



MINISTRY OF
FINANCE AND BUDGET

PRESS RELEASE

Fitch upgrades San Marino's rating from BB to BB+

The economic situation of San Marino has improved significantly over the last few years, especially considering that the international context has faced major challenges such as the pandemic, the energy crisis, the increase in the cost of raw materials, inflation and wars.

Since 2020, however, the Government has adopted a series of reforms and measures to improve the country's economic and financial situation. The results of these measures have been welcomed both by the International Monetary Fund, which recognised this progress in its latest report in terms of public debt reduction and fiscal consolidation, and by S&P, which last November assigned San Marino a BBB- rating, considered equivalent to investment grade.

The reduction of non-performing loans, achieved through strategic securitisation, which has been strongly supported by the Government, also contributed to the recovery of the banking sector. Morningstar DBRS also recognised these efforts with a BBB- rating last November.

Today's Fitch rating, although improved from BB to BB+, remains one notch more conservative than S&P and Morningstar DBRS. The Government of San Marino considers that the Fitch report still does not reflect the real economic situation of the country as outlined by the IMF. In particular, the decision to downgrade the rating by one notch in relation to WBGI data, i.e. the World Bank's governance indicators, cannot be shared. Fitch rarely overrides WBGI data inputs in other countries, including European microstates peers. In recent years, San Marino has shown decisive policy response to resolve the banking sector issues; moreover, the EU Association Agreement signals continued commitment to regulatory and institutional upgrades.

Therefore, the Government is working to harmonise the ratings of the various rating agencies in order to provide investors and the international markets with a more consistent and realistic picture of San Marino's economic and financial situation. This commitment underlines the Government's determination to maintain confidence in San Marino's economy and banking system.

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