



BANCA DEL SEMPIONE
SIMPLON BANK
BANQUE DU SIMPLON

Annual Report 2020



Choosing sustainability

Climate warming is one of the most sensitive environmental issues, the consequences of which are mainly tangible as a result of the melting of polar caps and glaciers around the world.

Swiss glaciers are no exception, as they are melting even more rapidly, and the consequences are unfortunately foreseeable. In the history of our planet, glacial periods have always alternated with interglacial periods. Never before has this change happened as quickly as today. And the cause is also new. The rapidly increasing CO₂ concentrations exceed those of natural cycles. This shows once again that we cannot waste any more time in the fight against global warming.

Any company today is therefore called upon to pursue both economic profit and the responsible use of natural resources and the protection of the environment, social organisation and human relations. A commitment that, at the financial level, is expressed in adherence to the sustainability criteria summarised in the acronym ESG (environment, social, governance).

At the more general level of economic and social relations, Banca del Sempione has formalised its commitment to sustainability through four development lines, which you will find described in the monographic sections included in this new annual report.

The first is about the space we live in and share with our clients and our employees. A space in which to experiment solutions with low environmental impact – as is the case in the Green Division – and which allows us to communicate this choice concretely to those who come into contact with the Bank.

The second development line concerns the employees, whom we want to involve personally in this path and with whom we want to develop a relationship of growing listening and collaboration.

The third line regards our way of doing banking: how we will be able to transform our business into sustainable practices and investments and engage our clients and employees in consistent life and consumption choices.

Finally, the fourth line of development is about digitization. An inevitable and virtuous process, which must always put the needs of people and the benefits they can derive at the heart of the process.

Main Swiss Glaciers

- 1 Aletsch (BE/VS), 78.49 km²
- 2 Gorner (VS), 41.24 km²
- 3 Fiescher (VS), 29.75 km²
- 4 Unteraar (BE), 22.7 km²
- 5 Oberaletsch (VS), 17.05 km²
- 6 Corbassière, (VS) 14.95 km²
- 7 Morteratsch (GR), 14.93 km²
- 8 Zmutt (VS), 14.82 km²
- 9 Rodano (VS), 14.64 km²
- 10 Trift (BE), 14.56 km²
- 11 Findelen (VS), 13.87 km²
- 12 Zinal (VS), 13.46 km²
- 13 Otemma (VS), 12.6 km²
- 14 Stein (BE), 5.53 km²
- 15 Basodino (TI), 1.64 km²
- 16 Cambrena (GR), 1.29 km²



Back cover:
*The Aletsch Glacier,
the largest and longest glacier
in the Alps.*



Banca del Sempione SA

Annual Report

In the event of differences between the English and the Italian version of the annual report, the Italian version must be considered prevailing.

Report on the sixty year of operations,
presented to the General Meeting of Shareholders on 30 April 2021.



Governance

- 6 The Bank's governing bodies
- 8 Banca del Sempione SA's Board of Directors
- 9 Banca del Sempione SA's General Management
- 13 Chairman's report

Consolidated annual financial statements

- 22 Consolidated balance sheet
- 23 Consolidated income statement
- 24 Consolidated cash flow statement
- 25 Statement of changes in equity
- 27 Notes to the annual consolidated financial statements
- 46 Report of the statutory auditor on the consolidated financial statements

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.

Annual financial statements of parent company

- 70 Balance sheet
- 71 Income statement
- 72 Appropriation of profit
- 72 Statement of changes in equity
- 75 Notes to the annual financial statements
- 84 Report of the statutory auditor on the financial statements

To the left:
The Basodino Glacier.

Following page:
*View of the Pers Glacier
(part of the Morteratsch Glacier)
from the Diavolezza.*





Banca del Sempione SA's Board of Directors

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

Auditor

PricewaterhouseCoopers SA, Lugano

¹⁾ independent members

Banca del Sempione SA's General Management

Stefano Rogna general manager,
 Chairman of the General Management
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
Veronica Broggi assistant manager*
Dibo Corti assistant manager
Fabio Devittori assistant manager
Antonella Di Ieso assistant manager*
Angelo Gilardoni assistant manager
Giovanni Kappeler assistant manager
Maurizio Molatore assistant manager
Maria Quagliozi assistant manager
Fabio Sabetti assistant manager
Francesca Trizzino assistant manager*
Massimo Valsangiacomo assistant manager
Renato Vosti assistant manager
Peter Wüst assistant manager

* as of March the 1st 2021

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

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 General Management

Stefano Rogna, *general manager, Chairman of the General Management*

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, member of the General Management*

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, member of the General Management*

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, member of the General Management*

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, member of the General Management*

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, member of the General Management*

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, member of the General Management*

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, member of the General Management*

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.







Chairman's Report

The year 2020 will be remembered forever and will be recorded in the annals of history for the spread of a virus, Covid-19, which has upset our lives, our personal relations, our habits and, last but not least, our economy.

Before this invisible but terrible enemy started to appear, we would have wished to dedicate our annual report to the establishment, 60 years ago, of Banca del Sempione SA, Lugano.

Forward-looking entrepreneurs led by PierAlberto Donelli set up a Bank, which, over half a century later, shines with its own light, actively working and serving a multitude of Swiss and foreign clients with passion and competence.

2020 and the ongoing human and health crisis require in-depth consideration of how we have coped with this serious moment and what we intend to do to overcome it.

Our Bank took up the challenges posed by the spread of the virus as early as last spring, maintaining excellent operational efficiency and ensuring all measures to protect the health of its staff and clients.

Thanks to the extraordinary work of our employees, we have been able to be efficient in our processes and procedures, working with over 80% of our remote-working staff.

We do not know whether this will be the new way of understanding work in the future, but we firmly believe in personal relationships and in the value of people, in the relations among them, with the ability to leverage technology to value these principles, not to impoverish them or to make us dominated by technological progress.

Our vision is to be competent and creative in driving the work forward with greater efficiency, rationality, organisational and reaction skills.

At the same time, it is important that we contribute to making this world a better place. For this reason, we are pleased to be able to confirm the success of the new business area that, starting from the creation of the "Green Division" anticipated in last year's report, allows us to raise awareness in all stakeholders of an irreversible path towards greater attention to sustainability, in the interests of ourselves and of future generations.

This must lead us to reflect on our ways of living and working, while not forgetting all the good things done by previous generations.

It is time to change our vision, our approach. We believe that we have clear competitive advantages over our rivals, thanks to the steps already taken.

As to the operations carried out by our Bank in 2020, it is necessary to recall the difficulties faced in first six months of the year, due to extremely volatile and negative markets.

Performance in the second half of the year was brilliant, and led our Institute to achieve remarkable year-end results to the satisfaction of clients, employees and shareholders.

Hopefully, in 2021, we will be able to see that economic and social rebirth, now endangered by this invisible enemy.

Our thoughts go to those who didn't make it and to their families, to whom we express our solidarity.

Our wish is that normality can be restored as soon as possible.

In such circumstances, talking about numbers and results may seem inappropriate, but it is necessary to recognize the value of the work done with such passion and professionalism by the employees of Banca del Sempione Group. They have worked in difficult circumstances that have put their serenity and sensitivity to the test.

Below is a summary of the most significant items:

Lending operations and interest income

Our commitment in this area is directed to those clients that choose our Bank first of all for its management and advisory services, and ultimately for the 360-degree relationship it can offer. We have therefore seen minimal growth in volumes compared to other banks, in a sector in which we see potential difficulties arising especially in relation to lease delinquency and supply above demand. Low interest rates do not stimulate an offsetting inflow in line with expectations and the risks inherent in operations. Hence, our policy remains prudent, with priority being given to quality over quantity.

Commission income

The financial market trend in 2020 generated a volume of transactions that may not have been recorded before. This allowed to obtain a remarkable result from ordinary operations and, thanks to interesting performances on the products managed by the Bank, an economic return proportional to the satisfaction of our clients.

Trading operations

In 2020, the SNB's intervention to set a cap on a strengthening Swiss franc, in a difficult situation and with financial markets that seemed to be panicking in the first half of the year, was extremely costly. But our central bank achieved its goal, even against a weakening dollar. Our economic result came in at the expected levels thanks to a skilful use of currency diversification in client portfolios.

Operating costs

This figure was influenced by two main factors:

- The need to ensure effective and efficient operations to the clients' benefit in a dramatic and time-consuming environment whilst doing everything possible to protect the health of clients and employees
- The start of the "Green Division" and the increase in digitization processes, with the consequent rise in costs and investments

In both cases, we believe the Bank has achieved its objectives and the appreciation expressed by all our stakeholders for what has been done largely justifies the increase, in any case limited, of this fundamental item of the income statement.

Personnel

In such a complicated year, even with a significant increase in digital processes, the number of employees remained almost unchanged at 140, equivalent to 135 full-time jobs. In 2019, there were 139 employees, equivalent to 133 full-time jobs.

Research and development

The year 2020 saw the "Green Division" projects take off. A full description of them is included in this report. We anticipated a trend that is influencing all operations/assets in the financial sector and beyond. In the context of sustainable activities, we adopted an across-the-board approach to clients, collaborators and the reference community, obtaining positive results and recognition for the work carried out.

At the same time, as mentioned above, we accelerated the renewal of internal procedures and the launch of the new e-banking system, in order to combine the best efficiency and effectiveness in the provision of services.

Client assets

The result obtained is in line with expectations but with higher satisfaction in that, thanks to the development of relationships with domestic clients, we were able to generate significant volumes despite the objective difficulties in approaching clients not resident in our territory. A Bank like ours, which strongly feels it is part of Ticino and close to the families and the whole territory of our canton, takes pride in such result, which also gives us great hope for further successes.

Consolidated operating result

This figure is satisfactory given the development of operations/assets throughout 2020. In the first part of the year, extremely volatile and mostly negative financial markets strongly conditioned us, but the recovery confirmed in the second half of the year allowed a return, thanks to the results achieved by the companies included in the scope of consolidation, not far from that obtained in 2019.

The Board of Directors expresses its warm and sincere thanks to the entire staff and Management Teams of the Group's companies for their work in a context heavily impacted by the pandemic phenomenon. The commitment and dedication shown in an extraordinary and wearing situation have been exceptional and highly appreciated.

In light of the above results, the Board of Directors proposes to the Shareholders' Meeting of Banca del Sempione the following allocation of CHF 7,749,000 in net earnings:

CHF	500,000	statutory retained earnings reserve
CHF	500,000	voluntary retained earnings reserves
CHF	4,500,000	dividend
CHF	2,249,000	new amount carried forward

Our heartfelt thanks to the Swiss Financial Market Supervisory Authority (FINMA) for its cooperation, and to the independent auditor, PricewaterhouseCoopers, for the work carried out and the suggestions offered.

Avv. Fiorenzo Perucchi
Chairman of the Board of Directors

If it is true
that renewal
always arises
from the inside,
it is worth
crossing the
threshold into
the head office
of Banca del
Sempione,
in Lugano, to
see the change
first-hand.

A woman with short blonde hair and a man with glasses and a beard are engaged in a conversation. They are surrounded by large, vibrant green plants, including Monstera and Philodendron. The man is holding a white cup of coffee on a saucer. The background is a blurred, light-colored wall.

IM MER SE

yourself
in green space

A new space has been created within the Bank. And it's green.

It is made of sustainable materials and is intended to direct all of the Bank's operations towards greater awareness of the environment, people and the community.

The project of the new Green Division, within the Lugano headquarters of Banca del Sempione, aims to create a new way of doing banking, based on attention to people, the environment and the community.

A welcoming and sustainable area has thus been created in all its architectural and furnishing aspects, thanks to materials that reduce to a minimum the environmental impact and to construction firms and craftsmen of the Ticino region that have embraced this philosophy.

The large wall of natural green, which serves as the backdrop to the Bank's reception area, surprises and at the same time sets out the green choice. The plants, supported by recyclable structures and a low-consumption water system, create a relaxing environment without acoustic reverberations, capable of trapping atmospheric pollutants and releasing oxygen.



The floor in bamboo strips aligned in sequence, as in industrial floors, is a durable, attractive and environmentally friendly solution. Bamboo is anti-static and anti-allergic and comes from an FSC-certified chain of custody for the supply of sustainable wood.

The walls have been finished with painting made from "Calce Del Brenta dal 1920": a natural wall painting, free from harmful elements - based on lime from the Brenta river - whose high basicity prevents the survival of bacteria and moulds.

The large glass wall is made of Vitrik LCD glass, able to opacify electrically with an instantaneous change of state, to guarantee discretion.

The fixed furnishings are the result of a work of artisan quality and integrate into the irregular shapes of the existing space, through original sliding systems. Minimalist cuts and profiles and a lacquering in limestone shades mimic the furniture without invading the main presence of the large green wall. Once they are opened, they reveal a kitchen, a TV set and other functional elements. The tables and armchairs in structural glass are designed by designers such as Jean-Marie Masaud and Piero Lissoni: pure shapes, which best describe the philosophy of this transparent, simple, high-quality environment. As for the chairs, timeless pieces by Arne Jacobsen, a Danish architect and designer, have been chosen. They were produced with a strong focus on the sustainability of raw materials and production processes.

The next step will be to make the entire Green Division a net-zero energy space, thanks to the optimization of consumption and the construction of a photovoltaic system on the roof of the building.





Consolidated annual financial statements

22	Consolidated balance sheet
23	Consolidated income statement
24	Consolidated cash flow statement
25	Statement of changes in equity
27	Notes to the annual consolidated financial statements
46	Report of the statutory auditor on the consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 31.12.2020

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		183,131	136,285
Amounts due from banks		131,126	98,007
Amounts due from customers	8.1	272,226	279,144
Mortgage loans	8.1	170,148	162,379
Trading portfolio assets	8.2	2,278	390
Positive replacement values of derivative financial instruments	8.3	3,939	4,607
Financial investments	8.4	81,076	102,687
Accrued income and prepaid expenses		6,418	7,907
Non-consolidated participations	8.5	131	131
Tangible fixed assets	8.7	28,371	28,564
Other assets	8.8	3,686	4,569
Total assets		882,530	824,670
Total subordinated claims		3,891	3,386
Liabilities			
Amounts due to banks		2,415	4,426
Amounts due in respect of customer deposits		733,662	673,326
Negative replacement values of derivative financial instruments	8.3	3,658	3,929
Accrued expenses and deferred income		5,640	5,483
Other liabilities	8.8	1,391	2,559
Provisions	8.12	2,857	3,600
Reserves for general banking risks	8.12	10,910	10,910
Bank's capital		20,000	20,000
Retained earnings reserve		95,846	93,806
Minority interests in equity		29	39
Consolidated profit		6,122	6,592
<i>of which, minority interests in consolidated profit</i>		-10	-6
Total liabilities		882,530	824,670
Off-balance-sheet transactions			
Contingent liabilities	9.1	6,097	5,866
Irrevocable commitments		2,674	2,818

CONSOLIDATED INCOME STATEMENT 2020

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,292	3,818
Interest and dividend income from trading portfolios		2	4
Interest and dividend income from financial investments		947	1,212
Interest expense		118	4
Gross result from interest operations		4,359	5,038
Changes in value adjustments for default risks and losses from interest operations		91	83
Subtotal net result from interest operations	10.1	4,450	5,121
Result from commission business and services			
Commission income from securities trading and investment activities		31,036	31,540
Commission income from lending activities		125	111
Commission income from other services		2,033	2,139
Commission expense		-2,367	-2,369
Subtotal result from commission business and services		30,827	31,421
Result from trading activities and fair value		2,883	2,676
Other result from ordinary activities			
Result from the disposal of financial investments		1,143	427
Income from participations		3	15
Result from real estate		597	680
Other ordinary income		209	192
Other ordinary expenses		-30	
Subtotal other result from ordinary activities		1,922	1,314
Operating expenses			
Personnel expenses	10.2	-22,496	-22,104
General and administrative expenses	10.3	-8,389	-8,875
Subtotal operating expenses		-30,885	-30,979
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-2,132	-1,971
Changes to provisions and other value adjustments, and losses		688	758
Operating result		7,753	8,340
Extraordinary income	10.4		111
Changes in reserves for general banking risks			
Taxes	10.6	-1,631	-1,859
Consolidated profit		6,122	6,592
<i>of which, minority interests in consolidated profit</i>		-10	-6

CONSOLIDATED CASH FLOW STATEMENT 2020

	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	6,122		6,592	
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	2,132		1,971	111
Provisions and other value adjustments	137	880	317	180
Changes in value adjustments for default risks and losses from interest operations	91		83	
Accrued income and prepaid expenses	1,489			3,151
Accrued expenses and deferred income	157		1,430	
Previous year's dividend		4,500		4,500
Subtotal	4,748		2,451	
Cash flow from shareholder's equity transactions				
Recognised in reserves		62		182
Subtotal		62		182
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Real estate		298		52
Other tangible fixed assets		1,641		1,713
Subtotal		1,939		1,765
Cash flow from banking operations				
<i>Medium and long-term business (> 1 year)</i>				
Mortgage loans		7,807		12,285
Financial investments	21,611		9,399	
<i>Short-term business</i>				
Amounts due to banks		2,011	389	
Amounts due in respect of customer deposits	60,336			72,524
Negative replacement values of derivative financial instruments		271	1,189	
Other liabilities		1,168	1,392	
Amounts due from banks		33,119		168
Amounts due from customers	6,865			13,679
Trading portfolio assets		1,888	117	
Positive replacement values of derivative financial instruments	668			2,048
Other assets	883			140
<i>Liquidity</i>				
Liquid assets		46,846	87,854	
Subtotal		2,747		504
Total	4,748	4,748	2,451	2,451

STATEMENT OF CHANGES IN EQUITY 2020

(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	93,806	10,910	39	6,592	131,347
Other changes		-33				-33
Minority interests in profit		10		-10		
Currency translation differences		-29				-29
Distributed profits					-4,500	-4,500
Allocation to reserves		2,092			-2,092	
Result of the period					6,122	6,122
Equity at end of current period	20,000	95,846	10,910	29	6,122	132,907

Boiling ice.

Switzerland's glaciers lost 10% of their volume between 2016 and 2020. This melt rate is unprecedented in over 100 years of observations.



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, operating 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.

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 the Accounting Ordinance (AO-FINMA) and Circular 2020/1 "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 Notes. 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 Notes. 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. Moreover, newly-created value adjustments and losses can be offset against the corresponding recovered sums or value adjustments that are no longer required.

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 interest on active transactions is recorded in 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 and 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. Being assigned to supervisory category 5, the Bank creates value adjustments, based on empirical values, even for losses likely to be incurred which cannot yet be attributed to a creditor (latent default risks arising from loans and receivables that are non-impaired). Both loans and non-performing loans are recognised in the balance sheet net of corresponding write-downs. Changes in the amount of the write-downs, 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 interest on passive transactions is recorded in interest charges (reduction of interest charges). 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 operations 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 operations", whereas income from interest and dividend is shown under the item "Interest and dividend income from trading operations".

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 operations". 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 assets 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 between 20% and 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 shareholdings and depreciation and amortisation of tangible fixed assets and intangible assets". Any gains realised on sales of tangible 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. For default risks arising from off-balance-sheet transactions under the items "contingent liabilities" and "irrevocable commitments", value adjustments are made using the same methodology as that applied to amounts due from customers. 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. Reserves are set up and cancelled 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 is 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 2020 are the same as those applied in the previous financial year. On 1 January 2020, the new FINMA Accounting Ordinance and the new FINMA Circular 2020/1 "Accounting-Banks" entered into force, which extended the provisions on value adjustments and provisions for default risks arising from loans that are non-impaired. Banks in supervisory category 5 must create value adjustments for latent default risks. This principle was already included in previous regulations and therefore does not constitute a change in the practice applied by the Bank so far.

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 operations". 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:

	2020		2019	
	Year End	Average	Year End	Average
EUR	1.0819	1.0717	1.0851	1.1117
USD	0.8812		0.9668	

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 between 20% and 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.

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, General Management, Risk Control, and Compliance. On the basis of its assessments, annually the Board of Directors updates the "Risk Policy and Risk Management Principles", which determines the fundamental principles that regulate the Group risk policy and supervises their application.

General 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 General 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 the extension is authorised by a credit committee, and, for higher amounts and credits to correlated parties, by the Board of Directors. Any exceptions to the rules envisaged by the Group credit 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 balance of credits granted amounts to CHF 601,000. 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 "Delta market value" 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. Shock scenarios envisaged by FINMA Circular 2019/2 "Interest rate risk – Banks" are applied. 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 within the limits defined by the Bank bodies 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

Liquidity management is the responsibility of General Management through ALCO. 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.

Risk is managed through an integrated system of tolerance limits, indicators, and stress scenarios. 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 General Management and ALCO with all the necessary support.

An emergency plan includes the necessary intervention measures to anticipate and deal with possible liquidity crises.

Operational risk

Operating risks are limited through a series of internal regulations and provisions. An internal document entitled "Managing Operating Risks" 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/Publications).

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 General Management. The Bank also creates value adjustments for losses likely to be incurred which cannot yet be attributed to a customer (potential default risks arising from contingent liabilities or exposures not deemed to be included in non-performing loans). The calculation is based on empirical values resulting from historical data on past losses. The list of non-performing loans 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 collateral 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 clients.

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

7. Material events subsequent to the date of the financial statements

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

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	3,557	237,132	32,803	273,492
Mortgage loans				
- Residential property	139,111		147	139,258
- Office and business premises	26,853			26,853
- Commercial and industrial premises	4,184			4,184
Total loans (before netting with value adjustments)				
Current year	173,705	237,132	32,950	443,787
Previous year	167,089	241,094	36,252	444,435
Total loans (after netting with value adjustments)				
Current year	173,705	237,132	31,537	442,374
Previous year	167,089	241,094	33,340	441,523
Off-balance-sheet				
Contingent liabilities		5,864	233	6,097
Irrevocable commitments			2,674	2,674
Total off-balance-sheet				
Current year		5,864	2,907	8,771
Previous year		5,379	3,305	8,684

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
Current year	1,357		1,357	1,357
Previous year	2,983	125	2,858	2,858

The decrease of non performing loans is essentially due to the closure of a single loan amounting to CHF 1,572,000.

8.2 Breakdown of trading portfolio assets and other financial instruments with fair value valuation (assets and liabilities)

(amount expressed in CHF 1,000)	Year under review	Previous year
Trading portfolio assets		
Debt securities, money market securities/transactions (listed)	1,874	98
Precious metals and commodities	404	292
Total	2,278	390

8.3 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		
	Positive replacement values	Negative replacement values	Contract volume
<i>(amount expressed in CHF 1,000)</i>			
Foreign exchange/precious metals			
Forward contracts	6,567	6,284	1,267,797
Options (OTC)	1,410	1,412	165,583
Total before netting agreements	7,977	7,696	1,433,380
<i>calculated with a pricing model</i>	<i>7,977</i>	<i>7,696</i>	
Previous year	7,341	6,663	1,331,233
<i>calculated with a pricing model</i>	<i>7,341</i>	<i>6,663</i>	
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	3,939	3,658	
Previous year	4,607	3,929	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		3,253	686

8.4 Breakdown of financial investments

	Book value		Fair value	
	Year under review	Previous year	Year under review	Previous year
<i>(amount expressed in CHF 1,000)</i>				
Debt securities, intended to be held to maturity	61,022	73,415	62,438	75,320
Equity securities	20,054	29,272	20,096	29,361
Total	81,076	102,687	82,534	104,681

of which, securities eligible for repo transactions in accordance with liquidity requirements

	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)	20,342	25,689	13,835	1,156		

8.5 Presentation of non-consolidated 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		131					131
Total non-consolidated participations	131		131					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

No changes from previous year.

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	
Group buildings	51,251	25,736	25,515		298		-812	25,001
Proprietary or separately acquired software	25,158	22,736	2,422		1,186		-1,096	2,512
Other tangible fixed assets	10,544	9,917	627		455		-224	858
Total tangible fixed assets	86,953	58,389	28,564		1,939		-2,132	28,371

Operating leases	294
<i>of which, maturing within one year</i>	<i>126</i>
<i>of which, maturing exceeding one year</i>	<i>168</i>

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	373	371	759	718
Other assets and liabilities	3,313	4,198	632	1,841
Total	3,686	4,569	1,391	2,559

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	948	948
Financial investments	6,739	2,765
Total	7,687	3,713

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
Amounts due in respect of customer deposits	2,943	2,383
Negative replacement values of derivative financial instruments	5	13
Total	2,948	2,396

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 (Banca del Sempione Pension Fund)	4,734				1,345	1,345	1,305

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. Banca del Sempione Pension Fund re-assures risks with a life insurance company, for the risks of death and disability.

The coverage rate of Banca del Sempione Pension Fund is equal to 131% (unaudited data as at December the 31st, 2020). The excess coverage 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	1,760	-257		-4		137	-619	1,017
Total provisions	3,600	-257		-4		137	-619	2,857
Reserves for general banking risks	10,910							10,910
Value adjustments for default and country risks	2,912	-1,409		-1		14	-104	1,412
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>2,858</i>	<i>-1,409</i>		<i>-1</i>		<i>13</i>	<i>-104</i>	<i>1,357</i>
<i>of which, value adjustments for latent risks</i>	<i>54</i>					<i>1</i>		<i>55</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	3,375	3,427	20,158	18,988
Linked companies	12,584	19,861	2,959	6,522
Transactions with members of governing bodies	7,753	7,182	3,861	3,553

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	183,131							183,131
Amounts due from banks	74,583	143	56,400					131,126
Amounts due from customers		262,918	7,604	1,699	5			272,226
Mortgage loans	125	30,038	15,257	20,350	71,428	32,950		170,148
Trading portfolio assets	2,278							2,278
Positive replacement values of derivative financial instruments	3,939							3,939
Financial investments	19,872		1,763	5,967	36,504	16,970		81,076
Total	283,928	293,099	81,024	28,016	107,937	49,920		843,924
<i>Previous year</i>	<i>221,088</i>	<i>299,008</i>	<i>71,583</i>	<i>27,151</i>	<i>117,692</i>	<i>46,977</i>		<i>783,499</i>
Debt capital/financial instruments								
Amounts due to banks	2,415							2,415
Amounts due in respect of customer deposits	693,651	40,011						733,662
Negative replacement values of derivative financial instruments	3,658							3,658
Total	699,724	40,011						739,735
<i>Previous year</i>	<i>637,149</i>	<i>44,532</i>						<i>681,681</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	183,130	1	136,281	4
Amounts due from banks	70,642	60,484	41,376	56,631
Amounts due from customers	68,773	203,453	67,106	212,038
Mortgage loans	146,337	23,811	137,711	24,668
Trading portfolio assets	404	1,874	292	98
Positive replacement values of derivative financial instruments	3,886	53	4,504	103
Financial investments	9,825	71,251	7,626	95,061
Accrued income and prepaid expenses	6,079	339	7,433	474
Non-consolidated participations	131		131	
Intangible assets	28,012	359	28,189	375
Other assets	1,418	2,268	2,146	2,423
Total assets	518,637	363,893	432,795	391,875
Liabilities				
Amounts due to banks	474	1,941	1,211	3,215
Amounts due in respect of customer deposits	328,883	404,779	309,851	363,475
Negative replacement values of derivative financial instruments	3,651	7	3,915	14
Accrued expenses and deferred income	5,239	401	4,719	764
Other liabilities	907	484	1,852	707
Provisions	1,840	1,017	1,840	1,760
Reserves for general banking risks	10,910		10,910	
Bank's capital	20,000		20,000	
Retained earnings reserve	85,124	10,722	83,637	10,169
Minority interest in equity		29		39
Consolidated profit	5,334	788	5,042	1,550
<i>of which, minority interests in consolidated profit</i>		-10		-6
Total liabilities	462,362	420,168	442,977	381,693

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	518,637	58.8	432,795	52.5
Europe others	306,317	34.7	326,827	39.6
<i>of which, Italy</i>	<i>187,785</i>	<i>21.3</i>	<i>201,684</i>	<i>24.5</i>
North America	25,487	2.9	26,900	3.3
South America	23,295	2.6	28,044	3.4
Africa	1,188	0.1	1,337	0.2
Asia	7,066	0.8	6,260	0.8
Australia/Oceania	540	0.1	2,507	0.3
Total assets	882,530	100	824,670	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-	770,720	87.3	716,996	86.9
A+/A-	3,627	0.4	5,198	0.6
BBB+/BBB-	104,372	11.8	98,542	11.9
BB+/BB-	3,730	0.4	3,355	0.4
B+/B-			386	0.0
CCC/C	81	0.0	193	0.0
Total assets	882,530	100	824,670	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	181,144	141	1,786	60	183,131
Amounts due from banks	7,190	71,320	24,578	28,038	131,126
Amounts due from customers	36,377	19,409	214,991	1,449	272,226
Mortgage loans	147,475		22,673		170,148
Trading portfolio assets	280	863	731	404	2,278
Positive replacement values of derivative financial instruments	889	3,175	-214	89	3,939
Financial investments	41,487	14,508	25,081		81,076
Accrued income and prepaid expenses	4,090	275	1,943	110	6,418
Non-consolidated participations	131				131
Tangible fixed assets	28,274		97		28,371
Other assets	906	101	2,676	3	3,686
Total assets shown in the balance sheet	448,243	109,792	294,342	30,153	882,530
Delivery entitlements from spot exchange, forward forex and forex options transactions	208,454	416,215	637,795	170,916	1,433,380
Total assets	656,697	526,007	932,137	201,069	2,315,910
Liabilities					
Amounts due to banks	321	825	968	301	2,415
Amounts due in respect of customer deposits	249,295	123,233	317,182	43,952	733,662
Negative replacement values of derivative financial instruments	151	4,338	-944	113	3,658
Accrued expenses and deferred income	5,064	121	358	97	5,640
Other liabilities	836	35	518	2	1,391
Provisions	2,092		765		2,857
Reserves for general banking risks	10,910				10,910
Bank's capital	20,000				20,000
Retained earnings reserve	95,846				95,846
Minority interests in equity			29		29
Consolidated profit	6,407		-285		6,122
<i>of which, minority interests in consolidated profit</i>			-10		-10
Total liabilities shown in the balance sheet	390,922	128,552	318,591	44,465	882,530
Delivery obligations from spot exchange, forward forex and forex options transactions	273,873	396,212	607,192	156,103	1,433,380
Total liabilities	664,795	524,764	925,783	200,568	2,315,910
Net position per currency	-8,098	1,243	6,354	501	

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	6,097	5,866
Total contingent liabilities	6,097	5,866

9.2 Breakdown of fiduciary transactions

(amount expressed in CHF 1,000)	Year under review	Previous year
Fiduciary investments with third-party companies	5,796	25,585
Total fiduciary transactions	5,796	25,585

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	666,699	622,631
Assets under discretionary asset management agreements	1,014,621	1,048,479
Other managed assets	2,656,379	2,537,493
Total assets under management (including double counting)	4,337,699	4,208,603
<i>of which, double counting</i>	<i>577,557</i>	<i>510,320</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	4,208,603	3,816,467
Net new money inflow or net new money outflow	92,027	203,440
Price gains/losses, interest, distributed profits and currency gains/losses	37,069	218,337
Transfer/liquidation of investment funds managed by Accademia SGR		-29,641
Total assets under management (including double counting) at the end of the period	4,337,699	4,208,603

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 428,000 (previous year: CHF 632,000) due to negative interests expenses. The Bank has debited negative interests amounting to CHF 152,000 (previous year: CHF 98,000).

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)	18,707	18,466
Social insurance benefits	3,591	3,360
Other personnel expenses	198	278
Total personnel expenses	22,496	22,104

10.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,578	1,767
Expenses for information and communications technology	3,593	3,506
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	121	193
Fees of audit firms (Art. 961a no. 2 CO)	478	481
<i>of which, for financial and regulatory audits</i>	471	474
<i>of which, for other services</i>	7	7
Other operating expenses	2,619	2,928
Total of general and administrative expenses	8,389	8,875

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 booked in previous year 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	3,132	160	3,331	487
Interest and dividend income from trading portfolios	2		4	
Interest and dividend income from financial investments	932	15	1,197	15
Interest expense	115	3	16	-12
Gross result from interest operations	4,181	178	4,548	490
Changes in value adjustments for default risks and losses from interest operations	91		83	
Subtotal net result from interest operations	4,272	178	4,631	490
Result from commission business and services				
Commission income from securities trading and investment activities	23,659	7,377	24,007	7,533
Commission income from lending activities	117	8	108	3
Commission income from other services	1,780	253	1,915	224
Commission expense	-1,763	-604	-1,708	-661
Subtotal result from commission business and services	23,793	7,034	24,322	7,099
Result from trading activities and fair value	2,609	274	2,467	209
Other result from ordinary activities				
Result from the disposal of financial investments	1,160	-17	414	13
Income from participations	3		15	
Result from real estate	597		680	
Other ordinary income	93	116	170	22
Other ordinary expenses	-4	-26		
Subtotal other result from ordinary activities	1,849	73	1,279	35
Operating expenses				
Personnel expenses	-18,131	-4,365	-17,917	-4,187
General and administrative expenses	-5,883	-2,506	-6,114	-2,761
Subtotal operating expenses	-24,014	-6,871	-24,031	-6,948
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,970	-162	-1,816	-155
Changes to provisions and other value adjustments, and losses	5	683	-71	829
Operating result	6,544	1,209	6,781	1,559

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	1,694	1,895
Expense for deferred taxes	-63	-36
Total taxes	1,631	1,859
Average tax rate weighted on the basis of the operating result	21.0%	22.3%

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 22-25 and 27-44), for the year ended 31 December 2020.

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 2020 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

A handwritten signature in black ink, appearing to be 'Omar Grossi'.

Omar Grossi
Audit expert
Auditor in charge

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

Mattia Marelli

Lugano, 13 April 2021

Employees
are the Bank's
primary resource.

Attention
is paid to them
when it comes
to creating a positive
working environment
and fully developing
the sustainability
project.

A man and a woman are looking at a laptop screen. The woman is on the left, smiling, and the man is on the right, looking intently. The background is a scenic view of a lake and mountains. The text 'RECOGNISE' is overlaid on the image in large, white, sans-serif capital letters.

RECOGNISE

yourself
in the context you work in

People have the power of change .

The path to sustainability requires a shared effort between the Bank, its clients and, above all, its employees. Several initiatives to improve the working environment are dedicated to them.

The Banca del Sempione project toward sustainability represents the natural evolution of the commitment carried out over the years for the enhancement of the Ticino region and the support of local social initiatives.

All of this is supplemented with new investments made year after year to reduce the company's environmental impact as well as with initiatives to increase the sensitivity of people and businesses to sustainable development and climate risk containment. Because, in our reality as everywhere, changes can only succeed if they involve the people who allow the Bank to operate and grow.

Like our clients, who place their trust in the institution and for whom banking products and financial instruments increasingly focused on sustainability are intended.

And our internal staff, who guarantee the Bank's services as well as its peculiar presence in the territory and its reputation.

Banca del Sempione devotes increasing attention to them, believing that no change is possible unless the same values, future goals and the strategies to achieve them are shared.

Efforts to build a transparent, healthy working environment that can be a continuous stimulus for those who, every day, put their talents at its service are moving in this direction.

The first commitment the Bank has made is to invest in internal communication, in order to increase transparency in decision-making and business objectives and to encourage employee participation.

The second commitment concerns technological innovation, which must go hand in hand with the growth of internal skills and be instrumental in improving people's work and safety. The rapid adoption of functions that today allow up to 80% of staff to work remotely is one of the results achieved.

The third commitment includes initiatives to improve the internal staff's working life, such as the daily distribution of fresh fruit to employees, the design of a vegetable garden on the sixth floor of the building, the possibility of practising yoga in special areas.

Finally, the fourth commitment is financial in nature: the Bank has set up a fund for the subsidised financing of personal means of transport. The funding allows all employees to purchase electric bicycles or electric push and motor scooters, as well as hybrid or electric powered cars, benefiting from reduced interest rates.





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 (hereinafter 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
SGR**

**Accademia SGR (Società
di gestione del risparmio) SpA**

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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 – 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.

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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Auditor PricewaterhouseCoopers, Luxembourg

An aerial photograph of a vast, textured glacier. The ice is a mix of white, grey, and blue, with numerous crevasses and ridges. A small group of about ten people, dressed in colorful outdoor gear, is walking across a relatively flat section of the glacier in the middle ground, providing a sense of scale to the immense size of the ice field.

The magic of coldness. The threat of heat.

Helping to prevent environmental threats
is a shared responsibility.

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

(Società di intermediazione mobiliare) SpA

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Auditor PricewaterhouseCoopers, Milan



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.



**BANCA DEL SEMPIONE
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Auditor PricewaterhouseCoopers, Nassau

There is no need
to change
the way of life.
Just change
your eyes.
The Bank's mission
remains to provide
quality services.
Services that, today,
cannot ignore
sustainability.



IDENTIFY

with sustainability

Look to today, prepare for tomorrow.

Our day-to-day action always has an impact on the environment. Whether it is positive or negative depends on how we live, how we invest, how we collaborate.

For decades now, the world of finance has begun to include investment strategies related to environmental, social, and corporate governance criteria among its instruments. But today, owing to increasingly extreme climate change, sustainability is becoming a guiding criterion for investment decisions at a global level.

Global warming generates phenomena that are no longer controllable, such as weather excesses in temperate regions, rising seas, melting glaciers, desertification of arable areas. These, in turn, give rise to intense migratory flows and alter social balances.

It is for these reasons that climate is considered as the first investment risk. And, as a result, all of us - businesses, citizens, and institutions - are called upon to adopt behaviours capable of reducing environmental impact and meeting basic human needs and balanced economic development.

In the course of its 60 years of history, Banca del Sempione has shaped its social responsibility above all around the enhancement of the Ticino region and local social initiatives. For some years, however, it has been committed to progressively reducing its environmental footprint and to offering its clients and employees the opportunity to contribute to the common effort toward sustainability.

Part of this process are the sustainable solutions adopted within the Bank for the Green Division, the green incentive program for

employees, and adherence to the ESG (environmental, social, and governance) responsible investment criteria for developing banking and financial services.

One example is the new Green Account: an investment management and advisory service, which allows selecting the investment instruments and individual securities that adhere to the ESG criteria as well as investing in the ESG asset management lines proposed by the Bank.



In 2020, Banca del Sempione also created thematic tracker certificates, which enabled investment in sustainability-related macro trends, such as health and well-being (the Healthy Life certificate) and energy transition (Electric & Hydrogen).

The goal is to develop a corporate policy consistent with the UN sustainable development principles and to foster the sharing of these principles among citizens and on the ground. Because sustainability is a way forward together.

To the right:
View of the "Parco Eolico
del San Gottardo".





Annual financial statements of parent company

70	Balance sheet
71	Income statement
72	Appropriation of profit
72	Statement of changes in equity
75	Notes to the annual financial statements
84	Report of the statutory auditor on the financial statements

BALANCE SHEET AT 31.12.2020

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		183,130	136,281
Amounts due from banks		72,722	46,247
Amounts due from customers	4.1	264,787	269,106
Mortgage loans	4.1	180,148	172,879
Trading portfolio assets	4.2	2,278	390
Positive replacement values of derivative financial instruments	4.3	3,913	4,603
Financial investments	4.4	78,233	98,584
Accrued income and prepaid expenses		6,009	7,365
Participations		13,792	13,792
Tangible fixed assets		11,432	11,414
Other assets	4.5	1,418	2,146
Total assets		817,862	762,807
Total subordinated claims		3,891	3,386
Liabilities			
Amounts due to banks		24,415	22,151
Amounts due in respect of customer deposits		663,737	612,217
Negative replacement values of derivative financial instruments	4.3	4,353	4,392
Accrued expenses and deferred income		5,451	4,490
Other liabilities	4.5	907	1,852
Provisions	4.9	12,750	12,750
Bank's capital	4.10	20,000	20,000
Statutory retained earnings reserve		38,000	37,500
Voluntary retained earnings reserves		40,500	40,000
Profit carried forward		1,955	1,525
Result of the period		5,794	5,930
Total liabilities		817,862	762,807
Off-balance-sheet transactions			
Contingent liabilities	4.1	6,304	5,866
Irrevocable commitments	4.1	2,674	2,818

INCOME STATEMENT 2020

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,262	3,465
Interest and dividend income from trading portfolios		2	4
Interest and dividend income from financial investments		932	1,197
Interest expense		112	-18
Gross result from interest operations		4,308	4,648
Changes in value adjustments for default risks and losses from interest operations		91	83
Subtotal net result from interest operations	6.1	4,399	4,731
Result from commission business and services			
Commission income from securities trading and investment activities		23,834	24,172
Commission income from lending activities		117	108
Commission income from other services		2,094	2,220
Commission expense		-1,763	-1,708
Subtotal result from commission business and services		24,282	24,792
Result from trading activities and fair value		2,609	2,467
Other result from ordinary activities			
Result from the disposal of financial investments		1,160	414
Income from participations		1,003	1,015
Result from real estate		70	89
Other ordinary income		93	179
Other ordinary expenses			
Subtotal other result from ordinary activities		2,326	1,697
Operating expenses			
Personnel expenses	6.2	-18,131	-17,917
General and administrative expenses	6.3	-6,698	-6,917
Subtotal operating expenses		-24,829	-24,834
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-1,498	-1,344
Changes to provisions and other value adjustments, and losses		5	-71
Operating result		7,294	7,438
Extraordinary income	6.4		111
Taxes	6.5	-1,500	-1,619
Result of the period		5,794	5,930

APPROPRIATION OF PROFIT

(amount expressed in CHF 1,000)	Year under review	Previous year
Result of the period	5,794	5,930
Profit carried forward	1,955	1,525
Distributable profit	7,749	7,455
Appropriation of profit		
Allocation to statutory retained earnings reserve	500	500
Allocation to voluntary retained earnings reserves	500	500
Dividend	4,500	4,500
Profit to be carried forward	2,249	1,955

STATEMENT OF CHANGES IN EQUITY 2020

(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	37,500	40,000	1,525	5,930	104,955
Distributed profits					-4,500	-4,500
Allocation to reserves		500	500		-1,000	
New amount carried forward				430	-430	
Result of the period					5,794	5,794
Equity at end of current period	20,000	38,000	40,500	1,955	5,794	106,249

Drinking water for 60 years from Switzerland's 1,500 glaciers.

It has been calculated that Switzerland's glaciers contain 57 km³ of drinking water. However, the progressive shrinking of the ice is threatening agricultural crops, the size of Europe's great rivers originating in Switzerland, such as the Rhine and the Rhône, and hydropower supplies.





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 with the guidelines issued by FINMA through the Accounting Ordinance (AO - FINMA) and Circular 2020/1 "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 shareholdings and depreciation and amortisation of tangible fixed assets and intangible assets".

Any gains realised on sales of shareholdings 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 2020 are the same as those applied in the previous financial year.

On 1 January 2020, the new FINMA Accounting Ordinance and the new FINMA Circular 2020/1 "Accounting-Banks" entered into force, which extended the provisions on value adjustments for default risks arising from loans that are non-impaired.

Banks falling into supervisory category 5 must create value adjustments for latent default risks. This principle was already included in previous regulations and therefore does not constitute a change in the practice applied by the Bank so far.

3. Additional information

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

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	3,557	229,709	32,787	266,053
Mortgage loans				
- Residential property	139,111		147	139,258
- Office and business premises	36,853			36,853
- Commercial and industrial premises	4,184			4,184
Total loans (before netting with value adjustments)				
Current year	183,705	229,709	32,934	446,348
Previous year	177,589	231,852	35,456	444,897
Total loans (after netting with value adjustments)				
Current year	183,705	229,709	31,521	444,935
Previous year	177,589	231,852	32,544	441,985
Off-balance-sheet				
Contingent liabilities		5,865	439	6,304
Irrevocable commitments			2,674	2,674
Total off-balance-sheet				
Current year		5,865	3,113	8,978
Previous year		5,379	3,305	8,684

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	1,357		1,357	1,357
Previous year	2,983	125	2,858	2,858

The decrease of non performing loans is essentially due to the closure of a single loan amounting to CHF 1,572,000.

4.2 Breakdown of trading portfolio assets and other financial instruments with fair value valuation (assets and liabilities)

(amount expressed in CHF 1,000)	Year under review	Previous year
Trading portfolio assets		
Debt securities, money market securities / transactions (listed)	1,874	98
Precious metals and commodities	404	292
Total	2,278	390

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	6,549	6,987	1,289,767
Options (OTC)	1,410	1,412	165,583
Total before netting agreements	7,959	8,399	1,455,350
<i>calculated with the aid of a pricing model</i>	7,959	8,399	
Previous year	7,337	7,126	1,351,965
<i>calculated with the aid of a pricing model</i>	7,337	7,126	
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	3,913	4,353	
Previous year	4,603	4,392	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		3,254	659

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	60,443	72,800	61,859	74,705		
Equity securities	17,790	25,784	17,832	25,873		
Total	78,233	98,584	79,691	100,578		
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	8,408	10,835				
	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)	20,167	25,285	13,835	1,156		

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	369	370	759	718
Other assets and liabilities	1,049	1,776	148	1,134
Total	1,418	2,146	907	1,852

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	948	948
Financial investments	6,739	2,765
Total	7,687	3,713

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
Amounts due in respect of customer deposits	2,943	2,383
Negative replacement values of derivative financial instruments	5	13
Total	2,948	2,396

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 (Banca del Sempione Pension Fund)	4,734				1,345	1,345	1,305

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. Banca del Sempione Pension Fund re-assures risks with a life insurance company, for the risks of death and disability. The coverage rate of Banca del Sempione Pension Fund is equal to 131% (unaudited data as at December the 31st, 2020). The excess coverage 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

	2,912	-1,409		-1		14	-104	1,412
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	2,858	-1,409		-1		13	-104	1,357
<i>of which, value adjustments for latent risks</i>	54					1		55

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	3,375	3,427	20,158	18,917
Group companies	10,024	10,515	23,647	18,525
Linked companies	12,584	19,861	2,959	6,522
Transactions with members of governing bodies	7,741	7,177	3,296	2,986

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 voting 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-	704,668	86.2	652,967	85.6
A+/A-	3,627	0.4	3,091	0.4
BBB+/BBB-	107,446	13.1	104,548	13.7
BB+/BB-	2,040	0.2	2,009	0.3
B+/B-			186	0.0
CCC/C	81	0.0	6	0.0
Total assets	817,862	100	762,807	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	4,747	24,083
Total of fiduciary transactions	4,747	24,083

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	583,990	555,978
Assets under discretionary asset management agreements	808,848	847,179
Other managed assets	1,906,634	1,798,380
Total assets under management (including double counting)	3,299,472	3,201,537
<i>of which, double counting</i>	<i>494,848</i>	<i>443,667</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	3,201,537	2,981,329
Net new money inflow or net new money outflow	65,312	72,346
Price gains/losses, interest, distributed profits and currency gains/losses	32,623	147,862
Total assets under management (including double counting) at the end of the period	3,299,472	3,201,537

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 428,000 (previous year : CHF 632,000) due to negative interests expenses. The Bank has debited negative interests amounting to CHF 152,000 (previous year: CHF 98,000).

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)	15,172	15,019
Social insurance benefits	2,843	2,782
Other personnel expenses	116	116
Total personnel expenses	18,131	17,917

6.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,864	1,955
Expenses for information and communications technology	2,802	2,744
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	141	204
Fees of audit firm (Art. 961a no. 2 CO)	213	204
<i>of which, for financial and regulatory audits</i>	213	204
<i>of which, for other services</i>		
Other operating expenses	1,678	1,810
Total of general and administrative expenses	6,698	6,917

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 booked in previous year are attributable to the revaluation to cost value of the investment (unconsolidated) SIX Group SA.

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	1,500	1,619
Total taxes	1,500	1,619
Average tax rate weighted on the basis of the operating result	20.6%	21.8%





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 70-72 and 75-82), for the year ended 31 December 2020.

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 2020 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 recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

A handwritten signature in black ink, appearing to be 'Omar Grossi', written over a light grey rectangular background.

Omar Grossi
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to be 'Mattia Marelli', written over a light grey rectangular background.

Mattia Marelli

Lugano, 13 April 2021

Process automation
benefits
the Bank's strength,
quality of service,
working environment
and sustainability.

A photograph of two men in business suits sitting at a desk, looking at a document together. The man on the right is gesturing with his hand while speaking. The background is a blurred office environment with windows. The text 'A DATA POINT' is overlaid in large, white, sans-serif font, centered over the image.

A DATA POINT

to the issues

Technology eliminates the distance between bank, client and employee.

The Coronavirus season has accelerated the Bank's digitization. Today, it offers mobile applications, more efficient and secure management systems, and remote working.

The banking industry is traditionally prudent in taking on board new technologies. And yet, over the last decade, changes have been remarkable, thanks to the new opportunities for communication with clients and stakeholders, introduced by the internet and social media, and to the increasing process automation which allows to recover profitability and competitiveness.

Banca del Sempione has also followed this path, striving to continue to ensure its clients the closeness and safety of processes and, at the same time, gradually introducing the most mature technologies in order to increase the quality of service and efficiency. From the new website to the e-banking service, introduced in 2018, from the presence on social media to the automation processes that have been guiding the Bank's strategy toward digitization since 2019.

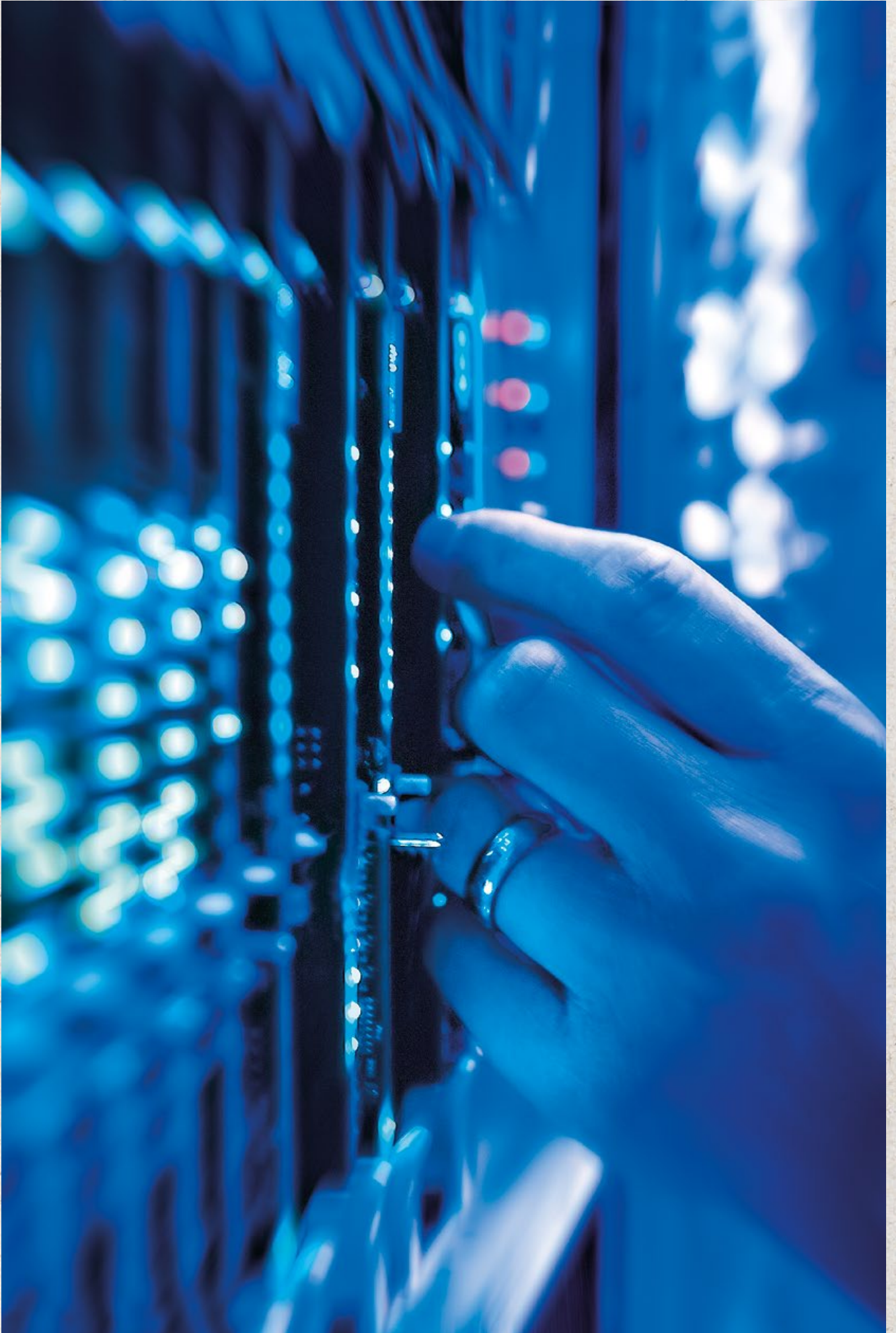
In addition to making the relationship with clients more direct and simplifying management, the ongoing digitization process has enabled Banca del Sempione to react more quickly to the pandemic crisis. This crisis, in turn, has accelerated the transition. The analysis activities planned over time were compressed in few weeks and new processes were implemented, originally destined to take place in the coming months.

Internally, this has enabled remote working to be effectively activated, with the possibility of allowing up to 80% of the staff to work remotely.

During 2020, a new, more advanced, and easy-to-use version of the e-banking platform was also released, along with an App for tablets and smart phones called "Banca del Sempione Mobile", on display in Android and Apple stores. New ways of interacting with the Bank facilitate access to personal information, interaction with advisors, and mobile operations.

A third level of benefits of digitization concerns the security and dematerialisation of documents. The increasingly close combination of finance and technology, from which the term fintech originates, involves managing a huge amount of data, which is protected with increasing levels of cyber security. Moreover, it allows the use of paper to be reduced, thus also contributing to the protection of natural resources.

In 2021, additional features will be introduced to open bank accounts via tablet and digital signature, completely eliminating paper support, while customers will receive electronic documentation.





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Inserts drafted by Giovanni Landolfi

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