



BANCA D'ITALIA
EUROSISTEMA

Annual Accounts

Ordinary Meeting of Shareholders
Rome, 31 March 2025

131st FINANCIAL YEAR

2024

Financial Year

131st



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* Official Italian version

BANCA D'ITALIA'S ANNUAL ACCOUNTS

The annual accounts of Banca d'Italia (BI or the Bank) consist of the balance sheet, the profit and loss account and the notes to the accounts and are accompanied by the management report pursuant to Article 37 of BI's Statute.

The draft annual accounts are transmitted to the Ministry of Economy and Finance (MEF) in accordance with Article 117 of the Consolidated Law on banks of issue passed by Royal Decree 204/1910.

MANAGEMENT REPORT

Banca d'Italia's functions and their implications for the annual accounts

The management report briefly describes BI's governance and contains information on assets, liabilities and profit and loss, which is aimed at helping readers to better understand BI's activity. It illustrates the main risks to which BI is exposed and the available resources.

The items in the balance sheet highlight the numerous tasks carried out by BI. The implementation of the monetary policy decisions taken by the Governing Council of the European Central Bank (ECB) is reflected in the securities purchased for monetary policy purposes, in lending to euro-area credit institutions and, on the liability side, in the latter's deposits with BI.

Assets and liabilities denominated in foreign currency reflect the management of Italy's official reserves, which include gold. The item *Banknotes in circulation*, under liabilities, reflects BI's task of issuing currency, a role it shares with the other Eurosystem central banks. Liquidity is distributed across the euro area through the TARGET settlement platform developed and managed by BI together with other national central banks (NCBs). This generates intra-Eurosystem claims and liabilities. The treasury services BI performs on behalf of the government are reflected in general government deposits recorded under liabilities.

The income arising from these activities, along with that generated by the investment portfolio, is entered in the profit and loss account together with the operating expenses connected to them and those incurred in relation to the other functions performed by BI, mainly in the domains of banking supervision and crisis resolution, economic research and statistical analysis, anti-money laundering, and financial education and customer protection in banking and finance. The utmost attention is paid to the efficient use of resources.

The primary goal of the Eurosystem is to maintain price stability, not to generate a profit. Monetary policy decisions are taken to fulfil this mandate, even though this could temporarily result in a reduction in the financial results reported by the individual central banks. A strong commitment to achieving price stability, as well as the effectiveness of monetary policy measures, are key to the Eurosystem's credibility.

From July 2022 to September 2023, the ECB Governing Council raised its key interest rates to ensure that inflation returns to its 2 per cent medium-term target in a timely manner. This resulted in a substantial increase in the interest paid by national central banks on credit institutions' deposits, which was not offset by an equivalent increase in the interest income earned on their financial assets, which are largely long-term assets with fixed-rate coupons (e.g. securities held for monetary policy purposes) acquired prior to the key interest rate hikes.

Despite the reduction in interest rates started last June, the mismatch between the average return on assets and the cost of liabilities persisted in 2024; as a result, the interest paid on the deposits of credit institutions was higher than the income earned on financial assets held. Therefore, several central banks will still face losses before they can return to profit.

The magnitude of losses depends on many factors linked to the different structure of each central bank's balance sheet (in terms of size, composition and return), which vary even significantly across the Eurosystem.

In recent years, thanks to high profit levels, Banca d'Italia and the other Eurosystem central banks have been able to build up financial buffers to strengthen their capital positions, which together with risk management frameworks help them to preserve their financial independence. In any event, financial losses incurred in implementing monetary policy operations will in no way impair their ability to seek and maintain price stability.

* * *

In 2024, BI's financial result was negative by €7.3 billion (-€7.1 billion in 2023). The release of €5.8 billion from the general risk provision – based on the reduction in risk stemming from the balance sheet downsizing and the expected return to profit in 2025¹ – and the positive contribution from the recognition of deferred tax assets (around €2.4 billion), mainly related to tax losses that can be recovered in the future, allowed BI to close its 2024 accounts with a net profit of €0.8 billion, slightly up on 2023.

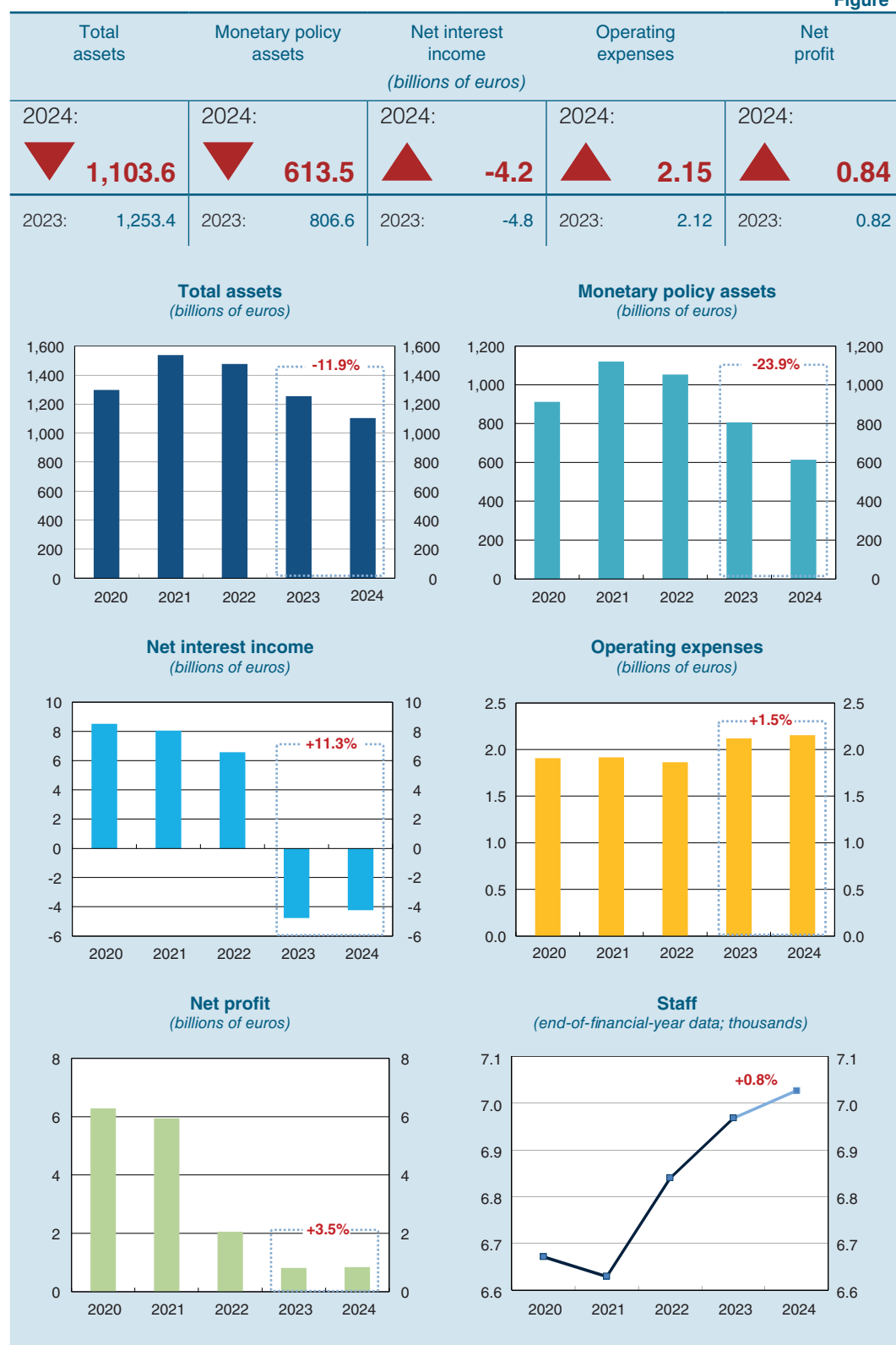
Even after the above-mentioned release, the general risk provision and other financial buffers built up so far are more than sufficient to maintain adequate risk coverage from a medium-term perspective.

Further non-financial information can be found in the other *Publications* of Banca d'Italia at www.bancaditalia.it.

¹ Based on current market expectations for the path of interest rates.

Highlights of Banca d'Italia's annual accounts

Figure 1



Governance

Banca d'Italia's governing bodies are, in accordance with its Statute, the Governing Board, the Board of Directors, the Board of Auditors and the Meeting of Shareholders.

The Governing Board is a collegial body that adopts measures of external relevance concerning the exercise of BI's public functions, without prejudice to the Governor's powers and competencies as a member of the decision-making bodies of the ECB. The Governing Board is made up of the Governor, the Senior Deputy Governor, and three Deputy Governors.

The Board of Directors is chaired by the Governor and is responsible for the general administration, the management supervision, and the internal control of BI. Neither the Board of Directors nor the Shareholders may interfere in any matters relating to the exercise of the public functions assigned to BI or its Governor by law and by BI's Statute for the pursuit of its institutional aims.

The Board of Auditors oversees the administration of BI to ensure compliance with the law, the Statute, and the General Regulations. It supervises the adequacy of the accounting system, examines the annual accounts, and expresses an opinion on the distribution of the net profit.

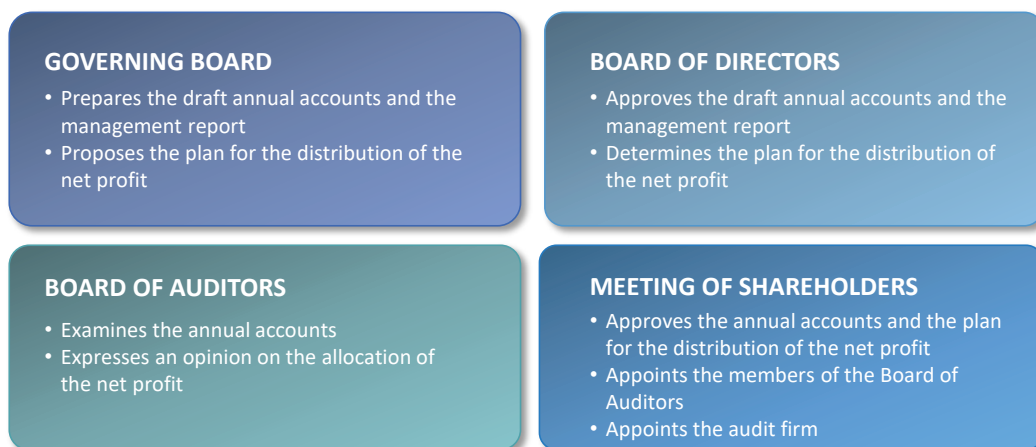
The Meeting of Shareholders appoints the members of the Board of Directors, the Board of Auditors and the audit firm, and approves the annual accounts and the distribution of the net profit.

The approval process for the annual accounts

The draft annual accounts and the management report are approved by the Board of Directors, on a proposal from the Governing Board and after consulting the Board of Auditors. The Board of Directors then submits them to the Meeting of Shareholders for approval, together with the Report of the Board of Auditors and that of the audit firm. Figure 2 shows the tasks of BI's governing bodies relating to the annual accounts.

In accordance with Article 27 of the Statute of the European System of Central Banks (ESCB) and Article 42 of Banca d'Italia's Statute, BI's accounts are audited by an external auditor or by an audit firm, which expresses an opinion on the annual accounts for the year in a dedicated report. The audit firm appointed for the financial years 2023-27 is Deloitte & Touche SpA, which is also responsible for checking the proper keeping of the accounts and the accurate recording of events over the course of the financial year.

Figure 2



Internal control system and risk management

BI has an internal control system designed to ensure the pursuit of its objectives, the quality of its services, the efficient use of resources, as well as to oversee risk management and compliance with internal and external regulations. The internal control system is based on the internationally recognized Three Lines model. This model provides a comprehensive approach to the control system, defines roles and responsibilities, and encourages ongoing interaction between the control and risk management functions within the limits of their independence.

The first line consists of the units responsible for operational processes and for the identification, measurement and management of the related risks.

The second line consists of organizational functions that are separate from process management units. These functions monitor specific types of risk (financial, operational, accounting, tax, IT, cyber, legal, workplace health and safety, crime prevention, corruption and data protection) for the entire Bank, with a cross-cutting approach to its operations, and report directly to the governing bodies. The activities carried out by these functions provide advice and support to the first line to manage risks and to calibrate the control measures in line with the proportionality criteria. BI has recently developed an integrated risk management methodology to regulatory compliance for its activities.

The third line is the internal audit function, which works independently of the first two lines and is subject to periodic external review, in compliance with international standards. It also conducts audits at ESCB level. An advisory Committee on Internal Auditing (composed of three members of the Board of Directors and a member of the Board of Auditors as an observer) has been set up to strengthen the control system. It provides advice and support to the Board of Directors and to the Governor on matters concerning the oversight of the internal control system. In carrying out its oversight of the internal audit function, the Committee assesses the adequacy of its performance and its compliance with the audit policy and international standards.

Financial risk

BI manages its financial risks on an integrated basis, taking into account the interactions between the various risk profiles. These risks stem chiefly from monetary policy operations and from the management of gold and foreign currency reserves and of the investment portfolio. In accordance with the Statute of the ESCB, the risks associated with monetary policy operations are generally shared with the other euro-area NCBs in proportion to their shares in the ECB's capital (capital key; see the box 'Rules on risk sharing in monetary policy operations').

RULES ON RISK SHARING IN MONETARY POLICY OPERATIONS

For securities held under the various monetary policy purchase programmes, the following risk-sharing rules apply, as decided by the Governing Council on a case-by-case basis:

	Programme	Risk sharing
SMP	Securities Market Programme	YES
	Asset-Backed Securities Purchase Programme (ABSPP) (1)	YES
	Covered Bond Purchase Programme (CBPP3)	YES
APP	Corporate Sector Purchase Programme (CSPP) (2)	YES
	Public Sector Purchase Programme (PSPP) supranational bonds	YES
	Public Sector Purchase Programme (PSPP) government bonds	NO
	Pandemic Emergency Purchase Programme covered bonds	YES
PEPP	Pandemic Emergency Purchase Programme corporate bonds (2)	YES
	Pandemic Emergency Purchase Programme asset-backed securities (1)	YES
	Pandemic Emergency Purchase Programme supranational bonds	YES
	Pandemic Emergency Purchase Programme government bonds	NO

(1) These securities are reported solely in the ECB's accounts. – (2) Includes commercial paper issued by non-financial corporations.

The risk sharing system includes indirectly all the securities purchased by the ECB, given that the NCBs hold its capital.

As a rule, the risks associated with refinancing operations are shared. Under Article 32.4 of the ESCB Statute any losses associated with these operations can, by decision of the ECB Governing Council, be shared among the Eurosystem NCBs in proportion to their respective capital key.

The ESCB Statute states that all Eurosystem refinancing operations must be based on adequate collateral, in the form of the transfer of ownership or pledging of eligible financial assets. According to the rules established by the ECB Governing Council, NCBs may accept specific financial assets as collateral in addition to those considered eligible under the general framework, bearing the resulting financial risks at individual level.

BI measures financial risk using a methodology very similar to the one developed by the Eurosystem, with some adjustments to ensure it reflects more closely BI's specific features. The methodology makes it possible to take account of the distinction between credit and market risks and is based on two different analytical perspectives: financial and accounting. From the financial perspective, the model estimates risk exposure and its impact on BI's net equity at current market values, without considering the accounting rules applied to the balance sheet items. From the accounting perspective, which is used in the preparation of the annual accounts in order to lay down capital strengthening policies (reserves and provisions), the model estimates the impact of risk exposure on the profit and loss account and on net equity, taking into consideration Eurosystem accounting rules.² In both cases, it is a very conservative metric since it provides an estimate of potential losses characterized by low probability and high impact on the profit and loss account and the balance sheet (expected shortfalls).³ Table 1 shows in detail all the risk control and impact mitigation measures taken for each type of financial risk.

At the end of 2024, BI's overall financial risk, measured from the accounting perspective, decreased compared with the previous year. All other things being equal, this reduction – which reflects the downsizing of the balance sheet – is set to continue in future years as a result of the full discontinuation of reinvestments of principal payments for the entire portfolio of monetary policy securities (see 'Decisions of the Eurosystem').

Operational risk

The goal of the operational risk management (ORM) system is to prevent and contain the effects of adverse events that could negatively impact BI's ability to perform its tasks, its reputation or its capital. The ORM system operates closely with the business continuity management system to ensure that the work processes continue without interruption and at the designated levels of quality and security.

² More specifically, from the accounting perspective, revaluation accounts (including in particular the gold revaluation account) provide protection against the market risk of the specific underlying financial asset, but not against the market risk of other financial assets, nor against the credit risk of securities valued at amortized cost. From the financial perspective, by contrast, revaluation accounts are assumed to be able to absorb losses arising from all types of risk, i.e. both credit and market risks.

³ For example, an expected shortfall at a 99 per cent confidence level is applied, which represents the average expected loss in the worst 1 per cent of cases.

Table 1

Financial risk map			
Component	Type	Risk source	Measures for risk control and impact mitigation
Credit risk	<ul style="list-style-type: none"> Insolvency risk Downgrade risk Counterparty risk 	<ul style="list-style-type: none"> Foreign currency assets Investment portfolio 	<ul style="list-style-type: none"> Rigorous selection of investment instruments and counterparties Individual and segment exposure limits monitored daily
		<ul style="list-style-type: none"> Monetary policy assets Refinancing operations (1) 	<ul style="list-style-type: none"> For securities purchase programmes, eligibility criteria and specific limits applying to issues and issuers Collateralization of refinancing operations and stringent credit quality criteria for assets pledged as collateral and for issuers of monetary policy securities (2) Daily monitoring of collateral and use of control measures, such as haircuts, margin calls and concentration limits Similar to monetary policy refinancing operations, for emergency liquidity assistance BI defines adequate credit quality criteria for assets pledged as collateral, their daily monitoring and the use of haircuts, margin calls and concentration limits
Market risk	<ul style="list-style-type: none"> Risk of incurring losses owing to unfavourable changes in exchange rates and in the prices of gold and securities 	<ul style="list-style-type: none"> Gold, assets and liabilities denominated in foreign currency Investment portfolio 	<ul style="list-style-type: none"> Risk measurement and monitoring (3) Revaluation accounts (4) Foreign exchange forward sales
	<ul style="list-style-type: none"> Risk of incurring losses owing to the different sensitivity of the remuneration of assets and liabilities to changes in interest rates 	<ul style="list-style-type: none"> Balance sheet assets and liabilities 	<ul style="list-style-type: none"> Risk measurement and monitoring Profitability projections for monitoring the impact on net interest income
Liquidity risk	<ul style="list-style-type: none"> Risk of incurring losses owing to the need to sell financial assets in a rapid time frame 	<ul style="list-style-type: none"> Foreign currency assets (5) 	<ul style="list-style-type: none"> Highly liquid financial instruments Very prudent criteria for selecting instruments and counterparties Tight restrictions on maturity Restrictions on purchases of individual issues

(1) They can take the form of emergency liquidity assistance (ELA) or collateralized securities lending. – (2) Credit risk control and management measures for monetary policy assets (securities and refinancing operations) are defined at Eurosystem level, while those for ELA operations are set by BI. – (3) Among the indicators used for this are: the elasticity of the bond portfolio's value to interest rate fluctuations (duration); the maximum potential loss estimated over a one-year horizon for the short-term and long-term components (cyclical VaR and structural VaR) and separately for the various asset classes and portfolios. – (4) The revaluation accounts, which record unrealized gains on assets valued at current market exchange rates and prices, limit the impact on the financial results for the period of fluctuations in the prices and exchange rates of the relevant assets. Unrealized losses in excess of the corresponding revaluation accounts, instead, are recorded directly in the profit and loss account. – (5) Liquidity risk mainly affects foreign currency reserves, which, owing to their functions, might have to be liquidated promptly.

The Operational Risk Committee assists the Governing Board in promoting and coordinating ORM and business continuity initiatives and in monitoring their

implementation and inclusion in BI's strategic planning process. Operational risks are assessed on an ongoing and systematic basis, in response to significant changes in internal and external threats, in work processes and in the existing rules and controls. The Committee is also responsible for internal cyber resilience, with the main goal of ensuring that the relevant policies and guidelines are actually implemented, reviewed and monitored.

In 2024, operational crisis assessment and management activities were stepped up, including through tests and simulations. An integrated platform for risk and business continuity management was set up to enhance data integration and exploitation, making the reporting of information to the Committee more consistent and structured.

Operational emergency management in critical processes was improved through a framework setting out roles and responsibilities and how to respond to situations where a cyber threat with a potential significant impact on BI is likely, imminent or under way.

In line with best international practices and with the general principles laid down by national law and by the Eurosystem, an ethical compliance and anti-corruption function is operational within the Bank. BI's *Three-year corruption prevention plan 2025-27* is available on its website.

Background to Eurosystem monetary policy

The changes in BI's balance sheet figures, risks and financial results can only be analysed and assessed in relation to its institutional functions and, especially, to the decisions taken within the context of Eurosystem monetary policy.

Decisions of the Eurosystem

In March 2024, the ECB Governing Council completed its review of the operational framework for implementing monetary policy to ensure that the framework remains appropriate as the Eurosystem balance sheet normalizes. The Eurosystem's decisions set out the key principles and parameters for the implementation of monetary policy and affect the way central bank liquidity is provided, as excess liquidity in the banking system gradually declines in the coming years, albeit remaining significant. More specifically: (a) the ECB will continue to steer monetary policy through the deposit facility rate; (b) liquidity will be provided through a broad mix of instruments, including both refinancing operations – with different maturities and a broad range of assets as collateral – and, at a later stage, a structural portfolio of securities;⁴ (c) main refinancing operations (MRO) will continue to play a central role in meeting the liquidity needs of the banking system; (d) the spread between the MRO rate and the deposit facility rate (DFR) was reduced to 15 basis points (from 50 basis points) as of 18 September 2024, in order to limit

⁴ The structural portfolio of securities and the new structural longer-term refinancing operations will be introduced at a later stage, once the Eurosystem's balance sheet begins to grow durably again, taking into account legacy bond holdings.

the volatility of short-term rates while encouraging banks to seek market-based funding solutions as their preferred option.⁵ The ECB Governing Council will review the new framework in 2026 – or earlier, if necessary – on the basis of the experience gained in order to promptly adjust its design and parameters to ensure that the implementation of monetary policy remains in line with the established principles.

Starting from June 2024, the ECB Governing Council lowered its key interest rates based on an updated assessment of the inflation outlook, the path of underlying inflation and the strength of monetary policy transmission. At the end of the year, the DFR was 3 per cent, the MRO rate stood at 3.15 per cent and the marginal lending facility rate at 3.4 per cent.

At its January and March 2025 meetings, the ECB Governing Council decided on two further rate cuts of 25 basis points each. In outlining the appropriate monetary policy stance to ensure that inflation stabilizes lastingly at its 2 per cent medium-term target, the ECB Governing Council reiterated that it will continue to follow a data-dependent approach whereby decisions are taken meeting by meeting, without pre-committing to a particular rate path.

With regard to securities portfolios held for monetary policy purposes:

- the downsizing of the portfolio of securities held under the asset purchase programme (APP) continued throughout the year, as the reinvestment of principal payments from maturing securities was discontinued in July 2023;
- the full reinvestment of maturing securities under the pandemic emergency purchase programme (PEPP) continued until June 2024; the portfolio was subsequently reduced by €7.5 billion per month on average until year-end, when reinvestments were discontinued.

The Transmission Protection Instrument (TPI) will remain available to the ECB Governing Council.⁶

The Eurosystem continued to provide ample liquidity to credit institutions through refinancing operations with full allotment of the funds requested.⁷

⁵ The rate on the marginal lending facility was adjusted accordingly to allow the spread vis-à-vis the MRO rate to remain unchanged at 25 basis points.

⁶ The TPI was approved in July 2022 to counter unwarranted fragmentation of capital markets along national lines, which poses a serious threat to the uniform transmission of monetary policy across all euro-area countries. Should the TPI be activated, purchases would not be restricted ex ante and would be concentrated in secondary markets for public sector securities with a remaining maturity of one to ten years.

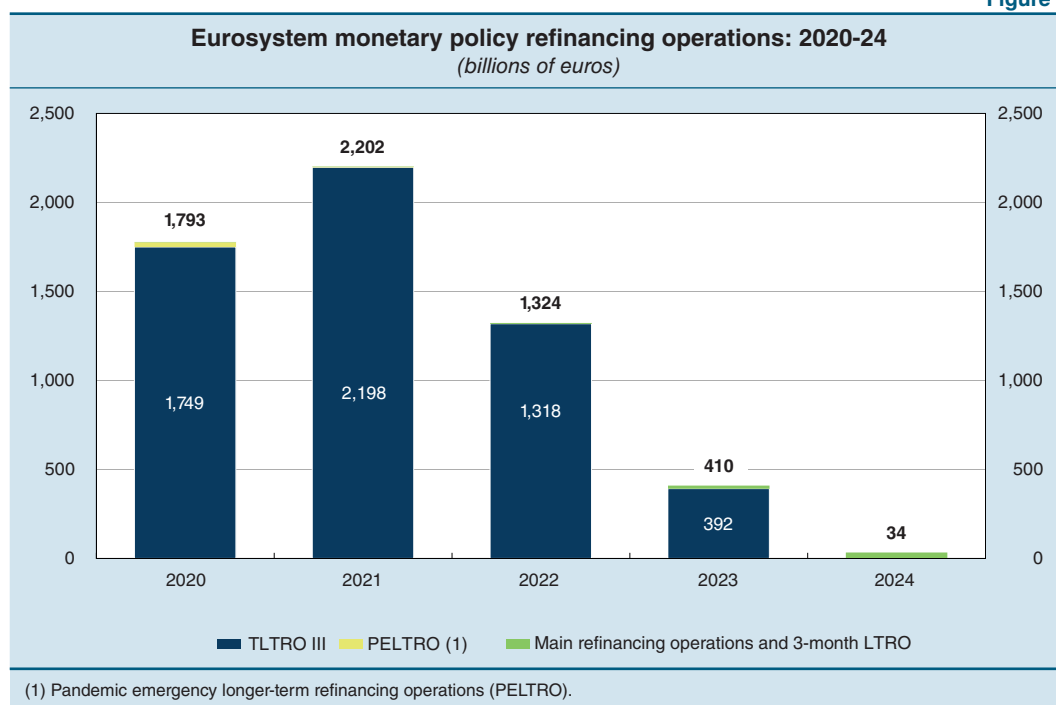
⁷ There were no changes in how the allotments were made or in how counterparty eligibility was assessed. On 6 May 2024, however, a number of new risk mitigation measures came into effect on assets pledged as collateral against loans (e.g. the reintroduction of a minimum threshold of €25,000 for the principal of pledged credit claims). The ECB also announced further amendments to the collateral framework, which will enter into force by the end of 2025; under these provisions, on the one hand, certain types of assets temporarily considered eligible will become ineligible; on the other, specific assets that are currently governed by the temporary framework will be integrated into the regular framework.

Overview of Eurosystem monetary policy

The downsizing of the Eurosystem's balance sheet continued in 2024, reflecting the lower contribution of monetary policy operations.

The amount of financing granted to credit institutions through Eurosystem refinancing operations (Figure 3) dropped significantly over the course of the year, from €410 billion at end-2023 to €34 billion at end-2024 (-92 per cent). This decline was due to the completion of repayments under the third series of targeted longer-term refinancing operations (TLTRO III), of which €334 billion in repayments at maturity and €58 billion in voluntary early repayments.⁸ Participation in main refinancing operations and longer-term refinancing operations with 3-month maturities rose to €34 billion overall at the end of 2024 (from €18 billion at the end of 2023), and accounted for the entire exposure of the Eurosystem to monetary policy counterparties.⁹ The weighted average maturity of refinancing operations thus fell significantly, from 155 to 40 days.

Figure 3



As regards funding in US dollars, a total of \$8.9 billion were granted through seven-day refinancing operations, equal to about €8.2 billion, down from \$17.1 billion in 2023.¹⁰

The amount of securities held for monetary policy purposes decreased by 8.8 per cent compared with end-2023, from €4,694 billion to €4,283 billion, mainly because

⁸ Starting from September 2019, a total of ten TLTRO III operations have been carried out on a quarterly basis, each with a maturity of three years, with funds granted at Eurosystem level totalling €2,339 billion.

⁹ Main refinancing operations amounted to €17 billion (€14 billion at the end of 2023).

¹⁰ Italian counterparties applied for a total of \$1.1 billion, worth €1.1 billion, down from \$5.6 billion in 2023.

reinvestments of maturing securities under the APP were discontinued for the full year (Figure 4). By contrast, principal payments under the PEPP were reinvested, fully until June 2024 and only partially thereafter. At 31 December 2024, the securities held by the NCBs through the programmes subject to risk sharing amounted to €959 billion (€1,049 billion at the end of 2023), while those for which the risk is borne by the individual NCBs totalled €2,947 billion (€3,220 billion in 2023). The securities held by the ECB amounted to €377 billion (€425 billion in 2023).

Figure 4

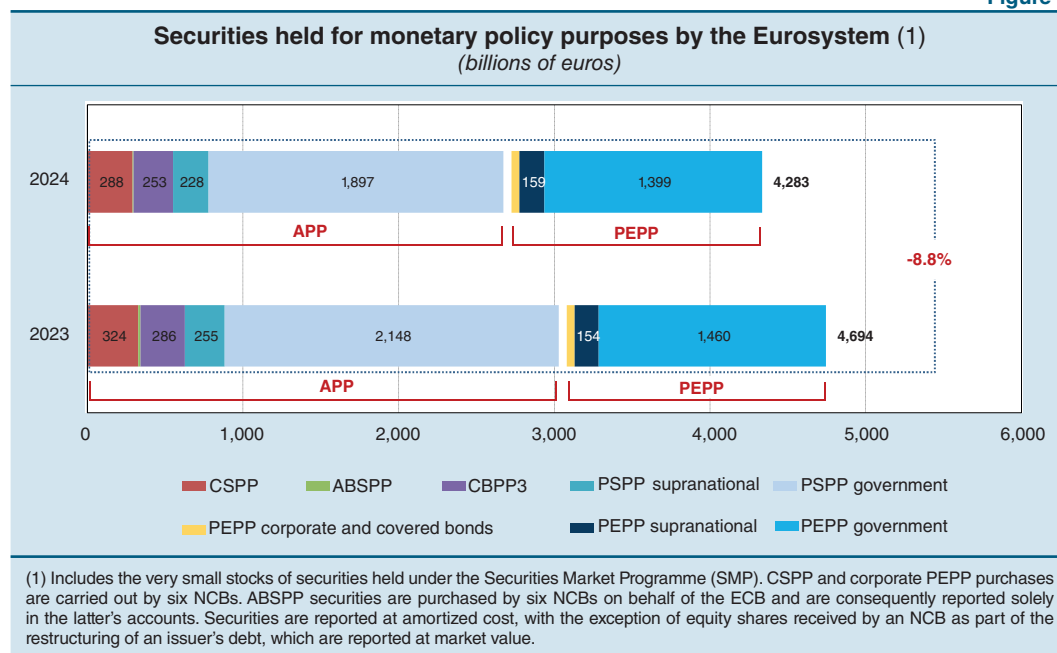
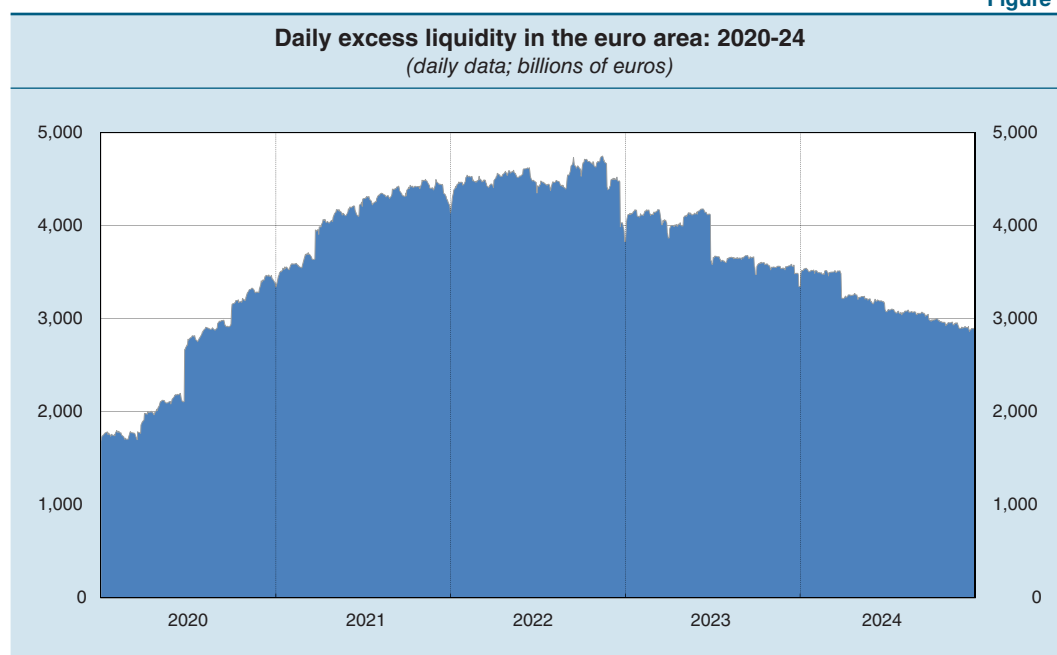


Figure 5



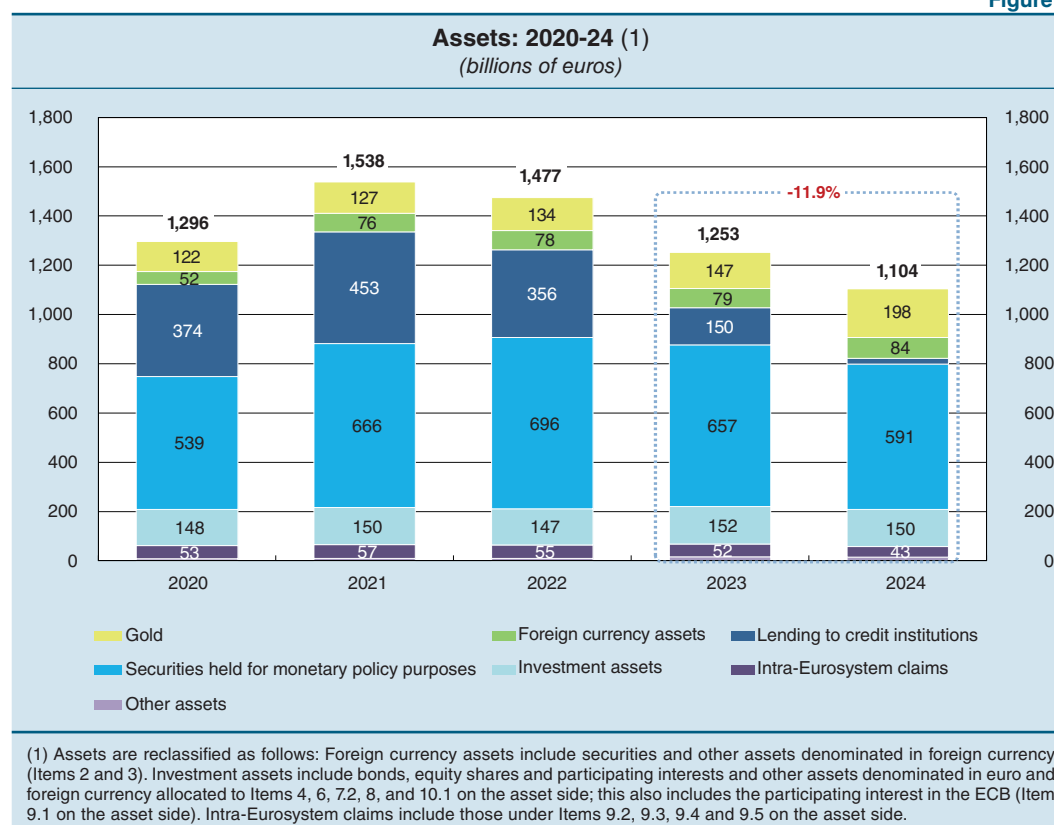
In 2024, the euro area's daily excess liquidity – calculated as the sum of banks' reserves above the reserve requirements and the funds held in the deposit facility – continued to decline, averaging €3,174 billion (€3,841 billion in 2023; Figure 5). Excess liquidity fell to €2,827 billion at the end of 2024 (€3,346 billion at the end of 2023), mainly as a result of the downsizing of the monetary policy securities portfolio and of TLTRO III repayments. In 2024, almost all of the liquidity surplus was deposited overnight with the Eurosystem.¹¹

Key developments in Banca d'Italia's annual accounts

Assets

In line with what was observed at Eurosystem level, the size of BI's balance sheet contracted for the third consecutive year in 2024 (Figure 6), albeit at a slower pace than in the previous year (-11.9 per cent compared with -15.2 per cent in 2023), thanks to a greater appreciation of gold.

Figure 6

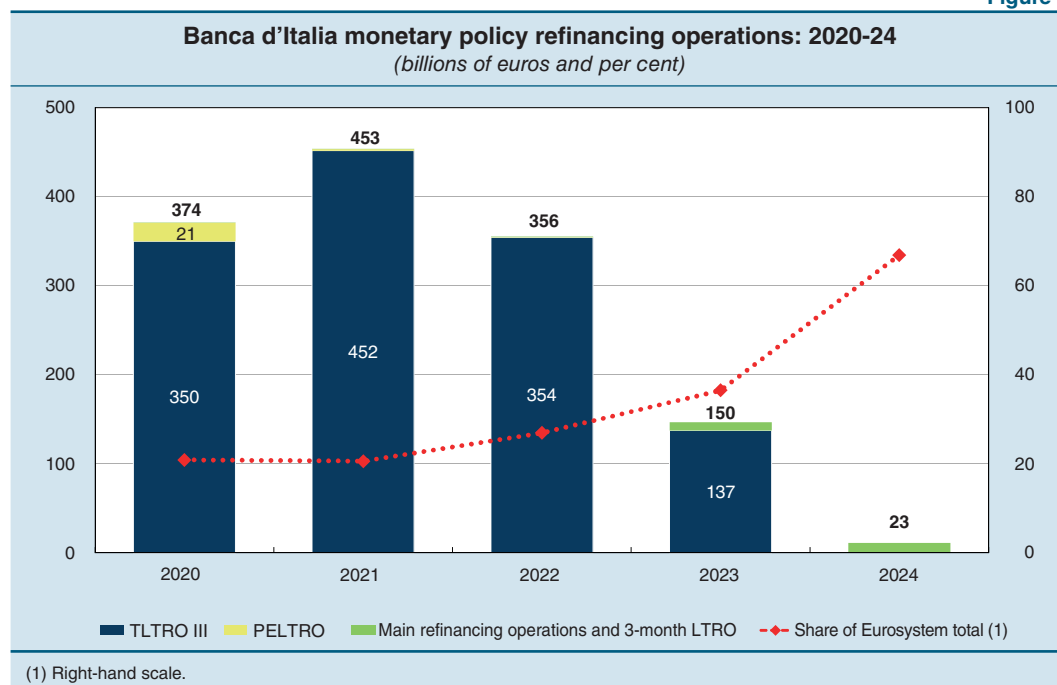


Assets held for monetary policy purposes fell by 23.9 per cent overall (from €807 billion to €614 billion) and accounted for 56 per cent of total assets at year-end. More specifically, this decline was attributable to both the refinancing operations for credit

¹¹ The liquidity held on current account deposits, including under the reserve requirements, is not remunerated.

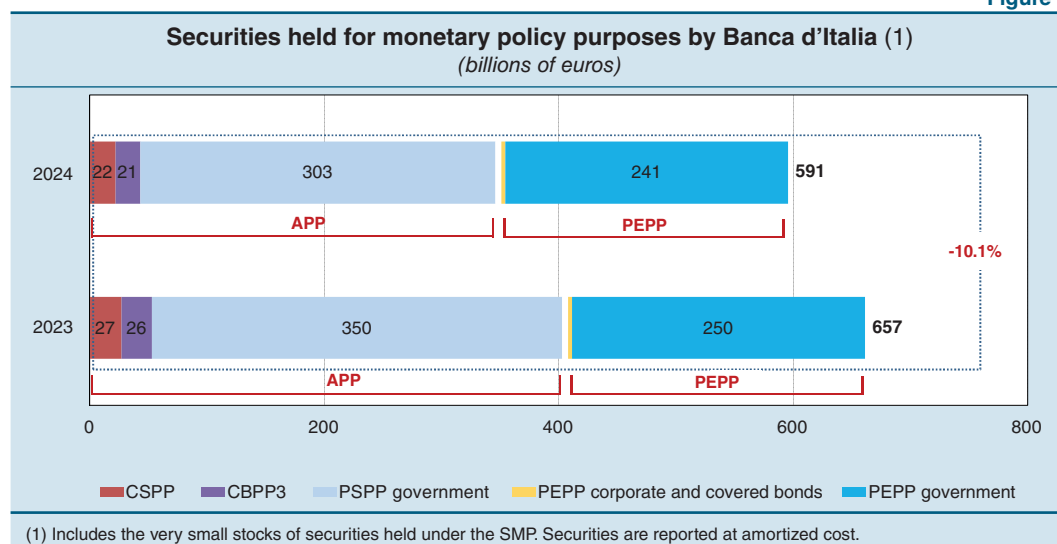
institutions component,¹² as the last TLTRO III came to maturity, and, to a lesser extent, the securities component. At the end of 2024, the Bank's share of the euro-area total refinancing operations was 67 per cent, up from 37 per cent in the previous year (Figure 7).

Figure 7



The amount of securities held for monetary policy purposes decreased by 10.1 per cent, mainly because the principal of maturing securities under the APP was not reinvested throughout the year (Figure 8).

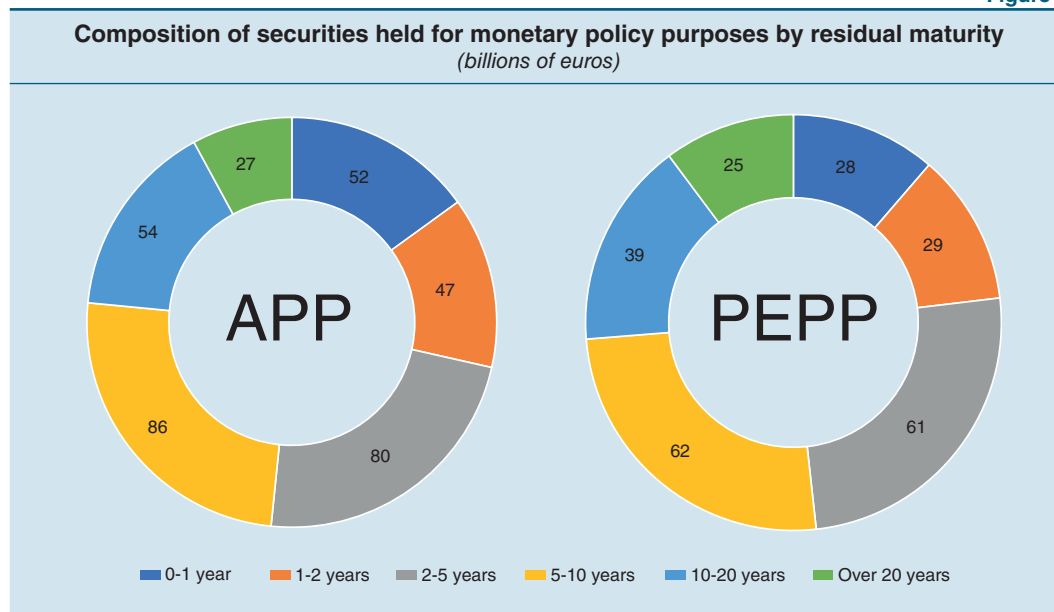
Figure 8



¹² The weighted average maturity of the refinancing operations conducted by Banca d'Italia fell from 168 to 41 days, in line with the Eurosystem.

Figure 9 shows the breakdown by residual maturity of securities held by BI under the APP and PEPP at the end of 2024.

Figure 9



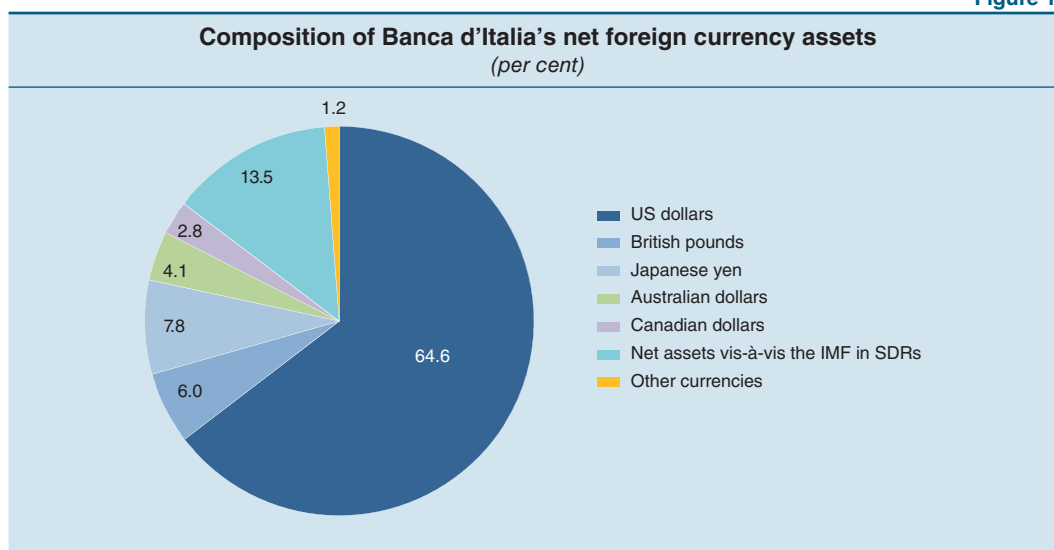
The higher value of gold reserves and net foreign currency assets helped to limit the overall reduction in the balance sheet. At 31 December 2024, gold reserves were worth €197.9 billion (€147.2 billion at the end of 2023); this increase was entirely due to the appreciation of gold by 34.4 per cent for the year. In terms of geographical distribution, 44.9 per cent of the Bank's gold reserves are held in Italy, 43.3 per cent in the United States, 6.1 per cent in Switzerland and 5.7 per cent in the United Kingdom.

Net assets denominated in foreign currency¹³ – for which the percentage composition is shown in Figure 10 – totalled €56.8 billion (€52.5 billion at the end of 2023). This increase reflects both larger overall holdings, namely in US dollars, and the appreciation of major foreign currencies in the portfolio against the euro, particularly the US dollar and special drawing rights (SDRs).

Italy's official reserves consist of gold and claims on non-euro-area residents denominated in foreign currency; they are held by Banca d'Italia under the Treaty on the Functioning of the European Union and the Statute of the ESCB. By managing the official reserves, BI can service the Italian Republic's foreign currency debt and meet its commitments to international organizations such as the International Monetary Fund (IMF). The official reserves are an integral part of the Eurosystem's reserves: their overall level and proper management help to safeguard the credibility of the Eurosystem itself. The foreign currency reserves are managed primarily with the aim of guaranteeing high levels of liquidity and safety while also taking account of long-term expected yields.

¹³ Net assets denominated in foreign currency include Asset Items 2 and 3 (foreign currency assets) and Liability Items 6, 7 and 8 (foreign currency liabilities).

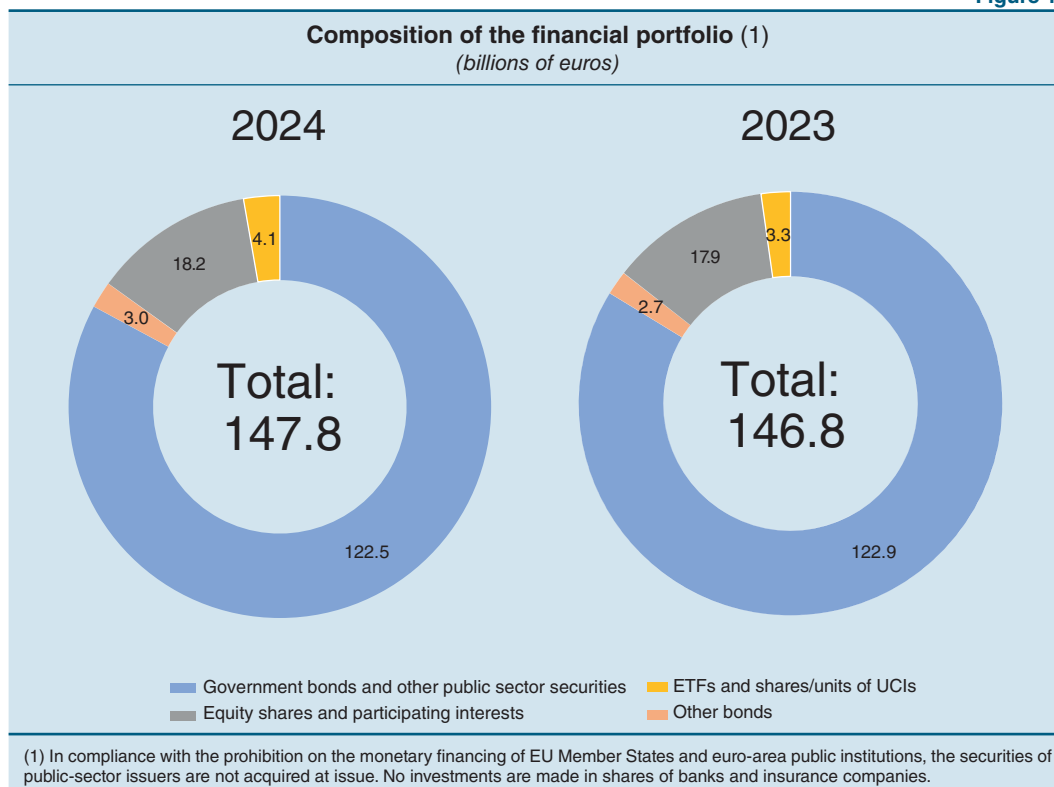
Figure 10



BI also manages a part of the ECB's foreign currency reserves in accordance with the guidelines laid down by the ECB Governing Council.

At the end of 2024, the assets held for investment purposes amounted to €150.3 billion (€152.4 billion at the end of 2023). These assets consist mainly of securities (€147.8 billion, compared with €146.8 billion in 2023; Figure 11), as well as reverse

Figure 11



repos and margins paid to guarantee repos connected with direct securities lending (€1 billion overall, compared with €3.9 billion in 2023).

This portfolio is mainly composed of Italian and other euro-area government bonds; the other bonds are those issued by international organizations and private corporations. The part invested in equities consists primarily of listed instruments (equity shares and, to a lesser extent, investment fund units). Compared with the previous financial year, the value of the portfolio increased, mainly owing to the appreciation of exchange-traded funds (ETFs) and of units of undertakings for collective investment (UCIs).

Banca d'Italia incorporates environmental, social and governance (ESG) criteria into its investment decisions.

In addition to portfolios managed against a benchmark, the Bank holds a thematic portfolio that focuses on the energy transition and invests in companies operating in the sectors of alternative energy, energy efficiency systems, electric mobility and green construction. Further information is available in the [Annual report on sustainable investments and climate-related risk](#).

In 2024, BI continued to invest in shares of funds offered by leading asset management companies and specializing in Italian small and medium-sized enterprises, and in selected infrastructure projects also based on their ESG profiles. During the year, the Bank committed to buy shares of funds set up to fund climate transition projects.

NET FINANCIAL ASSETS

At the end of 2024, BI's net financial assets (NFAs), which are governed by a Eurosystem specific agreement (Agreement on Net Financial Assets – ANFA), totalled €124.9 billion, up from €101.8 billion at the end of 2023. NFAs are calculated as the algebraic sum of the balance sheet financial assets that are not directly related to monetary policy – including gold, net foreign currency assets and securities denominated in euro – and non-monetary-policy liabilities. ANFA is an agreement between the NCBs of the euro-area countries and the ECB. The agreement sets rules and limits that NCBs must comply with to ensure that purchases of financial assets connected with their functions under national law do not interfere with the conduct of the single monetary policy.

Further information on NFAs can be found on the website of the ECB, which publishes for each NCB and for the ECB: (a) the monthly financial statement; and (b) the annual average amount of NFAs.

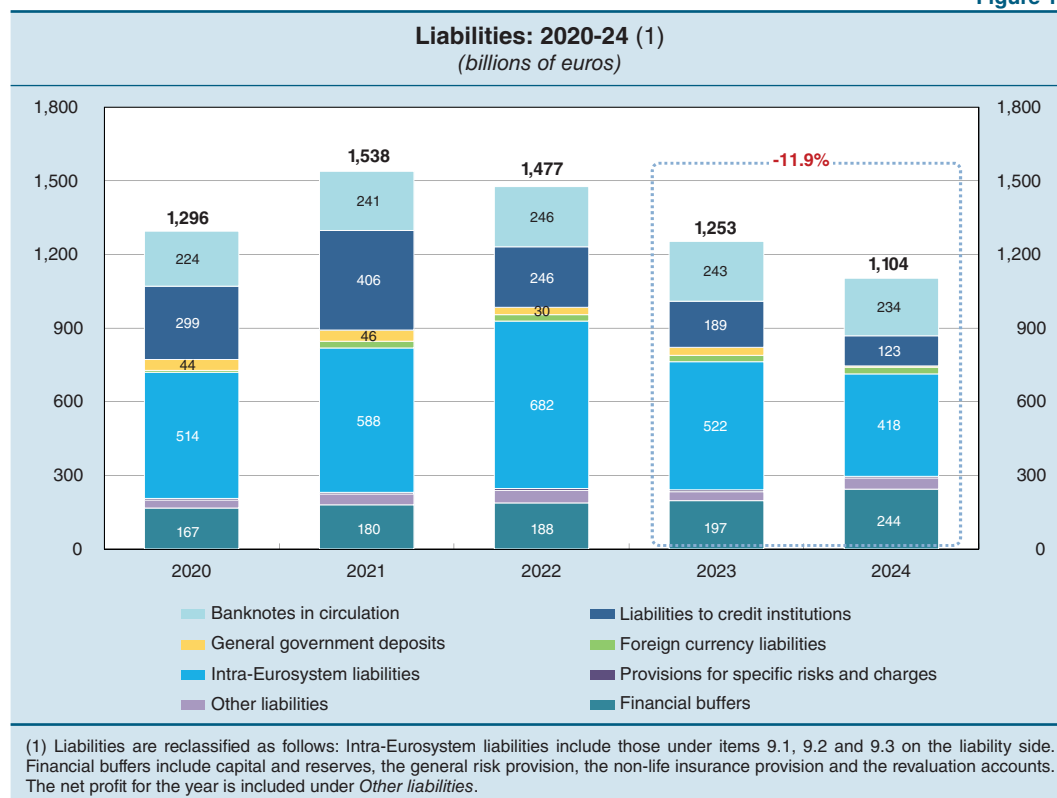
BI also manages the defined-contribution pension fund for staff hired starting on or after 28 April 1993. The fund constitutes a separate asset for administrative and accounting purposes pursuant to Article 2117 of the Italian Civil Code. Its investments and earmarked funding contributions are included in BI's balance sheet, under *Other assets* and *Other liabilities* respectively. Investments are made observing benchmarks.

At the end of 2024, the fund's total assets and corresponding liabilities in BI's balance sheet amounted to €1.1 billion (around €1 billion in 2023).

Liabilities

In 2024, the reduction in monetary policy assets mainly led, on the liability side, to a decline in intra-Eurosystem liabilities (consisting largely of the negative TARGET balance) and in the deposits of credit institutions (Figure 12). General government deposits and the amount of banknotes in circulation decreased to a lesser extent, while financial buffers increased as a result of higher unrealized gains, mostly relating to the gold revaluation account, which were only partly offset by the release from the general risk provision.

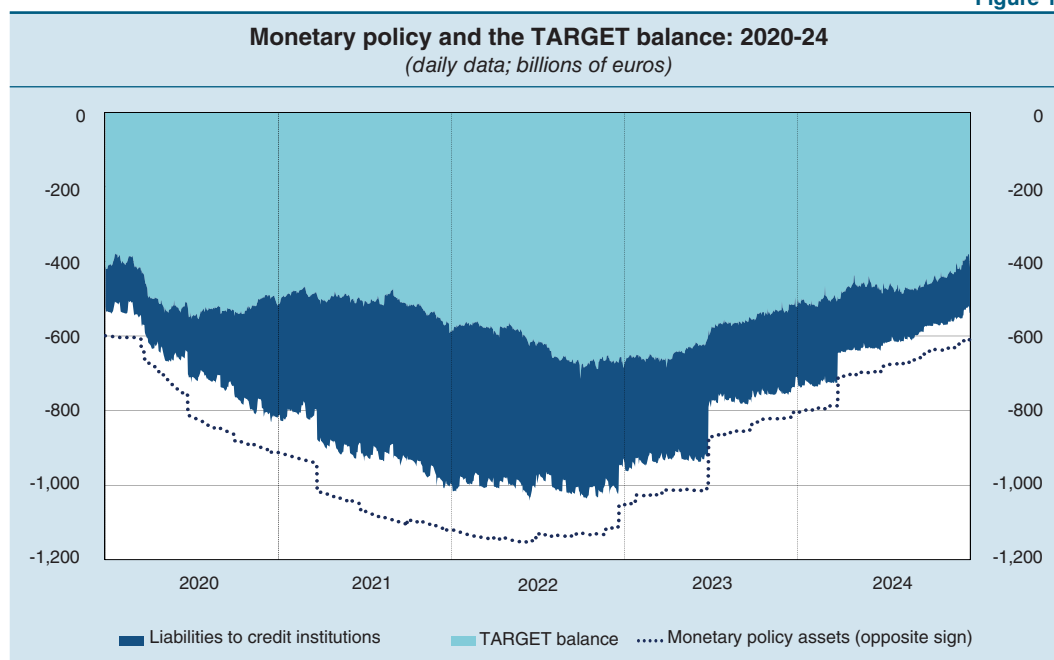
Figure 12



In line with the downward trend started in 2023, BI's negative TARGET balance¹⁴ fell by 20 per cent (from €521 billion to €416 billion at end-2024; Figure 13). This decline reflects net liquidity inflows mainly coming from foreign investment in Italian securities, mostly public sector securities. The disbursement of the fifth and sixth tranches of Recovery and Resilience Facility funds to the Italian State through TARGET also contributed to the decrease in BI's negative balance.

¹⁴ The TARGET balance can be considered as the accounting counterbalance of all the transactions carried out between residents and non-residents in Italy.

Figure 13



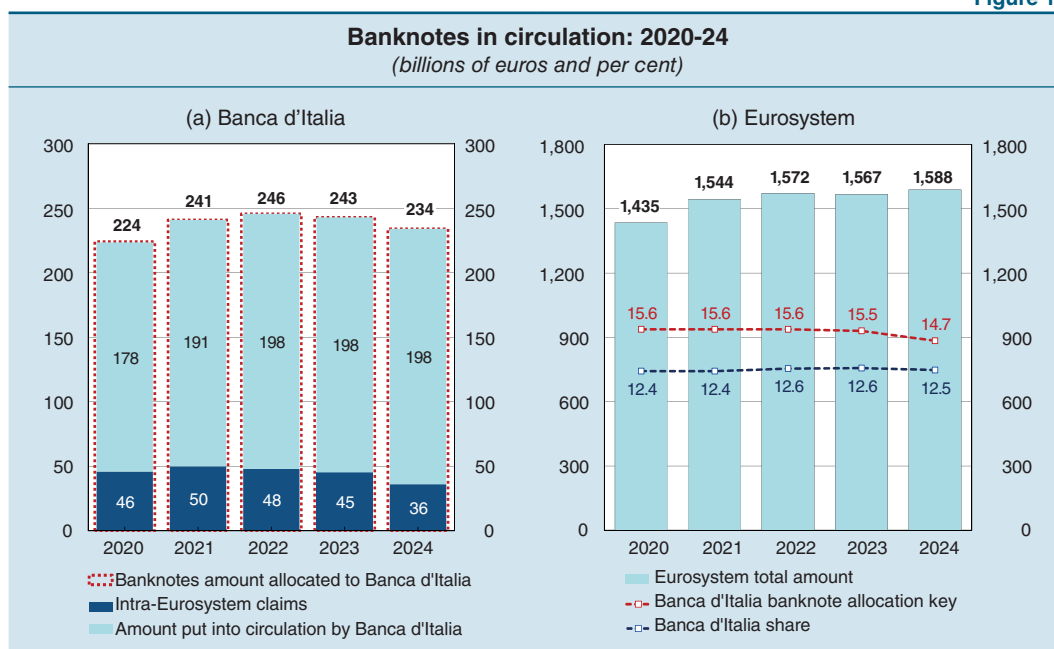
The total value of banknotes in circulation in the Eurosystem,¹⁵ amounting to €1,588 billion at the end of 2024, is allocated among the central banks as follows: the ECB is allocated 8 per cent by convention, while the remaining 92 per cent goes to the NCBs according to their banknote allocation key (see *Legal basis, method of preparation and structure of the annual accounts*). The total amount allocated to Banca d'Italia, €234 billion, is shown under the liability item *Banknotes in circulation*. The difference between the value of the banknotes allocated to BI and that of the banknotes it actually puts into circulation gives rise to a remunerated intra-Eurosystem claim (liability) if positive (negative), which is recorded under *Net claims (liabilities) related to the allocation of euro banknotes within the Eurosystem*. BI's claim at the end of 2024 amounted to €36 billion (Figure 14).

The amount of banknotes allocated to BI fell in 2024, despite an increase in overall circulation in the Eurosystem¹⁶ (Figure 14), owing to the reduction in the Bank's allocation key following the five-yearly capital key adjustment (see 'Notes on the items of the balance sheet' – *Intra-Eurosystem claims and liabilities*). For this reason, BI's intra-Eurosystem claim declined by €9 billion despite a slight increase in the value of banknotes actually put into circulation by the Bank (+€0.3 billion).

¹⁵ The value of banknotes in circulation is equal to the cumulative difference between banknotes issued and returned to central banks since the introduction of the euro.

¹⁶ In 2024, there was a net issuance of 709 million banknotes (amounting to €21.1 billion). The number of €100 and €5 denominations increased the most (both up by 3.2 per cent); €10, €50 and €20 denominations recorded more moderate growth (of 2.8, 2.6 and 1.5 per cent respectively).

Figure 14



The average amount of banknotes put into circulation by BI in 2024 was €193.4 billion (€194 billion in 2023), showing a decrease of 0.3 per cent compared with an average decline of 0.1 per cent for the euro area.

In 2024, a total of 815.7 million banknotes were produced, including denominations of €20 and €50 for the second series (687.3 million), banknotes produced under international cooperation agreements and test banknotes for R&D projects on behalf of the ECB. The Bank also completed the production of the remaining notes scheduled for 2023 and produced almost all (96.3 per cent) of its share for 2024, ahead of the annual production schedule.

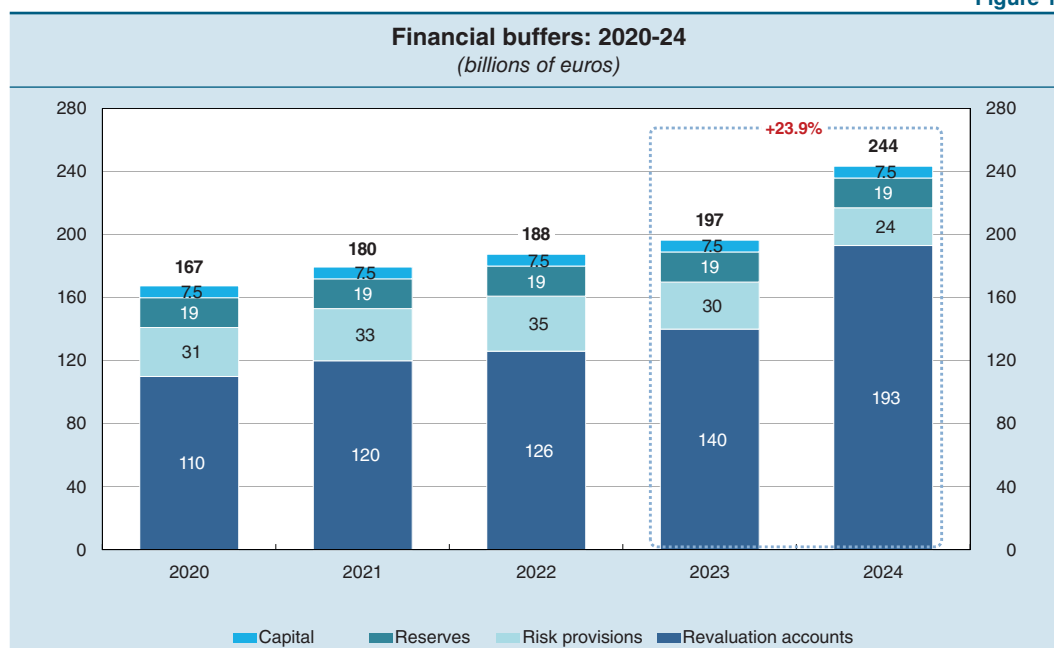
Last year, 2.1 billion banknotes were put into circulation (2.2 billion in 2023). The banknotes returned and checked by BI amounted to 2 billion (2.1 billion in 2023), while 0.8 billion were withdrawn from circulation (the same number as in 2023).

Financial buffers

Financial buffers¹⁷ rose by 23.9 per cent in 2024 (Figure 15).

¹⁷ BI's financial buffers consist of capital, reserves, provisions, especially the general risk provision, and the revaluation accounts. Allocations to reserves are made at the time of the distribution of the net profit; allocations to provisions are transferred out of gross profits to offset the risks associated with the different sectors of operation on the basis of an overall evaluation of adequacy. The revaluation accounts include unrealized gains on gold, foreign currencies and securities not entered in the profit and loss account under income. These balances are used to offset the impact of potential unfavourable fluctuations in prices and/or exchange rates and therefore constitute a first financial buffer against these specific sources of risk for the Bank.

Figure 15



Over the past five years, financial buffers have grown thanks to the revaluation accounts, especially for gold owing to its appreciation. The general risk provision – to which allocations were made for several years to counter the risks taken with the expansion of monetary policy operations¹⁸ – was released in the last two financial years to cover the gross losses for 2023 and 2024. Nevertheless, the level of risk coverage remains adequate from a medium-term perspective, taking into account the reduction in risks associated with the downsizing of the balance sheet and the positive earnings outlook for 2025 (see ‘Financial risk’).

Banca d’Italia’s capital

BI’s capital is equal to €7,500,000,000 and is divided into 300,000 registered shares that by law can be held solely by: (a) banks with registered offices and head offices in Italy; (b) insurance and re-insurance companies with registered offices and head offices in Italy; (c) foundations as per Article 27 of Legislative Decree 153/1999; (d) social security and insurance bodies with registered offices in Italy and pension funds established under Article 4.1 of Legislative Decree 252/2005.

Shareholders’ ownership rights are limited to the value of the capital and to the dividends (Article 3 of the Statute). The law establishes the maximum share of the capital (i.e. 5 per cent) that can be held, directly or indirectly, by each shareholder. Shares held above this limit shall not bestow voting rights and the corresponding

¹⁸ Since the start of the asset purchase programme (APP) in 2015, BI has allocated around €18 billion to the general risk provision as part of capital strengthening policies.

dividends shall be allocated to the Bank's statutory reserves. Currently, none of the Shareholders hold shares exceeding the statutory threshold.

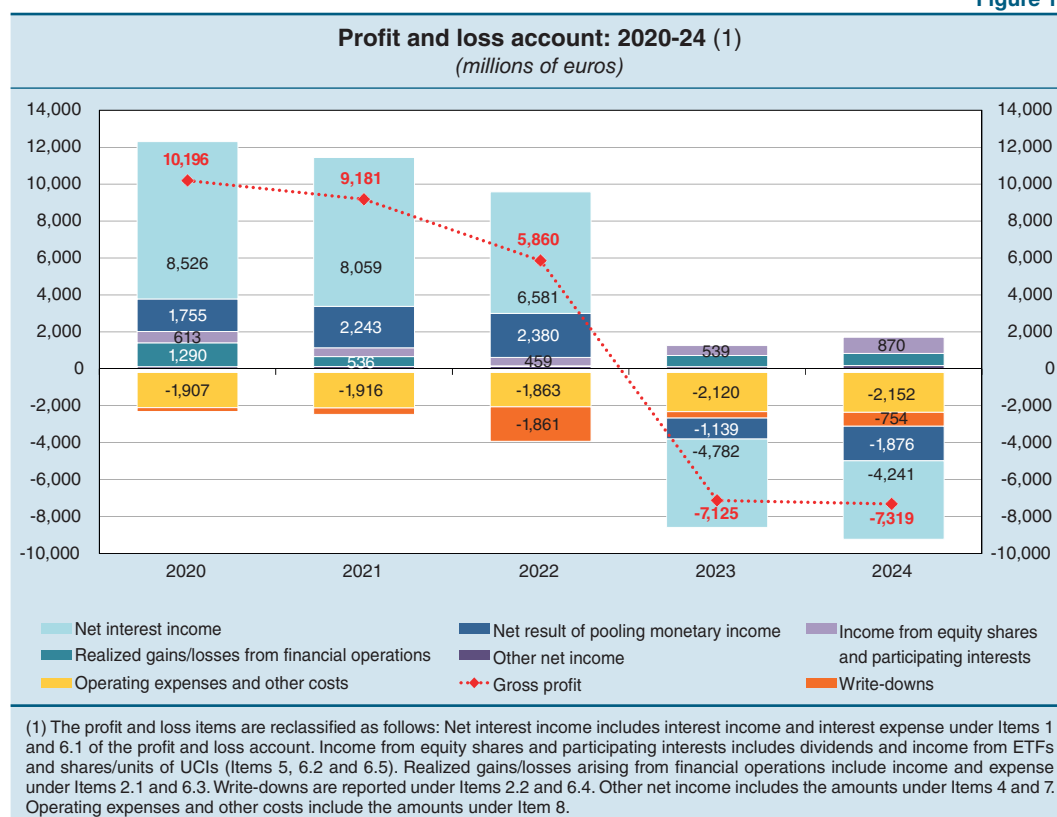
Dividends are due only to Shareholders that owned shares at the end of the fortieth day prior to the date of the first call of the Meeting of Shareholders (Article 38 of the Statute). They numbered 174 at 19 February 2025, the last date for acquiring shares with the right to dividends for 2024 (see 'Notes on the items of the balance sheet' – *Capital and reserves*).

The profit and loss account

In 2024, the financial result before the release from the general risk provision and before tax was negative by €7,319 million (-€7,125 million in 2023).

By affecting the size and composition of financial assets and liabilities and their respective rates of return, monetary policy influences significantly the evolution of net interest income and the net result of pooling the Eurosystem's monetary income,¹⁹ which are the main components of BI's profit and loss account (Figure 16).

Figure 16



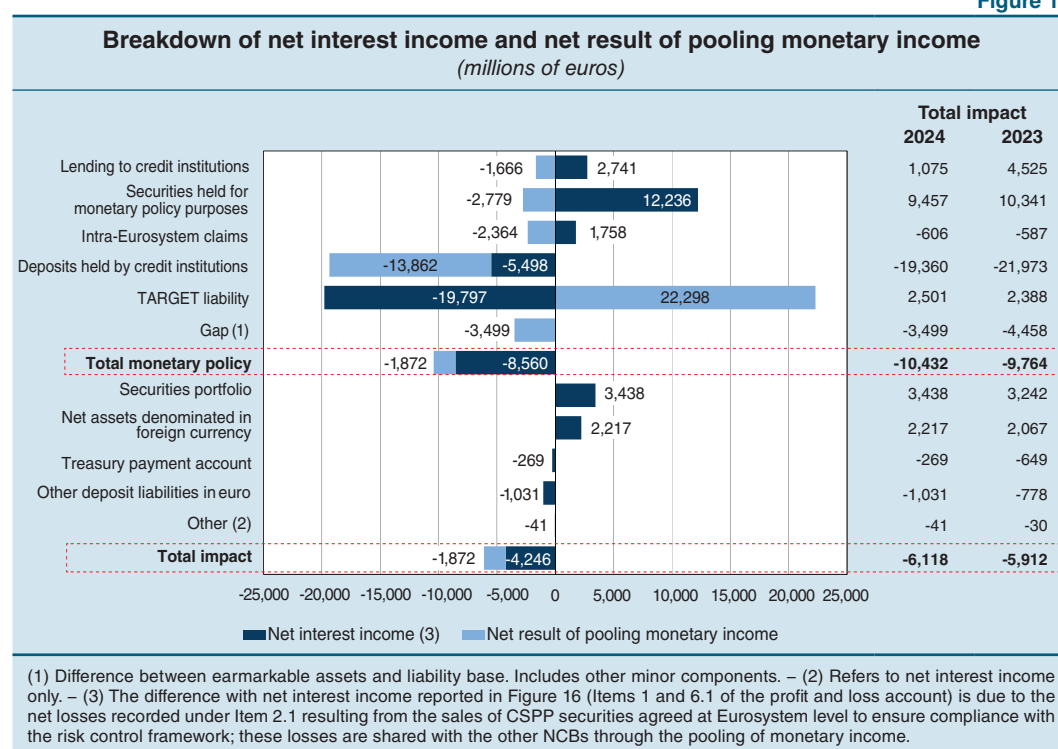
¹⁹ The net result is the difference between the share of total monetary income distributed to the NCBs in proportion to their capital key and the higher or lower income earned by the individual NCBs. Monetary income is calculated in accordance with the rules established by the ECB Governing Council: in 2024, for example, interest income on monetary policy securities not subject to risk sharing was calculated at the marginal rate on main refinancing operations and may therefore differ significantly from the actual interest income, as reported in net interest income.

In 2024, as in the previous year, net interest income was negative (-€4,241 million) owing to a higher average rate of remuneration on liabilities denominated in euro (e.g. bank deposits and the negative TARGET balance)²⁰ than on assets denominated in euro, which are largely fixed-rate and longer-term assets (especially securities held for monetary policy purposes). The improvement compared with last year (+€541 million) was largely attributable to the lower amount of liabilities denominated in euro.²¹

The net result of pooling monetary income was negative too, by €1,872 million in 2024 (-€1,130 million in 2023;²² see ‘Notes on the items of the profit and loss account’ – *Net result of pooling monetary income* and the box ‘Monetary income’).

The overall impact of monetary policy, arising from the combination of net interest income earned on interest-bearing assets and costly liabilities on the balance sheet and the net result of pooling the Eurosystem’s monetary income, was negative by €10,432 million in 2024 (-€9,764 million in 2023; see Figure 17 and the box ‘The impact of monetary policy on the profit and loss account’). This effect was only partly mitigated by net income earned on other assets and liabilities.

Figure 17



²⁰ The TARGET balance was remunerated at the marginal interest rate on MROs until 31 December 2024. As of 1 January 2025, it is remunerated at the lower rate on the deposit facility (see *Post-balance-sheet events*).

²¹ This improvement was partially offset by the negative impact of key interest rates, which, despite the reduction started in June 2024, were on average higher than in the previous year.

²² These amounts differ from those reported under Item 3 of the profit and loss account, which also includes adjustments from previous years and the change in the provision for monetary policy operations.

THE IMPACT OF MONETARY POLICY ON THE PROFIT AND LOSS ACCOUNT

The Eurosystem's income on assets subject to risk sharing and on monetary policy liabilities is distributed among the NCBs in proportion to their capital key. As a result, interest expense on deposits held by euro-area credit institutions had a total negative impact on BI's profit and loss account of €19,360 million, of which €5,498 million were paid to Italian banks and recorded in net interest income, and €13,862 million were recognized in the net result of pooling monetary income, as BI's capital key exceeded the share of Italian banks' deposits in the Eurosystem's total. Income earned on monetary policy securities (€9,457 million), mainly on government bonds not subject to risk and return sharing, helped to mitigate losses. Overall, the negative TARGET balance had a positive net impact on BI's profit and loss account through monetary income pooling.¹

¹ Overall, the euro-area NCBs hold a net claim in the TARGET system (corresponding to the negative balance on the balance sheet of the ECB, whose income is not involved in monetary income pooling). BI's interest income on this claim (€2,501 million) is therefore equal to the difference between the net result of monetary income allocated to BI (€22,298 million) and the interest expense paid by BI on its negative balance, which is recorded in net interest income (-€19,797 million).

The deterioration in the gross profit for the year was also driven by higher write-downs (+€412 million),²³ which were only partially offset by higher income on equity shares and participating interests (+€331 million), mainly as a result of the five-yearly adjustment of the capital key on 1 January 2024 (see 'Notes on the items of the profit and loss account' – *Income from participating interests*).²⁴

Total operating expenses and other costs amounted to €2,152 million, slightly up on 2023 (+€32 million; see 'Operating expenses and other costs').

Against a gross loss for the year of €7,319 million, there was a release of €5,800 million from the general risk provision.²⁵

Accrued taxes show a positive contribution of €2,363 million (€2,340 million in 2023), essentially due to deferred tax assets on the corporate income tax (IRES) resulting from the carryforward of the tax loss for the financial year.²⁶

²³ This increase was mainly due to a depreciation of equity shares denominated in euro and of bonds denominated in US dollar, as well as, to a lesser extent, to an increase in exchange rate write-downs.

²⁴ When the capital key is adjusted every five years, the changes in NCBs' shares of the ECB's capital must be settled and reflected in the other components of the ECB's net equity (revaluation accounts, reserves, provisions, profit/loss for the year and any losses carried forward). As a result of the reduction in its capital key (from 16.85 to 16.02 per cent), BI received €284 million from the NCBs whose capital key increased.

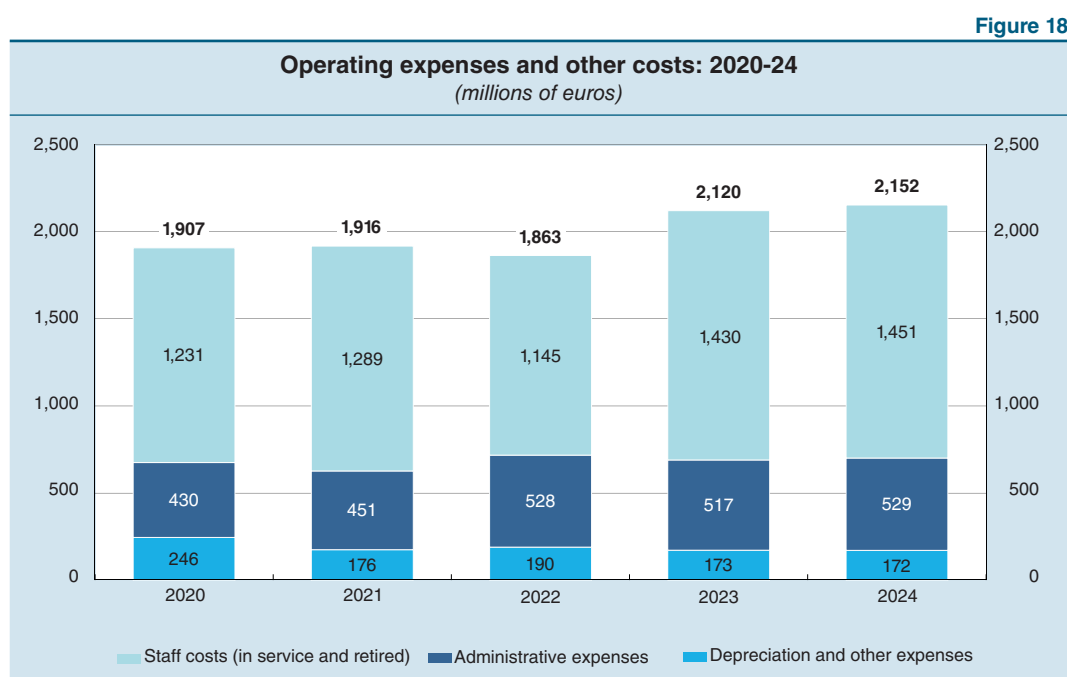
²⁵ In the previous year, there had been a release of €5,600 million against a gross loss of €7,125 million.

²⁶ The recognition in the balance sheet of deferred tax assets resulting from the tax losses for 2023 and 2024 (€4.6 billion) is based on the reasonable certainty, taking into account income projections, of generating positive taxable income that will result in the losses being fully recovered in future years.

The year 2024 closed with a net profit of €844 million (€815 million in 2023), up by €29 million on the previous year.

Operating expenses and other costs

The trend and composition of total costs are detailed in Figure 18. In 2024, operating expenses rose by €32 million compared with the previous year, due to an increase in staff costs, for both persons in service and retired, and in administrative expenses.



More specifically, severance payments increased by €11 million in 2024 owing to a higher number of employment terminations. The following rose to a lesser extent: (a) costs for staff in service (+€7 million), owing both to salary adjustments for inflation (measured using the HICP net of imported energy) and to the qualitative and quantitative change in the workforce; (b) pension expenses (+€4 million), primarily as a result of adjustments connected with equalization.

Administrative expenses, equal to 25 per cent of total operating expenses, grew from €517 million in 2023 to €529 million in 2024 (+€12 million). This increase was mainly due to the higher costs of technological infrastructure (hardware and software) – including the costs incurred for the use of Eurosystem infrastructure-related services – and of raw materials purchased for banknote production, which were only partly offset by lower property maintenance costs (see ‘Notes on the items of the profit and loss account’ – *Expenses and sundry charges*).

Development and management costs for technological infrastructure and applications accounted for 30 per cent of total administrative expenses (29 per cent in

the previous year). In 2024, Banca d'Italia continued to be involved in a variety of IT initiatives. As regards the systems for which BI acts as a service provider at Eurosystem level (see the box 'Costs and reimbursements for Eurosystem infrastructure'), a number of initiatives were carried out to modernize and upgrade market infrastructure systems (namely T2, TARGET2-Securities – T2S, and TARGET Instant Payment Settlement – TIPS), and statistics systems (AnaCredit and Register of Institutions and Affiliates Database – RIAD). Work continued on rolling out the Eurosystem Collateral Management System (ECMS), with the aim of facilitating the efficient management of liquidity and collateral by providing a harmonized service to counterparties. BI made an active contribution to the initiative coordinated by the ECB for launching a digital euro, as well as to the Common Data Management project for a European statistics platform.

Among domestic projects, the following activities were completed: (a) re-engineering treasury procedures ('ReTes') in order to innovate operational processes and align them with the evolution of payment systems and instruments, as well as to improve further public spending analysis and monitoring capabilities; (b) creating a single payment management platform ('Gepa') for BI, general government and institutional customers, including through the use of innovative tools in line with new developments in the European context.

Efforts in employing state-of-the-art technologies continued in 2024, including a new initiative to promote the wide and structured dissemination within the Bank of innovative AI and machine learning models and techniques through a technological platform that can be used directly by the various corporate functions.

COSTS AND REIMBURSEMENTS FOR EUROSISTEM INFRASTRUCTURE

Together with other national central banks, Banca d'Italia provides services for developing and managing the Eurosystem's technological infrastructures. As a service provider, the Bank receives reimbursements from the Eurosystem that are recorded under *Other income* and that amounted to €117 million in 2024 (€73 million in 2023).

As a co-owner of the Eurosystem's shared infrastructures, jointly with the other NCBs, BI receives fees and bears costs in proportion to its capital key. The fees amounted to €38 million in 2024 (€22 million in 2023) and are recorded under fee income. The costs, €38 million (€31 million in 2023), are reported under *Administrative expenses*.

Property management and maintenance costs, included in *Administrative expenses*, fell compared with 2023, mainly due to the rescheduling of a number of initiatives and the streamlining of building maintenance operations. In 2024, the Bank continued to implement the plan for the logistical reorganization and renovation of certain buildings of its head office and branch network. In addition, new actions were undertaken to comply with seismic retrofit and energy efficiency requirements as well as to achieve

high standards of flexibility in use and environmental comfort in accordance with the principle of activity-based working.²⁷

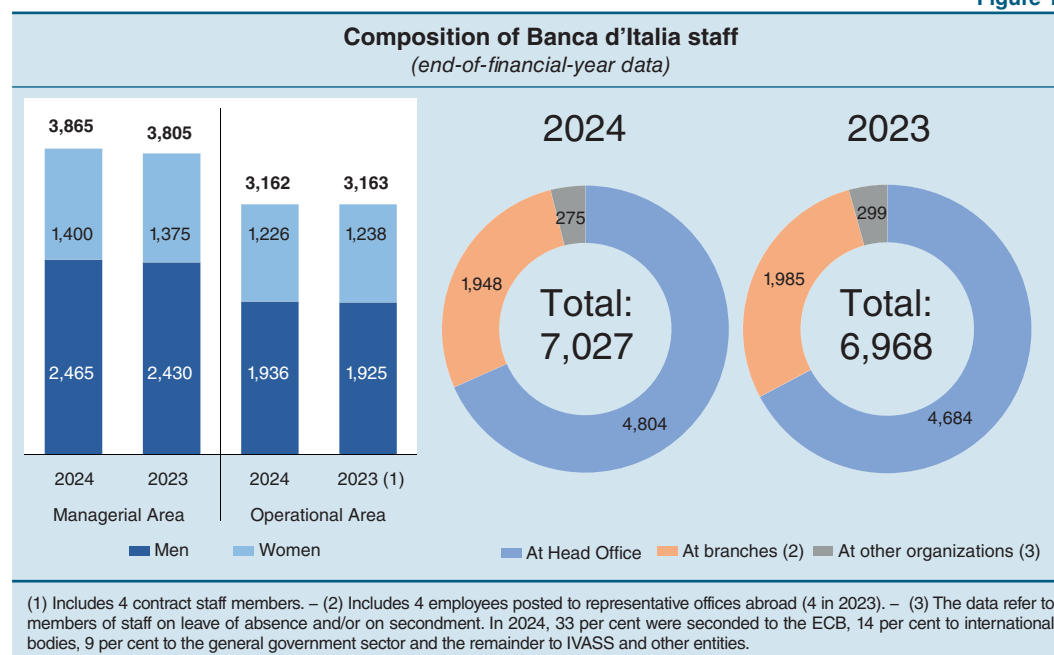
Thanks in part to the reduced need for space under the hybrid work model, it will be possible to gradually terminate the lease agreements for the buildings temporarily used by employees based in buildings that are being renovated in the Rome area, with positive financial effects.

After surging in 2020 as a result of the higher charitable donations approved for the health emergency, *Other costs* have held broadly stable in recent years.

Banca d'Italia staff

At 31 December 2024, the Bank's employees numbered 7,027, of which 4,804 working at the Head Office, 1,944 at branch offices, 4 at representative offices abroad, and 275 seconded to other organizations (Figure 19). The total number of staff was up by 59 compared with the end of 2023. There were 230 new employees (240 in 2023), of whom about 65 per cent hold a required university degree. Terminations totalled 171 (112 in 2023).

Figure 19



As at end-2024, the managerial and high-level professional area accounted for 55 per cent of total staff, broadly in line with the previous year. The staff's average age at the end of 2024 was 49.2 years (48.9 years in 2023) and 37.4 per cent of the Bank's

²⁷ This principle refers to the management of workspaces based on the possibility to choose the most appropriate environment for the type of work to be carried out.

employees were women (37.5 per cent in 2023). On average, 38 per cent of workdays were worked remotely (37 per cent in 2023). During the year, 6,309 staff members received training, or 89.8 per cent of all, for a total of 306,932 hours of training.

Distribution of the net profit for the year

Pursuant to Article 38 of BI's Statute, the Board of Directors, acting on a proposal of the Governing Board and after hearing the opinion of the Board of Auditors, determines the plan for the distribution of the net profit and the relevant proposal to be submitted to the Meeting of Shareholders for approval.²⁸

Under the current dividend policy, approved by the Board of Directors on 30 April 2015, the dividends to be allocated to the Shareholders normally range between €340 million and €380 million, provided that the net profit is sufficient and without prejudice to the Bank's capital adequacy. Shareholders' dividends may fall outside this range where overall financial market conditions or the Bank's profitability change significantly.

Therefore, considering that the gross loss for 2024 (before the release from the general risk provision) confirmed a strongly negative trend in the Bank's profitability since 2023, the Shareholders are allocated €200 million in dividends out of the net profit of €844 million, while the remainder (€644 million) is allocated to the State.²⁹

To supplement the dividend, a further €140 million is paid to the Shareholders out of the special item for stabilizing dividends created by resolution of the Meeting of Shareholders of 31 March 2017, so as to pay a total amount of €340 million under the current dividend policy, which is equal to the amount paid last year (see 'Proposals of the Board of Directors'). The item for stabilizing dividends therefore drops to zero.

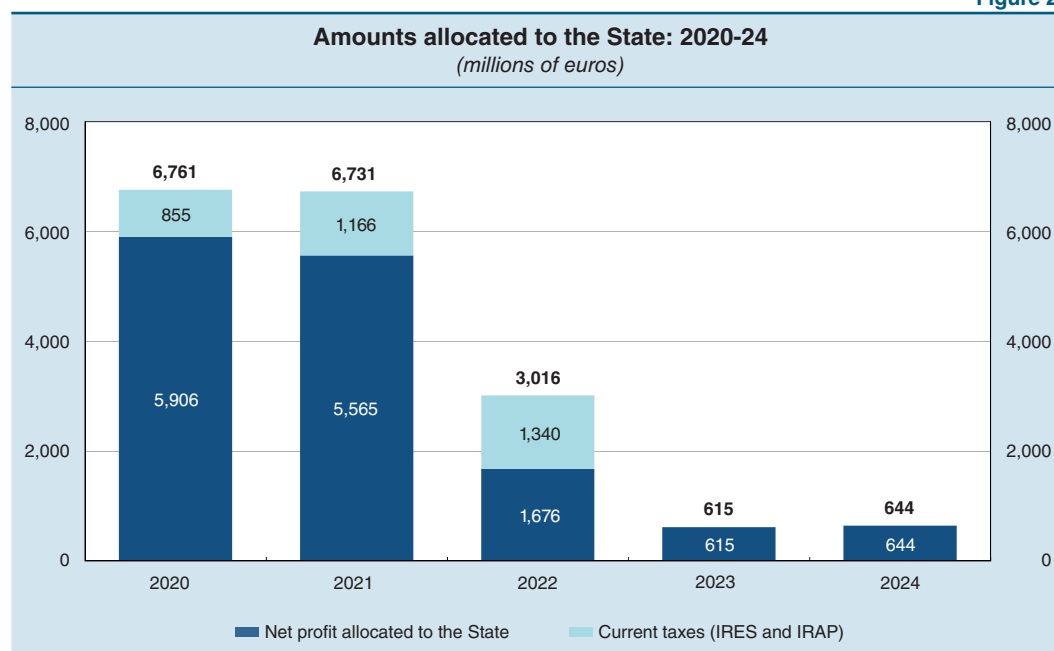
Over the last five years, the dividend paid out of the net profit totalled €1,420 million, of which €1,353 million were actually distributed to the Shareholders and €67 million, relating to shares exceeding the legal threshold, were allocated to the Bank's statutory reserves. Taking into account the supplemental dividend paid out of the special item for stabilizing dividends, the total amount actually allocated to the Shareholders was €1,633 million.

²⁸ Pursuant to Article 38.2, the net profit is allocated as follows and in order of priority: to the statutory reserves, up to 20 per cent; to the Shareholders, up to 6 per cent of the capital; to the special reserve and any special provisions, up to 20 per cent; to the State, for the remaining amount.

²⁹ With reference to financial year 2024, the State has also received €269 million (€649 million in 2023) in interest on the deposit held with Banca d'Italia for treasury services (see 'Notes on the items of the profit and loss account' – *Net interest expense* and the box 'Government deposits').

Over the same five-year period, the profits transferred to the State amounted to €14,406 million (Figure 20); including current taxes (€3,361 million),³⁰ the total amount transferred to the State was €17,767 million.

Figure 20



Other information

Strategic planning

In August 2024, Banca d'Italia published an interim update to its Strategic Plan for 2023-25 ([only in Italian](#)), which in line with its initial objectives, sets out new activities following changes in the overall scenario that have an impact on the Bank's organizational and management priorities and initiatives to improve the effectiveness and efficiency of its action. From this perspective, BI will continue on its digitization journey to further integrate business processes and improve the quality, ease of use and speed of services provided to external users and employees. The road map includes investment in innovative technology, for example to optimize the use of online portals and dematerialize any processes that are still paper-based. Further details can be found on the Bank's website.

Organizational measures

In 2024, the Bank made a number of changes to its internal organizational structure for the following purposes: (a) ensuring the effective performance of the

³⁰ Includes only current taxes for IRES and IRAP purposes recognized in each period under Item 10 of the profit and loss account (*Taxes on income for the year and on productive activities*).

Markets and Payment Systems Directorate General's institutional functions through an organizational set-up that is more suitable to manage and develop its operations, i.e. splitting it into two separate directorates general: one covering monetary policy operations, investment and financial risk management; one overseeing payment systems and market infrastructures, and treasury services; (b) enhancing the role of Banca d'Italia in the digital euro project, by creating a specific unit that reports directly to the Governing Board; (c) handling the design, implementation and testing of the new data centre that will host the Bank's IT systems by creating a new dedicated organizational unit.

As regards the branch network, the Bank laid out a plan to develop its functions and reorganize its structure with the following goals: (a) strengthening the branch network's role in strategic activities with higher growth potential; (b) enhancing operational effectiveness and efficiency; (c) strengthening the relationship between BI and local stakeholders, and fostering the coordination and integration of branch operations with the corresponding head office functions.

Environmental policy and workplace safety

The Bank continued its efforts to reduce its ecological footprint in accordance with its Strategic Plan.

In 2024, it signed a new agreement with the Carabinieri police force to carry out reforestation projects in Italy to reduce carbon dioxide, improve the quality of the urban environment and of air, create green areas for the community and protect local biodiversity. As part of global climate change mitigation efforts, the Bank co-funded reforestation and renewable energy production projects by purchasing 23,557 carbon credits on the voluntary market, which allowed it to offset an equivalent number of tonnes of greenhouse gas (GHG) emissions.

BI is also working on a climate transition plan that sets out specific goals in terms of GHG reduction and initiatives to achieve net zero emissions for internal operations by 2050.

Every year the Bank reports on the ecological and carbon footprint of its operations and provides an overview of the main initiatives undertaken to reduce it; BI also publishes an *Annual Report on sustainable investments and climate-related risks*, which follows through on the commitment made with the publication of the *Responsible Investment Charter*³¹ to illustrate the strategies and the results of the management of its

³¹ The Charter concerns financial assets managed under the Bank's own responsibility, namely its financial portfolio and foreign exchange reserves investments. It sets out the Bank's vision of sustainability and includes the principles and criteria underlying the sustainable management of its financial investments; it also outlines the precise commitments through which the Bank plans to make tangible contributions to sustainable growth.

non-monetary policy investments and provide information on the methodologies used in considering sustainability risks (see *Assets*).

In terms of workplace safety, the 2024 initiatives to protect people's health and well-being required some changes in the methodology for risk assessment, including the risk arising from exposure to carcinogens and mutagens.

Disclosure of transactions with subsidiary and associate companies

Banca d'Italia is the sole shareholder of Società Italiana di Iniziative Edilizie e Fondiarie SpA (SIDIEF), a real estate company whose main activity is the management and rental of its own properties. The Bank directs and coordinates the activities of the subsidiary, principally with regard to its corporate strategy, but it does not interfere in areas of managerial autonomy. A special agreement regulates relations between SIDIEF and the Bank and sets out the rental policies applying to the latter's employees and to the buildings used by the Bank itself. Last year, total rents remitted by the Bank to SIDIEF amounted to about €1 million.

Banca d'Italia also holds a participating interest in the capital of Valoridicarta SpA, a company formed in 2018 by the State printing works and mint, Istituto Poligrafico e Zecca dello Stato SpA (IPZS), to manufacture special papers and embedded holographic security and anti-counterfeiting components. The corporate structure, based on the in-house providing model governed by Directive 2014/24/EU, envisages a majority shareholder (IPZS) and a minority shareholder (Banca d'Italia, with 18.26 per cent). Lastly, the Bank holds a 0.50 per cent participating interest in EuropaFi Sas, the paper manufacturer formed by Banque de France. In this case as well, BI exercises control according to the criteria of in-house providing. Shareholders' agreements set out the relationship between the Shareholders with regard to their stakes in the two companies and the functioning of the corporate bodies.

In 2024 too, the watermarked paper needs were met through the Bank's two in-house paper manufacturers.³²

³² For watermarked paper, the Bank can take advantage of the special in-house procurement system if analogous joint control requirements are met and if there are benefits in terms of economies, turnaround times or strategic interests.

ANNUAL ACCOUNTS

BALANCE SHEET

ASSETS	NOTE	Amounts in euros	
		31.12.2024	31.12.2023
1 GOLD AND GOLD RECEIVABLES	[1]	197,944,544,953	147,238,631,639
2 CLAIMS ON NON-EURO-AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY	[1]	81,671,792,212	76,795,907,191
2.1 Claims on the IMF		34,046,577,810	32,891,399,747
2.2 Securities		41,288,484,968	38,489,045,916
2.3 Current accounts and deposits		5,916,579,708	4,518,306,297
2.4 Other assets		420,149,726	897,155,231 (1)
3 CLAIMS ON EURO-AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY	[1]	2,415,109,876	1,856,847,633
3.1 Securities		439,930,146	360,959,240 (2)
3.2 Current accounts and deposits		912,370,336	590,911,017 (2)
3.3 Other assets		1,062,809,394	904,977,376 (2)
4 CLAIMS ON NON-EURO-AREA RESIDENTS DENOMINATED IN EURO	[4]	1,972,260,256	1,901,709,418
5 LENDING TO EURO-AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS	[2]	22,857,000,000	149,801,050,000
5.1 Main refinancing operations		11,363,000,000	9,496,500,000
5.2 Longer-term refinancing operations		11,494,000,000	140,304,550,000
5.3 Other operations		–	–
6 OTHER CLAIMS ON EURO-AREA CREDIT INSTITUTIONS DENOMINATED IN EURO	[3]	535,721,215	130,235,813
7 SECURITIES OF EURO-AREA RESIDENTS DENOMINATED IN EURO		653,650,112,583	721,135,325,520
7.1 Securities held for monetary policy purposes	[2]	590,626,874,007	656,798,125,421
7.2 Other securities	[4]	63,023,238,576	64,337,200,099
8 GENERAL GOVERNMENT DEBT DENOMINATED IN EURO	[4]	13,014,584,841	13,158,559,344
9 INTRA-EUROSISTEM CLAIMS	[5]	44,048,937,254	53,647,050,091
9.1 Participating interest in the ECB		1,418,000,151	1,509,624,881
9.2 Claims arising from the transfer of foreign reserves to the ECB		6,498,050,913	6,853,825,810
9.3 Claims related to TARGET		–	–
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem		36,132,886,190	45,283,599,400
9.5 Other claims within the Eurosystem (net)		–	–
10 OTHER ASSETS	[6]	85,503,923,006	87,727,082,632 (3)
10.1 Financial assets	[4]	70,319,430,760	71,335,443,497 (4)
10.2 Tangible and intangible fixed assets		1,582,308,020	1,647,774,119
10.3 Deferred tax assets		5,121,320,977	2,718,636,020
10.4 Sundry		8,480,863,249	12,025,228,996 (3)(4)
TOTAL		1,103,613,986,196	1,253,392,399,281

(1) The amounts for 2023 have been reclassified. The previous sub-item *Reverse operations* is now included in *Other assets*. – (2) The amounts for 2023 have been reclassified as the sub-items previously broken down by counterparty business sector are now stated by type of financial instrument. – (3) The amounts for 2023 have been reclassified as the previous *Items in course of settlement* are now recognized under *Sundry*, which also includes the previous sub-items *Euro-area coins* and *Accruals and prepaid expenses*. – (4) The amounts for 2023 have been reclassified. Reverse repo operations and margins paid to guarantee repo transactions carried out with financial intermediaries other than credit institutions are now stated under *Financial assets*, and no longer under *Sundry*.

THE ACCOUNTANT GENERAL: PAOLO SESTITO

THE GOVERNOR: FABIO PANETTA

BALANCE SHEET

LIABILITIES	NOTE	Amounts in euros	
		31.12.2024	31.12.2023
1 BANKNOTES IN CIRCULATION	[7]	234,098,080,440	242,975,037,945
2 LIABILITIES TO EURO-AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS	[2]	122,595,144,588	188,702,569,578
2.1 Current accounts (covering the minimum reserve system)		19,338,818,870	20,344,077,281
2.2 Deposit facility		103,256,325,718	168,358,492,297
2.3 Other liabilities		—	—
3 OTHER LIABILITIES TO EURO-AREA CREDIT INSTITUTIONS DENOMINATED IN EURO		427,473,996	—
4 LIABILITIES TO OTHER EURO-AREA RESIDENTS DENOMINATED IN EURO	[8]	26,468,400,721	57,397,129,158
4.1 General government		4,869,885,193	32,125,817,688
4.2 Other counterparties		21,598,515,528	25,271,311,470
5 LIABILITIES TO NON-EURO-AREA RESIDENTS DENOMINATED IN EURO	[9]	19,008,263,214	7,108,263,164
6 LIABILITIES TO EURO-AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY	[1]	914,753,431	643,476,361 (1)
6.1 Current accounts and deposits		—	—
6.2 Other liabilities		914,753,431	643,476,361
7 LIABILITIES TO NON-EURO-AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY	[1]	3,093,042	2,773,203
7.1 Current accounts and deposits		3,093,042	2,773,203
7.2 Other liabilities		—	—
8 COUNTERPART OF SDRS ALLOCATED BY THE IMF	[1]	26,367,523,678	25,554,048,577
9 INTRA-EUROSISTEM LIABILITIES	[5]	417,801,087,537	522,001,415,621
9.1 Liabilities related to TARGET		415,923,786,132	520,875,334,549 (2)
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem		—	—
9.3 Other liabilities within the Eurosystem (net)		1,877,301,405	1,126,081,072 (2)
10 OTHER LIABILITIES	[10]	3,733,521,021	4,994,480,146 (3)
11 PROVISIONS	[11]	7,460,502,667	7,434,248,807
11.1 Staff-related provisions		6,968,910,898	6,946,775,284
11.2 Other provisions		491,591,769	487,473,523
12 REVALUATION ACCOUNTS	[12]	193,774,723,181	139,846,151,150
13 GENERAL RISK PROVISION	[11]	23,813,675,075	29,613,675,075
14 CAPITAL AND RESERVES	[13]	26,304,085,739	26,304,085,739
14.1 Capital		7,500,000,000	7,500,000,000
14.2 Statutory reserves		11,064,574,818	11,064,574,818
14.3 Other reserves		7,739,510,921	7,739,510,921
15 NET PROFIT FOR THE YEAR		843,657,866	815,044,757
TOTAL		1,103,613,986,196	1,253,392,399,281

(1) The amounts for 2023 have been reclassified as the sub-items previously broken down by counterparty business sector are now stated by type of financial instrument. – (2) The amounts for liabilities arising from TARGET operations for 2023 have been reclassified from *Other liabilities within the Eurosystem (net)* to a separate item. – (3) The amounts for 2023 have been reclassified as the previous *Items in course of settlement* are now recognized under *Other liabilities*.

THE ACCOUNTANT GENERAL: PAOLO SESTITO

THE GOVERNOR: FABIO PANETTA

PROFIT AND LOSS ACCOUNT

		Amounts in euros	
	NOTE	2024	2023
1 NET INTEREST EXPENSE	[14]	-5,306,000,556	-5,675,236,037
1.1 Interest income		22,413,770,528	27,479,336,786
1.2 Interest expense		-27,719,771,084	-33,154,572,823
2 NET RESULT OF FINANCIAL OPERATIONS AND WRITE-DOWNS	[15]	-321,980,367	171,492,048 (1)
2.1 Realized gains/losses arising from financial operations		67,040,960	270,463,739
2.2 Write-downs on financial assets and positions		-389,021,327	-98,971,691
3 NET RESULT OF POOLING MONETARY INCOME	[16]	-1,875,701,464	-1,138,946,012
4 NET INCOME FROM FEES AND COMMISSIONS	[17]	36,711,499	18,114,342
5 INCOME FROM PARTICIPATING INTERESTS	[18]	284,055,783	–
6 NET INCOME FROM FINANCIAL ASSETS RELATED TO THE INVESTMENT OF RESERVES AND PROVISIONS	[19]	1,874,229,566	1,526,437,136
6.1 Interest income		1,064,825,403	893,607,751
6.2 Dividends from equity shares and participating interests		574,439,465	519,847,079
6.3 Realized gains/losses arising from financial operations		588,602,731	336,487,722
6.4 Write-downs on financial assets and positions		-365,243,412	-243,135,577
6.5 Other components		11,605,379	19,630,161
7 OTHER INCOME	[20]	141,977,730	93,489,049
TOTAL NET INCOME		-5,166,707,809	-5,004,649,474
8 EXPENSES AND SUNDRY CHARGES	[21]	-2,152,445,205	-2,120,063,425
8.1 Staff wages and salaries		-786,298,609	-779,281,287
8.2 Social security and insurance		-197,689,343	-196,057,403
8.3 Other staff costs		-61,413,661	-63,170,153
8.4 Pensions and severance payments		-298,860,127	-284,127,001
8.5 Transfers to/from provisions for staff severance pay and pensions, contributions to the supplementary pension fund and other expenses		-106,597,601	-107,205,520
8.6 Emoluments paid to head office and branch collegial bodies		-3,012,569	-2,929,659
8.7 Administrative expenses		-528,937,243	-517,287,006
8.8 Depreciation and amortization of tangible and intangible fixed assets		-121,624,324	-123,176,791
8.9 Banknote production services		–	–
8.10 Other expenses		-48,011,728	-46,828,605
GROSS PROFIT BEFORE CHANGES IN RISK PROVISIONS AND TAX		-7,319,153,014	-7,124,712,899
9 TRANSFER FROM RISK PROVISIONS		5,800,000,000	5,600,000,000 (1)
10 TAXES ON INCOME FOR THE YEAR AND ON PRODUCTIVE ACTIVITIES	[22]	2,362,810,880	2,339,757,656
NET PROFIT FOR THE YEAR		843,657,866	815,044,757

(1) The amounts for the transfer from the general risk provision for 2023 have been reclassified to a separate item.

THE ACCOUNTANT GENERAL: PAOLO SESTITO

THE GOVERNOR: FABIO PANETTA

NOTES TO THE ANNUAL ACCOUNTS

Legal basis, method of preparation and structure of the annual accounts

Legal basis of the annual accounts. – The annual accounts of Banca d'Italia are drawn up in compliance with special regulatory provisions issued by the ECB. Where these do not provide any guidance, Banca d'Italia, where applicable, follows the rules in the Italian Civil Code and refers to national accounting principles. The figures in the balance sheet and in the profit and loss account are presented in units of euros, while those in the notes to the accounts are given in millions of euros, unless otherwise stated.

The main relevant statutory provisions are:

- Article 8.1 of Legislative Decree 43/1998 ('Adaptation of Italian law to the provisions of the Treaty establishing the European Community for matters concerning monetary policy and the European System of Central Banks'). It states that 'in drawing up its annual accounts, Banca d'Italia may adapt, in derogation from the rules in force, its accounting and reporting criteria to comply with the rules established by the ECB pursuant to Article 26.4 of the Statute of the ESCB and with the ECB recommendations issued in this regard. The annual accounts drawn up in accordance with this paragraph, particularly as concerns the methods used in their preparation, are also valid for tax purposes.' This validity is recognized by Article 114 of Presidential Decree 917/1986 (Consolidated Income Tax Law) as amended by Legislative Decree 247/2005, for the purposes of the corporate income tax (IRES), and by Article 6.7 of Legislative Decree 446/1997 for the purposes of the regional tax on productive activities (IRAP).

On the basis of the authority granted by Article 8, Banca d'Italia fully applies the accounting rules and recommendations issued by the ECB, including those on the structure of the profit and loss account and the structure of the balance sheet. The latter is similar to that used for the monthly financial statement approved by the Minister of Economy and Finance pursuant to Article 8.2 of Legislative Decree 43/1998. The rules adopted by the ECB are set out in Guideline No. 31 of 14 November 2024 (published in OJ L of 11 December 2024), which contains provisions mainly in relation to items of the annual accounts that refer to the institutional activities of the ESCB and non-binding recommendations for the other items of the annual accounts.

- Banca d'Italia's Statute, approved by the Presidential Decree of 27 June 2022, which lays down the principles and rules for the allocation of the net profit for the year and the creation of reserves and provisions.

For matters relating to the preparation of the accounts not covered by the foregoing rules, Legislative Decree 127/1991, as amended, shall apply.

Main changes to the Annual Accounts for 2024. – The layouts of the balance sheet and profit and loss account have been revised to align with the changes introduced in the ECB's recommended layouts, aiming to improve clarity and transparency. Specifically, intra-Eurosystem TARGET balances are reported separately in the balance sheet, while transfer to/from the general risk provision is now shown in a specific item of the profit and loss account, after gross profit and before tax. In addition to the changes recommended by the ECB, further adjustments have been made to harmonize items and consolidate less significant items and sub-items. The amounts for 2023 have been reclassified accordingly.

Accounting policies. – The accounting policies applied to the main balance sheet items in the annual accounts for 2024 are described below. Where provided for by law, they were agreed with the Board of Auditors.

GOLD, FOREIGN CURRENCY ASSETS/LIABILITIES, SECURITIES AND PARTICIPATING INTERESTS

Gold and foreign currency assets/liabilities

- holdings, including those consisting of securities, are valued by applying, for each currency and for gold, the method based on the daily average net cost determined in the manner established by the ECB, which requires taking into account operations carried out during the year but settled in the following year;
- gold and foreign currency assets/liabilities (including forward transactions) are valued on the basis of the year-end gold price and exchange rates communicated by the ECB. Unrealized gains are included in the corresponding revaluation account, while losses are covered first by earlier unrealized gains recognized on the same foreign currencies and any amount in excess is included in the profit and loss account, resulting in a change in the average cost of the foreign exchange position.

Assets denominated in foreign currency, recorded in the balance sheet sub-item *Financial assets*, are not included in the net foreign exchange position but shown as a separate item.

Securities and participating interests

- each security (identified by its International Securities Identification Number – ISIN) is valued for each portfolio by applying the method of the daily average cost determined in the manner established by the ECB. In the case of bonds, account is taken of the amount of the premium/discount (equal to the difference between the purchase cost and the redemption value).³³ This amount is recorded daily for foreign currency assets and monthly for other assets;

³³ For inflation-linked bonds that pay the indexation of the principal at maturity, the redemption value is adjusted to changes in price indices.

- the year-end valuation is made:
 - 1) in the case of securities held for monetary policy purposes, at amortized cost subject to impairment (lasting reduction in recoverable value with respect to book value);
 - 2) in other cases:
 - a) at amortized cost subject to impairment, for non-marketable securities and those held to maturity;
 - b) at cost subject to impairment, for non-marketable equity instruments and for participating interests and investment fund shares held as permanent investments. The participating interest in the capital of the ECB is valued at cost. Banca d'Italia's annual accounts are not consolidated with those of investee companies, as BI is not among the entities listed in Article 25 of Legislative Decree 127/1991;
 - c) at market price recorded at the end of the year, for equity shares, investment fund shares and bonds not held to maturity; for units of undertakings for collective investment (UCIs), at the value available at the end of the year announced by the management company. Unrealized gains are included in the corresponding revaluation accounts; losses are covered first by earlier unrealized gains on the same instruments within each portfolio and any amount in excess is taken to the profit and loss account, resulting in a change in the average cost of the position.

Options embedded in securities and participating interests are not valued separately.

Impairment losses are recognized in the profit and loss account; reversals of impairment are recognized in subsequent years, up to the original cost, only if the reasons that led to the write-down no longer apply.

Dividends are recognized on a cash basis.

CLAIMS AND REVERSE TRANSACTIONS

Claims are recorded at their nominal value, except for decreases in value regarding particular situations attributable to the counterparty.

Reverse transactions represented by the purchase of securities for cash with a simultaneous agreement to sell them back to the counterparty at an agreed price on a set future date are recorded on the asset side as collateralized loans. Reverse transactions represented by the sale of securities for cash with a simultaneous agreement to repurchase them from the counterparty at an agreed price on a set future date are recorded on the liability side as collateralized deposits.

Reverse transactions in connection with securities lending programmes are recognized in the balance sheet only where collateral has been provided in the form of cash deposited in an account of the central bank and this cash remains uninvested at the end of the year.

TANGIBLE FIXED ASSETS

Property

- is stated at cost, including improvement expenses, plus revaluations made pursuant to specific laws. The depreciation of BI's premises and the depreciation of investment property, unusable for other purposes without radical restructuring, is calculated on a straight-line basis using the annual rate of 4 per cent established by the ECB. Land is not depreciated.

Buildings for sale and those no longer in use or usable for BI's activities are not depreciated and are valued at the lower of net book value and realizable value based on market prices. Write-downs and recoveries of value are recorded in the profit and loss account under *Other expenses* and *Other income* respectively.

Plant, furniture and equipment

- are stated at cost, including improvement expenses. They are depreciated on a straight-line basis using the rates established by the ECB (plant, furniture, and equipment: 10 per cent; computers and related hardware and basic software, and motor vehicles: 25 per cent). Artwork is not depreciated.

Depreciation begins in the quarter subsequent to that of acquisition both for buildings and for plant, furniture and equipment. Tangible fixed assets are subject to impairment in the event of a lasting reduction in value.

INTANGIBLE FIXED ASSETS

The procedures developed as part of the Eurosystem IT projects are capitalized at purchase price and, once completed, are amortized on the basis of amortization rates deemed consistent with the remaining useful life of the assets.

The costs relating to internally developed application software are recorded in the profit and loss accounts in the years in which they are incurred, even if the software's useful life covers a multi-year period.

Software licences are stated at cost and amortized on a straight-line basis over the life of the contract or, where no time limit is established, over the estimated useful life.

The costs of improvements to buildings owned by third parties and leased to BI are amortized on a straight-line basis over the remaining life of the lease agreement.

Expenses of less than €10,000 are not capitalized, with the exception of those incurred for software licences.

ACCRUALS AND PREPAYMENTS

Accrued income and expenses are recorded in the period in which they arise. Prepaid income and expenses represent costs or revenues that arise in future periods but that are paid or received in the current accounting period. Interest accrued on foreign exchange assets and liabilities is recorded on a daily basis and included in the net foreign exchange position, while interest accrued on bonds denominated in euro is recorded monthly.

BANKNOTES IN CIRCULATION

The ECB and the euro-area NCBs, which together form the Eurosystem, issue euro banknotes (Decision ECB/2010/29 on the issue of euro banknotes, OJ L35 of 9 February 2011, as amended).

The total value of euro banknotes in circulation is allocated within the Eurosystem on the last working day of each month on the basis of the criteria set out below.

The ECB is allocated 8 per cent of the total value of euro banknotes in circulation, while the remaining 92 per cent is allocated to the NCBs according to their shares in the capital of the ECB ('capital key'). The share of banknotes allocated to each NCB is disclosed under the balance sheet liability item *Banknotes in circulation*. The difference between the value of the banknotes allocated to each NCB and that of the banknotes it actually puts into circulation gives rise to remunerated intra-Eurosystem balances. From the year of the cash changeover of each Member State that has adopted the euro and for the five subsequent years, the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes in the NCBs' relative income positions with respect to previous years. The adjustments take into account the differences between the average value of banknotes in circulation of each NCB in the reference period established by law and the average value of banknotes that would have been allocated to them during that period under the ECB's capital key. The adjustments are reduced in annual steps for five years starting from the year of the cash changeover, after which income on banknotes is allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital (Decision ECB/2016/36 on the allocation of monetary income of the national central banks of Member States whose currency is the euro). The outstanding adjustments in 2024 stem from the accession of the Central Bank of Croatia to the Eurosystem (1 January 2023) and will end at the end of 2028.

The Governing Council of the ECB has ruled that the seigniorage income of the ECB arising from the 8 per cent share of banknotes allocated to the ECB and the income deriving from the securities held in connection with the SMP, CBPP3, ABSPP, PSPP and PEPP must be recognized to the euro-area NCBs

with reference to the financial year in which they accrued and are distributed in January of the following year, or later, in the form of an interim distribution of profit (Decision ECB/2014/57, OJ L53 of 25 February 2015, as amended). The seigniorage income and the income arising from the above securities purchase programmes are distributed in full unless, based on a reasonable estimate, the Governing Council expects the ECB to report a loss for the year or to report a net profit for the year that is lower than these incomes. The Governing Council can also decide to transfer all or part of the income to a provision for financial risks. It may also decide to reduce the seigniorage income to be recognized by the amount of the expenses incurred in connection with the issue and handling of banknotes.

The interim distribution of ECB profit is recorded on an accrual basis in the year to which the income refers, in derogation from the cash basis applied in general to dividends. The amount distributed to the NCBs is entered in the profit and loss account under *Income from participating interests*.

INTRA-EUROSISTEM CLAIMS AND LIABILITIES

Intra-Eurosystem balances arise mainly from cross-border payments in euro within the EU that are settled in central bank money. These transactions, most of which are ordered by private individuals, are settled in TARGET – the Eurosystem’s real-time gross settlement system – giving rise to bilateral balances in the TARGET accounts of EU Member States’ central banks. Payments conducted by the ECB and the NCBs also affect these accounts. All settlements are automatically aggregated and adjusted to form part of a single position vis-à-vis the ECB. Movements in the TARGET accounts are recorded on a daily basis in the accounting records of the ECB and the NCBs. Banca d’Italia’s balance with the ECB arising from TARGET is recorded under *Claims related to TARGET* or under *Liabilities related to TARGET*. The other intra-Eurosystem balances denominated in euro, including the provisional distribution of the ECB’s profit to the NCBs and the result of pooling monetary income, are recorded in the balance sheet as a single net position, appearing on the asset side under *Other claims within the Eurosystem (net)* or on the liability side under *Other liabilities within the Eurosystem (net)*.

The net intra-Eurosystem balance arising from the allocation of euro banknotes is included among the net claims or liabilities related to the allocation of banknotes within the Eurosystem.

The intra-Eurosystem claims arising from the subscription of the ECB’s capital and the transfer of official reserves to the ECB are included under *Participating interest in the ECB* and *Claims arising from the transfer of foreign reserves to the ECB*.

Participating interest in the ECB also includes the amounts paid in connection with increases in the capital key against the other components of the ECB’s net equity.

The interest income and expense on intra-Eurosystem balances are disclosed in the profit and loss account under *Net interest income (expense)*.

PROVISIONS FOR RISKS

In determining the provisions for risks, the riskiness of each sector of BI's operations is taken into account in an overall evaluation of adequacy.

According to Banca d'Italia's Statute, the general risk provision covers risks connected with BI's overall activity, including those that cannot be determined individually or allocated objectively.

Market and credit risks are estimated by the methods developed within the Eurosystem, with consideration also given to the size of the revaluation accounts. The risk of incurring losses in the profit and loss account owing to the different sensitivity of the balance sheet assets/liabilities to changes in rates is monitored periodically using profitability estimates conducted for different scenarios.

TAX PROVISION

The provision for taxation includes deferred tax liabilities for IRES and IRAP and any amounts arising from possible fiscal checks and disputes with the tax authorities.

STAFF-RELATED PROVISIONS

The recorded amounts are determined as follows:

- transfers to the provision for severance pay and pensions of staff hired before 28 April 1993 are included in the annual accounts under Article 3 of the staff retirement rules (*Regolamento per il trattamento di quiescenza del personale*) for an amount that comprises the severance pay accrued at the end of the year, the mathematical reserves for the disbursements to pensioners, and those corresponding to the situation of staff having entitlement;
- transfers to the provisions for measures connected with the reorganization of BI's branch network and with voluntary early retirement for staff at the head office and at the branches not scheduled to be closed are calculated on the basis of the expected costs at year end;
- transfers to the provision for severance pay for staff who do not participate in pension funds or who pay only a part of the contributions for retirement benefits are determined in accordance with Law 297/1982;
- transfers arising from lump-sum disbursements to staff hired on or after 28 April 1993 who joined the defined-contribution supplementary pension fund, to be settled upon their leaving service, are funded on the basis of measures

agreed upon with the trade unions and partly tied to the achievement of certain productivity, quality, efficiency and effectiveness targets;

- the provision for staff costs related to remuneration components accrued but not paid by year-end are recognized based on the amounts accrued as at the end of the year.

OTHER ASSETS AND LIABILITIES

Pursuant to Recommendation ECB/1999/NP7 of the ECB Governing Council, banknote production costs are not included in the valuation of stocks but are taken in full to the profit and loss account in the year in which they are incurred.

Deferred tax assets and liabilities are included in the financial statements on the basis of their presumable tax effect in future years. The recognition of deferred tax assets in the balance sheet is based on the reasonable expectation of recovering them in the future. The amount of deferred tax assets and liabilities is calculated using the tax rates that are expected to be in force at the time in which the temporary differences that have generated them are reversed.

The items *Other assets* and *Other liabilities* include, respectively, the investments and separate capital of the defined-contribution supplementary pension fund created for staff hired on or after 28 April 1993. The fund is invested in financial instruments, which are valued at year-end market prices. The resulting revaluation gains (losses) are treated as revenue (expense) and, in the same way as for other operating revenue (expense), add to (subtract from) the fund's assets.

Other liabilities include the amount of IRES and IRAP tax payables, net of payments on account, due for the reference period, determined on the basis of a realistic estimate of the foreseeable costs under the tax rules in force. Any excess payments on account are recorded correspondingly under *Other assets*.

Other liabilities also include the special item made up of allocations of the net profit in accordance with Article 38.2.b of the Statute, whose purpose is to stabilize over time the amount of net profit paid to the Shareholders under the dividend policy in force.

The other components are stated at nominal value or at cost depending on their nature.

COMMITMENTS, COLLATERAL GRANTED AND OTHER OFF-BALANCE-SHEET ACCOUNTS

Commitments, collateral granted and other off-balance-sheet accounts are shown and explained in the notes to the accounts.

Commitments include the following types of operations:

Forward purchases and sales of foreign currency

- forward purchases and sales are recorded in off-balance-sheet accounts from the trade date to the settlement date, at the ECB reference rate at the trade date. The difference between this exchange rate and the forward exchange rate is recorded, on a *pro rata temporis* basis, under interest in the profit and loss account;
- forward sales of the currencies included in the special drawing rights (SDR) basket to cover the SDR position are valued in conjunction with the latter and therefore do not affect the net positions in the single currencies.

Foreign currency swaps

- forward and spot purchases and sales are recorded in the off-balance-sheet accounts from the trade date to the settlement date, at the spot exchange rate of the transaction. The difference between this rate and the forward exchange rate is recorded, on a *pro rata temporis* basis, under interest in the profit and loss account.

At the time of the settlement of forward purchases and sales of foreign currency and foreign currency swaps, the entries in the off-balance-sheet accounts are transferred to the appropriate items of the balance sheet.

Futures contracts

- are recorded in the off-balance-sheet accounts on a net basis at the trade date at their notional value and those denominated in foreign currency are translated at the end of the year at the exchange rate communicated by the ECB. Initial margins in cash are recorded in the balance sheet among claims, those in securities are recorded in the off-balance-sheet accounts. Positive and negative daily variation margins are communicated by the clearer and taken to the profit and loss account; those denominated in foreign currency are converted at the exchange rate of the day.

Forward foreign currency transactions and other financial instruments involving an exchange of one currency for another at a future date are included in the calculation, at the spot settlement date, of the outstanding net foreign currency positions for the purposes of applying the daily net average cost method and of determining the foreign exchange gains and losses.

Commitments in respect of foreign currency transactions are shown at the contractually agreed exchange rate.

Other off-balance-sheet accounts include:

- bonds of third parties denominated in euro held on deposit, stated at their nominal value; other securities are stated on a quantity basis, and other kinds are stated at face value or at conventional value;

- the total balance sheet assets of the National Resolution Fund (NRF), set up within Banca d'Italia under Article 78 of Legislative Decree 180/2015. The NRF has its own capital, which is independent and separate in all respects from that of BI but is managed by BI in its capacity as national resolution authority. The Fund issues an annual report, published by 30 April of the year following the reference year.

Items denominated in foreign currency are converted at the year-end exchange rates communicated by the ECB.

Notes on the items of the balance sheet

The items *Gold, assets and liabilities denominated in foreign currency*, *Monetary policy operations* and *Securities portfolio* are aggregated according to the purpose or type of operation. Comments on the other items follow the structure of the balance sheet.

[1] Gold, assets and liabilities denominated in foreign currency

The value of gold amounted to €197,945 million at the end of 2024 (Table 2). The increase of €50,706 million was entirely due to the rise of 34.4 per cent in the metal's price compared with the end of 2023 (from €1,867.828 to €2,511.069 per ounce). The holding remained steady at 79 million ounces, equal to 2,452 tonnes.

Table 2

Gold, assets and liabilities denominated in foreign currency (1) (millions of euros)			
	31.12.2024	31.12.2023	Change
Gold (Item 1)	197,945	147,239	50,706
Net assets denominated in foreign currency	56,802	52,452	4,350
Assets denominated in foreign currency	84,087	78,652	5,435
Claims on the IMF (Sub-item 2.1)	34,047	32,891	1,156
Securities (Sub-items 2.2 and 3.1)	41,728	38,850	2,878
Current accounts and deposits (Sub-items 2.3 and 3.2)	6,829	5,109	1,720
Other assets (Sub-items 2.4 and 3.3)	1,483	1,802	-319
Reverse operations	1,480	1,798	-318
Other	3	4	-1
Liabilities denominated in foreign currency	27,285	26,200	1,085
Counterpart of SDRs allocated by the IMF (Item 8)	26,367	25,554	813
Current accounts and deposits (Sub-items 6.1 and 7.1)	3	3	–
Other liabilities (Sub-items 6.2 and 7.2)	915	643	272
Advances of general government departments	834	643	191
Reverse operations	81	–	81
Off-balance-sheet instruments (2)	-947	-960	13

(1) The figures do not include financial assets denominated in foreign currency related to the investment of the overall amount of own funds and classified under *Other assets* in the sub-item *Financial assets*, as they constitute a separate foreign currency position. –
(2) The item includes spot foreign exchange transactions negotiated but not settled at year-end and forward transactions at market value.

The value of net assets denominated in foreign currency increased by 8.3 per cent, from €52,452 million to €56,802 million, as a result of both the appreciation of some

foreign currencies in the portfolio against the euro³⁴ and the increase in the holdings, especially US dollars. At the end of the year, the unrealized exchange rate gains recognized in the revaluation accounts were equal to €53,223 million, almost entirely due to the appreciation of gold (Table 3). Unrealized losses amounted to €253 million, of which €141 million were covered by the corresponding revaluation accounts; the remaining amount, equal to €112 million, was recorded in the profit and loss account.

Table 3

Unrealized foreign exchange gains and losses (millions of euros)					
	Revaluation accounts at 31.12.2023	Gains reported in the revaluation accounts	Losses reported		Revaluation accounts at 31.12.2024
			in the revaluation accounts	in the profit and loss account	
Gold	127,818	50,706	–	–	178,524
US dollars	3,742	2,117	–	–	5,859
British pounds	200	156	–	–	356
Japanese yen	108	–	-108	-32	–
Australian dollars	–	–	–	-75	–
Canadian dollars	93	–	-33	–	60
SDRs	136	224	–	–	360
Chinese renminbi	8	20	–	–	28
South Korean won	–	–	–	-5	–
Total	132,105	53,223	-141	-112	185,187

Claims on the IMF increased by €1,156 million (Table 4; see the box ‘The IMF in Banca d’Italia’s balance sheet’). The change was mainly due to the appreciation of the SDRs against the euro and, to a lesser extent, to net purchases of foreign

Table 4

Accounts with the International Monetary Fund (millions of euros)			
	31.12.2024	31.12.2023	Change
Assets			
Claims on the IMF (Sub-item 2.1)	34,047	32,891	1,156
a) Reserve Tranche Position in the IMF	4,595	4,970	-375
Quota in the IMF	18,904	18,321	583
IMF holdings	-14,309	-13,351	-958
b) Participation in the PRGT	1,578	1,186	392
c) Participation in the NAB	–	17	-17
d) Participation in the RST	662	420	242
e) SDRs	27,212	26,298	914
Liabilities			
Counterpart of SDRs allocated by the IMF (Item 8)	26,368	25,554	814

³⁴ Compared with the end of the previous year, the currencies that appreciated were the US dollar (from \$1.1050 to \$1.0389), the SDRs (from €1.2157 to €1.2544), the British pound (from £0.86905 to £0.82918) and the Chinese renminbi (from ¥7.8509 to ¥7.5833). Instead, the currencies that depreciated were the Japanese yen (from ¥156.33 to ¥163.06), the Australian dollar (from A\$1.6263 to A\$1.6772), the Canadian dollar (from C\$1.4642 to C\$1.4948) and the South Korean won (from ₩1,433.66 to ₩1,532.15).

currency; the increase was only partially offset by higher IMF holdings resulting from repayments by debtor countries. Furthermore, participation in the IMF's lending programmes increased throughout the year, both for low-income countries through the Poverty Reduction and Growth Trust (PRGT) and for vulnerable low- and middle-income countries through the Resilience and Sustainability Trust (RST). On the liability side, the SDR allocations by the IMF rose solely due to the year-end exchange rate valuation.

THE IMF IN BANCA D'ITALIA'S BALANCE SHEET

Italy's position vis-à-vis the International Monetary Fund is recorded in Banca d'Italia's balance sheet according to arrangements with the Ministry of Economy and Finance. Specifically:

- a) Italy's reserve tranche position – subscribed in gold, SDRs and national currency and amounting to €4,595 million at the end of 2024 – represents the difference between Italy's participation quota in the IMF (€18,904 million, equal to SDR 15,070 million) and the IMF's holdings deposited in its account with BI (€14,309 million, equal to SDR 11,407 million), which are funded by the participation quota subscribed over time in national currency;
- b) The contribution to the PRGT, amounting to €1,578 million (SDR 1,258 million), is used to grant long-term loans on favourable terms to countries facing structural difficulties in the balance of payments;
- c) Loans to the IMF by Banca d'Italia on behalf of the Italian government under the New Arrangements to Borrow (NAB), which were fully repaid at the end of 2024, are used to strengthen the IMF's lending capacity to prevent and mitigate crises;
- d) The contribution to the RST, amounting to €662 million (SDR 528 million), helps to finance medium- and long-term investments to mitigate climate and pandemic risks;
- e) Italy's SDR holdings have been allocated by the IMF in proportion to the country's participation quota since 1969. The most recent assignment made in 2021 (SDR 14,444 million) brought Italy's total holdings to SDR 21,020 million. Net of withdrawals and new purchases, its holdings at the end of 2024 amounted to SDR 21,693 million, equal to €27,212 million. The amount assigned is recorded as a liability vis-à-vis the IMF under *Counterpart of SDRs allocated by the IMF* (Item 8), totalling €26,368 million at the end of the year.

The portfolio of securities denominated in foreign currency and classified as not held to maturity increased from €38,850 million to €41,728 million, especially on account of the appreciation of the US dollar against the euro (Table 5). The portfolio consists almost entirely of bonds and certificates of deposit issued by foreign government bodies and international organizations. Of the total portfolio, 77 per cent is denominated in US

dollar, 7 per cent in Japanese yen, 6 per cent in British pound, 5 per cent in Australian dollar, 4 per cent in Canadian dollar, and 1 per cent in Chinese renminbi.

Table 5

Movements in securities denominated in foreign currency (millions of euros)				
	Non-euro-area residents (1)		Euro-area residents (2)	Total
	Bonds	Units of UCIs	Bonds	
Opening balance	38,297	192	361	38,850
Increases	39,374	11	136	39,521
Purchases (3)	36,996	–	103	37,099
Net price revaluation (4)	–	6	–	6
Net exchange rate revaluation (4)	1,674	5	29	1,708
Premiums and discounts	704	–	4	708
Decreases	-36,581	-5	-57	-36,643
Sales and redemptions (3)	-36,191	–	-49	-36,240
Net losses	-3	–	–	-3
Net price revaluation (4)	-25	–	-4	-29
Write-downs due to price changes (5)	-265	–	-4	-269
Write-downs due to exchange rate changes (5)	-97	-5	–	-102
Closing balance	41,090	198	440	41,728
(1) Sub-item 2.2. – (2) Sub-item 3.1. – (3) Includes the adjustments to the average cost of currency. – (4) Increase/decrease in revaluation accounts. – (5) Recognized in the profit and loss account.				

The other foreign currency assets (Sub-items 2.3, 2.4, 3.2 and 3.3), denominated primarily in US dollar, Japanese yen and British pound, consist of fixed-term deposits (€3,475 million), current accounts (€3,354 million), reverse operations (€1,480 million) and foreign banknotes (€3 million).

Among the other liabilities denominated in foreign currency (Sub-items 6.2 and 7.2), mainly in US dollar, the most important are the general government holdings for the management of foreign currency cross-border payments and receipts (€834 million).

[2] Monetary policy operations

Table 6 shows the amounts at the end of the year and the average for the year regarding monetary policy operations.

Lending to euro-area credit institutions (Item 5) fell significantly both in terms of the year-end balance (from €149,801 million to €22,857 million) and of the annual average amount (from €246,176 million to €68,037 million) as a result of TLTRO III repayments.³⁵ At year-end, longer-term refinancing operations consisted exclusively of

³⁵ Italian credit institutions repaid €137,393 million in 2024.

Table 6

Monetary policy operations (millions of euros)						
	Balances			Averages		
	31.12.2024	31.12.2023	Change	2024	2023	Change
Lending to euro-area credit institutions (Item 5) (1)						
5.1 Main refinancing operations	11,363	9,496	1,867	3,859	3,011	848
5.2 Longer-term refinancing operations	11,494	140,305	-128,811	64,177	243,164	-178,987
5.3 Other operations	–	–	–	1	1	–
of which: marginal lending facility	–	–	–	1	1	–
Total	22,857	149,801	-126,944	68,037	246,176	-178,139
Securities held for monetary policy purposes (Sub-item 7.1)	590,627	656,798	-66,171	629,156	683,038	-53,882
Liabilities to euro-area credit institutions (Item 2)						
2.1 Current accounts (covering the minimum reserve system)	19,339	20,344	-1,005	18,658	19,417	-759
2.2 Deposit facility	103,256	168,359	-65,103	142,722	227,268	-84,546
2.3 Other liabilities	–	–	–	–	–	–
Total	122,595	188,703	-66,108	161,380	246,685	-85,305
(1) At 31 December 2024, the collateral for lending to euro-area credit institutions, deposited with Banca d'Italia, amounted to €189 billion (€267 billion at the end of 2023).						

those with a three-month maturity, which increased from €2,912 to €11,494 million. Main refinancing operations rose too, both in terms of average holding and year-end value (from €9,496 million to €11,363 million). At the end of 2024, the share of total euro-area refinancing provided to Italian credit institutions was equal to 67 per cent (37 per cent at the end of 2023), compared with a capital key of 16.02 per cent.

Liabilities to euro-area credit institutions (Item 2) declined both in terms of the year-end balance (from €188,703 million to €122,595 million) and of the annual average amount (from €246,685 million to €161,380 million). At the end of 2024, the share of total euro-area deposits held by Italian credit institutions was equal to 4 per cent (5 per cent at the end of 2023), compared with a capital key of 16.02 per cent.

The year-end amount of *Securities held for monetary policy purposes* (Sub-item 7.1) decreased from €656,798 million to €590,627 million; the average amount also decreased, albeit to a lesser extent than the year-end balance. These lower amounts reflect the decision of the ECB Governing Council to stop reinvesting maturing securities under the APP and to reduce reinvestments under the PEPP starting from the second half of 2024. Table 7 shows the breakdown of the movements in *Securities held for monetary policy purposes* (Sub-item 7.1).

In accordance with the ECB Governing Council's decisions, all securities purchased under the existing monetary policy programmes are valued at amortized cost subject to impairment (see *Legal basis, method of preparation and structure of the annual*

Table 7

Movements in securities held for monetary policy purposes (Sub-item 7.1) (millions of euros)								
	Bonds							Total
	SMP	CBPP3	PSPP	CSPP	PEPP covered bonds	PEPP government bonds	PEPP corporate bonds	
Opening balance	460	26,480	350,241	26,834	233	249,753	2,797	656,798
Increases	5	–	–	–	9	23,039	152	23,205
Purchases	–	–	–	–	9	23,039	152	23,200
Net premiums and discounts	5	–	–	–	–	–	–	5
Decreases	-211	-5,039	-47,705	-4,506	-26	-31,688	-201	-89,376
Sales and redemptions	-211	-4,966	-46,992	-4,411	-24	-29,961	-194	-86,759
Net losses (1)	–	–	–	-5	–	–	–	-5
Net premiums and discounts	–	-73	-713	-90	-2	-1,727	-7	-2,612
Closing balance	254	21,441	302,536	22,328	216	241,104	2,748	590,627

(1) Losses arising from sales of securities agreed at Eurosystem level; these sales are made to ensure compliance with the risk control framework.

accounts).³⁶ If indicators of impairment are observed, further analysis is carried out to identify any impact on the expected cash flows of the related securities.

The year-end impairment tests conducted on these securities at Eurosystem level did not show evidence of any losses. The provision for monetary policy operations, established in the previous year for an impaired security under the corporate PEPP programme, totalling €43 million (€7 million of which pertained to Banca d'Italia), was used in full following the sale of the security by the purchasing NCB (see also *Provisions and general risk provision*).

Table 8 shows, just for comparison, the market value of the securities held by BI for monetary policy purposes.

Table 8

Comparison with market value of securities held for monetary policy purposes (Sub-item 7.1) (millions of euros)						
	31.12.2024		31.12.2023		Change	
	Amortized cost	Market value	Amortized cost	Market value	Amortized cost	Market value
SMP	254	265	460	486	-206	-221
CBPP3	21,441	20,392	26,480	24,849	-5,039	-4,457
PSPP government bonds	302,536	288,351	350,241	328,899	-47,705	-40,548
CSPP	22,328	21,163	26,834	24,950	-4,506	-3,787
PEPP covered bonds	216	193	233	204	-17	-11
PEPP government bonds	241,104	225,461	249,753	227,203	-8,649	-1,742
PEPP corporate bonds	2,748	2,581	2,797	2,549	-49	32
Total	590,627	558,406	656,798	609,140	-66,171	-50,734

³⁶ With the exception of a negligible number of equity shares, reported at market value, held by a Eurosystem NCB following an issuer's debt restructuring.

At the end of the financial year, the market value of the securities held for monetary policy purposes amounted to €558,406 million. The difference with the book value, which was negative by €32,221 million (-5 per cent), is mainly attributable to PSPP and PEPP public sector securities and narrowed since the end of 2023 when it was -€47,658 million (-7 per cent compared with the book value).

[3] Other claims on euro-area institutions denominated in euro

Item 6 on the asset side, amounting to €536 million (€130 million in 2023), mainly includes reverse repo transactions connected with direct securities lending and, to a lesser extent, current accounts in connection with the management of cross-border euro payments and receipts for government bodies.

[4] Securities portfolio

Table 9

Securities portfolio (millions of euros)			
	31.12.2024	31.12.2023	Change
A. SECURITIES DENOMINATED IN EURO (Items 4 and 8 and Sub-item 7.2)			
1. Securities held to maturity	72,922	74,694	-1,772
a) Government bonds and other public sector securities (Sub-item 7.2)	58,606	60,265	-1,659
b) Other bonds (Item 4 and Sub-item 7.2)	1,301	1,270	31
c) Government securities assigned to Banca d'Italia (Item 8)	13,015	13,159	-144
2. Securities other than those held to maturity	5,088	4,703	385
a) Government bonds and other public sector securities (Sub-item 7.2)	3,777	3,674	103
b) Other bonds (Item 4 and Sub-item 7.2)	1,311	1,029	282
Total A	78,010	79,397	-1,387
B. SECURITIES DENOMINATED IN EURO AND IN FOREIGN CURRENCY RELATED TO THE INVESTMENT OF RESERVES AND PROVISIONS (Sub-item 10.1)			
1. Securities held to maturity and other permanent investments	48,250	46,967	1,283
a) Government bonds and other public sector securities	47,041	45,844	1,197
b) Other bonds	413	417	-4
c) Equity shares and participating interests	652	653	-1
- in subsidiary companies and entities	587	587	-
- in other companies and entities	10	11	-1
- in other companies and entities denominated in foreign currency	55	55	-
d) ETFs and shares/units of UCIs	144	53	91
2. Securities other than those held to maturity and other permanent investments	21,508	20,482	1,026
a) Equity shares and participating interests in other companies and entities (denominated in euro)	17,567	17,258	309
b) ETFs and shares/units of UCIs (denominated in foreign currency)	3,941	3,224	717
Total B	69,758	67,449	2,309
Total (A+B)	147,768	146,846	922

Securities included in Total A of Tables 9 and 10 consist exclusively of bonds denominated in euro and are shown in relation to the issuer's residency under:

- Item 4 (*Claims on non-euro-area residents denominated in euro*), which consists mostly of bonds issued by international organizations;
- Sub-item 7.2 (*Securities of euro-area residents denominated in euro - Other securities*), which consists mainly of bonds issued by the Italian government and by other Member States and public institutions of the euro area;
- Item 8 (*General government debt denominated in euro*), which contains the Italian government securities assigned to BI following the bond conversion under Law 289/2002.³⁷

Table 10

A. Movements in securities denominated in euro (millions of euros)						
	Bonds					Total
	Held to maturity			Other than those held to maturity		
	Item 4	Sub-item 7.2	Item 8	Item 4	Sub-item 7.2	
Opening balance	1,270	60,265	13,159	631	4,072	79,397
Increases	180	6,104	–	353	959	7,596
Purchases	179	6,104	–	342	940	7,565
Net revaluations (1)	–	–	–	1	–	1
Net premiums and discounts	1	–	–	10	19	30
Decreases	-149	-7,763	-144	-313	-614	-8,983
Sales and redemptions	-149	-7,372	-64	-312	-545	-8,442
Transfers	–	-277	–	–	–	-277
Net losses	–	-6	–	–	–	-6
Net revaluations (1)	–	–	–	–	-62	-62
Net premiums and discounts	–	-108	-80	–	–	-188
Write-downs (2)	–	–	–	-1	-7	-8
Closing balance	1,301	58,606	13,015	671	4,417	78,010

(1) Increase/decrease in revaluation accounts. – (2) Recognized in the profit and loss account.

(1) Increase/decrease in revaluation accounts. – (2) Recognized in the profit and loss account.

Securities included in Total B of Tables 9 and 11 are denominated in euro and in foreign currency (mainly US dollars). BI's foreign currency investments related to reserves and provisions constitute a separate foreign currency position with respect to the other foreign currency assets and liabilities (see *Gold, assets and liabilities denominated in foreign currency*). At year-end, 68 per cent of the portfolio consisted of bonds, mostly government securities, and 32 per cent of equity shares, participating interests, ETFs and shares/units of UCIs. The majority of issuers of the securities were residents of euro-area countries; almost all of the investments in equity instruments were listed securities.

³⁷ The last security arising from the termination of the management of mandatory stockpiling matured during the financial year.

Table 11

B. Movements in securities related to the investment of reserves and provisions (Sub-item 10.1) <i>(millions of euros)</i>						
	Bonds (1)	Equity shares and participating interests		ETFs and shares/units of UCIs		Total
		Permanent	Other than permanent	Permanent	Other than permanent	
Opening balance	46,261	653	17,258	53	3,224	67,449
Increases	5,631	–	1,474	94	1,606	8,805
Purchases (2)	5,354	–	944	94	621	7,013
Transfers	277	–	–	–	–	277
Net gains	–	–	214	–	373	587
Net price revaluation (3)	–	–	316	–	482	798
Exchange rate adjustments (4)	–	–	–	–	130	130
Decreases	-4,438	-1	-1,165	-3	-889	-6,496
Sales and redemptions (2)	-4,134	–	-807	-3	-889	-5,833
Net losses	-6	–	–	–	–	-6
Net premiums and discounts	-298	–	–	–	–	-298
Write-downs due to price changes (5)	–	-1	-358	–	–	-359
Closing balance	47,454	652	17,567	144	3,941	69,758

(1) Entirely classified as held to maturity. – (2) Includes the adjustments to the average cost of currency. – (3) Increase/decrease in revaluation accounts. – (4) Unrealized gains and losses that are reported, net of the valuation of the corresponding hedges of exchange rate risk, respectively in the revaluation accounts and among write-downs in the profit and loss account. – (5) Recognized in the profit and loss account. Write-downs on permanent investments refer to impairment losses recognized on equity shares.

The bond portfolio consists almost entirely (96 per cent) of securities held to maturity and is therefore valued at amortized cost subject to impairment. The annual impairment tests conducted on these securities applying the same criteria defined at Eurosystem level for securities held for monetary policy purposes did not show evidence of any losses.

If the financial instruments classified as held to maturity were also valued at market prices, the total value of the portfolio (€146,372 million) would be €1,396 million lower than the book value. The securities held to maturity, whose book value (€61,129 million) was higher than the market value at year-end (€56,250 million), were mainly government securities.

Permanent investments include: (a) participating interests in subsidiary and associate companies (Table 12; see ‘Disclosure of transactions with subsidiary and associate companies’); (b) other participating interests in unlisted companies; (c) shares in investment funds specializing in Italian small and medium-sized enterprises and in infrastructure or climate transition projects.

Banca d’Italia is the sole shareholder of SIDIEF. BI’s annual accounts are not consolidated with those of this company, as BI is not among the entities listed in Article 25 of Legislative Decree 127/1991. Moreover, consolidation would be immaterial for the purpose of providing a true and fair view of BI’s balance sheet, financial position and profit and loss account.

Banca d'Italia also holds:

- a 0.50 per cent participating interest in EuropaFi. Based on Shareholders' agreements, BI, together with other Eurosystem NCBs, exercises control according to the criteria of in-house providing set out in Directive 2014/24/EU;
- an 18.26 per cent participating interest in Valoricarta. The governance of this company is regulated by a Shareholders' agreement signed with Istituto Poligrafico e Zecca dello Stato, the holder of the rest of the capital. In this case as well, BI exercises control according to the criteria of in-house providing.

Table 12

Participating interests in subsidiary and associate companies					
	At end-2024			Investee company data for 2023 (millions of euros)	
	Number of shares held	% of capital held	Book value (millions of euros)	Net equity (1)	Profit/Loss
Società Italiana di Iniziative Edilizie e Fondiarie SpA - Rome (Capital of €567,000,000 represented by 567,000 shares with a par value of €1,000 each)	567,000	100	586.8	646.3	5.4
EuropaFi Sas - Longues, Vic-le-Comte, France (Capital of €133,000,000 represented by 1,330,000 shares with a par value of €100 each)	6,650	0.5	0.7	148.9	-1.6
Valoricarta SpA - Rome (2) (Capital of €43,800,000 represented by 43,800,000 shares with a par value of €1 each)	8,000,000	18.26	7.4	40.7	-1.1
(1) Includes the profit or loss for the year. – (2) The book value is adjusted to the corresponding portion of the investee's net equity resulting from the annual accounts for 2023, with an impairment of €570,386.					

The other participating interests in unlisted companies held as permanent investments include shares of the Bank for International Settlements (BIS), which are denominated in SDR, valued at cost and translated at historic exchange rates. BI's stake is equal to 9.25 per cent of BIS's capital.

[5] Intra-Eurosystem claims and liabilities

Table 13 sets out in detail BI's claims and liabilities with respect to the Eurosystem and the changes that occurred during the year. On the asset side:

- the value of the *Participating interest in the ECB*³⁸ shrank by €92 million following the five-yearly adjustment of the capital key. This adjustment also led to the €356 million reduction in *Claims arising from the transfer of foreign*

³⁸ Pursuant to Article 28 of the Statute of the ESCB, the NCBs are the sole subscribers and holders of the capital of the ECB. Subscriptions are determined on the basis of the key established in Article 29 of the Statute and adjusted every five years or when the composition of the ESCB changes. At the end of 2023, BI's share in the ECB's capital amounted to 13.8165 per cent of the subscribed capital. After the five-yearly adjustment on 1 January 2024, it stood at 13.0993 per cent. Considering only the NCBs belonging to the Eurosystem, after the five-yearly adjustment BI's share decreased from 16.8518 to 16.0201 per cent.

Table 13

Positions with the ECB and the other euro-area NCBs (millions of euros)			
	31.12.2024	31.12.2023	Change
Assets			
9.1 Participating interest in the ECB	1,418	1,510	-92
9.2 Claims arising from the transfer of foreign reserves to the ECB	6,498	6,854	-356
9.3 Claims related to TARGET	–	–	–
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	36,133	45,283	-9,150
9.5 Other claims within the Eurosystem (net)	–	–	–
Total	44,049	53,647	-9,598
Liabilities			
9.1 Liabilities related to TARGET	415,924	520,875	-104,951
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem	–	–	–
9.3 Other liabilities within the Eurosystem (net)	1,877	1,126	751
Total	417,801	522,001	-104,200

reserves to the ECB,³⁹ determined in proportion to its share in the subscribed capital of the ECB.

On the liability side:

- *Liabilities related to TARGET* amounted to €415,924 million (compared with €520,875 in 2023) and represent the Bank's net debtor position in the TARGET payment system;
- *Other liabilities within the Eurosystem (net)* amounted to €1,877 million (€1,126 million in 2023) and included €1,883 million of debt arising from the net result of pooling monetary income recorded in 2024 (see 'Notes on the items of the profit and loss account' – *Net result of pooling monetary income*). This sub-item is partly reduced by a €6 million claim for managing loans from the European Commission under its instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE).

[6] Other assets

The item *Other assets* contains all the assets that cannot be classified under any of the preceding items (Table 14). This item consists mostly of securities related to the investment of reserves and provisions included in Sub-item 10.1 (see *Securities portfolio*).

³⁹ *Claims arising from the transfer of foreign reserves to the ECB* represent the interest-earning claim denominated in euro recorded at the start of the third stage of the EMU following the transfer of gold, foreign securities and foreign currencies. Pursuant to Article 30.2 of the Statute of the ESCB, the contributions of each NCB in the form of transfers of foreign reserve assets to the ECB shall be fixed in proportion to its share in the subscribed capital of the ECB.

Table 14

Other assets (Item 10) (millions of euros)			
	31.12.2024	31.12.2023	Change
10.1 Financial assets	70,320	71,335	-1,015
10.2 Tangible and intangible fixed assets	1,582	1,648	-66
10.3 Deferred tax assets	5,121	2,719	2,402
10.4 Sundry	8,481	12,025	-3,544
Euro-area coins	72	76	-4
Accruals and prepaid expenses	5,874	9,365	-3,491
Other investments for staff severance pay and pensions	66	67	-1
Supplementary pension fund	1,143	999	144
Items in course of settlement	—	—	—
Other components	1,326	1,518	-192
Total	85,504	87,727	-2,223

Sub-item 10.1 also includes: (a) €517 million in reverse repo operations and margins paid to guarantee repo transactions carried out with financial institutions other than credit institutions, within direct securities lending (€3,887 million in 2023); and (b) €45 million in reverse repo operations with credit institutions as part of the same activity carried out on BI's securities portfolio (zero in 2023).

The composition and movements of *Tangible and intangible fixed assets* (Sub-item 10.2) during the year are shown in Tables 15, 16 and 17. The estimated year-end market value of BI's property is €1,932 million (€2,003 million at the end of 2023).

Table 15

Movements in tangible assets (property) (millions of euros)							
	Premises		Investment property for allocations to severance and pension provision (1)		Other property (1)		Total
	Buildings	Land (2)	Buildings	Land	Buildings	Land	
Opening balance (gross)	2,769	910	4	1	299	46	4,029
Accumulated depreciation	-2,401	—	-2	—	-232	—	-2,635
Opening balance (net)	368	910	2	1	67	46	1,394
Increases	6	4	—	—	1	—	11
Purchases and improvement costs	—	4	—	—	—	—	4
Transfers (cost)	6	—	—	—	—	—	6
Other changes (cost)	—	—	—	—	1	—	1
Decreases	-69	—	-1	—	-20	-8	-98
Sales and/or disposals (cost)	—	—	-2	—	-52	-8	-62
Sales and/or disposals (accumulated depreciation)	—	—	1	—	38	—	39
Depreciation	-69	—	—	—	—	—	-69
Other changes (cost)	—	—	—	—	-6	—	-6
Closing balance (gross)	2,775	914	2	1	242	38	3,972
Accumulated depreciation	-2,470	—	-1	—	-194	—	-2,665
Closing balance (net)	305	914	1	1	48	38	1,307
(1) Buildings/land for sale and/or no longer in use or usable for Banca d'Italia's activities. – (2) Land, including that on which buildings stand, is not depreciated.							

Table 16

Movements in tangible fixed assets (other) (millions of euros)					
	Equipment, furniture and furnishings	Plant	Artwork, coins and collections	Assets under development and related advances	Total
Opening balance (gross)	217	676	25	20	939
Accumulated depreciation	-179	-572	–	–	-751
Opening balance (net)	38	104	25	20	188
Increases	10	34	2	23	69
Purchases and improvement costs	9	34	–	23	66
Transfers (cost)	1	–	–	–	1
Other movements (cost)	–	–	2	–	2
Decreases	-7	-27	–	-7	-41
Sales and/or disposals (cost)	-2	-12	–	–	-14
Sales and/or disposals (accumulated depreciation)	3	11	–	–	14
Depreciation	-6	-26	–	–	-32
Other changes (cost)	-2	–	–	–	-2
Transfers (cost)	–	–	–	-7	-7
Closing balance (gross)	222	698	27	36	984
Accumulated depreciation	-182	-587	–	–	-769
Closing balance (net)	40	111	27	36	215

Table 17

Movements in intangible fixed assets (Sub-item 10.2) (millions of euros)				
	Procedures (1)	Multi-year software licence fees	Assets under development (1) and related advances	Total
Opening balance	40	9	17	66
Increases	7	1	14	22
Purchases and improvement costs	–	1	14	15
Transfers	7	–	–	7
Decreases	-16	-5	-7	-28
Amortization	-16	-5	–	-21
Transfers	–	–	-7	-7
Closing balance	31	5	24	60

(1) Relating to procedures developed as part of the Eurosystem's IT projects.

The composition of *Deferred tax assets* (Sub-item 10.3) is detailed in Table 18.

Table 18

Deferred tax assets (Sub-item 10.3) (millions of euros)								
	31.12.2024				31.12.2023			
	Temporary differences	IRES	IRAP	Total	Temporary differences	IRES	IRAP	Total
Financial loss for the year 2024	8,538	2,348	–	2,348	–	–	–	–
Financial loss for the year 2023	8,035	2,210	–	2,210	8,034	2,209	–	2,209
Undeducted ACE for the year 2023 (1)	430	118	–	118	430	118	–	118
Staff costs accrued but not paid	122	33	7	40	97	27	5	32
Gap between the civil law value and the tax value of the equity shares portfolio (2)	1,472	405	–	405	1,290	355	–	355
Other	1	–	–	–	14	4	1	5
Total	18,598	5,114	7	5,121	9,865	2,713	6	2,719

(1) Allowance for corporate equity (ACE). – (2) Temporary differences arise mainly from non-deductible civil law write-downs.

Deferred tax assets recorded at the end of 2024 are mainly the result of tax losses relating to IRES for the financial years 2023 and 2024 which are carried forward in accordance with Article 84 of the Consolidated Income Tax Law (*Testo unico delle imposte sui redditi*, TUIR).⁴⁰

The recognition in the balance sheet is based on the reasonable certainty, taking into account BI's income prospects, of generating positive taxable income that will result in the losses being fully recovered in future years.

Deferred tax assets showed a net increase of €2,402 million due to:

- the carryforward of the 2024 IRES tax loss of €2,348 million to subsequent tax periods;
- the €54 million increase in deferred tax assets resulting from other profit and loss components, mainly the larger gap between the civil law value and the tax value of the equity shares portfolio.

The movements in deferred tax assets during the year are shown in Table 41 of 'Notes on the items of the profit and loss account' – *Taxes on income for the year and on productive activities*.

⁴⁰ The tax loss carryforward scheme under Article 84 of the TUIR provides that losses may be deducted indefinitely from the income of subsequent tax periods for a maximum of 80 per cent of the taxable income of each tax period and in full, subject to tax capacity.

Sundry (Sub-item 10.4) under *Other assets* also includes accruals and prepaid expenses, as detailed in Table 19, which decreased primarily due to the elimination of accruals related to interest on TLTRO III operations, which were fully repaid during the year (see the box ‘The interest rate applied to TLTRO III’).

Table 19

Accruals and prepaid expenses (millions of euros)			
	31.12.2024	31.12.2023	Change
Accrued income	5,829	9,321	-3,492
Interest accrued on securities denominated in euro	5,353	5,566	-213
Interest accrued on refinancing operations	24	3,341	-3,317
Interest accrued on securities denominated in foreign currency	239	166	73
Interest accrued on other foreign-currency assets	212	247	-35
Other	1	1	–
Prepaid expenses	45	44	1
Administrative expenses	45	44	1
Total	5,874	9,365	-3,491

Sub-item 10.4 also includes:

- total assets (€1,143 million) of the defined-contribution supplementary pension fund for staff hired on or after 28 April 1993, which is matched on the liability side by an equal amount recorded in *Other liabilities* (Item 10). The fund constitutes a separate asset for administrative and accounting purposes pursuant to Article 2117 of the Italian Civil Code. Banca d’Italia manages its investments observing the reference benchmarks;
- in other components, claims on tax authorities totalling €534 million for the IRES, Additional IRES and IRAP taxes resulting from tax returns for 2023.

[7] Banknotes in circulation

This item, which represents BI’s share of banknotes in circulation issued by the Eurosystem (see *Legal basis, method of preparation and structure of the annual accounts*) decreased by €8,877 million (from €242,975 million to €234,098 million) in 2024 owing to the reduction in BI’s capital key. The value of banknotes actually put into circulation by BI, instead, rose slightly (by €273 million, from €197,692 million to €197,965 million).

Since this value was lower than the notional amount assigned to BI, the difference of €36,133 million is shown as an interest-earning claim on the Eurosystem under Sub-item 9.4 on the asset side, as *Net claims related to the allocation of euro banknotes within the Eurosystem*.

[8] Liabilities to other euro-area residents denominated in euro

Table 20

Liabilities to other euro-area residents denominated in euro (Item 4) (millions of euros)			
	31.12.2024	31.12.2023	Change
4.1 General government	4,870	32,126	-27,256
Treasury payment account	4,744	31,989	-27,245
Other liabilities	126	137	-11
4.2 Other counterparties	21,598	25,271	-3,673
Total	26,468	57,397	-30,929

Liabilities to other euro-area residents denominated in euro (Table 20), which amounted to €26,468 million at the end of 2024 (€57,397 million in 2023), refer mainly to deposits held by counterparties other than credit institutions (€21,598 million), especially clearing houses, as well as those held by the National Resolution Fund (see the box ‘The National Resolution Fund’). Sub-item 4.2 also includes €1,855 million in repo transactions connected with direct securities lending (€6,974 million at the end of 2023).

Compared with 2023, the Treasury payment account decreased in the year-end balance and in the annual average balance (the latter dropped from €13,719 million to €7,803 million). One contributory factor was the MEF’s greater use of repo transactions backed by government bonds, an instrument which has made liquidity management more dynamic in recent years.

Sub-item 4.1 also includes other liabilities to general government (€126 million), which consisted almost exclusively of debt positions with general government in respect of advances received for the management of collections and cross-border euro payments.

GOVERNMENT DEPOSITS

Government deposits held with the central banks of the Eurosystem are regulated by Decisions ECB/2014/8 and ECB/2019/7, as amended, and Decision ECB/2024/11. Specifically, overnight and fixed-term government deposits are remunerated entirely at an interest rate respectively not higher than the Euro Short-Term Rate (€STR) and the overnight index swap (OIS) rate based on the €STR with the corresponding maturity, both minus 20 basis points.

Previously, a remuneration threshold with an upper bound of zero per cent was in place, against a background of positive rates on holdings above the threshold. Between 14 September 2022 and 30 April 2023, following Decision ECB/2022/30, a remuneration rate equal to the lower of the deposit facility rate and the €STR was temporarily applied. This decision aimed to promote a smooth and gradual reduction of government deposits, thereby minimizing the risk of adverse effects on the functioning of the repo market and ensuring the smooth transmission of monetary policy.

[9] Liabilities to non-euro area residents denominated in euro

This item amounts to €19,008 million (€7,108 in 2023) and includes €334 million in accounts held by customers using the Eurosystem Reserves Management Services (ERMS; €687 million in 2023)⁴¹ and €18,674 million in other deposits by non-euro area institutional customers on behalf of which BI provides investment services (€6,421 million in 2023).

[10] Other liabilities

The composition of this item is shown in Table 21. Accruals and income collected in advance are detailed in Table 22.

Table 21

Other liabilities (Item 10) (millions of euros)			
	31.12.2024	31.12.2023	Change
Cashier's cheques	43	40	3
Accruals and income collected in advance	158	260	-102
Supplementary pension fund	1,143	999	144
Special item for stabilizing dividends	140	280	-140
Items in course of settlement	1	2	-1
Other components	2,249	3,413	-1,164
Total	3,734	4,994	-1,260

This item also includes the special item for stabilizing dividends, which amounted to €140 million and is made up of net profit allocations. The establishment of this item was decided by the Meeting of Shareholders on 31 March 2017 in order to smooth the implementation of the dividend policy.⁴² The change from last year is due to the use of €140 million to supplement the €200 million dividend paid to Shareholders from the net profit for the financial year 2023.

Table 22

Accruals and income collected in advance (millions of euros)			
	31.12.2024	31.12.2023	Change
Accrued expenses	158	260	-102
Interest accrued on monetary policy deposits	8	56	-48
Interest accrued on liabilities denominated in foreign currency	149	180	-31
Other	1	24	-23
Income collected in advance	—	—	—
Total	158	260	-102

⁴¹ Eurosystem NCBs can offer ERMS to central banks and government bodies of non-euro countries and to international organizations within a framework of harmonized terms and conditions.

⁴² In 2015, the Board of Directors indicated that, in subsequent years, it planned to keep the annual dividend between €340 million and €380 million, provided that the net profit is sufficient and without prejudice to BI's capital adequacy. On 31 March 2017, it was resolved that the special item may be credited annually with an amount equal to the difference between the upper bound of this range (€380 million) and the dividend actually paid.

Other components include debt for interest expense on TARGET balances accrued at year-end and to be settled in 2025, which is significantly lower than in 2023.

[11] Provisions and general risk provision

Balances and movements for *Provisions* (Item 11) are shown in Tables 23, 24 and 25; those for the *General risk provision* (Item 13) are shown in Table 26.

Table 23

Movements in staff-related provisions (Sub-item 11.1) (millions of euros)				
	For staff severance pay and pensions	Fund for staff costs	For severance pay (1)	Total
Opening balance	6,691	254	2	6,947
Increases	–	125	–	125
Allocations	–	125	–	125
Decreases	–	-103	–	-103
Releases	–	-103	–	-103
Other decreases	–	–	–	–
Closing balance	6,691	276	2	6,969

(1) Includes severance pay accrued by contract staff and ordinary staff prior to joining the supplementary pension fund.

Staff-related provisions (Sub-item 11.1) amounted to €6,969 million. More specifically:

- the provision for severance pay and pensions remained unchanged; the surplus (€97 million) over total commitments for pensions and severance payments estimated at 31 December 2024 is prudentially left in this item;
- the provision for staff costs increased by €22 million. More specifically, the increase was attributable to some components of remuneration still to be paid, including the adjustment of wages to the HICP (net of imported energy prices). This provision also includes €46 million (€41 million in 2023) in charges for lump-sum disbursements to staff hired on or after 28 April 1993 who joined the defined-contribution supplementary pension fund, to be settled upon their leaving service.

Table 24

Movements in other provisions (Sub-item 11.2) (millions of euros)				
	Damage insurance provision	Tax provision (1)	Provision for Eurosystem monetary policy operations	Total
Opening balance	310	170	7	487
Increases	–	13	–	13
Allocations	–	–	–	–
Other increases	–	13	–	13
Decreases	–	-1	-7	-8
Releases	–	–	-7	-7
Other decreases	–	-1	–	-1
Closing balance	310	182	–	492

(1) The tax provision includes liabilities for deferred IRES and IRAP taxes. *Other increases* and *Other decreases* include the change in deferred tax liabilities.

In 2023, a risk provision for monetary policy operations was set up under *Other provisions* (Sub-item 11.2) against an impairment loss of €43 million recognized at Eurosystem level on one security under the PEPP corporate programme held by an NCB under a risk-sharing regime.

This security was sold in 2024 and the €7 million provision set up by BI in proportion to its capital key was fully used (see ‘Notes on the items of the profit and loss account’ – *Net result of pooling monetary income*).

The tax provision only includes deferred tax liabilities, as reported in Table 25. The movements in deferred tax liabilities during the year are shown in Table 42 of ‘Notes on the items of the profit and loss account’ – *Taxes on income for the year and on productive activities*.

Table 25

Deferred tax liabilities (millions of euros)								
	31.12.2024				31.12.2023			
	Temporary differences	IRES	IRAP	Total	Temporary differences	IRES	IRAP	Total
Gap between the civil law value and the tax value of property (1)	542	149	30	179	508	139	28	167
Other	10	3	–	3	10	3	–	3
Total	552	152	30	182	518	142	28	170

(1) Net temporary differences with regard to all the Bank's property.

The *General risk provision* (Item 13) covers BI's financial and operational risks, which include those relating to litigation. During the year, it fell by €5,800 million to cover the gross loss for the financial year (Table 26). Nevertheless, the level of risk coverage remains adequate in the medium term, taking into account the expected reduction in the size of the balance sheet and the positive earnings outlook for 2025.

Table 26

Movements in the general risk provision (Item 13) (millions of euros)		
	31.12.2024	31.12.2023
Opening balance	29,614	35,214
Increases	–	–
Allocations	–	–
Decreases	-5,800	-5,600
Releases	-5,800	-5,600
Closing balance	23,814	29,614

[12] Revaluation accounts

The item includes unrealized gains from the market price and market rate valuation of gold, foreign currency, securities and forward operations (see *Gold, assets and liabilities*

denominated in foreign currency and Securities portfolio). Net revaluations relate mainly to the appreciation of gold and, to a lesser extent, of net foreign currency assets (Table 27).

Table 27

Revaluation accounts (Item 12) (millions of euros)			
	Opening balance	Net revaluations	Closing balance
Exchange rate revaluations	132,108	53,215	185,323
<i>of which:</i> gold	127,818	50,706	178,524
net foreign currency assets	4,287	2,376	6,663
financial assets related to the investment of reserves and provisions	3	133	136
Price revaluations	7,738	714	8,452
<i>of which:</i> foreign currency securities	130	-23	107
securities denominated in euro	180	-61	119
financial assets related to the investment of reserves and provisions	7,428	798	8,226
Total	139,846	53,929	193,775

[13] Capital and reserves

The composition of this item is detailed in Table 28.

Table 28

Capital and reserves (Item 14) (millions of euros)			
	31.12.2024	31.12.2023	Change
14.1 Capital	7,500	7,500	–
14.2 Statutory reserves	11,064	11,064	–
Ordinary	6,469	6,469	–
Extraordinary	4,595	4,595	–
14.3 Other reserves	7,740	7,740	–
Monetary revaluation reserves (1)	3,813	3,813	–
Special fund for the renewal of tangible fixed assets	1,805	1,805	–
Surplus from the merger of UIC (Legislative Decree 231/2007)	2,122	2,122	–
Total	26,304	26,304	–

(1) Under Laws 72/1983, 408/1990, 413/1991, 342/2000 and 266/2005.

Banca d'Italia's Statute provides that Shareholders' ownership rights be limited exclusively to the value of the capital and dividends; the latter cannot exceed 6 per cent of capital in a given year. The equity reserves, regardless of their origin, may only be used to cover possible losses for the year.

The composition of BI's Shareholders changed in 2024. Specifically, one bank and one insurance company joined, while two banks exited (due to mergers), along with two insurance companies (one following a merger and the other due to compulsory

liquidation). These shareholding transactions led to the transfer of about 0.86 per cent of BI's capital. As at 31 December 2024, there were 171 Shareholders.⁴³ The composition of the holders and their capital shares are shown in Table 29.

Table 29

Shareholders in Banca d'Italia						
	At the end of 2024			At the end of 2023		
	Number	Shares	% of capital held	Number	Shares	% of capital held
Banks	97	144,719	48.2	98	142,999	47.7
Social security institutions	14	94,180	31.4	14	96,000	32.0
Pension funds	9	17,640	5.9	9	17,640	5.9
Insurance companies	9	17,940	6.0	10	17,940	6.0
Banking foundations	42	25,521	8.5	42	25,421	8.4
Total	171	300,000	100.0	173	300,000	100.0

At the end of 2024, there were no Shareholders with a total number of shares exceeding the statutory limit of 5 per cent (see 'Banca d'Italia's capital').

Commitments, collateral granted and other off-balance-sheet accounts

Commitments and collateral granted by Banca d'Italia are reported in Table 30, which also shows the total third-party securities and valuables on deposit with BI and

Table 30

Commitments and collateral granted (millions of euros)			
	31.12.2024	31.12.2023	Change
Orders in progress	1,332	494	838
Purchases	961	494	467
Sales	371	–	371
Forward operations	3,399	4,446	-1,047
Forward sales of foreign currencies	2,171	2,602	-431
Forward purchases of foreign currencies	1,199	1,070	129
Futures contracts	29	774	-745
Commitments	34,632	35,037	-405
To the IMF for loans granted	34,375	34,789	-414
Other	257	248	9
Collateral granted	2,532	7,247	-4,715
Third-party securities and valuables on deposit with Banca d'Italia	82,237	94,310	-12,073
Total balance sheet of the National Resolution Fund (1)	175	167	8
Commitments of the supplementary pension fund (2)	193	125	68
Total	124,500	141,826	-17,326

(1) Takes into account the latest available data. – (2) Foreign exchange and securities forward sales.

⁴³ They numbered 174 at 19 February 2025, the last date for acquiring shares with the right to dividends for 2024.

the balance sheet total of the NRF set up within BI pursuant to Article 78 of Legislative Decree 180/2015 (see the box ‘The National Resolution Fund’).

Commitments to the IMF for granting loans relate to measures by the IMF for financing to be disbursed on behalf of the Italian government. Other commitments mainly include the amounts to be paid for subscriptions of units of investment funds.

At the end of 2024, the market value of securities lent by BI under the automatic securities lending programmes managed by specialized intermediaries amounted to \$817 million for foreign currency securities, and €14,132 million for securities held for monetary policy purposes. At the end of the financial year, the market value of the securities lent via the securities lending service provided directly by BI amounted to €2,798 million for securities held for monetary policy purposes and €460 million for securities in the investment portfolio denominated in euro.⁴⁴

THE NATIONAL RESOLUTION FUND

Legislative Decree 180/2015 transposing Directive 2014/59/EU (Bank Recovery and Resolution Directive) provides that one or more Italian resolution funds be set up to finance the resolution of credit institutions and investment firms in financial difficulty. These funds are financed mainly by contributions from financial intermediaries and provide the national resolution authority with the necessary financial resources to carry out resolutions. Banca d’Italia has been designated as national resolution authority. BI has accordingly established a Resolution and Crisis Management Unit that reports directly to the Governing Board. Its function is to draft and implement resolutions. On 18 November 2015, BI issued a measure creating the National Resolution Fund (NRF). The NRF has its own capital that is in all respects independent and separate from that of BI and from any other capital that BI manages, as well as from the capital of each of the contributors to its resources. To ensure the necessary transparency vis-à-vis the public, a mandatory annual report is issued on the NRF’s activities – audited by the same firm that audits BI’s annual accounts – and published by 30 April of the year following the reference year.¹ The operating and administrative costs of the Unit are reported among those of Banca d’Italia, and so are the indirect costs for resolution activity. The NRF has separate fiscal personality for IRES and IRAP taxation purposes.

¹ Banca d’Italia’s Board of Auditors oversees the administration of the NRF and its compliance with the law, monitors the adequacy of the accounting system in place and examines the annual report, without prejudice to the activity of the independent auditors, issuing a report to that effect.

⁴⁴ Direct securities lending under monetary policy programmes decreased slightly in 2024 compared with the previous year owing to improved conditions in the repo market. This improvement is attributable to the increased availability of securities in the market (following the reduction in purchases of securities by the Eurosystem) and to TLTRO III repayments.

Notes on the items of the profit and loss account

[14] Net interest expense

In 2024, net interest⁴⁵ remained negative, although with an improvement of €369 million compared with 2023 (from -€5,675 million to -€5,306 million). Specifically, net interest income in euro and in foreign currency increased by €219 million (from -€7,742 million to -€7,523 million) and by €150 million (from €2,067 million to €2,217 million), respectively.⁴⁶

Interest income amounted to €22,414 million (Table 31), down by €5,065 million from 2023.

Table 31

Interest income (Sub-item 1.1) (millions of euros)			
	2024	2023	Change
Securities denominated in euro	14,614	14,401	213
of which: SMP	20	33	-13
CBPP3	241	275	-34
PSPP government bonds	7,430	8,124	-694
CSPP	340	363	-23
PEPP corporate bonds	38	33	5
PEPP government bonds	4,172	3,224	948
Government bond conversion under Law 289/2002	715	713	2
Other bonds	1,658	1,636	22
Main refinancing operations	155	129	26
Longer-term refinancing operations	2,586	7,702	-5,116
Intra-Eurosystem claims	1,760	2,107	-347
Other in euro	67	53	14
Securities denominated in foreign currency	1,525	1,484	41
Claims on the IMF	1,278	1,261	17
Other in foreign currency	429	342	87
Total	22,414	27,479	-5,065

Interest income on securities denominated in euro amounted to €14,614 million. Interest income on securities held for monetary policy purposes increased by €189 million to €12,241 million, as a result of higher average rates of remuneration – especially on PEPP government bonds – despite lower average holdings.

Interest income on the main refinancing operations increased from €129 million to €155 million, on account of the higher average amount.

⁴⁵ *Net interest expense* (Item 1) represents the balance of interest income and interest expense accrued in the year, excluding interest on financial assets related to the investment of reserves and provisions, which is shown under Item 6.

⁴⁶ Net interest income in foreign currency refers to: US dollars for €1,608 million (€1,508 million in 2023), SDRs for €284 million (€271 million in 2023), British pounds for €150 million (€126 million in 2023), Australian dollars for €93 million (€82 million in 2023), Canadian dollars for €62 million (€62 million also in 2023), Chinese renminbi for €14 million (€14 million also in 2023) and Japanese yen for €6 million (€4 million in 2023).

Conversely, interest on longer-term refinancing operations, mainly on TLTRO III operations, fell sharply (from €7,702 million to €2,586 million) owing to their repayment (see the box “The interest rate applied to TLTRO III”).

THE INTEREST RATE APPLIED TO TLTRO III

The interest rate applied to the third series of targeted longer-term refinancing operations (TLTRO III) was set based on an incentive mechanism designed by the ECB Governing Council to preserve favourable liquidity conditions for the real economy.

Until 22 November 2022, the interest rate for each operation varied between the average MRO rate and the average deposit facility rate over the life of the single TLTRO III operation, with the exception of the special interest rate period (between 24 June 2020 and 23 June 2021) and the additional special interest rate period (between 24 June 2021 and 23 June 2022), in which an interest rate 50 basis points lower was applied. For banks that reached the lending threshold during these special periods, the interest rate could not in any case be higher than -1 per cent.

The effective interest rates for each counterparty were known only upon the maturity or early repayment of each operation. Prior to then, the estimate was reliable only if the data on the interest rates calculated based on the lending threshold during certain observation periods had already been communicated to the counterparties.

On 27 October 2022, the ECB Governing Council decided that, from 23 November 2022 to the maturity or early repayment of each outstanding TLTRO III operation, the interest rate would be indexed to the average of the key ECB policy rates applicable over this period.

Intra-Eurosystem interest income also decreased from €2,107 million to €1,760 million, owing to the reduction in interest income on *Net claims related to the allocation of euro banknotes within the Eurosystem* – from €1,877 million to €1,526 million – amid a decline in the amount of credit held by BI. This contraction more than offset the increase in interest on *Claims arising from the transfer of foreign reserves to the ECB* (from €225 million to €232 million), which was due to the higher average remuneration rate for the year (see ‘Notes on the items of the balance sheet’ – *Intra-Eurosystem claims and liabilities*).⁴⁷

⁴⁷ Balances from the allocation of euro banknotes within the Eurosystem are remunerated at the marginal rate of interest on main refinancing operations (MROs). The remuneration on claims arising from the transfer of reserves to the ECB is also based on the marginal interest rate on MROs, minus 15 per cent to take account of the part of reserves consisting of gold, which does not generate interest. The rate on the deposit facility has been applied to both positions since 1 January 2025, replacing the marginal interest rate on the main refinancing operations (see *Post-balance-sheet events*).

Other interest denominated in euro, amounting to €67 million (€53 million in 2023), was mainly in the form of interest income on reverse repo operations in connection with direct securities lending.

Interest income on securities denominated in foreign currency rose compared with the previous year, from €1,484 million to €1,525 million, as a result of higher yield rates.⁴⁸ Similarly, there was an increase in interest income related to claims on the IMF (from €1,261 million to €1,278 million) and to other assets denominated in foreign currency (from €342 million to €429 million, mostly deposits in US dollar).

Interest expense amounted to €27,720 million (Table 32), down by €5,434 million from 2023.

Table 32

Interest expense (Sub-item 1.2) (millions of euros)			
	2024	2023	Change
Banks' current accounts (covering the minimum reserve system)	–	408	-408
Deposit facility	5,498	7,442	-1,944
Treasury payment account	269	649	-380
Other deposits in euro	1,031	778	253
TARGET liability	19,797	22,769	-2,972
Other in euro	110	88	22
Counterpart of SDRs allocated by the IMF	994	990	4
Other in foreign currency	21	30	-9
Total	27,720	33,154	-5,434

The significant reduction in interest expense on TARGET liabilities (from €22,769 million to €19,797 million) was due to the reduction in the average balance, which was only partly offset by the higher average rate of remuneration.⁴⁹

Interest on banks' overnight deposits declined significantly too (from €7,442 million to €5,498 million), owing to lower average amounts. Current account deposits were not remunerated for the whole financial year.⁵⁰

⁴⁸ Interest income was recognized for foreign currency securities denominated in: US dollar for €1,269 million (€1,234 million in 2023), British pound for €94 million (€104 million in 2023), Australian dollar for €82 million (€70 million in 2023), Canadian dollar for €61 million (€61 million also in 2023), Chinese renminbi for €14 million (€14 million also in 2023) and Japanese yen for €5 million (€1 million in 2023).

⁴⁹ The TARGET balance was remunerated at the marginal rate of interest on MROs until 31 December 2024, with the exception of balances relating to the settlement of operations of liquidity provisioning in foreign currency offered by the ECB to euro-area counterparties, which are not remunerated. As of 1 January 2025, it is remunerated at the deposit facility rate (see *Post-balance-sheet events*).

⁵⁰ As of 20 September 2023, the ECB Governing Council decided to set the remuneration of the minimum reserve requirement at 0 per cent to preserve the effectiveness of monetary policy and, at the same time, to improve its efficiency by reducing interest payments to banks. Conversely, current account deposits held in excess of reserve requirements are remunerated at the lower of the deposit facility rate and zero.

The decrease in interest expense on the Treasury payment account (from €649 million to €269 million) reflects both the decrease in interest (from €418 million to €269 million),⁵¹ owing to the lower average amount, and the elimination of additional interest payable to the Treasury (€231 million in 2023)⁵² (see 'Notes on the items of the balance sheet' – *Liabilities to other euro-area residents denominated in euro* and the box 'Government deposits').

Interest on other deposits denominated in euro, which increased from €778 million to €1,031 million as a result of both larger average amounts and higher average yields, consisted mainly of interest expense on deposits from euro-area counterparties other than credit institutions, ERMS customers and other non-euro-area institutional customers (see 'Notes on the items of the balance sheet' – *Liabilities to other euro-area residents denominated in euro* and *Liabilities to non-euro area residents denominated in euro*).

Other interest denominated in euro, amounting to €110 million (€88 million in 2023), mostly included interest expense on repo operations in connection with direct securities lending.

Interest paid on SDR allocations by the IMF rose from €990 million to €994 million, while interest paid on other liabilities denominated in foreign currency decreased from €30 million to €21 million.

[15] Net result of financial operations and write-downs

The net result of financial operations was positive at €67 million, down by €203 million compared with the previous year (€270 million in 2023; Table 33). This change mainly reflects the reduction in realized exchange rate gains (from €348 million to €76 million),⁵³ which was only partially offset by lower realized losses on securities denominated in foreign currency (from €55 million to €3 million).

Write-downs on net foreign currency assets increased due to both price effects, mainly driven by the rise in yields on US dollar securities in 2024,⁵⁴ and exchange rate effects, particularly for the Australian dollar and the Japanese yen (see 'Notes on the items of the balance sheet' – *Gold, assets and liabilities denominated in foreign currency*).

⁵¹ As of 1 May 2024, the €STR minus 20 basis points is applied.

⁵² Additional interest was paid to the Treasury under Presidential Decree 398/2003 (Consolidated law containing provisions and rules on the public debt). It was calculated as the difference between the income flow from the securities originally purchased by BI for the establishment of the Treasury payment accounts which had not yet matured and the remuneration of the accounts for an equivalent amount. As of the financial year 2024, the additional interest payments to the Treasury ceased following the full redemption of these bonds at the end of December 2023.

⁵³ Specifically, realized exchange rate gains in US dollar decreased from €305 million to €61 million.

⁵⁴ Price write-downs on US dollar securities rose from €78 million to €215 million.

Table 33

Net result of financial operations and write-downs (Item 2) (millions of euros)			
	2024	2023	Change
Realized profits (+) and losses (-) on financial operations	67	270	-203
Foreign exchange transactions	76	348	-272
Transactions in securities denominated in euro	-11	-7	-4
Transactions in securities denominated in foreign currency	-3	-55	52
Derivatives contracts	-8	-32	24
Other transactions	13	16	-3
Write-downs (-) of financial assets and positions	-389	-99	-290
Due to exchange rate changes	-112	-9	-103
Due to price changes			
– securities denominated in euro	-8	-1	-7
– securities denominated in foreign currency	-269	-89	-180
Total	-322	171	-493

[16] Net result of pooling monetary income

The net result for 2024 (Item 3) was negative by €1,876 million and included:

- the net result of pooling monetary income in 2024, negative at -€1,872 million (-€1,130 million in 2023). This was the difference between the monetary income redistributed to BI, amounting to €7,215 million,⁵⁵ and that pooled by BI, equal to €9,087 million (see the box ‘Monetary income’);
- the negative effect of €11 million, pertaining to the recalculation of amounts for previous years; this recalculation is mainly due to BI’s share of the loss realized as a result of the sale in 2024 of a bond held by a Eurosystem NCB under the PEPP corporate programme, which was considered impaired (see *Monetary policy operations* and *Provisions and general risk provision*);
- the positive effect of €7 million due to the full use of the fund set up in 2023 to partially cover the above-mentioned loss.

The deterioration of €742 million in the net result of pooling monetary income in 2024 reflects lower growth in the income redistributed to BI (+€346 million) than in the income pooled by BI (+€1,088 million). The factors that contributed to this deterioration are shown in Table 34.

⁵⁵ This includes BI’s share of the loss realized by the Eurosystem in connection with the 2024 debt restructuring of an issuer whose securities were held by an NCB under the risk-sharing CSPP and PEPP corporate programmes.

Table 34

Breakdown of the net result of pooling monetary income (millions of euros)								
	Monetary income							
	2024				2023			
	Eurosystem total	Pooled by Banca d'Italia (A)	Redistributed to Banca d'Italia (B)	Net result (B-A)	Eurosystem total	Pooled by Banca d'Italia (A)	Redistributed to Banca d'Italia (B)	Net result (B-A)
Lending to euro-area credit institutions	6,710	2,741	1,075	-1,666	26,850	7,831	4,525	-3,306
Securities held for monetary policy purposes (subject to risk sharing) (1)	8,202	635	1,314	679	8,483	703	1,430	727
Securities held for monetary policy purposes (not subject to risk sharing) (2)	130,281	24,329	20,871	-3,458	127,854	23,984	21,546	-2,438
Intra-Eurosystem claims equivalent to the transfer of foreign reserves to the ECB	1,448	232	232	–	1,335	225	225	–
Net intra-Eurosystem claims related to the allocation of euro banknotes	-5,232	1,526	-838	-2,364	-4,817	1,877	-812	-2,689
Deposits held by euro-area credit institutions	-120,847	-5,498	-19,360	-13,862	-130,387	-7,850	-21,973	-14,123
Intra-Eurosystem liabilities/claims resulting from TARGET transactions	15,609	-19,797	2,501	22,298	14,172	-22,769	2,388	25,157
Gap (3)	8,864	4,919	1,420	-3,499	-2,730	3,998	-460	-4,458
Total	45,035	9,087	7,215	-1,872	40,760	7,999	6,869	-1,130

(1) Pooled and redistributed income includes realized gains and losses arising from sales of securities agreed at Eurosystem level to ensure compliance with the risk control framework. – (2) For the purpose of calculating monetary income, they are considered to bear interest at the marginal rate used for main refinancing operations. Therefore, the corresponding pooled income is different from interest income as recorded in Sub-item 1.1. – (3) Difference between earmarkable assets and liability base. Includes other minor components.

MONETARY INCOME

The monetary income to be pooled by each NCB is equal to its annual income derived from the earmarkable assets held against its liability base. An NCB's earmarkable assets comprise mainly: (a) lending to euro-area credit institutions relating to monetary policy operations; (b) securities held for monetary policy purposes; (c) intra-Eurosystem claims arising from the transfer of reserves to the ECB; (d) net intra-Eurosystem claims resulting from TARGET transactions; (e) net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem; and (f) a pre-set amount of gold holdings and gold receivables in proportion to the capital key. Gold is not considered to generate interest. Public sector securities purchased under the PSPP (Decision ECB/2015/10) and the PEPP (Decision ECB/2020/17 et seq.) are considered to bear interest at the marginal rate used by the Eurosystem for MROs. An NCB's liability base consists primarily of: (a) banknotes in circulation; (b) liabilities to euro-area credit institutions related to monetary policy operations denominated in euro; (c) net intra-Eurosystem liabilities resulting from

TARGET transactions; and (d) net intra-Eurosystem liabilities related to the allocation of euro banknotes within the Eurosystem. The interest on the liabilities included in the liability base is deducted from the monetary income to be pooled. Where the value of an NCB's earmarkable assets is higher or lower than the value of its liability base, the difference (gap) is considered to bear negative (or positive) interest based on the marginal rate used by the Eurosystem for MROs.

The total monetary income pooled by the NCBs in the Eurosystem is redistributed to each NCB according to its capital key. The difference between the share of monetary income redistributed to each NCB and the amount pooled by that NCB, which may be larger or smaller, is reported in Item 3 of the profit and loss account and is settled at the end of January of the year following the reference year. The amount of the difference depends on two factors: (a) the first (income effect) relates to possible differences between NCBs regarding the interest income received on specific earmarkable assets and the interest expense due on some components of the liability base; (b) the second (composition effect) arises from the fact that the amounts of the above assets and liabilities in the NCBs' balance sheets do not generally coincide with their capital keys.

Pursuant to Article 33.2 of the Statute of the ESCB, in the event of a loss incurred by the ECB which cannot be offset against the general reserve fund, the ECB Governing Council may decide to withhold part or all of the Eurosystem's monetary income to offset the shortfall in proportion and up to the amounts allocated to the NCBs. For the financial year 2024, as in 2023, the ECB Governing Council decided not to withhold the Eurosystem's monetary income and to carry forward the ECB's operating loss; this loss will be offset against future profits.

[17] Net income from fees and commissions

Net income from fees and commissions (Item 4) stood at €37 million, up from the previous financial year (€18 million; Table 35), mainly owing to higher fee income connected with the management of TARGET systems.

Table 35

Net income from fees and commissions (Item 4) (millions of euros)			
	2024	2023	Change
Fee and commission income	56	40	16
TARGET services	38	22	16
Financial services to the public sector	8	6	2
Management of securities used as collateral for monetary policy operations	3	5	-2
Correspondent Central Banking Model	1	1	—
Other	6	6	—
Fee and commission expense	-19	-22	3
Centralized securities and custodian services management	-15	-17	2
Other	-4	-5	1
Total	37	18	19

[18] Income from participating interests

Income from participating interests (Item 5), equal to €284 million in 2024 (zero in 2023), relates to income received as a result of the reduction in the capital key following the five-yearly adjustment on 1 January 2024.⁵⁶

[19] Net income from financial assets related to the investment of reserves and provisions

Item 6 of the profit and loss account amounted to €1,874 million (Table 36), up by €348 million on 2023 owing to: (a) higher net realized gains (from €336 million to €588 million), mainly from the sale of ETFs denominated in US dollar⁵⁷ and, to a lesser extent, of equity shares; (b) higher interest income (from €893 million to €1,065 million), mainly due to higher average rates of return; and (c) growth in dividends received for equity shares and participating interests (from €520 million to €574 million).

The increase in write-downs (from -€243 million to -€365 million), almost entirely related to listed equity securities denominated in euro, contributed to reducing the balance of this item.

Table 36

Net income from financial assets related to the investment of reserves and provisions (Item 6) (millions of euros)			
	2024	2023	Change
Interest	1,065	893	172
Dividends from equity shares and participating interests	574	520	54
Realized gains/losses	588	336	252
Write-downs	-365	-243	-122
Other components	12	20	-8
Total	1,874	1,526	348

[20] Other income

Other income (Item 7) amounted to €142 million (€93 million in 2023). The item includes €117 million (€73 million in 2023) of reimbursements from other Eurosystem NCBs for the development of IT platforms, applications and infrastructures by Banca d'Italia in its capacity as a service provider (see the box 'Costs and reimbursements for Eurosystem infrastructure').

⁵⁶ NCBs with a reduced capital key received a compensatory payment equal to the decrease in the capital key multiplied by the value of the ECB's net equity at the end of 2023 (excluding capital and taking into account revaluation accounts and the loss carried forward).

⁵⁷ Realized gains from these ETFs amounted to €373 million (€162 million in 2023).

[21] Expenses and charges

Expenses and sundry charges (Item 8) inched up from 2023 and amounted to €2,152 million (Table 37).

Table 37

Expenses and sundry charges (Item 8) (millions of euros)			
	2024	2023	Change
Staff wages and salaries	786	779	7
Social security and insurance	198	196	2
Other staff costs (1)	61	63	-2
Pensions and severance payments	299	284	15
Transfers to/from provisions for staff severance pay and pensions, contributions to the supplementary pension fund and other expenses	106	108	-2
Emoluments paid to head office and branch collegial bodies	3	3	–
Administrative expenses	529	517	12
Depreciation/amortization of tangible/intangible fixed assets	122	123	-1
Banknote production services (2)	–	–	–
Other expenses	48	47	1
Total	2,152	2,120	32

(1) Includes, in particular, expenses for missions, transfers and corporate welfare. – (2) Costs for external banknote production services and for purchases of banknotes.

Staff costs grew mainly on account of inflation adjustments (based on the HICP net of imported energy) and of qualitative and quantitative changes in staff (Table 38). Severance payments made during the year increased owing to a higher number of terminations. Pension expenses (included in the same sub-item) also went up slightly, owing to the recognition of equalization increases. No provision for severance pay and pensions was needed in 2024.

Table 38

Banca d'Italia staff				
Composition of staff	Average number of employees in service		Percentage composition	
	2024	2023	2024	2023
Managerial and High-Level Professional Area	3,839	3,741	54.9	54.0
Operational Area	3,158	3,185	45.1	45.9
Contract workers	–	4	0.0	0.1
Total (1)	6,997	6,930	100.0	100.0

(1) The average number of employees, counting part-time employees pro rata, totalled 6,963 (6,903 in 2023).

Emoluments paid to head and branch office collegial bodies comprise the emoluments paid to the Board of Directors (€412,230), standing members of the Board of Auditors (€137,430) and the Governing Board. Emoluments for members of the Governing Board remained unchanged in 2024 and amounted to €480,000 for the Governor, €430,000 for the Senior Deputy Governor and €350,000 for each of the three Deputy Governors.

Table 39

Administrative expenses (millions of euros)			
	2024	2023	Change
Services	470	462	8
ICT (1)	161	149	12
Security services, banknote escort and guards	75	74	1
Building and equipment maintenance	89	93	-4
Utilities	26	28	-2
Equipment rental	12	13	-1
Canteen and cleaning services	32	31	1
Other	75	74	1
Materials and consumables	59	55	4
Banknote production	38	35	3
Subscriptions to publications and information providers	18	17	1
Other supplies	3	3	–
Total	529	517	12

(1) Includes the costs of using the Eurosystem's IT infrastructure, which amounted to €38 million in 2024 (€31 million in 2023). The expenses relating to the rental and maintenance of hardware are included respectively in *Equipment rental* and in *Building and equipment maintenance*.

Administrative expenses rose on the previous year, from €517 million to €529 million (Table 39), mainly owing to higher costs for ICT services – incurred particularly for the Eurosystem's technology infrastructure – and for raw materials used to produce banknotes, partly as a result of increased purchases. Building and equipment maintenance costs instead fell due to the rescheduling of some projects and the streamlining of building maintenance.

Other expenses, amounting to €48 million (€47 million in 2023), include €29 million for local and indirect taxes.

[22] Taxes on income for the year and on productive activities

Taxes for the year (Item 10), which comprise the current taxes owed to the State, taxes for prior years and the change in deferred tax assets and liabilities, showed a positive net contribution of €2,363 million (€2,340 million in 2023; Table 40). This result is mainly driven by the recognition of deferred tax assets related to the IRES tax loss for the year 2024 (see 'Notes on the items of the balance sheet' – *Other assets* and *Provisions and general risk provision*).

Table 40

Composition of taxes on income for the year (Item 10) (millions of euros)						
	2024			2023		
	IRES	IRAP	Total	IRES	IRAP	Total
Current taxes (-)	–	–	–	–	–	–
Taxes for prior years (+/-)	-27	–	-27	-15	–	-15
Change in deferred tax assets (+/-)	2,401	1	2,402	2,363	1	2,364
Change in deferred tax liabilities (+/-)	-10	-2	-12	-7	-2	-9
Taxes for the year (+/-)	2,364	-1	2,363	2,341	-1	2,340

IRES was positive at €2,391 million in 2024 (€2,356 million in 2023) and corresponds to the net change in deferred tax assets and liabilities, which mainly reflects the increase in deferred tax assets arising mostly from the aforementioned tax loss.

The total charge for IRAP was €1 million, as in 2023, driven by the net change in deferred tax assets and liabilities.

Table 41

Movements in deferred tax assets (millions of euros)			
	IRES	IRAP	Total
Initial amount	2,713	6	2,719
Increases	2,478	6	2,484
Deferred tax assets recognized in the financial year	2,478	6	2,484
of which: relating to tax losses	2,348	–	2,348
Decreases	-77	-5	-82
Deferred tax assets cancelled in the financial year	-77	-5	-82
Final amount	5,114	7	5,121

Table 42

Movements in deferred tax liabilities (millions of euros)			
	IRES	IRAP	Total
Initial amount	142	28	170
Increases	11	2	13
Deferred tax liabilities recognized in the financial year	11	2	13
Decreases	-1	–	-1
Deferred tax liabilities cancelled in the financial year	-1	–	-1
Final amount	152	30	182

Post-balance-sheet events

On 13 March 2024, the ECB Governing Council set the key parameters of the operational framework for implementing monetary policy (see *Decisions of the Eurosystem*). Specifically, the Eurosystem will continue to steer monetary policy by adjusting the deposit facility rate.

The Governing Council decided that, as of 1 January 2025, this rate would become the basis for the remuneration of: (a) TARGET balances; (e) claims and liabilities related to the allocation of euro banknotes within the Eurosystem; (c) claims arising from the transfer of foreign reserves to the ECB. The deposit facility rate will also be the conventional rate to be applied – for the purpose of calculating monetary income –

to the remuneration of the difference between the value of earmarkable assets and the liability base, as well as to the remuneration of government bonds purchased under the PSPP and the PEPP (see the box ‘Monetary income’).

PROPOSALS OF THE BOARD OF DIRECTORS

The Board of Directors, having considered that:

- the gross loss recognized in 2024 before the release of the general risk provision confirmed the marked deterioration of Banca d'Italia's profitability;
- the Ordinary Meeting of Shareholders of 31 March 2017, following a proposal by the Board of Directors and having received the approval of the Board of Auditors, decided to create a special item in the balance sheet to be used to stabilize over the long term the amount of net profit paid to the Shareholders under the dividend policy in force;
- the item may be credited annually with an amount equal to the difference between the upper bound of the range indicated in the dividend policy in force at the time and the dividend actually distributed;
- on the date indicated in Article 38.2.b of the Statute no shares exceeded the 5 per cent threshold, above which the dividend must be allocated to Banca d'Italia's statutory reserves;

acting on the proposal of the Governing Board and after hearing the opinion of the Board of Auditors, proposes the following allocation of the net profit for 2024 for approval by the Meeting of Shareholders:

– a dividend to the Shareholders	200,000,000
– to the special item for stabilizing dividends	–
– the remaining amount to the State	<u>643,657,866</u>
Total	<u>843,657,866</u>

Bearing in mind that the special item for stabilizing dividends must be used to supplement the dividends distributed to the Shareholders under the current dividend policy, the Board of Directors has decided to use €140 million from this item. The Shareholders will therefore receive a total of €340 million. This brings the special item to zero.

THE GOVERNOR
Fabio Panetta

**DOCUMENTS ATTACHED
TO THE ANNUAL ACCOUNTS**

REPORT OF THE BOARD OF AUDITORS
ON THE 131ST FINANCIAL YEAR OF BANCA D'ITALIA
AND THE ANNUAL ACCOUNTS FOR THE YEAR ENDING
31 DECEMBER 2024

To the Shareholders,

We have examined the Annual Accounts of Banca d'Italia for the year ending 31 December 2024, drawn up in accordance with the accounting policies and valuation methods decided by the Board of Directors and agreed by us, which are described in detail in the Notes to the Annual Accounts.

We have conducted our examination of the Annual Accounts in accordance with the rules and principles of conduct for the Board of Auditors issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

The audit firm has issued its own report confirming that Banca d'Italia's Annual Accounts give a true and fair view of the financial position and the profit or loss for the financial year.

In our opinion, the Annual Accounts of Banca d'Italia for the year ending 31 December 2024 have been prepared in accordance with the accounting policies and valuation methods indicated in the Notes to the Annual Accounts. They comply with the laws in force and with the harmonized accounting rules laid down by the ECB Governing Council and endorsed by Article 8 of Legislative Decree 43/1998 for reporting purposes.

We call particular attention to the following matters, which are covered extensively in the Notes to the Annual Accounts and in the Management Report:

- a) the recognition of deferred tax assets in the balance sheet is based on the reasonable expectation of offsetting their full amount, considering the Bank's projected income. The net increase for the year of €2,402 million (from €2,719 million to €5,121 million) is mainly due to the carryforward of the IRES tax loss for the year to subsequent tax periods;
- b) the Board of Directors approved the release of €5,800 million from the general risk provision to cover the gross loss for the year;
- c) even after this release, the general risk provision and other financial buffers ensure a level of risk coverage that remains adequate in the medium term, considering that the reduction in the balance sheet is set to continue in future years as the principal payments from maturing monetary policy securities are no longer reinvested.

We attest that in our opinion the total amount of the Bank's provisions, equal to €7,461 million, is prudent. Specifically, the provision for severance pay and

pensions shows a €97 million excess amount, which remains prudently allocated to the corresponding balance sheet item.

We have examined the Management Report which accompanies the Annual Accounts and we consider it to be consistent with said Accounts.

During the financial year ending 31 December 2024 we monitored compliance with the law, with the Bank's Statute and General Regulations, and with the principles of proper management.

We have attended all the meetings of the Board of Directors and have performed the checks and controls within the scope of our authority, including those regarding the amount of cash and valuables belonging to the Bank and to third parties. We have monitored the activity of the Bank's branch network, in accordance with Articles 20 and 21 of the Statute, with the assistance of the examiners at the main and local branches, whom we warmly thank.

We have examined the adequacy of the organizational arrangements governing the administrative and accounting aspects of the Bank to ensure their smooth operation and have ascertained that the system in place is suitable to ensure a full and accurate accounting record of events.

No material issues requiring specific comment emerged in the course of the performance of our duties or in exchanges with the audit firm or with the managers in charge of the various functions.

To the Shareholders,

The accounts submitted for your approval show the following results:

Assets	€ 1,103,613,986,196
Liabilities	€ 1,076,466,242,591
Capital and reserves	€ 26,304,085,739
Net profit for the year.....	€ 843,657,866

Pursuant to Article 38 of the Statute, the Board of Directors proposes, with our positive opinion, the following allocation of the net profit:

– dividends to the Shareholders	€ 200,000,000
– to the special item for stabilizing dividends	€ –
– the remaining amount to the State	€ <u>643,657,866</u>
Total	€ <u>843,657,866</u>

Bearing in mind that, following the decision of the Shareholders' Meeting on 31 March 2017, the special item for stabilizing dividends must be used to supplement the dividends distributed to the Shareholders under the current dividend policy, the

Board of Directors has decided to use €140 million from this item. The Shareholders will therefore receive a total of €340 million. This brings the special item to zero.

We note that on the date indicated in Article 38.2.b of the Statute there were no shares exceeding the 5 per cent shareholding limit established by Article 3.4 of the Statute and that, as a result, the Shareholders will be paid the entire dividend.

To the Shareholders,

Bearing in mind the provisions of Article 37.2 of the Statute, we recommend that you approve the Annual Accounts for 2024 that have been submitted to you (the Balance Sheet, the Profit and Loss Account, the Notes to the Annual Accounts and the accompanying Management Report) and the proposed allocation of the net profit for the year pursuant to Article 37.3 and Article 38.1 of the Statute.

Rome, 7 March 2025

THE BOARD OF AUDITORS

Gaetano Presti (Chairman)

Giuliana Birindelli

Giovanni Liberatore

Giuseppe Melis

Anna Lucia Muserra

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 37 DELLO STATUTO DELLA BANCA D'ITALIA

Ai Partecipanti al capitale della Banca d'Italia

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Banca d'Italia (di seguito anche "Istituto"), costituito dallo stato patrimoniale al 31 dicembre 2024, dal conto economico per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria dell'Istituto al 31 dicembre 2024 e del risultato economico per l'esercizio chiuso a tale data in conformità ai principi e criteri contabili dettati dalle norme speciali descritti nella nota integrativa.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto all'Istituto in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli Organi di Amministrazione dell'Istituto e del Collegio Sindacale per il bilancio d'esercizio

Gli Organi di Amministrazione dell'Istituto sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità ai principi e criteri contabili dettati dalle norme speciali descritti nella nota integrativa e per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Organi di Amministrazione sono responsabili per la valutazione della capacità dell'Istituto di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.

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Il Collegio Sindacale, nei termini previsti dallo Statuto dell'Istituto, svolge funzioni di controllo sull'amministrazione dell'Istituto per l'osservanza della legge, dello Statuto, del regolamento generale; vigila sull'adeguatezza dell'assetto contabile dell'Istituto, esamina il bilancio ed esprime il proprio parere sulla destinazione dell'utile netto.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- Abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno.
- Abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno dell'Istituto.
- Abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Organi di Amministrazione, inclusa la relativa informativa.
- Siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Organi di Amministrazione del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità dell'Istituto di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione.

- Abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

DELOITTE & TOUCHE S.p.A.



Antonio Sportillo
Socio

Roma, 7 marzo 2025

ADMINISTRATION OF BANCA D'ITALIA

AT 31 DECEMBER 2024

GOVERNING BOARD

Fabio PANETTA	- GOVERNOR
Luigi Federico SIGNORINI	- SENIOR DEPUTY GOVERNOR
Alessandra PERRAZZELLI	- DEPUTY GOVERNOR
Paolo ANGELINI	- DEPUTY GOVERNOR
Chiara SCOTTI	- DEPUTY GOVERNOR

BOARD OF DIRECTORS

Franca Maria ALACEVICH	Salvatore DI VITALE
Francesco ARGIOLAS	Andrea ILLY
Alberto BERTONE	Massimo LUCIANI
Mirella BOMPADRE	Donatella SCIUTO
Nicola CACUCCI	Orietta Maria VARNELLI
Renata CODELLO	Marco ZIGON
Francesca COZZANI	

BOARD OF AUDITORS

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Giuliana BIRINDELLI	Giuseppe MELIS
Giovanni LIBERATORE	Anna Lucia MUSERRA

ALTERNATE AUDITORS

Paola CHIRULLI	Andrea NERVI
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HEAD OFFICE MANAGING DIRECTORS

Marino Ottavio PERASSI	- GENERAL COUNSEL
Alberto MARTIELLO	- DIRECTOR GENERAL FOR HUMAN RESOURCES AND INFORMATION
Magda BIANCO	- DIRECTOR GENERAL FOR CONSUMER PROTECTION AND FINANCIAL EDUCATION
Gian Luca TREQUATTRINI	- SECRETARY TO THE GOVERNING BOARD
Giuseppe SIANI	- DIRECTOR GENERAL FOR FINANCIAL SUPERVISION AND REGULATION
Sergio NICOLETTI ALTIMARI	- DIRECTOR GENERAL FOR ECONOMICS, STATISTICS AND RESEARCH
Ciro VACCA	- DIRECTOR GENERAL FOR PROPERTY AND TENDERS
Giuseppe ZINGRILLO	- DIRECTOR GENERAL FOR INFORMATION TECHNOLOGY
Paolo SESTITO	- DIRECTOR GENERAL FOR PLANNING, ORGANIZATION AND ACCOUNTING
Stefano DE POLIS	- ON SECONDMENT AS SECRETARY GENERAL OF THE INSTITUTE FOR THE SUPERVISION OF INSURANCE (IVASS)
Paolo DEL GIOVANE	- DIRECTOR GENERAL FOR MARKETS AND MONETARY POLICY OPERATIONS
Stefano SIVIERO	- DIRECTOR GENERAL FOR PAYMENTS AND MARKET INFRASTRUCTURES

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Enzo SERATA	- DIRECTOR OF THE FINANCIAL INTELLIGENCE UNIT FOR ITALY
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ADMINISTRATION OF BANCA D'ITALIA

AT 31 MARCH 2025

GOVERNING BOARD

Fabio PANETTA	- GOVERNOR
Luigi Federico SIGNORINI	- SENIOR DEPUTY GOVERNOR
Alessandra PERRAZZELLI	- DEPUTY GOVERNOR
Paolo ANGELINI	- DEPUTY GOVERNOR
Chiara SCOTTI	- DEPUTY GOVERNOR

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Enzo SERATA	- DIRECTOR OF THE FINANCIAL INTELLIGENCE UNIT FOR ITALY
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