

2023 CONSOLIDATED FINANCIAL STATEMENT

HOLY SEE

Secretariat for the Economy



INTRODUCTION AND CONTEXT – I

HOLY SEE *FINANCIAL STATEMENTS (Total Entities)*

M€ - PROFIT & LOSS	2023 Actual	2022 Actual	Variance
Operating income	1.152,1	1.124,0	28,1
Operating expenses	1.235,6	1.202,2	33,4
Operating result	(83,5)	(78,2)	(5,3)
Extraordinary Result	2,9	114,7	(111,8)
Financial income	46,2	29,4	16,8
Financial expenses	16,8	13,4	3,4
Financial Result	29,4	16,0	13,4
Surplus/(Deficit)	(51,2)	52,5	(103,7)
Result from Valuation at fair value	17,7	(46,7)	64,4
Actuarial Net Result	(34,4)	(26,9)	(7,5)
Net Surplus/(Deficit)	(67,9)	(21,1)	(46,8)

M€ - BALANCE SHEET	31/12/2023	31/12/2022	Variance
Assets	6.259,3	6.289,6	(30,3)
Current Assets	1.683,6	1.925,5	(241,9)
Non - Current Assets	4.575,7	4.364,1	211,6
Liabilities and Net Equity	6.259,3	6.289,6	(30,3)
Current Liabilities	758,8	824,5	(65,7)
Non - Current Liabilities	1.309,5	1.017,6	291,9
Net Equity	4.191,0	4.447,5	(256,5)
Surplus/(Deficit)	(67,9)	(21,1)	(46,8)

Executive Summary*

- 1 Positive evolution in operating income as a consequence of a more efficient management, is not enough to compensate the increase of expenses mainly due to the impact of inflation. In this context, the Holy See increased its structural operating deficit by more than €5 million to €83.5 million.
- 2 2022 P&L showed more than 114M€ of extraordinary income, enough to compensate the operating deficit. This extraordinary income is not present in 2023.
- 3 A good behavior of financial markets such as that of 2023 can mitigate the structural deficit, but it's not enough to balance the P&L.
- 4 Balance sheet do not show big changes and mostly based on asset an liabilities adjustments and changes in valuation.

Key Dynamics*

- ✓ Efforts in expenses reduction are not enough due to inflation and personnel mandatory costs increase.
- ✓ Real State income grow by 8% as a consequence of both increase of rents and higher occupancy rate (APSA and DpE).
- ✓ Commercial income increase by 14% driven by Fabbrica di San Pietro activities.

*Comments of the P&L are related to the highlighted part of it, as the last two lighter lines are just accounting adjustments representing the change in value of some assets and liabilities

INTRODUCTION AND CONTEXT – II

PROFIT & LOSS - (excl. Hospitals)

M€ - PROFIT & LOSS	2023 Actual	2022 Actual	Variance
Operating income	437,9	421,4	16,5
Operating expenses	484,4	473,8	10,6
Operating result	(46,5)	(52,4)	5,9
Extraordinary Result	2,9	78,8	(75,9)
Financial income	45,8	29,0	16,8
Financial expenses	11,0	10,9	0,1
Financial Result	34,8	18,1	16,7
Surplus/(Deficit)	(8,8)	44,5	(53,3)
Result from Valuation at fair value	4,4	(30,5)	34,9
Actuarial Net Result	(34,5)	(28,4)	(6,1)
Net Surplus/(Deficit)	(38,9)	(14,4)	(24,5)

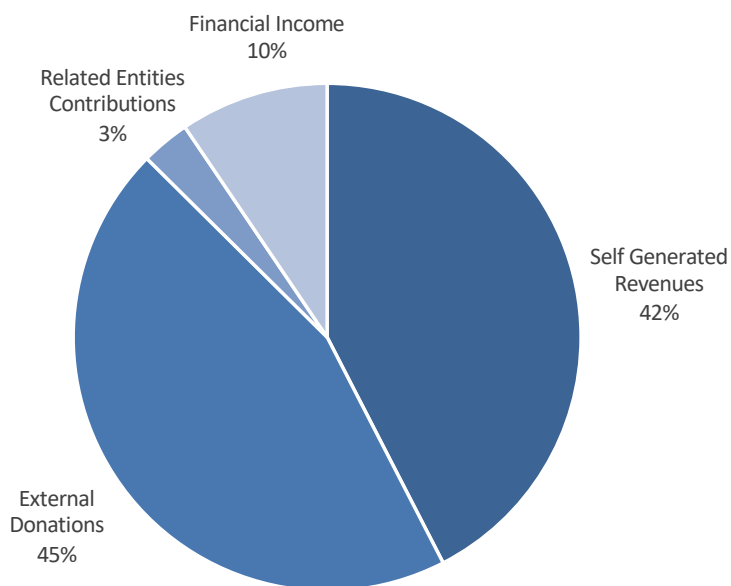
Executive Summary*

- ✓ Why should we analyze the P&L excluding the hospitals? The two hospitals of the Holy See represent 67% of the revenues and have a very different economic reality from the rest of the Holy See. Their consolidation may mask the reality of the dicasteries and related entities.
- ✓ However, Holy See Consolidated Financial statements excluding hospitals show many similarities with the total consolidated P&L:
 - ✓ The Holy See exc. hospitals also shows a high structural operating deficit of €46,5 million (11% of it's operating income), but contrary to the total consolidation, it shows a decrease of almost €6 million compared to 2022 operating deficit.
 - ✓ The extraordinary result of 2022 was able to change that deficit into a final surplus. As expected, 2023 P&L show a return to normal extraordinary income.
 - ✓ A positive financial environment such as 2023 brings the result closer to balance (deficit of € 8.8M)

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2023 CONSOLIDATED FINANCIAL STATEMENT

SOURCE OF REVENUES (includes only ordinary and realized financial income)



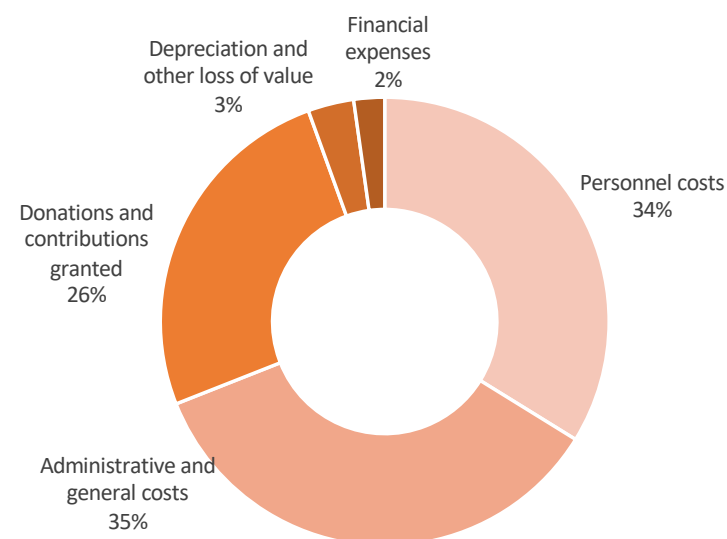
M€ - INCOME	2023 Actual	2022 Actual	Variance
Self Generated Revenues	205,3	183,3	22,0
Real Estate Management	101,7	93,8	7,9
Commercial	73,4	62,2	11,2
Services	30,2	27,3	2,9
External Donations	217,6	223,1	(5,5)
Dedicated Donation	194,8	200,3	(5,5)
Dioceses Donation	22,8	22,8	-
Related entities contributions	15,0	15,0	-
Governatorate SCV	15,0	15,0	-
Total operating income	437,9	421,4	16,5
Financial income	45,8	29,0	16,8
TOTAL	483,7	450,4	33,3

- ✓ The Holy See has four funding sources:
 - ✓ **Self generated revenues** (in which real estate represent around 50%) increase of 22M€ (+12%) due to more efficient management of resources and commercial recovery
 - ✓ **External donations** continue their constant decline
 - ✓ **Related entity contributions** have not recovered to pre-pandemic levels
 - ✓ **Financial Income** improves by 16.8m, but it's highly dependent on the financial market behavior.

2023 CONSOLIDATED FINANCIAL STATEMENT

EXPENSES DETAIL (includes only ordinary and realized expenses)

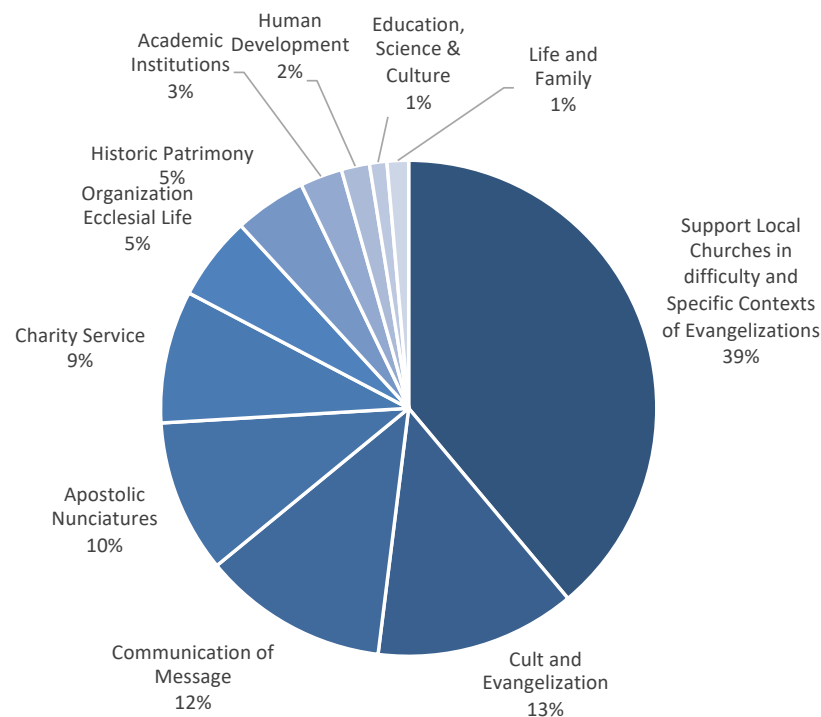
M€ - EXPENSES	2023 Actual	2022 Actual	Variance
Personnel costs	167,5	158,0	9,5
Commercial	18,1	15,3	2,8
Utilities	19,5	20,8	(1,3)
Maintenance	13,2	11,0	2,2
Consultant service	13,7	13,2	0,5
Nunciatures	23,1	23,2	(0,1)
Taxes	23,4	21,6	1,8
IT expenses	4,6	4,6	-
Printing	5,2	3,9	1,3
Travels and events	7,8	6,4	1,4
Others	45,8	44,1	1,7
Total administrative and general costs	174,4	164,1	10,3
Donations and contributions granted	126,1	137,7	(11,6)
Depreciation and other loss of value	16,4	14,0	2,4
Total operating expenses	484,4	473,8	10,6
Financial expenses	11,0	10,9	0,1
TOTAL EXPENSES	495,4	484,7	10,7



- ✓ **Personnel and administrative and general costs** grow by a 6% mainly driven by inflation, but also by activity recovery.
- ✓ **Donation granted** decreased as a consequence of donation decline

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EXPENSES DETAIL – APOSTOLIC MISSION AND PAPAL FUNDS BY CONCEPT



Apostolic Mission and Papal Funds by Concept	M€
Support Local Churches in difficulty and Specific Contexts of Evangelizations	144,1
Cult and Evangelization	48,4
Communication of Message	44,8
Charity Service	32,0
Apostolic Nunciatures	37,0
Organization Ecclesial Life	20,3
Historic Patrimony	17,4
Academic Institutions	10,2
Human Development	6,8
Education, Science & Culture	4,2
Life and Family	5,2
TOTAL	370,5

✓ THE MAJORITY (83%) OF THE RESOURCES DEDICATED TO THE APOSTOLIC MISSION, ARE DESTINED TO THE TO SUPPORT LOCAL CHURCHES IN DIFFICULTY AND IN SPECIFIC CONTEXTS OF EVANGELIZATION (39%); SUSTAIN CULT AND EVANGELIZATION (13%); COMMUNICATE THE MESSAGE OF THE HOLY SEE (12%); ITS PRESENCE IN THE WORLD (10%); AND CHARITY (9%).

*“We must be aware that today we are faced
with strategic decisions to be taken with
great responsibility, because we are called
upon to guarantee the future of the Mission”*

Papa Francesco,
Letter of the Holy Father Francisco to the College of Cardinals
Holy See Press Office Bulletin, 20 September 2024

