

BANCA  CENTRALE
DELLA REPUBBLICA DI SAN MARINO

ANNUAL REPORT

2012



Annual Report **2012**



BANCA CENTRALE DELLA REPUBBLICA DI SAN MARINO
CENTRAL BANK OF THE REPUBLIC OF SAN MARINO

Publicly and privately owned entity

Economic Operator Code SM04262 – Endowment fund Euro 12,911,425.00 fully paid up

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Governing Bodies of the Central Bank of the Republic of San Marino^I

Governing Council

Renato Clarizia	Chairman
Orietta Berardi	Vice Chairman
Stefano Bizzocchi	Member
Giorgio Lombardi	Member
Marco Mularoni	Member
Aldo Simoncini	Member

Board of Statutory Auditors

Irene Lonfernini	Chairman
Sandy Concetta Stefanelli	Statutory Auditor
Guido Zafferani	Statutory Auditor

Directorate General

Mario Giannini	Director General
Daniele Bernardi	Deputy Director General

Supervision Committee

Mario Giannini	Chairman
Antonio Gumina	External Inspector
Andrea Vivoli	Internal Inspector

I: On 29th May 2013





Governing Council Report on 2012 Management





Dear Shareholders,

the main data and economic-equity indicators pertaining to 2012 management are summarized in the table below.

	2012	2011	Variations	
			Absolute	%
Balance Sheet Totals	360,454,175	452,649,952	-92,195,777	-20.4%
Inter-bank loans	193,946,608	218,029,769	-24,083,161	-11.0%
Customer loans	39,702,232	12,122,116	27,580,116	227.5%
Bonds and other debt securities	106,660,608	196,855,644	-90,195,036	-45.8%
Shares, quotas and other capital securities	1,463	1,463	0	0.0%
Holdings	445,231	427,116	18,115	4.2%
Debts with banks	87,475,730	112,519,375	-25,043,645	-22.3%
Debts with customers	164,087,002	253,371,978	-89,284,976	-35.2%
Debts represented by securities	13,901,803	2,713,684	11,188,119	412.3%
Total Net Equity ^I	81,138,317	75,522,968	5,615,349	7.4%
Money management margin	7,338,771	10,244,229	-2,905,458	-28.4%
Proceeds/ Costs from financial operations	6,018,541	-2,586,140	8,604,681	332.7%
Financial management margin	13,357,312	7,658,089	5,699,223	74.4%
Gross contribution margin	17,311,933	11,139,744	6,172,189	55.4%
Gross operating margin	7,431,820	1,552,696	5,879,124	378.6%
Net profits	2,784,662	1,294,365	1,490,297	115.1%

I: Total includes the Endowment Fund, Reserves, the Fund for General Banking Risks and Balance Sheet profits

As the table illustrates, balance sheet total assets decreased from 452.6 down to 360.4 million euro.

This decrease by 92.2 million mainly derives, on the liabilities side, from the fall in Debts with Customers amounting to 89.3 million and from the decrease in the Debts with Banks item by 25 million; the aforesaid were in part compensated for by gains totalling 11.2 million coming from securities.

On the assets side of the balance sheet the securities portfolio, which is composed of bonds and other debt securities, fell by 90.2 million euro, i.e. from 196.9 to 106.7 million. Inter-bank Loans decreased by 24.1 million, while Customer Loans increased by 27.6 million.

The value of the Holdings in the company S.p.A. I.S.I.S. underwent an increase from 427 thousand euro to 445 thousand euro, due to the revaluation of its net equity at the end of 2012; this calculation was carried out on the basis of the company's balance sheet proposal.

On 31st December 2012 the "Total Net Equity" of the Bank, composed of the Endowment Fund, Reserves, the Fund for General Banking Risks and undistributed balance sheet profits from 2012 had grown by 5.6 million, compared to the same amount present on the analogous date in 2011.

The Reclassified Profit and Loss Account provides details on the income indicators showing that the Money Management Margin fell by 28.4%: this mainly resulted from a decrease in the Interest on Securities item.



Net Profits amounting to 6 million euro is the outcome of the Proceeds from Financial Operations, compared to the net loss of 2.6 million registered in 2011. This year's increase was the result of both solid results obtained in terms of the profits from securities sales/purchases and negotiation, as well as the net decrease in the capital losses in the securities portfolio. As a consequence, final performance in the Financial Management Margin witnessed an increase of 5.7 million more than in 2011.

Concerning the above result it should be pointed out that the overall profit accounted for in the Central Bank's bond portfolio – net of capital gains – was 5.6% over the course of 2012.

The Gross Contribution Margin increased by 6.2 million; contributing to this outcome were the Other Operating Proceeds/Costs item, which generated a net amount of 440 thousand euro, i.e. an amount higher than that registered the year before. This increase was in part due to the revaluation of the commissions set down in the Agreement establishing payment for Central Bank services rendered to San Marino's Public Administration.

Concerning the items which affected the Gross Operating Margin, a 2.3% rise in labor, i.e. staff costs, occurred.

The above cost can be attributed to a combination of budgeted contractual adjustments and an increase – compared to 2011 – of 3 employees among the human resources present in the Bank (in 2012 an average of 87.18 of the Bank's human resources was present, of which 13.45 of employees were deployed in the Financial Information Agency (FIA)).

The final Gross Operating Margin was therefore 7.4 million euro, compared to 1.6 million in 2011.

Given the proposed provision to the Fund for General Banking Risks totalling 3.6 million, and the 1.1 million euro earmarked for the Fund for Financial Risks and Costs, net profits for 2012 amount to 2,784,662 euro, i.e. an increase of 115.1% compared to the previous year.

It should be noted that, in accordance with its Statutes (Law 96/2005), Central Bank profits are exempt from income tax, while they are added onto shareholders' taxable income once distributed.

Some significant indicators have been set out in the table below:

PROFIT INDEX%	2012	2011
Gross contribution margin / Total assets	4.8%	2.5%
Ordinary operating margin / Total assets	2.1%	0.3%
Net profit / Net equity (ROE)	3.4%	1.7%
Net profit / Total assets	0.8%	0.3%

PRODUCTIVITY INDEX (% - euro)	2012	2011
Labour costs ^I / Gross contribution margin	44.0%	65.8%
Ordinary operating margin / Annual average: Human Resources ^{II}	85,247	18,424
Ordinary operating margin / Net equity	9.2%	2.1%

I: Net of reimbursement costs for staff on secondment and includes staff with repeat but temporary employment contracts.

II: Personnel actually present at the Bank, per the Human Resources Schedule (Annex no. 1 to the Notes).



Dear Shareholders,

On behalf of the Governing Council pursuant to Art. 23 of its Statutes, the following allocation of profits amounting to 2,784,662 euro is proposed:

	euro
To the Ordinary Reserve Fund	1,113,865
To the Extraordinary Reserve Fund	974,631
To Holding Bodies/Agencies	696,166

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

	euro
Endowment Fund	12,911,425
Ordinary Reserve Fund	6,702,646
Extraordinary Reserve Fund	9,627,277
The Fund for General Banking Risks	50,825,921
Other Equity Reserves	374,882
Total Net Equity	80,442,151

Dear Shareholders,

The Governing Council's Report on 2012 Management was read and submitted for approval on 24th April 2013.

On behalf of the Governing Council – following the reading of the Board of Statutory Auditors Report – your approval is requested of the Balance Sheets and Financial Statements as a whole, as well as the allocation of profits in the manner proposed, pursuant to the laws currently in force.

Heartfelt thanks are due to the Director General and all staff for the goals reached and their hard work in favour of the Bank, as well as to the Board of Statutory Auditors for its members' participation at Governing Council meetings.

It is important to note the fact that, since last December, an ethics code has been put in place concerning Central Bank management and all employees, which highlights the Bank's commitments to the principles and autonomy which constitute the cornerstone of its values.

Finally, thanks are extended to the Shareholders, the Authorities of the Republic of San Marino and its Public Administration for the level of cooperation demonstrated.

San Marino, 29th May 2013.



IMPORTANT EVENTS WHICH OCCURRED AFTER THE CLOSURE OF THE FINANCIAL YEAR

The negotiations for the termination of the company I.S.I.S. S.p.A. have not yet concluded, but it is believed that this will occur in the first semester of the current year.

It should be noted that negotiations for the renewal of the employment contracts with fixed-term members of staff are still taking place, and the swift signing of the aforesaid is hoped for.

Finally, with reference to the relationship with the Public Administration it is necessary to highlight the fact that on 5th October 2012 the Central Bank stipulated a financing contract with the Eccellentissima Camera (State); a credit line of 60,000,000.00 euro was opened on its current account. 30 million euro of this amount was available for use from 1st December 2012 and a further 30 million from the 1st of January 2013. The Government of San Marino exercised its option to use the first portion of those sums on 3rd December 2012, while the second took place on 18th January 2013. As of this date the entire amount of credit agreed upon has been utilized.

Concerning the opening of the line of credit in question it should be noted that – based on the residual debt that will remain as of the 1st June 2014 – a repayment plan will be established consisting in 12 semester-based amounts with a deadline of 31st May 2020. Said payments will begin on 30th November 2014.



2012 Financial Statements







Balance Sheet Assets

	2012		2011	
1. CASH AND OTHER VALUABLES	11,907,852	11,907,852	16,911,685	16,911,685
2. INTER-BANK LOANS		193,946,608		218,029,769
a) sight credits	148,446,608		2,134,142	
b) other credits	45,500,000		215,895,627	
3. CUSTOMER LOANS	39,702,232	39,702,232	12,122,116	12,122,116
4. BONDS AND OTHER DEBT SECURITIES		106,660,608		196,855,644
a) issued by public institutions	3,998,998		11,617,669	
b) issued by banks	73,089,063		147,908,727	
c) issued by financial institutions	21,839,039		20,812,942	
d) issued by other institutions	7,733,508		16,516,306	
5. SHARES, QUOTAS AND OTHER CAPITAL SECURITIES	1,463	1,463	1,463	1,463
6. HOLDINGS	445,231	445,231	427,116	427,116
7. HOLDINGS IN GROUP BUSINESSES	0	0	0	0
8. INTANGIBLE FIXED ASSETS	118,059	118,059	121,012	121,012
9. TANGIBLE FIXED ASSETS (net of funds)		4,898,391		5,229,625
a) owned assets	4,898,391		5,229,625	
aa) electronic office equipment	16,139		23,501	
ab) electric office machinery	733		1,113	
ac) office furniture and furnishings	95,601		132,776	
ad) micellaneous equipment	16,689		12,250	
ae) mechanical systems and fittings	128,489		146,575	
af) motor vehicles	29,996		50,472	
ag) real property	3,911,897		4,129,224	
ah) multi-year costs for real property	692,547		727,414	
aj) other owned property	6,300		6,300	
10. OTHER ASSETS	2,224,058	2,224,058	1,875,208	1,875,208
From rounding off in euro units	1		1	
11. ACCRUED REVENUES AND DEFERRED EXPENSES		549,673		1,076,314
a) accrued revenues	486,272		1,050,684	
b) deferred expenses	63,401		25,630	
TOTAL ASSETS		360,454,175		452,649,952





Balance Sheet Liabilities

	2012		2011	
1. DEBTS WITH BANKS		87,475,730		112,519,375
a) sight debts	41,475,730		35,519,375	
b) term or notice debts	46,000,000		77,000,000	
2. DEBTS WITH CUSTOMERS		164,087,002		253,371,978
a) sight debts	164,087,002		198,371,978	
b) term or notice debts	0		55,000,000	
3. DEBTS REPRESENTED BY SECURITIES		13,901,803		2,713,684
a) bonds	0		0	
b) certificates of deposit	13,000,000		1,500,000	
c) other securities (repurchase agreements)	0		219,000	
d) cheques in circulation	901,803		994,684	
4. OTHER LIABILITIES	12,066,708	12,066,708	7,203,049	7,203,049
From rounding off in euro units	0		0	
5. ACCRUED EXPENSES AND DEFERRED REVENUES		92,149		758,774
a) accrued expenses	92,149		758,774	
b) deferred revenues	0		0	
6. STAFF RETIREMENT ALLOWANCES	592,466	592,466	560,124	560,124
7. FINANCIAL RISKS AND COSTS FUNDS		1,100,000		0
a) retirement and similar costs fund	0		0	
b) tax fund	0		0	
c) other funds	1,100,000		0	
8. TAXED FUND FOR CREDIT RISKS	0	0	0	0
9. FUND FOR GENERAL BANKING RISKS	50,825,921	50,825,921	47,236,730	47,236,730
10. ENDOWMENT FUND	12,911,425	12,911,425	12,911,425	12,911,425
11. ISSUE PREMIUM	0	0	0	0
12. RESERVES		14,616,309		14,080,448
a) ordinary reserves	5,588,781		5,071,035	
b) extraordinary reserves	8,652,646		8,652,646	
c) other reserves	374,882		356,767	
13. NET PROFIT		2,784,662		1,294,365
TOTAL LIABILITIES		360,454,175		452,649,952



Guarantees and Commitments

	2012	2011
GUARANTEES ISSUED		
a) acceptances	0	0
b) other guarantees	8,949,648	9,047,984
GUARANTEES RECEIVED		
a) acceptances	0	0
b) other guarantees	231,759,607	452,756,423
COMMITMENTS		
a) sales with repurchase obligation	0	221,203
b) sales with transfer obligation	0	0
c) foreign currencies and securities received	0	0
d) foreign currencies and securities to be delivered	0	0
e) other commitments	0	0
TOTAL COMMITMENTS AND RISKS	240,709,255	462,025,610

Suspense Accounts

	2012	2011
ASSET MANAGEMENT	0	0
SECURITIES CUSTODY AND MANAGEMENT		
a) deposited third party securities	21,839,575	28,500,212
b) third party securities deposited with third parties	1,949,223	33,907,060
c) owned securities deposited with third parties	108,670,001	204,840,001
d) owned valuables in bank vault	463,122	454,851
OTHER OPERATIONS	171,265,724	155,707,208
TOTAL SUSPENSE ACCOUNTS	304,187,646	423,409,332





Profit and Loss Account

	2012	2011
1. INTEREST RECEIVED AND OTHER PROCEEDS	9,173,415	14,898,397
a) on inter-bank loans	6,490,283	8,976,926
b) on customer loans	183,851	230,619
c) on Government securities and bonds	2,499,281	5,690,852
2. INTEREST PAID AND OTHER COSTS	-1,883,554	-4,751,986
a) on debts with banks	-1,033,398	-2,437,359
b) on debts with customers	-771,864	-2,187,789
c) on debts represented by securities (repos)	-78,292	-126,838
3. DIVIDENDS AND OTHER PROCEEDS	48,910	97,818
a) on shares, quotas and other capital securities	0	0
b) on holdings	48,910	97,818
c) on holdings in group businesses	0	0
4. COMMISSIONS RECEIVED	3,832,556	3,609,139
5. COMMISSIONS PAID	-50,369	-59,905
6. PROFITS (LOSSES) FROM FINANCIAL OPERATIONS	6,018,541	-2,586,139
7. OTHER OPERATING PROCEEDS	1,864,623	1,696,317
8. OTHER OPERATING COSTS	-107,466	-114,411
9. ADMINISTRATIVE COSTS	-10,961,622	-10,732,533
a) labour costs	-7,356,034	-7,194,746
aa) wages and salaries	-4,676,187	-4,562,382
ab) pension contributions	-1,335,744	-1,297,896
ac) retirement allowances	-594,443	-569,756
ad) severance and indemnity-related costs	0	0
ae) other labour costs	-749,660	-764,712
b) other administrative costs	-3,605,588	-3,537,787
10. VALUE ADJUSTMENTS ON INTANGIBLE AND TANGIBLE FIXED ASSETS	-503,220	-504,501
11. PROVISIONS FOR FINANCIAL RISKS AND COSTS	-1,100,000	0
12. VALUE ADJUSTMENTS ON CREDITS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	0	0
13. VALUE RECOVERIES ON CREDITS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	0	0
14. PROVISIONS TO THE CREDIT RISKS FUNDS	0	0
15. VALUE ADJUSTMENTS ON FINANCIAL ASSETS	0	0



	2012	2011
	0	0
16. VALUE RECOVERIES ON FINANCIAL ASSETS		
17. PROFIT (LOSS) ON ORDINARY ACTIVITIES	6,331,814	1,552,196
18. EXTRAORDINARY PROCEEDS	63,845	39,263
from rounding off in Euro units	0	0
19. EXTRAORDINARY COSTS	-10,997	-197,094
from rounding off in Euro units	-1	0
20. EXTRAORDINARY PROFIT (LOSS)	52,848	-157,831
21. VARIATION TO THE THE FUND FOR GENERAL BANKING RISKS	-3,600,000	-100,000
22. INCOME TAX FOR THE FINANCIAL YEAR	0	0
23. PROFIT (LOSS) FOR THE FINANCIAL YEAR	2,784,662	1,294,365





Reclassified Profit and Loss Account

	2012	2011
1. INTEREST RECEIVED	6,674,134	9,207,545
1.1 from customers	183,851	230,619
1.2 from banks	6,490,283	8,976,926
1.2.1 current account and sight deposits	3,609	257,022
1.2.2 term deposits and repos	51,205	204,133
1.2.3 other interest	6,435,468	8,515,771
2. INTEREST ON SECURITIES	2,499,281	5,690,852
3. DIVIDENDS AND OTHER PROCEEDS	48,910	97,818
4. INTEREST PAID	-1,883,554	-4,751,986
4.1 to customers	-771,864	-2,193,454
4.1.1 current account and sight deposits	-473,587	-1,549,577
4.1.2 term deposits and repos	-298,276	-643,877
4.2 to banks	-1,033,398	-2,437,359
4.3 other assimilated interest and costs	-78,292	-121,173
A. MONEY MANAGEMENT MARGIN	7,338,771	10,244,229
5. PROCEEDS FROM FINANCIAL OPERATIONS	6,080,307	2,656,140
6. FINANCIAL OPERATION COSTS	-61,766	-5,242,280
B. FINANCIAL MANAGEMENT MARGIN	13,357,312	7,658,089
7. OTHER OPERATING PROCEEDS	4,112,456	3,655,971
7.1 proceeds from securities management	249	149
7.2 proceeds from foreign currency management	0	0
7.3 other proceeds	4,112,207	3,655,822
8. OTHER OPERATING COSTS	-157,835	-174,316
8.1 securities management costs	-22,760	-38,406
8.2 foreign currency management costs	0	0
8.3 other costs	-135,075	-135,910
C. GROSS CONTRIBUTION MARGIN	17,311,933	11,139,744
9. OTHER PROCEEDS	1,563,316	1,622,311
<i>of which: from rounding off in euro units</i>	0	1
10. LABOUR COSTS	-7,334,628	-7,167,571
10.1 clerical	-3,155,562	-3,037,829
10.2 management and officers	-1,520,625	-1,524,553
10.3 pension contributions	-1,335,744	-1,297,896
10.4 provision to employee retirement fund	-594,443	-569,756
10.5 miscellaneous personnel costs	-749,660	-764,712
(minus personnel expense reimbursements)	21,406	27,175
11. DEPRECIATION AND PROVISIONS COSTS	-503,220	-504,501



	2012	2011
12. OTHER COSTS	-3,605,588	-3,537,787
of which: due to rounding off in euro units	0	0
D. ORDINARY MANAGEMENT MARGIN	7,431,813	1,552,196
13. EXTRAORDINARY OPERATING PROCEEDS	7	500
14. EXTRAORDINARY OPERATING COSTS	0	0
E. GROSS OPERATING MARGIN	7,431,820	1,552,696
15. WINDFALL PROCEEDS	63,838	38,763
16. WINDFALL COSTS	-10,996	-197,094
F. PRE-PROVISION PROFITS	7,484,662	1,394,365
17. PROVISION FOR FINANCIAL RISKS AND COSTS	-1,100,000	0
18. PROVISION TO THE FUND FOR GENERAL BANKING RISKS	-3,600,000	-100,000
19. USE OF MISCELLANEOUS FUNDS	0	0
G. PRE-TAX PROFITS	2,784,662	1,294,365
20. INCOME TAXES	0	0
H. NET PROFITS	2,784,662	1,294,365





Notes to the Financial Statements





Structure and Contents of the Financial Statements

PART A – VALUATION CRITERIA

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Section 5 – Other Asset Items

Section 6 – Debts

Section 7 – Other Liability Items

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Section 9 – Capital, Reserves, the Fund for General Banking Risks

Section 10 – Guarantees and Commitments

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PART C – INFORMATION ON THE PROFIT AND LOSS ACCOUNT

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Section 3 – Profits and Losses from Financial Operations

Section 4 – Administrative Costs

Section 5 – Adjustments, Recoveries and Provisions

Section 6 – Other Profit and Loss Items

Section 7 – Other Profit and Loss Information



The Balance Sheets and Financial Statements for 2012 have been drawn up in accordance with the laws currently in force. In particular, Law 96 from 29th June 2005 (Statutes of the Central Bank of San Marino), Law 165 from 17th November 2005 (the Law Concerning Firms and Banking, Financial and Insurance Services), and Law 47 from 23rd February 2006 (the Law Concerning Corporations).

The Financial Statements, comprising the Balance Sheet, the Profit and Loss Account and the Notes thereto, are accompanied by the Reports of the Governing Council and the Board of Statutory Auditors.

The Notes to the Financial Statements contain information to illustrate the balance sheet data that goes beyond specific legislative requirements or regulations. However, it is hoped that the aforesaid will assist readers' correct interpretation of that document.

The following annexes have been appended to the Notes:

- the Human Resources Schedule (Annex 1);
- the Net Equity Changes Schedule (Annex 2);
- the Statement of Financial Conditions Schedule (Annex 3).

In the interest of facilitating readers' analysis of the data, comparison is made between the current year's figures and those from the preceding Statements, both in the Balance Sheets as well as in the tables contained in the Notes.

Some of the items in the Notes to the Financial Statements have been represented according to their denomination in "euro" and "other currencies"; all non-euro currencies 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, that is, by the sum of the rounded-off totals where sub-items are concerned.

The differences deriving from this operation are to be considered extraneous to the Balance Sheets, and have been highlighted, in that document, 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 following the general criteria for accounting procedures.

In the interest of uniformity and in observation of the laws currently in force regulating the drawing up of financial statements, the figures in the Notes have also been published in euro units.

Part A- Valuation criteria

Section 1- Illustration of the valuation criteria

The 2012 Balance Sheets and 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 in last year's financial statements.

CREDITS, GUARANTEES AND COMMITMENTS

- Inter-bank loans: these have been shown at face value, corresponding to their presumed monetary value; onto this has been added the share of interest accrued and matured on the closing date of the balance sheets.

- Customer loans: these appear at their presumed monetary value, corresponding to their face value, including the share of interest accrued and matured on the closing date of the balance sheets.

- Other credits: these are shown at face value, corresponding to their presumed market value. These also include the share of interest accrued and matured on the closing date of the balance sheets.

- Guarantees and Commitments: the guarantees issued and received have been entered at the value corresponding to the relative commitment undertaken or guaranteed. The securities and foreign currencies to be received/delivered have been entered at the price that was contractually agreed upon with the other party. Commitments to deliver funds to other parties and customers were entered according to the agreed-upon value.

SECURITIES AND OFF-BALANCE-SHEET OPERATIONS

- Investment securities: the contents of the securities portfolio were valued following the criteria of choosing the lesser value of: either their purchase price, calculated by the Lifo method with annual increments, or their market value, calculated using their average price during the month of December. If such devaluation is being carried out to stay in line with market prices, this value would represent the new price to be adopted in future balance sheets, to facilitate comparison with the market.

The Xtrakterlimited company's quotations were applied for the market value; alternatively, when the former were not available, the following solution was adopted:

- a) the quotations provided by market makers on the basis of the rate curves and the spread between benchmark securities with analogous characteristics, or;
- b) by comparison with Securities quotations having analogous characteristics.

The value of zero coupon bond securities includes the relative share of interest accrued up to the date of the present balance sheets.

- Shares: these were valued at the lower value between either their purchase price or their market price; the official value for the latter was that valid on 31st December 2012.

HOLDINGS

Holdings were purchased for their stable investment characteristics and were valued following the net equity criteria illustrated in last year's financial statements.

The application of this valuation method to holdings implies the attribution of a value equal to the corresponding portion of the holding's net equity. The comparison between the share of net equity and the accounting value of the holding gives rise to a positive or a negative difference, which – respectively – is entered as an increase or a decrease in the registered value of the holding. In compensation, a corresponding net equity reserve is entered. On the other hand, the paying out of dividends or the settlement of losses entails an entry in the Profit and Loss Account.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

The assets and liabilities denominated in foreign currencies appear in euro, based on the European Central Bank's exchange rate bulletin at the end of the financial statements period; these are entered onto the balance sheets per the value on their maturation date.

TANGIBLE FIXED ASSETS

These have been entered at their purchase price, inclusive of any accessorial costs.



During 2012 no devaluations and/or re-valuations were carried out on their value. The cost of the fixed assets has been depreciated based on percentages set down in the fiscal legislation currently in force.

INTANGIBLE FIXED ASSETS

These have been entered at their purchase price, inclusive of accessorial costs; they have been depreciated at a constant rate, per the criteria adopted in the financial statements from previous years (for a period not longer than five years), in line with the current fiscal legislation.

OTHER BALANCE SHEET ITEMS

- Debts: these have been valued at their residual capital value, to which was added the interest accrued on the closing date of the balance sheets.

- Repurchase agreements (it should be pointed out that no such operations were underway on 31st December 2012): given that these oblige the transferee to resell on the maturation date, the sums received or paid out are entered as debts and credits. The funding cost and the income deriving from the investment proceeds – consisting in the coupons earned on securities and the difference between their spot and forward price – are entered as interest.

- Accrued revenues and deferred expenses: this item includes the shares of costs and proceeds which are common to two or more balance sheets, in observation of the accounting principle of temporal pertinence.

EMPLOYEE RETIREMENT ALLOWANCE FUND

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

RISKS AND COSTS FUNDS

In 2012 a Fund for Financial Risks and Costs was established for the prudential reasons outlined further on in this document.

No tax fund amounts were entered onto the "Tax Fund" item, given that the Central Bank's Statutes set out that profits are exempt from General Income Tax. On the other hand, if distributed, profits are added onto the recipients' taxable income.

FUND FOR GENERAL BANKING RISKS

This fund was set up to cover general business risks and, therefore, constitutes net equity. The amount of any variation in this item is entered under this specific title in the Profit and Loss Account.

Part B- Information on the Balance Sheets

Section 1- Credits

1.1 Cash and other valuables (detailed breakdown of 1)

	2012	2011
cash and other valuables	11,907,852	16,911,885

The cash account is composed of banknotes and coins totalling 11,907,131 euro, 60 Swiss francs worth the equivalent of 50 euro, 150 English pounds sterling worth the equivalent of 184 euro and 642 U.S. dollars worth the equivalent of 487 euro.

1.2 Inter-bank loans (detailed breakdown of 2)

	2012		2011	
inter-bank loans		193,946,608		218,029,769
- sight credits	148,446,608		2,134,142	
- other credits	45,500,000		215,895,627	

The "Inter-bank loans" item may be broken down as follows, in terms of the technical nature and currency of the items therein:

	Euro		Other Currencies		Total	
	2012	2011	2012	2011	2012	2011
sight credits						
- current accounts	148,248,808	519,211	197,800	1,614,931	148,446,608	2,134,142
- other technical forms	0	0	0	0	0	0
other credits						
- term deposits	0	22,552,890	0	0	0	22,552,890
- subsidies	45,500,000	193,342,737	0	0	45,500,000	193,342,737
- of which						
matured subsidies	2,000,000	3,292,737	0	0	2,000,000	3,292,737
Total	193,748,808	216,414,838	197,800	1,614,931	193,946,608	218,029,769
of which:						
- with non-residents	148,248,808	23,072,101	197,800	1,614,931	148,446,608	24,687,032
- with residents	45,500,000	193,342,737	0	0	45,500,000	193,342,737

The subsidies granted are connected with the temporary support of the liquidity levels in San Marino's financial system.

As set down by Central Bank Statutes the credits granted to supervised parties operating in the territory of the Republic are assured by adequate guarantees.

The "matured subsidies" item amounting to 2,000,000 euro is the residual debt, as of 31st December 2012, that a supervised subject must reimburse on a loan (for 3,074,531 euro) that matured on 15th October 2010, for which a payment portion totalling 1,500,000 euro is due on 31st December 2013. The deadline for full reimbursement is 31st December 2014.



1.3 Customer loans (detailed breakdown of 3)

	2012	2011
customer loans	39,702,232	12,122,116

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

	Euro		Other Currencies		Total	
	2012	2011	2012	2011	2012	2011
- current accounts	30,173,951	160,564	0	0	30,173,951	160,564
- mortgage loans	1,294,340	903,381	0	0	1,294,340	903,381
- other loans	8,233,941	11,058,171	0	0	8,233,941	11,058,171
- other credits	0	0	0	0	0	0
Total	39,702,232	12,122,116	0	0	39,702,232	12,122,116
of which:						
- granted to non residents	27,397	26,996	0	0	27,397	26,996
- granted to residents	39,674,835	12,095,120	0	0	39,674,835	12,095,120

The "credits with customers" item contains the amounts granted, in the technical form outlined above, to the Public Administration and – to a much lesser extent – to dependent employees of the Central Bank.

"Mortgage loans" exclusively concern the dependent employees of the Central Bank, while the "other loans" item stands for the residual debt remaining from loans granted to the Public Administration.

Section 2- Securities**2.1 Bonds and other debt securities (detailed breakdown of 4)**

Property Securities appear under the following items:

	2012		2011	
Bonds and other debt securities:		106,660,608		196,855,644
- issued by public institutions	3,998,998		11,617,669	
- issued by banks	73,089,063		147,908,727	
- issued by financial institutions	21,839,039		20,812,942	
- issued by other institutions	7,733,508		16,516,306	

The securities portfolio is entirely composed of investment securities reserves for negotiation and treasury purposes.

	Balance Sheet Value		Market Value	
	2012	2011	2012	2011
1. debt securities	106,660,608	196,855,644	108,640,784	196,965,990
1.1 Government securities	0	0	0	0
1.2 other securities	106,660,608	196,855,644	108,640,784	196,965,990
Total	106,660,608	196,855,644	108,640,784	196,965,990

The comparison between the market value and the balance sheet valuation points to a potential capital gain of 1,980,176 euro which – in observance of the accounting principle of prudence – has not been entered. The balance sheet valuation was carried out following the previously outlined criteria.

The annual variations to the portfolio are illustrated in the following table:

	2012		2011	
A. Initial balance		196,855,644		253,607,798
B. Increases		421,587,766		459,124,183
B.1 purchases				
- debt securities	415,428,845		455,928,258	
<i>Government securities</i>	0		0	
<i>Other securities</i>	415,428,845		455,928,258	
- capital securities	0		0	
B.2 value recoveries and revaluations		0		0
B.3 transfers from investment portfolio		0		0
B.4 other variations		6,158,922		3,195,925
C. Decreases		511,782,802		515,876,337
C.1 sales and refunds				
- debt securities	511,698,792		510,204,208	
<i>Government securities</i>	0		0	
<i>other securities</i>	511,698,792		510,204,208	
- capital securities	0		0	
C.2 value revaluations		61,766		5,242,280
C.3 transfers from investment portfolio		0		0
C.4 other variations		22,244		429,849
D. Final balance		106,660,608		196,855,644

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

Item B.1: purchases
includes:
- issue margins due, on the negotiation date, on non-listed fixed income securities for a total of 250,317 euro.
Item B.4: other variations
includes:
- proceeds from securities negotiations for a total of 6,089,176 euro
- issue margins for 2012 totalling 69,746 euro on non-listed fixed income securities.
Item C.1: sales and refunds
includes:
- issue margins amounting to 367,141 euro matured on the negotiation/refund date on non-listed fixed income

securities.

Item C.2: value adjustments

includes:

- the devaluation carried out on securities per the valuation principles outlined in Part A.

Item C.4: other variations

includes:

- losses from securities negotiation totalling 22,244 euro.

2.2 Shares, quotas and other capital securities (detailed breakdown of 5)

	Balance sheet value		Market value	
	2012	2011	2012	2011
Shares, quotas and other capital securities	1,463	1,463	3,290	3,120
Total	1,463	1,463	3,290	3,120

This item is entirely composed of the value of Swift operations.

The comparison between the market and the balance sheet prices highlights a potential capital gain of 1,827 euro.

Section 3 - Holdings

3.1 Shares, quotas and other capital securities (detailed breakdown of 5)

	2012	2011
holdings	445,231	427,116

The above figures are based on the following data:

Name and headquarters	Profit/Loss on 31/12/2012	Net equity on 31/12/2012	Quota %	Balance sheet value
holdings - S.p.A. ISIS (San Marino)	137,037	910,306	48.91%	445,231

The amounts concerning net equity and the balance sheet figures for the firm for which holdings exist have been entered per that company's Balance Sheets approved by its Board of Directors for 2012.

The annual variations have been summarised in the following table:

	2012	2011
A. Initial balance	427,116	446,050
B. Increases	67,025	78,884
B.1 purchases	0	0
B.2 value recoveries	0	0

	2012	2011
B.3 revaluations	67,025	78,884
B.4 other variations		
C. Decreases	48,910	97,818
C.1 sales	0	0
C.2 value adjustments	0	0
C.3 other variations	48,910	97,818
D. Final Balance	445,231	427,116

Concerning the contents of the table it is important to note the following:

Item B.3: revaluations
Includes the 67,025 euro increase in the equity of the firm S.p.A. I.S.I.S., as calculated on its 2012 balance sheet data.
Item C.3: other variations
This corresponds to the decrease in net equity due to the Holding's distribution of 2011 dividends to its investors.

Section 4 – Intangible and Tangible Fixed Assets and Leasing

4.1 Shares, quotas and other capital securities (detailed breakdown of 5)

	2012	2011
Intangible fixed assets	118,059	121,012

The following are the single components of the "Intangible fixed assets":

Type of Good	2012			2011		
	Original Cost	Depreciation	Balance Sheet value	Original Cost	Depreciation	Balance Sheet Value
Multi-year costs on third party goods	200,525	200,525	0	200,525	199,985	539
software	4,021,931	3,903,872	118,059	3,914,510	3,794,037	120,473
Total			118,059			121,012

Balance sheet movements can be summarised as follows:

	2012	2011
A. Initial Balance	121,012	94,018
B. Increases	107,421	139,335
B.1 purchases	107,421	139,335
B.2 value recoveries	0	0
B.3 revaluations	0	0
B.4 other variations	0	0

	2012	2011
C. Decreases	110,374	112,341
C.1 sales	0	0
C.2 value adjustments	110,374	112,341
- depreciation	110,374	112,341
- lasting devaluations	0	0
C.3 other variations	0	0
D. Final balance	118,059	121,012

Concerning the contents of the table, the following are of note:

Item B.1: purchases
Includes the costs for the purchase of software programmes amounting to 107,421 euro.
Item C.2: value recoveries
Includes the relative depreciation quotas, calculated per the direct method in 110,374 euro.

4.2 Tangible fixed goods (detailed breakdown of 9)

	2012	2011
tangible fixed goods	4,898,391	5,229,625
- owned assets	4,898,391	5,229,625

The table below represents the single components of the values entered onto the Balance Sheets under "tangible fixed assets":

Type of Good	2012			2011		
	Original Cost	Depreciation Fund	Balance Sheet Value	Original Cost	Depreciation Fund	Balance Sheet Value
owned assets:						
- electronic office equipment	754,452	738,313	16,139	755,875	732,374	23,501
- electric office machinery	12,671	11,938	733	12,671	11,558	1,113
- furniture and furnishings	740,528	644,927	95,601	734,083	601,307	132,776
- miscellaneous equipment	87,372	70,683	16,689	73,655	61,405	12,250
- systems and fittings	923,776	795,287	128,489	899,603	753,028	146,575
- motor vehicles	126,500	96,504	29,996	126,500	76,028	50,472
- essential buildings	5,433,190	1,521,293	3,911,897	5,433,190	1,303,966	4,129,224
- multi-year costs on buildings	871,664	179,117	692,547	871,664	144,250	727,414
- other owned goods	6,300	0	6,300	6,300	0	6,300
Total			4,898,391			5,229,625

The entries can be summarised as follows:

	2012	2011
A. Initial balance	5,229,625	5,572,613

	2012	2011
B. Increases	61,612	49,172
B.1 purchases	61,612	49,172
B.2 value recoveries	0	0
B.3 revaluations	0	0
B.4 other variations	0	0
C. Decreases	392,846	392,160
C.1 sales	0	0
C.2 value adjustments	392,846	392,160
- depreciation	392,846	392,160
- lasting devaluations	0	0
C.3 other variations	0	0
D. Final balance	4,898,391	5,229,625

Concerning the contents of the table the following are of note:

Item B.1: purchases

includes the costs for the purchase of:

- furniture and furnishings totalling 6,445 euro
- electronic office equipment totalling 14,773 euro
- machinery, systems and fittings totalling 26,677 euro
- miscellaneous equipment totalling 13,717 euro

Item C.2: depreciation

Depreciation carried out has been calculated on the rates adopted in the fiscal legislation currently in force.

Section 5 – Other Assets

5.1 Other assets (detailed breakdown of 10)

	2012	2011
other assets	2,224,058	1,875,208
<i>from rounding off in euro units</i>	<i>1</i>	<i>1</i>

The following is the detailed breakdown of the "Other Assets" item:

	2012	2011
credit with the State:	410,292	410,336
- advances on General Income Tax	0	0
- taxes paid out for previous fiscal years	410,292	410,336
fees to be debited to:	33,572	34,049
- banks	33,572	34,049
- customers	0	0
current account cheques drawn on other banks	0	0
other credit and miscellaneous items	1,780,194	1,430,821
<i>from rounding off in euro units:</i>	<i>1</i>	<i>1</i>
Total	2,224,058	1,875,208

The “other credits and miscellaneous items” item includes the credits for charges levied for 2012 Supervision fees, totalling 1,500,000 euro, which supervised entities are obliged to pay back to the Central Bank by 31st May 2013.

5.2 Accrued revenues and deferred expenses (detailed breakdown of 11)

	2012	2011
accrued revenues and deferred expenses	549,673	1,076,314
- accrued revenues	486,272	1,050,684
- deferred expenses	63,401	25,630

The contents of this item are as follows:

	2012	2011
accrued revenues deriving from:	486,272	1,050,684
- interest on bank deposits	0	125
- interest on securities	486,272	1,050,487
- interest on loans	0	0
- interest on bank current accounts	0	72
deferred expenses deriving from:	63,401	25,630
- insurance premiums	0	1,253
- other sources	63,401	24,377
Total	549,673	1,076,314

The “other sources of deferred expenses” are principally composed of deferred expenses for rental costs.

Section 6 - Debts

6.1 Debts with banks (detailed breakdown of 1)

	2012	2011
debts with banks	87,475,730	112,519,375
- sight debts	41,475,730	35,519,375
- term or notice debts	46,000,000	77,000,000

The “debts with banks” entry, displayed below according to technical form and currency, can be broken down as follows:

	Euro		Other Currencies		Total	
	2012	2011	2012	2011	2012	2011
sight debts						
- current accounts	41,380,701	35,362,698	95,029	156,677	41,475,730	35,519,375
term or notice debts						
- time deposits	46,000,000	77,000,000			46,000,000	77,000,000

	Euro		Other Currencies		Total	
	2012	2011	2012	2011	2012	2011
Total	87,380,701	112,362,698	95,029	156,677	87,475,730	112,519,375
of which:						
- with residents	87,380,701	112,362,698	95,029	156,677	87,475,730	112,519,375
- with non residents	0	0	0	0	0	0

The accrued and matured "interest paid to banks" amounting to 350 euro have been included under the "sight debts" item.

6.2 Debts with customers (detailed breakdown of 2)

	2012	2011
debts with customers	164,087,002	253,371,978
- sight debts	164,087,002	198,371,978
- term or notice debts	0	55,000,000

The technical form and currency of "debts with customers" can be further broken down as follows:

	Euro		Other Currencies		Total	
	2012	2011	2012	2011	2012	2011
sight debts						
- current accounts	164,082,292	198,363,575	4,710	8,403	164,087,002	198,371,978
- deposits	0	55,000,000	0	0	0	55,000,000
Total	164,082,292	253,363,575	4,710	8,403	164,087,002	253,371,978
of which:						
- with residents	164,082,292	253,230,185	4,710	8,403	164,087,002	253,238,588
- with non residents	0	133,390	0	0	0	133,390

The accrued and matured "interest paid to customers" amounted to 51,307 euro at the end of the balance sheet period; this figure has been entered under the "sight debts".

6.3 Debts represented by securities (detailed breakdown of 3)

	2012	2011
debts represented by securities	13,901,803	2,713,684
- bonds	0	0
- certificates of deposit	13,000,000	1,500,000
- other securities (repos)	0	219,000
- cheques in circulation	901,803	994,684

"Cheques in circulation" includes drawing and receipt cheques issued by the Central Bank in the line of its Treasury Department duties.

Section 7 – Other Liabilities

7.1 Other liabilities (detailed breakdown of 4)

	2012	2011
other liabilities	12,066,708	7,203,049
<i>from rounding off in euro units</i>	0	0

The following is a detailed description of this entry:

	2012	2011
debts for suppliers and services	235,413	377,081
debts with the State:	215,614	213,619
- direct taxes to be paid as withholding agent	214,467	212,002
- indirect taxes	1,147	1,617
debts for fees paid to Governing Council Members and the Board of Statutory Auditors	96,090	92,700
debts with the ISS and the FSS	428,712	242,624
invoices to be received	78,260	168,777
debts with dependent employees	739,146	777,348
sums at the disposal of third parties:	9,338,695	4,369,243
- customers	9,333,781	4,362,281
- banks	4,914	6,962
other debts and miscellaneous items	934,777	961,657
<i>from rounding off in euro units</i>	0	0
Total	12,066,708	7,203,049

"Debts with dependent employees" includes all the compensation relative to 2012 to be paid out to personnel during the current financial year, including the financing for the payment of bonuses to dependent staff, per the labour contract in force.

"Sums at the disposal of third parties" refers almost exclusively to Treasury receipts which – due to the time required to process them – have yet to be credited to their relative current accounts.

"Other debts and miscellaneous items" is composed of 2012 costs for employees' left-over holiday time, as well as the relative staff pension and retirement allowances.

7.2 Accrued expenses and deferred revenues (detailed breakdown of 5)

	2012	2011
accrued expenses and deferred revenues	92,149	758,774
- accrued expenses	92,149	758,774
- deferred revenues	0	0

This item may be broken down as follows:

	2012	2011
accrued expenses on:	92,149	758,774
- interest from bank deposits	84,396	644,336
- interest from customer deposits	0	100,592
- interest on repurchase agreements	0	1,592
- interest on bank current accounts	0	0
- interest on customer current accounts	0	0
- interest on bank certificates of deposit	7,753	12,254
deferred revenues on:	0	0
- miscellaneous expense recoveries	0	0
Total	92,149	758,774

Section 8 – Funds

8.1 Staff retirement allowances (detailed breakdown of 6)

	2012	2011
staff retirement allowances	592,466	560,124

This entry reflects the benefit substituting for the retirement allowances accrued by dependent employees in 2012. The following are the variations seen during the balance sheet period:

	2012	2011
Balance on 1st January	560,124	529,392
Decreases		
- used to pay retirement allowances to staff	560,124	529,392
Increases		
- provisions made for financial year	592,466	560,124
Balance on 31st December	592,466	560,124

Pursuant to current staff employment contract rules, the retirement allowances accrued during the 2012 balance sheet period were paid out in full to dependent employees by 31st March 2013.

8.2 Fund for financial risks and costs (detailed breakdown of 7)

	2012	2011
fund for financial risks and costs	1,100,000	0

This is a provisions fund established against possible losses stemming from a revocatory action filed against the Bank by the board of liquidators of the Icelandic bank Landsbanki Islands (LBI) in the District Court of Reykjavik (Iceland). The Bank had, in the past, purchased bonds from this company; these were sold back to the same Icelandic bank before their maturation date, for a sum equivalent to 993,661 euro. The latter was against a face value of 1,100,000 euro. The revocatory action was based on the alleged violation by the LBI of the "*par condicio creditorum*" (rules that establish the equal rights of creditors in a liquidation procedure, following set criteria for priority

categories). In this legal dispute the Bank is receiving assistance from a law firm in Italy and one in Iceland, and both firms agree that the Central Bank has valid defense arguments in favour of its actions. Indeed, the first court ruling in this case was positive. Nevertheless, in the interest of prudence, it was decided to constitute a fund of 1,100,000 euro to completely cover the possible losses and the costs that could originate from this dispute.

8.3 Fund for risks on taxed credits (detailed breakdown of 8)

This has not been addressed, given that no balance exists for the item.

Section 9 – Capital, Reserves, the Fund for General Banking Risks

9.1 Fund for general banking risks (detailed breakdown of 9)

	2012	2011
fund for general banking risks	50,825,921	47,236,730

The changes that occurred during the current balance sheet period are outlined below:

	2012	2011
Balance on 1st January	47,236,730	47,136,730
Decreases:	10,809	0
- use of fund	10,809	0
Increases:	3,600,000	100,000
- provision made for the financial year	3,600,000	100,000
Balance on 31st December	50,825,921	47,236,730

For 2012 a 3,600,000 euro provision was made to the Fund for General Banking Risks.

9.2 Endowment fund (detailed breakdown of 10)

	2012	2011
endowment fund	12,911,425	12,911,425

Pursuant to Article 20 of the Central Bank Statutes, the "endowment fund" is subdivided into nominative and indivisible share quotas of 5,164.57 euro each. The possessary title of the share quotas may be broken down in the following manner:

- 70% The Republic of San Marino State;
- 14% The *Cassa di Risparmio della Repubblica di San Marino S.p.A.*;
- 6% The *Banca di San Marino S.p.A.*;
- 5% The *Banca Agricola Commerciale Istituto Bancario Sammarinese S.p.A.*;
- 5% The *Banca Cis - Credito Industriale Sammarinese S.p.A.*

9.3 Issue premium (detailed breakdown of 11)

This has not been addressed, given that no balance exists for the item.

9.4 Reserves (detailed breakdown of 12)

	2012	2011
reserves	14,616,309	14,080,448
- ordinary reserves	5,588,781	5,071,035
- extraordinary reserves	8,652,646	8,652,646
- other reserves	374,882	356,767

As set down in Article 23 of the Statutes, the Shareholders meeting is obliged to vote on the distribution of profits, of which at least 40% must go to the Ordinary and at least 25% to the equity-holding institutions listed above.

9.5 Net profit (detailed breakdown of 13)

	2012	2011
net profit	2,784,662	1,294,365

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

Section 10 – Guarantees and Commitments**10.1 Guarantees issued and received**

	2012	2011
guarantees issued	8,949,648	9,047,984
guarantees received	231,759,607	452,756,423

The “guarantees issued” entry contains the bank suretyships issued on behalf of the Public Administration to various Bodies.

“Guarantees received” include those guarantees relating to financing issued, which may be found under the “Inter-Bank Loans” item. Also included are the restrictions placed on the availability of Public Administration accounts, together with guarantees relating to encashment extensions for Overdue Tax Collection services.

10.2 Commitments

	2012	2011
sales with repurchase obligation	0	221,203
purchases with transfer obligation	0	0
foreign currency and Securities to be received	0	0





	2012	2011
foreign currency and Securities to be delivered	0	0
other commitments	0	0
Total	0	221,203

Section 11 – Suspense Accounts

11.1 Asset management

This has not been addressed, given that no balance exists for the item.

11.2 Securities custody and management

	2012	2011
securities custody and management	132,921,921	267,702,124
Total	132,921,921	267,702,124

The following is the breakdown of the “securities custody and management” entry:

Deposited third party securities		23,788,798
third party securities in vault:		
- securities and savings deposit books deposited for customers	0	
- finance bills issued by the Republic of San Marino for the IMF and the World Bank	19,818,230	
- notes payable	941	
- bonds, shares and similar securities	2,020,405	
third party Securities deposited with third parties	1,949,223	
owned securities deposited with third parties		108,670,001
- bonds and similar securities	108,668,538	
- owned mutual fund quotas deposited with third parties	0	
- shares	1,463	
owned securities deposited in vault		463,122
- valuables and shares	463,122	
Total		132,921,921

“Third party securities deposited for third parties” contains – besides the amounts from the securities purchase and sales operations of the Central Bank’s dependent employees – the securities issued by San Marino banks as a guarantee against financing received.

**11.3 Other operations**

	2012	2011
other operations	171,265,724	155,707,208
Total	171,265,724	155,707,208

"Other operations" are composed as follows:

- "ruoli igr" (tax rolls): being collected	9,579,978
- "mano Regia": being collected	5,283,998
- overdue taxes: being collected	156,254,581
- third party goods deposited with third parties	146,967
- cash fund deposited with Chancery Court of San Marino	200
Total	171,265,724

The "other operations" refer to:

- Public Administration credits registered according to the respective roles being exercised by the competent public offices for which the Central Bank carries out the encashment; the aforesaid is pursuant to Article 52 and the laws subsequent to Law 91 of 13th October 1984;
- taxes, fees, duties, sanctions and every other source of revenue for which the State, the Public Bodies and Autonomous Authorities empower the Central Bank with collecting, pursuant to Law 70/2004;
- goods garnished by the Central Bank's Overdue Tax Collection Department and deposited with third parties, pending sale by auction, pursuant to Article 70 and legislation passed subsequent to Law 70/2004;
- a cash fund opened at the Chancery Court of San Marino, which is used to pay expenses.



Part C- Information on the Profit and Loss Account

Section 1 – Interest

1.1 Interest received and other proceeds (detailed breakdown of 1)

	2012	2011
Interest received and other proceeds	9,173,415	14,898,397

“Interest received and other proceeds” accrued on:

	2012	2011
a) inter-bank loans	6,490,283	8,976,926
of which: credit on foreign currencies	125	305
b) customer loans	183,851	230,619
of which: credit in foreign currencies	0	0
c) Government securities and bonds	2,499,281	5,690,852
of which: securities in foreign currencies	0	0
Total	9,173,415	14,898,397

The decrease in “interest received and other proceeds” concerning Government securities and bonds was due to the reduction in the volume of loans made, to the Securities portfolio and to the reduction in the average rate for coupons.

1.2 Interest paid and other costs (detailed breakdown of 2)

	2012	2011
interest paid and other costs	1,883,554	4,751,986

“Interest paid and other costs” accrued on:

	2012	2011
a) debts with banks	1,033,398	2,437,359
of which: debts in foreign currencies	50	99
b) debts with customers	771,864	2,187,789
of which: debts in foreign currencies	62	45
c) debts represented by securities (repurchase agreements)	78,292	126,838
of which: repos on securities in foreign currencies	0	0
Total	1,883,554	4,751,986

The decrease in the interest paid was due to both the reduction of debts with customers and with banks, as well as the fall in the rate levels.

Section 2 – Commissions

2.1 Commissions received (detailed breakdown of 4)

	2012	2011
commissions received	3,832,556	3,609,139

The “commissions received” entry refers to:

	2012	2011
a) management, brokerage and consultancy services:	248	138
1) securities negotiation	248	138
2) custody and management of securities	0	0
b) collection and payment services	3,823,004	3,525,083
c) other services	9,304	83,918
Total	3,832,556	3,609,139

Under the “collection and payment services” entry are proceeds amounting to 3,800,000 euro, for the provision of services to the Public Administration for 2012, per the three-year agreement for the 2010-2012 period.

2.2 Commissions paid (detailed breakdown of 5)

	2012	2011
commissions paid	50,369	59,905

“Commissions paid” relate to:

	2012	2011
a) credit derivatives	0	0
b) management and brokerage services:	22,760	38,405
1) securities negotiation	0	0
2) custody and management of securities	22,760	38,405
c) collection and payment services	3,281	2,459
d) other services	24,328	19,041
Total	50,369	59,905

Section 3 – Profits and Losses from Financial Operations

3.1 Profits and losses from financial operations (detailed breakdown of 6)

	2012	2011
profits/losses from financial operations	6,018,541	-2,586,139

The changes in this entry can be summarised as follows:

	Securities Transactions 2012	Foreign Currency Transactions 2012	Totals 2012
A.1 revaluations	0	0	0
A.2 devaluations	-61,766	0	-61,766
B. other profits/losses	6,066,932	13,375	6,080,307
Total	6,005,166	13,375	6,018,541
1. Government bonds	0	0	0
2. other debt securities	6,005,166	0	6,005,166
3. capital securities	0	0	0
4. foreign currency	0	13,375	13,735

Item A.2: devaluations

This entry represents the value of the capital loss existing on the securities portfolio on 31st December 2012

Item B.: other profits/losses

This item concerns the profits and losses resulting from the negotiation of securities, including those occurring at the moment of reimbursement at maturity.

Despite the considerable reduction in the average amounts in the portfolio, compared to the average existing in 2011, profits from financial operations surpassed 6 million euro.

The reasons for this outcome can be attributed to the positive combination of the following variables: a partial rally in the value of the securities in the portfolio, compared to the figures registered at the end of 2011; intense activity involving the underwriting and issuing of new bonds, due in part to a generally more positive and constructive international economic-financial environment, compared to the recent past; and the energetic, profitable buying/selling and negotiation of bonds on the secondary market in a highly fluctuating context.

This entry relates to the profit realized from trading in foreign currencies.

Section 4 – Administrative Costs**4.1 Administrative costs (detailed breakdown of 9)**

	2012	2011
administrative costs	10,961,622	10,732,533

“Administrative costs” were the following:

	2012	2011
a) labour costs	7,356,034	7,194,746
- wages and salaries	4,676,187	4,562,382
- pension contributions	1,335,744	1,297,896
- retirement fund allowances	594,443	569,756
- other personnel costs	709,775	748,712
- professional training and updating courses	39,885	16,000
b) other administrative costs	3,605,588	3,537,787
- graphic art work and advertising	11,371	33,708
- insurance	268,403	217,960
- miscellaneous utilities and clearing of premises	145,251	181,141

	2012	2011
- forms, stationary, newspapers and publications	55,203	67,984
- postal, telephone and telex services	227,434	218,306
- expendables and spares	13,498	9,276
- retribution for Governing Council and Board of Statutory Auditors members	396,090	392,700
- professional consultancy fees	654,323	635,951
- reimbursement of personnel/consultant travel cost	57,187	47,516
- miscellaneous and varied expenses	284,296	337,235
- rentals, technical assistance, repairs and various services	1,366,292	1,273,611
- association memberships and similar fees	11,191	8,535
- rents paid	112,170	109,655
- import taxes	2,879	4,208
Total	10,961,622	10,732,533

Among the Administrative Costs can be found the fees paid for the Financial Information Agency (FIA), including those for personnel belonging to that organisation. Further information and data concerning Central Bank staff is available in the Human Resources schedule (see Annex 1).

"Insurance" includes the premiums for the policies covering the personal liability of individual administrators and officers (the D&O policy), the banking risks policy (B.B.B.) and the policy for dependent employees (policy for professional liability under civil law).

The Other Personnel Costs entry includes staff production bonuses, overtime arrears requiring payment, payments for employee holidays due but not taken as of 31st December 2012, pension contributions and payments substituting for retirement fund allowances.

Section 5 – Adjustments, Recoveries and Provisions

5.1 Value adjustments on intangible and tangible fixed assets (detailed breakdown of 10)

	2012	2011
Value adjustments on intangible and tangible fixed assets	503,220	504,501

Due to depreciation the composition of the "value adjustments on intangible and tangible fixed assets" item is the following:

	2012	2011
tangible fixed assets	392,846	392,160
- buildings	252,194	252,194
- furniture, machines and utility systems, misc. equipment, vehicles	140,652	139,966
intangible fixed assets	110,374	112,341
- software	109,835	111,802
- multi-year costs on third party goods	539	539
Total	503,220	504,501



5.2 Provision for Financial Risks and Costs (detailed breakdown of 11)

	2012	2011
provision for financial risks and costs	1,100,000	0

This is the provision described under item 7c of the liabilities.

5.3 Value adjustments on credits and provisions for guarantees and commitments (detailed breakdown of 12)

This has not been addressed given that no balance exists for the entry.

5.4 Value recoveries on credits and provisions for guarantees and commitments (detailed breakdown of 13)

This has not been addressed given that no balance exists for the entry.

5.5 Provisions to Credit Risks Funds (detailed breakdown of 14)

This has not been addressed given that no balance exists for the entry.

5.6 Value adjustments on financial assets (detailed breakdown of 15)

This has not been addressed given that no balance exists for the entry.

5.7 Value recoveries on financial assets (detailed breakdown of 16)

This has not been addressed given that no balance exists for the entry.

Section 6 – Other Profit and Loss Account Items

6.1 Dividends and other proceeds (detailed breakdown of 3)

	2012	2011
Dividends and other proceeds	48,910	97,818

During the 2012 financial statements period the holding S.p.A. I.S.I.S. paid the Bank dividends amounting to 48,910 euro; overall dividend distribution to its shareholders totalled 100,000 euro.

6.2 Other operating proceeds (detailed breakdown of 7)

	2012	2011
other operating proceeds	1,864,623	1,696,317

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

	2012	2011
- rents received	3,000	24,092
- personnel expenses recovered	21,406	27,175
- miscellaneous reimbursements	281,900	352,970
- recovery of sums levied from supervised parties	1,500,000	1,250,000
- credit notes, allowances and positive rounding-off of figures	18,828	53
- proceeds from Overdue Tax Collection Services	39,489	42,027
Total	1,864,623	1,696,317

Besides the usual recovery of bank commission expenses the item "miscellaneous reimbursements" also includes the recovery of costs associated with procurement services for banknotes and coins.

"Recovery of sums levied from supervised parties" refers to the total of the costs recovered during the 2012 financial statements period; in reality, in order to avoid overburdening the financial system, the Bank covers a part of these costs. Therefore the recovery in question is only partial.

"Proceeds from Overdue Tax Collection Services" refers to the revenue deriving from executive actions and the interest paid on delayed payments.

6.3 Other operating costs (detailed breakdown of 8)

	2012	2011
other operating costs	107,466	114,411

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

6.4 Extraordinary proceeds (detailed breakdown of 18)

	2012	2011
Extraordinary proceeds	63,845	39,263
<i>of which: from rounding off in euro units</i>	<i>0</i>	<i>0</i>

"Extraordinary proceeds" concerns the miscellaneous windfall assets and capital gains stemming from instrumental goods.

**6.5 Extraordinary costs (detailed breakdown of 19)**

	2012	2011
Extraordinary costs	10,997	197,094
<i>of which: from rounding off in euro units</i>	<i>1</i>	<i>0</i>

The “Extraordinary costs” entry represents windfall liabilities.

Section 7 – Other Profit and Loss Account Information**7.1 The territorial distribution of proceeds**

Central Bank Headquarters and its agency are present in the Republic of San Marino alone; therefore the Territorial Distribution of Proceeds is not a pertinent item.

Appendix to the Notes





Annex 1 - Human Resources Schedule

Dependent Employees: SHOWN ACCORDING TO ORGANISATIONAL HIERARCHY

	2012 ^(C)	2011 ^(C)	2010 ^(B)	2009 ^(A)	2008
SENIOR OFFICERS	1.05%	1.09%	1.08%	0.00%	0.00%
OFFICERS	15.79%	16.30%	16.13%	19.05%	20.00%
FRONT OFFICE MANAGERS/CLERKS	80.00%	77.18%	77.41%	77.38%	77.14%
SUPPORT STAFF	3.16%	5.43%	5.38%	3.57%	2.86%
	100.00%	100.00%	100.00%	100.00%	100.00%

Dependent Employees: VARIATIONS

	2012 ^(C)	2011 ^(C)	2010 ^(B)	2009 ^(A)	2008
TOTAL PERSONNEL					
at the start of the year:	92	93	84	70	65
of whom: in Supervision Department	28	28	25	22	21
of which: in the FIA	13	12	10	7	
- HIRED	4	6	11	17	5
of whom in Supervision Department	1	2	4	5	5
of which in the FIA	2	1	1	3	
- TERMINATIONS	1	7	2	3	0
of whom: in Supervision Department	0	2	2	2	0
of which in the FIA	1	0	0	0	
TOTAL PERSONNEL					
at the end of the year:	95	92	93	84	70
of whom: in Supervision Department	26	27	28	25	24
of which: in the FIA	14	13	12	10	7
of whom: having fixed-term contracts	2	4	4	4	0
ANNUAL VARIATION	3%	-1%	11%	20%	8%
of whom: in the Supervision Department	-7%	-4%	12%	14%	14%
of which: in the FIA	8%	8%	20%	43%	
REAL AVERAGE RESOURCES ^(D)	87.18	84.25	82.81	70.35	61.08

(A) Does not include the Director General and the External Inspector among the dependent employees.

(B) Includes the Director General among the dependent employees.

(C) Does not include the External Inspector among dependent employees.

(D) Calculated from the start of the year. Includes the Director General and the External Inspector.

Takes into account hiring and resignation dates, long-term absences (leaves, transfers, maternity leave) as well as part-time employment.

Averages: end-of-month figures.





Annex 2 – Net equity changes Schedule

Annual variations in net equity

	ENDOWMENT FUND	ORDINARY RESERVE FUND	EXTRAORDINARY RESERVE FUND	OTHER RESERVES	FUND FOR GENERAL BANKING RISKS	PROFITS TO BE ALLOCATED	TOTAL EQUITY FUNDS
Balance on 31/12/2011	12,911,425	5,071,035	8,652,646	356,767	47,236,730	1,294,365	75,522,968
2011: profit provisions							
- to ordinary reserves		517,746				-517,746	
- to extraordinary reserves							
- to other reserves:							
- unavailable reserves				18,115			18,115
- to shareholders						-776,619	-776,619
2011 Balance Sheet provisions					3,600,000		3,600,000
2012 Balance Sheet provisions					-10,809		-10,809
2012 profits to be allocated						2,784,662	2,784,662
Balance on 31/12/2012	12,911,425	5,588,781	8,652,646	374,882	50,825,921	2,784,662	81,138,317

Annex 3 – 2012 Statement of Financial Conditions

Funds generated and collected	2012	2011
Funds deriving from operations		
Profits for the financial year	2,784,662	1,294,365
Provisions for financial risks and costs	1,100,000	0
Provisions to the fund for general banking risks	3,600,000	100,000
Value adjustments on fixed assets	503,220	504,501
	7,987,882	1,898,866
Increase in the funds collected:		
Other liabilities	4,863,659	0
Debts with banks	0	0
Debts with customers	0	0
Debts represented by securities (repos and certificates of deposit)	11,188,119	0
Provision for staff retirement allowances	592,466	560,124
Other variations	0	0
Accrued expenses and deferred revenues	0	281,121
	16,644,244	841,245
Decrease in the funds used:		
Other assets	0	3,664,970
Shares, quotas and other capital securities	0	0
Cash and available funds	5,003,833	259,303
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Accrued revenues and deferred expenses	526,642	1,064,217
Inter-bank loans	24,083,160	93,186,048
Bonds and other debt securities	90,195,036	56,752,153
Customer loans	0	2,364,325
Holdings	0	97,818
	119,808,671	157,388,834
Total funds generated and collected	144,440,798	160,128,945

Annex 3 – 2012 Statement of Financial Conditions

Funds used and spent	2012	2011
Value recoveries and use of funds deriving from operations:		
Value recoveries	0	0
Utilisation of other funds	10,809	0
Dividends paid out	776,619	1,128,592
Other reserves (unavailable reserves)	-18,115	18,934
	769,313	1,147,526
Increase in funds spent:		
Other assets (<i>of which 1 due to rounding off</i>)	348,849	0
Other variations	0	0
Cash and available funds	0	0
Inter-bank loans	0	0
Customer loans	27,580,116	0
Intangible fixed assets	107,421	139,334
Tangible fixed assets	61,612	49,172
Shares, quotas and other capital securities	0	0
Bonds and other debt securities	0	0
Holdings	18,115	78,884
Accrued revenues and deferred expenses	0	0
	28,116,115	267,390
Decrease in funds collected:		
Other liabilities	0	1,538,510
Debts with banks	25,043,645	36,995,043
Debts with customers	89,284,976	113,545,969
Use of staff retirement allowances	560,124	529,392
Debts represented by securities	0	6,105,115
Accrued expenses and deferred revenues	666,625	0
	115,555,370	158,714,029
Total funds used and spent	144,440,798	160,128,945

Board of Statutory Auditors Report on the Balance Sheets closed on 31 December 2012





Dear Shareholders,

the Financial Statements closed on 31st December 2012, which the Board of Directors has submitted for your approval, were drawn up in accordance with the laws currently in force (Law 96 dated 29/06/2005 and subsequent amendments thereto – Central Bank Statutes; Law 165 dated 17/11/2005 – the Law Concerning Firms and Banking, Financial and Insurance Services; Law 47 dated 23/02/2006 – the Law Concerning Corporations); they are composed of the Balance Sheets, the Profit and Loss Account and the Notes thereto, as well as the Governing Council's Report on Management.

The Balance Sheets, the Notes and the Governing Council's Report were put at the disposal of the Board of Statutory Auditors on 25th April 2013, following the meeting of the Governing Council on 24th April, during which said Balance Sheet proposal was approved.

The Notes to the Financial Statements contain a detailed description of the process by which the net profits amounting to **€ 2,784,662** was determined, besides illustrating the accounting principles observed therein.

The outcome of the Financial Statements is contained in the following categories of asset and income values expressed in Euro units, obtained by rounding off the actual accounting amounts – whether up or down – to the closest Euro unit. Alternatively the sum of the rounded-off figures of the sub-items was used.

The differences arising from this accounting practice are to be considered extraneous to the Balance Sheets, and have been highlighted in that document among the "Other Assets/Liabilities" and among the "Extraordinary Proceeds /Costs" entry in the Profit and Loss Account; this is per the general criteria for drawing up bank financial statements:

LIABILITIES	EURO	330,141,779
ENDOWMENT FUND	EURO	12,911,425
RESERVES	EURO	14,616,309
PROFIT	EURO	2,784,662
-----	-----	
ASSETS	EURO	360,454,175



Guarantees and Commitments:

GUARANTEES ISSUED	EURO	8,949,648
GUARANTEES RECEIVED	EURO	231,759,607
COMMITMENTS	EURO	0

Suspense Accounts:

ASSET MANAGEMENT	EURO	0
DEPOSITED THIRD-PARTY SECURITIES	EURO	21,839,575
3rd PARTY SECURITIES DEP. W/3 rd PARTIES	EURO	1,949,223
OWNED SECURITIES DEP. W/3 rd PARTIES	EURO	108,670,001
OWNED VALUABLES IN BANK VAULT	EURO	463,122
OTHER OPERATIONS	EURO	171,265,724

TOTAL SUSPENSE ACCOUNTS	EURO	304,187,646



The outcome of the Balance Sheets is confirmed by the Reclassified Profit and Loss Account, as follows:

INTEREST RECEIVED	EURO	6,674,134
INTEREST ON SECURITIES	EURO	2,499,281
DIVIDENDS AND OTHER PROCEEDS	EURO	48,910
INTEREST PAID	EURO	- 1,883,554

MONEY MANAGEMENT MARGIN	EURO	7,338,771

PROCEEDS FROM FINANCIAL OPERATIONS	EURO	6,080,307
FINANCIAL OPERATION COSTS	EURO	- 61,766

FINANCIAL MANAGEMENT MARGIN	EURO	13,357,312

OTHER OPERATING PROCEEDS	EURO	4,112,456
OTHER OPERATING COSTS	EURO	- 157,835
OTHER PROCEEDS	EURO	1,563,316
LABOUR COSTS	EURO	- 7,334,628
DEPRECIATION AND PROVISION COSTS	EURO	- 503,220
OTHER COSTS	EURO	- 3,605,588

ORDINARY OPERATING PROCEEDS	EURO	7,431,813



EXTRAORDINARY OPERATING PROCEEDS	EURO	7
EXTRAORDINARY OPERATING COSTS	EURO	0
WINDFALL PROCEEDS	EURO	63,838
WINDFALL COSTS	EURO	- 10,996

PRE-PROVISION PROFITS	EURO	7,484,662

PROVISION FOR RISKS AND COSTS	EURO	- 1,100,000
PROVISION TO FUND GEN. BANKING RISKS	EURO	- 3,600,000
USE OF MISCELLANEOUS FUNDS	EURO	0

PRE-TAX PROFITS	EURO	2,784,662

INCOME TAXES	EURO	0

NET PROFITS	EURO	2,784,662

Pursuant to Art. 24 of Law 96 dated 29/06/2005 and subsequent modifications thereto, Central Bank profits are exempt from General Income Tax; on the other hand, if distributed, they are added onto the recipients' taxable income.

On 31/12/12 the Fund for General Banking Risks, following the balance sheet plans, amounted to € 50,825,921. Compared to the preceding Financial Statements the aforesaid increased by € 3,589,191 - the value of which equals the € 3,600,000 provision deliberated by the Governing Council, minus the amount of that Fund being utilised during the current year. It should be noted that the above-said Fund consists in net equity and serves to reinforce the Bank's equity position.



The allocation proposal made for net profits, as indicated in the Governing Council's Report, is in line with the procedures set out by Central Bank Statutes Article 23, Paragraph 4, which declares that "at least 40% should be allocated to Ordinary Reserves and at least 25% to the institutions and bodies holding capital therein". In this specific instance it is proposed that the Shareholders Assembly allocate 40% of profits to the Ordinary Reserve Fund, 25% to the capital-holding institutions and bodies, and the remaining 35% to The Extraordinary Reserve Fund.

AUDITING CHECKS

The Board of Statutory Auditors has examined the Report made by the Independent Auditing firm appointed by the Shareholders Assembly, which arrived on 20th May 2013, and which – in its conclusion – expresses the following opinion: ...“the statutory financial statements comply with the regulations governing financial statements; accordingly, they represent clearly and give a true and fair view of the financial position and the results of its operations for the year then ended”.

SUPERVISORY ACTIVITIES

- ✓ The Board of Statutory Auditors carried out its periodic checks during the 2012 Financial Statements period, the details of which are contained in the relative Inspections Register; during those checks no decisions made by the Directorate General emerged which were in any fashion contrary to Central Bank regulations, to the laws in force, and to Central Bank Statutes;
- ✓ The members of the Board of Statutory Auditors attended the Governing Council meetings, in accordance with the statutory and legislative regulations that govern the running of the Bank, and found that no irregular actions were deliberated nor were the law or Bank Statutes violated. Finally, none of the actions at said meetings were contrary to the decisions taken during the Shareholders' Assembly;
- ✓ The Board of Statutory Auditors was kept informed by the Governing Council regarding the general proceeding of operations, including the foreseeable evolution thereof, as well as information on those operations having the most important implications from an economic, financial and equity standpoint; during the aforesaid the Board of Auditors encountered no illegal actions nor violations of the Bank Statutes;
- ✓ It is declared that the general organisation of the Balance Sheets in these Financial Statements is in line with the laws regulating the drawing up and structuring thereof.



- ✓ From comparisons made between the Notes to the current Financial Statements with those relative to last year it may be noted that the valuation of the balance sheet figures in each was carried out on the basis of identical criteria. The data in the two documents may therefore be accurately compared.

Given the facts outlined above, and keeping in mind that no irregular facts have emerged nor contrary reservations been expressed, the Board of Statutory Auditors declares its opinion that- to the extent of its responsibility and to the best of its knowledge – the information presented conforms with the laws governing the drawing up and structuring of balance sheets. Moreover, the aforesaid have been drawn up clearly and represent the true and correct equity, financial and general economic performance of the Central Bank; the Board of Statutory Auditors therefore invites the Shareholders Assembly to approve the balance sheets closed on 31st December 2012 in the form proposed by the Governing Council.

Finally, the members of the Board of Statutory Auditors would like to express their gratitude to the Governing Council, the Director General, and the Deputy Director General for their cooperation and willingness to facilitate the Members' understanding of the facts and the conduction of all of their above-mentioned supervisory checks.

San Marino, 20th May 2013

THE BOARD OF STATUTORY AUDITORS

Irene Lonfernini

Sandy Stefanelli

Guido Zafferani



Independent Auditor's Report on the Balance Sheets closed on 31 December 2012





**Report of the Independent Audit Firm
according to art. 23, comma 3 of Statute**
(This report has been translated from the original Italian text
which was issued in accordance with the legislation)

To the Quotaholders of
Banca Centrale della Repubblica di San Marino

1. We have audited the statutory financial statements of Banca Centrale della Repubblica di San Marino as of and for the year ended December 31, 2012. The responsibility of these financial statements is up to the Administrators of Banca Centrale della Repubblica di San Marino. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by (International Auditing and Assurance Standards Board (IASB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. The auditing procedure included the examination - on a test basis - of the probative elements connected with the amounts and the information disclosed in the Financial Statements as a whole. Additionally examined were the completeness and the accuracy of the accounting criteria applied, with reference to the laws of the Republic of San Marino that regulate Financial Statements, and the reasonableness of the calculations carried out by the Administrators. We believe that the examination conducted provides us with a sufficient basis to express our professional opinion.

For the opinion on the statutory financial statements of prior year, which are presented for comparative purposes as required by the law, reference should be made to our report issued on April 18, 2012.

3. In our opinion, the statutory financial statements comply with the regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position and the results of its operations for the year then ended.

Dogana, April 26, 2013

BDO S.r.l. single shareholder



Paolo Scelsi
(Administrator)

BANCA
CENTRALE



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