



BANCA DEL SEMPIONE
SIMPLON BANK
BANQUE DU SIMPLON

Annual Report 2019





Banca del Sempione SA

Annual Report

Report on the fifty-nine year of operations,
presented to the General Meeting of Shareholders on 30 April 2020.



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To the left:
View from the "Capanna Monte Bar" cabin. In the background, on the right, the antenna on Mount Tamaro

Following page:
Photo of wintry Denti della Vecchia taken from Sonvico





Banca del Sempione SA's Board of Directors

Fiorenzo Perucchi ¹⁾ chairman
Günter Jehring deputy chairman
Sergio Barutta ¹⁾
Giampio Bracchi
Giovanni Cramerì ¹⁾
Massimiliano Danisi
Sandro Medici

Auditor

PricewaterhouseCoopers SA, Lugano

¹⁾ independent members

Banca del Sempione SA's Operations Management

Stefano Rogna general manager
Giordano Bellotti deputy general manager
Michele Donelli deputy general manager
Pietro Scibona deputy general manager
Carlo Buono manager
Silvia Jehring manager
Athos Walter manager
Angelo Cresta manager

Banca del Sempione SA's Middle Management

Arianna Baccalà Ghommidh joint manager
Ermes Bizzozero joint manager
Giuliano Flematti joint manager
A. Alessandro Gelsi joint manager
Fausto Marcantoni joint manager
Dario Piffaretti joint manager
Giorgio Bertoli assistant manager*
Nicola Bianchi assistant manager
Dibo Corti assistant manager
Fabio Devittori assistant manager
Angelo Gilardoni assistant manager
Giovanni Kappeler assistant manager
Maurizio Molatore assistant manager*
Maria Quagliozi assistant manager
Fabio Sabetti assistant manager
Massimo Valsangiacomo assistant manager
Renato Vosti assistant manager
Peter Wüst assistant manager

* as of March the 1st 2020

Internal auditors

Gabriele Domenighetti chief inspector
Sascha Ferretti inspector

**Management of Banca
del Sempione SA's branches**

Chiasso

Roberto Piccioli manager, branch manager
Antonella Novati joint manager

Bellinzona

Alan Bottoli joint manager, branch manager
Aldo Giamboni assistant manager
Ivan Giamboni assistant manager

Locarno–Muralto

Luciano Soldati joint manager, branch manager
Claudio Lanini assistant manager

Banca del Sempione SA's Board of Directors

Fiorenzo Perucchi, *chairman*

Degree in Law from the University of Fribourg (Switzerland) and owner of a well-known law firm in Lugano for many years. In 1988, he joined the Board of Directors of Banca del Sempione SA, in Lugano; since 1998, he has been its Chairman and independent member. From 2007 to 2014, he was Deputy Chairman of Banca Euromobiliare (Suisse), Lugano. He sits on various Boards of Directors in both Swiss and foreign companies.

Günter Jehring, *deputy chairman*

Degree in Organic Chemistry from the University of Pavia (Italy) and member of the Board of Directors and Executive Committee of the Hoechst AG Group in Italy until 1997. From 1998 to 2008, he was an executive at the Clariant chemical group, holding positions of growing responsibility until his appointment as member of the Management Committee of the Masterbatches Division. In 2002, he joined the Board of Directors of Banca del Sempione SA, Lugano as Deputy Chairman. Since 2009, he has been Deputy Chairman of Sempione SIM SpA, Milan.

Sergio Barutta, *director*

He began his career at Banca Popolare Svizzera, Lugano (now Crédit Suisse), holding positions of responsibility at the Lugano branch until 1991. In 1992, he was appointed General Manager of Banca del Sempione SA, Lugano, a position he held until 2005. Since 2006, he has been an independent member of Banca del Sempione SA, Lugano.

Giampio Bracchi, *director*

Degree in Engineering from the Milan Politecnico with post-graduate studies at the University of California, Berkeley (USA). Emeritus Professor at the Milan Politecnico, where he was also pro-rector for a lengthy period. He is founder and President Emeritus of Fondazione Politecnico. He has been member of the Boards of Directors of many listed Italian companies and a number of international foundations. Among his current positions, he is member of Banca del Sempione SA, Lugano, and Chairman of Intesa San Paolo Private Banking, Milan.

Giovanni Cramerì, *director*

From 1976 to 1981, employed at Basilese Assicurazioni in Basel. Since 1981, when he was hired at UBS SA, he has progressively been taking on roles of responsibility, and in 1999 he was appointed Regional Manager of UBS Ticino and head of the Wealth Management Swiss Client division, a position he left at the end of 2014. Since 2015, he has been an independent member of Banca del Sempione SA, Lugano. He is a Major of the Swiss army.

Massimiliano Danisi, *director*

After earning a degree in Political Science from the University of Milan, he held positions of growing responsibility at Filofibra SA, Lugano, where he is currently Sales Manager and member of the Board of Directors. He is also member of the Board of Directors of Filofibra Holding SA, Lugano. Since 2012, he has been member of the Board of Directors of Banca del Sempione SA, Lugano.

Sandro Medici, *director*

After working at the Ministry of the Economy and Finance in Rome, he held the role of Sole Director in various real estate companies in Italy. Since 1988, member of the Board of Directors of Banca del Sempione SA, Lugano. Chairman of the Board of Directors of Accademia SGR SpA, Milan.

Banca del Sempione SA's Operations Management

Stefano Rogna, *general manager*

After completing his higher education, he joined the Banca Popolare di Sondrio Group in 1982, gaining experience in Italy and in Switzerland until 2005, leaving as Deputy General Manager of Banca Popolare di Sondrio (Suisse). In October 2005, he was appointed General Manager of Banca del Sempione SA, Lugano. He sits on the Boards of Directors of the following Group companies: Sempione SIM SpA (Milan), Base Investments SICAV (Luxembourg) and Accademia SGR SpA (Milan). From May 2011 to May 2014, he was a Committee member of ABT (Associazione Bancaria Ticinese - Ticino Banking Association).

Giordano Bellotti, *deputy general manager*

Swiss Certified Public Accountant (1992). After a seventeen-year career at PwC, where he was auditor in charge of banking institutions recognised by the FINMA (Swiss Financial Market Supervisory Authority), in 1998 he joined the Banca del Sempione Group. In 2013, he was appointed Deputy General Manager and is currently Head of the Administration and Risk Control division.

Michele Donelli, *deputy general manager*

After earning a degree in Civil Engineering from the Zurich Federal Polytechnic University (ETH Zurich), he acquired experience at Merrill Lynch Capital Markets AG in Zurich and at BDL Banco di Lugano, in Lugano. In 2004, he was hired at Banca del Sempione SA, Lugano, and in 2016 he was appointed Manager. Since 1 March 2018 he is Deputy General Manager and Head of the Global Wealth Management division.

Pietro Scibona, *deputy general manager*

After graduating from Luigi Bocconi University in Milan, he joined the Banca Popolare di Sondrio Group, where he remained, apart from a brief absence from 1998 to 2002, until 2008. In 2008, he was hired at Banca del Sempione SA, Lugano and appointed manager on 1 January 2010. Since 1 March 2018 he is Deputy General Manager and Head of the Finance and Markets division. Since January 2011, he has been Managing Director of Sempione SIM SpA, Milan, and member of the Board of Directors of Base Investments SICAV, Luxembourg.

Carlo Buono, *manager*

After completing his higher education, he was hired in 1991 by the Banca Popolare di Sondrio Group, acquiring experience in Italy and Switzerland. In 2011, he joined Banca del Sempione SA, Lugano as Head of Sales and Promotion. In 2013, he was appointed Manager and Head of Development.

Silvia Jehring, *manager*

After graduating with a degree in Law from Milan's Università Cattolica del Sacro Cuore, she was employed at the Mondini Rusconi law firm in Milan until March 2005. In the same year, she was hired at Banca del Sempione SA, Lugano. In 2006, she obtained her licence to practise law from the Court of Appeal in Milan and participated in the Executive Master in Compliance Management 2006-2007 at the Banking Studies Centre in Vezia. She has attended numerous training courses in Switzerland, in the tax, legal and compliance areas, including the 2015 Executive Master in International Tax Compliance. In 2016, she was appointed Manager and Head of the Legal & Compliance Department.

Athos Walter, *manager*

After an apprenticeship, he began his career at Banca Cantrade Lugano SA and subsequently at Overland Bank, Lugano until 1992. In 1993, he was hired by Banca del Sempione SA, Lugano, as Head of the Trading Room. He acquired experience as Head of Asset Management and Customer Advisory Services until being appointed Manager in 2009.

Angelo Cresta, *manager*

Graduated with a Bachelor's degree in information technology, he acquired significant working experience, first in Finter Bank, in Zurich, and then in the Banca Arner SA, in Lugano. He joined Avaloq Sourcing SA in 2013 where he held positions of increasing responsibility. He was hired in Banca del Sempione SA in September 2018 as Director. From the 1st May 2019 he will be responsible for all activities related to the systems, information technology, back office and internal services.







2019 unexpectedly highlighted a truly positive mood within the financial markets, rewarding - in terms of performance - most stock exchanges and the various asset classes that collectively make up the financial markets. Our institution benefitted from that in terms of profitability and profit and loss account figures but also by being able to guarantee its clients above-the-average operating results. As a consequence, rewards mostly came in the second half of the year, which recorded interesting figures and a final result in line with expectations. This favourable scenario was largely made possible thanks to Central Banks' expansionary monetary policies and the fact that below, or just above, zero bond yields boosted stock prices to their all-time highs. In this respect, the doubt that several companies' share prices are influenced by this monetary drive continues to linger, even though in reality - and above all in our part of the world - industrial excellence is embedded within share prices, as is a truly global connotation that makes them unique.

At the same time, our currency is still considered a truly safe haven and as a result it rightfully keeps being appreciated against all main currencies across the world. Once again, then, Switzerland has stood out for its strength, stability and quality, which have always been the most appreciated features by international clients. As a matter of fact, the importance of a well-functioning national economic system is an unquestionable value and a desirable feature that is always readily acknowledged.

After such a well-performing year, it is legitimate to think that 2020 will not be in a position to operate to the same levels. Just in the weeks prior to our annual report being published, a new problem emerged on the scene: the (by now) well-known Coronavirus, which may heavily impact the economic and financial sector, including inevitably Banca del Sempione's own activities, which started on an extremely positive note during the opening months of the new year.

Having made these appropriate considerations, it is equally important to focus on the items reported in the profit and loss account and balance sheet for 2019, in order to provide - by way of a true summary - an accurate assessment, enabling you, the reader, to interpret them correctly.

Lending operations and interest income

In this sector, our approach remained cautious considering the significant enhancement provided to the domestic real estate market by the SNB's interest rate policy. Even though we understand the reasons for such a stance, we nonetheless believe that it may contribute to create the basis for a not fully correct price rise. Following the same line of reasoning, the economic result, adversely affected by negative interest rates on our deposits with the central bank for most of the year, turned out to be lower than expected. However, we are convinced that our willingness to focus on asset quality is one of the reasons why our new and noteworthy clients have turned to our bank during the year. We are therefore not going to change our approach.

Commission income

The above result remains above budget, and well exceeds the figure reported the previous year. This was due to the skill of our investment managers and advisors in correctly interpreting the dynamics of the financial markets in the main interest of our clients, with a consequent return for this item within our profit and loss account. Of particular note is the growth enjoyed by our asset management operations.

Trading operations

Thanks to the strengthening of our national currency and, partly, the US dollar, our clients were able to opt for currency diversification which is the basis of trading operations. The figure is higher compared to 2018 but lower than forecast.

Operating costs

This figure is better than expected even though considerable attention was paid to containment of non-instrumental costs with a view to improving the quality of our business. The Group did focus on investment activities and charges in order to provide its clients with a further improved service and to properly prepare for the challenges that regulatory changes will impose on the banking and financial system. Keeping a constant quality level is absolutely indispensable to attain client satisfaction.

Previous page:

*At the foot
of the Gazzirola,
Bogno-Campaccio
seen from Treciò*

To the left:

*The Cioascio mountain
and the "Capanna
Paiolo" cabin at
the foot of the Denti
della Vecchia in
the background*

Employees

The Bank, and the Group more generally, have been implementing a recruitment programme targeting young people and new skillsets laying the foundations that will ensure business operations are conducted properly in the years ahead. However, thanks to the efficiency achieved by several new operating processes introduced during the year, a number of individuals who left the bank were not replaced, which led to a decrease in staff numbers.

At the end of 2019, there were 139 total employees, corresponding to 133 full-time positions. At the end of 2018, there were 144 employees, corresponding to 138 full-time positions.

Research and development

The end of 2019 saw the setting up of the “Green Division”, upon a specific Board resolution. It is a sustainability project strongly desired by the Bank with the aim of raising awareness and working to make the world a better place. The purposes of this initiative are given proper emphasis in this annual report through the publication of our communication message.



We are going green!

Green Division, Banca del Sempione’s new project, is coming to light. Through this initiative, we intend to practically demonstrate our commitment to protecting and respecting the environment and society. Our purpose is also to contribute to making the world a better place for the benefit of new generations and, at the same time, carry out our work in an increasingly sustainable way.

We therefore want to be a reference point for all those customers who are seeking a new way of doing banking based on mutual respect and transparency within the business relationship, aimed at achieving sustainable yield both in terms of risk/return ratio and from a socio-environmental standpoint.

Client asset

The success achieved during 2019 is also tangibly reflected in terms of commercial operations and new assets gained. The increase in assets was considerable thanks to the rise in clients’ portfolio stock prices as well as, and especially, to NNM up to CHF 203 MIO. Such result is due to the brilliant job carried out by our advisors and the interest showed in our managed products by all of our clients, including domestic ones.

Consolidated Operating Result

The operating result posted for the year reflected the pleasing results achieved across-the-board in 2019. The figure, clearly on the rise compared to 2018, is up to CHF 6,592,000 and benefits from the positive contribution provided by the Bank's subsidiaries, Sempione Sim Spa and Banca del Sempione (Overseas) Ltd.

In light of the above results, the Board of Directors proposes to the Annual General Meeting of Banca del Sempione SA the following allocation of CHF 7,455,000 in net earnings.

CHF	500,000	Statutory retained earnings reserve
CHF	500,000	Voluntary retained earnings reserves
CHF	4,500,000	Distributed profits
CHF	1,955,000	New amount carried forward

The Board of Directors thanks Banca del Sempione Group companies' entire staff and Management Teams for the constant commitment and dedication they have demonstrated in the pursuit of their tasks.

Our heartfelt thanks to the Swiss Financial Market Supervisory Authority (FINMA) for its cooperation and to the independent auditors for all the work carried out and the suggestions they have offered.

Avv. Fiorenzo Perucchi
Chairman of the Board of Directors

Non-stop city life

The mountains, the valley, the river, the city.

Environments that are traditionally different from one another and can only be linked at the cost of demanding pilgrimages. Nowadays, though, things have changed: our existence is increasingly marked by a sense of simultaneity.

And not just in terms of time, thanks to our smartphones, which enable us to be connected to the rest of the world during every moment of our lives.

Geography is also swallowed up by this simultaneity: a few hours on a plane and we are able to cross borders and continents; 10 minutes or so behind the wheel of a car allow us to leave behind our urban mass and get lost in woodland, on beaches and in the countryside; a photo via WhatsApp idyllically transports us to faraway places that overlap in an instant.

An unprecedented dimension that we learn about as we experience it, with the difficulties and stresses that every transformation necessarily brings, and that affects every aspect of our lives, including the financial one. However, to manage change and take charge of complexity, we have a reliable partner: Banca del Sempione.



The Colla Valley region



With its steep outlines and winding elevations, the Colla Valley (or “Valcolla”) geographically borders Lombardy’s Cavargna Valley, reachable via the San Lucio Pass (1,541 metres above sea level), which was already in use during Roman times. The valley is part of a stunning area of the Ticino, which stretches southwest for about 10 kilometres and through all of which the Cassarate river runs. The river originates from a location set among the Caval Drossa mountain (1,020 m), the Gazzirola (also known as Garzirola - 2,116 m) and the Pairolo (1,705 m), meets Tesserete downstream and flows through the districts of Canobbio and Davesco. Then it joins the Cassone brook at Pregassona before diving into Lake Ceresio in Lugano. In the valley, the water was the source of sustenance for its residents as it powered the old mills and mallets. This is why it is celebrated in the glorious verses of Aurelio Valsangiacomo (written in local dialect): *“It flows down towards the Cassarà (...) / and emerges from the fresh waters of the Gazzirola / without ever stopping to catch its breath / and tumbles down towards the lake”*. It is this uniquely typical Colla Valley dialect (or “rügin”) that we will deal with later on, to understand its origins.

Even though the valley has become a “country-side district” within the Lugano area following not one but two regroupings - the first in 1956,

which brought together residents presumably born for the migration of livestock; the second in 2013 with Bogno, Certara, Cimaderna and Valcolla - it has not lost its singular charm at all. In part mysterious, and in part isolated, but pre-



cisely due to this appreciated for its pleasant sense of tranquillity that it gifts to every visitor, the valley is immersed in a gorgeous landscape covered with pastures and woodland which is home to birches, chestnut trees and above all beeches: so much so that in the past, the timber trade was extremely important. At a height of 1,000-2,000 metres, we encounter typical larches and spruces, at around 1,200 metres, the so-called “barco” (simple little barns for sheep), before reaching alpine pastures. Straddled across Lugano’s Prealps, the valley has for a long time stood out for being highly religious, clearly reflected by, for example, the Romanesque oratory of Saint Martin. It was at the crossroads of wayfarers of every kind, witnessing a sizeable emigration to the Americas and Australia, and a shift up to the North of Italy of its famous artisans, the “tinkers” (“magnàn” in local dialect), whom we shall discuss in greater depth later on.

The beauty of the surrounding landscape has inspired famous naturalists from the Ticino ar-



Following page:
Following page:
South-east view from
the Camoghè

In sequence:
Capanna and Alpe Pairolo
above Cimaderna. In the
background, one can see
Mount Bar, the Camoghè
and the Gazzirola

“Barco”, mono-pitch barns,
Colla Valley typical buildings

Siebnen (SZ), 1921:
Bidagno tinker, Gaetano
Domeniconi (to the left),
posing for picture

The Cassarate river
at Maglio di Colla

The Church of Saint Martin
with its Romanesque belfry
dating back to the XI century



ea, such as Luigi Lavizzari, who in his “Journey around the Colla Valley” of 1849, was already visiting remote villages and paths: “*where the mountains rise up to separate Ticino’s lands from the Cavargna Valley (...)*”. A true “grassy balcony” overlooking the Lugano area and allowing us to see as far as the Po Valley on a clear day, the Colla Valley is a precious display of flora and fauna: a “*real treasure (...) that is just around the corner but very often hides away its unknown riches (...)*”, writes local Capriasca author Aldo Morosoli in his preface to the book “Colla Valley. A valley to discover”. Its inclusion within both the Cantonal nature conservation areas (especially the floodplain area) and the Federal Inventory of natural landscapes, sites and monuments, due to its uniqueness and the qualities that are characteristic of the places concerned, therefore seems justified. Standing out among such places is the mountainous body of the Denti della Vecchia range and its unmistakable limestone towers and dolomitic pinnacles, visible from much of the Luganese territory. Both secular and majestic are its beech trees, often hollow, the ideal dens and nests for small creatures: from the extremely rare *Chilostoma Cingulatum* snail to the typical passerine bird, the rock thrush (*Monticola Saxatilis*), which was featured in 2009 by Swiss magazine *BirdLife Svizzera*. Once upon a time, the Colla Valley was also inhabited by bears and wolves, highly mythicised for their fierceness. Dating back to 1909 is the last report of two large bears being spotted by the Colla Valley church. A century earlier, cantonal laws were passed to kill wolves.

The preindustrial past, when the valley was still a bailiwick together with Lugano, can still be seen to this day, through for example the old furnaces or mills that used to be operated with water like at Piandera, or the Colla Forge,



which gives its name to the place with the same name located in the middle of the valley (nowadays a hamlet within Lugano). There the men used to work iron, with historical sources also recognising it as a stopping-off point (for rest and refreshment) for pilgrims on their way to the San Lucio Pass. At its entrance, we find a fountain, again symbolising the importance of the Cassarate river. To one side, above a small, erratic boulder, stands a bronze statue of the young tinker “*ul Ciapèra*”, a popular character who did not emigrate but only went into the city. From the middle of the 19th century road links were to join up the main inhabited areas and intensify dealings with Lugano. Then came emigration, an initial depopulation, and later a slow new rise in the population for anyone who, as seen in nearby Capriasca, to this day seeks peace and quiet not too far from the city. As a result of its beauty, the area is a popular destination with many tourists, who love to become immersed in nature, travelling through charming places and embarking on historical, panoramic and themed trails.

In sequence:
View of the villages of Signòra and Colla from Cimadera

The Church of Saint Lucius

Following page:
Along the trail between Villa Luganese and Alpe Bolla towards the Denti della Vecchia range





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CONSOLIDATED BALANCE SHEET AT 31.12.2019

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		136,285	224,139
Amounts due from banks		98,007	97,839
Amounts due from customers	8.1	279,144	265,548
Mortgage loans	8.1	162,379	150,094
Trading portfolio assets	8.2	390	507
Positive replacement values of derivative financial instruments	8.3	4,607	2,559
Financial investments	8.4	102,687	112,086
Accrued income and prepaid expenses		7,907	4,756
Non-consolidated participations	8.5	131	20
Tangible fixed assets	8.7	28,564	28,770
Other assets	8.8	4,569	4,429
Total assets		824,670	890,747
Total subordinated claims		3,386	2,530
Liabilities			
Amounts due to banks		4,426	4,037
Amounts due in respect of customer deposits		673,326	745,850
Negative replacement values of derivative financial instruments	8.3	3,929	2,740
Accrued expenses and deferred income		5,483	4,053
Other liabilities	8.8	2,559	1,167
Provisions	8.12	3,600	3,463
Reserves for general banking risks	8.12	10,910	10,910
Bank's capital		20,000	20,000
Retained earnings reserve		93,806	93,205
Minority interests in equity		39	49
Consolidated profit		6,592	5,273
<i>of which, minority interests in consolidated profit</i>		-6	-23
Total liabilities		824,670	890,747
Off-balance-sheet transactions			
Contingent liabilities	9.1	5,866	4,717
Irrevocable commitments		2,818	2,464

CONSOLIDATED INCOME STATEMENT 2019

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,818	4,157
Interest and dividend income from trading portfolios		4	5
Interest and dividend income from financial investments		1,212	1,574
Interest expense		4	-77
Gross result from interest operations		5,038	5,659
Changes in value adjustments for default risks and losses from interest operations		83	19
Subtotal net result from interest operations	10.1	5,121	5,678
Result from commission business and services			
Commission income from securities trading and investment activities		31,540	27,721
Commission income from lending activities		111	99
Commission income from other services		2,139	2,064
Commission expense		-2,369	-1,779
Subtotal result from commission business and services		31,421	28,105
Result from trading activities		2,676	2,538
Other result from ordinary activities			
Result from the disposal of financial investments		427	-39
Income from participations		15	243
Result from real estate		680	686
Other ordinary income		192	25
Other ordinary expenses			-1,920
Subtotal other result from ordinary activities		1,314	-1,005
Operating expenses			
Personnel expenses	10.2	-22,104	-21,601
General and administrative expenses	10.3	-8,875	-8,658
Subtotal operating expenses		-30,979	-30,259
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-1,971	-1,904
Changes to provisions and other value adjustments, and losses		758	-2,380
Operating result		8,340	773
Extraordinary income	10.4	111	
Changes in reserves for general banking risks			5,000
Taxes	10.6	-1,859	-500
Consolidated profit		6,592	5,273
<i>of which, minority interests in consolidated profit</i>		-6	-23

CONSOLIDATED CASH FLOW STATEMENT 2019

	Year under review		Previous year	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
<i>(amount expressed in CHF 1,000)</i>				
Cash flow from operating activities (internal financing)				
Consolidated profit	6,592		5,273	
Changes in reserves for general banking risks				5,000
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	1,971	111	1,904	
Provisions and other value adjustments	317	180	1,102	603
Change in value adjustments for default risks and losses	83		19	
Accrued income and prepaid expenses		3,151	3,685	
Accrued expenses and deferred income	1,430			3,582
Previous year's dividend		4,500		6,000
Subtotal	2,451		3,202	
Cash flow from shareholder's equity transactions				
Recognised in reserves		182		451
Subtotal		182		451
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Real estate		52		251
Other tangible fixed assets		1,713		1,071
Subtotal		1,765		1,322
Cash flow from banking operations				
<i>Medium and long-term business (> 1 year)</i>				
Mortgage loans		12,285	5,932	
Financial investments	9,399		13,259	
<i>Short-term business</i>				
Amounts due to banks	389			24,433
Amounts due in respect of customer deposits		72,524	117,036	
Negative replacement values of derivative financial instruments	1,189			2,196
Other liabilities	1,392			1,147
Amounts due from banks		168		1,102
Amounts due from customers		13,679		8,214
Trading portfolio assets	117		109	
Positive replacement values of derivative financial instruments		2,048	3,207	
Other assets		140		847
<i>Liquidity</i>				
Liquid assets	87,854			96,629
Subtotal		504	4,975	
Total	2,451	2,451	4,975	4,975

STATEMENT OF CHANGES IN EQUITY 2019

(amount expressed in CHF 1,000)	Bank's capital	Retained earnings reserve	Reserves for general banking risks	Minority interests in equity	Consolidated profit	Total
Equity at beginning of current period	20,000	93,205	10,910	49	5,273	129,437
Other changes		-1		-4		-5
Minority interests in profit		6		-6		
Currency translation differences		-177				-177
Dividends					-4,500	-4,500
Allocation to reserves		773			-773	
Result of the period					6,592	6,592
Equity at end of current period	20,000	93,806	10,910	39	6,592	131,347



1. The Banca del Sempione Group profile

Banca del Sempione SA is a *société anonyme* established under Swiss law in 1960. It has its head office in Lugano and branches in Bellinzona, Chiasso, and Locarno. Abroad the Group operates through two companies based in Milan, named respectively Accademia SGR SpA and Sempione SIM SpA which operates in the stock brokerage sector, as well as an affiliate located in the Bahamas, Banca del Sempione (Overseas) Ltd.

The Group also promotes a SICAV operating under the laws of Luxembourg, Base Investments SICAV. The Group provides its private and corporate clients with all the services typical of a universal bank. The main focus being on the provision of financial advice, asset administration services as well as securities, derivatives and currencies trading on behalf of its clients. The Group has participated in the pilot project launched by FINMA concerning a regulatory regime for small banks ended on December the 31st 2019 so that they are exempted from drawing up the NSFR (Net Stable Funding Ratio) reporting and allowed to comply with reduced disclosure obligations as to the information required by FINMA Circular 2016/1.

2. Accounting and valuation principles

General principles

The accounting and valuation principles adopted are in compliance with the provisions set out in the Code of Obligations and the Swiss banking law and its relevant Ordinances, as well as with the guidelines issued by FINMA through Circular 2015/1 "Accounting-Banks". The consolidated annual report has been drawn up in accordance with the true and fair view principle.

General valuation principles

The financial statements are prepared on the assumption that the Bank's and Group's business will continue as a going concern. Therefore valuations are made on a going-concern basis. The asset side includes all assets which are available as a result of past events and are likely to involve cash inflow and whose value may be reliably estimated. If no reliable estimate of the value of an asset can be made, it shall be considered as a contingent asset, as explained in the Schedule. Liabilities are entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated. If no reliable estimate of the value of a liability can be made, it shall be considered as a contingent liability, as explained in the Schedule. Assets, liabilities, and off-balance sheet entries shown under the same item are always subject to an individual valuation. Offsetting and netting of assets and liabilities as well as of income and expenses are not carried out, except for deduction of value adjustments from the corresponding asset item and the netting of positive and negative replacement values.

Cash

This item is shown in the financial statements on the basis of its nominal value.

Amounts due from banks and customers, mortgage lending

Loans are generally booked at nominal value, less any necessary value adjustments. Negative interests on active transactions are under interest income (reduction of interest income). Amounts due in respect of precious metal account deposits are valued at their fair value if the precious metal concerned is traded on a price-efficient, liquid market. The methods used for identifying default risks and determining the need for value adjustments are described in paragraph 4 below. Non performing loans, defined as loans for which the debtor is unlikely to be able to fulfil his/her/its obligations, are valued on a case-by-case basis. Presumed default risks are covered by individual prudential write-downs whose amounts correspond to the difference between the book value of the loan and the sum the Bank believes it can collect depending on the debtor's solvency and any collateral liquidation value (estimated market value less ordinary write-downs and maintenance and liquidation costs). A loan is considered non-performing when interest and repayment are past due by more than 90 days at the latest. In this case, interest not received is directly attributed to write-downs; an entry to revenues is made only when the interest is effectively received. A lump-sum adjustment may be applied to the portion of the portfolio consisting of numerous small loans which are not valued on a case-by-case basis. This adjustment is determined on the basis of empirical values in order to take potential risks into account. Non-performing loans are recognised in the balance sheet net of corresponding write-downs. Changes in the amount of the write-downs, both case-by-case and lump-sum, as well as collections of loans previously amortised, are entered under the income statement item "changes in value adjustments for default risks and losses from interest operations".

Amounts due to banks and in respect of customer deposits

This item is shown in the financial statements on the basis of its nominal value. Negative interests on passive transactions are under interest expenses (reduction of interest expenses). Amounts due in respect of precious metal account deposits are valued at their fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Trading activities

Trading activities include positions actively managed in order to take advantage of market price fluctuations or to achieve arbitrage profits. Trading positions are valued at their fair value. "Fair value" refers to a price set on a liquid, efficient market or calculated with the aid of a pricing model. If, as an exception, no fair value is ascertainable, the lesser value principle shall apply. Gains and losses are shown under the item "Result from trading activities", whereas income from interest and dividend is shown under the item "Interest and dividend income from trading portfolios".

Positive and negative replacement values of derivative financial instruments

All derivative financial instruments are valued at their fair value. The valuation result is recognised under item "Result from trading activities". Netting of positive and negative replacement values is carried out by the Bank with the same counterparty only within the limits of recognised and legally enforceable bilateral agreements.

Financial investments

Financial investments include debt securities, equity securities, physical precious metal holdings as well as real estate that have been acquired as a result of credit activities and are intended for resale. In case of financial investments valued according to the lesser value principle, an upward revaluation to historic acquisition cost or amortised cost at the maximum is to be recognised where the fair value falls below acquisition cost and then recovers. The balance of the value adjustments is shown under items "Other ordinary expenses" and/or "Other ordinary income", as appropriate. *Debt securities intended to be held to maturity* are valued at acquisition cost, according to the accrual method: any transaction premiums and/or discounts (interest components) are accrued over the term. Value adjustments due to default risks are immediately booked under item "Changes in value adjustments for default risks and losses from interest operations". If said securities are sold or redeemed prior to maturity, the profits and losses realised corresponding to the interest component shall not be immediately booked to the income statement but instead accrued over the remaining term to maturity. *Debt securities not intended to be held until maturity* (i.e. intended for sale) are valued based on the lesser value principle. Value adjustments are globally recognised under items "Other ordinary expenses" and/or "Other ordinary income". Value adjustments due to default risk are shown under the item "Changes in value adjustments due to default risks and losses from interest operations". Equity securities, own physical precious metal holdings as well as real estate assets that have been acquired as a result of credit activities and intended for resale are valued according to the lesser value principle. As for real estate assets, the lesser value corresponds to the lower of acquisition cost and liquidation value. Own physical precious metal holdings used to cover commitments resulting from metal accounts are valued at the fair value and recognised in the balance sheet as the precious metal accounts. Value adjustments shall be globally recognised under items "Other ordinary expenses" and/or "Other ordinary income".

Non-consolidated shareholdings

Any minority stakes held by 20%-50% are shown in the financial statements according to the "equity method". The companies in which the Bank holds an equity investment of less than 20% of the voting shares or whose sizes and operations do not have a significant impact on the Group, are shown in the financial statements and individually valued at acquisition price less depreciation and amortisation as appropriate.

Tangible fixed assets

Expenditures in tangible fixed assets are recognised as assets if they can be used for more than one accounting period and exceed the minimum threshold for recognition of CHF 10'000.

Tangible fixed assets are shown in the balance sheet at acquisition cost less accumulated depreciation.

Depreciation is applied according to the straight-line method and is estimated on the basis of the presumed useful life of the assets. The presumed useful life expected for the different categories of assets is set out below:

Real estate, including land	Up to 67 years
Other fixed assets	Up to 10 years
Information technology and other equipment	Up to 5 years

Tangible fixed assets are tested for impairment at each balance sheet date. Such tests are based on indications reflecting a possible impairment of individual assets. Where such indications are present, the recoverable amount is to be determined. An asset is impaired if its book value exceeds its recoverable amount. If an asset is impaired, supplementary depreciation is to be recognised. If, during impairment testing of a tangible fixed asset, a change in the asset's useful life is established, the remaining book value is subject to scheduled depreciation over the newly determined useful life. Ordinary and supplementary amortisation and depreciation are booked under the income statement item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". Any gains realised on sales of fixed assets are shown under the item "Extraordinary income" and any losses under the item "Extraordinary expenses".

Provisions

Legal and implicit obligations are to be valued on a regular basis. Where a cash outflow is likely to occur and can be reliably estimated, a provision in the corresponding amount must be created. The amount of existing provisions is reassessed on each balance sheet date. Any changes are booked to the income statement based on the following criteria:

- Provision for deferred taxes under the item "Taxes"
- Provisions for pension benefit obligations under the item "Personnel expenses"
- Other provisions under the item "Changes to provisions and other value adjustments, and losses", with the exception of restructuring provisions shown under the item "Personnel expenses".

Provisions no longer necessary for operating purposes and which are not used for other similar needs are liquidated in favour of the income statement.

Reserves for general banking risks

"Reserves for general banking risks" are set up, as a preventive measure, to cover the risks inherent in banking.

The setting up and cancellation of reserves are booked under the income statement item "Changes in reserves for general banking risks". Reserves for general banking risks are partially taxed.

Taxes

Current taxes, as a rule annual direct taxes on income and capital pertaining to the period, are booked in the income statement under the item "Taxes". The relevant liabilities are shown in the item "Accrued expenses and deferred income" (liabilities). Book values that deviate from the values relevant for tax law purposes are determined systematically. Deferred tax income on such different amounts are taken into account by means of a provision booked under the item "Taxes". Deferred tax credits on time differences or on tax losses carried forward are booked in the balance sheet only if it seems likely that they will be offset against sufficient taxable earnings.

Contingent liabilities

These off-balance sheet transactions are booked at nominal value. Value adjustments and provisions are made for all recognisable risks according to the conservative principle.

Employee pension funds

All employees at the Swiss parent company are members of two legally autonomous pension funds. Foreign employees are subject to a professional pension required from local laws. In the absence of such laws, voluntary pensions may be set up. The employer incurs staff pension expenses to the extent set out by legal provisions and the funds' regulations. Premiums paid by the employer are recognised as "Personnel expenses". The funds' contracts and income statements do not show any economic benefit or commitment for the Group. Neither fund includes any employer contribution reserves.

Changes to accounting and valuation principles

The accounting and valuation principles applied to the drawing up of the financial statements as at 31 December 2019 are the same as those applied in the previous financial year.

Recording of transactions

All transactions carried out before the closing date are entered daily into the accounts according to the trade date accounting principle and evaluated according to the applicable accounting principles. Cash operations concluded but not yet executed are registered according to the cash/settlement principle. During the period between the date of conclusion and the date of settlement, the replacement values relating to these operations are shown in the items "Positive/negative replacement values of derivative financial instruments".

Conversion of foreign currencies

Foreign currency transactions are booked at the exchange rate of the transaction date. At year-end assets and liabilities are converted at the exchange rate prevailing on the balance sheet date. Historical exchange rates are applied for equity investments and tangible fixed assets. The result of foreign currency transactions is shown under the item "Result from trading activities". The assets and liabilities of the consolidated companies are converted at the year-end exchange rate, whereas revenues and expenses are converted at the average exchange rate. The resulting differences are directly allocated to the Group equity.

The following table sets out the exchange rates against the major foreign currencies applied for conversion purposes:

	2019		2018	
	Year End	Average	Year End	Average
EUR	1.0851	1.1117	1.1231	1.1519
USD	0.9668		0.9810	
GBP	1.2740		1.2442	
YEN	0.8909		0.8884	

Scope and method of consolidation

Those companies in which the Bank owns more than 50% of capital or shares with voting rights are fully consolidated. In accordance with the full consolidation method, debits and credits, as well as revenues and expenses generated by transactions between consolidated companies, are netted. Consolidation of capital takes place according to the "purchase method". According to this method, book value is offset against net equity existing at the time of formation or acquisition. Any equity investments held by 20%-50% are recognized in the consolidated financial statements according to the "equity method". The companies included in the scope of consolidation are shown in table 8.6 of these Notes.

3. Risk Management

Banking entails exposure to a series of specific risks including credit, market and liquidity risks as well as operating, legal and reputation risks. The Group is equipped with a series of procedures and regulations the aim of which is to supervise and control risks in all fields of business. Clear and prudential limits have been defined for each individual type of risk the observance of which is constantly supervised by functions that are separate from the ones that generated them. These limits are updated regularly and adapted to the risk profile of the activities carried out. A controls certification and reporting system is also available to guarantee an adequate flow of information to all levels. The final purpose is that of maintaining the solidity and reputation of the Group intact even in the presence of particularly adverse conditions and events.

During the year, the Board of Directors, in its capacity as a governing body, regularly analyses the main risks linked to the Group's operations. This analysis is largely based on the information generated by the risk management system that the Group has set up, and the reports issued by Internal Audit, Operations Management, Risk Control, and Compliance. On the basis of its assessments, annually the Board of Directors updates the "Risk Management Framework", which determines the fundamental principles that regulate the Group risk policy and supervises their application.

Operations Management is responsible for implementing the directives issued by the Board of Directors. It is in charge of adequately organising the risk control system and equipping it with appropriate human and technical resources.

The Risk Control unit is endowed with the necessary independence and professionalism. Its operating responsibility is to identify and measure risks as well as to ensure that the Group's policies are implemented and limits respected.

The Risk Control unit also draws up a quarterly report addressed to Operations Management and the Board of Directors.

Counterparty (credit) risks

Amounts due from customers

Risks are minimized by systematic demands on customers for collateral and margin coverage.

Credit activity is almost exclusively carried out by Banca del Sempione SA, which is equipped with a procedure ensuring a rigorous separation of functions between the front-office units, those that are responsible for extending the credit and those in charge of its supervision. Highly restrictive rules require that even from relatively modest amounts the extension is authorised by a credit committee, by an in-house committee of the Board of Directors and, for higher amounts and credits to correlated parties, by the Board itself.

Any exceptions to the rules envisaged by the Group risk policy are monitored and submitted to the Board of Directors on a quarterly basis. Security-backed loans, accounting for the bulk of the portfolio consisting of accounts receivable from customers, are issued on the basis of collateral values conservatively calculated and daily monitored. The mortgage portfolio mainly refers to residences occupied by the owners themselves. The average mortgage amount issued is CHF 610,000. The collateral value of commercial properties, incoming-producing buildings and private houses of high standing is determined with the help of external appraisers.

Counter-creditors risks in inter-banking business

In inter-banking business and trading activities a system of internal limits is used, the observance of which is checked daily by the Risk Control unit. The Group works essentially with primary counterparts. The amount of the allocated limit mainly depends on the external rating. Limits are regularly reviewed. In the event of extreme market conditions, a daily assessment is carried out. Risks connected with OTC derivative trading operations are further mitigated by complying with the CLS system and entering into netting and collateral agreements.

Risks of interest rate fluctuations

On-balance sheet transactions play a secondary role for the Group. The risks of fluctuation of interest rates however are monitored quarterly by the Risk Control unit and assessed during the ALM committee (ALCO) meeting. Measurement takes place using the "modified duration" method to establish the potential impacts on the income statement and on capital in the event of sudden large-scale movements in the interest rates curve. To date ALCO has not considered it necessary to promote hedging operations with derivative financial instruments.

Other market risks

Currency risks

The Group keeps currency exposure constantly at an essential break-even level in order to minimise the effects deriving from fluctuations in foreign currencies. The position is monitored daily.

Trading activities

Risks are contained by virtue of limited operations carried out on the Group's own account and strict limits imposed to the operating units managing the Group portfolios. Derivative instrument transactions are carried out exclusively on behalf of clients.

Cash

The Parent Company's Treasury Department is in charge of operations ensuring compliance with the strategies and limits established by the governing bodies in order to constantly guarantee the Group's solvency even in critical circumstances.

The Risk Control unit independently measures and assesses exposure to liquidity risk, verifies the observance of legal limits and internal provisions, prepares and runs stress tests, and provides Operations Management and ALCO with all the necessary support.

Operational risk

Operational risks are limited through a series of internal regulations and provisions. A document entitled “Managing Operational risk” sets out the procedures for identifying, measuring, controlling, and mitigating operating risks and establishing risk tolerance (Risk appetite). First-level control is an integral part of daily operations. Second-level control is carried out by departments other than the one being audited and is managed through a controls certification and reporting system able to guarantee an adequate flow of information to all levels.

Internal Audit constantly monitors the adequacy of the procedures. The Compliance service ensures that regulations and diligence requirements affecting the Group’s various areas of operations are respected. The Group has a business continuity plan to ensure operating continuity even in case of extraordinary events that limit the availability of personnel, infrastructure and information systems.

Disclosure obligations required by FINMA Circular 2016/1

The information to be disclosed pursuant to FINMA Circular 2016/1 relating to capital adequacy and other risk indicators is published on the Group’s website (www.bancasempione.ch).

4. Methods used to identify default risks and to establish needs for value adjustments

Credits covered by mortgages

Credits with a potential default risk are identified through monitoring a series of indicators, including delay in paying interests and repayments and unjustified requests to modify the repayment plan established at the time the mortgage was granted. Once a year, the Risk Control unit carries out an analysis of the level of coverage of the individual lines of credit, indexing the evaluations on the basis of the development of market price indices and simulating stress tests.

Credits covered by securities

The development of the use and value of coverage operations is supervised daily in order to reduce risks immediately by controlling exposure or supplying additional guarantees, or even resorting to settlement of the portfolio and full reimbursement of the line of credit if need be.

Unsecured credits

Open credits are granted solely to clients with whom the Group has had a consolidated long-term business relationship. Requirements for the granting of credits undergo an annual internal review. In the case of trade credits, updates are requested on the financial and economic situation of the company as well as the annual certified accounts. For personal credits, updates of the client’s assets and liabilities are sufficient.

Any risky loans that emerged from the procedures described above are analysed on a case-by-case basis and where necessary value adjustments are made, the amount of which is determined ultimately by Operations Management.

The credit portfolio is examined annually by the audit Company together with the internal audit in order to ensure that all the problematic positions have been considered.

The list of overdue credits and the relevant value adjustments is submitted to the Board of Directors quarterly.

5. Evaluation of collateral

Credits covered by mortgages

The Parent Company grants credits against mortgage guarantees for an amount corresponding to 50%-70% of the collateral value, depending on the type of real estate.

The collateral value corresponds to the market value or, if lower, to the purchase price. For credits below CHF 1’000’000 the evaluation is carried out by the credits service; in the other cases, reports drafted by authorised external professionals are used. Appraisers’ reports and internal evaluations must be updated at least every ten years or when the real estate market shows signs of a possible deterioration in prices.

Credits covered by securities

As a matter of principle, only securities and structured products that can be liquidated easily are accepted in guarantee. The coverage value is calculated by applying a reduction to the market price so as to take into account fairly any risks of fluctuation in prices and liquidity.

6. Company policy in the use of derivative financial instruments

Trading with derivative financial instruments is carried out solely by the foreign exchange operators of the Parent Company's Treasury Department. No Market-Maker activities are carried out.

Trading is carried out in standardised and OTC instruments almost exclusively on behalf of the clientele.

The underlying assets mainly consist of currencies and to a limited degree of listed shares and stock indexes.

7. Important events after the date on which the financial statements were closed

Following the date on which the financial statements were closed no events occurred which had a significant impact on the financial and income position of the Group.

Following to the rapid development of the COVID-19 epidemic in the early months of 2020, governments have taken several measures to contain the contagion that influenced the economic environment.

The Group has adopted a series of measures to prevent the effects of COVID-19 in order to guarantee health and safety of its employees (such as social distancing and working from home) and to ensure the continuity of the activity by all companies belonging to the Group.

Currently, the impact on the Group's activities and on results is limited. Consolidated entities will continue to follow government policies and advice and in the meantime they will do their best to continue the relevant operational activity in the best possible and safer way, without compromising staff health.

8. Information on the balance sheet

8.1 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

(amount expressed in CHF 1,000)	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	4,710	241,094	34,805	280,609
Mortgage loans				
- Residential property	131,178			131,178
- Office and business premises	26,697		1,447	28,144
- Commercial and industrial premises	4,504			4,504
Total loans (before netting with value adjustments)				
Current year	167,089	241,094	36,252	444,435
Previous year	155,943	224,400	38,854	419,197
Total loans (after netting with value adjustments)				
Current year	167,089	241,094	33,340	441,523
Previous year	155,943	224,400	35,299	415,642
Off-balance-sheet				
Contingent liabilities		5,379	487	5,866
Irrevocable commitments			2,818	2,818
Total off-balance-sheet				
Current year		5,379	3,305	8,684
Previous year		4,322	2,859	7,181

Unsecured credits mainly concern loans granted for an amount exceeding the collateral value of securities given in guarantee but lower than the market value.

(amount expressed in CHF 1,000)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value
				adjustments
Impaired loans/receivables				
Current year	2,983	125	2,858	2,858
Previous year	3,789	286	3,503	3,503

8.2 Breakdown of trading portfolios

(amount expressed in CHF 1,000)	Year under review	Previous year
Trading portfolio assets		
Debt securities, money market securities/transactions (listed)	98	127
Precious metals and commodities	292	380
Total	390	507

8.3 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		
	Positive replacement values	Negative replacement values	Contract volume
(amount expressed in CHF 1,000)			
Foreign exchange/precious metals			
Forward contracts	6,595	5,917	1,175,803
Options (OTC)	746	746	155,430
Total before netting agreements	7,341	6,663	1,331,233
Previous year	5,612	5,793	1,187,526
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	4,607	3,929	
Previous year	2,559	2,740	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		4,224	383

8.4 Breakdown of financial investments

	Book value		Fair value	
	Year under review	Previous year	Year under review	Previous year
(amount expressed in CHF 1,000)				
Debt securities, intended to be held to maturity	73,415	76,134	75,320	76,281
Equity securities	29,272	35,952	29,361	35,981
Total	102,687	112,086	104,681	112,262
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>10,835</i>	<i>11,935</i>		

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating (S&P)						
Debt securities (book values)	29,031	30,192	13,144	1,048		

8.5 Presentation of participations

(amount expressed in CHF 1,000)	Acquisition cost	Accumulated value adjustments	Book value previous year end	Year under review				Book value as at end of current year
				Additions	Disposals	Value adjustments	Depreciation reversals	
Non-consolidated participations								
Other participations (without market value)	131	111	20				111	131
Total non-consolidated participations	131	111	20				111	131

8.6 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation

Company name and domicile	Business activity	Company capital	Share of capital	Share of votes	
				in %	in %
Fully consolidated companies (held directly)					
Imocentro SA, Lugano	Real Estate	CHF 700,000	100.0		100.0
Accademia SGR SpA, Milano	Asset Management	CHF 2,373,400	98.4		98.4
Sempione SIM SpA, Milano	Asset Management	EUR 2,500,000	100.0		100.0
Banca del Sempione (Overseas) Ltd., Nassau	Bank and Trust	CHF 5,000,000	100.0		100.0

8.7 Presentation of tangible fixed assets

(amount expressed in CHF 1,000)	Acquisition cost	Accumulated depreciation	Book value Previous year end	Year under review					Book value as at end of current year
				Reclas-sifications	Additions	Disposals	Depreciation	Reversals	
Group buildings	51,199	24,937	26,262		52		-799		25,515
Proprietary or separately acquired software	23,528	21,748	1,780		1,630		-988		2,422
Other tangible fixed assets	10,461	9,733	728		83		-184		627
Total tangible fixed assets	85,188	56,418	28,770		1,765		-1,971		28,564

Operating leases	646
<i>of which, maturing within one year</i>	270
<i>of which, maturing with-in one year - five years</i>	376

8.8 Breakdown of other assets and other liabilities

(amount expressed in CHF 1,000)	Other assets		Other liabilities	
	Year under review	Previous year	Year under review	Previous year
Indirect taxes	371	343	718	526
Other assets and liabilities	4,198	4,086	1,841	641
Total	4,569	4,429	2,559	1,167

8.9 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

(amount expressed in CHF 1,000)	Book values	Effective commitments
Pledged/assigned assets		
Amounts due from banks	58	58
Financial investments	7,959	3,172
Total	8,017	3,230

8.10 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

(amount expressed in CHF 1,000)	Year under review	Previous year
At sight accounts	2,383	4,126

8.11 Disclosures on the economic situation of own pension schemes

(amount expressed in CHF 1,000)	Overfunding at end of current year	Economic interest of the group		Change in economic interest versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
		Year under review	Previous year			Year under review	Previous year
Pension plans with overfunding	4,000				1,305	1,305	1,361

Banca del Sempione SA has two pension plans. For the LPP (Legge sulla Previdenza Professionale - Professional Welfare Law) obligatory part the Bank has opted for affiliation to the legally independent, Collective Welfare Foundation of Basilese Insurance. Employees are also affiliated to the Banca del Sempione Pension Fund, which only manages the optional (supplementary) part of professional welfare. Both Funds re-assure risks with a life insurance company, integrally with regard to the obligatory coverage, and solely for the risks of death and disability for the supplementary part.

The excess coverage of the Fund (coverage rate of 125%) may be destined solely in favour of the affiliates. Therefore, as far as the Bank is concerned, no economic advantage or coverage obligation is identified. Any financial commitment of the Bank with regard to the welfare foundations ends with payment of the contributions. Neither Fund includes any employer contribution reserves.

Employees of foreign affiliates benefit from a welfare coverage at independent bodies, in compliance with local provisions. In such case, as well, any financial commitment of the employer ends with payment of the contributions.

8.12 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(amount expressed in CHF 1,000)	Previous year end	Use in conformity with designated purpose	Reclas-sifications	Currency differences	Past due, interest recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for deferred taxes	1,840							1,840
Other provisions	1,623	-127		-24		317	-29	1,760
Total provisions	3,463	-127		-24		317	-29	3,600
Reserves for general banking risks	10,910							10,910
Value adjustments for default and country risks	3,555	-563		-8	57	16	-145	2,912
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>3,503</i>	<i>-563</i>		<i>-8</i>	<i>57</i>	<i>14</i>	<i>-145</i>	<i>2,858</i>
<i>of which, value adjustments for latent risks</i>	<i>52</i>					<i>2</i>		<i>54</i>

The taxed portion of reserves for general banking risks corresponds to CHF 3.6 million.

8.13 Number and value of equity securities or options on equity securities attributed to all executives, directors and employees, and disclosures on any employee participation plans

No equity securities or option on equity security have been attributed to executives, directors and employees, nor any employee participation plan.

8.14 Disclosure of amounts due from/to related parties

(amount expressed in CHF 1,000)	Amounts due from		Amounts due to	
	Year under review	Previous year	Year under review	Previous year
Holders of qualified participations	3,427	3,483	18,988	24,917
Linked companies	19,861	13,496	6,522	2,346
Transactions with members of governing bodies	7,182	6,954	3,553	3,645

During the financial period in question no note-worthy transactions occurred in which affiliated entities were counterparts. No significant off-balance sheet transactions have been recorded. The conditions applied in the banking services correspond to those granted to top-ranking clientele. Members of the Bank's governing bodies are granted the same benefits as those applied to all personnel.

8.15 Presentation of the maturity structure of financial instruments

(amount expressed in CHF 1,000)	At sight	Cancellable	Due					Total
			within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity	
Assets/financial instruments								
Liquid assets	136,285							136,285
Amounts due from banks	50,369	520	47,118					98,007
Amounts due from customers		268,962	8,219	1,958	5			279,144
Mortgage loans	270	29,526	11,443	14,733	76,920	29,487		162,379
Trading portfolio assets	390							390
Positive replacement values of derivative financial instruments	4,607							4,607
Financial investments	29,167		4,803	10,460	40,767	17,490		102,687
Total	221,088	299,008	71,583	27,151	117,692	46,977		783,499
<i>Previous year</i>	<i>321,958</i>	<i>284,419</i>	<i>54,124</i>	<i>23,674</i>	<i>126,146</i>	<i>42,451</i>		<i>852,772</i>
Debt capital/financial instruments								
Amounts due to banks	4,426							4,426
Amounts due in respect of customer deposits	628,794	44,532						673,326
Negative replacement values of derivative financial instruments	3,929							3,929
Total	637,149	44,532						681,681
<i>Previous year</i>	<i>700,555</i>	<i>52,072</i>						<i>752,627</i>

8.16 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

(amount expressed in CHF 1,000)	Year under review		Previous year	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	136,281	4	224,136	3
Amounts due from banks	41,376	56,631	39,469	58,370
Amounts due from customers	67,106	212,038	52,255	213,293
Mortgage loans	137,711	24,668	124,553	25,541
Trading portfolio assets	292	98	380	127
Positive replacement values of derivative financial instruments	4,504	103	2,539	20
Financial investments	7,626	95,061	7,386	104,700
Accrued income and prepaid expenses	7,433	474	4,147	609
Non-consolidated participations	131		20	
Intangible assets	28,189	375	28,360	410
Other assets	2,146	2,423	1,663	2,766
Total assets	432,795	391,875	484,908	405,839
Liabilities				
Amounts due to banks	1,211	3,215	2,289	1,748
Amounts due in respect of customer deposits	309,851	363,475	343,667	402,183
Negative replacement values of derivative financial instruments	3,915	14	2,737	3
Accrued expenses and deferred income	4,719	764	3,774	279
Other liabilities	1,852	707	673	494
Provisions	1,840	1,760	1,840	1,623
Reserves for general banking risks	10,910		10,910	
Bank's capital	20,000		20,000	
Retained earnings reserve	83,637	10,169	82,824	10,381
Minority interest in equity		39		49
Consolidated profit	5,042	1,550	7,663	-2,390
<i>of which, minority interests in consolidated profit</i>		-6		-23
Total liabilities	442,977	381,693	476,377	414,370

As for the breakdown between Switzerland and abroad, the principle of customer domicile applies, with the exception of mortgage loans, in respect of which the place where the property is located shall prevail.

8.17 Breakdown of total assets by country or group of countries (domicile principle)

	Year under review		Previous year	
	Absolute CHF 1,000	Share as %	Absolute CHF 1,000	Share as %
Switzerland	432,795	52.5	484,908	54.4
Europe others	326,827	39.6	339,162	38.1
<i>of which, Italy</i>	<i>201,684</i>	<i>24.5</i>	<i>190,517</i>	<i>21.4</i>
North America	26,900	3.3	28,933	3.2
South America	28,044	3.4	28,953	3.3
Africa	1,337	0.2	1,382	0.2
Asia	6,260	0.8	4,745	0.5
Australia/Oceania	2,507	0.3	2,664	0.3
Total assets	824,670	100	890,747	100

8.18 Breakdown of total assets by credit rating of country groups (risk domicile view)

(Rating S&P)	Net exposure			
	Current year end		Previous year end	
	CHF 1,000	%	CHF 1,000	%
AAA/AA-	716,996	86.9	764,643	85.8
A+/A-	5,198	0.6	15,056	1.7
BBB+/BBB-	98,542	11.9	105,636	11.9
BB+/BB-	3,355	0.4	3,307	0.4
B+/B-	386	0.0	773	0.1
CCC/C	193	0.0	1,332	0.1
Total assets	824,670	100	890,747	100

As for the breakdown of net commitment, the principle of customer domicile applies, with the exception of mortgage loans, in respect of which the place where the property is located shall prevail.

8.19 Presentation of assets and liabilities broken down by the most significant currencies for the Bank

(amount expressed in CHF 1,000)	Currencies				Total
	CHF	USD	EUR	Other	
Assets					
Liquid assets	134,156	135	1,928	66	136,285
Amounts due from banks	2,546	48,744	26,109	20,608	98,007
Amounts due from customers	35,951	22,475	219,709	1,009	279,144
Mortgage loans	139,041		23,338		162,379
Trading portfolio assets		9	90	291	390
Positive replacement values of derivative financial instruments	2,225	2,228	-161	315	4,607
Financial investments	42,517	22,607	37,490	73	102,687
Accrued income and prepaid expenses	5,216	442	2,093	156	7,907
Non-consolidated participations	131				131
Tangible fixed assets	28,443		121		28,564
Other assets	1,766	119	2,683	1	4,569
Total assets shown in the balance sheet	391,992	96,759	313,400	22,519	824,670
Delivery entitlements from spot exchange, forward forex and forex options transactions	213,479	360,833	597,613	159,308	1,331,233
Total assets	605,471	457,592	911,013	181,827	2,155,903
Liabilities					
Amounts due to banks	428	2,336	1,573	89	4,426
Amounts due in respect of customer deposits	251,418	65,192	328,022	28,694	673,326
Negative replacement values of derivative financial instruments	364	2,421	956	188	3,929
Accrued expenses and deferred income	4,939	244	173	127	5,483
Other liabilities	1,803	37	718	1	2,559
Provisions	2,711		889		3,600
Reserves for general banking risks	10,910				10,910
Bank's capital	20,000				20,000
Retained earnings reserve	93,806				93,806
Minority interests in equity			39		39
Consolidated profit	6,281		311		6,592
<i>of which, minority interests in consolidated profit</i>			-6		-6
Total liabilities shown in the balance sheet	392,660	70,230	332,681	29,099	824,670
Delivery obligations from spot exchange, forward forex and forex options transactions	220,326	386,657	572,901	151,349	1,331,233
Total liabilities	612,986	456,887	905,582	180,448	2,155,903
Net position per currency	-7,515	705	5,431	1,379	

9. Information on off-balance sheet transactions

9.1 Breakdown of contingent liabilities and contingent assets

(amount expressed in CHF 1,000)	Year under review	Previous year
Guarantees to secure credits and similar	5,866	4,717
Total contingent liabilities	5,866	4,717

9.2 Breakdown of fiduciary transactions

(amount expressed in CHF 1,000)	Year under review	Previous year
Fiduciary investments with third-party companies	25,585	23,987
Total fiduciary transactions	25,585	23,987

9.3 Breakdown of assets under management and presentation of their development

(amount expressed in CHF 1,000)	Year under review	Previous year
Breakdown of assets under management		
Assets in collective investment schemes managed by the Bank	622,631	694,384
Assets under discretionary asset management agreements	1,048,479	941,538
Other managed assets	2,537,493	2,180,545
Total assets under management (including double counting)	4,208,603	3,816,467
<i>of which, double counting</i>	<i>510,320</i>	<i>516,674</i>

Other managed assets include all assets for which the Group receives fees and/or additional fees to custodial rights and account fees. The Group has no assets that can be considered as "custody only".

(amount expressed in CHF 1,000)	Year under review	Previous year
Presentation of the development of assets under management		
Total assets under management (including double counting) at the beginning of the period	3,816,467	4,254,280
Net new money inflow or net new money outflow	203,440	61,772
Price gains/losses, interest, dividends and currency gains/losses	218,337	-499,585
Transfer/liquidation of investment funds managed by Accademia SGR	-29,641	
Total assets under management (including double counting) at the end of the period	4,208,603	3,816,467

Net new money inflow/outflow includes all incoming and outgoing transfers of liquidity and other investment values, on the basis of the value of the transfer day. On the other hand, interest and dividend income, price and currency gains/losses as well as interest, expenses and commission charges are excluded.

10. Information on the income statement

10.1 Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interests

The Bank has paid an amount of CHF 632,000 (previous year: CHF 463,000) due to negative interests expenses.

10.2 Breakdown of personnel expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Salaries (meeting attendance fees and fixed compensation to members of the group's governing bodies, salaries and benefits)	18,466	17,727
Social insurance benefits	3,360	3,452
Other personnel expenses	278	422
Total personnel expenses	22,104	21,601

10.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,767	1,736
Expenses for information and communications technology	3,506	3,305
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	193	185
Fees of audit firms (Art. 961a no. 2 CO)	481	487
<i>of which, for financial and regulatory audits</i>	<i>474</i>	<i>479</i>
<i>of which, for other services</i>	<i>7</i>	<i>8</i>
Other operating expenses	2,928	2,945
Total of general and administrative expenses	8,875	8,658

10.4 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of latent reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Extraordinary revenues of CHF 111,000 are attributable to the revaluation to cost value of the investment (unconsolidated) SIX Group SA.

10.5 Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

(Amount expressed in CHF 1,000)	Year under review		Previous year	
	Domestic	Foreign	Domestic	Foreign
Result from interest operations				
Interest and discount income	3,331	487	3,728	429
Interest and dividend income from trading portfolios	4		5	
Interest and dividend income from financial investments	1,197	15	1,551	23
Interest expense	16	-12	-59	-18
Gross result from interest operations	4,548	490	5,225	434
Changes in value adjustments for default risks and losses from interest operations	83		19	
Subtotal net result from interest operations	4,631	490	5,244	434
Result from commission business and services				
Commission income from securities trading and investment activities	24,007	7,533	20,483	7,238
Commission income from lending activities	108	3	98	1
Commission income from other services	1,915	224	1,815	249
Commission expense	-1,708	-661	-1,505	-274
Subtotal result from commission business and services	24,322	7,099	20,891	7,214
Result from trading activities	2,467	209	2,441	97
Other result from ordinary activities				
Result from the disposal of financial investments	414	13	-31	-8
Income from participations	15		243	
Result from real estate	680		686	
Other ordinary income	170	22		25
Other ordinary expenses			-1,758	-162
Subtotal other result from ordinary activities	1,279	35	-860	-145
Operating expenses				
Personnel expenses	-17,917	-4,187	-17,248	-4,353
General and administrative expenses	-6,114	-2,761	-5,970	-2,688
Subtotal operating expenses	-24,031	-6,948	-23,218	-7,041
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,816	-155	-1,765	-139
Changes to provisions and other value adjustments, and losses	-71	829	-19	-2,361
Operating result	6,781	1,559	2,714	-1,941

10.6 Presentation of current taxes, deferred taxes, and disclosure of tax rate

(amount expressed in CHF 1,000)	Year under review	Previous year
Expense for current taxes	1,895	536
Expense for deferred taxes	-36	-36
Total taxes	1,859	500

Average tax rate weighted on the basis of the operating result 22.3%

Tax expenses on the previous year under review essentially concerns taxes on substance. There hasn't been any significant impact on income taxes from changes in the losses carried forwards.





Report of the statutory auditor

to the General Meeting of Banca del Sempione SA, Lugano

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Banca del Sempione SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 22 to 44), for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with accounting rules for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Beresford Caloia
Audit expert
Auditor in charge

Mattia Marelli
Mattia Marelli

Lugano, 10 April 2020

Cultures open to the world

The valleys are closed environments inhabited by dull residents; or maybe it is only the shared areas that are obtuse.

Because in those valleys generations upon generations of hermits have succeeded each other: men who have chosen a secluded lifestyle, and yet have been able to open up and listen to other voices, other faiths and other dimensions of human thought.

In those valleys a unique and distinctive language has been preserved: a code incomprehensible elsewhere that has not prevented valley residents to open up and engage in conversation with different people, languages and traditions.

There is an ancient profession that has characterised the valley and its inhabitants: a profession with its own peculiarities and rules, which has allowed anyone practising it to use their own technique in order to solve various problems and rectify things that are distant from the practical approach.

Skills and experience are brought together using common sense, in order to achieve a welcome outcome in life, work and investments. Banca del Sempione has always followed this road.

Valley traditions



Before entering the Colla Valley, it is advisable to arrive from the nearby Capriasca, a consolidated area with intimate ties to the former by way of traditions, history and culture. Both share an important religious past, which is still enriched with testimonies: standing out here is the old convent of Capuchin monks that dominates the village of Bigorio, a hamlet within the town of Capriasca standing at 548 metres above sea level. The view from this immense window overlooking the Lugano area, looking down as far as the Mendrisiotto, to the first glimpses of the Lombardy Plain, is incomparable. Built in 1535 and the work of the monks Pacifico Carli from Lugano and Ludovico Filicaia from Florence, the cloistered convent was home to the first Capuchin monks to enter Switzerland. Attached to it is also the old church Santa Maria Assunta, known as “Sancta Maria de Albigorio” in 1078 before being consecrated by San Carlo Borromeo in 1577. This is the “*magnificent alea of wonderful chestnut trees that protects the steep and cobbled Via Crucis*”, read about in 1935, which the monks tiringly travelled up on foot or horseback, or when transporting provisions on a donkey’s back.

The convent of Bigorio, from the second half of the 17th century, was enlarged, raised and then completely restored a century later. It was for a long time used as a dormitory for hermits with simple cells made from willow shoots and clay. As well as carrying out traditional spiritual and assistance activities, the monks still engage in distilling, herbal medicine, carpentry, horticulture and more yet. From the second half of the 20th century, the idea was born of turning it into a spiritual, artistic and cultural training centre, hosting seminars, workshops, courses and conferences, as is still the case today. The chapel is the work of a young man, Mario Botta, today a world-renowned architect. The value of the convent remained unaffected despite the fire of 1987, which destroyed some of it. Every year, it is the destination of choice for around



1,500 visitors. Its plentiful library and museum containing exquisite relics are proof of the local population’s bond. Its future is also guaranteed thanks in part to the “Friends of Bigorio Association”.

No less worthy of note is the old tradition of artisanship among Colla Valley inhabitants, renowned “tinkers” as early as the 15th century, or rather outstanding coppersmiths, tinsmiths and cooking pan repairers. They used to provide their services in Italy, not by chance, given that the activity was shared with the nearby Cavargna Valley. They were fine workers, those “young tinkers”, dirty to the point that “the clear waters of the Cassarate can do nothing”, people enthusiastically recounted at the end of the 19th century and “the valley is full of, and happy with, them”. They were the pride and joy of valley residents, those wandering “menders” of the Colla Valley: crafty, curious and a little eclectic to the point that during the 1880s the Swiss Albert Spycher dedicated to them his monography “*Magnani - Leben und Arbeit del Tessiner Kesselflicker*”. The “colletta” or “colèta”, as Colla Valley residents were called at the end of the 1800s, fascinated people partly because of their proud manner of speaking: “rügìn”, a dialect very distinct from Piedmont’s “rùga” dialect, in that it was incomprehensible even to fellow Ticinese citizens. Indeed, a glottologist at the time wrote: “the Colla Valley dialect (...)

Previous page:

The convent of Bigorio in the first half of 1950s

In sequence:

Interior of the church dedicated to Saint Mary of the Assumption

The precious conventual library created in 1688

The convent of Bigorio seen from Capriasca sometime in autumn





seems to the Luganese to be a rather strange way of speaking”. At Inzone, the “naron” was the cheeky, irreverent chatterbox; in the Colla stables, at night the “leca lüm” spun the wool; at Scareglia, the “mazzabaar” dominated the sheep’s club (“barin”); at Cimadara, the “cicia peduu” loved to distinguish themselves from others for their uncomfortable but more modern footwear.

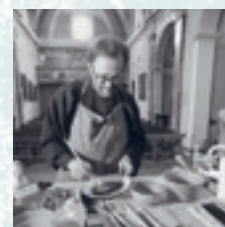
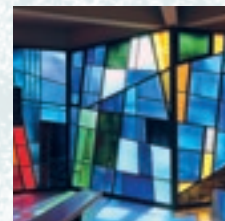
While in the past a number of popular characters to whom the valley owes a lot were the “tin-



kers”, today this role has been assumed for example by the head of the convent of Bigorio. A charitable person of art and culture, Friar Roberto Pasotti (born in 1933 and a Capuchin monk since 1954) began his novitiate first in Bellinzona and later in Faido, until he was transferred to the convent of Bigorio to co-ordinate its initial restoration. “I lived through experiences that enriched me both as a man of the people and man of the cloth”, he declared,

because in that place of pilgrimage he came to encounter art and famous artists such as Boldini (known for oil painting), Stocker (known for glasswork). He remained seduced by it all. To this day, Pasotti, the artist monk, is one of the three Capuchin monks at Bigorio, always ready to welcome visitors and travellers from all over, to satisfy their every need.

Other renowned people gave much to the region. The fame of Lodovico Frapolli (1815-1878) went beyond cantonal and national confines. The son of Colla Valley migrants from Scareglia but born in Milano, Frapolli was a cosmopolitan fellow and great traveller. He graduated in Mining Engineering from Paris, travelled to study in France, Germany and Sweden, was a follower of the naturalist von Humboldt, and enjoyed exchanges with Manzoni and Garibaldi. He became a Swiss citizen when, having been expelled from France for being close to Italian uprisings during the Risorgimento and the Roman Republic, he sought refuge in Ticino, where he started his political career, which ended up taking him to Italy’s Chamber of Deputies. We owe to him the valley road that from 1853 took the Colla Valley’s tinkers back to their workplaces; and in part the birth of Lugano’s cantonal college and Ticinese middle schools. A man all about school, instead, was Ugo Canonica (1918-2003), born in the canton of Lucerne but originally from Bidogno. He debuted as a poet in 1959, influenced by the Ticinese Remo Beretta, and the Italian masters Sanguineti or Montale. He restored prestige to his dialect, “a closed, poor language, reluctant to be understood” Giovanni Orelli on the work of R imbiugh. Just like the Colla Valley’s “rügin” dialect (which, however, Canonica knew how to render intelligible), paying tribute to the region with his prose, its gorgeous autumns, when “the sky up there - that touches the dolomitic Organ Pipes, the shrubbery covering the Boglia, or the smooth spine of the mountains San Lucio and Gazzirola - looks so soft”.



In sequence:
The convent of Bigorio
and its garden

Church Santa Maria Assunta
del Bigorio

Glass wall by Friar Roberto,
Cà Rezzonico, Lugano

Friar Roberto preparing
powder pigments

The chapel built from
an old woodshed on a project
by Tita Carloni with the help
of Mario Botta

Following page:
Writer Ugo Canonica



Manca r respir

*Ra natura: agredida
svestida
spoglié d'estad re piante
comé se fudess autun
inverne.*

Va tutt a balon.

*Batt ra mata re stagion
i giascé dai altuire
i buta sù, acqua caira
ma giù in di mar
r inquinamente.*

*E a nun viv
manca r respir.*

Ugo Canonica, da "R imbiugh",
Edizioni Casagrande, Bellinzona 1994



Other activities of the Group

- 54 Accademia SGR (Società di gestione del risparmio) SpA
- 56 Base Investments SICAV
- 60 Sempione SIM (Società di intermediazione mobiliare) SpA
- 63 Banca del Sempione (Overseas) Ltd.

The Company

Accademia SGR SpA (hereinfter also the “SGR”) is an asset management company specialised in managing Real Estate Funds. Based in Milan, it combines the international experience accumulated in real estate and the asset management business by Banca del Sempione Group with real estate experience gained in the Italian market, particularly Milan and Rome. Accademia SGR SpA is authorised to sponsor and manage Alternative Investment Funds (“AIFs”), also including real estate funds, based on European Directive 2011/61/UE (“AIFMD”).

Investment Philosophy

Accademia SGR SpA independently manages multiple investor funds. Investing in real estate funds allows for portfolio diversification securing attractive yields compared to other traditional forms of stock market investment. The SGR offers customised services to its clients.

The main advantages linked to real estate management via real estate funds are in particular: asset securitisation, debt deconsolidation, professional property management and the separation between characteristic company business and real estate management.

Types of investors

Accademia SGR SpA addresses a restricted number of “Professional and Institutional Investors”, interested in real estate investment and willing to delegate management of their assets to participate in real estate transactions in association with other parties having the same qualifications. The term “Professional Investor”, as defined in Italian Ministerial Decree N. 30/2015, includes private and public professional clients as well as those who, upon request, may be treated as professional clients pursuant to article 1, section 1, paragraph m-undecies and article 6, sections 2-quinquies and 2-sexies of Italian Legislative Decree N. 58/1998 (hereafter also “TUF”– Testo Unico della Finanza) as further amended. Such definition of professional investor is also set out in art. 1, section 1, paragraph m-quater of TUF. The SGR also addresses investors described in art. 14 of Italian Ministerial Decree N. 30/2015. In exchange for shares, it is possible for investors to transfer their real estate assets to a fund that the SGR then professionally manages and increases in value, in the interest of, and independently from, said investors, according to a predefined investment policy. Alternatively, they may invest a portion of their liquid assets in a real estate fund which already contains properties, with the objective of diversifying risk and securing an attractive yield compared to other traditional forms of stock market investment in the current market scenario. The main investment asset classes are office and residential properties, sports facilities and hotels.

How to invest in the Fund

Interested investors may underwrite shares in the real estate fund through:

- underwriting commitment: according to the terms and conditions set in the fund regulations, investors commit, by filling and signing a specific share application form, to paying the SGR the amount underwritten, based on the fund’s investment needs upon the SGR’s demands;
- contribution: subject to the terms and conditions set in the fund regulations, investors may underwrite shares in the fund, transferring not money but “assets” in accordance with the investment criteria prescribed in the regulations (real estate, real estate rights, and equity investments in real estate companies).

Prudential Rules

According to amendments implemented by AIFMD, the leverage of an AIF is expressed as the ratio between the AIF’s exposure and its net asset value. Accademia SGR SpA calculates the exposure of the AIFs it manages according to the “commitment” method pursuant to art. 8 of Delegated Regulation N. 2013/231/UE (“Delegated Regulation”). Accademia SGR SpA also calculates said exposure according to the “gross” commitment pursuant to art. 7 of the aforementioned Regulation during the drawing up of periodic reports.

The exposure of an AIF calculated in accordance with the “commitment” method is the sum of the absolute values of all positions valued pursuant to Article 19 of Directive 2011/61/UE and the relevant delegated acts, without prejudice to the criteria set out in paragraphs 2 to 9.

More in detail, Accademia SGR SpA shall:

- a) convert each derivative instrument position into an equivalent position in the underlying asset by using the conversion methods set out in article 10 and Annex II, points 4 to 9 and 14 of the Delegated Regulation;
- b) carry out the relevant netting and hedging transactions;
- c) calculate the exposure determined by the reinvestment of borrowings where such reinvestment increases the AIF’s exposure pursuant to Annex I, points 1 and 2 of the Delegated Regulation;
- d) include other transactions in the calculation based on Annex I, point 3 and points 10 to 13 of the Delegated Regulation.

The exposure of an AIF calculated in accordance with the “gross” method is the sum of the absolute values of all positions valued pursuant to article 19 of AIFMD and all delegated acts adopted in compliance with such Directive.

More in detail, Accademia SGR SpA shall:

- a) exclude the value of cash and cash equivalents that:
 - are highly liquid investments held in the AIF’s reference currency;
 - are readily convertible to a known amount of cash;
 - are subject to a minor risk of change in value;
 - provide a return no greater than the rate of a three-month high quality government bond;
- b) convert derivative instruments into equivalent positions in their underlying assets by using the conversion methods set out in article 10 and Annex I, points 4 to 9 and 14 of the Delegated Regulation;
- c) exclude cash borrowings that remain in cash or cash equivalent pursuant to point a), when the amounts to be paid are known;
- d) include exposure deriving from the reinvestment of cash borrowings, expressed as the higher market value of the investment realised or the total amount of the cash borrowed pursuant to Annex I, points 1 and 2 of the Delegated Regulation;
- e) include positions within repurchase agreements or reverse repurchase agreements as well as securities lending or securities borrowing arrangements or other transactions pursuant to Annex I, point 3 and points 10 to 13 of the Delegated Regulation.

Fund Duration

The fund duration is set in the fund regulations and may be a maximum of 50 years, except in case of early liquidation of the investment (and cash payment to investors for their shares in the fund) taking place over the life of the fund.



**ACCADEMIA
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* As of March the 4th 2019

Auditor PricewaterhouseCoopers, Milan

BASE INVESTMENTS SICAV

In the Grand-Duchy of Luxembourg, Banca del Sempione SA is the sponsor of Base Investments SICAV (the "SICAV"), an open-end investment company with multiple sub-funds established on 29 May 2001 and registered in the official list of Undertakings for Collective Investment pursuant to the Law of 17 December 2010, Section I.

The sub-funds are characterised by different investment objectives in order to offer a range of possibilities to investors and simultaneously respect their risk propensities. With regard to the individual sub-funds, investment policies were defined and summarised in the prospectus approved by the Supervisory Authorities.

More generally speaking, the main commitment of the investment managers is to preserve the capital invested during the more volatile market phases and implement the most effective strategies to increase the value of the assets during the most favourable phases. This is ensured through diversification of the portfolios and special attention to the control of operational risks.

The ideal minimum investment period is 24/36 months, based on the characteristics of the individual sub-funds.

Effective 1 October 2016, the SICAV appointed Edmond de Rothschild Asset Management (Luxembourg) as management company, assigning to it the risk control activities, the calculation of the net asset value as well as the role of transfer agent. Banca del Sempione SA continues in its functions as sponsor and manager for all the sub-funds, also taking on the responsibility of global distributor.

The most modern management techniques are applied to the activities benefitting the client, with the objective of ensuring the desired return. The constant search for the best technological infrastructures and in-depth analyses that lead to definition of the investment strategies also contribute to mitigating risks.

Starting from the principle that the SICAV's various sub-funds are invested in transferable securities, where cash is used on an ancillary basis, the company has carefully picked the markets it wants to operate in, focusing mainly on three asset classes (equity, bond, and cash). In addition to the aforementioned asset classes, the SICAV pursues a diversified approach through the adoption of quantitative strategies, such as the search for macro-economic advantages linked to the trend in variables, such as rates, inflation and economic growth, to generate investment opportunities, using all of the investment tools allowed by law or through investment in other funds with a low correlation to the market and a good risk-return ratio.

A list of the sub-funds is provided below, with a brief explanation of their respective investment policies:

Currency and Bond Sub-Funds

Base Investments SICAV – Low Duration

The objective of this Sub-Fund is to outperform the Bloomberg Barclays Global Aggregate 1-3 Years Total Return Index, mainly investing in fixed- or floating-rate securities, such that the portfolio duration does not exceed 3 years.

Base Investments SICAV – Bonds – Multicurrency

The objective of this Sub-Fund is to outperform the Euribor 3 months +1% Index with a time horizon of 3 years, mainly investing in fixed-income securities having a rating of at least BBB- assigned by S&P's (or equivalent). The Sub-Fund will try to benefit from changes in currency exchange rates through diversified investments in currencies and in derivatives, such as forward contracts and repurchase agreements, currency swaps and currency options.

Base Investments SICAV – Bonds Value

The objective of this Sub-Fund is to outperform an index consisting of FTSE Euro Broad Investment Grade Bond (80%) and JPM Cash Index EUR 3 Months (20%), with a time horizon of 3 years, mainly investing in fixed-income securities, having a rating of at least BBB- according to the S&P's rating system (or an equivalent rating assigned by a different rating agency). The Sub-Fund may invest up to 20% of its total net assets in non-investment grade bonds.

Base Investments SICAV – Bonds USD*

The objective of this Sub-Fund is to outperform the Citigroup EuroDollar Index, with a time horizon of three years, mainly investing in USD-denominated fixed-income securities, having a rating of at least BBB- according to the S&P's rating system (or equivalent).

Base Investments SICAV – Bonds CHF*

The objective of this Sub-Fund is to outperform an index consisting of SBI Foreign Rating AAA Total Return (80%) and JPM Cash Index CHF 3 Months (20%), with a time horizon of three years, mainly investing in CHF-denominated fixed-income securities having a rating of at least BBB- according to the S&P's rating system (or equivalent).

Base Investments SICAV – Global Fixed Income

The investment objective of this Sub-Fund is to outperform an index composed by 80% Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged EUR and by 20% EURIBOR 3 months (EUR003M) with a time horizon of three years, mainly investing in fixed-income securities. The Sub-Fund seeks to create the potential for capital appreciation by primarily investing in a portfolio of global fixed income securities, including, but not limited to, corporate bonds and government bonds of varying maturities.

Equity Sub-Fund

Base Investments SICAV – Emerging and Frontier Markets Equity

The Sub-Fund's investment objective is long-term capital appreciation by investing at least 51% of its net assets in equity securities of emerging and frontier equity markets companies or those companies which derive a major portion of their revenues or profits from emerging and frontier economies through a value investing stock selection across the entire market capitalisation spectrum. The benchmark index consists of MSCI Emerging Markets Consumer Staples Net Total Return Index -USD (65%), MSCI Frontier (25%) and cash (10%). With NAV calculated on March the 30th, the sub-funds Bonds USD and Bonds CHF have been merged into the new Global Fixed Income.

* With NAV calculated on March the 30th, the sub-funds Bonds USD and Bonds CHF have been merged into the new Global Fixed Income.

Flexible and Balanced Sub-Funds

Base Investments SICAV – Macro Dynamic

The Sub-Fund's objective is to achieve absolute return by means of a dynamic portfolio with a view to obtaining medium to long-term (3 to 5 years) capital appreciation by combining different assets without any geographical or currency constraints. For that purpose, the Sub-Fund implements flexible asset allocation based on the economic scenario, in the investors' interest. The benchmark index is Euribor 3 months +2%.

Base Investments SICAV – Flexible Low Risk Exposure

The objective of this Sub-Fund is to outperform an index consisting of Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged EUR (60%), EURIBOR 3 months (30%), MSCI World EUR (10%), with a time horizon of 3 years, mainly investing in any type of fixed-income transferable security having a rating of at least BBB- according to S&P's (or equivalent). The sub-fund may also invest up to 15% of its total assets in non-investment grade bonds, with average rating B. Maximum exposure to equities will be 15%.

Fund of Funds

Base Investments SICAV – Multi Asset Capital Appreciation Fund of Funds

It is a fund of funds whose objective is to outperform an index consisting of Bloomberg Barclays Global Aggregate (34%) and MSCI World TR Net Index (33%) and HFRU - Hedge Fund Research Composite Ucits compliant (33%), over a 5-year full investment cycle, by integrating quantitative and systematic strategies in the asset allocation with a view to building a robust portfolio and an ordered investment process through a multi-asset investment management strategy.



Base Investments SICAV

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SEMPIONE SIM (Società di intermediazione mobiliare) SpA

The company is active in asset management, investment advisory, and securities brokerage. It is geared towards clients who demand proven asset management skill based on the principles of reliability and common sense, typical of all Banca del Sempione Group companies.

Sempione SIM SpA also aims to be a major independent advisor: based on the Mifid-compliant “Feeonly4you” advisory platform, it can support clients who want to place their assets with one or more banks, professionally and independently guiding them in their investment decisions. Sempione Sim is able to offer its customers upon specific request, to hold their assets in a registered account opened at Banca del Sempione, thus satisfying the needs of those people who wish to diversify their deposits also geographically.

Sempione SIM SpA has also proven itself as a counterparty in the distribution of BASE INVESTMENT Luxembourg SICAV products in Italy, approved for sale by Italian authorities.

Sempione SIM is also active in placing bonds issued by SMEs with institutional investors.

The company offers, thanks to an expert and consolidated team, consultancy services to institutional investors on specialized trading strategies for total return and risk-arbitrage management.

Customisation

Customisation means continuously interacting with the client, through direct contact, pursuing the development of investment decisions so that they are consistent with expectations.

Professionalism

Sempione SIM SpA provides its clients with products and services managed by industry professionals who constantly seek opportunities on international markets and highly diversified investments.

Research

Management, advisory and order taking are appropriately aided by sources of recognised skill at the national and international level and by a coordinated in-house analysis division that independently evaluates management decisions, favouring dynamic, innovative and transparent trading.

Safety

Through a series of agreements with top banks, Sempione SIM SpA guarantees its clients clear separation between client assets deposited in trading accounts and assets under management by the SIM by virtue of mandates received.



SEMPIONE SIM
Gruppo Banca del Sempione

Sempione SIM

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In an increasingly globalised context, in terms of both markets and products, Banca del Sempione has expressed its vocation for exploration by establishing, as long ago as 2000, its subsidiary Banca del Sempione (Overseas) Ltd. in Nassau, in the archipelago of the Bahamas.

In fact, the capital of the Bahamas is a prestigious financial centre, thanks to tradition, the capacity to innovate and a solid technical infrastructure. Attention for regulatory aspects and the resulting need to update and adapt, caused by the wider objectives proposed by the International community led by the Global Forum, have characterised the last years of business. Commitment to an increasingly pronounced attention towards transparency and cooperation with other Countries was solidified by signature of the multilateral agreement on the exchange of fiscal information and involvement in further projects and measures aimed at countering unequal taxation (e.g. Base Erosion and Profit Shifting) and strengthening the fight against money laundering. A 360-degree effort which has opened the Country up to a more integrated and cooperative context and which, through intense negotiations and international discussion, is aiming for the signature of new treaties, agreements, joint ventures and alliances, too.

A constant commitment of the entire financial sector and in particular of Banca del Sempione (Overseas) Ltd. which, in this renewed context, aims at acting as an important player, continuing to offer top quality and highly sophisticated services both to private and increasingly greater numbers of institutional clients. The main business is focused on asset management through products dedicated to the needs of the clients. Also, securities, derivatives and currency trading operations are not to be excluded.



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The age of the Titans

Following the lines of rocks is a totally different story to following a stream, a path or the tracks of a woodland creature.

Rocks, quite simply, cannot be followed. When they appear, naked even for long stretches, they follow broken lines, with leaps and bounds, and abrupt interruptions. They suddenly rear up to disappear into deep rifts. And then nothing else: just different rocks - younger ones (indeed, a few million years old) or older ones from different geological periods.

There is barely the opportunity to investigate the history of those stretches that have been exposed to the elements for centuries: acknowledging the scars caused by wind and water, the fossil cavities of previous forms of life, the games played by the table of the elements, with forms and colours capable of suggesting the scratches of monsters, footprints of giants, magical characters.

Respect for nature and the ability to patiently acknowledge long periods of time: this is what we learn when contemplating our surroundings. An important warning that Banca del Sempione has truly heeded.



Among ancient rocks
and legends



Previous page:
Alpe Moschera

In sequence:
View of the Colla Valley
from the Gazzirola

The "Chilostoma
Cingulatum" snail

The rock thrush

The cabin on Mount Bar
and the Denti della Vecchia
range in the background



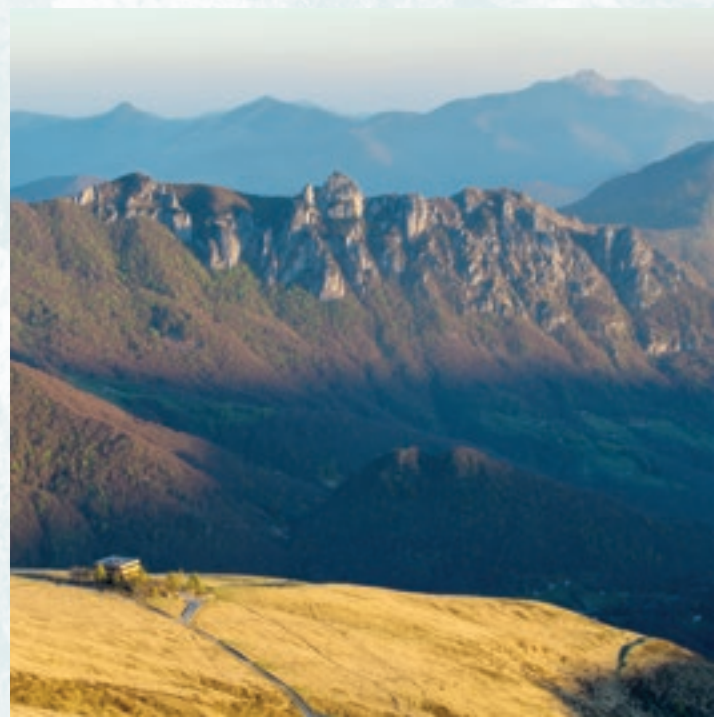
Over time, there has been no lack of academics studying the naturalistic value of the Colla Valley, including the rocky depths of its subsoil, like the extremely old gneiss of the Stabbiello, or the imposing dolomitic towers and pinnacles that stand out against its sky, the Denti della Vecchia range - not by chance categorised as part of Federal inventory. The end of the 19th century still saw lively debates between specialists on the geological overlaps and inversions that shaped the landscape. In 1887, a Lugano-based professor, Attilio Lenticchia, reiterated "*the existence of a notable formation of Rhaetic schists, above Cimaderna, some kilometres in length, (...) and located above the micaceous pre-Triassic clay schists, in disharmonious layers*". In more recent times, it would be the geologist Bruno Campana (1910-1988), born in Sondrio but a native of Piandera (where he returned as a child), to contribute to the knowledge held. Among Campana's sixty-odd scientific papers were geological essays, some of which he dedicated to his Colla Valley, filling important gaps in knowledge regarding the Colla Valley's gneiss and the pre-Triassic crystalline core. He was among the founders of the association "Friends of Piandera and Cimaderna".

As a matter of fact, experts' attention has always been drawn to the peculiarity of the valley's ancient schist and dolomite substrate, which is over 400 million years old and to which various outcrops between the crystalline basement and the so-called Moltrasio limestone are due, originating from a deep, ancient Jurassic sea.

Schist is very similar to granite, common to the grand crystalline massifs (as old as the chains of the Alps). These are rocks that have been rendered schistose by what is known as "dynamic metamorphism", before being widely used by man to build stone and slab structures. In the upper part of the Valley's right slope, summits such as the top of Caval Drossa (1,632

metres above sea level), Mount Bar or Baro (1,814 metres above sea level) and the Gazzirola (2,116 metres above sea level) are even more schistose. The Valley's left slope is instead home to darker rocks, which are just as huge but tend towards a greenish colour. The dolomite stone contained in the gneisses turns the area into an exceptional one: these are the oldest sedimentary rocks in the entire Ticino canton, sandstone and coal seams, old river deposits more than 300 million years old. The tiny fossils found there are proof of the lush vegetation that existed back then.

The most spectacular dolomitic towers, located on the peak between the Bocchetta di Brumea (1,262 metres above sea level) and the Pairolo Pass (1,406 metres above sea level), are so because they were never reached by glaciations, and are the work of millions of years of erosion caused by rain, wind and rain. That's not all, though: the Colla Valley has other surprises in store. As confirmed by Federal inventory documents, of an entirely different composition is the region around Scirona (911 metres above sea level): it was formed in a marine environment going back to the Triassic period. This is due to the second great ocean of that time, the Tethys Ocean, which invaded the North with



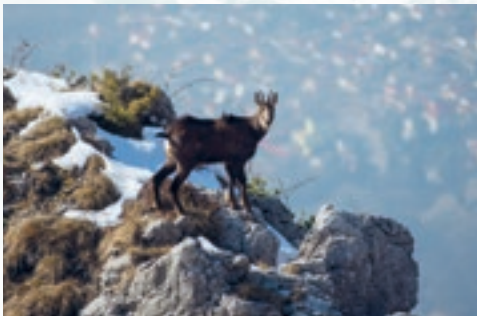


In sequence:
Chamois on the Denti della Vecchia range

The “Capanna Pairola” cabin; in the background, the Gazzirola covered with snow

Following page:
The magnificent Dolomitic natural towers (Denti della Vecchia)

the migration of continental masses until it disappeared, leaving various rocks and thus fossils of bi-valve molluscs, as in the vicinity of Alpe Bolla. The work carried out by man instead exploited the terracing upon which most Colla Valley villages were established: the fruit of sandy and rocky sediment produced in ancient times with the retreat of the glaciers. For



thousands of years, the land was ploughed and cultivated as vegetable gardens, fields and meadows. Clay and limestone were extracted to create bricks, thanks to old furnaces, whose remains can still be seen, above all at Cimadèra, in the Canvini area.

This geological attraction is supplemented by an environment of assorted fauna and flora, at times rare, throughout the entire area of the Insubria: from the “Carinthian Mouse-ear” to the only types, in Switzerland, of purple ranunculi “Einsel’s Columbine” and of “Salix Glabra willow”; botanical rarities such as the “*Cytisus emeriflorus*” (found only on these slopes), gastropods in extinction (such as the “*Chilostoma cingulatum*” snail), or similarly rare birds such as the common rock thrush. The imposing rocky towers have inspired the Colla Valley people, particularly those living in Cimadèra, a mountain village of national importance due to its extremely high stone dwellings, situated on the edge of narrow, steep staircases. The Denti della Vecchia range has been the source of popular legends including the “Organ

Pipes”. A man from out of town, an organ player and storyteller, wanted to know more about a mysterious tune he kept hearing here, so went into the woods, played for hours until he heard other notes, the most beautiful ever. Since the clouds surrounded the rocky pinnacles, he thought the air from the organ pipes was moving them, but instead the tune disappeared. There are also tales of giants and an old divinity that, mischievously, as storms came into play, moved boulders with great difficulty onto residential areas; and of sabbaths and witches among the spires, who pushed the shepherd Poldo up to Bassa d’Ogé. However, betrayed by a cough he was discovered, tortured and released. The San Lucio Pass also has its own legend, related to the saint to whom the church of the same name is dedicate (Saint Lucius). Nobody knows exactly when he was born, but a document from 1,358 records the presence of a hermit in the area who found work as a mountaineer and dairy farmer. Since he used to feed the Valley’s poor with leftovers, he was dismissed, but found another job satisfying his new boss. Blinded by envy, the first boss had him killed by a hitman; and thus, he became a popular martyr, celebrated on the 12th of July every year and venerated in several countries.





Annual financial statements of parent company

70	Balance sheet
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84	Report of the statutory auditor on the financial statements

BALANCE SHEET AT 31.12.2019

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		136,281	224,136
Amounts due from banks		46,247	56,146
Amounts due from customers	4.1	269,106	254,491
Mortgage loans	4.1	172,879	161,094
Trading portfolio assets	4.2	390	507
Positive replacement values of derivative financial instruments	4.3	4,603	2,533
Financial investments	4.4	98,584	107,885
Accrued income and prepaid expenses		7,365	4,065
Participations		13,792	13,681
Tangible fixed assets		11,414	11,138
Other assets	4.5	2,146	1,663
Total assets		762,807	837,339
Total subordinated claims		3,386	2,530
Liabilities			
Amounts due to banks		22,151	24,520
Amounts due in respect of customer deposits		612,217	689,478
Negative replacement values of derivative financial instruments	4.3	4,392	2,907
Accrued expenses and deferred income		4,490	3,486
Other liabilities	4.5	1,852	673
Provisions	4.9	12,750	12,750
Bank's capital	4.10	20,000	20,000
Statutory retained earnings reserve		37,500	37,000
Voluntary retained earnings reserves		40,000	39,500
Profit carried forward		1,525	2,292
Result of the period		5,930	4,733
Total liabilities		762,807	837,339
Off-balance-sheet transactions			
Contingent liabilities	4.1	5,866	4,997
Irrevocable commitments	4.1	2,818	2,464

INCOME STATEMENT 2019

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,465	3,889
Interest and dividend income from trading portfolios		4	5
Interest and dividend income from financial investments		1,197	1,551
Interest expense		-18	-83
Gross result from interest operations		4,648	5,362
Changes in value adjustments for default risks and losses from interest operations		83	19
Subtotal net result from interest operations	6.1	4,731	5,381
Result from commission business and services			
Commission income from securities trading and investment activities		24,172	20,643
Commission income from lending activities		108	98
Commission income from other services		2,220	2,133
Commission expense		-1,708	-1,505
Subtotal result from commission business and services		24,792	21,369
Result from trading activities		2,467	2,441
Other result from ordinary activities			
Result from the disposal of financial investments		414	-31
Income from participations		1,015	743
Result from real estate		89	93
Other ordinary income		179	
Other ordinary expenses			-1,744
Subtotal other result from ordinary activities		1,697	-939
Operating expenses			
Personnel expenses	6.2	-17,917	-17,248
General and administrative expenses	6.3	-6,917	-6,828
Subtotal operating expenses		-24,834	-24,076
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-1,344	-4,124
Changes to provisions and other value adjustments, and losses		-71	-19
Operating result		7,438	33
Extraordinary income	6.4	111	5,000
Taxes	6.5	-1,619	-300
Result of the period		5,930	4,733

APPROPRIATION OF PROFIT

(amount expressed in CHF 1,000)	Year under review	Previous year	Change
Result of the period	5,930	4,733	1,197
Profit carried forward	1,525	2,292	-767
Distributable profit	7,455	7,025	430
Appropriation of profit			
Allocation to statutory retained earnings reserve	500	500	
Allocation to voluntary retained earnings reserves	500	500	
Dividends	4,500	4,500	
Profit to be carried forward	1,955	1,525	430

STATEMENT OF CHANGES IN EQUITY 2019

(amount expressed in CHF 1,000)	Bank's capital	Statutory retained earnings reserve	Voluntary retained earnings reserve	Profit carried forward	Result of the period	Total
Equity at beginning of current period	20,000	37,000	39,500	2,292	4,733	103,525
Dividends					-4,500	-4,500
Allocation to reserves		500	500		-1,000	
New amount carried forward				-767	767	
Result of the period					5,930	5,930
Equity at end of current period	20,000	37,500	40,000	1,525	5,930	104,955





1. The Bank profile

Banca del Sempione SA's business areas and risk management operations do not differ from those of the Group.

2. Accounting and valuation principles

The accounting and valuation principles adopted are in compliance with the provisions set out in the Code of Obligations and the Swiss banking law and its relevant Ordinances, as well as in the guidelines issued by FINMA through Circular 2015/1 Accounting-Banks.

The statutory single-entity financial statements are drawn up according to the reliable assessment principle.

The Bank benefits from disclosure exemptions envisaged in the publication of consolidated financial statements. The accounting and valuation principles adopted coincide with those applied to the drawing up of the consolidated financial statements, the only exceptions being related to the creation of hidden reserves under the item "Provisions" and the following items.

Participations

This item includes equity securities of Bank-owned companies held with a view to making long-term investments, regardless of the voting share capital owned.

Participations are valued on a case-by-case basis at acquisition cost less any necessary value adjustments.

Participations are tested for impairment at each balance sheet date. Such tests are based on indications reflecting a possible impairment of individual assets. Where such indications are present, the recoverable amount is to be determined. An asset is impaired if its book value exceeds its recoverable amount. The recoverable amount is the higher of the net market value and the value in use. If an asset is impaired, supplementary amortisation and depreciation are to be recognised. Ordinary and supplementary amortisation and depreciation are booked under the income statement item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

Any gains realised on sales of participations are shown under the item "Extraordinary income" and any losses under the item "Extraordinary expenses".

Changes to accounting and valuation principles

The accounting and valuation principles applied to the drawing up of the financial statements as at 31 December 2019 are the same as those applied in the previous financial year.

3. Additional information

For any additional information or clarification required by legal provisions, please refer to the Schedule to the consolidated financial statements (Chapters 3 to 7).

4. Information on the balance sheet

4.1 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

(amount expressed in CHF 1,000)	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	4,710	231,852	34,009	270,571
Mortgage loans				
- Residential property	131,178			131,178
- Office and business premises	37,197		1,447	38,644
- Commercial and industrial premises	4,504			4,504
Total loans (before netting with value adjustments)				
Current year	177,589	231,852	35,456	444,897
Previous year	166,943	214,446	37,751	419,140
Total loans (after netting with value adjustments)				
Current year	177,589	231,852	32,544	441,985
Previous year	166,943	214,446	34,196	415,585
Off-balance-sheet				
Contingent liabilities		5,379	487	5,866
Irrevocable commitments			2,818	2,818
Total off-balance-sheet				
Current year		5,379	3,305	8,684
Previous year		4,322	3,139	7,461

Unsecured credits mainly concern loans granted for an amount exceeding the collateral value of securities given in guarantee but lower than the market value.

(amount expressed in CHF 1,000)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans / receivables				
Current year	2,983	125	2,858	2,858
Previous year	3,789	286	3,503	3,503

4.2 Breakdown of trading portfolios

(amount expressed in CHF 1,000)	Year under review	Previous year
Trading portfolio assets		
Debt securities, money market securities / transactions (listed)	98	127
Precious metals and commodities	292	380
Total	390	507

4.3 Presentation of derivative financial instruments (assets and liabilities)

(amount expressed in CHF 1,000)	Trading instruments		
	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange/precious metals			
Forward contracts	6,591	6,380	1,196,535
Options (OTC)	746	746	155,430
Total before netting agreements	7,337	7,126	1,351,965
Previous year	5,588	5,962	1,200,234
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	4,603	4,392	
Previous year	2,533	2,907	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		4,238	365

4.4 Breakdown of financial investments

(amount expressed in CHF 1,000)	Book value		Fair value			
	Year under review	Previous year	Year under review	Previous year		
Debt securities, intended to be held to maturity	72,800	75,289	74,705	75,431		
Equity securities	25,784	32,596	25,873	32,625		
Total	98,584	107,885	100,578	108,056		
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	10,835	11,935				
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating (S&P)						
Debt securities (book values)	29,031	29,628	13,144	997		

4.5 Breakdown of other assets and other liabilities

(amount expressed in CHF 1,000)	Other assets		Other liabilities	
	Year under review	Previous year	Year under review	Previous year
Indirect taxes	370	342	718	526
Other assets and liabilities	1,776	1,321	1,134	147
Total	2,146	1,663	1,852	673

4.6 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

(amount expressed in CHF 1,000)	Book values	Effective commitments
Pledged/assigned assets		
Amounts due from banks	58	58
Financial investments	7,959	3,172
Total	8,017	3,230

4.7 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

(amount expressed in CHF 1,000)	Year under review	Previous year
At sight accounts	2,383	4,126

4.8 Disclosures on the economic situation of own pension schemes

(amount expressed in CHF 1,000)	Overfunding at end of current year	Economic interest of the bank		Change in economic interest versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
		Year under review	Previous year			Year under review	Previous year
Pension plans with overfunding	4,000				1,305	1,305	1,361

Banca del Sempione SA has two pension plans.

For the LPP (Legge sulla Previdenza Professionale - Professional Welfare Law) obligatory part the Bank has opted for affiliation to the legally independent, Collective Welfare Foundation of Basilese Insurance. Employees are also affiliated to the Banca del Sempione Pension Fund, which only manages the optional (supplementary) part of professional welfare. Both Funds re-assure risks with a life insurance company, integrally with regard to the obligatory coverage, and solely for the risks of death and disability for the supplementary part.

The excess coverage of the Fund (coverage rate of 125%) may be destined solely in favour of the affiliates. Therefore, as far as the Bank is concerned, no economic advantage or coverage obligation is identified. Any financial commitment of the Bank with regard to the welfare foundations ends with payment of the contributions. Neither Fund includes any employer contribution reserves.

4.9 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(amount expressed in CHF 1,000)	Previous year end	Use in conformity with designated purpose	Reclas-sifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Other provisions	12,750							12,750
Total provisions	12,750							12,750

Value adjustments for default and country risks

	3,555	-563		-8	57	16	-145	2,912
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	3,503	-563		-8	57	14	-145	2,858
<i>of which, value adjustments for latent risks</i>	52					2		54

In the other provisions hidden reserves are included.

4.10 Presentation of the Bank's capital

	Year under review			Previous year		
	Total par value CHF 1,000	No. of shares	Capital eligible for dividend CHF 1,000	Total par value CHF 1,000	No. of shares	Capital eligible for dividend CHF 1,000
Bank's capital						
Share capital	20,000	200,000	20,000	20,000	200,000	20,000
Total Bank's capital	20,000	200,000	20,000	20,000	200,000	20,000

The share capital is fully paid. There are no provisions that may affect the right to vote of the shareholders.

4.11 Number and value of equity securities or options on equity securities attributed to all executives, directors and employees, and disclosures on any employee participation plans

No equity securities or option on equity security have been attributed to executives, directors and employees, nor any employee participation plan.

4.12 Disclosure of amounts due from/to related parties

(amount expressed in CHF 1,000)	Amounts due from		Amounts due to	
	Year under review	Previous year	Year under review	Previous year
Holders of qualified participations	3,427	3,483	18,917	24,313
Group companies	10,515	11,410	18,525	21,007
Linked companies	19,861	13,496	6,522	2,346
Transactions with members of governing bodies	7,177	6,954	2,986	3,630

During the financial period in question no note-worthy transactions occurred in which affiliated entities were counterparts. No significant off-balance sheet transactions have been recorded. The conditions applied in the banking services correspond to those granted to top-ranking clientele. Members of the bank's governing bodies are granted the same benefits as those applied to all personnel.

4.13 Disclosure of holders of significant participations

	Year under review		Previous year	
	Nominal CHF 1,000	% of equity	Nominal CHF 1,000	% of equity
Holders of participations exceeding 5% of votings rights				
Eburnea Holding SA, Sion (Donelli Family)	10,400	52.00	10,400	52.00
Molu SA, Lugano (Gattei Family)	7,000	35.00	7,000	35.00
Golden Horn Finanz AG, Lugano (Filofibra Group)	2,600	13.00	2,600	13.00

4.14 Breakdown of total assets by credit rating of country groups (risk domicile view)

(Rating S&P)	Net exposure			
	Current year end		Previous year end	
	CHF 1,000	%	CHF 1,000	%
AAA/AA-	652,967	85.6	708,877	84.7
A+/A-	3,091	0.4	15,040	1.8
BBB+/BBB-	104,548	13.7	109,677	13.1
BB+/BB-	2,009	0.3	2,218	0.3
B+/B-	186	0.0	258	0.0
CCC/C	6	0.0	1,269	0.2
Total assets	762,807	100	837,339	100

As for the breakdown of net commitment, the principle of customer domicile applies, with the exception of mortgage loans, in respect of which the place where the property is located shall prevail.

5. Information on off-balance sheet transactions

5.1 Breakdown of fiduciary transactions

(amount expressed in CHF 1,000)	Year under review	Previous year
Fiduciary investments with third-party companies	24,083	23,673
Total of fiduciary transactions	24,083	23,673

5.2 Breakdown of assets under management and presentation of their development

(amount expressed in CHF 1,000)	Year under review	Previous year
Breakdown of assets under management		
Assets in collective investment schemes managed by the bank	555,978	589,593
Assets under discretionary asset management agreements	847,179	752,821
Other managed assets	1,798,380	1,638,915
Total assets under management (including double counting)	3,201,537	2,981,329
<i>of which, double counting</i>	<i>443,667</i>	<i>442,312</i>

Other managed assets include all assets for which the Bank receives fees and/or additional fees to custodial rights and account fees. The Bank has no assets that can be considered as "custody only".

(amount expressed in CHF 1,000)	Year under review	Previous year
Presentation of the development of assets under management		
Total assets under management (including double counting) at the beginning of the period	2,981,329	3,328,212
Net new money inflow or net new money outflow	72,346	16,419
Price gains/losses, interest, dividends and currency gains/losses	147,862	-363,302
Total assets under management (including double counting) at the end of the period	3,201,537	2,981,329

Net new money inflow/outflow includes all incoming and outgoing transfers of liquidity and other investment values, on the basis of the value of the transfer day. On the other hand, interest and dividend income, price and currency gains/losses as well as interest, expenses and commission charges are excluded.

6. Information on the income statement

6.1 Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interests

The Bank has paid an amount of CHF 632,000 (previous year : CHF 463,000) due to negative interests expenses.

6.2 Breakdown of personnel expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	15,019	14,285
Social insurance benefits	2,782	2,833
Other personnel expenses	116	130
Total personnel expenses	17,917	17,248

6.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,955	1,957
Expenses for information and communications technology	2,744	2,534
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	204	215
Fees of audit firm (Art. 961a no. 2 CO)	204	205
<i>of which, for financial and regulatory audits</i>	<i>204</i>	<i>205</i>
<i>of which, for other services</i>		
Other operating expenses	1,810	1,917
Total of general and administrative expenses	6,917	6,828

6.4 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Extraordinary revenues of CHF 111,000 are attributable to the revaluation to cost value of the investment (unconsolidated) SIX Group SA. In the previous year, extraordinary income of CHF 5,000,000 was generated by the dissolution of hidden reserves.

6.5 Presentation of current taxes, deferred taxes, and disclosure of tax rate

(amount expressed in CHF 1,000)	Year under review	Previous year
Expense for current taxes	1,619	300
Total taxes	1,619	300

Average tax rate weighted on the basis of the operating result 21.8%

Tax expenses on the previous year essentially concerns taxes on substance.

To the right:
Historic bridge
(1926 -1931) and
protected cultural
heritage, connecting
the two banks
of the Cassarate river
at Curtina





Report of the statutory auditor

to the General Meeting of Banca del Sempione SA, Lugano

Report on the financial statements

As statutory auditor, we have audited the financial statements of Banca del Sempione SA, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 70 to 82), for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Lugano, 10 April 2020

A handwritten signature in black ink, appearing to read 'Beresford Caloia'.

Beresford Caloia
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Mattia Marelli'.

Mattia Marelli

Lugano, 10 April 2020

Climbing a memory

The vertical traverse always starts with chatter and sounds from the bottom of the valley, with the joy of the morning and a carefree spirit full of energy.

The initial rises slip away to the thought of the glowing destination that awaits us. Then gradually, they become steep, as we go higher and become more aware of the time and effort needed to reach the summit.

At first sight, ascending the Denti della Vecchia range in the Colla Valley, is no different from many other trekking experiences. And yet, something has changed. The forms of the rocks, the colours of the plants, the shelters and alpine pastures are only characteristic of this particular experience, which here and now tells us about the nature, life and history of this land.

The traverse then ends, and we return to the sounds from the bottom of the valley and chatter that has become foggy with the kilometres climbed. Another experience to be framed and remembered. Another small step to save and preserve Ticino places and traditions: a mission that Banca del Sempione has also taken on.



Climbing the Denti della Vecchia
mountain range



Previous page:
The spectacular Denti della Vecchia "Cathedral"

In sequence:
Grotto del Ritorno above the village of Bré

Centre of the little village of Cureggia

Alpe Bolla

It is from the Denti della Vecchia, among that old, spectacular, rocky cathedral, amid its woods and clearings, that the view is breath-taking. This is still today one of the destinations most visited by tourists that is able to gift solid emotions. As early as 1885, the Ticino naturalist Lavizzari wrote that *"you finally reach a wonderful field full of natural towers and spires made from dolomite"*, such that *"no other place in the canton offers such exquisite scenery"*. The site was also well-known to rock climbers such as the legendary Emilio Comici (1901-1940), and inspired great 19th century Ticino painters, such as Capriasca's Luigi Rossi (1852-1923), who with a style close to Hodler and Cézanne, painted the Denti around 1910. In the 1990s, for one reporter from Lugano, this actually *"would appear to be the ideal setting for theatre, film a TV show"*. Are these not maybe good reasons for taking a trip there?

There are various routes. A classic route suitable for all, through trails clearly marked out in red and white, starts from Lugano, before proceeding in the direction of Cureggia (656 metres above sea level), Alpe Bolla (1,128 metres above sea level), Pian di Scagn (1,173 metres above sea level), Bocchetta di Brumea (1,262 metres above sea level) and "Sasso Grande" (1,490 metres above sea level) to the top of the Denti della Vecchia range, before descending at Capanna Pairolo (1,349 metres above sea level) to reach the village of Cimadera (1,081 me-



tres above sea level), from where you can return to Lugano with the public bus service, *Autopostale*. You need to reckon a day, to be on the safe side, or at most five or six hours of walking. You leave Lugano, taking a bus for around 40 minutes to Cureggia, where in the upper part of the village - immediately after the last house - the tarmacked road is left behind as you enter the path bound for the mountain, an hour and a half away. From here on in, the traveller is already in the heart of nature, in



a lovely wood of beech trees. The ascent is achieved without too much effort, passing by a grotto dedicated to the Madonna and then a little fountain. The trail starts to steepen. There are also chestnut trees and a few stone quarries, leading to Pietragrossa (809 metres above sea level), where there is an abandoned inn nestled in the middle of plane trees. The track resumes, and after 45 minutes, the plateau of the Alpe Bolla emerges where visitors can stop for refreshment from May to October. According to some historians, the trail was actually thought to be used as early as Roman times, connecting Porlezza in Italy to Bellinzona. In the 1930s, the mountain pasture was the destination for hundreds of pilgrims, who from the various Luganese bases climbed up the Roccoco district to celebrate mass, in the nearby chapel of Saint Peter, decorated with frescoes by the painter Erminia Fritsche (1910-2003). Still today, the Alpe hosts annual festivals dedicated to the saint, while it is even now put to good use by a mountaineer who every summer takes up a dozen cows, thus keeping traditions alive. The journey continues from the soft track that indicates "Denti della Vecchia", and in 10 minutes the Pian di Scagn is reached. This is an expansive lush basin that heads downhill to compensate the previous uphill trail. From here, if so desired, it is possible to reach Mount Boglia (1,516 metres above sea level), whose summit signposts the Italian-Swiss border. This area, containing less woodland, with its south-facing slopes heated by the sun until the end of winter, is home to unique flora, including intensely white Christmas roses and moun-



tain cowslips. With the terse autumn air pervading the panoramic view, you can see Monte Rosa and the Matterhorn, while view extends southwards across the entire Cassarate Valle and northwards over the Ticino Plain, before reaching the circle formed by the Alps. There is little distance left now before the Sasso Grande is reached: a sign indicating the climb to the right says so. Rising amid beeches and creeping pines, the summit emerges between dips and depressions, including the Bocchetta di Bru-mea (1,262 metres above sea level). You pass through a deep valley and then an avalanche chute. Bearing left, you arrive at a pass that, finally, allows you to admire the various solid dolomitic limestone teeth, including the highest of the towers that emerges from the foliage of bushes.

The trail then continues along the neck of the Streccione Pass (1,400 metres above sea level), also known as the “Bocchetta”, before reaching the “Sasso Palazzo” (1,445 metres above sea level), the second highest tower. On view, among other things, is the Italian-Swiss border ridge: the first ridge, sloping, is very easy to make out because it is covered in trees and



shrubbery, while the second ridge is because it is bare, eroded by atmospheric agents, and is virtually a sequence of precipices above the beechwood of the Pairolo basin. The downward trail to the left then becomes more pleasant until it reaches the snug “Capanna Pairolo” cabin, built in 1937 and offering half-board accommodation from April to October. The trail then enters, for an hour and a half, a clearly marked dirt mule track, following the tree-covered backbone of the “Mataron”, passing by the Dino creek, the “Prato Bello” (1,205 metres above sea level) and the “Riale delle Spinne”, reaching the other slope. Advancing along Via alle Spine, you arrive at the peace and quiet of the village of Cimadèra: the “summus hara” for Latins, the highest enclosure. Indeed, it is the highest residential area within the Sottoceneri zone. An old town already mentioned in the 15th century, it is surrounded by lush meadows, woods full of beeches, spruces, birches and alders, and stands on a sun-drenched balcony of glacial origin that dominates the Colla Valley, from where a glorious view over the gulf of Lugano is enjoyed.



In sequence:
Pian di Scagn

The village of Cimadèra

Auricular primrose growing on south-facing slopes heated by the sun

Panoramic view of Capriasca and the Vedeggio plain from the Mataron

Following page:
Herd of Scottish Highland cows grazing above Bogno





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legend: t = top, m = middle, d = down, l = left, r = right

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


The inserts were drafted by Marco Jeitziner.

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Concept and coordination
Lucasdesign.ch

Just a stone's throw away

And finally, the Colla Valley comes into view. After the Vallemaggia, the Campolungo region and Muggio Valley, the route suggested by Banca del Sempione through the Ticino Valleys arrives at the valley nearest to Lugano, which has incorporated it into its own territory. However, the Colla Valley is completely removed from the modern urban life of the lakeside city and, just a stone's throw away, offers an expanse of green pastures, the woods that expand and climb, and the dolomitic peaks of the Denti della Vecchia mountain range. Travelling just a few kilometres plunges us into nature and reunites us with time capsules that appear to have achieved the impossible, surviving the typical homogenisation witnessed in the development of urban centres. In the Colla Valley, old mills and longstanding convents still resist time, while the memory of ancient craftsmen such as the smith or tinker is preserved, along with an archaic and inexplicable language. An absolute treasure that risks being forgotten, not only because of the typical frenetic pace of city life, but also because we are constantly overwhelmed by new pressures and we struggle to take our time over the simple things in life that give meaning to our very existence: the values of social coexistence, the bonds of human solidarity, the customs upon which our culture was founded. Remembering, revisiting and recounting this wealth is the gift that Banca del Sempione is once again making to its community this year.

-  Convent
-  Church
-  Refuge - Cabin
-  Mountaintop - Mountain
-  Cable railway to Mount Brè
-  Bus
-  Hiking/Trekking proposal
-  Hiking/Trekking alternative
-  Hiking/Trekking trails
-  Cantonal road
-  Italian/Swiss border



Back cover:
View from Monte Boglia
over the Lugano area

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