421,491 (+46%). Net commissions decreased from Euro 4,657,899 in 2021 to Euro 3,635,103 (-22%) due exclusively to the failure to charge performance commissions on the customers' asset management. As reported in several passages of the report, last year was characterized by strong uncertainty and volatility on the financial markets, which did not allow the bank to achieve the same performance as 2021.

The profit achieved in 2022 is equal to Euro 7,700,797, net of value adjustments made on loans amounting to Euro 1,527,568 and on financial assets amounting to Euro 1,019,745.

The provision for general financial risks remained unchanged and amounts to Euro 5,000,000. It should be noted

that this fund has the function of covering the generic business risk to which the bank is exposed; being similar to a capital reserve, it represents a positive component of the basic regulatory capital.

The economic result achieved is of great satisfaction and importance, in continuity with the result of 2021, which amounted to Euro 8,057,281 and was the Bank's all-time high.

## THE INTERNAL CONTROL SYSTEM

The Bank adopts its own system of internal controls, defined as a set of rules, procedures and organisational structure, designed to ensure that activities are based on sound and prudent management and effective risk management, to ensure compliance with corporate strategies and the achievement of effective and efficient business processes, the safeguarding of assets, the reliability and integrity of accounting and management information, the compliance of transactions with the law, the articles of association, supervisory regulations and the Bank's self-regulatory provisions.

The control system has three levels:

- line controls (first level), aimed at ensuring the correct performance of operations. They are carried out by the operating structures themselves (e.g., hierarchical controls) or incorporated into procedures, or performed as part of back-office activities;
- controls on risk management and compliance (second level), which have the objective of verifying compliance with the limits assigned to the various operational functions, to check the compliance of company operations with the regulations, including those of self-regulation. They are entrusted to specific functions, in order to guarantee the separation between operational and control functions;
- internal audit activity (third level), which aims to assess the functionality of the overall internal control system and identify anomalous trends, violations of procedures and regulations.

Internal Auditing performs third-level control activities, conducted on an ongoing, periodic or exception basis, with the aim of identifying anomalous trends, violations of procedures and regulations, as well as assessing the completeness, functionality and adequacy of the internal control system and bringing possible improvements to risk management policies, measurement tools and procedures to the attention of the Board of Directors and General Management.

The Risk Manager is responsible for risk controls, understood as second-level controls aimed at contributing to the definition of risk measurement methods, verifying compliance with the limits assigned to the various operating structures, and checking the consistency of the operations of the individual production areas with the risk-return objectives assigned. It supports General Management and the Board of Directors in the planning phase of strategies, in order to assess the level of risks present in the activities performed and the potential risks associated with future decisions. It monitors risk levels, reporting to General Management any deviations from the limits established by the Board of Directors.

The Compliance Officer carries out continuous compliance audits, aimed at verifying the compliance of the activities carried out with the applicable provisions. He assists and trains employees, management and the Board of Directors in complying with the applicable legal, statutory, supervisory and self-regulatory requirements.

The person in charge of the function of preventing and combating money laundering and terrorist financing verifies compliance with the regulations on preventing and combating money laundering and terrorist financing and interfaces with the Financial Intelligence Agency.

## EXPOSURE TO RISKS

As regards the overall management of the risks to which it is exposed, the Bank has defined the mapping of significant risks, which constitutes the framework within which risk assessment, measurement, monitoring and mitigation activities are carried out. To this end, it has identified all the significant risks to which it is, or could be, exposed and which could jeopardise its operations, the pursuit of its strategies and the achievement of its corporate objectives. For each type of risk identified, the relative sources of generation are identified (also for the purposes of the subsequent definition of the tools and methodologies to monitor the relative measurement and management) and the structures responsible for management.

As for the monitoring and management of risks (credit, market, liquidity, interest rate, exchange rate, counterparty and operational risks), the Risk Committee met periodically to verify the level assumed by the risk indicators defined by the Board of Directors and to define any strategies for recovery in the event that limits were exceeded. If limits were exceeded, the Board of Directors was informed.

The risks identified are:

### Credit and counterparty risk

Credit risk is defined as the risk that, in the course of a credit transaction, the debtor may default, even partially, on its obligations to repay principal and/or pay interest to its creditor. The definition of credit risk also includes the risk of downgrading of the debtor, i.e., the possibility that the creditworthiness of a counterparty turns out to be lower than originally estimated by the creditor.

The methods of managing and monitoring this risk are governed by the Credit Regulations. This document defines the Bank's lending policies and describes the guidelines for lending, the organisation of the lending process, the functions involved and the related risks. More specifically, with regard to strategic limits, the document describes their definition, the level allowed, the methods of monitoring and management of any overruns.

In order to reduce the risk of generating problem loans and to analyse predictive signals of insolvency situations, checks are carried out on anomalous trends, with consequent communication to the relevant organisational units aimed at restoring correct operations.

In addition to traditional lending activities, banks are normally exposed to position and counterparty risk with regard to securities transactions. To this end, the Bank defines appropriate strategic limits in terms of maximum exposure for each individual security, for homogeneous categories of securities (e.g., by asset class, currency, geographical area, etc.) and for each counterparty or banking group, the management and monitoring of which is governed by the Finance Regulations.

### Market and exchange rate risk

In managing its proprietary portfolio, the Bank incurs market risks mainly due to the volatility of market rates and prices; possible fluctuations in the prices of securities purchased can generate actual losses (if the security is sold) or potential losses (mark-to-market valuation).

In order to adequately manage and monitor this type of risk, in line with the level of available capital, the Bank has set out the policies for carrying out the financial activities of treasury and securities portfolio management in its Finance Regulations. The document sets out the structure of the finance process, the functions involved, the types of risk involved, the rules for valuing securities in the proprietary portfolio, the strategic limits and the related control methods.

The Risk Management function is responsible for verifying the strategic limits defined in the Regulations and reports its findings to the Risk Committee, also informing the Board of Directors.

### Interest rate risk - banking portfolio

The Bank's balance sheet is subject to the risk of fluctuations in interest rates. These fluctuations have an impact on both the profit and loss account and the statement of asset and liabilities, due to the different composition of assets and liabilities in terms of rate (fixed or floating) and repricing times.

The Risk Management function monitors this interest rate risk using ALM (Asset Liability Management) models, both in the short term (impact on net interest income) and in the medium/long term (impact on equity), with the objective of measuring the impact of fluctuations in market rates on the Bank's results of operations and economic value. The results of interest rate risk monitoring, if exceeded, are submitted to the Risk Committee, as well as to the Board of Directors.

#### Liquidity risk

An adequate level of liquidity is fundamental for the proper functioning of all the Bank's operations in both the short and medium to long term. In order to cope with this risk, it is therefore advisable to have an adequate level of liquid or readily liquid assets in the short term, and to maintain a correct ratio between assets and liabilities falling due in the medium to long term. The level of liquidity is also monitored by the Supervisory Authority, which has been requiring banks to send a specific report for some time.

The Bank has internally defined strategic limits whose management and monitoring is established by the Board of Directors in the Finance Regulations.

The results of liquidity risk monitoring were brought to the attention of the Risk Committee, as well as the Board of Directors, in the event of non-compliance with the established limit.

#### Operational risk

Operational risk is inherent to the banking business in that it is generated transversally by all business processes; the main sources of operational risk are attributable to possible internal fraud, the failure of information systems, professional obligations to customers or the nature or characteristics of the products offered.

The Bank has defined the organisational responsibilities and powers of both the top management and the business units, with the aim of controlling the risk in question.

## RECLASSIFIED STATEMENT OF ASSETS AND LIABILITIES

ASSETS	31/12/2022	Impact	31/12/2021	Impact
Inter-bank loans	82.382.033	10,66%	202.670.056	26,70%
Customer loans	146.551.838	18,97%	134.199.750	17,68%
Debt and capital securities	454.211.655	58,79%	341.388.100	44,98%
Leased assets	32.773.007	4,24%	33.592.580	4,43%
<b>AF INTEREST-BEARING ASSETS</b>	<b>715.918.533</b>	<b>92,66%</b>	<b>711.850.486</b>	<b>93,78%</b>
Cash and cash equivalents	6.804.349	0,88%	6.808.130	0,90%
Holdings	1.272.999	0,16%	819.348	0,11%
Other assets	37.935.832	4,91%	28.711.590	3,78%
Accrued revenues and deferred expenses	383.658	0,05%	750.334	0,10%
<b>ANF NON-INTEREST-BEARING ASSETS</b>	<b>46.396.838</b>	<b>6,01%</b>	<b>37.089.402</b>	<b>4,89%</b>
Intangible fixed assets	1.718.480	0,22%	1.788.374	0,24%
Tangible fixed assets	8.561.222	1,11%	8.325.725	1,10%
<b>AR REAL ASSETS</b>	<b>10.279.702</b>	<b>1,33%</b>	<b>10.114.099</b>	<b>1,33%</b>
<b>TOTAL ASSETS</b>	<b>772.595.073</b>		<b>759.053.987</b>	

LIABILITIES	31/12/2022	Impact	31/12/2021	Impact
Debts with banks	1.811.571	0,23%	736.704	0,10%
Debts with customers	553.190.467	71,60%	544.449.879	71,73%
Debts represented by securities	119.602.436	15,48%	131.493.604	17,32%
<b>PO BEARING LIABILITIES</b>	<b>674.604.474</b>	<b>87,32%</b>	<b>676.680.187</b>	<b>89,15%</b>
Other liabilities	41.333.215	5,35%	30.810.918	4,06%
Accrued expenses and deferred revenues	233.519	0,03%	148.585	0,02%
Staff retirement allowances	307.494	0,04%	305.026	0,04%
Risks and costs fund	2.942.820	0,38%	2.186.517	0,29%
<b>PNO NON-BEARING LIABILITIES</b>	<b>44.817.048</b>	<b>5,80%</b>	<b>33.451.046</b>	<b>4,41%</b>
Fund for general financial risks	5.000.000	0,65%	5.000.000	0,66%
Corporate capital	21.500.000	2,78%	21.500.000	2,83%
Reserves / Revaluation Reserve	18.972.754	2,46%	14.365.473	1,89%
Profits (Losses) for the financial year	7.700.797	1,00%	8.057.281	1,06%
<b>PAT ASSETS</b>	<b>53.173.551</b>	<b>6,88%</b>	<b>48.922.754</b>	<b>6,45%</b>
<b>TOTAL LIABILITIES</b>	<b>772.595.073</b>		<b>759.053.987</b>	

# Financial Statements

Year 2022

## RECLASSIFIED PROFIT AND LOSS ACCOUNT

	PROFIT AND LOSS ACCOUNT	31/12/2022	Var.	31/12/2021
	Interests received and proceeds	17.968.025	36,36%	13.176.728
	Interests paid and costs	(1.546.534)	(21,12%)	(1.960.631)
<b>MI</b>	<b>INTEREST MARGIN</b>	<b>16.421.491</b>	<b>46,41%</b>	<b>11.216.097</b>
	Commissions earned	5.367.729	(13,65%)	6.216.188
	Commissions paid	(1.732.626)	11,19%	(1.558.289)
<b>CN</b>	<b>NET COMMISSIONS</b>	<b>3.635.103</b>	<b>(21,96%)</b>	<b>4.657.899</b>
	Dividends and other proceeds	-	-	-
	Profits (Losses) from financial operations	(2.497.160)	696,37%	(313.566)
<b>MINT</b>	<b>INTERMEDIATION MARGIN</b>	<b>17.559.434</b>	<b>12,85%</b>	<b>15.560.430</b>
	Administrative costs	(6.670.669)	7,45%	(6.207.898)
	Value adjustments on intangible fixed assets	(251.006)	(21,33%)	(319.066)
	Value adjustments on tangible fixed assets	(9.042.703)	7,64%	(8.401.237)
	Other operating proceeds/costs	9.333.997	7,37%	8.693.007
<b>CO</b>	<b>OPERATING COSTS</b>	<b>(6.630.381)</b>	<b>6,34%</b>	<b>(6.235.194)</b>
<b>RG</b>	<b>GROSS OPERATING PROFIT</b>	<b>10.929.053</b>	<b>17,20%</b>	<b>9.325.236</b>
	Funding of risk provisions	-	(100,00%)	(100.000)
	Value adjustments on credits	(613.759)	(51,36%)	(1.261.839)
	Value adjustments on financial activities	(1.019.745)	(18,42%)	(1.250.000)
	Extraordinary proceeds/costs	17.296	(99,23%)	2.258.528
	Variation to the fund for general banking risks	-	-	-
<b>RL</b>	<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>9.312.845</b>	<b>3,80%</b>	<b>8.971.925</b>
	Financial taxes	(1.612.048)	76,25%	(914.644)
<b>RN</b>	<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>7.700.797</b>	<b>(4,42%)</b>	<b>8.057.281</b>

## HIGHLIGHTS AND INDICATORS

### Key balance sheet figures (in Euro)

	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Total assets	772.595.073	759.053.987	652.479.374	626.323.420
Net lending	179.324.845	167.792.330	160.098.522	148.836.756
Net non-performing loans	8.154.802	7.861.707	9.224.162	11.622.941
Provision for adjustments on doubtful loans	8.022.956	7.772.445	7.273.345	6.842.911
Direct collection	673.510.463	676.587.141	577.186.026	553.498.661
Indirect collection:	570.151.895	511.449.642	451.186.428	253.639.499
- Operated	241.149.165	249.650.112	212.737.792	151.844.350
- Managed	304.063.492	235.722.539	210.237.702	101.795.149
- Custodian Bank	24.939.238	26.076.991	28.210.934	-
Net equity	53.173.551	48.922.754	43.365.473	38.873.351

### Main economic data (in Euro)

	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Interest margin	16.421.491	11.216.097	9.760.653	8.451.111
Intermediation margin	17.559.434	15.560.430	14.928.776	13.263.839
Administrative costs	6.670.669	6.207.898	6.279.404	6.034.679
Personnel costs	4.035.860	3.987.362	4.262.503	4.007.126
Operating costs	6.630.381	6.235.194	6.426.446	6.092.969
Profit for the financial year	7.700.797	8.057.281	5.247.507	4.741.000

### Main structural and operational highlights

	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Number of employees	59	56	53	48
Counters	6	6	6	6

## Structural ratios (%)

	31/12/2022	var.	31/12/2021	var.	31/12/2020	var.	31/12/2019
Direct collection / Total assets	87,18	(1,96)	89,14	0,68	88,46	0,09	88,37
Net lending / Total assets	23,21	1,11	22,11	(2,43)	24,54	0,78	23,76
Net lending / Direct collection	26,63	1,83	24,80	(2,94)	27,74	0,85	26,89
Managed collection / Indirect collection	42,30	(6,52)	48,81	1,66	47,15	12,72	59,87
Operated collection / Indirect collection	53,33	7,24	46,09	(0,51)	46,60	6,47	40,13
Net equity / Total assets	6,88	0,44	6,45	(0,20)	6,65	0,44	6,21
Net equity / Net lending	29,65	0,50	29,16	2,07	27,09	0,97	26,12

## Indicators of the quality of credit (%)

	31/12/2022	var.	31/12/2021	var.	31/12/2020	var.	31/12/2019
Net NPLs / Net lending	2,43	0,00	2,43	(0,90)	3,33	1,17	4,50
Net problem loans / Net lending	0,74	0,12	0,62	(0,01)	0,63	0,97	1,60
Net doubtful credits / Net lending	4,55	(0,14)	4,69	(1,07)	5,76	2,05	7,81
Net NPLs / Net equity	8,20	(0,14)	8,34	(3,96)	12,30	4,93	17,23

## Profitability ratios (%)

	31/12/2022	var.	31/12/2021	var.	31/12/2020	var.	31/12/2019
Interest margin / Intermediation margin	93,52	21,44	72,08	6,70	65,38	1,66	63,72
Interest margin / Interest-bearing assets	2,29	0,72	1,58	(0,02)	1,60	0,16	1,44
Intermediation margin / Interest-bearing assets	2,45	0,27	2,19	(0,25)	2,44	0,19	2,25
Administrative costs / Intermediation margin	37,99	(1,91)	39,90	(2,16)	42,06	3,44	45,50
Cost / Income [cost/income]	37,76	(2,31)	40,07	(2,98)	43,05	2,89	45,94
Net profit / (Net equity - Net profit) [R.O.E.]	16,93	(2,78)	19,72	5,95	13,77	0,12	13,89
Net profit / Total assets [R.O.A.]	1,00	(0,06)	1,06	0,26	0,80	0,04	0,76



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## Efficiency ratios (In thousands of Euro)

	31/12/2022	var.	31/12/2021	var.	31/12/2020	var.	31/12/2019
Total deposits per employee	21.079	(136)	21.215	1.812	19.403	2.588	16.815
Net loans per employee	3.039	43	2.996	(25)	3.021	80	3.101
Intermediation margin per employee	298	20	278	(4)	282	6	276
Average personnel costs	68	(3)	71	(9)	80	3	83
Total operating costs per employee	112	1	111	(10)	121	6	127

## STATEMENT OF CASH FLOW

	2022	2021
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>6.808.130</b>	<b>2.666.642</b>
<b>Funds generated and collected</b>	<b>20.645.356</b>	<b>20.696.387</b>
Profit for the financial year	7.700.797	8.057.281
Value adjustments on:	10.927.213	11.232.142
- Tangible and intangible fixed assets	9.293.709	8.720.303
- Financial assets	1.019.745	1.250.000
- Customer loans	613.759	1.261.839
Provisions for:	2.017.346	1.406.964
- Severance pay	308.160	307.631
- Risks and charges	1.709.186	1.099.333
<b>Increase in funds collected</b>	<b>20.422.686</b>	<b>119.167.911</b>
Debts with banks	1.074.867	-
Debts with customers	8.740.588	115.812.812
Other liabilities	10.522.297	3.345.739
Accrued expenses and deferred revenues	84.934	9.360
<b>Decrease in funds used</b>	<b>120.654.699</b>	<b>252.615</b>
Inter-bank loans	120.288.023	-
Accrued revenues and deferred expenses	366.676	252.615
<b>Total funds generated and collected</b>	<b>161.722.741</b>	<b>140.116.913</b>
<b>Use of funds generated from management operations</b>	<b>4.708.575</b>	<b>3.760.017</b>
Distributed profit	3.450.000	2.500.000
Provisions for:	1.258.575	1.260.017
- Severance pay	305.692	294.606
- Risks and charges	952.883	965.411
<b>Increase in funds collected</b>	<b>145.126.779</b>	<b>113.917.882</b>
Inter-bank loans	-	33.434.564
Customer loans	12.965.847	7.814.775
Bonds, shares, quotas and other financial instruments	113.843.300	60.867.062
Partecipazioni in imprese del gruppo	453.651	-
Tangible and intangible fixed assets	8.639.739	8.388.331
Other assets	9.224.242	3.413.150
<b>Decrease in funds used</b>	<b>11.891.168</b>	<b>18.297.526</b>
Debts with banks	-	2.125.101
Debts represented by financial instruments	11.891.168	16.172.425
<b>Total funds used and invested</b>	<b>161.726.522</b>	<b>135.975.425</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.804.349</b>	<b>6.808.130</b>

## SUBSEQUENT EVENTS

To date, there have been no events occurring after 31 December 2022 that would make the current balance sheet, financial position and results of operations materially different from those shown in these financial statements or such as to require adjustments or additions to the financial statements.

We specify, for all intents and purposes, what happened in relation to the security XS0893212398 VEB FIN 4.032 21/02/2023 with a nominal value of Euro 1,000,000.

Specifically, the security matured on 21/02/2023 but, despite the public declarations made by the issuer relating to the regular repayment of the expiring security, our custodian bank did not record the payment. Certainly, the current situation is very confusing because while many countries apply sanctions Russian counterparts, Russia applies similar restrictions to countries defined as “not friendly”. Given the current situation of great uncertainty, in line with what was done on the occasion of the half-yearly financial statements as at 30/06/2022 (where an analytical write-down was carried out for partial Euro 400,000), the bank carried out the full write-down of the VEB FIN 4.032 21/02/2023 which led to further value adjustments on financial assets for Euro 619,745.

## BUSINESS OUTLOOK

As in previous years, the Bank’s activities will continue to be based on the development of volumes and prudent management. The growth trend of establishing relationships with new clients, which was a feature of the whole of 2022, is confirmed.

## OTHER INFORMATIONS

The Company has no branches abroad.

It is controlled by natural and legal persons, with whom it also has relationships of a financial nature both directly and with other companies in which the same parties hold investments.

The related credit exposures, all performing, issued at market conditions, do not give rise to any type of concern. In this regard, it is believed that any potential conflicts of interest have been appropriately neutralized.

The business model adopted does not provide for specific research and development initiatives, other than the continuous and constant refinement of the corporate culture and the products and services offered in order to adapt them to changing conditions and requirements.

## PROPOSAL FOR THE ALLOCATION OF PROFITS

Dear shareholders,

in consideration of the above and of the results achieved, we invite you to approve these draft financial statements as at and for the year ended 31/12/2022, consisting of the financial statements, the explanatory notes to the financial statements and related annexes as well as management report, as presented by the Board of Directors, both in their entirety and in their individual entries. We therefore propose that you allocate the profit of Euro 7.700.797,47 for the year as follows:

- allocation to the Legal Reserve of Euro 1.540.159,49;
- distribution of part of the profit of Euro 4.000.000,00 in proportion to their respective shareholdings;
- allocation of a portion of net profit equal to Euro 385.000,00 to a special optional reserve, available and distributable, "earmarked" exclusively for the benefit of the managing shareholders of BSI S.p.A. in proportion to their respective holdings;
- allocation to the item "Other reserves" of the remainder of the profit equal to Euro 1.775.637,98.

The Chairman of the Board of Directors  
Monti Gabriele

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Rovereta, on March 29, 2023

In implementation of the provisions of art. 83, paragraph 3, of Law no. 47 of 23 February 2006, as amended by art. 3 (deposit at the registered office) of Delegated Decree no. 19 of 28 January 2019, the undersigned legal representative certifies that these financial statements, with the explanatory notes, as of 18 April 2023 will be deposited at the registered office of Banca Sammarinese di Investimento S.p.A. with the right of shareholders to view them and to obtain a copy from the directors. Therefore, from that date, the period of 20 clear days preceding approval of the financial statements by the shareholders' meeting, as provided for by the aforementioned Article 83 of Law 47/2006 (as amended and supplemented), shall begin.

The Chairman of the Board of Directors  
Monti Gabriele

## FINANCIAL STATEMENTS

### BALANCE SHEET – ASSETS

	31/12/2022	31/12/2021
<b>10 Cash in hand and at central banks and postal authorities</b>	<b>6.804.349</b>	<b>6.808.130</b>
<b>20 Treasury securities and other financial instruments eligible for refinancing with central banks:</b>	<b>-</b>	<b>-</b>
a) treasury securities and other similar financial instruments	-	-
b) other financial instruments eligible for refinancing with central banks	-	-
<b>30 Inter-bank loans:</b>	<b>82.382.033</b>	<b>202.670.056</b>
a) sight credits	46.875.275	178.666.409
b) other credits	35.506.758	24.003.647
<b>40 Customer loans:</b>	<b>146.551.838</b>	<b>134.199.750</b>
a) sight credits	17.951.787	14.029.129
b) other credits	128.600.051	120.170.621
<b>50 Bonds and other debt securities:</b>	<b>4.41.902.868</b>	<b>330.861.331</b>
a) issued by public bodies	94.201.700	43.177.317
b) issued by banks	221.118.716	178.163.660
c) of financial undertakings other than credit institutions	51.709.525	42.945.798
d) issued by other bodies	74.872.927	66.574.556
<b>60 Shares, quotas and other capital securities</b>	<b>12.308.787</b>	<b>10.526.769</b>
<b>70 Holdings:</b>	<b>819.348</b>	<b>819.348</b>
a) financial companies	811.848	811.848
b) non-financial companies	7.500	7.500
<b>80 Holdings in group businesses:</b>	<b>453.651</b>	<b>-</b>
a) financial companies	453.651	-
b) non-financial companies	-	-
<b>90 Intangible fixed assets:</b>	<b>1.718.480</b>	<b>1.788.374</b>
a) leasing	-	-
of which assets to be leased	-	-
b) assets resulting from annulled lease contracts	-	-
of which for breach by tenant	-	-
c) assets available from credit recovery	-	-
of which assets available for credit termination through settlement agreement	-	-
d) goodwill	-	-
e) start-up costs	-	-
f) other intangible fixed assets	1.718.480	1.788.374
<b>100 Tangible fixed assets:</b>	<b>41.334.229</b>	<b>41.918.305</b>
a) leasing	32.533.653	33.491.939
of which assets to be leased	229.931	1125.685
b) assets resulting from annulled lease contracts	239.354	100.641
of which for breach by tenant	239.354	100.641

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c) assets available from credit recovery	1.210.328	1.210.328
of which assets available for credit termination through settlement agreement	-	-
d) lands and buildings	6.499.404	6.659.876
e) other tangible fixed assets	851.490	455.521
<b>110 Subscribed share capital not paid-in</b>	-	-
of which called capital	-	-
<b>120 Own shares and quotas</b>	-	-
<b>130 Other assets</b>	<b>37.935.832</b>	<b>28.711.590</b>
<b>140 Accrued revenues and deferred expenses:</b>	<b>383.658</b>	<b>750.334</b>
a) accrued revenues	113.815	110.406
b) deferred expenses	269.843	639.928
<b>150 Total Assets</b>	<b>772.595.073</b>	<b>759.053.987</b>

## BALANCE SHEET - LIABILITIES

	31/12/2022	31/12/2021
<b>10 Debts with banks:</b>	<b>1.811.571</b>	<b>736.704</b>
a) sight debts	875.148	736.704
b) term or notice debts	936.423	-
<b>20 Debts with customers:</b>	<b>553.190.467</b>	<b>544.449.879</b>
a) sight debts	459.051.219	420.883.345
b) term or notice debts	94.139.248	123.566.534
<b>30 Debts represented by securities:</b>	<b>119.602.436</b>	<b>131.493.604</b>
a) bonds	884.129	23.810.907
b) certificates of deposit	118.718.307	107.682.697
c) other securities	-	-
<b>40 Other liabilities</b>	<b>41.333.215</b>	<b>30.810.918</b>
of which outstanding cheques and similar securities	717.560	643.658
<b>50 Accrued expenses and deferred revenues:</b>	<b>233.519</b>	<b>148.585</b>
a) accrued expenses	134.639	59.274
b) deferred revenues	98.880	89.311
<b>60 Staff retirement allowances</b>	<b>307.494</b>	<b>305.026</b>
<b>70 Risks and costs funds:</b>	<b>2.942.820</b>	<b>2.186.517</b>
a) retirement and similar costs funds	-	-
b) tax funds	1.612.048	914.644
c) other funds	1.330.772	1.271.873
<b>80 Allowances for possible loan losses</b>	<b>-</b>	<b>-</b>
<b>90 Fund for general banking risks</b>	<b>5.000.000</b>	<b>5.000.000</b>
<b>100 Subordinated liabilities</b>	<b>-</b>	<b>-</b>
<b>110 Corporate capital</b>	<b>21.500.000</b>	<b>21.500.000</b>
<b>120 Issue premium</b>	<b>-</b>	<b>-</b>
<b>130 Reserves:</b>	<b>18.228.140</b>	<b>13.620.859</b>
a) ordinary or legal reserve	5.715.471	4.104.015
b) reserve for shares or own shares	-	-
c) statutory reserves	-	-
d) other reserves	12.512.669	9.516.844
<b>140 Revaluation reserve</b>	<b>744.614</b>	<b>744.614</b>
<b>150 Profits (Losses) carried forward</b>	<b>-</b>	<b>-</b>
<b>160 Profits (Losses) for the financial year</b>	<b>7.700.797</b>	<b>8.057.281</b>
<b>170 Total Liabilities</b>	<b>772.595.073</b>	<b>759.053.987</b>

## BALANCE SHEET – GUARANTEES AND COMMITMENTS

	31/12/2022	31/12/2021
<b>10 Guarantees issued</b>	<b>33.707.317</b>	<b>34.077.278</b>
of which:		
a) acceptances	270.010	115.395
b) other guarantees	33.437.307	33.961.883
<b>20 Commitments</b>	<b>24.970.688</b>	<b>25.172.802</b>
of which:		
a) certain to be called on	6.420.952	4.456.337
of which financial instruments	3.571.603	-
b) not certain to be called on	3.178.569	3.626.183
of which financial instruments	-	-
c) other commitments	15.371.167	17.090.282
<b>Total</b>	<b>58.678.005</b>	<b>59.250.080</b>



## PROFIT AND LOSS ACCOUNT

	31/12/2022	31/12/2021
<b>10 Interests received and proceeds:</b>	<b>17.968.025</b>	<b>13.176.728</b>
a) on loans to banks	330.351	(137.603)
b) on customer loans	6.409.520	5.582.594
c) on debt securities	11.228.154	7.731.737
<b>20 Interests paid and costs:</b>	<b>(1.546.534)</b>	<b>(1.960.631)</b>
a) on amounts due from banks	(219.666)	(280.553)
b) on debts with customers	(594.127)	(642.412)
c) on debts represented by securities	(732.741)	(1.037.666)
of which on subordinated liabilities	-	-
<b>30 Dividends and other proceeds:</b>	<b>-</b>	<b>-</b>
a) on shares, quotas and other variable income	-	-
b) on holdings	-	-
c) on holdings in group businesses	-	-
<b>40 Commissions earned</b>	<b>5.367.729</b>	<b>6.216.188</b>
<b>50 Commissions paid</b>	<b>(1.732.626)</b>	<b>(1.558.289)</b>
<b>60 Profits (Losses) from financial operations</b>	<b>(2.497.160)</b>	<b>(313.566)</b>
<b>70 Other operating proceeds</b>	<b>9.333.997</b>	<b>8.693.007</b>
<b>80 Other operating costs</b>	<b>-</b>	<b>-</b>
<b>90 Administrative costs:</b>	<b>(6.670.669)</b>	<b>(6.207.898)</b>
a) labour costs	(4.035.860)	(3.987.362)
of which		
- wages and salaries	(2.708.614)	(2.656.158)
- pension contributions	(795.248)	(830.606)
- retirement allowances	(312.694)	(307.631)
- severance indemnity-related costs	-	-
- administrators and mayors	(184.140)	(181.333)
- other personnel expenses	(35.164)	(11.634)
b) other administrative costs	(2.634.809)	(2.220.536)
<b>100 Value adjustments on intangible fixed assets</b>	<b>(251.006)</b>	<b>(319.066)</b>
<b>110 Value adjustments on tangible fixed assets</b>	<b>(9.042.703)</b>	<b>(8.401.237)</b>
<b>120 Provisions for risks and costs</b>	<b>-</b>	<b>(100.000)</b>
<b>130 Provisions to allowances for possible loan losses</b>	<b>-</b>	<b>-</b>
<b>140 Value adjustments on credits and provisions for guarantees and commitments</b>	<b>(1.527.568)</b>	<b>(1.833.793)</b>
<b>150 Value recoveries on credits and provisions for guarantees and commitments</b>	<b>913.809</b>	<b>571.954</b>
<b>160 Value adjustments on financial assets</b>	<b>(1.019.745)</b>	<b>(1.250.000)</b>
<b>170 Value recoveries on financial assets</b>	<b>-</b>	<b>-</b>
<b>180 Profits (Losses) on ordinary activities</b>	<b>9.295.549</b>	<b>6.713.397</b>
<b>190 Extraordinary proceeds</b>	<b>186.720</b>	<b>2.993.861</b>
<b>200 Extraordinary costs</b>	<b>(169.424)</b>	<b>(735.333)</b>
<b>210 Extraordinary Profits (Losses)</b>	<b>17.296</b>	<b>2.258.528</b>
<b>220 Income tax for the financial year</b>	<b>(1.612.048)</b>	<b>(914.644)</b>
<b>230 Variation to the Fund for general banking risks</b>	<b>-</b>	<b>-</b>
<b>240 Profits (Losses) for the financial year</b>	<b>7.700.797</b>	<b>8.057.281</b>

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

### SECTION A - ACCOUNTING PRINCIPLES

The financial statements for the year ended as of 31/12/2022 were prepared in accordance with the provisions:

- by Regulation 2016/02 on the preparation of the financial statements of banks issued by the Central Bank of the Republic of San Marino in fulfilment of the powers conferred pursuant to Law 165/2005;
- by Circular 2017/03 on disclosure requirements for company financial statements;
- by the manual for the compilation and transmission of reports to the supervisory body;
- by Companies' Law.

The financial statements consist of the Balance Sheet, Guarantees and Commitments, the Income Statement and the Explanatory Notes. They are integrated with the Directors' Report on Management, the Board of Statutory Auditors' report and the Independent Auditors' report.

The financial statements are drawn up in a clear manner and represent in a truthful and correct way the equity and financial situation and the economic result for the year.

The values shown are expressed in euro units and are compared with those of the previous year; in some cases, the values were reclassified for the purposes of data comparability.

The algebraic sum of the differences deriving from the rounding made on the items is included among "other assets/liabilities" for the balance sheet and among "extraordinary income/charges" for the income statement.

The various items of the financial statements match with the company accounts, which are drawn up in compliance with the various administrative events that occurred during the year.

The true and correct representation is made in accordance with the provisions of law; in the event of an exception, the reasons and the relative influence on the representation of the balance sheet and the economic result are explained in the explanatory notes.

In order to improve the level of clarity and truthfulness of the financial statements, the accounts were drawn up favoring, where possible, the representation of substance over form. In order to represent the financial situation in line with the actual financial movements of the bank's balance sheet items, the "above the line" accounts are drawn up by favoring, where possible, the time of settling transactions over that of negotiating.

Income and charges are posted in compliance with the principle of accrual, regardless of the date of collection and payment, and with the principle of prudence. The latter principle is privileged, provided there is no formation of non-explicit reserves.

In order not to reduce the information content of the financial statement data, no offsetting of items was made with a view to implementing the principles of truthfulness and clarity.

The devaluation and amortization of the asset elements are carried out exclusively by directly decreasing the value of these elements.

## Section 1 – Illustration of accounting principles

Balance sheet and off-balance sheet assets and liabilities are valued according to the principle of prudence and on a going concern basis.

### Cash and cash equivalents

This item includes currencies with legal tender, including banknotes and foreign coins, money orders, bankers' orders and postal orders, as well as equated securities, coupons and on-demand securities. Included are also collectable coins and medals as well as gold, silver and stamped values.

### Loans to credit institutions

This item shows all loans to banks, whatever their technical form is, except for those represented by financial instruments, which require posting under item no. 50 "Bonds and other debt financial instruments" and entered at their estimated realizable value.

Loans to credit institutions also include the counter value of carry-over operations and repurchase agreements for which the transferee bank has a sale back obligation to the selling bank on the maturity of the securities. The amount posted is equal to the spot price paid. The spot transferred assets continue to be shown in the portfolio of the selling bank.

### Loans to customers

This item shows the loans deriving from financing contracts with customers, whatever their technical form is, on condition that, and to the extent to which the loan was effectively granted. The loans that have not been disbursed yet, even though recorded in the accounts on the "contracting date", are not included in this item, but in the item concerning commitments. The loans represented by financial instruments are recorded in item 50 "Bonds and other debt financial instruments".

The partial contributions received for matured or disputed loans are directly reduced by the value of the same loans. The contributions received in advance for loans not yet matured must be posted under the liability item "amounts due to customers" or "other liabilities", depending on whether these contributions are interest bearing or not.

This item also includes the loans deriving from financial lease agreements for expired and not yet received rental charges and the connected loans for default interest.

"Loans to customers" comprise the counter value of carry-over operations and repurchase agreements in which the customer is obliged to the reverse repurchase of the securities spot transferred to the bank. The amount posted is equal to the spot price paid.

The loans are recorded in the financial statements at their estimated realizable value, calculated on the basis of the borrower's state of solvency, as well as the overall difficulty in servicing debt in countries where the borrowers reside.

The estimated realizable value is calculated on the basis of a valuation of all factors that characterize the history of the relationships in question, supported by assets, economic and financial information on borrowers, the nature of the economic activity performed and any guarantees issued.

Specifically:

- *Non-performing loans*: represent the full exposure of cash and off-balance sheet loans, regardless of the expectation or otherwise of possible losses, made to borrowers in a state of insolvency, even if not legally ascertained, or in similar situations; this item represents the full exposure, including interest recorded and the expenses incurred for collection activities, adjusted by the portion of interest that is considered unrecoverable. Non-performing loans are valued analyzing the likelihood of their recovery on an analytical basis and calculating the relative presumed loss.

- *Impaired loans*: are loans to borrowers suffering temporary difficulties, which are likely to be overcome in an acceptable period of time. They are valued on an analytical basis. Impaired loans also include, as provided for by Regulation no. 2007/07, loans that have fallen due and have not been repaid, even only partially, as follows:

- 3 six-monthly instalments or 5 quarterly instalments for loans with an original term exceeding 36 months;
- 2 six-monthly instalments or 3 quarterly instalments for loans with a term equal to or less than 36 months;
- 1 yearly instalment expired for over 6 months.

If the depreciation plan for the loan envisaged monthly instalments, the number of due and unpaid instalments considered is as follows:

- 7 instalments for loans with a term exceeding 36 months.
- 5 instalments for loans with a term of less than 36 months.

- *Past due and/or overdrawn loans*: refer to exposures towards customers with individual cash and off-balance sheet loans that, unlike impaired or non-performing loans, are past due or overdrawn in a continuative manner for more than 90 days at the reference date; if this exposure represents 20% of the overall exposure, these commitments are subject to arbitrary write-down.

- *Loans to at-risk countries*: refer to exposures to borrowers coming from Zone B countries; this category represents a residual part of the commitments and was consequently subject to arbitrary write-down.

- *Restructured loans*: cash and “off-balance sheet” exposures for which the bank, due to the worsening of debtor’s economic-financial conditions, allows to change the original contract conditions (for example, terms rescheduling, debt and/or interest reduction, etc.) resulted in a loss. Exposures towards companies expected to close (e.g. for voluntary liquidation or similar situations) are not included. Anomalous exposures especially concerning the Country risk are also excluded.

- *Crediti ristrutturati verso ex Gruppo Delta*: si riferiscono a tutti i crediti sottoposti all’accordo di ristrutturazione del Gruppo Delta, ai sensi dell’art. 182 bis della Legge Fallimentare italiana. Tenuto conto della peculiare natura delle esposizioni in questione (“Plusvalore S.p.A.” e “Carifin Italia S.p.A.”, società entrambe in liquidazione), tali crediti non rientrano in nessuna delle categorie tipizzate dal Regolamento n. 2007/07 e pertanto è stata creata apposita categoria in Nota Integrativa.

- *Performing loans*: these are written-down on an overall basis, in order to guarantee a hedging from the so called “physiological risk”; the write-down of loans is made with a decrease adjustment of the value booked in the assets.

## **Bonds and other debt financial instruments**

The own securities portfolio is comprised of investment securities held for investment properties and trading securities held for treasury and trading.

This item shows all the financial debt instruments in the bank’s portfolio, both long- and short-term, such as government securities, bonds, certificates of deposit and the other fixed or variable income financial instruments. Valuations were made pursuant to CBSM Regulation no. 2016/02 on the preparation of the financial statements of banks.

## **Shares, units and other capital financial instruments**

The item includes all financial instruments with a nature of trading capital securities (shares and units). It also includes CIUs.

## **Investment portfolio**

The financial instruments of the investment portfolio, including all the financial instruments intended to be held permanently by the bank (until natural expiry, except in exceptional events), listed and unlisted, are valued at purchase cost. They are written down in the event of a lasting deterioration of the issuer’s debt repayment capacity,

as well as of the associated Country Risk. These write-downs will be eliminated when the causes that determined them no longer exist. The same valuation criteria indicated above apply to financial instruments, listed and unlisted on organized (regulated) markets, which represent “off balance sheet” transactions connected to the investment portfolio.

Multi-year accrued assets and/or liabilities are recognized according to the result achieved by the difference between the book cost and the nominal repayment value divided by the residual duration of the security.

### **Trading portfolio**

This portfolio includes all financial instruments held as investment but for negotiation purposes to meet treasury and trading needs.

Financial instruments that are part of the trading portfolio, listed or not listed on an organized (regulated) market, are valued at market value. For listed financial instruments, the market value is represented by the listing value. For unlisted financial instruments, the market value is determined on the basis of the value of similar listed and unlisted instruments or, if this is not possible, on the basis of reasonable estimates.

The value of the tradable financial instruments is determined with reference to the value determined on the balance sheet closing date.

The losses and gains originating from the comparison between the market value on 31 December 2022 with the latest book values were entered in the profit and loss account.

### **Shareholdings**

This item includes all rights, whether represented or not by securities, in the capital of other companies which create a lasting relationship with the bank and are valued using the historical cost method. It is determined on the basis of the acquisition or subscription price, adjusted, if necessary, in the presence of losses in value deemed to be permanent. Writedowns made for permanent losses in value are recovered if the reasons that originated them no longer exist.

The Bank did not apply the fair value criterion to shareholdings, in compliance with the option right provided for by art. V.II.3 of the Regulations and referred to in point 5.1 of the Circular.

### **Intangible fixed assets**

Intangible fixed assets are entered at the original purchase cost, directly adjusted for the depreciation carried out systematically on the basis of the estimated residual life. The ordinary annual depreciation rate is 20%. As regards intangible assets connected to contracts, the depreciation was calculated on the basis of the duration of the latter.

### **Tangible fixed assets**

Tangible fixed assets are recognized at purchase cost, inclusive of additional charges and any other incremental expenses. Assets are depreciated systematically by directly adjusting their value using the rates established by the tax law no. 166/2013, annex D, art. D9, deemed appropriate and representative of the value corresponding to the residual useful life of the asset. If assets demonstrate an impairment value which is lower than its cost, this is written down. Should the assumptions supporting the original write-down no longer subsist, write-downs made in previous periods are not maintained.

### **Financial leasing**

The amount of assets subject to financial lease is recorded in asset item 90 “Tangible fixed assets”. The aforementioned category also includes assets awaiting first lease (purchased by the bank against a leasing contract already entered into with customers) and assets held against terminated contracts, the amount of which is detailed in a specific sub-item, to distinguish the component attributable to the situations of resolution for breach of the tenant. Loans relative to financial lease transactions are calculated according to the financial methodology, as provided for by Law no. 115 of 19/11/2001, and are recorded in the assets for the algebraic balance obtained from the difference between the financed capital or historic cost of the asset and the relative accumulated depreciation fed by the capital share of the fees accrued.

The instalments accrued during the year are entered under item 10 of the profit and loss account “interest income

and similar revenues” for the part regarding the interest and under items 70 “Other operating income” and 110 “Value adjustments on tangible fixed assets” for the part regarding the capital, for an equal amount with a neutral effect on the operating result.

## **Foreign currency assets and liabilities**

Assets and liabilities denominated in foreign currency and off-balance sheet transactions are recognized at the spot exchange rate in effect at year end, according to art. III.II.7 of Regulation no. 2016/02. The effect of this valuation is booked in the profit and loss account.

Off-balance sheet transactions in foreign currency are recognized at the spot exchange rate in effect at year end, if it is about spot transactions which have not been settled or forward transactions to “hedge” spot transactions. In the latter case, the differentials between forward exchange rate and spot exchange rate of the expiring contracts are recorded in the profit and loss account on an accrual basis and include the interests generated by covered assets and liabilities: this is to be recorded in the profit and loss account items 10 and 20 “Interest income (expenses) and similar revenues (charges)”.

## **“Off-balance sheet” transactions (other than those on currencies)**

Off-balance sheet transactions are recognized according to the same criterion adopted for assets/liabilities recorded in the financial statements, depending on whether these are posted as fixed assets or current assets.

Any trading contracts for securities (spot or forward) which have not been settled at year end are valued using criteria that are consistent with those adopted to value portfolio securities.

Derivative contracts entered into to hedge assets or liabilities are valued in a manner consistent with the assets and liabilities hedged. The differentials are recorded pro-rata temporis in income statement items 10-20 relating to “interest income (liabilities) and similar income (charges)”, consistently with the costs and revenues generated by the hedged items.

The trading derivative contracts directly listed on organized markets, as well as those that take as a reference the parameters listed or that can be found on the information circuits normally used internationally, are valued on the market, meaning as such the price recorded on the last working day of the reference month or, in the absence of this, the last price recorded.

The difference between the current value of assets and liabilities and off-balance sheet transactions and the book value of the same elements and transactions is included in the balance of income statement item 60 “Profits (losses) from financial transactions”.

## **Amounts due to credit institutions**

This item shows all the amounts due to credit institutions whatever their technical form, except for those represented by financial instruments which require to be posted under liability items 30 and 100.

The amounts due to banks include the equivalent value of the financial instruments received by the selling bank as spot in repo and carry-over transactions for which the transferee bank is obliged to forward resale.

The abovementioned items are booked at nominal value.

## **Amounts due to customers**

This item shows all the amounts due to customers whatever their technical form, except for those represented by financial instruments which require to be posted under liability item no. 30.

The amounts due to customers include the equivalent value of the financial instruments received by the selling bank as spot in repo and carry-over transactions for which the transferee customer is obliged to forward resale.

The abovementioned items are booked at nominal value.

## **Payables represented by financial instruments**

Payables represented by financial instruments are booked at nominal value.

In addition to bonds and certificates of deposit, this item includes, under the sub-item “other financial instruments”, its traced acceptances and the atypical securities according to article II.III.8 of Regulation 2007/07. Debt financial instruments which are past due but have not yet been repaid upon the reference date are also included.

The “Repurchasing agreements” on securities with customers, which provide for the obligation for the assignee of a

spot resale of the securities in the transaction, are shown as “Amounts due to customers b) term or with notice” and are booked at the “spot” value, while the underlying securities are represented in asset item “Bonds and other debt securities”.

## **Other Assets and Other Liabilities**

This item contains all the assets and liabilities that are not associated to other assets or liability items. It also includes any (negative or positive) balances for items in transit and suspended that are not attributed to the relevant accounts. Payment means issued by the banks, such as bankers’ drafts, are posted under other liabilities.

## **Accruals and Deferrals**

These are recognized according to the same accrual principle also adopted for the recognition of all income and charges, the portions of interest income and expense and other income and expense.

Asset and liability accounts have been adjusted directly, increasing or decreasing them, in the following cases:

- a) in asset accounts, in relation to interest accrued on loans and securities;
- b) in liability accounts, in relation to interest accrued on payables, represented or not represented by securities, which include “advanced” interest, including the issue discount for bonds and certificates of deposit.

## **Reserve for severance indemnities**

The item shows the total amount of the severance indemnities allocated to the bank’s employees and which, as required by current legislation, is paid in full every year.

## **Provisions for risks and charges**

These provisions exclusively cover losses, charges or payables of a set nature, of probable or certain existence, but which have no set amount or date of occurrence at year end.

The provisions for risks and charges include:

- allocations made against taxes to be settled, calculated on the basis of a realistic forecast of the tax charge, in relation to the tax law in force;
- allocations made against any liabilities of which the exact amount or date of occurrence is unknown.

## **Provision for general financial risks**

This item refers to the provision for general financial risks, whose function is to cover the general business risk to which the bank is exposed. Since it is comparable to a capital reserve, it represents a positive component of the basic regulatory capital (see article VII.II.2 of Regulation no. 2007/07 and Regulation no. 2011/03 and art. 40 of Regulation no. 2006/03). The balance of allocations and withdrawals (net change) recorded by the provision during the year is entered, with the relevant algebraic sign, in profit and loss account item 230 “Variation in the provision for general banking risks”. Therefore, the establishment, feeding and use of the provision cannot take place when allocating the operating profit.

## **Subscribed capital**

Corresponds to the product of the number of shares subscribed by shareholders and other contributors and their nominal value.

## **Reserves and Revaluation Reserves**

The equity reserves are shown in the Explanatory Notes in relation to their nature and distribution extent.

## **Guarantees**

This item includes all personal guarantees given by the bank as well as assets assigned as collateral for third party obligations. These guarantees are recorded at the total value of the commitment made to beneficiaries.

## **Commitments**

This item includes all the irrevocable commitments of specific or unspecific use, which may lead to credit risks (e.g.

the margins available on irrevocable credit lines granted to customers or banks).

The commitments arising from derivative contracts are valued on the basis of their notional value.

Guarantees issued and commitments are entered as follows:

- deposit and financing contracts based on the amount to be disbursed;
- irrevocable credit lines based on the residual usable amount;
- other commitments and guarantees based on the value of the contractual commitment entered into by the Bank.

#### **Interest, Commissions, Charges and Income**

Interest, commissions, charges and income received and paid are recorded on an accrual basis.

#### **Memorandum accounts**

Third-party financial instruments and securities held as collateral and in custody are valued at year-end market prices.

#### **Deferred taxes**

By way of applying the accrual principle, borrowing the principles set out by IAS 12 and CIU no. 25, deferred taxes were calculated by recording advanced taxes after having verified the existence of a reasonable certainty of future taxable income.

## **Section 2 - Adjustments and provisions**

No provisions and value adjustments were made in accordance with tax regulations.



## SECTION B - INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES - ASSETS

### 1. Cash and cash equivalents with central banks and postal agencies (item 10 of assets)

Table 1.1

Composition of item 10 "Cash and cash equivalents with central banks and postal agencies"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Cash and cash equivalents with central banks and postal agencies:</b>				
- Banknotes and coins	6.757.054	6.665.787	91.267	1,37%
- Foreign currency	13.631	139.834	(126.203)	(90,25%)
- Other values	33.664	2.509	31.155	1241,73%
<b>Total</b>	<b>6.804.349</b>	<b>6.808.130</b>	<b>(3.781)</b>	<b>(0,06%)</b>

Item 10, "Cash and cash equivalents at central banks and post offices", includes all banknotes and coins in Euro as well as foreign currency notes held at cash desks and ATMs of the Bank's branches. The item "Other values" includes upcoming bills of exchange sent for collection by counterparties in addition to foreign checks collected from customers awaiting settlement.

## 2. Treasury securities and other financial instruments eligible for refinancing with central banks (item 20 of assets)

Table 2.1

Composition of item 20 "Treasury securities and other financial instruments eligible for refinancing with central banks"

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Treasury securities and other similar financial instruments	-	-	-	-
B) Other financial instruments eligible for refinancing with central banks	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table not valued as data not present.

## 3. Inter-bank loans (item 30 of assets)

Table 3.1  
Composition of item 30 "Inter-bank loans"

	31/12/2022			31/12/2021			Variations	
	Euros	Foreign currency	Total	Euros	Foreign currency	Total	Amount	%
<b>A) Sight credits</b>	<b>45.272.177</b>	<b>1.603.098</b>	<b>46.875.275</b>	<b>177.254.450</b>	<b>1.411.959</b>	<b>178.666.409</b>	<b>(131.791.134)</b>	<b>(73,76%)</b>
A1. Current accounts for performed services	45.272.177	1.603.098	46.875.275	177.254.450	1.411.959	178.666.409	(131.791.134)	(73,76%)
A2. Current accounts	-	-	-	-	-	-	-	-
A3. Other	-	-	-	-	-	-	-	-
<b>B) Other credits</b>	<b>34.445.473</b>	<b>1.061.285</b>	<b>35.506.758</b>	<b>23.003.296</b>	<b>1.000.351</b>	<b>24.003.647</b>	<b>11.503.111</b>	<b>47,92%</b>
B1. Terms deposits	34.445.473	1.061.285	35.506.758	23.003.296	1.000.351	24.003.647	11.503.111	47,92%
B2. Current accounts	-	-	-	-	-	-	-	-
B3. Repos and reverse repos	-	-	-	-	-	-	-	-
B4. Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>79.717.650</b>	<b>2.664.383</b>	<b>82.382.033</b>	<b>200.257.746</b>	<b>2.412.310</b>	<b>202.670.056</b>	<b>(120.288.023)</b>	<b>(59,35%)</b>

Item 30 "Loans to credit institutions" includes all loans to credit institutions, whatever their technical form is, except for loans represented by financial instruments, which are posted under asset item 50. These loans are shown in the financial statements at their presumed realizable value.

The item "A) Sight" includes all current accounts and demand deposits held with other San Marino and foreign credit institutions both in Euro and in foreign currency with the distinction of those opened for services rendered.

Item "B) Other receivables" includes the time deposit with the Central Bank regarding the Compulsory Reserve and the Guarantee Fund for Transmission, as well as deposits with Mastercard Europe and Visa Europe in order to guarantee the operation of payment cards on the circuits.

Table 3.2  
Composition of cash credits to banks

	31/12/2022			31/12/2021		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
<b>A) Doubtful loans</b>	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-
A1. Non-performing loans	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-
A2. Substandard loans	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-
A3. Restructured loans	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-
A4. Expired / overdue loans	-	-	-	-	-	-
of which deriving from financial leasing transactions	-	-	-	-	-	-
A5. Unsecured loans to countries at risk	-	-	-	-	-	-
<b>B) Performing loans</b>	<b>82.382.033</b>	-	<b>82.382.033</b>	<b>202.670.056</b>	-	<b>202.670.056</b>
of which deriving from financial leasing transactions	-	-	-	-	-	-
<b>Total</b>	<b>82.382.033</b>	-	<b>82.382.033</b>	<b>202.670.056</b>	-	<b>202.670.056</b>

The credits shown under “Performing loans” are considered collectable and therefore no further adjustments have been made.

Table 3.3  
Changes in doubtful loans to banks

	Non-performing loans	Substandard loans	Restructured loans	Past due / overrun loans	Unsecured loans to countries at risk
<b>A) Opening gross exposure</b>	-	-	-	-	-
of which for past-due interests	-	-	-	-	-
<b>B) Increases</b>	-	-	-	-	-
B1. Inflow from loans	-	-	-	-	-
B2. Inflow from other categories of doubtful loans	-	-	-	-	-
B3. Past-due interests	-	-	-	-	-
B4. Other increases	-	-	-	-	-
<b>C) Decreases</b>	-	-	-	-	-
C1. Outflow to loans	-	-	-	-	-
C2. Outflow to other categories of doubtful loans	-	-	-	-	-
C3. Write-offs	-	-	-	-	-
C4. Collections	-	-	-	-	-
C5. Arising from sales	-	-	-	-	-
C6. Other decreases	-	-	-	-	-
<b>D) Closing gross exposure at 31/12/2022</b>	-	-	-	-	-
of which for past-due interests	-	-	-	-	-

Table not valued as data not present.

Table 3.4  
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
<b>A) Opening total adjustments</b>	-	-	-	-	-	-
<b>B) Increases</b>	-	-	-	-	-	-
B1. Value adjustments	-	-	-	-	-	-
of which for past-due interest	-	-	-	-	-	-
B2. Utilization of Funds for possible loan losses	-	-	-	-	-	-
B3. Transfers from other categories of loans	-	-	-	-	-	-
B4. Other increases	-	-	-	-	-	-
<b>C) Decreases</b>	-	-	-	-	-	-
C1. Value recoveries from valuation	-	-	-	-	-	-
of which for past-due interest	-	-	-	-	-	-
C2. Value recoveries from collection	-	-	-	-	-	-
of which for past-due interest	-	-	-	-	-	-
C3. Write-offs	-	-	-	-	-	-
C4. Transfers from other categories of loans	-	-	-	-	-	-
C5. Other decreases	-	-	-	-	-	-
<b>D) Closing total adjustment at 31/12/2022</b>	-	-	-	-	-	-
of which for past-due interest	-	-	-	-	-	-

Table not valued as data not present.

**Table 3.5**  
**Composition of “Inter-bank loans” according to residual life**

	<b>31/12/2022</b>	<b>31/12/2021</b>
Sight	46.875.275	178.666.409
Up to 3 months	10.034.980	-
From 3 months to 6 months	-	-
From 6 months to 1 year	-	-
From 1 year to 18 months	-	-
From 18 months to 2 years	-	-
From 2 years to 5 years	-	-
More than 5 years	-	-
No term	25.471.778	24.003.647
<b>Total</b>	<b>82.382.033</b>	<b>202.670.056</b>

The residual life corresponds to the time interval between the balance sheet date and the contractual maturity date of each transaction.

The item “Unallocated maturity”, as previously indicated in Table 3.1, includes:

- the term deposits in the field of the Compulsory Reserve and the Guarantee Fund for Transmission in the amount of Euro 24.182.210 and Euro 121.698, respectively;
- the security deposits with Mastercard Europe and Visa Europe in the amount of Euro .157.870;
- the security deposit with BFF Bank for the transmission of the INPS Pensions service for Euro 10,000.

## 4. Customer loans (item 40 of assets)

Table 4.1  
Composition of item 40 "Customer loans"

	31/12/2022			31/12/2021			Variations	
	Euros	Foreign currency	Total	Euros	Foreign currency	Total	Amount	%
<b>A) Sight / Non-revolving loans</b>	<b>17.951.516</b>	<b>271</b>	<b>17.951.787</b>	<b>14.028.699</b>	<b>430</b>	<b>14.029.129</b>	<b>3.922.658</b>	<b>27,96%</b>
A1. Current accounts	9.422.579	271	9.422.850	6.935.814	430	6.936.244	2.486.606	35,85%
A2. Other	8.528.937	-	8.528.937	7.092.885	-	7.092.885	1.436.052	20,25%
<b>B) Other loans</b>	<b>127.387.912</b>	<b>1.212.139</b>	<b>128.600.051</b>	<b>120.030.335</b>	<b>140.286</b>	<b>120.170.621</b>	<b>8.429.430</b>	<b>7,01%</b>
B1. Current accounts	2.441.206	-	2.441.206	1.816.643	-	1.816.643	624.563	34,38%
B2. Discounted portfolio and subject to collection	14.902.695	-	14.902.695	9.037.925	-	9.037.925	5.864.770	64,89%
B3. Repos and reverse repos	-	-	-	-	-	-	-	-
B4. Other loans	110.044.011	1.212.139	111.256.150	109.175.767	140.286	109.316.053	1.940.097	1,77%
<b>Total</b>	<b>145.339.428</b>	<b>1.212.410</b>	<b>146.551.838</b>	<b>134.059.034</b>	<b>140.716</b>	<b>134.199.750</b>	<b>12.352.088</b>	<b>9,20%</b>

Item 40, "Loans to customers" represents all the loans deriving from financing contracts entered into with customers, regardless of their technical form, and recorded in the financial statements at their presumed realizable value.

Items A1. and B1. (Current accounts assets) include the sum of debit balances of current accounts as well as interest in the form of current accounts according to the due date of the loan.

Items "A2. Others", "B2. Discounted portfolio and subject to collection" and "B4. Other loans" include loans deriving from import/export financing transactions, open positions for portfolio advances subject to collection, loans with amortization plans and grants, the expense related to the use of credit cards issued by us, as well as non-performing loans.

The information required under the provisions of article V.II.2 paragraph 5 of Regulation 2016/02 is provided below with reference to the amounts of advances and loans granted to members of administrative, management or supervisory bodies, as well as commitments undertaken on their behalf as a result of guarantees provided of any kind and detailed as follows (exposure gross of value adjustments):

	31/12/2022	31/12/2021
Board of Directors	37.598	10.233
Control Body	284	53
Management Board	810	1.700
<b>Total</b>	<b>38.692</b>	<b>11.986</b>



Table 4.2  
Secured customer loans

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) From mortgages</b>	<b>67.718.085</b>	<b>62.514.221</b>	<b>5.203.864</b>	<b>8,32%</b>
<b>B) From pledges on:</b>	<b>38.900.167</b>	<b>39.401.674</b>	<b>(501.507)</b>	<b>(1,27%)</b>
B1. Cash deposits	3.969.720	2.931.287	1.038.433	35,43%
B2. Securities	2.576.154	4.046.392	(1.470.238)	(36,33%)
B3. Other valuables	32.354.293	32.423.995	(69.702)	(0,21%)
<b>C) From guarantees by:</b>	<b>32.885.723</b>	<b>29.643.750</b>	<b>3.241.973</b>	<b>10,94%</b>
C1. Public administrations	5.225.193	6.638.304	(1.413.111)	(21,29%)
C2. Monetary financial institutions	62.920	249.512	(186.592)	(74,78%)
C3. Investment funds other than money market funds	-	-	-	-
C4. Other financial companies	-	-	-	-
C5. Insurance companies	-	-	-	-
C6. Pension funds	-	-	-	-
C7. Non-financial companies	4.660.881	2.315.632	2.345.249	101,28%
C8. Households and non-profit institutions serving households:	22.936.729	20.440.302	2.496.427	12,21%
C8.1 Consumer and producer families	22.936.729	20.440.302	2.496.427	12,21%
C8.2 Non-profit institutions serving households	-	-	-	-
C9. Other	-	-	-	-
<b>Total</b>	<b>139.503.975</b>	<b>131.559.645</b>	<b>7.944.330</b>	<b>6,04%</b>

The table shows the total amount of "Customer loans" 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 4.3**  
**Composition of cash credits to customers**

	31/12/2022			31/12/2021		
	Gross exposure	Overall total adjustments	Net exposure	Gross exposure	Overall total adjustments	Net exposure
<b>A) Doubtful loans</b>	<b>15.476.727</b>	<b>7.321.925</b>	<b>8.154.802</b>	<b>14.976.305</b>	<b>7.114.598</b>	<b>7.861.707</b>
of which from financial leases	895.113	451.515	443.598	790.894	407.698	383.196
A1. Non-performing loans	11.283.203	6.923.281	4.359.922	10.692.475	6.614.529	4.077.946
of which from financial leases	778.604	439.917	338.687	598.266	369.333	228.933
A2. Substandard loans	1.544.629	216.269	1.328.360	1.313.070	277.233	1.035.837
of which from financial leases	116.509	11.598	104.911	192.628	38.365	154.263
A3. Restructured loans	2.618.263	180.876	2.437.387	2.614.269	205.450	2.408.819
of which credits to ex Gruppo Delta	-	-	-	78.671	78.671	-
of which from financial leases	-	-	-	-	-	-
A4. Past due / overrun loans	29.904	1.495	28.409	346.734	17.337	329.397
of which from financial leases	-	-	-	-	-	-
A5. Unsecured loans to countries at risk	728	4	724	9.757	49	9.708
<b>B) Performing loans</b>	<b>171.871.074</b>	<b>701.031</b>	<b>171.170.043</b>	<b>160.588.470</b>	<b>657.847</b>	<b>159.930.623</b>
of which from financial leases	32.631.183	151.871	32.479.312	33.551.145	155.727	33.395.418
<b>Total</b>	<b>187.347.801</b>	<b>8.022.956</b>	<b>179.324.845</b>	<b>175.564.775</b>	<b>7.772.445</b>	<b>167.792.330</b>

The table shows the situation of cash loans for each credit category as established by art. 1.1.2 of Regulation no. 2007-07. The table also includes loans deriving from financial leasing transactions; therefore, the final net exposure coincides with the sum of asset items 40 "Loans to customers", 90 "Intangible assets" and 100 "Tangible assets".

Value adjustments for physiological risks on performing loans amount to approximately 0.5% of them.

There are no longer any exposures to the companies of the former Delta Group (Carifin S.p.A. and Plus Valore S.p.A.) among restructured loans.

Table 4.4  
Changes in doubtful loans to customers

	Non-performing loans	Substandard loans	Restructured loans	Past due / overrun loans	Unsecured loans to countries at risk
<b>A) Opening gross exposure</b>	<b>10.692.475</b>	<b>1.313.070</b>	<b>2.614.269</b>	<b>346.734</b>	<b>9.757</b>
of which for past-due interests	602.571	4.541	46.533	30	-
<b>B) Increases</b>	<b>972.264</b>	<b>1.639.586</b>	<b>2.620.864</b>	<b>753.041</b>	<b>53.653</b>
B1. Inflow from performing loans	357.946	770.714	-	3.751	-
B2. Inputs from other categories of doubtful loans	287.518	17.063	-	-	-
B3. Past-due interests	104.806	31.344	18.700	98	-
B4. Other increases	221.994	820.465	2.602.164	749.192	53.653
<b>C) Decreases:</b>	<b>381.536</b>	<b>1.408.027</b>	<b>2.616.870</b>	<b>1.069.871</b>	<b>62.682</b>
C1. Outflow to loans	-	-	-	384	-
C2. Outputs to other categories of doubtful loans	-	287.518	-	17.063	-
C3. Write-offs	13.451	-	5.023	932	-
C4. Collections	368.085	1.076.530	2.611.847	1.035.247	58.975
C5. Arising from sales	-	-	-	-	-
C6. Other decreases	-	43.979	-	16.245	3.707
<b>D) Closing gross exposure at 31/12/2022</b>	<b>11.283.203</b>	<b>1.544.629</b>	<b>2.618.263</b>	<b>29.904</b>	<b>728</b>
of which for past-due interests	679.244	19.276	65.233	35	-

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 loans (including finance lease receivables).

The Institute has revised in full all amounts receivable in an analytical way, providing for their reclassification taking into account the risk involved.

**Table 4.5**  
**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
<b>A) Opening total adjustments</b>	<b>6.614.529</b>	<b>277.233</b>	<b>205.450</b>	<b>17.337</b>	<b>49</b>	<b>657.847</b>
<b>B) Increases:</b>	<b>940.779</b>	<b>81.872</b>	<b>56.173</b>	<b>2.219</b>	<b>-</b>	<b>221.476</b>
B1. Value adjustments	802.132	77.885	56.173	2.119	-	218.062
of which for past-due interests	99.222	-	-	-	-	-
B2. Utilization of funds for possible loans	-	-	-	-	-	-
B3. Transfers from other categories of loans	138.647	3.987	-	100	-	3.414
B4. Other increases	-	-	-	-	-	-
<b>C) Decreases:</b>	<b>632.027</b>	<b>142.836</b>	<b>80.747</b>	<b>18.061</b>	<b>45</b>	<b>178.292</b>
C1. Value recoveries	513.327	6.246	71.386	12.863	44	155.411
of which for past-due interests	-	-	-	-	-	-
C2. Value recoveries from collection	105.249	-	4.338	-	-	-
of which for past-due interests	22.122	-	-	-	-	-
C3. Write-offs	13.451	-	5.023	932	-	17.590
C4. Transfers to other categories of loans	-	136.590	-	4.266	1	5.291
C5. Other decreases	-	-	-	-	-	-
<b>D) Closing total adjustments at 31/12/2022</b>	<b>6.923.281</b>	<b>216.269</b>	<b>180.876</b>	<b>1.495</b>	<b>4</b>	<b>701.031</b>
of which for past-due interests	679.244	-	-	-	-	-

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

**Table 4.6**  
**Composition of "Customer loans" according to residual life**

	31/12/2022	31/12/2021
Sight	15.053.388	11.647.634
Up to 3 months	23.836.008	16.623.373
From 3 months to 6 months	8.530.350	7.595.137
From 6 months to 1 year	10.389.168	12.079.867
From 1 year to 18 months	8.735.241	8.410.035
From 18 months to 2 years	8.729.703	8.509.870
From 2 years to 5 years	33.327.672	37.510.114
More than 5 years	65.349.560	61.263.056
No term	5.373.755	4.153.244
<b>Total</b>	<b>179.324.845</b>	<b>167.792.330</b>

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. The item “Maturity not posted” includes the amount of non-performing loans, including loans under financial leasing, as well as loans for which an appropriate time allocation has not been identified.

Table 4.7

Composition of “Loans to customers” (net values) by economic activity sector

	31/12/2022	31/12/2021
<b>A) Public administrations</b>	<b>2.124.313</b>	<b>2.833.725</b>
<b>B) Financial undertakings other than credit institutions</b>	<b>109.075</b>	<b>956.193</b>
B1. Monetary financial institutions (other than credit institutions)	-	-
B2. Investment funds other than money market funds	-	-
B3. Other financial companies	109.075	956.193
B4. Insurance companies	-	-
B5. Pension funds	-	-
<b>C) Non-financial companies</b>	<b>102.778.810</b>	<b>89.658.704</b>
of which persons deleted from the Register of Authorized Entities	-	16
C1. Industry	55.983.228	48.149.767
C2. Building	2.112.958	2.007.181
C3. Services	42.914.174	39.457.864
C4. Other non-financial companies	1.768.450	43.892
<b>D) Households and non-profit institutions serving households:</b>	<b>74.312.647</b>	<b>74.343.708</b>
D1. Consumer families	74.184.588	74.197.895
D2. Non-profit institutions serving households	128.059	145.813
<b>E) Other</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>179.324.845</b>	<b>167.792.330</b>

This table shows the distribution of loans to customers and receivables from finance leases in relation to the economic sector to which the customers belong.

## 5. Bonds and other debt securities and shares, quotas and other capital securities (items 50 – 60 of assets)

Table 5.1  
Composition of investment and trading securities

	Investment	Trading
<b>Bonds and other debt securities:</b>	<b>358.047.184</b>	<b>83.855.684</b>
A) issued by public bodies	83.355.407	10.846.293
B) issued by banks	182.997.205	38.121.511
C) issued by financial institutions	31.992.199	19.717.326
D) issued by other bodies	59.702.373	15.170.554
<b>Shares, quotas and other capital securities:</b>	<b>-</b>	<b>12.308.787</b>
- Fondo Scudo Odisseo	-	10.263.674
- UCI	-	2.045.003
- Equities	-	110
<b>Total</b>	<b>358.047.184</b>	<b>96.164.471</b>
of which unavailable for repurchase agreements with retrocession obligation	79.364.418	4.759.821

The securities in the own portfolio are mainly bonds, issued by sovereign states, banks and private companies belonging to zone A.

The trading portfolio is made up of securities intended for negotiation and/or kept for cash requirements. The investment portfolio, as required by law, is valued at the purchase or transfer value from another portfolio, while the trading portfolio is valued at market value. Among non-fixed assets, there are also shares of the “Fondo Odisseo”, acquired by the Bank following the system intervention in favor of the resolution of Banca CIS.

As regards the securities for which it was not possible to find a quotation (3,82% of the total portfolio), the Bank made an estimate of the value on the basis of the evaluation criteria of the financial instruments envisaged by internal regulations.

Table 5.2  
Composition of "investment securities"

	31/12/2022			31/12/2021		
	Book Value	Market Value	Fair Value	Book Value	Market Value	Fair Value
<b>1. Debt securities:</b>	<b>355.564.604</b>	<b>358.047.184</b>	<b>324.518.101</b>	<b>233.983.382</b>	<b>235.070.306</b>	<b>232.285.014</b>
1.1 Bonds:	355.564.604	358.047.184	324.518.101	233.983.382	235.070.306	232.285.014
- Listed	327.037.594	329.122.627	298.336.107	140.766.939	141.433.104	140.629.342
- Unlisted	28.527.010	28.924.557	26.181.994	93.216.443	93.637.202	91.655.672
1.2 Other debt securities:	-	-	-	-	-	-
- Listed	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-
<b>2. Capital securities:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Listed	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-
<b>Total</b>	<b>355.564.604</b>	<b>358.047.184</b>	<b>324.518.101</b>	<b>233.983.382</b>	<b>235.070.306</b>	<b>232.285.014</b>

Investment securities are made up of bonds issued by sovereign states and banks for about 82%, while the remaining part is made up of bonds issued by private companies.

The financial instruments in the investment portfolio were valued at amortized cost and this valuation was also used in cases where the market value at the end of the year was lower than the amortized cost as these differences were generated by normal fluctuations in the financial markets.

**Table 5.3**  
**Annual variations to investment securities**

	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>235.070.306</b>	<b>221.452.956</b>
<b>Increases:</b>	<b>174.472.066</b>	<b>135.569.848</b>
1. Purchases	70.402.783	131.538.992
of which debt securities	70.402.783	131.538.992
2. Value recoveries	-	-
3. Transfers from trading portfolio	100.406.434	-
4. Other variations	3.662.849	4.030.856
<b>Decreases:</b>	<b>51.495.188</b>	<b>121.952.498</b>
1. Sales	-	29.103.332
of which debt securities	-	29.103.332
2. Redemptions	47.638.389	79.264.631
3. Value adjustments	1.019.745	1.250.000
of which lasting devaluations	1.019.745	1.250.000
4. Transfers to trading portfolio	1.892.769	10.915.559
5. Other variations	944.285	1.418.976
<b>Closing balance</b>	<b>358.047.184</b>	<b>235.070.306</b>

During the year, the Bank transferred financial instruments from the trading portfolio to the investment portfolio with retroactive effect as at 31/01/2022; in particular:

- pursuant to the CBSM Letter protocol no. 22/3413 of 31/03/2022 and subsequent integration with letter protocol no. 22/5115 of 17/05/2022, the meeting of the Bank's Board of Directors held on 27/04/2022 resolved the transfer of securities for a total nominal value of Euro 55,173,000. This transfer made it possible to neutralize valuation losses with net positive economic effects of Euro 2,142,799 as at 27/04/2022 of Euro 2,142,799 and of Euro 4,375,485 as at 31/12/2022;

- pursuant to the CBSM Letter protocol no. 22/6395 of 23/06/2022, the meeting of the Bank's Board of Directors held on 27/07/2022 resolved the transfer of securities for a total nominal value of Euro 45,100,000. This transfer made it possible to neutralize valuation losses with net positive economic effects of Euro 1,993,889 as at 30/06/2022 and of Euro 2,611,559 as at 31/12/2022.

Furthermore, in accordance with the provisions contained in the aforementioned CBSM Letter protocol no. 22/6395 of 23/06/2022, two structured financial instruments with a total nominal value of Euro 1,550,000, were transferred during 2022 from the investment portfolio to the trading portfolio, for which the related barriers envisaged for the repayment of capital at maturity had been overcome. These transfers had no significant economic effects as at 31 December 2022, also considering their imminent expiry in the first few months of 2023.

In relation to the risk of insolvency of securities issued by counterparties or with exposures to countries subject to international sanctions, the Bank fully wrote down the security isin XS0893212398 VEB FIN 4.032 21/02/2023, allocated to the investment portfolio, for a total of Euro 1,019,745 weighing on item "3. Value adjustments" of this table and item 160 of the Income Statement.



Table 5.4  
Composition of “trading securities”

	31/12/2022	31/12/2021
	Fair value	Fair value
<b>1. Debt securities:</b>	<b>83.855.684</b>	<b>95.791.025</b>
1.1 Bonds:	83.855.684	95.791.025
- Listed	49.794.553	80.554.292
- Unlisted	34.061.131	15.236.733
1.2 Other debt securities:	-	-
- Listed	-	-
- Unlisted	-	-
<b>2. Capital securities:</b>	<b>12.308.787</b>	<b>10.526.769</b>
- Listed	-	10.391
- Unlisted	12.308.787	10.516.378
<b>Total</b>	<b>96.164.471</b>	<b>106.317.794</b>

The “fair value” was determined based on the market value recorded on the last business day of the year and defined as already indicated in the Explanatory Notes in Part A Section 1.

Table 5.5  
Annual variations to “trading securities”

	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>106.317.794</b>	<b>60.318.082</b>
<b>Increases:</b>	<b>225.756.393</b>	<b>253.539.006</b>
1. Purchases	222.979.200	241.224.642
of which debt securities	220.934.837	238.557.651
of which capital securities	2.044.363	2.666.991
2. Write backs and revaluations	193.457	368.466
3. Transfers from investment portfolio	1.892.769	10.915.559
4. Other variations	690.967	1.030.339
<b>Decreases:</b>	<b>235.909.716</b>	<b>207.539.294</b>
1. Sales and redemptions	131.861.613	206.358.510
of which debt securities	131.669.518	203.455.235
of which capital securities	192.095	2.903.275
2. Value adjustments and devaluations	2.628.902	1.038.173
3. Transfers to investment portfolio	100.406.434	-
4. Other variations	1.012.767	142.611
<b>Closing balance</b>	<b>96.164.471</b>	<b>106.317.794</b>

The valuation of trading securities is carried out based on the market value as at 31/12/2021. The effect of this method is represented in the item 1 “Writebacks and revaluations” and 2 “Value adjustments and writedowns” shown in the table.

## 6. Holdings (Items 70 - 80 of assets)

Table 6.1  
Holdings and Holdings in group companies

Legal form / Denominations / Headquarters	Activity performed	Share capital	Net equity	Profit / Loss	Share %	Book Value (b)	Fair value	Net equity share (a)	Comparison (a-b)
<b>A) Companies of the banking group</b>									
1. S.P.A. / 739 Società di Gestione / Piazza Marino Tini, 2 (San Marino)	Other financial companies	200.000	325.965	(345.143)	100,00%	<b>453.651</b>		325.965	(127.686)
<b>B) Other subsidiaries</b>									
No investment								-	-
<b>C) Other investee companies</b>									
1. S.P.A. / Banca Centrale della Repubblica di San Marino / Via del Voltone, 120 (San Marino)	Bank	12.911.425	57.610.190	-	1,00%	<b>811.848</b>		576.102	(235.746)
2. S.R.L. / Tenuta Santa Chiara / Strada di Paderna, 2 (San Marino)	Services	75.000	71.273	(3.727)	10,00%	<b>7.500</b>		7.127	(373)

No writedown of the equity investments held was made because the delta between the historical cost and the corresponding portion of the net equity is not to be considered a permanent loss of value. For each investee company, the information obtained from the last approved financial statements (year 2021) is available.

Regarding the acquisition of the entire stake in the company 739 Società di Gestione S.p.A. finalized during the 2022 financial year, refer to what has already been reported in the Report on Operations.

Table 6.2  
Composition of item 70 "Holdings"

	31/12/2022			31/12/2021		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
<b>In banks</b>	<b>811.848</b>	<b>811.848</b>		<b>811.848</b>	<b>811.848</b>	
- Listed	-	-		-	-	
- Unlisted	811.848	811.848		811.848	811.848	
<b>In other financial companies</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
- Listed	-	-		-	-	
- Unlisted	-	-		-	-	
<b>Other</b>	<b>7.500</b>	<b>7.500</b>		<b>7.500</b>	<b>7.500</b>	
- Listed	-	-		-	-	
- Unlisted	7.500	7.500		7.500	7.500	
<b>Total</b>	<b>819.348</b>	<b>819.348</b>		<b>819.348</b>	<b>819.348</b>	

Table 6.3  
Composition of item 80 "Holdings in group companies"

	31/12/2022			31/12/2021		
	Purchase price	Book value	Fair value	Purchase price	Book value	Fair value
<b>In banks:</b>	-	-		-	-	
- Listed	-	-		-	-	
- Unlisted	-	-		-	-	
<b>In other financial companies:</b>	<b>453.651</b>	<b>453.651</b>		-	-	
- Listed	-	-		-	-	
- Unlisted	453.651	453.651		-	-	
<b>Other:</b>	-	-		-	-	
- Listed	-	-		-	-	
- Unlisted	-	-		-	-	
<b>Total</b>	<b>453.651</b>	<b>453.651</b>		-	-	

Table 6.4  
Annual changes of item 70 "Holdings"

	31/12/2022
<b>A) Opening balance</b>	<b>819.348</b>
<b>B) Increases</b>	-
B1. Purchases	-
B2. Write backs	-
B3. Revaluations	-
B4. Other changes	-
<b>C) Decreases</b>	-
C1. Sales	-
C2. Value adjustments	-
of which permanent write-downs	-
C3. Other changes	-
<b>D) Closing balance</b>	<b>819.348</b>
E) Total revaluations	-
F) Total adjustments	-

Table 6.5  
Annual changes of item 80 "Holdings in group companies"

	31/12/2022
<b>A) Opening balance</b>	-
<b>B) Increases:</b>	<b>453.651</b>
B1. Purchases	453.651
B2. Write backs	-
B3. Revaluations	-
B4. Other changes	-
<b>C) Decreases:</b>	-
C1. Sales	-
C2. Value adjustments	-
of which permanent write-downs	-
C3. Other changes	-
<b>D) Closing balance</b>	<b>453.651</b>

Table 6.6  
Assets and liabilities to holdings (item 70)

	31/12/2022
<b>Assets:</b>	<b>73.754.615</b>
- Loans to banks	72.937.154
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Loans to other financial companies	-
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Loans to other companies	817.461
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
- Bonds and other debt financial instruments	-
of which subordinates	-
of which to related undertakings	-
of which subordinates	-
<b>Liabilities:</b>	<b>144.536</b>
- Debts to banks	140.827
of which to related undertakings	-
- Debts to other companies	3.709
of which to related undertakings	-
- Debts represented by financial instruments	-
of which to related undertakings	-
- Subordinated liabilities	-
of which to related undertakings	-
<b>Guarantees and commitments:</b>	<b>-</b>
- Guarantees given	-
- Commitments	-

The breakdown of the assets and liabilities by investee company is shown below:

#### CENTRAL BANK OF THE REPUBLIC OF SAN MARINO

- "Loans to credit institutions": correspondent current accounts and term deposits;
- "Amounts due to credit institutions": free deposit for crediting the POS settlement of the Tax Collection Department.

#### TENUTA SANTA CHIARA

- "Loans to other companies": receivables relating to a real estate leasing contract and to shareholder financing;
- "Amounts due to other companies": current account relationship.

Table 6.7  
Assets and liabilities to holdings in group companies (item 80)

	31/12/2022
<b>Assets:</b>	-
- Loans to banks	-
of which subordinates	-
- Loans to other companies	-
of which subordinates	-
- Loans to other companies	-
of which subordinates	-
- Bonds and other debt financial instruments	-
of which subordinates	-
<b>Liabilities:</b>	<b>396.272</b>
- Debts to banks	-
- Debts to other companies	396.272
- Debts represented by financial instruments	-
- Subordinated liabilities	-
<b>Guarantees and commitments:</b>	-
- Guarantees given	-
- Commitments	-

The item "Amounts due to other companies" includes the balances of current account relationships held with the investee company 739 Società di Gestione.

## 7. Intangible fixed assets (item 90 of assets)

Table 7.1  
Description and changes of item 90 "Intangible fixed assets"

	31/12/2022	Leased assets	of which assets to be leased	Assets resulting from annulled lease contracts	of which for breach by tenant	Assets available from credit recovery	of which assets available for credit terminatio n through settlement agreement	Start-up costs	Establishm ent costs	Other intangible fixed assets
<b>A) Opening balance</b>	<b>1.788.374</b>	-	-	-	-	-	-	-	-	<b>1.788.374</b>
<b>B) Increases</b>	<b>181.112</b>	-	-	-	-	-	-	-	-	<b>181.112</b>
B1. Purchases	180.612	-	-	-	-	-	-	-	-	180.612
B2. Value recoveries	-	-	-	-	-	-	-	-	-	-
of which for credit rating	-	-	-	-	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-	-
B4. Other variations	500	-	-	-	-	-	-	-	-	500
<b>C) Decreases</b>	<b>251.006</b>	-	-	-	-	-	-	-	-	<b>251.006</b>
C1. Sales	-	-	-	-	-	-	-	-	-	-
C2. Value adjustments	251.006	-	-	-	-	-	-	-	-	251.006
of which depreciations	251.006	-	-	-	-	-	-	-	-	251.006
of which lasting devaluations	-	-	-	-	-	-	-	-	-	-
of which for credit rating	-	-	-	-	-	-	-	-	-	-
C3. Other variations	-	-	-	-	-	-	-	-	-	-
<b>D) Closing balance</b>	<b>1.718.480</b>	-	-	-	-	-	-	-	-	<b>1.718.480</b>

This table shows the changes in intangible fixed assets entered in the balance sheet at their purchase cost net of constant portions of direct depreciation.



Table 7.2  
Description of item 90 "Intangible fixed assets"

	31/12/2022			31/12/2021		
	Purchase price / Production cost	Book value	Fair value	Purchase price / Production cost	Book value	Fair value
A) Financial lease	-	-	-	-	-	-
of which assets to be leased	-	-	-	-	-	-
B) Assets resulting from annulled lease contracts	-	-	-	-	-	-
of which for breach by tenant	-	-	-	-	-	-
C) Assets available from credit recovery	-	-	-	-	-	-
of which assets available for credit termination through settlement agreement	-	-	-	-	-	-
D) Goodwill	-	-	-	-	-	-
E) Start-up costs	-	-	-	-	-	-
F) Other intangible fixed assets	2.524.441	1.718.480	-	3.102.838	1.788.374	-
<b>Total</b>	<b>2.524.441</b>	<b>1.718.480</b>	-	<b>3.102.838</b>	<b>1.788.374</b>	-

The purchase price corresponds to the cost incurred for the acquisition of intangible assets that are still being amortized.

## 8. Tangible fixed assets (Item 100 of assets)

Table 8.1  
Description and changes of item 100 "Tangible fixed assets"

	31/12/2022	Financial lease	of which assets to be leased	Assets resulting from annulled lease contracts	of which for breach by tenant	Assets available from credit recovery	of which assets available for credit termination through settlement agreement	Lands and buildings	Other tangible fixed assets
<b>A) Opening balance</b>	<b>41.918.305</b>	<b>33.491.939</b>	<b>1.125.685</b>	<b>100.641</b>	<b>100.641</b>	<b>1.210.328</b>	<b>-</b>	<b>6.659.876</b>	<b>455.521</b>
<b>B) Increases</b>	<b>15.985.952</b>	<b>15.227.696</b>	<b>3.726.659</b>	<b>187.875</b>	<b>187.875</b>	<b>-</b>	<b>-</b>	<b>6.050</b>	<b>564.331</b>
B1. Purchases	12.003.264	11.438.933	-	-	-	-	-	-	564.331
B2. Value recoveries	28.773	28.773	4.501	-	-	-	-	-	-
of which for credit rating	28.773	28.773	4.501	-	-	-	-	-	-
B3. Revaluations	-	-	-	-	-	-	-	-	-
B4. Other variations	3.953.915	3.759.990	3.722.158	187.875	187.875	-	-	6.050	-
<b>C) Decreases</b>	<b>16.570.028</b>	<b>16.185.982</b>	<b>4.622.413</b>	<b>49.162</b>	<b>49.162</b>	<b>-</b>	<b>-</b>	<b>166.522</b>	<b>168.362</b>
C1. Sales	2.510.256	2.492.875	-	17.381	17.381	-	-	-	-
C2. Value adjustments	9.074.484	8.707.819	-	31.781	31.781	-	-	166.522	168.362
of which depreciations	9.042.703	8.707.819	-	-	-	-	-	166.522	168.362
of which lasting devaluations	-	-	-	-	-	-	-	-	-
of which for credit rating	31.781	-	-	31.781	31.781	-	-	-	-
C3. Other variations	4.985.288	4.985.288	4.622.413	-	-	-	-	-	-
<b>D) Closing balance</b>	<b>41.334.229</b>	<b>32.533.653</b>	<b>229.931</b>	<b>239.354</b>	<b>239.354</b>	<b>1.210.328</b>	<b>-</b>	<b>6.499.404</b>	<b>851.490</b>

The table shows the changes in tangible fixed assets entered in the balance sheet at their purchase cost net of the related depreciation fund.

The item "Finance leases" includes leasing contracts recorded in accordance with Law 155 of 19/11/2001. It provides for the allocation of the cost on the basis of the financial amortisation method.

The item "Other fixed assets" includes furniture, fittings, machinery, equipment and motor vehicles.

Table 8.2  
Description of item 100 "Intangible fixed assets"

	31/12/2022			31/12/2021		
	Purchase price / Production cost	Book value	Fair value	Purchase price / Production cost	Book value	Fair value
A) Financial lease	78.110.308	32.533.653		77.031.700	33.491.939	
of which assets to be leased	3.687.350	229.931		5.428.284	1.125.685	
B) Assets resulting from annulled lease contracts	422.096	239.354		251.602	100.641	
of which for breach by tenant	422.096	239.354		251.602	100.641	
C) Assets available from credit recovery	1.210.328	1.210.328		1.210.328	1.210.328	
of which assets available for credit termination through settlement agreement	-	-		-	-	
D) Lands and buildings	7.444.311	6.499.404		7.438.260	6.659.876	
E) Other tangible fixed assets	2.979.068	851.490		2.414.737	455.521	
<b>Total</b>	<b>90.166.111</b>	<b>41.334.229</b>		<b>88.346.627</b>	<b>41.918.305</b>	

The purchase price corresponds to the cost incurred for the acquisition of each tangible fixed asset, still held in the bank's asset archive and increased by any accessory charges.

Table 8.3  
Assets available from credit recovery

	31/12/2022		31/12/2021	
	Book Value	Fair Value	Book Value	Fair Value
<b>A) Assets available from credit recovery deriving from financial lease contracts:</b>	<b>1.210.328</b>		<b>1.210.328</b>	
A1. Real estate	1.210.328		1.210.328	
of which for residential use	-		-	
of which for non-residential use	1.210.328		1.210.328	
A2. Movable assets	-		-	
of which vehicles	-		-	
of which aircraft	-		-	
of which other	-		-	
<b>B) Assets available from credit recovery deriving from other lease contracts:</b>	<b>-</b>		<b>-</b>	
B1. Real estate	-		-	
of which for residential use	-		-	
of which for non-residential use	-		-	
B2. Movable assets	-		-	
of which vehicles	-		-	
of which aircraft	-		-	
of which other	-		-	
<b>Total</b>	<b>1.210.328</b>		<b>1.210.328</b>	

Table 8.4  
Leasing to credit institutions and customers (residual capital credit and rents overdue)

	Total at 31/12/2022	of which leasing to credit institutions	of which leasing to customers
<b>Leasing – Total</b>	<b>32.922.912</b>	<b>-</b>	<b>32.922.912</b>
<b>A) of which for rents overdue</b>	<b>149.905</b>	<b>-</b>	<b>149.905</b>
<b>B) of which residual capital credit</b>	<b>32.773.007</b>	<b>-</b>	<b>32.773.007</b>
B1. Intangible fixed assets	-	-	-
- Financial lease	-	-	-
- Assets resulting from annulled lease contracts	-	-	-
B2. Tangible fixed assets	32.773.007	-	32.773.007
- Financial lease	32.533.653	-	32.533.653
- Assets resulting from annulled lease contracts	239.354	-	239.354

## 9. Subscribed capital not paid in (item 110 of assets)

Table 9.1  
Composition of item 110 "Subscribed capital not paid in"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Subscribed capital not paid in	-	-	-	-
of which called capital	-	-	-	-

Table not valued as data not present.

## 10. Transactions on own shares (item 120 of assets)

Table 10.1  
Composition of social shares

	Number of shares	% on capital	Nominal value	Negotiation amount
<b>Values at 31/12/2021</b>	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
<b>Values at 31/12/2022</b>	-	-	-	-
				<b>Profit/loss</b>
Negotiation profit/loss on own shares				-

Table not valued as data not present.

## 11. Other assets (item 130 of assets)

Table 11.1  
Composition of item 130 "Other assets"

	31/12/2022	31/12/2021
Maintenance margins	-	-
Premiums paid for options	-	-
<b>Other</b>	<b>37.935.832</b>	<b>28.711.590</b>
of which other Debtors:	35.228.983	25.983.045
- Effects from SBF customers	16.889.969	12.813.186
- Effects after collection from customers	5.340.684	3.971.272
- Effects received from correspondent banks	4.809.953	4.355.022
- Illiquid effects	4.322.389	2.309.960
- Transitional accounts and items to be settled	2.080.628	1.137.948
- IGR advances and withholding of the Tax Office	1.411.960	1.044.257
- Loans to investee companies	373.400	351.400
of which Deferred tax assets	-	-
of which Other related accounting items:	60.915	60.915
- Foreign securities tax credit	60.915	60.915
of which Other:	2.645.934	2.667.630
- Tax credit Legislative Decree no. 72/2013	1.397.330	1.552.589
- Security deposit with Court	820.150	750.000
- Forward transactions	33.294	195.167
- Other items	395.160	169.874
<b>Total</b>	<b>37.935.832</b>	<b>28.711.590</b>

The item "Tax credit Legislative Decree no. 72/2013" includes the tax credit recognized by the Tax Office of the Republic of San Marino with Letter prot. no. 18216/2022/DG dated 21/02/2022 resulting from the Final Report of the Supervisory Committee pursuant to art. 7 of Law no. 223/2020. It should be noted that this tax credit derives from the loss recognized on the basis of the valuation at the certified NAV as at 31/12/2020 of Scudo Odisseo, a fund recognized in the financial statements following the block acquisition of assets and liabilities of Banca Nazionale Sammarinese (former Banca CIS). The Bank may use this credit to the extent of 5% of the final credit for each fiscal year. During 2022, the Bank used part of this credit, equal to the portions relating to the years 2021 and 2022, to offset General Income Tax (IGR) withholdings of Euro 155,259.

In consideration of the contractual commitment undertaken by BNS and with the aim of sterilizing the economic impact deriving from the recording of capital losses deriving from the reduction of the NAV of the Odisseo Fund, San Marino banks communicated to former BNS S.p.A. Asset Management Company, through ABS, the booking of a credit towards such company for an amount corresponding to the capital losses recorded on the Fund. As at 31/12/2022, receivables due from this company amount to Euro 393,466 and are included in the table under item "Other items".

The item "Security deposits" includes a security deposit of Euro 750,000 for any penalties, as part of a proceeding in the preliminary phase pending before the Correctionnel Court of Marseilles, as well as a security deposit opened with the company SIAPay S.r.l. for the accounting settlement of postal payment slips collected by Poste San Marino S.p.A.

## 12. Accrued revenues and deferred expenses (item 140 of assets)

Table 12.1

Composition of item 140 "Accrued revenues and deferred expenses"

	31/12/2022	31/12/2021
<b>Accrued revenues:</b>	<b>113.815</b>	<b>110.406</b>
- Commissions and feeds on issuing/acquiring transactions	93.525	79.052
- Interest on derivatives	18.986	-
- Consumer credit practices	560	870
- Rental income	-	30.000
- Other items	744	484
<b>Deferred expenses:</b>	<b>269.843</b>	<b>639.928</b>
- Insurance premiums	115.580	70.909
- Commissions and feeds on issuing/acquiring transactions	71.288	54.137
- Service benefits	34.623	55.799
- Network fees	24.487	37.372
- Rental expenses	22.631	22.138
- AQR outcome value adjustments	-	371.197
- Central Risk Database contribution	-	15.434
- Other items	1.234	12.942
<b>Total</b>	<b>383.658</b>	<b>750.334</b>

With particular reference to this item, it should be noted that the Bank directly increased or decreased, where possible, the asset accounts to which accruals and prepayments refer as required by art. IV.14 of CBSM Regulation no. 2016/02.

There are no more prepaid expenses relating to the item "AQR outcome value adjustments" since the Bank completed the recording of the results of the asset audit in the Income Statement in the current year (art. 40 of Law no. 173/ 2018).



## SECTION C – INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES - LIABILITIES

### 13. Debts with banks (item 10 of liabilities)

Table 13.1  
Description of item 10 “Debts with banks”

	31/12/2022			31/12/2021		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
<b>A) Sight debts</b>	<b>875.148</b>	-	<b>875.148</b>	<b>736.704</b>	-	<b>736.704</b>
A1. Reciprocal accounts opened for services rendered	734.321	-	734.321	682.456	-	682.456
A2. Demand deposits	140.827	-	140.827	54.248	-	54.248
A3. Other	-	-	-	-	-	-
<b>B) Term or notice debts:</b>	-	<b>936.423</b>	<b>936.423</b>	-	-	-
B1. Bank overdrafts	-	-	-	-	-	-
B2. Time deposits	-	936.423	936.423	-	-	-
B3. Repos and reverse repos	-	-	-	-	-	-
B4. Other loans	-	-	-	-	-	-
<b>Total</b>	<b>875.148</b>	<b>936.423</b>	<b>1.811.571</b>	<b>736.704</b>	-	<b>736.704</b>

The table shows the debts that the Bank has towards San Marino and foreign banks.  
The item “B2. Term deposits” includes term loans in currencies other than the Euro granted by credit institutions.

Table 13.2  
Composition of “Debts with banks” according to residual life

	31/12/2022	31/12/2021
Sight	875.148	736.704
Up to 3 months	936.423	-
From 3 months to 6 months	-	-
From 6 months to 1 year	-	-
From 1 year to 18 months	-	-
From 18 months to 2 years	-	-
From 2 years to 5 years	-	-
More than 5 years	-	-
No term	-	-
<b>Total</b>	<b>1.811.571</b>	<b>736.704</b>

It should be noted that “residual life” means the time interval between the balance sheet date and the contractual maturity date of each transaction.

## 14. Debts with customers (item 20 of liabilities)

Table 14.1  
Description of item 20 “Debts with customers”

	31/12/2022			31/12/2021		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
<b>A) Sight</b>	<b>452.926.429</b>	<b>6.124.790</b>	<b>459.051.219</b>	<b>413.695.950</b>	<b>7.187.395</b>	<b>420.883.345</b>
A1. Overdrawn current accounts	451.131.965	6.124.790	457.256.755	412.192.237	7.187.395	419.379.632
A2. Sight savings deposits	533.772	-	533.772	467.056	-	467.056
A3. Other	1.260.692	-	1.260.692	1.036.657	-	1.036.657
<b>B) Term or notice debts</b>	<b>94.139.248</b>	<b>-</b>	<b>94.139.248</b>	<b>123.566.534</b>	<b>-</b>	<b>123.566.534</b>
B1. Term overdrawn current accounts	-	-	-	-	-	-
B2. Time saving deposits	-	-	-	-	-	-
B3. Repos and reverse repos	82.635.037	-	82.635.037	80.013.511	-	80.013.511
B4. Other funds	11.504.211	-	11.504.211	43.553.023	-	43.553.023
<b>Total</b>	<b>547.065.677</b>	<b>6.124.790</b>	<b>553.190.467</b>	<b>537.262.484</b>	<b>7.187.395</b>	<b>544.449.879</b>

All amounts due to customers, regardless of their technical form, are posted in this table, except for those represented by financial instruments which must be included in liability item 30.

Item “A) At sight” includes the credit balances of current accounts, savings deposits as well as the cash on prepaid cards issued by the Bank.

Item “B) Term or with notice” shows balances relating to repurchase agreements and term deposits.

Table 14.2  
Composition of “Debts with customers” according to residual life

	31/12/2022	31/12/2021
Sight	459.051.219	420.883.345
Up to 3 months	30.200.064	32.518.085
From 3 months to 6 months	60.136.363	42.527.123
From 6 months to 1 year	3.802.821	48.521.326
From 1 year to 18 months	-	-
From 18 months to 2 years	-	-
From 2 years to 5 years	-	-
More than 5 years	-	-
No term	-	-
<b>Total</b>	<b>553.190.467</b>	<b>544.449.879</b>

# Financial Statements

Year 2022



The table shows that the amounts due to customers have a maximum expiration date of 1 year.

## 15. Debts represented by financial instruments (item 30 of liabilities)

Table 15.1  
Composition of debts represented by financial instruments

	31/12/2022			31/12/2021		
	Euros	Foreign currency	Total	Euros	Foreign currency	Total
<b>Bonds</b>	<b>884.129</b>	-	<b>884.129</b>	<b>23.810.907</b>	-	<b>23.810.907</b>
of which held by credit institutions	-	-	-	-	-	-
<b>Certificates of deposit</b>	<b>118.718.307</b>	-	<b>118.718.307</b>	<b>107.682.697</b>	-	<b>107.682.697</b>
of which held by credit institutions	-	-	-	-	-	-
<b>Other financial instruments</b>	-	-	-	-	-	-
of which acceptances traded	-	-	-	-	-	-
of which outstanding bills	-	-	-	-	-	-
of which atypical securities	-	-	-	-	-	-
<b>Total</b>	<b>119.602.436</b>	-	<b>119.602.436</b>	<b>131.493.604</b>	-	<b>131.493.604</b>

## 16. Other liabilities (item: 40 of liabilities)

Table 16.1  
Composition of item 40 "Other liabilities"

	31/12/2022	31/12/2021
Maintenance margins	-	-
Premiums received for options	-	-
Cheques in circulation and similar securities	717.560	643.658
Other	40.615.655	30.167.260
of which other Creditors:	2.610.746	1.749.703
- Payables to suppliers	892.182	500.063
- Supplier invoices to be received	702.321	482.372
- Sums in favour of third parties	678.260	333.348
- Employees salary account	251.263	316.170
- Payables to I.S.S.	82.992	113.108
- Payables to F.S.S.	2.805	3.692
- Payables to trade union centres	923	950
of which Other:	38.004.909	28.417.557
- Transferor of SBF effects	25.386.835	18.038.062
- Transferors of after-collection effects	10.198.150	8.656.192
- Due to tax office	1.342.096	1.511.123
- Transitional accounts and items to be settled	1.049.545	22.455
- Term transactions	28.283	189.725
<b>Total</b>	<b>41.333.215</b>	<b>30.810.918</b>

Table 16.2  
Payables for electronic money

	31/12/2022	31/12/2021
For nominative instruments:	-	-
- of which rechargeable	-	-
- of which not rechargeable	-	-
For anonymous tools	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The table is not filled in as the Institute places its cards directly and therefore the payables for e-money are classified under item 20 of liabilities "Due to customers".

## 17. Accrued expenses and deferred revenues (item 50 of liabilities)

Table 17.1

Composition of item 50 "Accrued expenses and deferred revenues"

	31/12/2022	31/12/2021
<b>Accrued expenses:</b>	<b>134.639</b>	<b>59.274</b>
- Employee supplementary remuneration	127.399	36.229
- Derivative contracts	6.951	12.167
- AGE taxes	-	9.955
- Other items	289	923
<b>Deferred revenues:</b>	<b>98.880</b>	<b>89.311</b>
- Fees on endorsement loans	49.250	36.626
- Safe deposit box fees	29.180	14.415
- Interest on consumer credit practices	12.585	27.409
- Foreign documentary credit commissions	7.865	10.861
<b>Total</b>	<b>233.519</b>	<b>148.585</b>

It should be noted that the Bank directly increased or decreased the liability accounts to which the accruals and deferrals refer as provided for by art. IV.I.14 of CBSM Regulation no. 2016/02.

## 18. Funds (items 60 - 70 - 80 of liabilities)

Table 18.1  
Changes of item 60 "Staff retirement allowances"

	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>305.026</b>	<b>292.001</b>
<b>Increases:</b>	<b>308.160</b>	<b>307.631</b>
- Provisions	308.160	307.631
- Other variations	-	-
<b>Decreases:</b>	<b>305.692</b>	<b>294.606</b>
- Uses	305.692	294.606
- Other variations	-	-
<b>Closing balance</b>	<b>307.494</b>	<b>305.026</b>

As required by current legislation, the severance allowance is paid annually to the employees of the Bank. Therefore, the current balance coincides with the portion relating to the current year to be settled by 2023.

Table 18.2  
Composition of item 70 "Risks and costs funds"

	31/12/2022	31/12/2021
<b>Retirement and similar costs fund</b>	<b>-</b>	<b>-</b>
<b>Taxes and fees funds</b>	<b>1.612.048</b>	<b>914.644</b>
<b>Other funds:</b>	<b>1.330.772</b>	<b>1.271.873</b>
- Provision for legal disputes	962.127	962.127
- Fund for paid and unused leave	273.109	214.210
- Provision for customer disputes	50.000	50.000
- Provisions for payment card dispute risks	45.536	45.536
<b>Total</b>	<b>2.942.820</b>	<b>2.186.517</b>

The "Provision for legal disputes" was set up to cover the risks and legal charges connected with the lawsuit pending before the Court of Marseille, which is currently in the preliminary stage. No further liabilities are currently expected. The "Provision for customer disputes" was established to guard against the risks associated with customer findings and disputes.

Table 18.3  
Changes of "Taxes and fees reserves"

	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>914.644</b>	<b>864.516</b>
<b>Increases:</b>	<b>1.612.048</b>	<b>914.644</b>
- Provisions	1.612.048	914.644
- Other variations	-	-
<b>Decreases:</b>	<b>914.644</b>	<b>864.516</b>
- Uses	914.644	864.516
- Other variations	-	-
<b>Closing balance</b>	<b>1.612.048</b>	<b>914.644</b>

The allocation to the provision for taxes and duties was determined taking into account the tax relief on reinvested earnings for new investments introduced by Law 166/2013 Title IV Chapter I.

Table 18.4  
Changes of sub-item c) "Other provisions"

	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>1.271.873</b>	<b>1.188.079</b>
<b>Increases:</b>	<b>97.138</b>	<b>184.689</b>
- Provisions	97.138	184.689
- Other variations	-	-
<b>Decreases:</b>	<b>38.239</b>	<b>100.895</b>
- Uses	38.239	100.895
- Other variations	-	-
<b>Closing balance</b>	<b>1.330.772</b>	<b>1.271.873</b>

The items "Provisions" and "Uses" include the adjustments made during the year to the "Provision for unused holidays".



Table 18.5  
Changes of item 80 "Funds for possible loan losses"

	31/12/2022	31/12/2021
Opening balance	-	-
Increases:	-	-
- Provisions	-	-
- Other variations	-	-
Decreases:	-	-
- Uses	-	-
- Other variations	-	-
Closing balance	-	-

Table not valued as data not present.

19. Fund for general financial risks, Subordinated liabilities, Corporate capital, Issue premium, Reserves, Revaluation reserve, Profits (losses) carried forward and Profit (loss) for the financial year (items 90 - 100 - 110 -120 - 130- 140 - 150 - 160 of liabilities)

Table 19.1  
Composition of item 90 "Fund for general financial risks"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Opening balance</b>	<b>5.000.000</b>	<b>5.000.000</b>	-	-
Contributions in the year	-	-	-	-
Uses in the year	-	-	-	-
<b>Closing balance</b>	<b>5.000.000</b>	<b>5.000.000</b>	-	-

Table 19.2  
Composition of item 100 "Subordinated liabilities"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Subordinated liabilities</b>	-	-	-	-
of which held by credit institutions	-	-	-	-
of which hybrid capitalization instruments	-	-	-	-

Table not valued as data not present.

Table 19.3  
Composition of item 110 "Corporate capital"

	31/12/2022			31/12/2021			Variations	
	Number of shares	Nominal value	Total value	Number of shares	Nominal value	Total value	Amount	%
Ordinary	21.500	1.000	21.500.000	21.500	1.000	21.500.000	-	-
<b>Total</b>	<b>21.500</b>	<b>1.000</b>	<b>21.500.000</b>	<b>21.500</b>	<b>1.000</b>	<b>21.500.000</b>	-	-

**Table 19.4**  
**Composition of item 120 "Issue premiums"**

	31/12/2022	31/12/2021	Variations	
			Amount	%
Issue premiums	-	-	-	-

Table not valued as data not present.

**Table 19.5**  
**Composition of item 130 "Reserves"**

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Ordinary or legal reserve	5.715.471	4.104.015	1.611.456	39,27%
B) Reserve for shares or own shares	-	-	-	-
C) Statutory reserves	-	-	-	-
D) Other reserves	12.512.669	9.516.844	2.995.825	31,48%
<b>Total</b>	<b>18.228.140</b>	<b>13.620.859</b>	<b>4.607.281</b>	<b>33,83%</b>

Item "A) Ordinary or legal reserve" represents the compulsory allocation required by the CBSM Regulation 2007-07. The item "D) Other reserves" contains:

- the distributable reserves available to the Shareholders' Meeting for Euro 8,346,809;
- the restricted reserve relating to the detaxation of reinvested profits pursuant to Law no. 166/2013 art. 63 equal to Euro 1,321,527;
- the reserve established on the basis of the provisions of the CBSM letter prot. no. 20/13417 of 22/12/2020 for the exclusive purpose of increasing the share capital equal to Euro 2,444,333;
- the not-yet distributed registered reserve in favor of employee manager shareholders equal to Euro 400,000.

**Table 19.6**  
**Composition of item 140 "Revaluation reserve"**

	31/12/2022	31/12/2021	Variations	
			Amount	%
Revaluation reserve	744.614	744.614	-	-

The "Revaluation reserve" refers to the revaluation of the real estate property used as registered office and operational headquarters of the Bank located in Falciano (San Marino) in Via Monaldo da Falciano No. 3 and recorded net of the 5% substitute tax as provided for by Article 22 Law 113/2020 with sworn appraisal by a San Marino professional.

Table 19.7  
Composition of item 150 "Profits (losses) carried forward"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Profit (Loss) for the financial year	-	-	-	-

Table not valued as data not present.

Table 19.8  
Composition of item 160 "Profit (Loss) for the financial year"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Profit (Loss) for the financial year	7.700.797	8.057.281	(356.484)	(4,42%)

For the proposed allocation of net income, reference should be made to the relevant section of the "Report of the Board of Directors on Operations".

Table 19.9  
Variation to the net equity in the last 4 years

	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Corporate capital	21.500.000	21.500.000	21.500.000	21.500.000
Uncalled capital	-	-	-	-
Issue premiums	-	-	-	-
Ordinary or legal reserve	5.715.471	4.104.015	3.054.513	2.106.313
Other reserves	12.512.669	9.516.844	7.818.839	5.526.038
Operating result	7.700.797	8.057.281	5.247.507	4.741.000
Profits (Losses) carried forward	-	-	-	-
Fund for general financial risks	5.000.000	5.000.000	5.000.000	5.000.000
Revaluation reserve	744.614	744.614	744.614	-
<b>Total</b>	<b>53.173.551</b>	<b>48.922.754</b>	<b>43.365.473</b>	<b>38.873.351</b>

Table 19.10  
Composition of Savings Collection by business sector

	31/12/2022	31/12/2021
<b>A) Public administrations</b>	<b>92.143.053</b>	<b>111.641.670</b>
<b>B) Financial companies other than credit institutions:</b>	<b>21.642.528</b>	<b>14.326.903</b>
B1. Monetary financial institutions (other than credit institutions)	-	-
B2. Investment funds other than money market funds	12.584.815	6.617.111
B3. Other financial companies	8.993.918	7.672.852
B4. Insurance companies	63.795	36.940
B5. Pension funds	-	-
<b>C) Non-financial companies:</b>	<b>143.154.075</b>	<b>140.639.033</b>
of which persons deleted from the Register of Authorized Entities	1.872.721	1.222.845
C1. Industry	50.226.164	57.402.977
C2. Building	3.246.581	2.551.398
C3. Services	86.105.405	77.354.946
C4. Other non-financial companies	3.575.925	3.329.712
<b>D) Households and non-profit institutions serving households</b>	<b>416.570.807</b>	<b>409.979.535</b>
D1. Consumer families	408.737.752	393.813.302
D2. Non-profit institutions serving households	7.833.055	16.166.233
<b>E) Other</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>673.510.463</b>	<b>676.587.141</b>

## SECTION D – INFORMATION ON THE STATEMENTS OF ASSETS AND LIABILITIES – GUARANTEES AND COMMITMENTS

### 20. Guarantees and commitments

Table 20.1  
Composition of “guarantees issued”

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Endorsement credits of a trade nature	8.508.554	7.825.271	683.283	8,73%
B) Endorsement credits of a financial nature	2.759.938	2.161.942	597.996	27,66%
C) Assets set up as collateral	22.438.825	24.090.065	(1.651.240)	(6,85%)
- of third party bonds	294.000	1.204.000	(910.000)	(75,58%)
- of own bonds	22.144.825	22.886.065	(741.240)	(3,24%)
<b>Total</b>	<b>33.707.317</b>	<b>34.077.278</b>	<b>(369.961)</b>	<b>(1,09%)</b>

Item “C) Assets pledged as collateral for third-party obligations” includes mortgage guarantees given on behalf of third parties in relation to restructured loans and leased assets.

Item “C) Assets pledged as collateral for own bonds” includes guarantees given to

- BFF Bank (Euro 1.655.833) for the use of transmission services for the payment system;
- Cassa Centrale Banca (Euro 15.873.665) and Banca Popolare di Sondrio (Euro 4.615.327) for foreign operations.

These guarantees can be issued both in the form of financial instruments and liquidity and the nature of their composition is explained in table “20.5 Assets pledged as collateral for own debts”. They are lent not against a debt already incurred but against the possibility that the debt may emerge.

Table 20.2  
Composition of the abovementioned unsecured loans

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) Credit commitments of a trade nature</b>	<b>8.508.554</b>	<b>7.825.271</b>	<b>683.283</b>	<b>8,73%</b>
A1. Acceptances	270.010	115.395	154.615	133,99%
A2. Guarantees and endorsements	5.624.550	4.313.880	1.310.670	30,38%
A3. Strong comfort letter	-	-	-	-
A4. Other	2.613.994	3.395.996	(782.002)	(23,03%)
<b>B) Credit commitments of a financial nature</b>	<b>2.759.938</b>	<b>2.161.942</b>	<b>597.996</b>	<b>27,66%</b>
B1. Acceptances	-	-	-	-
B2. Guarantees and endorsements	2.759.938	2.161.942	597.996	27,66%
B3. Strong comfort letter	-	-	-	-

B4. Other	-	-	-	-
<b>Total</b>	<b>11.268.492</b>	<b>9.987.213</b>	<b>1.281.279</b>	<b>12,83%</b>

**Table 20.3**  
Situation of unsecured loans to credit institutions

	31/12/2022			31/12/2021		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
A) Doubtful loans	-	-	-	-	-	-
of which non-performing loans	-	-	-	-	-	-
of which substandard loans	-	-	-	-	-	-
of which restructured loans	-	-	-	-	-	-
of which expired / overdue loans	-	-	-	-	-	-
of which unsecured loans to countries at risk	-	-	-	-	-	-
B) Performing loans	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table not valued as data not present.

**Table 20.4**  
Situation of unsecured loans to customers

	31/12/2022			31/12/2021		
	Gross exposure	Total value adjustments	Net exposure	Gross exposure	Total value adjustments	Net exposure
A) Doubtful loans	-	-	-	-	-	-
of which non-performing loans	-	-	-	-	-	-
of which substandard loans	-	-	-	-	-	-
of which restructured loans	-	-	-	-	-	-
of which expired / overdue loans	-	-	-	-	-	-
of which unsecured loans to countries at risk	-	-	-	-	-	-
B) Performing loans	11.268.492	-	11.268.492	9.987.213	-	9.987.213
<b>Total</b>	<b>11.268.492</b>	<b>-</b>	<b>11.268.492</b>	<b>9.987.213</b>	<b>-</b>	<b>9.987.213</b>

**Table 20.5**  
Loan guarantees to assume the debts

Liabilities	Amounts of guarantee assets
Payables to banks	22.144.825

The assets pledged as collateral for own bonds already described in table 20.1 are valued in this table at market value and are represented by financial instruments entered under item 50 of Assets "Bonds and other debt financial

instruments". These securities are deposited as security with the counterparties.

**Table 20.6**  
**Margin loans on credit lines**

	31/12/2022	31/12/2021
A) Central banks	-	-
B) Other banks	-	-
C) Other financial companies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Table not valued as data not present.

**Table 20.7**  
**Composition of "spot commitments"**

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Commitments to grant finance certain to be called on	-	-	-	-
of which commitments for financing to be granted	-	-	-	-
B) Commitments to exchange financial instruments certain to be called on	-	-	-	-
C) Commitments to grant finance not certain to be called on	3.178.569	3.626.183	(447.614)	(12,34%)
of which passive margins usable on credit lines	3.178.569	3.626.183	(447.614)	(12,34%)
of which put option issued	-	-	-	-
D) Commitments to exchange financial instruments not certain to be called on	-	-	-	-
E) Other commitments	-	-	-	-
<b>Total</b>	<b>3.178.569</b>	<b>3.626.183</b>	<b>(447.614)</b>	<b>(12,34%)</b>

The item "C) Commitments to grant finance not certain to be called on" includes the available margins that can be used on credit lines granted by the Bank to customers.



Table 20.8  
Forward commitments

	Coverage	Negotiation	Other transactions
<b>1. Trades</b>	<b>1.428.000</b>	<b>4.992.952</b>	-
1.1 Financial instruments	-	3.571.603	-
- purchases	-	2.169.643	-
- sales	-	1.401.960	-
1.2 Currencies	1.428.000	1.421.349	-
- currency against currency	-	-	-
- purchases against EUR	1.228.000	196.234	-
- sales against EUR	200.000	1.225.115	-
<b>2. Deposits and loans</b>	-	-	-
- to be given	-	-	-
- to be received	-	-	-
<b>3. Derivative contracts</b>	<b>15.371.167</b>	-	-
3.1 With exchange of capital	-	-	-
a) Securities	-	-	-
- purchases	-	-	-
- sales	-	-	-
b) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
c) Other values	-	-	-
- purchases	-	-	-
- sales	-	-	-
3.2 Without exchange of capital	15.371.167	-	-
a) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
b) Other values	15.371.167	-	-
- purchases	15.371.167	-	-
- sales	-	-	-

The item “1. Trades” shows all the off-balance sheet transactions in place at the end of the year relating to forward purchase contracts not yet settled. The contracts providing for the exchange of two currencies were indicated referring only to the currency to be purchased.

Table 20.9  
Derivatives

Operation category	Coverage	Negotiation	Other transactions
<b>1. Derivative contracts</b>	<b>2.102.830</b>	-	-
1.1 With exchange of capital	-	-	-
a) Securities	-	-	-
- purchases	-	-	-
- sales	-	-	-
b) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
c) Other values	-	-	-
- purchases	-	-	-
- sales	-	-	-
1.2 Without exchange of capital	2.102.830	-	-
a) Currencies	-	-	-
- currency against currency	-	-	-
- purchases against EUR	-	-	-
- sales against EUR	-	-	-
b) Other values	2.102.830	-	-
- purchases	2.102.830	-	-
- sales	-	-	-

Financial derivative contracts refer exclusively to the hedging of interest rate risk on fixed-rate assets and are shown in this table at their market value according to the method indicated in art. I.I.2 point 44 of Regulation 2016/02.

Table 20.10  
Credit derivatives

Operation category	Coverage	Negotiation	Other transactions
<b>1. Protection purchases</b>	-	-	-
1.1 With exchange of capital	-	-	-
1.2 Without exchange of capital	-	-	-
<b>2. Protection sales:</b>	-	-	-
2.1 With exchange of capital	-	-	-
2.2 Without exchange of capital	-	-	-

Table not valued as data not present.

## SECTION E - INFORMATION ABOUT THE STATEMENT OF ASSETS AND LIABILITIES – MEMORANDUM ACCOUNTS

### 21. Memorandum accounts

Table 21.1  
Memorandum accounts

	31/12/2022	31/12/2021
<b>1. Asset management</b>	<b>286.883.751</b>	<b>284.133.023</b>
a) Customer asset management	286.883.751	284.133.023
of which cash	45.734.586	34.482.911
of which cash deposited at the reporting institution	45.734.586	34.482.911
of which debt securities	221.874.481	224.850.406
of which debt securities issued by the reporting institution	-	-
of which debt securities issued by other San Marino credit institutions	-	-
of which capital securities and OIC shares	19.274.684	24.799.706
of which capital securities issued by the reporting institution	-	-
b) Portfolios managed by third parties	-	-
<b>2. Custody and administration of financial instruments:</b>	<b>714.773.816</b>	<b>586.823.564</b>
a) Deposited third parties securities	304.942.492	259.426.539
of which debt securities issued by the reporting institution	879.000	23.704.000
of which debt securities issued by other San Marino credit institutions	285.000	285.000
of which capital securities and other values issued by the reporting institution	43.009.890	19.418.000
of which third-party financial instruments deposited with third parties	234.535.326	187.581.005
b) Owned securities deposit with third parties	409.831.324	327.397.025
<b>3. Financial instruments, liquid assets and other assets related to custodian bank activity:</b>	<b>57.606.881</b>	<b>61.217.854</b>
a) Cash	12.584.815	6.617.111
of which cash deposited by the reporting institution	12.584.815	6.617.111
b) Debt securities	24.939.238	26.076.991
of which debt securities issued by the reporting institution	-	-
of which debt securities issued by other San Marino credit institutions	-	-
c) Capital securities, OIC shares, other financial instruments	-	-
of which capital securities issued by the reporting institution	-	-
d) Assets other than financial instruments and cash	20.082.828	28.523.752

The item “2. a) Deposited third-party financial instruments - of which capital securities and other securities issued by the reporting body” includes dematerialized shares of the Bank present in the managed files of the shareholders. The increase compared to the value as at 31/12/2021 is attributable to the valuation of the shares at the market value determined as a fraction of the shareholders’ equity as established by the CBSM prot. 22/2350.

The item “3. Financial instruments, liquidity and other assets connected to the custodian bank activity” includes the

assets associated with Odisseo, Loan Management and Arte Moderna investment funds managed by Scudo Investimenti SG (now 739 Management Company) of which our Bank is custodian bank.

**Table 21.2**  
Mediation for third parties: execution of orders

	31/12/2022	31/12/2021
<b>A) Purchases</b>	<b>123.211.007</b>	<b>69.619.072</b>
of which purchases not settled at the reference date	659.146	-
<b>B) Sales</b>	<b>58.682.307</b>	<b>52.723.420</b>
of which sales not settled at the reference date	311.825	-

**Table 21.3**  
Composition of Indirect Deposits by economic activity sector

	31/12/2022	31/12/2021
<b>A) Public administrations</b>	<b>8.693.825</b>	<b>4.423.824</b>
<b>B) Financial companies</b>	<b>78.015.590</b>	<b>77.751.063</b>
B1. Monetary financial institutions	33.199.245	32.308.956
B2. Investment funds other than money market funds	24.939.238	26.076.991
B3. Other financial institutions	19.877.107	19.365.116
B4. Insurance companies	-	-
B5. Pension funds	-	-
<b>C) Non-financial companies</b>	<b>76.839.847</b>	<b>74.290.459</b>
of which persons deleted from the Register of Authorized Entities	7.490.845	6.247.836
C1. Industry	21.735.710	21.249.410
C2. Building	57.391	59.480
C3. Services	54.304.151	51.849.990
C4. Other non-financial companies	742.595	1.131.579
<b>D) Households and non-profit institutions serving households</b>	<b>406.602.633</b>	<b>354.984.296</b>
D1. Consumer families	403.596.934	352.163.749
D2. Non-profit institutions serving households	3.005.699	2.820.547
<b>E) Other</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>570.151.895</b>	<b>511.449.642</b>

Table 21.4  
Trust activity

	31/12/2022	31/12/2021
<b>1. Transferable assets</b>	<b>76.024.056</b>	<b>78.782.927</b>
1.1 financial instruments	70.568.999	75.963.198
1.2 liquid assets	5.455.057	2.819.729
<b>2. Company holdings</b>	-	-
2.1 units or shares of joint-stock companies	-	-
2.2 shareholders' loans	-	-
2.3 liquid assets	-	-
<b>3. Loans to third parties</b>	-	-
3.1 financial instruments	-	-
3.2 liquid assets	-	-
<b>4. Other movable or intangible assets</b>	-	-
4.1 movable or intangible assets	-	-
4.2 liquid assets	-	-
<b>5. Total of trust activity</b>	<b>76.024.056</b>	<b>78.782.927</b>
5.1 of which total liquid assets	5.455.057	2.819.729

Table 21.5  
Assets held when acting as trustee

	31/12/2022	31/12/2021
<b>A) Assets</b>		
A1. Cash and cash equivalents	-	-
A2. Loans	-	-
A3. Securities	-	-
A3.1 Debt securities	-	-
A3.2 Capital securities	-	-
A3.3 OIC	-	-
A3.4 Other	-	-
A4. Holdings	-	-
A5. Other financial assets	-	-
A6. Immovable assets	-	-
A7. Registered movable assets	-	-
A8. A Other products and services	-	-
<b>Total assets held in Trust</b>	-	-
<b>B) Liabilities</b>		
B1. Debts	-	-
B2. Other liabilities	-	-
<b>Total liabilities held in Trust</b>	-	-
<b>C) Operating income and charges</b>		
C1. Income related to assets in Trust	-	-
C2. Charges related to assets in Trust	-	-
<b>Difference between income and charges</b>	-	-

Table not valued as data not present.

## SECTION F - INFORMATION ABOUT THE PROFIT AND LOSS ACCOUNT

### 22. Interests (items 10 - 20 of the profit and loss account)

Table 22.1  
Composition of item 10 "Interests received and proceeds"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) On Treasury securities and other financial instruments eligible for refinancing with central banks</b>	-	-	-	-
A1. Treasury Securities and other similar financial instruments	-	-	-	-
A2. Other financial instruments eligible for refinancing with central banks	-	-	-	-
<b>B) On inter-bank loans</b>	<b>330.351</b>	<b>(137.603)</b>	<b>467.954</b>	<b>(340,08%)</b>
B1. Current accounts	117.886	(138.802)	256.688	(184,93%)
B2. Deposits	111.348	-	111.348	-
B3. Other loans	101.117	1.199	99.918	8.333,44%
of which on financial leases	-	-	-	-
<b>C) On customer loans</b>	<b>6.409.520</b>	<b>5.582.594</b>	<b>826.926</b>	<b>14,81%</b>
C1. Current accounts	633.122	555.463	77.659	13,98%
C2. Deposits	-	-	-	-
C3. Other loans	5.776.398	5.027.131	749.267	14,90%
of which on financial leases	1.233.943	1.141.138	92.805	8,13%
<b>D) On debt securities from banks</b>	<b>6.363.409</b>	<b>4.150.003</b>	<b>2.213.406</b>	<b>53,34%</b>
D1. Certificates of deposit	-	-	-	-
D2. Bonds	6.363.409	4.150.003	2.213.406	53,34%
D3. Other financial instruments	-	-	-	-
<b>E) On financial debt instruments from customers (issued by other issuers)</b>	<b>4.864.745</b>	<b>3.581.734</b>	<b>1.283.011</b>	<b>35,82%</b>
E1. Bonds	4.864.745	3.581.734	1.283.011	35,82%
E2. Other financial instruments	-	-	-	-
<b>Total</b>	<b>17.968.025</b>	<b>13.176.728</b>	<b>4.791.297</b>	<b>36,36%</b>

Interest on loans to credit institutions is allocated to item "B1. Accounts receivable" when generated on correspondent accounts.

As regards customers, interest generated by the technical form of current account on demand falls under item "C1. Accounts receivable", while mortgages, loans, leases and other loans generate interest allocated to item "C3. Other loans".

Table 22.2  
Composition of item 20 "Interests paid and costs"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) On debts with banks</b>	<b>219.666</b>	<b>280.553</b>	<b>(60.887)</b>	<b>(21,70%)</b>
A1. Current accounts overdrafts	33.092	54.616	(21.524)	(39,41%)
A2. Deposits	14.901	11.151	3.750	33,63%
A3. Other debts	171.673	214.786	(43.113)	(20,07%)
<b>B) On debts with customers</b>	<b>594.127</b>	<b>642.412</b>	<b>(48.285)</b>	<b>(7,52%)</b>
B1. Current accounts overdrafts	168.805	242.220	(73.415)	(30,31%)
B2. Deposits	144.961	68.146	76.815	112,72%
B3. Other debts	280.361	332.046	(51.685)	(15,57%)
<b>C) On debts represented by securities with banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which on certificates of deposit	-	-	-	-
<b>D) On debts represented by securities with customers</b>	<b>732.741</b>	<b>1.037.666</b>	<b>(304.925)</b>	<b>(29,39%)</b>
of which on certificates of deposit	581.636	815.199	(233.563)	(28,65%)
<b>E) On subordinated liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which on hybrid capitalization instruments	-	-	-	-
<b>Total</b>	<b>1.546.534</b>	<b>1.960.631</b>	<b>(414.097)</b>	<b>(21,12%)</b>



## 23. Dividends and other revenues (item 30 of the profit and loss account)

Table 23.1  
Composition of item 30 "Dividends and other revenues"

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) On shares, quotas and other capital financial instruments	-	-	-	-
B) On holdings	-	-	-	-
C) On holdings in bank group companies	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table not valued as data not present.

## 24. Commissions (items 40 - 50 of the profit and loss account)

Table 24.1  
Composition of item 40 "Commissions earned"

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Guarantees issued	169.402	110.440	58.962	53,39%
B) Credit derivatives	-	-	-	-
C) Investment services:	2.546.127	3.903.810	(1.357.683)	(34,78%)
C1. receipt and transmission of orders (let. D 1 enc.1 LISF)	426.555	456.808	(30.253)	(6,62%)
C2. execution of orders (let. D2 enc.1 LISF)	378.988	581.733	(202.745)	(34,85%)
C3. management of securities portfolio (let. D4 enc.1 LISF)	1.740.584	2.865.269	(1.124.685)	(39,25%)
C4. placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
D) Consultancy services	-	-	-	-
E) Distribution of third-party services and products other than placement:	83.590	68.279	15.311	22,42%
E1. asset management	-	-	-	-
E2. insurance products	83.590	68.279	15.311	22,42%
E3. other services or products	-	-	-	-
F) Collection and payment services	1.539.857	1.258.836	281.021	22,32%
G) Custodian bank services	41.420	43.818	(2.398)	(5,47%)
H) Securities custody and management	122.989	83.433	39.556	47,41%
I) Trust services	2.500	3.000	(500)	(16,67%)
L) Operation of tax services and treasury	-	-	-	-
M) Currency transactions	106.127	59.978	46.149	76,94%
N) Commissions for collective management services (letters E and F, Annex 1 LISF)	-	-	-	-
O) Electronic money	60.926	58.515	2.411	4,12%
P) Issuance/management of credit/debit cards	349.207	285.591	63.616	22,28%
Q) Other services	345.584	340.488	5.096	1,50%
<b>Total</b>	<b>5.367.729</b>	<b>6.216.188</b>	<b>(848.459)</b>	<b>(13,65%)</b>

Table 24.2  
Composition of item 5 “Commissions paid”

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Guarantees received	50	-	50	-
B) Credit derivatives	-	-	-	-
C) Investment services:	361.248	378.499	(17.251)	(4,56%)
C1. receipt and transmission of orders (let. D 1 enc.1 LISF)	-	-	-	-
C2. execution of orders (let. D2 enc.1 LISF)	76.414	81.137	(4.723)	(5,82%)
C3. management of securities portfolios (let. D4 enc.1 LISF):	284.834	297.362	(12.528)	(4,21%)
C3.1 own portfolio	13.745	35.283	(21.538)	(61,04%)
C3.2 third-party portfolio	271.089	262.079	9.010	3,44%
C4. placement of securities (let. D5 and D6 enc.1 LISF)	-	-	-	-
D) Door-to-door sale of financial instruments, products and services	-	-	-	-
E) Collection and payment services	1.018.940	844.195	174.745	20,70%
F) Commissions for distributors	-	-	-	-
G) Electronic money	45.506	48.768	(3.262)	(6,69%)
H) Issuance/management of credit/debit cards	260.825	238.018	22.807	9,58%
I) Other services	46.057	48.809	(2.752)	(5,64%)
<b>Total</b>	<b>1.732.626</b>	<b>1.558.289</b>	<b>174.337</b>	<b>11,19%</b>

Table 24.3  
SG: information on commission income and expense

The table is not completed as it is not applicable.

## 25. Profits (losses) from financial operations (item 60 of the profit and loss account)

Table 25.1

Composition of item 60 "Profits (losses) from financial operations"

	Securities transactions	Currency transactions	Transaction on precious metals	Other transactions
A1. Revaluations	193.457			-
A2. Write-downs	(2.524.078)			-
B. Other profits / losses (+/-)	(248.547)	82.008	-	-
<b>Total</b>	<b>(2.579.168)</b>	<b>82.008</b>	<b>-</b>	<b>-</b>
1. Government securities	(155.622)			
2. Other debt financial instruments	(2.458.083)			
3. Capital financial instruments	34.537			
4. Contracts derived from financial instruments	-			

Gains and losses on the value of the securities of the trading portfolio as at 31/12/2022 are entered in the items "A1. Revaluations" and "A2. Writedowns" respectively. The item "B. Other profits/losses" includes the profits and losses deriving from the negotiation and sale of financial instruments and from transactions for the sale of currencies other than the Euro.

## 26. Other operating income (item 70 of the profit and loss account) and Other operating charges (item 80 of the profit and loss account)

Table 26.1

Composition of items 70 - 80 "Other operating income", "Other operating charges"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Other operating income:</b>				
- Capital share of leasing fees	8.707.819	8.069.003	638.816	7,92%
- Account and deposit management fees	513.542	469.384	44.158	9,41%
- Recovery of expenses	100.636	114.412	(13.776)	(12,04%)
- Rental income	12.000	40.000	(28.000)	(70,00%)
- Other operating income	-	208	(208)	(100,00%)
<b>Total</b>	<b>9.333.997</b>	<b>8.693.007</b>	<b>640.990</b>	<b>7,37%</b>
<b>Other operating charges</b>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Table 27.1  
Number of employees by category

	Average as at 31/12/2022	Personnel cost as at 31/12/2022	Number as at 31/12/2022	Average as at 31/12/2021	Personnel cost as at 31/12/2021	Number as at 31/12/2021
A) Senior managers	10,00	1.579.483	10	10,00	1.560.030	10
B) Managers	2,25	191.895	3	2,00	148.511	2
C) Remaining personnel	44,25	2.058.293	46	41,50	2.086.293	44
C1. Office employees	43,25	2.045.178	46	41,42	2.085.853	43
C2. Other personnel	1,00	13.115	-	0,08	440	1
<b>Total</b>	<b>56,50</b>	<b>3.829.671</b>	<b>59</b>	<b>53,50</b>	<b>3.794.834</b>	<b>56</b>

This table includes all staff with employment contracts, both fixed-term and open-ended. The workforce is made up of 10 executives (1 general manager, 1 deputy general manager and 8 officials in charge of operational areas and branches), 3 middle managers and 46 clerical staff.

Under item "C2. Other staff" a new resourced on secondment with compensation by way of scholarship pursuant to Article 12 Law 71/2014 (company internship) was reconducted. These resources joined the Institute's workforce in July 2022.

For further qualitative and quantitative information on personnel, see the relevant section of the Management report.

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

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Other administrative expenses</b>	<b>2.634.809</b>	<b>2.220.536</b>	<b>414.273</b>	<b>18,66%</b>
of which remuneration for independent auditors	40.425	59.133	(18.708)	(31,64%)
of which for services other than budget review	-	-	-	-
of which other:	2.594.384	2.161.403	432.981	20,03%
a) supervisory and associative burdens	763.243	457.404	305.839	66,86%
b) network service fees	681.547	658.820	22.727	3,45%
c) services	343.876	328.302	15.574	4,74%
d) insurance	172.997	97.572	75.425	77,30%
e) utilities and service fees	163.710	121.389	42.321	34,86%
f) rental expenses	101.507	101.899	(392)	(0,38%)
g) transfer to the Depositors Guarantee Fund	92.799	75.690	17.109	22,60%
h) consumable materials	87.671	72.253	15.418	21,34%
i) maintenance and repair	51.078	52.873	(1.795)	(3,39%)
j) agency cost	32.674	44.858	(12.184)	(27,16%)
k) taxes and duties	30.827	27.867	2.960	10,62%
l) advertising	13.914	20.221	(6.307)	(31,19%)
m) other general expenses	58.541	102.255	(43.714)	(42,75%)

Table 27.3  
Remuneration

	31/12/2022	31/12/2021	Variations	
			Amount	%
A) Directors	133.540	122.000	11.540	9,46%
B) Auditors	50.600	59.333	(8.733)	(14,72%)
C) Managers	412.766	414.519	(1.753)	(0,42%)
<b>Total</b>	<b>596.906</b>	<b>595.852</b>	<b>1.054</b>	<b>0,18%</b>

This table shows the remuneration paid to Directors, Statutory Auditors and Management for their work. As far as Directors and Statutory Auditors are concerned, the cost coincides with the amount paid to them for carrying out their activities.

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

Table 28.1

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

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) Intangible fixed assets</b>	<b>251.006</b>	<b>319.066</b>	<b>(68.060)</b>	<b>(21,33%)</b>
of which on assets leased	-	-	-	-
of which on other intangible assets:	251.006	319.066	(68.060)	(21,33%)
A1. Multi-year fees	168.470	210.870	(42.400)	(20,11%)
A2. Software	82.526	108.196	(25.670)	(23,73%)
A3. Trademarks and patents	10	-	10	-
<b>B) Tangible fixed assets</b>	<b>9.042.703</b>	<b>8.401.237</b>	<b>641.466</b>	<b>7,64%</b>
of which on assets leased	8.707.819	8.069.004	638.815	7,92%
of which on other intangible assets:	334.884	332.233	2.651	0,80%
B1. Lands and buildings	166.522	165.633	889	0,54%
B2. Electronic office devices	67.091	58.432	8.659	14,82%
B3. Systems and technical equipment	42.596	48.978	(6.382)	(13,03%)
B4. Furniture	48.307	48.822	(515)	(1,05%)
B5. Vehicles	10.368	10.368	-	-
<b>Total</b>	<b>9.293.709</b>	<b>8.720.303</b>	<b>573.406</b>	<b>6,58%</b>

Table 28.2

Composition of item 120 "Provisions for risks and charges"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Provisions (relating to sub-item "Other funds" of Liabilities)	-	100.000	(100.000)	(100,00%)



Table 28.3  
Item 130 "Allowances for possible loan losses"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Provisions (relating to item "Credit risk funds" of Liabilities)	-	-	-	-

Table not valued as data not present.

Table 28.4  
Composition of item 140 "Value adjustments on credits and provisions for guarantees and commitments"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>A) Value adjustments on credits</b>	<b>1.527.568</b>	<b>1.833.793</b>	<b>(306.225)</b>	<b>(16,70%)</b>
of which:				
- lump-sum adjustments for country risk	-	5	(5)	(100,00%)
- other lump-sum adjustments	66.538	86.787	(20.249)	(23,33%)
<b>B) Provisions for guarantees and commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:				
- lump-sum adjustments for country risk	-	-	-	-
- other lump-sum adjustments	-	-	-	-
<b>Total</b>	<b>1.527.568</b>	<b>1.833.793</b>	<b>(306.225)</b>	<b>(16,70%)</b>

With a view to controlling and monitoring the insolvency risks of debtors, the Bank made prudent provisions based on the presumable realization values of loans.

Table 28.5  
Different types of movements of the financial year

	31/12/2022		31/12/2021	Variations	
	Analytical	Lump sum		Amount	%
<b>A) Total cash credit write-downs</b>	<b>1.424.034</b>	<b>66.538</b>	<b>1.441.304</b>	<b>49.268</b>	<b>3,42%</b>
A1. Non-performing loans	788.681	-	579.552	209.129	36,08%
A2. Substandard loans	77.885	-	218.641	(140.756)	(64,38%)
A3. Other loans	557.468	66.538	643.111	(19.105)	(2,97%)
<b>B) Total losses on cash credits</b>	<b>36.996</b>	<b>-</b>	<b>392.489</b>	<b>(355.493)</b>	<b>(90,57%)</b>
B1. Non-performing loans	13.451	-	390.816	(377.365)	(96,56%)
B2. Substandard loans	-	-	-	-	-
B3. Other loans	23.545	-	1.673	21.872	1.307,35%
<b>Total cash value adjustments (A+B)</b>	<b>1.461.030</b>	<b>66.538</b>	<b>1.833.793</b>	<b>(306.225)</b>	<b>(16,70%)</b>
<b>C) Total advances on guarantees and commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C1. Guarantees	-	-	-	-	-
C2. Commitments	-	-	-	-	-
<b>Total (A+B) + C</b>	<b>1.461.030</b>	<b>66.538</b>	<b>1.833.793</b>	<b>(306.225)</b>	<b>(16,70%)</b>

Value adjustments derive from the application of the valuation criteria described in Part A of these explanatory notes. They are therefore classified as "analytical" and "lump-sum" depending on the aggregate to which the valuation relates.

Table 28.6  
Composition of item 150 "Value adjustments and provisions for guarantees and commitments"

	31/12/2022		31/12/2021	Variations	
				Amount	%
<b>Write backs</b>	<b>913.809</b>	<b>571.954</b>	<b>341.855</b>	<b>59,77%</b>	
- of which on non-performing loans	618.577	367.893	250.684	68,14%	
- of which on substandard loans	6.246	24.267	(18.021)	(74,26%)	
- of which on other credits	288.986	179.794	109.192	60,73%	

Table 28.7

Composition of item 160 "Value adjustments on fixed financial assets"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Value adjustments</b>	<b>1.019.745</b>	<b>1.250.000</b>	<b>(230.255)</b>	<b>(18,42%)</b>
- of which on investments	-	-	-	-
of which on investments in group companies	-	-	-	-
of which on investments in associated companies	-	-	-	-
- of which on investments valued at equity	-	-	-	-
- of which on other capital financial instruments	-	-	-	-
- of which on debt financial instruments	1.019.745	1.250.000	(230.255)	(18,42%)
- of which on derivative financial instruments	-	-	-	-

This item includes the total amount of value adjustments made to financial fixed assets following a prudent valuation of the items and which constitute permanent losses in value as already indicated at the bottom of table 5.3.

Table 28.8

Composition of item 170 "Value recoveries on fixed financial assets"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Value recoveries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- of which on investments	-	-	-	-
- of which on investments in controlled companies	-	-	-	-
- of which on investments in associated companies	-	-	-	-
- of which on investments valued at equity	-	-	-	-
- of which on other capital financial instruments	-	-	-	-
- of which on debt financial instruments	-	-	-	-
- of which on derivative financial instruments	-	-	-	-

Table not valued as data not present.

## 29. Extraordinary income (item 190 of the profit and loss account) and extraordinary expenses (item 200 of the profit and loss account)

Table 29.1  
Composition of items 190 "Extraordinary income" and 200 "Extraordinary expenses"

	31/12/2022	31/12/2021	Variations	
			Amount	%
<b>Extraordinary income:</b>				
- Profit from realization of investment securities	167.578	2.819.876	(2.652.298)	(94,06%)
- Credit on IGR tax	-	132.880	(132.880)	(100,00%)
- Other contingent assets	19.142	41.105	(21.963)	(53,43%)
<b>Total</b>	<b>186.720</b>	<b>2.993.861</b>	<b>(2.807.141)</b>	<b>(93,76%)</b>
<b>Extraordinary expenses</b>				
- Losses from realization of investment securities	161.004	657.865	(496.861)	(75,53%)
- AGE taxes previous years	-	48.532	(48.532)	(100,00%)
- Extraordinary real estate amnesty Law 94/2017	-	27.798	(27.798)	(100,00%)
- Other extraordinary expenses	8.420	1.138	7.282	639,89%
<b>Total</b>	<b>169.424</b>	<b>735.333</b>	<b>(565.909)</b>	<b>(76,96%)</b>

## 30. Change in the General financial risk fund (item 230 of the profit and loss account)

Table 30.1

Composition of item 230 "Change in the General financial risk fund"

	31/12/2022	31/12/2021	Variations	
			Amount	%
Change in the General financial risk fund	-	-	-	-

Table not valued as data not present.

## SECTION G - OTHER INFORMATION TABLES

### 31. Prudential aggregates

Table 31.1  
Prudential aggregates

	Amount / %
<b>Regulatory capital</b>	
A1. Core capital	46.914.267
A2. Supplementary capital	-
A3. Deductions	1.048.053
A4. Regulatory capital	45.866.214
<b>Risk assets and supervisory ratios</b>	
B1. Weighted risk assets	264.461.926
C1. Regulatory capital / Weighted risk assets	17,34%
<b>Supervisory requirements</b>	
D1. Market risks	-

The bank has assets suitable for covering potential risks, showing a total capital ratio of 17,34%, which is therefore well above the required regulatory minimum of 11%.

With letter prot. no. 22/3413 of 31 March 2022 and prot. n 22/6395 of 23 June 2022, the Central Bank allowed, on an exceptional and temporary basis, for a partial derogation with regard to deductions from Tier 2 capital of net capital losses on the investment portfolio pursuant to art. VII.II.3, paragraph 3 of Regulation 2007-07, which were therefore calculated at the rate of 25% instead of 50% until 31.12.2022.

## 32. Major risks and related parties

Table 32.1  
Major risks

	31/12/2022	31/12/2021	Variations	
			Amount	%
Amount	29.377.445	4.311.970	25.065.475	581,30%
Number	5	1	4	400,00%

This table shows the total weighted amount (risk position, direct and indirect, gross of any portion deducted from the regulatory capital) and the number of positions that constitute a “major risk” according to current supervisory regulations.

Table 32.2  
Risks to related parties

	31/12/2022	31/12/2021	Variations	
			Amount	%
Amount	2.410.525	1.850.627	559.898	30,25%
Number	12	12	-	-

This table shows the total weighted amount (risk position, direct and indirect, gross of any portion deducted from the regulatory capital) and the number of risk positions towards related parties and parties connected to them, in accordance with the provisions of the supervisory regulations in force.

## 33. Time distribution of assets and liabilities

Table 33.1  
Time distribution of assets and liabilities

	Total	Sight	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From more than 1 year to 18 months	From more than 1 year to 18 months	From more than 18 months to 2 years	From more than 18 months to 2 years	From more than 2 years to 5 years	From more than 2 years to 5 years	More than 5 years	More than 5 years	No term
<b>Fixed rate (F) - Variable rate (V)</b>						F	V	F	V	F	V	F	V	
<b>1. Assets</b>														
11 Treasury securities and other financial instruments eligible for refinancing with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Loans to credit institutions	82.382.033	46.875.275	10.034.980	-	-	-	-	-	-	-	-	-	-	25.471.778
13 Loans to customers	179.324.845	15.053.389	23.836.008	8.530.350	10.389.168	15.49.864	7.185.377	110.7126	7.622.577	3.495.615	29.832.056	6.646.532	58.703.028	5.373.755
14 Bonds and other debt financial instruments	441.902.868	-	11.216.729	23.813.595	21.875.766	53.941.574	15.751.849	15.668.751	21.541.723	137.622.558	46.926.979	70.286.867	21.068.331	2.188.146
15 Off-balance sheet transactions	23.549.340	3.179.215	4.344.374	968.428	1.049.124	-	-	137.2167	-	4.220.222	-	8.415.710	-	-
<b>2. Liabilities</b>														
21 Payables to credit institutions	1.811.571	875.148	936.423	-	-	-	-	-	-	-	-	-	-	-
22 Payables to customers	553.190.467	459.051.219	30.200.064	60.136.363	3.802.821	-	-	-	-	-	-	-	-	-
23 Payables represented by financial instruments	119.602.436	3.594.924	51.474.868	21.033.000	26.086.386	8.773.793	-	4.010.214	-	4.629.251	-	-	-	-
- Bonds	88.4129	-	-	-	-	88.4129	-	-	-	-	-	-	-	-
- Certificates of deposit	118.718.307	3.594.924	51.474.868	21.033.000	26.086.386	7.889.664	-	4.010.214	-	4.629.251	-	-	-	-
- Other financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Other liabilities: cheques in circulation and similar securities	717.560	717.560	-	-	-	-	-	-	-	-	-	-	-	-
25 Subordinated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Off-balance sheet transactions	1.421.349	-	486.914	617.839	316.596	-	-	-	-	-	-	-	-	-

This table represents a time span of the residual life of the balance sheet asset and liability items.



## 34. Securitization transactions

The bank did not carry out any securitization transactions.

## 35. Payment institutions and electronic money institutions: further information

Section 35 is not completed as it does not fall within the requested case.

## 36. More information on credit cards/debit cards/e-money

Table 36.1  
Volumes of payment transactions

Type of operations	31/12/2022				31/12/2021			
	Amount of operations	Number of operations	Commissions received	Expense recoveries	Amount of operations	Number of operations	Commissions received	Expense recoveries
a) Credit cards	26.828.897	306.462	39.075	115.316	21.338.241	250.556	20.394	102.035
b) Debit cards	33.853.621	500.514	49.307	145.509	28.437.607	384.112	27.179	135.983
c) Electronic money	10.587.187	142.443	15.420	45.506	10.198.627	109.759	9.747	48.768
<b>Total</b>	<b>71.269.705</b>	<b>949.419</b>	<b>103.802</b>	<b>306.331</b>	<b>59.974.475</b>	<b>744.427</b>	<b>57.320</b>	<b>286.786</b>

Table 36.2  
Fraudulent uses

Type of operations	31/12/2022				31/12/2021			
	Amount of operations	Number of operations	Charges for the intermediary	Insurance reimbursements	Amount of operations	Number of operations	Charges for the intermediary	Insurance reimbursements
a) Credit cards	14.263	108	-	-	15.240	47	-	-
b) Debit cards	-	-	-	-	852	59	-	-
c) Electronic money	3.121	49	-	-	1.050	3	-	-
<b>Total</b>	<b>17.384</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>17.142</b>	<b>109</b>	<b>-</b>	<b>-</b>

Table 36.3  
Credit cards revoked due to insolvency

Risk operation type	31/12/2022		31/12/2021	
	Amount	Number of cards	Amount	Number of cards
a) On the intermediary	-	-	-	-
b) On third parties	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table not valued as data not present.

Table 36.4  
Data related to acquiring activity

	31/12/2022		31/12/2021	
P.O.S.	Number	Amount	Number	Amount
Number of Points of Sale (P.O.S.) contracted with the reporting entity	734		720	
Number of merchants affiliated with the reporting institution	590		584	
Payment transactions at merchants affiliated with the reporting institution	1.076.013	65.882.912	831.571	57.559.985
A.T.M.	Number	Amount		
Number of Automatic Teller Machines (A.T.M.) operated by the reporting institution	6		6	
Withdrawal transactions at A.T.M.'s operated by the reporting institution	87.061	14.122.500	75.736	12.341.350
Transactions other than withdrawal transactions at A.T.M. operated by the reporting institution	801	20.350	1.062	25.605

## 37. Management Company (MC): Information on asset management (collective and individual)

Section 37 is not completed as it is not applicable.

## SECTION H – OTHER INFORMATION

None.

REPORT  
OF THE BOARD OF STATUTORY AUDITORS  
TO THE FINANCIAL STATEMENTS FOR THE YEAR CLOSED AS AT  
31.12.2022

BANCA SAMMARINESE D'INVESTIMENTO S.P.A.  
Registered office in Falciano – Via Monaldo da Falciano no. 3  
Republic of San Marino  
Share Capital Euro 21.500.000,00 fully paid in  
Registered on 29/05/2002 under no. 2771 in the Register of Companies of the Republic  
of San Marino.  
Registered on 05/05/2006 under no. 17 in the Register of Authorized Parties.  
Economic Operator Code SM18493

Dear Shareholders,

this report of the Board of Statutory Auditors to the financial statements for the year ended as of 31 December 2022, which we are pleased to submit to your attention, is divided into three sections:

1. Activities carried out
2. Financial statements
3. Conclusions

\* \* \*

### **1. Activities carried out**

The draft financial statements for the year ended as of 31 December 2022, made available to the Board of Statutory Auditors within the terms provided for by law and submitted for your review and approval, have been prepared in accordance with the provisions of the law and, in particular, with Article 29 et seq. of Law 165/2005 (LISF), Article VI.II.2 of Regulation 2007-07 issued by the Central Bank of the Republic of San Marino, as amended, to the principles set forth in Regulation 2016-02, to the criteria established by the Law on Companies 47/2006, as amended, as well as in compliance with the provisions issued by the Supervisory Authority of the Central Bank of the Republic of San Marino.

It should be noted that your Company has proceeded, in accordance with the law, to the appointment of the auditing company Ab&d Audit Business & Development s.p.a., reason for which the Board of Statutory Auditors is not responsible for auditing activities.

During the 2022 financial year, the Board of Statutory Auditors:

- exercised the supervisory activities entrusted to it, in compliance with current legislation, regulations, recommendations and circulars issued by the Central Bank, as well as the instructions and notes pertaining to the Financial Information Agency of the Republic of San Marino;
- supervised compliance with the law and the bylaws and compliance with the principles of proper administration by the corporate bodies;



- verified, to the extent of its competence, the corporate activities aimed at adjusting the organizational structure of the Company to the current regulations and this through direct observations, acts of inspection and control, sample checks, collection of information from the Heads of the Structure, the administrative and control department, as well as through meetings with the auditing firm aimed at the mutual exchange of relevant data and information;
- attended the meetings of the Board of Directors, obtaining from the administrative body information on the general performance of management, its expected outlook, the industrial and programmatic plan characterizing the company and the problematic activities involving the Institute; as well as receiving information on credits and relations of major economic, financial and patrimonial importance;
- maintained coordination with the appointed auditing firm, as well as with Internal Auditing, the Compliance Officer and the Anti-Money Laundering Officer, all performing internal control functions;
- generally verified the functioning of the different organizational areas, as well as assessed the degree of effectiveness of internal controls, particularly focusing on risk control, the functioning of *internal auditing* as well as the degree of reliability of the information-accounting system;
- ensured that corporate transactions were deliberated and formalized in accordance with the law and the bylaws;
- assessed the substantial legal adequacy of the primary regulatory activity approved by the Institute, also attesting to the company's extensive efforts aimed at implementing the information systems suitable for the application of the regulations on preventing and combating money laundering and terrorist financing;
- the Board of Statutory Auditors did not receive any reports from the Shareholder Member during the year under review (pursuant to Article 65 of Law 47/2006), furthermore, no complaints were filed pursuant to Article 66 of Law 47/2006.

Finally, the Board was updated by the Structure on the transfer of financial instruments from the trading portfolio to the investment portfolio by virtue of two communications from CBSM (Prot. no. 22/3413 of 31/03/22 and Prot. no. 22/6395 of 23/06/22), as also reported in the Independent Auditors' Report on the 2022 financial statements. The

transfer involved securities for a nominal value of Euro 100.273.000, and made possible to neutralize capital losses due to the valuation of the financial instruments.

The 2022 financial year closed with a profit of 7.700.797 and the Board of Directors in the Explanatory Notes to the Financial Statements explained the valuation criteria adopted for the various items and provided the required information on both the Statement of Assets and Liabilities and the Profit and Loss Account.

Therefore, when approving the financial statements, the Bank will allocate:

- Euro 1.540.159 for the legal reserve;
- Euro 4.000.000 for the distribution of profits to shareholders;
- Euro 385.000 for a special optional reserve, available and distributable, exclusively in favour of shareholder managers employed by BSI;
- Euro 1.775.638 for other reserves.

## **2. Financial statements**

The financial statements, as stipulated in Article 29 of Law 165/2005 and Article VI.II.2 of Regulation 2007-07, as amended, consists of the following documents: the Statement of Assets and Liabilities, which reproduces the qualitative and quantitative composition of the bank's net equity; the Profit and Loss Account, which provides a demonstration of the economic result produced during the period as a result of operations, through the presentation of the positive and negative components that determined it; the Explanatory Notes to the financial statements, which complete the information given in the summary statements of assets and liabilities and the profit and loss account, indicating the valuation and preparation criteria adopted, as well as the analytical description of certain items in the financial statements; the Report of the Board of Directors, which describes and evaluates the management performance in the various sectors in which the bank has operated, and the situation of the enterprise as a whole, through a 'historical and prospective analysis of investments, costs and revenues.

The financial statements are summarized in the following results, as reclassified by the Board of Auditors:

<b>Statement of assets and liabilities:</b>		
<b>ASSETS</b>		
Intangible fixed assets	Euro	1.718.480
Tangible fixed assets net of funds	Euro	41.334.229
Fixed financial assets	Euro	1.272.999
Current assets: cash and cash equivalents	Euro	89.186.382
Current assets (net of the Allowance for doubtful accounts): credits and securities	Euro	638.699.325
Accrued revenues and deferred expenses	Euro	383.658
<b>TOTAL ASSETS</b>	<b>Euro</b>	<b>772.595.073</b>
Net equities		
Share capital	Euro	21.500.000
Other reserves	Euro	18.228.140
Revaluation reserve	Euro	744.614
Current Earnings (Losses)	Euro	7.700.797
<b>LIABILITIES</b>		
Employees' termination benefits provision	Euro	307.494
Provisions for risks and charges	Euro	2.942.820
Provisions for general banking risks	Euro	5.000.000
Subordinated liabilities	Euro	0
Payables to banks	Euro	1.811.571
Payables to customers, securities and others	Euro	714.126.118
Accrued liabilities and deferred income	Euro	233.519
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>Euro</b>	<b>772.595.073</b>
<b>Guarantees, commitments, risks and order accounts</b>	Euro	58.678.005
<b>Profit and loss account:</b>		
Positive components	Euro	33.770.280
Negative components	Euro	26.069.483
<b>Current Earnings (Losses)</b>	<b>Euro</b>	<b>7.700.797</b>

Regarding the financial statements for the year ended as of 31 December 2022, in addition to the foregoing, the Board of Statutory Auditors certifies that it has:

- supervised the general approach given to the financial statements themselves and their compliance with the law with reference to their formation and structure. The valuation of the items in the financial statements was carried out in accordance with the principle of prudence and accrual and with a view to the continuation of business activities.
- verified the correspondence of the financial statements to the facts and information of which it has become aware in the course of the performance of its duties, during the year there were no exceptional cases that made it necessary to resort to exemptions under Article 75 of Law 47/2006.

### **3. Conclusions**

On the basis of the documentation exhibited and the audits carried out during the audit activities performed, no serious irregularities, reprehensible facts or otherwise significant facts put in place by the Company and such as to be mentioned in this report have been detected.

In addition to this, taking into account that the report extended by the independent auditors Ab&d Audit Business & Development s.p.a. on April 18, 2023 on these financial statements does not raise any issues, the Board of Statutory Auditors has ascertained that, to the best of its knowledge and to the extent of its competence, the financial statements do not appear to be affected by significant errors and as a whole were drawn up clearly and in compliance with current civil and tax laws, representing, to the best of the Board's knowledge, a true and fair view of the equity and financial situation and the economic result for the financial year.

In view of the foregoing, and to the extent of its competence, the Board of Statutory Auditors finds no reason to object to the approval of the draft financial statements for the year ended as of 31 December 2022 and the formulated Explanatory Notes to the financial statements, as presented by the Board of Directors.

In accordance with the law, the undersigned members of the Board of Statutory Auditors declare that they continue to meet the subjective and objective conditions required by San Marino law for assuming corporate office.

San Marino, April 28, 2023

Dott. Francesca Monaldini  
Chairman of the Board of Statutory Auditors

Avv. Alida Tosi  
Member of the Board of Statutory Auditors

Dott. Fabrizio Cremoni  
Member of the Board of Statutory Auditors

**REPORT OF THE INDEPENDENT AUDITING COMPANY PURSUANT TO ART. 33 OF LAW N. 165/2005, ART. 68 OF LAW N. 47/2006, ART. VI.II.3 OF REGULATION No. 2007-07 AND ART. VIII.I.1 OF REGULATION N. 2016-02 ISSUED BY THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO**

*To the Shareholders of*

*BANCA SAMMARINESE DI INVESTIMENTO S.p.A.*

**Opinion** We carried out the audit of the Financial Statements of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. (hereinafter also the Bank), consisting of the Balance Sheet as at December 31, 2022, Income Statement for the year ended on that date and the Explanatory Notes to the Financial Statements.

In our opinion, the Financial Statements give a true and fair view of the equity and financial position of the BANCA SAMMARINESE D'INVESTIMENTO S.p.A. as at December 31, 2022 and the economic result for the year closed as at such date, in accordance with San Marino's regulations, including Regulation no. 2016-02, issued by the Central Bank of the Republic of San Marino, which govern the drafting criteria.

**Elements at the basis of the opinion**

We carried out the audit in compliance with the requirements of national regulations issued in the Republic of San Marino and, where applicable, with the International Standards on Auditing. Our responsibilities under these principles are further described in the "Auditor's Responsibilities for the Audit of Financial Statements" section of this report. We are independent from the Bank in accordance with the rules and principles on ethics and independence applicable in San Marino's legal system to the audit of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**A note to public disclosure**

Without changing our judgment, we would like to draw attention to what is stated by the Board of Directors in the Management Report and in the Explanatory Notes to the Financial Statements on the following significant events.

- The Bank arranged for the transfer of financial instruments from the trading portfolio to the investment portfolio with retroactive effect on 31/01/2022; in particular:
- pursuant to the CBSM Letter protocol no. 22/3413 of 31/03/2022 and subsequent integration with letter protocol no. 22/5115 of 17/05/2022, the meeting of the Bank's Board of Directors held on 27/04/2022 resolved the transfer of securities for a total nominal value of €55.2 million. This transfer made it possible to neutralize valuation losses with net positive economic effects of approximately €2.1 million as at 27/04/2022, and of approximately €4.4 million as at 31/12/2022;
- pursuant to the CBSM Letter protocol no. 22/6395 of 23/06/2022, the meeting of the Bank's Board of Directors held on 27/07/2022 resolved the transfer of securities for a total nominal value of €45.1 million. This transfer made it possible to neutralize valuation losses with net positive economic effects of approximately €2 million as at 30/06/2022 and of approximately €2.6 million as at 31/12/2022.

Furthermore, in accordance with the provisions contained in the aforementioned CBSM Letter protocol no. 22/6395 of 23/06/2022, two structured financial instruments with a total nominal value of €1.6 million were transferred during 2022 from the investment portfolio to the trading portfolio, for which the related barriers envisaged for the repayment of capital at maturity had been overcome. These transfers had no significant economic effects as at 31 December 2022, also considering their imminent expiry in the first few months of 2023.

During the year, the Bank carried out a careful survey of the existing risks regarding counterparties located in the countries involved in the Russian-Ukrainian conflict and monitored existing and potential customers, with a view to complying with the sanctions introduced in Europe and in San Marino.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements**

The directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the San Marino regulations governing the drafting criteria and, within the terms established by law, for that part of internal control deemed necessary by the directors themselves to allow the preparation of Financial Statements without significant errors due to fraud or unintentional behaviour or events.

The directors are responsible for the assessment of the Bank's ability to continue as an operating entity and, in preparing the Financial Statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure on the matter. The directors use the going concern assumption in preparing the Financial Statements unless they have considered that the conditions exist for the liquidation of the Bank or the interruption of the business, or have no realistic alternatives to such choices.

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

### **Auditor's Responsibilities for the audit of the Financial Statements**

Our objectives are to acquire reasonable certainty that the Financial Statements as a

whole do not contain significant errors, due to fraud or unintentional behaviour or events, and to issue an auditor's report that includes our judgment. Reasonable certainty means a high level of security which, however, does not provide the assurance that an audit carried out in compliance with the legislation in force in the Republic of San Marino and, where applicable, with the International Standards on Auditing, will always identify a significant error, if existing. Errors can result from fraud or unintentional behaviour or events and are considered significant if it can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by the users on the basis of the Financial Statements.

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

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

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

## **Report on other provisions of law and regulations**

### **Judgment pursuant to art. VIII.I.1, paragraph 2, letter a) and b) of Regulation no. 2016-02 issued by the Central Bank of the Republic of San Marino (the Regulation)**

The directors of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. are responsible for the



preparation of the management report as at December 31, 2022, including its

consistency with the related Financial Statements and its compliance with the Regulation.

We have carried out the procedures indicated in the Regulation in order to express an opinion on the consistency of the management report with the Financial Statements of the Bank as at December 31, 2022 and on its compliance with the Regulation, as well as to issue a declaration on any relevant incorrect statements.

In our opinion, the management report is consistent with the Financial Statements of BANCA SAMMARINESE D'INVESTIMENTO S.p.A. as at December 31, 2022 and drafted in compliance with the Regulation.

With reference to the declaration referred to in art. VIII.I.1, paragraph 2, letter b) of the Regulation, based on the knowledge and understanding of the Bank and the related context acquired during the audit, we have nothing to report.

San Marino, April 18, 2023

AB & D Audit Business & Development S.p.A.

Marco Stolfi

Auditor