

BILANCIO D'ESERCIZIO
ANNUAL REPORT

2006



BILANCIO D'ESERCIZIO
ANNUAL REPORT

2006



BANCA CENTRALE DELLA REPUBBLICA DI SAN MARINO

Ente a partecipazione pubblica e privata

Cod. Op. Ec. SM04262 - Fondo di dotazione euro 12.911.425,00 i.v.

Sede legale - Via del Voltone, 120 - 47890 San Marino - Repubblica di San Marino

tel. 0549 882325 - fax 0549 882328

country code: (+) 378 swift code: icmsmsm

www.bcsm.sm

ORGANI DELLA BANCA CENTRALE
DELLA REPUBBLICA DI SAN MARINO*
*GOVERNING BODIES OF THE CENTRAL BANK
OF THE REPUBLIC OF SAN MARINO**

CONSIGLIO DIRETTIVO *GOVERNING COUNCIL*

Valentini Antonio	Presidente / <i>Chairman</i>
Bugli Nazzareno	Vice Presidente / <i>Vice Chairman</i>
Belluzzi Gian Luca	Membro / <i>Member</i>
Lazzari Maria Stefania	Membro / <i>Member</i>
Mularoni Matteo	Membro / <i>Member</i>
Stolfi Marco	Membro / <i>Member</i>

COLLEGIO SINDACALE *BOARD OF AUDITORS*

Bianchini Alessandro	Presidente / <i>Chairman</i>
Tumietto Massimo	Membro / <i>Member</i>
Zafferani Guido	Membro / <i>Member</i>

DIREZIONE GENERALE *DIRECTORATE GENERAL*

Papi Luca	Direttore Generale / <i>Director General</i>
Bernardi Daniele	Vice Direttore Generale / <i>Vice Director General</i>

COORDINAMENTO DELLA VIGILANZA *SUPERVISION COMMITTEE*

Papi Luca	Presidente / <i>Chairman</i>
Caringi Stefano	Ispettore Esterno / <i>External Inspector</i>
Veronesi Nicola	Ispettore Interno / <i>Internal Inspector</i>

*alla data del 24 maggio 2007 *on 24 May 2007

RELAZIONE DEL CONSIGLIO DIRETTIVO
ALLA GESTIONE SOCIALE 2006

GOVERNING COUNCIL REPORT
ON 2006 MANAGEMENT



Signori Soci,

di seguito sono esposti i principali dati e indicatori economico-patrimoniali della gestione 2006.

Come per gli anni passati, gli schemi di bilancio sono stati redatti ai sensi della normativa vigente.

Si rileva che il totale dell'attivo di bilancio è aumentato passando da 306 a 378 milioni di euro. La voce "debiti verso la clientela" è aumentata passando da 226 a 282 milioni, l'indebitamento verso le banche è salito da 19 a 34 milioni, mentre i "debiti rappresentati da titoli" hanno presentato un decremento passando da 8 a 5 milioni. Il patrimonio netto composto dal "fondo di dotazione", dalle "riserve", dal "fondo rischi bancari generali" e dall'"utile di esercizio" dell'anno 2006 è passato da 46 a 48 milioni di euro. Tale incremento evidenzia la volontà di proseguire nel consolidamento patrimoniale della Banca. La voce principale dell'attivo è costituita dalle "obbligazioni e altri titoli di debito", passata da 257 a 307 milioni e per la quale sono state mantenute le caratteristiche di alta qualità del credito e di bassa rischiosità degli investimenti finanziari.

A quest'ultima voce vanno sommati, come impieghi finanziari, i "crediti verso banche", che ammontano a 38 milioni di euro.

I "crediti verso la clientela" hanno subito un lieve decremento, passando da 14 a 12 milioni di euro.

Il valore delle "partecipazioni" è anch'esso diminuito passando da 208.594 a 203.022 euro; questo è da attribuirsi principalmente al decremento del patrimonio della partecipata s.p.a. ISIS.

Si ricorda che le rivalutazioni effettuate nel corso del 2006 sono state eseguite sui dati di bilancio 2005 delle partecipate.

Nella tabella che segue sono riportati i principali aggregati di stato patrimoniale, le loro variazioni e il conto economico riclassificato.

L'analisi del conto economico riclassificato consente di evidenziare i principali margini reddituali e i risultati di gestione.

Il margine della gestione denaro ha registra-

Dear Shareholders,

The following are the main data and economic-equity indicators pertaining to 2006 management.

As in past years, the Balance Sheet tables have been drawn up in line with the standards and rules pursuant to the laws in force.

The above documents highlight the increase of total assets from 306 to 378 million euro. The "debts with customers" entry increased from an initial level of 226 to 282 million, and "debts with banks" rose from 19 to 34 million, while "debts represented by securities" decreased from 8 to 5 million. Net equity, encompassing the "endowment fund", "reserves", the "fund for general banking risks" and the "net profits" from 2006, went from 46 to 48 million euro. This increase reflects the Bank's clear determination to consolidate its equity.

The main "Assets" entry is "bonds and other debt securities", which grew from 257 to 307 million euro; the traditional criteria of high credit quality and low financial investment risk were strictly observed while obtaining the aforesaid result.

To the latter item should be added, as financial investments, "inter-bank loans" which total 38 million euro.

"Customer loans" underwent a slight decrease, from 14 to 12 million euro.

The value of "holdings" also fell from 208,594 to 203,022 euro; this is mainly due to the decrease in the equity of one of the companies in which stocks are held, s.p.a. ISIS.

It should be remembered that the revaluations carried out during the course of 2006 appear in the 2005 Balance Sheet data of the companies in which the Central Bank has holdings.

In the following table can be found the main aggregates of the Balance Sheet and any variations therein, as well as the reclassified Profit and Loss account.

An analysis of the reclassified Profit and Loss Account permits a focused reading of the main income margins and operating costs/proceeds.

The "money management margin" increased by 11.9% compared with the preceding Financial

RELAZIONE DEL CONSIGLIO DIRETTIVO ALLA GESTIONE SOCIALE 2006
GOVERNING COUNCIL REPORT ON 2006 MANAGEMENT

	2006	2005	variazione	
			assoluta	%
Totale di bilancio	377.786.655	306.279.290	71.507.365	23,3
Crediti verso banche	37.640.715	19.430.771	18.209.944	93,7%
Crediti verso clientela	12.396.182	14.075.260	-1.679.078	-11,9%
Obbligazioni e altri titoli di debito	306.746.155	257.259.412	49.486.743	19,2%
Azioni, quote e altri titoli di capitale	8.674.990	8.961.820	-286.830	-3,2%
Partecipazioni	203.022	208.594	-5.572	-2,7%
Debiti verso banche	34.134.199	19.289.882	14.844.317	77,0%
Debiti verso clientela	281.804.693	225.865.646	55.939.047	24,8%
Debiti rappresentati da titoli	5.466.324	8.034.501	-2.568.177	-32,0%
Patrimonio netto*	48.037.909	45.911.740	2.126.169	4,6%

* Comprende il fondo di dotazione, le riserve, il fondo rischi bancari generali e l'utile d'esercizio non distribuito.

	2006	2005	variation	
			absolute	%
Balance Sheet Totals	377,786,655	306,279,290	71,507,365	23.3
Inter-bank loans	37,640,715	19,430,771	18,209,944	93.7%
Customer loans	12,396,182	14,075,260	-1,679,078	-11.9%
Bonds and other debt securities	306,746,155	257,259,412	49,486,743	19.2%
Shares, quotas and capital stocks	8,674,990	8,961,820	-286,830	-3.2%
Holdings	203,022	208,594	-5,572	-2.7%
Debts with banks	34,134,199	19,289,882	14,844,317	77.0%
Debts with customers	281,804,693	225,865,646	55,939,047	24.8%
Debts represented by securities	5,466,324	8,034,501	-2,568,177	-32.0%
Total Net Equity**	48,037,909	45,911,740	2,126,169	4.6%

** The total includes the Endowment Fund, the Reserves, the Fund for General Banking Risks and undistributed profits.

to un incremento dell'11,9% rispetto all'esercizio precedente. All'evoluzione ha contribuito, quasi completamente, la voce interessi su titoli che, a causa di una tendenza al rialzo dei tassi confermata sino a dicembre 2006, ha registrato un notevole incremento. Tale aumento è stato determinato anche dalle maggiori giacenze di portafoglio a seguito dell'aumentata raccolta presso la clientela e le banche. Contestualmente, parte della crescita del margine stesso è stata annullata dall'aumento degli interessi corrisposti alla clientela e alle banche.

Il margine della gestione finanziaria, che ha mantenuto i prudenziali criteri di investimento, ha registrato un incremento del 9,7%.

Il margine di contribuzione lordo mostra un incremento del 10,3%. L'accordo triennale firmato il 15 marzo 2006 tra la Banca Centrale e la Segreteria di Stato per le Finanze e il Bilancio

Statements. The "interest on securities" item - which registered a considerable increase - was almost exclusively responsible for this result, given the tendency for rising rates witnessed until December 2006. That increase was also due to the rise in customer and banks deposits. At the same time, part of the growth of that margin was cancelled out by the increase in the interest paid out to customers and banks.

The "financial management margin" increased by 9.7%, with prudent investment criteria having been observed.

The "gross contribution margin" increased by 10.3%. The contents of the three-year agreement signed on 15 March 2006 by the Central Bank and the Secretary of State for Finance and the Budget established that the costs to be attributed to the Public Administration for the 2006 Financial Statement period equalled 2,750,000

ha stabilito che gli oneri a carico della Pubblica Amministrazione per l'esercizio 2006 siano pari a euro 2.750.000. La voce "altri proventi", ove si collocano gli oneri a carico della PA, ha subito un aumento percentuale simile a quello riscontrato nell'esercizio precedente.

Il risultato della gestione ordinaria fa registrare un lieve rialzo del 2,2%.

In ragione dell'ampliamento delle funzioni della Banca Centrale, si è reso necessario un incremento dell'organico con conseguente aumento delle spese del personale e degli oneri correlati. In termini percentuali le spese per il personale sono aumentate del 18,7%; sebbene sia stata iscritta a conto economico la quota di ammortamento dell'immobile di proprietà, in termini assoluti il valore degli ammortamenti risulta inferiore del 13,6% rispetto all'anno precedente. Fra le componenti positive, si ricorda che negli "altri proventi" è stato iscritto il "recupero degli oneri di vigilanza" addebitati ai soggetti vigilati. Nonostante nel 2006 l'ammontare degli oneri diretti e indiretti sostenuti dalla Banca Centrale sia stato pari a euro 1.563.328, è stato deciso di ripartire sui soggetti vigilati l'importo di euro 833.592, lo 0,4% in più rispetto all'esercizio 2005. La Banca Centrale si è pertanto fatta carico di un onere pari a euro 729.736.

Durante l'esercizio 2006 non si sono registrati importi rilevanti fra i proventi e gli oneri di gestione straordinaria, di conseguenza il risultato lordo di gestione si attesta a euro 2.047.143, di poco superiore rispetto a quello dell'esercizio precedente (euro 2.010.611).

Va segnalato che fra le "sopravvenienze attive" è presente una nota di credito ricevuta dal fornitore del software di gestione per euro 258.228.

L'utile prima degli accantonamenti (euro 2.327.872) è superiore del 14,7% rispetto a quello dell'anno 2005; il risultato così formatosi consente un accantonamento al "fondo rischi bancari generali" per euro 1.520.000.

L'utile netto d'esercizio ammonta a euro 807.872, con un incremento dell' 8,1% rispetto allo scorso anno. Si evidenzia che, in coerenza a quanto stabilito dallo Statuto (Legge n. 96/2005),

euro. The "other proceeds" item, where the costs for which the Public Administration is responsible are located, experienced an increase in percentage terms similar to that in the preceding Financial Statements.

The "ordinary operating margin" also experienced a slight increase of 2.2%.

Given the widened range of services provided by the Central Bank an increase in personnel was necessary, which in turn caused increased labour costs and related expenses.

In percentage terms, personnel expenses increased by 18.7%; although the depreciated quota of the Bank's premises was added to the Profit and Loss Account, the value of the depreciations carried out was 13.6 % lower in absolute terms than last year.

Among the positive results registered can be included the fact that in the "other proceeds" item - the "recovery of supervisory costs" entry was charged to the institutions which undergo supervision.

Although the amount of direct and indirect costs sustained by the Central Bank in 2006 totalled 1,563,328 euro, it was decided that the supervised institutions would together pay 833,592 euro - that is 0.4% more than in the 2005 Financial Statements period. The Central Bank thus paid the balance of the remaining amount, equaling 729,736 euro.

During the 2006 Financial Statements period no significant amounts were registered for the "extraordinary operating proceeds and costs", and for that reason the "gross operating margin" remained at 2,047,143 euro. That figure is slightly higher than that in the preceding Financial Statements (2,010,611 euro).

It should be noted that among the "windfall profits" a credit note amounting to 258,228 euro appears, that was received from a software supplier.

Pre-provision profits (2,327,872) were over 14.7% higher than in 2005; the above result allowed for a provision to the Fund for General Banking Risks of 1,520,000 euro.

Net profits were 807,872 euro, representing an increase of 8.1% compared to last year. It should be pointed out that, in line with new

gli utili della Banca Centrale sono esenti dall'imposta generale sui redditi e concorrono alla formazione della base imponibile dei Soci se distribuiti.

Per una più agevole interpretazione del bilancio d'esercizio, si espongono nella tabella seguente alcuni indici ritenuti significativi:

INDICI DI REDDITIVITÀ (%)	2006	2005
Margine di contribuzione lordo/Totale delle attività	2,0%	2,3%
Risultato della gestione ordinaria/Totale delle attività	0,5%	0,7%
Utile netto/Patrimonio netto (ROE)	1,7%	1,6%
Utile netto/Totale delle attività	0,2%	0,2%

INDICI DI PRODUTTIVITÀ (% - euro)	2006	2005
Spese del personale*/Margine di contribuzione lordo	53,39%	49,28%
Spese del personale*/Media annua risorse umane**	75.607	69.916
Risultato della gestione ordinaria/Media annua risorse umane**	38.236	41.349
Risultato della gestione ordinaria/Patrimonio netto	4,27%	4,38%
Oneri di Vigilanza/Oneri di funzionamento	12,78%	13,94%

* Al netto di rimborsi per personale trasferito

** Presenze effettive in Banca come da Scheda delle Risorse Umane (allegato 1 alla Nota Integrativa).

I dati relativi alle spese del personale e alla media delle risorse umane sono stati rivisti per una migliore informativa di bilancio. Per rendere i dati degli esercizi comparabili, sono stati rielaborati anche quelli del 2005.

Signori Soci,

a nome del Consiglio Direttivo e nell'intento di proseguire nel rafforzamento del patrimonio della Banca Centrale, in conformità a quanto previsto dall'art. 23 dello Statuto, Vi propongo il seguente riparto dell'utile di euro 807.872:

	euro
Fondo Riserva Ordinaria	323.149
Fondo Riserva Straordinaria	282.755
Distribuzione a Enti Partecipanti	201.968

Il patrimonio netto della Banca Centrale, in seguito all'approvazione del bilancio e del riparto dell'utile, sarà così composto:

	euro
Fondo di Dotazione	12.911.425
Fondo di Riserva Ordinaria	3.221.588
Fondo di Riserva Straordinaria	7.692.725
Fondo Rischi Bancari Generali	24.126.730
Altre Riserve Patrimoniali	85.441
Totale Patrimonio	48.037.909

Statutes (Law 96/2005), profits from the Central Bank are exempt from General Income Tax. On the other hand - if distributed - they are to be added to Shareholders' taxable income.

In order to facilitate consultation of the Balance Sheet below, some significant indicators have been set out in the following table:

PROFITABILITY INDEX (%)	2006	2005
Gross Contribution Margin/Total assets	2.0%	2.3%
Ordinary Operating Margin/Total assets	0.5%	0.7%
Net profit/Net Equity (ROE)	1.7%	1.6%
Net profit/Total assets	0.2%	0.2%

PRODUCTIVITY RATIO (% - euro)	2006	2005
Labour costs*/Gross contribution margin	53.39%	49.28%
Labour costs*/Number of employees (annual average)**	75,607	69,916
Ordinary operating margin/Human resources annual average**	38,236	41,349
Ordinary operating margin/Net equity	4.27%	4.38%
Supervisory costs/Operating costs	12.78%	13.94%

* Net of reimbursement costs for transferred personnel

** Personnel actually present at the Bank, as shown in the Human Resources Schedule (annex 1 to the Notes).

Data relative to personnel costs and to the human resources average have been modified to facilitate consultation of the Balance Sheet. In the interest of cross-consultation between Balance Sheets, the 2005 data have also been revised.

Ladies and gentlemen,

On behalf of the Governing Council, and in the interest of respecting the Central Bank's commitment to equity consolidation, pursuant to the regulations set out in article 23 of its Statutes, I propose the following provision of profits amounting to 807,872 euro:

	euro
To the Ordinary Reserve Fund	323,149
To the Extraordinary Reserve Fund	282,755
To Holdings/Agencies	201,968

The net equity of the Central Bank, following approval of the Balance Sheet and the provision of profits, will be as follows:

	euro
Endowment Fund	12,911,425
Ordinary Reserve Fund	3,221,588
Extraordinary Reserve Fund	7,692,725
General Banking Risks Fund	24,126,730
Other Equity Reserves	85,441
Net Equity	48,037,909

Signori Soci,

si è data lettura della Relazione del Consiglio Direttivo al Bilancio di Esercizio 2006, da Esso presentato il 23 aprile 2007. A nome del Consiglio Direttivo Vi chiedo, dopo la lettura della Relazione del Collegio Sindacale, di esprimere il consenso sull'intero progetto di bilancio sottopostoVi per l'approvazione ai sensi di legge e sulla ripartizione dell'utile conseguito.

1.1 FATTI DI RILIEVO INTERVENUTI DOPO LA CHIUSURA DELL'ESERCIZIO

Non si rilevano fatti di rilievo intervenuti dopo la chiusura dell'esercizio 2006.

Ladies and gentlemen,

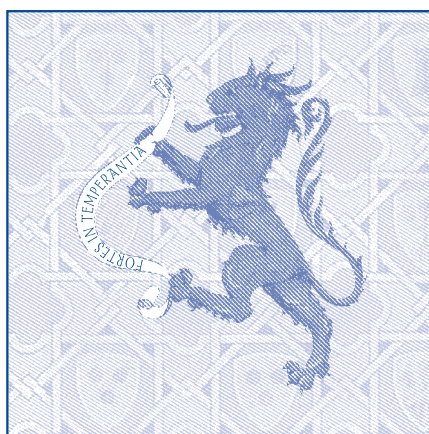
The Governing Council's Report on 2006 Management was presented by that body on 23 April 2007. On behalf of the Governing Council—pursuant to the relevant legislation in force—following the reading of the Independent Auditor's report, I call on you to express your approval of the Financial Statements as a whole, as well as the proposed allocation of profits submitted for your consideration.

1.1 IMPORTANT EVENTS WHICH OCCURRED AFTER CLOSURE OF THE FINANCIAL YEAR

No significant events occurred after the closure of the 2006 Financial Statements.

2006
FINANCIAL STATEMENTS

Drawn up in compliance with Law n. 113 of 29 October 1999



BALANCE SHEET ASSETS

	€		<i>figures in euro</i>	
	2006		2005	
1. CASH AND OTHER VALUABLES	1,400,086	1,400,086	135,410	135,410
2. INTER-BANK LOANS		37,640,715		19,430,771
a) sight credits	22,150,601		5,358,879	
b) other credits	15,490,114		14,071,892	
3. CUSTOMER LOANS	12,396,182	12,396,182	14,075,260	14,075,260
4. BONDS AND OTHER DEBT SECURITIES		306,746,155		257,259,412
a) issued by public bodies	0		976,230	
b) issued by banks	248,680,663		205,357,842	
c) issued by financial institutions	53,776,397		48,939,440	
d) issued by other bodies	4,289,095		1,985,900	
5. SHARES, QUOTAS & OTHER CAPITAL SECURITIES	8,674,990	8,674,990	8,961,820	8,961,820
6. HOLDINGS	203,022	203,022	208,594	208,594
7. HOLDINGS IN GROUP BUSINESSES	0	0	0	0
8. INTANGIBLE FIXED ASSETS	95,449	95,449	230,934	230,934
9. TANGIBLE FIXED ASSETS (net of funds)		5,330,933		1,077,157
a) owned assets	5,330,933		77,157	
aa) electronic office devices	9,964		12,194	
ab) electric office machines	0		0	
ac) office furniture and furnishings	31,974		26,694	
ad) miscellaneous equipment	1,000		5,501	
ae) systems and fittings	19,580		32,068	
af) motor vehicles	0		700	
ag) premises	5,263,862		0	
ah) deferred charges on premises	4,553		0	
b) installment	0		1,000,000	
10. OTHER ASSETS	1,523,947	1,523,947	1,829,955	1,829,955
11. ACCRUED REVENUES AND DEFERRED EXPENSES		3,775,176		3,069,977
a) accrued revenues	3,689,287		2,908,672	
b) deferred expenses	85,889		161,305	
TOTAL ASSETS		377,786,655		306,279,290

BALANCE SHEET LIABILITIES



figures in euro

	2006		2005	
1. DEBTS WITH BANKS	34,134,199		19,289,882	
a) sight debts	20,969,431		14,289,882	
b) term or notice debts	13,164,768		5,000,000	
2. DEBTS WITH CUSTOMERS	281,804,693		225,865,646	
a) sight debts	244,804,693		196,865,646	
b) term or notice debts	37,000,000		29,000,000	
3. DEBTS REPRESENTED BY SECURITIES	5,466,324		8,034,501	
a) bonds	0		0	
b) certificates of deposit	0		0	
c) other securities (repurchase agreements)	3,041,698		4,902,112	
d) cheques in circulation	2,424,626		3,132,389	
4. OTHER LIABILITIES	7,680,360	7,680,360	6,747,915	6,747,915
<i>from rounding off in euro units</i>	2		2	
5. ACCRUED EXPENSES AND DEFERRED REVENUES	178,728		8,647	
a) accrued expenses	177,430		8,246	
b) deferred revenues	1,298		401	
6. STAFF RETIREMENT ALLOWANCES	282,474	282,474	234,045	234,045
7. RISKS AND COSTS FUNDS	0		0	
a) retirement and similar costs fund	0		0	
b) tax fund	0		0	
c) other funds	0		0	
8. TAXED FUND FOR CREDIT RISKS	0	0	0	0
9. FUND FOR GENERAL BANKING RISKS	24,126,730	24,126,730	22,606,730	22,606,730
10. ENDOWMENT FUND	12,911,425	12,911,425	12,911,425	12,911,425
11. ISSUE PREMIUM	0	0	0	0
12. RESERVES	10,393,850		9,832,844	
a) ordinary reserves	2,898,439		2,599,376	
b) extraordinary reserves	7,409,970		7,148,291	
c) other reserves	85,441		85,177	
13. NET PROFIT	807,872		747,655	
TOTAL LIABILITIES	377,786,655		306,279,290	



figures in euro


GUARANTEES AND COMMITMENTS

	2006	2005
GUARANTEES ISSUED		
a) acceptances	0	0
b) other guarantees	999	999
GUARANTEES RECEIVED		
a) acceptances	0	0
b) other guarantees	44,156,018	13,980,966
COMMITMENTS		
a) sales with repurchase obligation	1,654,090	888,683
b) purchases with transfer obligation	0	0
c) foreign currencies and securities to be received	943,544	0
d) foreign currencies and securities to be delivered	843,131	0
e) other commitments	5,000,751	5,000,000
TOTAL COMMITMENTS AND RISKS	52,598,533	19,870,648

SUSPENCE ACCOUNTS

	2006	2005
ASSET MANAGEMENT	0	0
SECURITIES CUSTODY AND MANAGEMENT		
a) deposited third party securities	16,572,581	16,185,200
b) third party securities deposited with third parties	0	0
c) owned securities deposited with third parties	319,378,590	270,217,385
d) owned valuables in bank vault	138,925	138,925
OTHER OPERATIONS	36,325,222	30,674,157
TOTAL SUSPENCE ACCOUNTS	372,415,318	317,215,667

PROFIT AND LOSS ACCOUNT

		<i>figures in euro</i>
	2006	2005
1. INTEREST RECEIVED AND PROCEEDS	10,683,105	8,273,788
a) on inter-bank loans	1,447,176	713,111
b) on customer loans	449,416	406,186
c) on Government securities and other bonds	8,786,513	7,154,491
2. INTEREST PAID AND COSTS	-4,291,296	-2,563,631
a) on debts with banks	-864,623	-427,836
b) on debts with customers	-3,185,440	-2,122,112
c) on debts represented by securities (repos)	-241,233	-13,683
d) differential settlement on hedging operations	0	0
3. DIVIDENDS AND OTHER PROCEEDS	0	0
a) on shares, quotas and other capital securities	0	0
b) on holdings	0	0
c) on holdings in group businesses	0	0
4. COMMISSIONS EARNED	2,770,677	2,521,022
5. COMMISSIONS PAID	-83,201	-81,887
6. PROFITS (LOSSES) FROM FINANCIAL OPERATIONS	-1,531,218	-1,278,011
7. OTHER OPERATING PROCEEDS	1,103,127	1,168,733
8. OTHER OPERATING COSTS	-23,668	-22,216
9. ADMINISTRATIVE COSTS	-6,110,744	-5,472,054
a) labour costs	-3,686,848	-3,114,743
aa) wages and salaries	-2,377,477	-2,023,834
ab) pension contributions	-612,368	-501,754
ac) retirement allowances	-284,974	-235,056
ad) severance indemnity related costs	0	0
ae) other labour costs	-412,029	-354,099
b) other administrative costs	-2,423,896	-2,357,311
10. VALUE ADJUSTMENTS ON INTANGIBLE AND TANGIBLE FIXED ASSETS	-463,868	-536,635
11. PROVISIONS FOR RISKS AND COSTS	0	0
12. VALUE ADJUSTMENTS ON CREDIT AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	0	0
13. VALUE RECOVERIES ON CREDITS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	0	0
14. PROVISIONS TO CREDIT RISKS FUNDS	0	0
15. VALUE ADJUSTMENTS ON FINANCIAL ASSETS	-5,836	0
16. VALUE RECOVERIES ON FINANCIAL ASSETS	0	0

	€	<i>figures in euro</i>
	2006	2005
17. PROFIT (LOSS) ON ORDINARY ACTIVITIES	2,047,078	2,009,109
18. EXTRAORDINARY PROCEEDS	291,521	1,050,301
<i>from rounding off in euro units</i>	<i>1</i>	<i>2</i>
19. EXTRAORDINARY COSTS	-10,727	-21,755
20. EXTRAORDINARY PROFIT (LOSS)	280,794	1,028,546
21. VARIATION TO THE GENERAL BANKING RISKS FUND	-1,520,000	-2,290,000
22. INCOME TAX FOR THE FINANCIAL YEAR	0	0
23. PROFIT (LOSS) FOR THE FINANCIAL YEAR	807,872	747,655

RECLASSIFIED PROFIT AND LOSS ACCOUNT

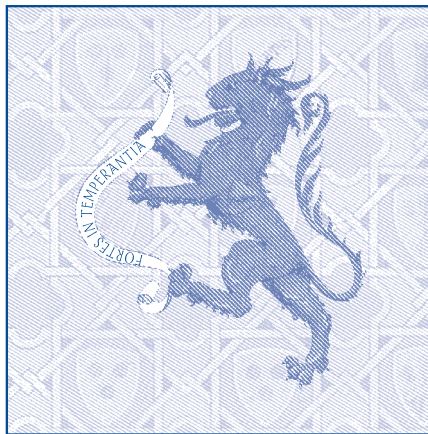


figures in euro

	2006	2005
1. INTEREST RECEIVED	1,896,592	1,119,298
1.1 FROM CUSTOMERS	449,416	406,186
1.2 FROM BANKS	1,447,176	713,112
1.2.1 CURRENT ACCOUNT & SIGHT DEPOSITS	247,829	176,434
1.2.2 TERM DEPOSITS AND REPOS	1,175,634	524,574
1.2.3 OTHER INTERESTS	23,713	12,104
2. INTEREST ON SECURITIES	8,786,513	7,154,491
3. DIVIDENDS AND OTHER PROCEEDS	0	0
4. INTEREST PAID	-4,291,295	-2,563,631
4.1 TO CUSTOMERS	-3,426,672	-2,135,795
4.1.1 CURRENT ACCOUNT & SIGHT DEPOSITS	-2,533,040	-1,589,408
4.1.2 TERM DEPOSITS AND REPOS	-893,632	-546,387
4.2 TO BANKS	-864,623	-427,836
4.3 OTHER INTEREST AND COSTS	0	0
A. MONEY MANAGEMENT MARGIN	6,391,810	5,710,158
5. PROCEEDS FROM FINANCIAL OPERATIONS	631,209	1,095,268
6. FINANCIAL OPERATION COSTS	-2,162,427	-2,373,279
B. FINANCIAL MANAGEMENT MARGIN	4,860,592	4,432,147
7. OTHER OPERATING PROCEEDS	2,849,060	2,565,522
7.1 PROCEEDS FROM SECURITIES MANagements	0	0
7.2 PROCEEDS FROM FOREIGN CURRENCIES MANAGEMENT	0	0
7.3 OTHER PROCEEDS	2,849,060	2,565,522
8. OTHER OPERATING COSTS	-106,816	-103,968
8.1 SECURITIES MANAGEMENT COSTS	-67,720	-64,853
8.2 FOREIGN CURRENCIES MANAGEMENT COSTS	0	0
8.3 OTHER COSTS	-39,096	-39,115
C. GROSS CONTRIBUTION MARGIN	7,602,836	6,893,701
9. OTHER PROCEEDS	974,629	1,074,153
<i>of which: from rounding off in euro units</i>		1
10. LABOUR COSTS	-3,636,733	-3,064,662
10.1 CLERICAL	-1,753,995	-1,570,883
10.2 MANAGEMENT AND OFFICERS	-622,938	-452,951
10.3 PENSION CONTRIBUTION	-612,368	-501,754
10.4 PROVISION TO RETIREMENT FUND	-284,974	-235,056
10.5 MISC. PERSONNEL COSTS	-412,573	-354,099
(minus PERSONNEL EXPENSES REIMBURSEMENTS)	50,115	50,081
11. DEPRECIATION AND PROVISIONS	-463,868	-536,635
12. OTHER COSTS	-2,423,949	-2,357,403

	€		<i>figures in euro</i>
		2006	2005
D. ORDINARY OPERATING MARGIN		2,052,915	2,009,154
13. EXTRAORDINARY OPERATING PROCEEDS		65	1,500
14. EXTRAORDINARY OPERATING COSTS		-5,836	-43
E. GROSS OPERATING MARGIN		2,047,144	2,010,611
15. WINDFALL PROCEEDS		291,455	41,461
16. WINDFALL COSTS		-10,727	-21,755
F. PRE-PROVISION PROFITS		2,327,872	2,030,317
17. PROVISIONS TO MISCELLANEOUS FUNDS		-1,520,000	-2,290,000
18. USE OF MISCELLANEOUS FUNDS		0	1,007,338
G. PRE-TAX PROFITS		807,872	747,655
19. INCOME TAXES		0	0
H. NET PROFITS		807,872	747,655

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

Part A - Valuation Criteria

Section 1	- Illustration of the Valuation Criteria
Section 2	- Adjustments and Provisions

Part B - Information on the Balance Sheets

Section 1	- Credits
Section 2	- Securities
Section 3	- Holdings
Section 4	- Intangible and Tangible Fixed Assets, and Leasing
Section 5	- Other Assets
Section 6	- Debts
Section 7	- Funds
Section 8	- Capital, Reserves, and the Fund for General Banking Risks
Section 9	- Other Liabilities
Section 10	- Guarantees and Commitments
Section 11	- Concentration and Distribution of Assets and Liabilities
Section 12	- Managements and Intermediation for Third Parties

Part C - Information on the Profit and Loss Account

Section 1	- Interest
Section 2	- Commissions
Section 3	- Profit and Losses from Financial Operations
Section 4	- Administrative costs
Section 5	- Adjustments, Recoveries and Provisions
Section 6	- Other Profit and Loss Account Items
Section 7	- Other Profit and Loss Account Information

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

The Financial Statements for 2006 have been drawn up in accordance with the laws currently in force (Law 96 dated 29 June 2005 - the Central Bank of the Republic of San Marino Statutes; Law 165 dated 17 November 2005 - Law on Companies and Banking, Financial and Insurance Services; Law 47 dated 23 February 2006 - Law on Companies).

The Financial Statements, comprising the Balance Sheet, the Profit and Loss Account and the Notes thereto, is accompanied by the Governing Council Report on 2006 Management and the Board of Auditors Report.

Together the data and information contained in the single documents that make up the Financial Statements provide a true and correct account of the Central Bank's equity, financial and economic situation, in observation of the accounting principle of clarity.

The Notes to the Financial Statements contain added information to illustrate the Balance Sheet data that is not required by specific legislation or regulations, but that may aid the correct interpretation of the contents of that document.

The following annexes have been added to the Notes to the Financial Statements:

- the Human Resources Schedule (annex no.1);
- the Net Equity Changes Schedule (annex no. 2).

To assist the comparison of the data herein, both in the Balance Sheet itself as well as in the Annexes contained in the Notes to the Financial Statements, the comparison of data with those from the preceeding year has been facilitated.

It should be pointed out that some of the items in the Notes to the Financial Statements have been represented according to their denomination in "Euro" and "Other Currencies"; all currencies diverse from the euro have been included in the latter category.

The sums for each item, shown in euro, have been obtained by rounding off the corresponding sum in decimals, or the sum of the rounded-off totals, where sub-items are concerned.

The differences deriving from this practice are to be considered extraneous to the Balance Sheet, and have been highlighted in the document itself among the "other Assets/Liabilities", while in the Profit and Loss Account they appear under the "extraordinary proceeds/costs" entry. The aforesaid is set out as per the general criteria for bank Financial Statements.

In observation of the laws currently in force regulating Financial Statements, the figures in the Notes have also been published in euro.

Part A - Valuation criteria

SECTION 1 - ILLUSTRATION OF THE VALUATION CRITERIA

The 2006 Financial Statements have been drawn up in accordance with the general accounting principles of prudence, pertinence and continuity.

The valuation criteria are identical to those adopted last year.

CREDITS, GUARANTEES AND COMMITMENTS

- Inter-bank loans: these have been shown at nominal value, corresponding to their presumed market value.

- Customer loans: these have been shown in the Balance Sheet at their presumed market value, corresponding to their nominal value, including the quota of interest earned and matured on the closure date of the Financial Statements.

- Other loans: these have been shown at nominal value, corresponding to their presumed market value.

- Guarantees and commitments: the guarantees issued and received have been registered at the value corresponding to the relative commitment undertaken or guaranteed. The securities and foreign currencies to be delivered and received have been entered according to their price at the end of the contract term agreed upon with the other party. The commitments to deliver funds to other parties and customers were entered according to the value agreed upon.

- Securities lending activities: these have been entered according to nominal value in both the "inter-bank loans" and the "debts represented by securities"; this does not cause variations in the securities portfolio, given that the securities lent remain Central Bank property.

SECURITIES AND OFF-BALANCE-SHEET OPERATIONS

- Non-immobilised securities: given that the securities portfolio is entirely composed of non-immobilised securities it was valued following the criteria of choosing the lesser value of either: the purchase price, calculated by the LIFO method with annual increments, or the market value, calculated according to average prices from the month of December.

Given that securities are almost exclusively non-listed, the ICMA quotations have been used for their market value; where these were not available, the following were adopted:

a) The quotations provided by market makers on the basis of the rate curves and the spread of benchmark securities with analogous characteristics;

b) The quotations provided by market makers on the basis of the spread of benchmark securities with analogous characteristics;

c) The quotations of securities having analogous characteristics.

The value of zero coupon bond securities includes the relative share of interest earned up to the date of the present Financial Statements.

The shares and mutual fund quotas have continued to be valued at their official value, i.e. their purchase price or their market price-whichever was lower-on 31 December, 2006.

- Off-balance-sheet operations:

As of 31 December 2006 a credit default swap exists which has been valued at its purchase price or its market value-whichever was lower on that date.

HOLDINGS

Holdings, purchased for their stable investment characteristics, have been valued according to the net asset criteria shown in the Financial Statements from last year.

The application of this valuation method for securities implies the attribution of a value equal to the corresponding quota of net equity of the company the shares of which have been bought.

The comparison between the quota of net equity and its accounting value gives rise to a positive or a negative difference, which – respectively – causes an increase or a decrease in the value of the shares which have been invested in. If this net equity reserve is positive, it increases a specific Balance Sheet fund; on the other hand, if this balance is negative, it is entered in the Profit and Loss Account.

This year the valuation was positive for Cestud s.p.a., while it was negative for the company s.p.a. I.S.I.S.; consequently, the Central Bank registered – respectively – an increase and a decrease in net equity.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

The assets and liabilities denominated in foreign currencies have been shown in euro in the Financial Statements, as per the European Central Bank's exchange rate bulletin on the closure date of the current document.

TANGIBLE FIXED ASSETS

Tangible fixed assets have been entered at their purchase price, inclusive of any accessorial costs; during 2006 no devaluations or re-evaluations were carried out, while it should be noted that the purchase of the Bank's headquarter premises was concluded in January 2006. The cost of the assets is depreciated based on value percentages that reflect their presumed economic life according to the ordinary and accelerated depreciation rates set out by the fiscal legislation currently in force.

INTANGIBLE FIXED ASSETS

The intangible fixed assets have been entered at their purchase price, inclusive of accessorial costs; they have been depreciated at a constant rate, following the criteria adopted in previous Financial Statements. The latter set out an economic utility period no longer than five years, in observation of the relevant current fiscal legislation.

OTHER BALANCE SHEET ITEMS

- Debts: these have been valued at the residual capital value increased by the interest accrued as of the Financial Statements' closure date.

- Repurchase agreements: given that these oblige the transferee to resell on the maturation date, they are considered equivalent to contangoes, and therefore sums received or paid out are entered as debts or credits. The funding cost and the incomes deriving from the investment proceeds-made up of the coupons earned on securities and from the difference between their spot and forward price-are entered as interest.

- Accrued revenues and deferred expenses: this item includes the quotas of costs and proceeds which are common to two or more Financial Statements, in observation of the required accounting principle of pertinence in temporal terms.

EMPLOYEE RETIREMENT ALLOWANCE FUND

This item illustrates the entire amount of the benefit substituting for the retirement allowance accrued during the year by dependent employees, pursuant to the labour contracts and legislation currently in force.

RISKS AND COSTS FUNDS

As in last year's Financial Statement, no tax fund amounts were entered in the "tax fund" given that the Central Bank Statutes set out that profits are exempt from general income tax. On the other hand, if distributed, profits are to be added to Shareholders' taxable income.

The "Capital Gains Reinvestment Fund" was closed, as set out by Law 91 dated 13 October 1984, thus increasing the Central Bank's profits.

On the closure date of the present Financial Statements, no funds were present in the "Risks and Costs Fund".

SECTION 2 - ADJUSTMENTS AND PROVISIONS

No adjustments or provisions were carried out during the course of the 2006 Financial Statements period.

NOTES TO THE FINANCIAL STATEMENTS



figures in euro

Part B - Information on the Balance Sheets

SECTION 1 - CREDITS

1.1 CASH AND OTHER VALUABLES (BREAKDOWN OF ITEM 1)

	2006	2005
cash and other valuables	1,400,086	135,410

The "cash account" is composed of banknotes and coins in euro totalling 1,399,107 ; of 822 U.S. dollars - equivalent to 624 euro; and of 570 Swiss Francs - equivalent to 355 euro.

1.2 INTER-BANK LOANS (BREAKDOWN OF ITEM 2)

	2006	2005
inter-bank loans	37,640,715	19,430,771
- sight credits	22,150,601	5,358,879
- other credits	15,490,114	14,071,892

The sub-division of "inter-bank loans" in terms of the technical nature and currency of the items therein is the following:

	EURO		OTHER CURRENCIES		TOTAL	
	2006	2005	2006	2005	2006	2005
<i>sight credits</i>						
- current accounts	21,793,697	175,174	356,904	5,183,705	22,150,601	5,358,879
- other technical forms	0	0	0	0	0	0
<i>other credits</i>						
- term deposits	9,984,188	5,063,351	4,100,228	4,989,429	14,084,416	10,052,780
- securities lending	1,405,698	4,019,112	0	0	1,405,698	4,019,112
Total	33,183,583	9,257,637	4,457,132	10,173,134	37,640,715	19,430,771
<i>of which:</i>						
- with non-residents	13,718,300	9,257,637	4,457,130	10,173,134	18,175,430	19,430,771
- with residents	19,465,283	0	2	0	19,465,285	0

"Accrued interest" income accrued and matured at the end of the present Financial Statements period equalled 159,453 euro; as in last year's Financial Statements, this item appears among the "inter-bank loans" entries.

1.3 CUSTOMER LOANS (BREAKDOWN OF ITEM 3)

	2006	2005
customer loans	12,396,182	14,075,260

The technical form and currency in the "customer loans" item may be broken down as follows:

	EURO		OTHER CURRENCIES		TOTAL	
	2006	2005	2006	2005	2006	2005
- current accounts	180,780	301,731	4	0	180,784	301,731
- mortgage loans	424,129	135,753	0	0	424,129	135,753
- other loans	11,791,269	13,637,776	0	0	11,791,269	13,637,776
Total	12,396,178	14,075,260	4	0	12,396,182	14,075,260



figures in euro

	EURO		OTHER CURRENCIES		TOTAL	
	2006	2005	2006	2005	2006	2005
<i>of which:</i>						
- granted to non-resident customers	10,502	7,284	4	0	10,506	7,284
- granted to resident customers	12,385,676	14,067,976	0	0	12,385,676	14,067,976

The "customer loans" item refers to credits granted – in the technical form shown above – to the Public Administration and to Central Bank dependent employees.

In the "mortgage loans" item are included mortgages granted to a number of Central Bank employees, while in the "other loans" item are included two mortgages granted to the Public Administration; one of these was granted on 2 January, 2004 upon settlement of a leasing contract. On 31 December, 2005 the latter showed a residual value of 1,462,131 euro. The other was transformed from a loan into a mortgage on 1 April, 2005 and on 31 December, 2006 had a residual value of 10,329,138 euro.

SECTION 2 - SECURITIES

Securities owned appear on the Balance Sheet as the following items:

2.1 BONDS AND OTHER DEBT SECURITIES (BREAKDOWN OF ITEM 4)

	2006	2005
bonds and other debt securities	306,746,155	257,259,412
- issued by public bodies	0	976,230
- issued by banks	248,680,663	205,357,842
- issued by financial institutions	53,776,397	48,939,440
- issued by other bodies	4,289,095	1,985,900

2.2 SHARES, QUOTAS AND OTHER CAPITAL SECURITIES (BREAKDOWN OF ITEM 5)

	2006	2005
shares, quotas and other capital securities	8,674,990	8,961,820

The Securities portfolio is entirely composed of non-immobilized assets reserved for *trading* and for treasury purposes. Its contents can be broken down as follows:

	Balance Sheet value		Market value	
	2006	2005	2006	2005
1. <i>debt securities</i>	306,746,155	257,259,412	306,818,390	257,317,859
1.1 Government securities	0	0	0	0
1.2 other securities	306,746,155	257,259,412	306,818,390	257,317,859
2. <i>capital securities</i>	8,674,990	8,961,820	12,496,200	12,835,525

The "capital securities" item is entirely composed of the relative value of the quotas of mutual investment Trust funds held by the Central Bank.

The comparison between the market value valuation and the Balance Sheet one, carried out according to the previously described criteria, points to a potential capital gain of 3,893,445 euro. As per the accounting principle of prudence, the latter figure has not been entered into the Balance Sheet.



figures in euro

During the course of 2006 the securities portfolio continued its positive trend from the preceding Financial Statements period. This may be mainly attributed to the rise in the Public Administration funds deposited at the Central Bank, as well as to the centralised accounts kept by San Marino's banks at the Central Bank.

The annual variations to the portfolio have been summarised in the following chart:

	2006	2005
A. Initial balance	266,221,232	206,404,632
B. Increases	286,838,666	425,376,551
B.1 purchases	286,108,422	424,111,207
- debt securities	286,108,422	424,111,207
<i>Government securities</i>	0	0
<i>other securities</i>	286,108,422	424,111,207
- stocks and shares	0	0
B.2 value recoveries and revaluation	0	0
B.3 transfers from non-immobilized portfolio	0	0
B.4 other variations	730,243	1,265,344
C. Decreases	237,638,753	365,559,951
C.1 sales and refunds	235,476,326	363,206,265
- debt securities	235,476,326	363,206,265
<i>Government securities</i>	0	0
<i>other securities</i>	235,476,326	363,206,265
- capital securities	0	0
C.2 value adjustments	2,003,355	1,736,730
C.3 transfers from non-immobilized portfolio	0	0
C.4 other variations	159,071	616,956
D. Final balance	315,421,145	266,221,232

With reference to the above table, the following should be pointed out:

Item B.1: Purchases

these relate to:

- issue margins due as of the negotiation date on non-listed fixed income securities for a total of 536,027 euro.

Item B.4: Other variations

these relate to:

- profits from securities negotiation totalling 586,608 euro;

- issue margins amounting to 143,635, for non-listed, fixed income securities relative to 2006.

Item C.1: Sales and refunds

these relate to:

- issue margins due on non-listed, fixed income securities totalling 216,005 euro as of the negotiation date, and issue margins due on the negotiation date for non-listed, fixed income securities amounting to 368,163 euro.

Item C.2: Value adjustments and devaluations

these relate to:

- the devaluation carried out on the securities, as per the accounting principle of valuation, illustrated in Part A.

Item C.4: other variations

these relate to:

- losses from securities negotiations.



figures in euro

SECTION 3 - HOLDINGS

3.1 HOLDINGS (BREAKDOWN OF ITEM 6)

	2006	2005
holdings	203,022	208,594

The Central Bank maintains capital holdings in the companies: s.p.a. ISIS and Cestud s.p.a., to the extent indicated in the following chart:

Name and headquarters	Profits/Losses on 31/12/05	Net Equity on 31/12/05	Quota %	Balance Sheet Value
main holdings				
- s.p.a. ISIS (San Marino)	35,510	319,558	48.91%	156,296
other holdings				
- Cestud s.p.a. (Roma)	2,680	706,905	6.61%	46,726

The amounts relative to the net equity and to the Balance Sheet figures of the firms in which holdings are maintained, have been taken from the last Financial Statements approved by those companies.

It should be noted that the item "profits/losses on 31 December 2005" is included in the total assets figure, and is a valid representation to the end of determining the Balance Sheet value.

The annual variations in the holdings have been summarised in the following chart:

	2006	2005
A. Initial balance	208,594	146,820
B. Increases	264	61,774
B.1 purchases	0	0
B.2 value recoveris	0	0
B.3 revaluations	264	61,774
B.4 other variations	0	0
C. Reductions	5,836	0
C.1 sales	0	0
C.2 value adjustments	5,836	0
C.3 other variations	0	0
D. Final balance	203,022	208,594
E. Total revaluation	85,441	85,177
F. Total adjustments	134,698	128,862

Regarding the chart above, it is necessary to note the following:

Item B.3: revaluations

These include the increase in the equity of Cestud s.p.a. by 177 euro on the 2005 Balance Sheet and an increase on the 2004 Balance Sheet by 87 euro; the latter appeared in the accounts after the substitution of the 2004 Balance Sheet took place. That document had initially been consigned to the Central Bank in a version that was not correct.

Item C.2: value adjustments

The value adjustment corresponds to the devaluation in the holding in the company s.p.a. ISIS, due to the decrease in the equity of that company amounting to 5,836 euro.



figures in euro

Item E.: total revaluations

these relate to:

- annual revaluations of the holdings in the company Cestud s.p.a. totalling euro 21,936;
- annual revaluations of the holdings in the company s.p.a. ISIS totalling 63,505 euro.

Item F.: total adjustments

These include annual devaluations of the s.p.a. ISIS company totalling 134,698 euro.

SECTION 4 - INTANGIBLE AND TANGIBLE FIXED ASSETS, AND LEASING

4.1 INTANGIBLE FIXED ASSETS (BREAKDOWN OF ITEM 8)

	2006	2005
intangible fixed assets	95,449	230,934

The following is the breakdown of the "intangible fixed assets":

Type of good	2006			2005		
	Original cost	Depreciation	Balance Sheet Value	Original cost	Depreciation	Balance Sheet Value
installation and extension costs	6,085	4,868	1,217	6,085	3,651	2,434
pluriennial costs on third party goods	198,906	196,785	2,121	198,906	186,763	12,143
softwares	3,482,954	3,391,343	91,611	3,444,216	3,228,609	215,607
concession patents/licenses/brands	1,250	750	500	1,250	500	750

Balance Sheet movements may be broken down as follows:

	2006	2005
A. Initial balance	230,934	470,615
B. Increases	38,738	203,720
B.1 purchases	38,738	203,720
B.2 value recoveries	0	0
B.3 revaluations	0	0
B.4 other variations	0	0
C. Decreases	174,223	443,401
C.1 sales	0	0
C.2 value adjustments	174,223	443,401
- depreciations	174,223	443,401
- lasting devaluations	0	0
C.3 other devaluations	0	0
D. Final balance	95,449	230,934

Item B.1: purchases

This item includes the costs for the purchase of softwares totalling 38,738 euro.

Item C.2: value adjustments

These include the depreciation quotas relating to 2006 calculated by the direct method.



figures in euro

4.2 TANGIBLE FIXED ASSETS (BREAKDOWN OF ITEM 9)

	2006	2005
tangible fixed assets	5,330,933	1,077,157
- owned assets	5,330,933	77,157
- installment	0	1,000,000

The breakdown of the values entered on the Balance Sheet as "tangible fixed assets" is as follows:

Type of good	2006			2005		
	Original value	Depreciation fund	Balance Sheet Value	Original value	Depreciation fund	Balance Sheet Value
owned assets						
- operative premises	5,483,190	219,328	5,263,862	0	0	0
- plurienn. payment premises	4,743	190	4,553	0	0	0
- office furnit. and furnishings	441,849	409,875	31,974	412,043	385,349	26,694
- systems and fittings	646,583	627,003	19,580	636,933	604,865	32,068
- electronic office devices	611,704	601,740	9,964	600,850	588,656	12,194
- misc. equipment	41,193	40,193	1,000	41,193	35,692	5,501
- motor vehicles	15,793	15,793	0	15,793	15,093	700
installment	0	0	0	1,000,000	0	1,000,000

The Balance Sheet movements can be summarised as follows:

	2006	2005
A. Initial balance	1,077,157	104,703
B. Increases	5,543,422	1,065,731
B.1 purchases	5,543,422	1,058,931
B.2 value recoveries	0	0
B.3 revaluations	0	0
B.4 other variations	0	6,800
C. Decreases	1,289,646	93,277
C.1 sales		0
C.2 value adjustments	289,646	93,234
- depreciation	289,646	93,234
- lasting devaluations	0	0
C.3 other variations	1,000,000	43
D. Final balance	5,330,933	1,077,157

With reference to the above chart it should be noted that:

Item B.1: purchases

pertains to the purchase of:

- office furniture and furnishings totalling 29,806 euro;
- systems and fittings totalling 9,650 euro;
- fixed instrumentation totalling 5,483,190 euro;
- electronic office devices totalling 16,033 euro;
- pluriennial costs for the Bank premises totalling 4,743 euro;



figures in euro

Item C.2: value adjustments

the depreciations were calculated on the basis of the rates that reflect the remaining economic life of the assets, determined pursuant to the laws currently in force.

Item C.3: other variations

This item refers to the termination of the installment paid in 2005 towards the purchase of the premises which are the Central Bank's headquarters.

SECTION 5 - OTHER ASSETS

5.1 OTHER ASSETS (BREAKDOWN OF ITEM 10)

	2006	2005
other assets	1,523,947	1,829,955

The following is the detailed description of the "other assets" entry:

	2006	2005
credit with the State	8,000	8,000
- advances on general income tax	0	0
- higher taxes paid out for previous financial years	8,000	8,000
fees to be debited to	6,007	631,923
- banks	6,007	6,923
- customers	0	625,000
C/A cheques drawn on other banks	205,964	313,728
other credit and miscellaneous items	1,303,976	876,305
Total	1,523,947	1,829,955

The entry "Other credit and miscellaneous items" is mainly composed of credits deriving from charges (833,592 euro) paid to the Central Bank in 2006 by the institutions required to undergo supervision.

5.2 ACCRUED REVENUES AND DEFERRED EXPENSES (BREAKDOWN OF ITEM 11)

	2006	2005
accrued revenues and deferred expenses	3,775,176	3,069,977
- accrued revenues	3,689,287	2,908,672
- deferred expenses	85,889	161,305



figures in euro

The breakdown of the entry is as follows:

	2006	2005
accrued revenues deriving from	3,689,287	2,908,672
- interest on bank deposits	3,081	800
- interest on securities	3,658,194	2,880,817
- interest on loans	28,011	27,055
deferred expenses deriving from	85,889	161,305
- rental for premises	0	32,177
- insurance premiums	26,768	14,949
- other sources	59,121	114,179
Total	3,775,176	3,069,977

Under the "other sources" of the "deferred expenses" item are mainly present the costs calculated on personnel contracts offered on a continuative basis, and maintenance contracts for machinery and systems, while the remaining portion is related to various monthly utility and subscription payments.

SECTION 6 - DEBTS

6.1 DEBTS WITH BANKS (BREAKDOWN OF ITEM 1)

	2006	2005
debts with banks	34,134,199	19,289,882
- sight debts	20,969,431	14,289,882
- term or notice debts	13,164,768	5,000,000

The following is the breakdown of the "debts with banks" entry, organised by technical form and currency:

	EURO		OTHER CURRENCIES		TOTAL	
	2006	2005	2006	2005	2006	2005
<i>sight debts</i>						
- current accounts	17,868,917	9,371,271	3,100,514	4,918,611	20,969,431	14,289,882
<i>term or notice debts</i>						
- deposits	12,000,000	5,000,000	1,164,768	0	13,164,768	5,000,000
Total	29,868,917	14,371,271	4,265,282	4,918,611	34,134,199	19,289,882
<i>of which:</i>						
- with residents	17,868,642	9,367,663	4,265,282	4,879,335	22,133,924	14,246,998
- with non-residents	12,000,275	5,003,608	0	39,276	12,000,275	5,042,884

As in the preceding Balance Sheet the "accrued interest expenses" accrued and matured at the end of the Financial Statements period, amounting to 165,530 euro, were registered under the "debts with banks" entry.



figures in euro

6.2 DEBTS WITH CUSTOMERS (BREAKDOWN OF ITEM 2)

	2006	2005
debts with customers	281,804,693	225,865,646
- sight debts	244,804,693	196,865,646
- term or notice debts	37,000,000	29,000,000

The "term or notice debts" entry refers to deposits opened for the Public Administration as a whole.

The technical form and currency of "debts with customers" can be sub-divided in the following manner:

	EURO		OTHER CURRENCIES		TOTAL	
	2006	2005	2006	2005	2006	2005
<i>sight debts</i>						
- current accounts	244,650,209	196,805,179	154,484	60,467	244,804,693	196,865,646
- time deposits	37,000,000	29,000,000	0	0	37,000,000	29,000,000
Total	281,650,209	225,805,179	154,484	60,467	281,804,693	225,865,646
<i>of which:</i>						
- with residents	281,403,028	225,581,065	154,484	60,467	281,557,512	225,641,532
- with non-residents	247,181	224,114	0	0	247,181	224,114

6.3 DEBTS REPRESENTED BY SECURITIES (BREAKDOWN OF ITEM 3)

	2006	2005
debts represented by securities	5,466,324	8,034,501
- bonds	0	0
- certificates of deposit	0	0
- other securities (repo)	3,041,698	4,902,112
- cheques in circulation	2,424,626	3,132,389

"Other securities" represents the debt existing on 31 December 2006 for financing repurchase agreement operations totalling 1,636,000 euro and for securities lending amounting to 1,405,698 euro; the latter operations do not result in any variations in the securities portfolio of the Central Bank, in that the securities remain Central Bank property.

The "cheques in circulation" item includes the "drawing and receipt" cheques issued by the Central Bank of San Marino as part of its Treasury Service duties.

SECTION 7 - FUNDS

7.1 STAFF RETIREMENT ALLOWANCES (BREAKDOWN OF ITEM 6)

	2006	2005
staff retirement allowances	282,474	234,045

This item records the benefit substituting for the retirement allowance accrued during the year by dependent staff members.



figures in euro

The following variations occurred during the financial year:

	2006	2005
Balance on 1 January	234,045	223,983
Reductions		
- <i>used to pay retirement allowances to staff</i>	<i>234,045</i>	<i>223,983</i>
Increases		
- <i>provision made for financial year</i>	<i>282,474</i>	<i>234,045</i>
Balance on 31 December	282,474	234,045

Pursuant to the employment contract currently in force, the retirement allowances accrued during 2005 were paid out in full to staff members by the deadline of 31 March, 2006.

7.2 RISKS AND COSTS FUND (BREAKDOWN OF ITEM 7)

Tax fund:

the total of this fund was zero on 31 December, 2006 given that, in line with Bank Statutes, profits from the Central Bank are exempt from general income tax. On the other hand - if distributed - they are added to Shareholders' taxable income. Therefore, no movements were registered in 2006, as shown in the following table:

	2006	2005
Balance on 1 January	0	481,941
Reductions		
- <i>general income tax payments preceding year</i>	<i>0</i>	<i>481,941</i>
Increases		
- <i>amount set aside for general income tax payment</i>	<i>0</i>	<i>0</i>
Balance on 31 December	0	0

Other funds:

The following are the breakdown and performance of "other funds":

	2006	2005
Balance on 1 January	0	1,007,338
Reductions		
- <i>fund for capital gains: reinvestment</i>	<i>0</i>	<i>1,007,338</i>
Increases		
- <i>provision for fund for capital gains to be reinvested</i>	<i>0</i>	<i>0</i>
Balance on 31 December	0	0

During 2006 the "Fund for capital gains to be reinvested" registered no changes, as can be seen from the table.

7.3 FUND FOR RISKS ON TAXED CREDITS (BREAKDOWN OF ITEM 8)

This section has not been addressed, given that no values exist for the item.



figures in euro

SECTION 8 - CAPITAL, RESERVES, THE FUND FOR GENERAL BANKING RISKS

8.1 FUND FOR GENERAL BANKING RISKS (BREAKDOWN OF ITEM 9)

	2006	2005
fund for general banking risks	24,126,730	22,606,730

The following are the variations registered during the financial statements period:

	2006	2005
Balance on 1 January	22,606,730	20,316,730
Reductions	0	0
- use of fund	0	0
Increases	1,520,000	2,290,000
- use of the securities devaluation fund and foreign currency fluct. fund	0	0
- provision made for the financial year	1,520,000	2,290,000
Balance on 31 December	24,126,730	22,606,730

8.2 ENDOWMENT FUND (BREAKDOWN OF ITEM 10)

	2006	2005
endowment fund	12,911,425	12,911,425

Pursuant to article 20 of the Central Bank Statutes the "endowment fund" is divided up into nominative and indivisible participation quotas of 5,164.57 each.

The possessory title of the quotas may be broken down in the following manner:

70% San Marino State;

14% "Cassa di Risparmio della Repubblica di San Marino s.p.a.";

6% "Banca di San Marino s.p.a.";

5% "Banca Agricola Commerciale della Repubblica di San Marino s.a.";

5% "Credito Industriale Sammarinese s.p.a.".

8.3 ISSUED PREMIUM (BREAKDOWN OF ITEM 11)

This section has not been addressed, given that no values exist for the item.

8.4 RESERVES (BREAKDOWN OF ITEM 12)

	2006	2005
reserves	10,393,850	9,832,844
- ordinary reserves	2,898,439	2,599,376
- extraordinary reserves	7,409,970	7,148,291
- other reserves	85,441	85,177

Pursuant to Article 23 of the aforementioned Central Bank Statutes, at their annual Meeting the Shareholders are asked to deliberate on the provision of Balance Sheet profits and to distribute a minimum of 40 percent thereof to Ordinary Reserves and a minimum of 25 percent thereof to the equity-holding institutions; any left over sums are to be destined to the Extraordinary reserves and the foundation or integration of various funds that together comprise Central Bank equity.



figures in euro

8.5 NET PROFIT (BREAKDOWN OF ITEM 13)

	2006	2005
net profit	807,872	747,655

The annual variations in the net profit accounts may be viewed by consulting the relative table (annex 2).

SECTION 9 - OTHER LIABILITIES**9.1 OTHER LIABILITIES (BREAKDOWN OF ITEM 4)**

	2006	2005
other liabilities	7,680,360	6,747,915

The Balance Sheet movements may be summarised as follows:

	2006	2005
debts for supplies, services	310,042	740,420
debts with the State	329,488	255,083
- direct taxes to be paid as withholding agent	328,437	253,850
- indirect taxes	1,051	1,233
debts for fees paid to Governing Council Members and Statutory Auditors	114,486	61,269
debts with ISS and FSS	118,255	90,841
invoices to be received	152,937	108,003
debts with employees	660,234	580,080
sums at disposal of third parties	5,888,775	4,823,206
- customers	5,887,919	4,822,414
- banks	856	792
other debts and miscellaneous items	106,143	89,011
rounded-off sums due to Balance Sheet accounting in euro	2	2
Total	7,680,360	6,747,915

The "Sums at the disposal of Third parties" entry refers almost entirely to Treasury receipts which—due to the time required for normal processing procedures—still remained to be credited to their relative current accounts.

As in the preceding Financial Statements, the "accrued interest expenses" item accrued and matured at the end of the Statement period were included under the "debts with banks" entry.

The "other debts and miscellaneous items" entry comprises the 2006 expenses that will be liquidated in the upcoming Balance Sheet, and the valuation which is carried out on the credit default swaps at the end of each Financial Statements period.

9.2 ACCRUED EXPENSES AND DEFERRED REVENUES (BREAKDOWN OF ITEM 5)

	2006	2005
accrued expenses and deferred revenues	178,728	8,647
- accrued expenses	177,430	8,246
- deferred revenues	1,298	401



figures in euro

The following is the breakdown of this item:

	2006	2005
accrued expenses on	177,430	8,246
- interest from bank deposits	5,891	708
- interest on customer deposits	162,129	3,609
- interest on repurchase agreements	8,570	3,088
- interest from credit derivatives	840	840
deferred revenues on	1,298	401
- miscellaneous expense recoveries	1,298	401
Total	178,728	8,647

SECTION 10 - GUARANTEES AND COMMITMENTS

10.1 GUARANTEES ISSUED AND RECEIVED

	2006	2005
guarantees issued	999	999
guarantees received	44,156,018	13,980,966

In the "Guarantees issued" item can be found a bank suretyship granted on behalf of the Public Administration to the Ministry of Transportation and Navigation in Rome.

The "Guarantees received" item is composed of the guarantees received in order to face collections extensions which the Esattoria (Tax Collection Service) grants according to documents relating to the collection system and the Mano Regia procedures carried out, pursuant to Article 6 of Legislative Decree number 39, dated 24 March 2004. The guarantee forms for the extensions are sub-divided into bank suretyships, savings books, commercial papers and real estate mortgages.

Furthermore, from the 2006 Balance Sheet onwards, under the "Guarantees received" item are also present the limits placed on the availability of the San Marino State accounts. In order to facilitate the comparison of the related data, the 2005 Balance Sheet amount has also been updated.

10.2 COMMITMENTS

	2006	2005
sales with repurchase obligation	1,654,090	888,683
purchases with transfer obligation	0	0
foreign currencies and securities to be received	943,544	0
foreign currencies and securities to be delivered	843,131	0
other commitments	5,000,751	5,000,000
Total	8,441,516	5,888,683

"Sales with repurchase obligation" refers to the swap operations registered as of 31 December 2006, which were entered at their swap value, net of withholding taxes and expenses.

The "Other commitments" item refers to a credit default swap corresponding to the credit derivative of the nominal value of 5,000,000 euro; its maturity date is 20 March 2008.

The "fair value", corresponding to the market value (29,561 euro), was registered in the Balance Sheet under "other liabilities", as previously outlined in Section 9.1.



figures in euro

SECTION 11 - CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

11.1 DISTRIBUTION OF CREDIT WITH CUSTOMERS, DIVIDED ACCORDING TO DEBTOR CATEGORIES

This has not been addressed, given that no values exist for the item.

11.2 TERRITORIAL DISTRIBUTION OF ASSETS AND LIABILITIES

This has not been addressed, given that no values exist for the item.

11.3 TIME DISTRIBUTION OF ASSETS AND LIABILITIES

This has not been addressed, given that no values exist for the item.

11.4 ASSETS AND LIABILITIES IN FOREIGN CURRENCY

This has not been addressed, given that no values exist for the item.

SECTION 12 - MANAGEMENT AND INTERMEDIATION FOR THIRD PARTIES

12.1 ASSET MANAGEMENT

This has not been addressed, given that no values exist for the item.

12.2 SECURITIES CUSTODY AND MANAGEMENT

This has not been addressed, given that no values exist for the item.

12.3 OTHER OPERATIONS

	2006	2005
asset management	0	0
custody and management of securities	336,026,095	286,477,510
other operations	36,325,222	30,674,157
Total	372,351,317	317,151,667



figures in euro

The following is the breakdown of "Securities Custody and Management":

Deposited third party securities	16,572,580
third party securities in vault	
- securities and savings books deposited for customers	258,694
- finance bills issued by the Republic of San Marino in favour of the I.M.F. and the World Bank	15,073,238
- bills of exchange	941
- bonds, shares and similar securities	1,239,707
Third party securities deposited with third parties	0
Owned securities deposited with third parties	319,378,590
- bonds and similar securities	306,818,390
- mutual fund quotas deposited with third parties	12,493,660
- shares	66,540
Owned securities deposited in vault	138,925
- shares	138,925
Total	336,090,095

The breakdown of the "Other operations" item is the following:

- Ruoli IGR: being collected	11,045,904
- Mano Regia: being collected	10,691,679
- Tax Collection Serv.: being collected	14,461,001
- Third party goods deposited w/Third Parties	126,639
Total	36,325,222

"Other operations" refers to:

- Public Administration credits entered, for which the Central Bank carries out the encashment, pursuant to Article 52 and subsequent to Law 91 dated 13 October 1984;
- Taxes, duties, sanctions and every other source of revenue for which the State, the Public Bodies and Authorities empower the Central Bank to collect, pursuant to Law 70 dated 25 May 2004, and subsequent changes thereto;
- Goods garnished by the Central Bank's Esattoria (Tax Collection Service) and deposited with third parties while their sale by auction is pending, pursuant to Article 70 and subsequent to Law 70/2004.



figures in euro

Part C - Information on the Profit and Loss Account

SECTION 1 - INTEREST

1.1 INTEREST RECEIVED AND PROCEEDS (BREAKDOWN OF ITEM 1)

	2006	2005
interest received and proceeds	10,683,105	8,273,788

The "Interest received and proceeds" were accrued on:

	2006	2005
a) Inter-bank loans	1,447,176	713,111
of which: credit in foreign currencies	474,315	201,828
b) Customer loans	449,416	406,186
of which: credit in foreign currencies	10	0
c) Government securities and bonds	8,786,513	7,154,491
of which: securities and bonds in foreign currencies	0	0
Total	10,683,105	8,273,788

1.2 INTEREST PAID AND COSTS (BREAKDOWN OF ITEM 2)

	2006	2005
interest paid and costs	4,291,296	2,563,631

The "Interest paid and costs" refer to the following liability items:

	2006	2005
a) debts with banks	864,623	427,836
of which: debts in foreign currencies	368,973	181,812
b) debts with customers	3,185,440	2,122,112
of which: debts in foreign currencies	3,687	1,393
c) debts represented by securities (repurchase agreement)	241,233	13,683
of which: repos on securities in foreign currencies	0	0
Total	4,291,296	2,563,631

The increase in the "interest paid and costs" item can be attributed to a rise in the balances present in the centralised accounts kept by San Marino's banks at the Central Bank, and to the higher level of liquidity present in the Public Administration's current accounts.

SECTION 2 - COMMISSIONS

2.1 COMMISSIONS EARNED (BREAKDOWN OF ITEM 4)

	2006	2005
commissions earned	2,770,677	2,521,022



figures in euro

"Commissions earned" refers to :

	2006	2005
a) managements, brokerage and consultancy services	0	0
1) securities negotiation	0	0
2) custody and management of securities	0	0
b) collection and payment services	2,768,091	2,515,046
c) other services	2,586	5,976
Total	2,770,677	2,521,022

"Collection and payment services" includes profits stemming from the provision of services to the Public Administration as a whole which—based on the three-year agreement signed on 15 March 2006, and given the growing number of services performed—in 2006 amounted to 2,750,000 euro.

2.2 COMMISSIONS PAID (BREAKDOWN OF ITEM 5)

	2006	2005
commissions paid	83,201	81,887
The "Commissions paid" refers to:		
	2006	2005
a) credit derivatives	27,882	30,593
b) management and brokerage services	39,838	34,260
1) negotiation of securities	0	0
2) custody and management of securities	39,838	34,260
c) collection and payment services	4,148	4,313
d) other services	11,333	12,721
Total	83,201	81,887

SECTION 3 - PROFITS AND LOSSES FROM FINANCIAL OPERATIONS

3.1 PROFITS AND LOSSES FROM FINANCIAL OPERATIONS (BREAKDOWN OF ITEM 6)

	2006	2005
losses from financial operations	1,531,218	1,278,011

The composition of the above may be summarised as follows:

	Securities transactions 2006	Foreign Currency transactions 2006	Total 2006
A.1 revaluation	0	0	0
A.2 devaluation	-2,003,355		-2,003,355
B. other profits/losses	454,079	18,059	472,138
Total	-1,549,276	18,059	-1,531,218
1. Government bonds	0		
2. other debt securities	-1,549,276		
3. shares	0		



figures in euro

Item A.2: devaluation

This represents the value of the capital loss on the securities portfolio on 31 December 2006.

Item B.: other profits/losses

This item represents the profits and losses due to securities negotiation, including those reimbursed at maturity. As concerns foreign currency transactions, this entry shows the profit deriving therefrom.

SECTION 4 - ADMINISTRATIVE COSTS**4.1 ADMINISTRATIVE COSTS (BREAKDOWN OF ITEM 9)**

	2006	2005
administrative costs	6,110,744	5,472,054

The "Administrative costs" entry is composed of the following items:

	2006	2005
a) labour costs	3,686,848	3,114,743
- wages and salaries	2,376,933	2,023,834
- pension contributions	612,368	501,754
- retirement allowances	284,974	235,056
- other labour costs	351,315	307,995
- training and professional update courses	61,258	46,105
b) other administrative costs	2,423,896	2,357,311
- graphic art agencies and advertising	19,122	33,217
- insurance	44,570	30,120
- miscellaneous utilities and cleaning of premises	101,721	103,281
- forms, stationary, newspapers and publications	110,113	83,588
- postal expenses, telephone and telex expenses	127,875	121,694
- expendables and spares	12,947	18,304
- payments to "Governing Council Members and Statutory Auditors"	114,486	85,233
- professional consultancy	532,900	528,647
- reimbursement: personnel/consultant travel expenses	161,454	121,978
- rentals, technical assistance, repairs, misc. expenses	1,085,331	923,135
- association membership and similar fees	17,261	15,215
- rents paid	8,546	112,656
- donations	35,303	110,150
- miscellaneous	52,266	70,093
Total	6,110,744	5,472,054

Under the "Labour costs" entry are also included costs for employees who are on leave or who have been temporarily transferred. The relative reimbursement is listed under item 7 on the Profit and Loss Account among the "Other operating proceeds" at 49,925 euro.

"Other labour costs" reflects the cost of the production premium, payments for employee holiday time due but not taken as of 31 December 2006, and the liquidation of employee backpay for overtime hours. Further details of the staff data for the Central Bank may be gained by consultation of the Human Resources Schedule (annex no. 1 to the Notes to the Financial Statements).

The "donations" item consists entirely in a donation made to the Central Bank Foundation.



figures in euro

SECTION 5 - ADJUSTMENTS, RECOVERIES AND PROVISIONS

5.1 VALUE ADJUSTMENTS ON INTANGIBLE AND TANGIBLE FIXED ASSETS (BREAKDOWN OF ITEM 10)

	2006	2005
value adjustments on intangible and tangible fixed assets	463,868	536,635

The entry for "Value adjustments on intangible and tangible fixed assets" is composed in the following manner:

	2006	2005
tangible fixed assets	289,646	93,234
- premises	219,517	0
- furniture, machines, systems, misc. equipment, vehicles	70,129	93,234
intangible fixed assets	174,223	443,401
- pluriennial costs	10,022	10,196
- installation and extension costs	1,217	1,217
- concession of patents, brands and rights	250	250
- softwares	162,733	431,738
Total	463,868	536,635

5.2 PROVISIONS FOR RISKS AND COSTS (BREAKDOWN OF ITEM 11)

This has not been addressed, given that no values exist for the item.

5.3 VALUE ADJUSTMENTS ON CREDITS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS (BREAKDOWN OF ITEM 12)

This has not been addressed, given that no values exist for the item.

5.4 VALUE RECOVERIES ON CREDITS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS (BREAKDOWN OF ITEM 13)

This has not been addressed, given that no values exist for the item.

5.5 PROVISIONS TO CREDIT RISK FUNDS (BREAKDOWN OF ITEM 14)

This has not been addressed, given that no values exist for the item.

5.6 VALUE ADJUSTMENTS ON FINANCIAL ASSETS (BREAKDOWN OF ITEM 15)

	2006	2005
value adjustments on financial assets	5,836	0

For the description of the "Value adjustments on financial assets" entry, see also the comment relative to Item C.2 – Value adjustments, in Section 3 of the Information on the Balance Sheets.

5.7 VALUE RECOVERIES ON FINANCIAL ASSETS (BREAKDOWN OF ITEM 16)

This has not been addressed, given that no values exist for the item.



figures in euro

SECTION 6 - OTHER PROFIT AND LOSS ACCOUNT ITEMS

6.1 DIVIDENS AND OTHER PROCEEDS (BREAKDOWN OF ITEM 3)

During the 2006 Financial Statements period the companies "s.p.a. ISIS" and "Cestud s.p.a." did not pay out any dividends.

6.2 OTHER OPERATING PROCEEDS (BREAKDOWN OF ITEM 7)

	2006	2005
other operating proceeds	1,103,127	1,168,733

The "Other operating proceeds" entry can be broken down as follows:

	2006	2005
- rents received	25,529	24,656
- accounting expenses	3,551	2,822
- recovery of personnel expenses	49,925	49,925
- miscellaneous reimbursements	163,716	249,281
- recovery of charges levied from supervised parties	833,592	830,662
- credit notes and allowances	1,499	797
- proceeds from tax collection services	25,315	10,591
Total	1,103,127	1,168,733

The "Proceeds from Tax Collection services" entry refers to the revenue deriving from executory actions and from dues paid on delays.

The "Recovery of Supervisory and control costs" refers to the total costs to be recovered for the 2006 Financial Statements period; the amount was communicated to the subjects undergoing supervision by the 31 March 2007 deadline, pursuant to Decree no.117 dated 6 November, 2006.

Under the entry "miscellaneous reimbursements" are present - beyond the usual recovery of bank commission costs - the recovery of the participation costs of taking part in the Rete Interbancaria Sammarinese (RIS), the San Marino Interbank Network, the reimbursements connected with the costs faced for the organisation of the Convention regarding Law 165/2005, the reimbursements received from the Council of Europe and from the International Monetary Fund for the participation of several Representatives and staff members of the Bank, as well as the partial reimbursement received from the Social Services Fund for staff training expenses.

6.3 OTHER OPERATING COSTS (BREAKDOWN OF ITEM 8)

	2006	2005
other operating costs	23,668	22,216

The "Other operating costs" entry refers to miscellaneous bank costs and miscellaneous liability round-offs.



figures in euro

6.4 EXTRAORDINARY PROCEEDS (BREAKDOWN OF ITEM 18)

	2006	2005
extraordinary proceeds	291,521	1,050,301
of which: rounding off due to publishing Final Statements in euro	1	2

Under the "extraordinary proceeds" item is included a credit note for 258,228 euro received from the software supplier for Sibacs management following the stipulation of a Renewal Agreement signed in July 2006. Furthermore present are capital gains of 65 euro earned from the assignment of an income source, the value of which was completely depreciated. The further proceed refers to miscellaneous windfall proceeds and extra-balance-sheet round-offs.

6.5 EXTRAORDINARY COSTS (BREAKDOWN OF ITEM 19)

	2006	2005
extraordinary costs	10,727	21,755

The "Extraordinary costs" entry refers to various contingent liabilities.

SECTION 7 - OTHER PROFIT AND LOSS ACCOUNT INFORMATION

7.1 THE TERRITORIAL DISTRIBUTION OF PROCEEDS

The Central Bank maintains its headquarters and bank windows in the Republic of San Marino alone; therefore the territorial distribution of proceeds is not a pertinent item.

APPENDIX TO THE NOTES



Appendix to the Notes

Annex no. 1

HUMAN RESOURCES SCHEDULE

Dependent employees ⁽¹⁾: SHOWN ACCORDING TO HIERARCHY

	2006	2005	2004	2003
SENIOR OFFICERS	0.00%	0.00%	0.00%	0.00%
OFFICERS	12.90%	10.34%	10.71%	7.69%
FRONT OFFICE MGRS/CLERKS	82.26%	86.21%	85.71%	88.46%
SUPPORT STAFF	4.84%	3.45%	3.57%	3.85%
	100.00%	100.00%	100.00%	100.00%

Dependent employees ⁽¹⁾: VARIATIONS

	2006	2005	2004	2003
TOTAL PERSONNEL start of year:	59	56	52	47
of wich Supervision Dept.	12	12	10	7
- HIRING	6	4	6	3
of wich Supervision Dept.	2	0	2	2
- TERMINATIONS	3	1	2	5
of wich Supervision Dept.	0	0	2	2
TOTAL PERSONNEL end of year:	62	59	56	52
of wich Supervision Dept.	17	12	12	10
of wich having fixed-term contracts	3	3	4	3
ANNUAL VARIATIONS	5%	5%	8%	11%
of wich Supervision Dept.	42%	0%	20%	43%
REAL AVERAGE REOURCES ⁽²⁾	53.69	47.56	46.40	42.31

(1) This does not include the Director General and External Inspectors.

(2) This includes also the Director General and the External Inspectors.

This takes into account dates of hirings and resignations, long-term absences (for moving or transfer to other jobs, for maternity leave) and part-time employments.
End month values average.



figures in euro

Annex no. 2

NET EQUITY CHANGES SCHEDULE

Annual net equity changes

	Endowment fund	Ordinary reserve fund	Extraordinary reserve fund	Other reserves	Fund for general banking risks	Profits to be allocated	TOTAL EQUITY
Balance on 31 December 2005	12,911,425	2,599,376	7,148,291	85,177	22,606,730	747,655	46,098,654
2005 profit provisions							
- to the ordinary reserve fund		299,062				-299,062	
- to the extraordinary reserve fund			261,679			-261,679	
- to other reserves							
- unavailable reserves				264			264
- to shareholders						-186,914	-186,914
Provisions on 2006 Financial Statements					1,520,000		1,520,000
2006 profit to be allocated						807,872	807,872
Balances on 31 December 2006	12,911,425	2,898,438	7,409,970	85,441	24,126,730	807,872	48,239,877

BOARD OF AUDITORS REPORT
ON THE BALANCE SHEETS
CLOSED ON 31 DECEMBER 2006



Dear Shareholders,

The proposed Financial Statements, closed on 31 December 2006, which the Governing Council has submitted for your examination and approval, are made up of the Balance Sheets, the Profit and Loss Account, the Governing Council Report and the Notes thereto. This document illustrates trends and operating performance of, and furthermore indicates the financial position of, the Central Bank of the Republic of San Marino, revealing the decisional criteria applied to determine Balance Sheet profits, as well as the accounting principles adopted for the closure of the Statements.

The Balance Sheets were drawn up with clarity, and represent the equity position, the financial state and the economic performance of the Financial Statements period in a true and accurate manner; they were furthermore organised pursuant to the laws currently in force.

The Board of Auditors has furthermore taken into consideration the Independent Auditor's report published on 27 April 2007, the conclusions of which stated:

"In our professional opinion, on 31 December 2006 the Financial Statements of the Central Bank of the Republic of San Marino were in line with the legislation that currently regulates their content; they have been presented with clarity, and accurately and correctly represent the Bank's net equity and financial situation. They have therefore portrayed the Central Bank's general economic status in a true manner."

The amounts determined for assets and liabilities have been observed following the general criteria of pertinence and prudence, especially given the Bank's commitment to consolidating its equity.

The General Banking Risks Fund on the closure date of 31 December 2006 totalled 24,126,730 euro, showing a rise of 1,520,000 euro with respect to the last year's Balance Sheets.

During 2006 the Central Bank proceeded as per Article 33, letter d of its Statutes and highlighted in the Notes to the Financial Statements, among the guarantees received, the ties on the State's available funds.

The Balance Sheets which closed on 31 December 2006, published in euro units after the execution of the rounding-off procedures foreseen by the law, closed with a profit of 807,872 euro, as shown in the Balance Sheet tables below:



figures in euro

BALANCE SHEET	
ASSETS	377,786,655
LIABILITIES	353,673,508
ENDOWMENT FUND	12,911,425
RESERVES	10,393,850
PROFIT FOR THE FINANCIAL YEAR	807,872
GUARANTEES AND COMMITMENTS	
GUARANTEES ISSUED	999
GUARANTEES RECEIVED	44,156,018
COMMITMENTS	8,441,516
SAFE CUSTODY AND MANAGEMENT SECURITIES	
DEPOSITED THIRD-PARTY SECURITIES	16,572,581
THIRD-PARTY SECURITIES DEPOSITED WITH THIRD PARTIES	0
OWNED SECURITIES DEPOSITED WITH THIRD PARTIES	319,378,590
OWNED VALUABLES IN BANK VAULT	138,925
OTHER OPERATIONS	36,325,222
SUSPENSE ACCOUNTS TOTAL	425,013,851
RECLASSIFIED PROFIT AND LOSS ACCOUNT	
MONEY MANAGEMENT MARGIN	6,391,810
PROCEEDS FROM FINANCIAL OPERATIONS	631,209
FINANCIAL OPERATION COSTS	- 2,162,427
OTHER OPERATING PROCEEDS	2,849,060
OTHER OPERATING COSTS	- 106,816
OTHER PROCEEDS	974,629
LABOUR COSTS	- 3,636,733
DEPRECIATION AND PROVISIONS	- 463,868
OTHER COSTS	- 2,423,949
EXTRAORDINARY OPERATING PROCEEDS	65
EXTRAORDINARY OPERATING COSTS	- 5,836
WINDFALL PROCEEDS	291,455
WINDFALL COSTS	- 10,727
PROVISIONS TO MISCELLANEOUS FUNDS	- 1,520,000
USE OF MISCELLANEOUS FUNDS	0
PRE-TAX PROFITS	807,872
INCOME TAXES	0
NET PROFITS	807,872

The valuation of the Balance Sheets was carried out respecting the criteria adopted for last year's Financial Statements, allowing cross-comparison of the data therein.

The Board of Auditors retains that the contents of the Notes to the Financial Statements are complete and supply all the details relating to the breakdown of the individual Balance Sheet and income elements.

The provision of profits, as has already been outlined in the Governing Council report on the Financial Statements, complies with the Central Bank Statutes requirements.

The Board of Auditors would like to express its sincere thanks to the Directorate General and to the Officers whose assistance facilitated the activities connected with the verification procedures that were periodically carried out.

Based on the above-mentioned factors, it is our opinion that the Financial Statements closed on 31 December 2006 constitute a precise representation of the equity/financial position of the Central Bank of the Republic of San Marino, and we therefore invite the Shareholders Meeting to approve these documents in the version proposed by the Governing Council.

San Marino, 15 May 2007

*The Board of Auditors
Bianchini Alessandro
Tumietto Massimo
Zafferani Guido*

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the shareholders of the Central Bank of the Republic of San Marino
A publicly and privately owned entity having private legal status.

1. We have audited the Financial Statements of the Central Bank of the Republic of San Marino as of 31 December 2006; the Governing Council of that Institution are responsible for the content therein. It is the responsibility of our firm to express a professional opinion regarding the Financial Statements based on our accounting audit.
2. The audit was performed in accordance with the generally accepted Auditing Procedures currently in force in Italy, and pursuant to Republic of San Marino legislation regulating Financial Statements. Accordingly, the audit was organised and carried out to the end of gathering all information necessary to ascertain whether the Financial Statements contain any material misstatements or significant errors and if they are, overall, reliable. The auditing procedure included the examination, carried out on the basis of sample checks, of the probatory elements connected with the balances, and the information contained in the Balance Sheet, as well as an evaluation of the adequacy and accuracy of the accounting criteria applied. The extent to which the estimates carried out by the Governing Council members are reasonable was furthermore checked. We believe that the examination conducted provides a sufficient basis for the expression of our professional opinion.

Regarding the opinion expressed about the previous year's Financial Statements, the data from which have been included-pursuant to the laws in force-for comparison purposes, reference is made to the report made by our firm on 4 May 2006.

3. In our professional opinion, on 31 December 2006 the Financial Statements of the Central Bank of the Republic of San Marino were in line with the legislation that currently regulates their content; they have been presented with clarity, and accurately and correctly represent the Bank's net equity and financial situation. They have therefore portrayed the Central Bank's general economic status in a true manner.

4. As provided by the legislation currently in force, the Profit and Loss Account for the 2006 financial year includes provisions amounting to 1,520 thousand euro to the Fund for General Banking Risks, in that it is equivalent to net equity and reinforces the Central Bank's equity position.

Milan, 27 April 2007

PricewaterhouseCoopers S.p.A.

Signed by:
Marco Palumbo
(Accounts Auditor)

INDICE
CONTENTS



INDICE

ORGANI DELLA BANCA CENTRALE DELLA REPUBBLICA DI SAN MARINO	pag.	3
RELAZIONE DEL CONSIGLIO DIRETTIVO ALLA GESTIONE SOCIALE 2006	pag.	5
Fatti di rilievo intervenuti dopo la chiusura delle esercizio	pag.	11
IL BILANCIO 2006		
Stato Patrimoniale Attivo	pag.	15
Stato Patrimoniale Passivo	pag.	16
Garanzie e Impegni / Conti d'Ordine	pag.	17
Conto Profitti e Perdite	pag.	18
Conto Economico Riclassificato	pag.	20
NOTA INTEGRATIVA		
Struttura e contenuto del bilancio	pag.	25
Parte A - Criteri di valutazione	pag.	27
Parte B - Informazioni sullo stato patrimoniale	pag.	31
Parte C - Informazioni sul conto economico	pag.	46
ALLEGATI ALLA NOTA INTEGRATIVA		
Allegato 1: Scheda Risorse Umane	pag.	54
Allegato 2: Scheda Conti di Patrimonio	pag.	55
RELAZIONE DEL COLLEGIO SINDACALE AL BILANCIO D'ESERCIZIO CHIUSO AL 31 DICEMBRE 2006	pag.	57
RELAZIONE DELLA SOCIETÀ DI REVISIONE	pag.	63

CONTENTS

GOVERNING BODIES OF THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO.....	page	3
GOVERNING COUNCIL REPORT ON 2006 MANAGEMENT	page	5
Important events wich occurred after clousure of the financial year	page	11
2006 FINANCIAL STATEMENTS		
Balance Sheet Assets	page	69
Balance Sheet Liabilities	page	70
Guarantees and Commitments / Suspence Accounts	page	71
Profit and Loss Account	page	72
Reclassified Profit and Loss Account	page	74
NOTES TO THE FINANCIAL STATEMENTS		
Structure and contents of the Financial Statements	page	79
Part A - Valuation criteria	page	81
Part B - Information on the Balance Sheets	page	85
Part C - Information on the Profit and Loss Account	page	100
APPENDIX TO THE NOTES		
Annex no. 1: Human Resources Schedule	page	108
Annex no. 2: Net equity Schedule	page	109
BOARD OF AUDITORS REPORT		
ON THE BALANCE SHEETS CLOSED ON 31 DECEMBER 2006	page	111
INDEPENDENT AUDITOR'S REPORT	page	117
