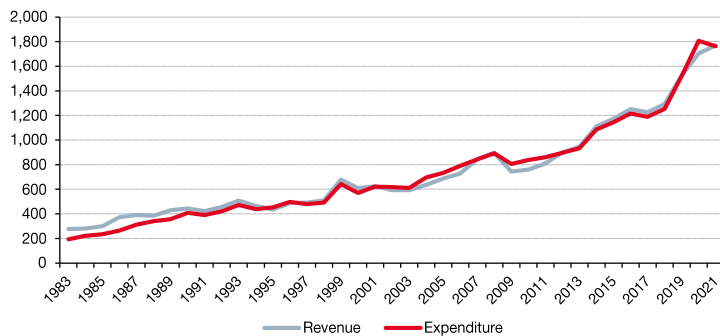


Public finances are approached through the presentation of the State Budget and the Constitutional Reserve Fund (CRF). After a deficit of €103.2 million in 2020, which put an end to eight consecutive years of surpluses (from 2012 to 2019), the 2021 budgetary result returns to a revenue surplus of around €8.0 million.

2021: a surplus year

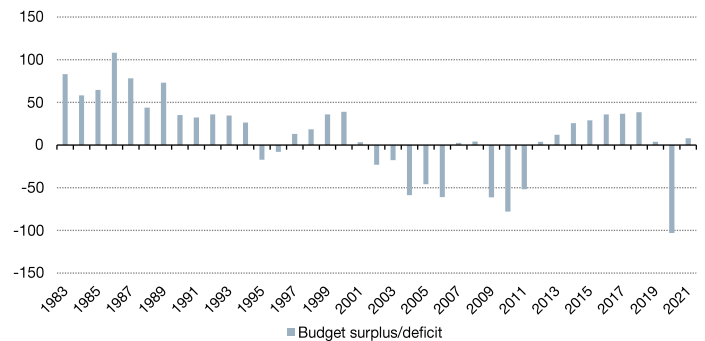
1. State Budget evolution



Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

The budget surplus is the result of strong growth in revenue, while expenditure is down. Ordinary expenditure fell sharply compared to the previous year (-€280.3 million, or -22.3%) and this was offset by growth in equipment costs of €235.8 million (or +43.1%).



2. Changes in the composition of the state budget

	2017	2018	2019	2020	2021
Revenue	1,225.6	1,292.1	1,523.7	1,703.0	1,769.7
Expenditure	1,189.0	1,253.7	1,519.9	1,806.2	1,761.7
Ordinary expenditure	798.9	842.2	901.3	1,258.9	978.6
Equipment costs	390.1	411.4	618.7	547.3	783.1
Budget surplus/deficit	36.6	38.4	3.8	-103.2	8.0

Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

Increase in State revenues

At the end of 2021, revenue amounts to €1.8 billion, up by €66.7 million compared to 2020 (+3.9%). This increase is mainly due to tax revenues (+34.2 M€, i.e. +2.9%), and in particular to commercial transactions, but also to yields and incomes from the State's domain (+€33.3 million, i.e. +7.0%).

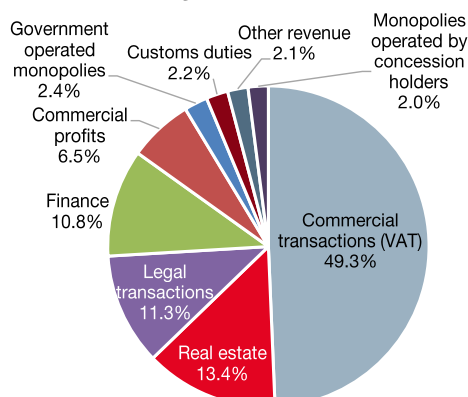
3. Changes in the composition of budgetary revenues

	2017	2018	2019	2020	2021
Commercial transactions (VAT)	590.8	640.9	689.7	804.2	873.1
Real estate	116.6	111.1	152.6	212.3	237.8
Legal transactions	168.5	173.6	181.9	183.8	199.6
Finance	42.6	28.5	163.3	159.1	191.8
Commercial profits	129.2	150.6	136.3	158.7	114.5
Government operated monopolies	41.0	47.4	46.6	41.9	41.7
Customs duties	43.0	46.1	48.0	45.2	38.8
Other revenue	35.8	37.8	42.3	37.2	36.5
Monopolies operated by concession holders	58.2	56.0	63.1	60.7	35.9
Total	1,225.6	1,292.1	1,523.7	1,703.0	1,769.7

Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

4. Composition of budget revenue 2021



Source: Department of Budget and Treasury, Monaco Statistics

Commercial transactions: value-added tax

Real estate: all income from state-owned rental properties and revenue from public car parks

Legal transactions: transfer duties, duties on other civil and administrative acts, insurance taxes

Finance: income from securities, bank interest

Commercial profits: corporate income tax

Government-operated monopolies: revenue relating to the Tobacco Board and the Stamp Issuing Office

Customs duties: customs duties

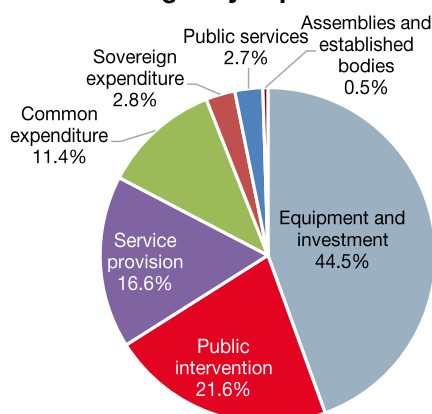
Other revenue: proceeds and income from administrative services, consumption taxes

Monopolies operated by concession holders: fees relating to monopolies, the main ones being the Société des Bains de Mer, Monaco Telecom, Société Monégasque d'Électricité et du Gaz, and the Société d'Exploitation des Ports de Monaco

Expenditure decreases in response to exceptional measures

After the exceptional mobilisation measures to deal with the consequences of the health crisis in 2020, public intervention expenditure naturally decreases in 2021 (-44.6%). Thus, at the close of the 2021 financial year, overall expenditure amounts to €1.8 billion, i.e. a decrease of €44.5 million (-2.5%) compared to 2020. Equipment and investment expenditure shows a strong increase compared to 2020 (+€235.8 million, or +43.1%), which is explained by property acquisitions (+€104.1 million) and the absence of the previous year's purchase of flats and buildings from the Constitutional Reserve Fund.

6. Composition of budgetary expenditure 2021



Source: Department of Budget and Treasury, Monaco Statistics

5. Changes in the composition of budgetary expenditure

	2017	2018	2019	2020	2021
Equipment and investment	390.1	411.4	618.7	547.3	783.1
Public intervention	272.9	287.7	317.5	685.9	380.0
Service provision	267.4	275.7	290.1	284.4	293.0
Common expenditure	169.6	181.3	191.4	194.7	200.1
Sovereign expenditure	45.7	47.3	48.3	41.6	49.6
Public services	36.6	42.4	45.7	44.0	47.4
Assemblies and established bodies	6.8	7.8	8.2	8.3	8.5
Total	1,189.0	1,253.7	1,519.9	1,806.2	1,761.7

Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

Equipment and investment: expenditure on major works and equipment, and on acquiring buildings. Includes equipment for road, cultural, port, urban development, public health, social, administrative and sports projects

Public intervention: assistance, subsidies paid out and public policies implemented by the Government. This includes communal contributions, subsidies to public institutions, assistance provided to international, educational and cultural, social and humanitarian, sporting, and economic causes and to events

Service provision: operating costs directly incurred by the ministries and administrative offices

Common expenditure: expenditure managed communally by certain offices on behalf of all offices: social security contributions, cleaning premises, expenditure on water, gas, electricity and insurance for state-owned properties, IT equipment for administrative offices

Sovereign expenditure: expenditure relating to the Prince's Palace and Sovereign House

Public services: expenditure on street cleaning, collection and incineration of waste, public lighting, water consumption, public transport, etc.

Assemblies and established bodies: expenditure relating to the National Council, the Economic and Social Council, the Council of State, the Board of Auditors, etc.

The Constitutional Reserve Fund (CRF) continues to grow

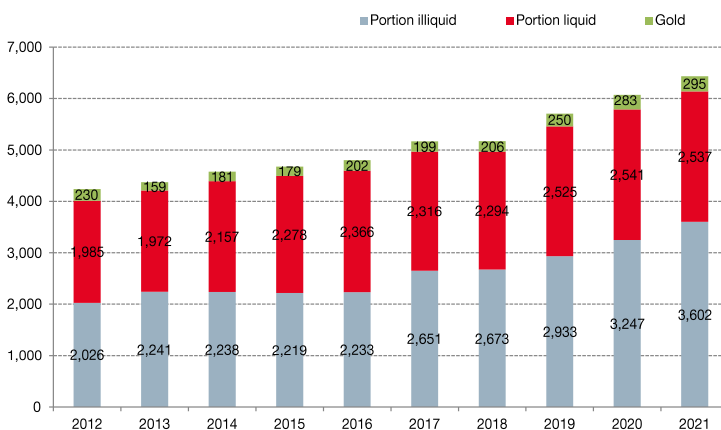
At the end of December 2021, the assets of the Constitutional Reserve Fund amount to approximately €6.4 billion. This includes:

- a gold reserve of around €295 million;
- an 'available' (liquid) portion of €2.5 billion made up of financial investments (mutual funds made up of shares, bonds, Private Equity, etc.) and bank balances;
- an 'illiquid' portion of €3.6 billion. It is mainly composed of buildings (€1.9 billion). The revaluation of the properties is based on the evolution of the BT01 construction index. These properties are located in Monaco or in neighbouring municipalities, with the exception of Embassies. The value of buildings rose sharply during the financial year (+10.1%) due to acquisitions, sales and transactions carried out.

The vast majority of properties held by the CRF generate rental income.

The 'illiquid' part also includes the State's holdings in companies, in particular shares in S.B.M. or other companies with direct links to the State, such as the concessionaires SMEG, SMEAUX, Société d'Exploitation du Grimaldi Forum, Société d'Exploitation des Ports de Monaco, etc. This part is in the order of €1.2 billion. The State's shareholding in Monaco Télécom (50%), on the other hand, comes under the remit of the Budget accounts.

7. Ten-year evolution of the CRF



Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

8. Changes in the composition of the CRF

	2017	2018	2019	2020	2021	Var 20/21
Portion illiquid	2,651	2,673	2,933	3,247	3,602	10.9%
Portion liquid	2,316	2,294	2,525	2,541	2,537	-0.2%
Gold	199	206	250	283	295	4.2%
Total	5,166	5,173	5,708	6,071	6,434	6.0%

Unit: million euros

Source: Department of Budget and Treasury, Monaco Statistics

Created by the Constitution of 1962, the Constitutional Reserve Fund is Monaco's 'nest egg'. It is an autonomous accounting entity, with its own assets, and enjoys a special status.

