



BANCA DEL SEMPIONE
SIMPLON BANK
BANQUE DU SIMPLON

Annual Report 2021



Our fate is written in the water

Water never stops. It doesn't stop in glaciers, which are constantly shrinking. It doesn't stop in the countryside, where it rains too infrequently and too intensely. It doesn't stop when it flows rapidly in rivers, made too narrow by their artificial embankments.

Climate change and human intervention modify the environment, altering the natural balance of lakes and watercourses, on which our food and production needs depend.

This is why, in recent years, there has been an increase in the number of river renaturation projects, with the aim of both protecting the local area against flooding and safeguarding river and lake environments.

For Banca del Sempione, the 2021 Annual Report is an opportunity to take stock of the threats to the environment, but also, and above all, to involve the local area in the efforts being made to help restore the balance between human activities and natural resources in Switzerland and the Canton of Ticino.

With a special focus on major works, such as the ambitious project to regenerate the River Kander in the Canton of Bern, the restoration of the River Ticino in the Bellinzona region and the renaturation of the River Cassarate in Lugano.



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-one year of operations,
presented to the General Meeting of Shareholders on 29 April 2022.



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:

*Aerial view of the Inn River,
Engadin, Grisons*

Following page:

*Glimpse of the nature reserve
at the Bolle di Magadino,
Locarno, Ticino*





Banca del Sempione SA's Board of Directors

Giovanni Crameri ¹⁾ chairman
Giampio Bracchi deputy chairman
Sergio Barutta ¹⁾
Silvana Cavanna ¹⁾
Massimiliano Danisi
Andrea Lattuada
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
Nicola Bianchi joint manager*
Ermes Bizzozero joint manager
Giuliano Flematti joint manager
Gabriele Domenighetti joint manager
A. Alessandro Gelsi joint manager
Fausto Marcantoni joint manager
Dario Piffaretti joint manager
Giorgio Bertoli assistant manager
Veronica Broggi assistant manager
Alessandro Brunetti assistant manager*
Dibo Corti assistant manager
Fabio Devittori assistant manager
Antonella Di Ieso assistant manager
Giovanni Kappeler assistant manager
Maurizio Molatore assistant manager
Fabio Sabetti assistant manager
Francesca Trizzino assistant manager
Massimo Valsangiacomo assistant manager
Renato Vosti assistant manager

* as of March the 1st 2022

Internal auditors

Sascha Ferretti head of internal audit

**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

Claudio Lanini assistant manager

Locarno–Muralto

Luciano Soldati manager*, branch manager

* as of March the 1st 2022

Banca del Sempione SA's Board of Directors

Giovanni Cramerì, *chairman*

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. Since May the 3rd, 2021, he has been Chairman of the Board of Directors of Banca del Sempione SA, Lugano.

Giampio Bracchi, *deputy chairman*

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 the Board of Directors Banca del Sempione SA, Lugano, and Chairman of Intesa San Paolo Private Banking, Milan. Since May the 3rd, 2021, he has been Deputy Chairman of the Board of Directors of Banca del Sempione SA, Lugano.

Sergio Barutta, *board member*

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 and Secretary of the Board of Directors of Banca del Sempione SA, Lugano.

Silvana Cavanna, *board member*

Head of private clients for more than 10 years at Euromobiliare S.p.A, Mrs Cavanna went on to holding senior management positions during her career at several banking institutions: head of wealth management at Banque Manusardi, head of private client advisory at Banque Rasini, then director of client relations at Banque Profilo before becoming a member of its Board of Directors, the BoD of Profilo Asset Management SGR (2003) and its Management Board (2003 to 2009). In 2008, she was named Head of Private Banking and member of the Executive Committee of the entity that later became Banque Profil de Gestion, which she has managed from 2009 up to May 2021. Since May the 3rd, 2021 she has been independent Member of the Board of Directors of Banca del Sempione SA, Lugano.

Massimiliano Danisi, *board member*

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.

Andrea Lattuada, *board member*

After earning a degree in Mechanical Engineering from the Politecnico of Milan, he held technical-marketing positions of growing responsibility, mainly related to the important German market, in leading companies within the transport components sector, including Brembo (Bergamo) and Gnutti Carlo in Brescia. He is currently Sales & Marketing Manager for European clients at Gnutti Carlo SpA. Since May the 3rd, 2021 he has been Member of the Board of Directors of Banca del Sempione SA, Lugano.

Sandro Medici, *board member*

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 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 Wealth Advisory.

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. He is currently responsible for Swiss Market Area.

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.







Excessive consumption

The average daily consumption of fresh water in Europe is 165 litres per person, three times the estimated water requirement for basic human needs. To consume less, it would be enough to adopt some basic daily practices and reduce aqueduct leaking.

The past year will be remembered for the persistence of the pandemic, but in this report we would like to focus on our own issues and those of the financial and economic world around us. So, as we start describing how 2021 unfolded, we ought to do so by celebrating two people who left their important positions on the Board of Directors of Banca del Sempione SA in conjunction with the shareholders' meeting held on April 30, 2021. I am speaking about Mr. Fiorenzo Perucchi who has led our Bank for more than thirty years with intelligence, foresight and dedication and who, upon reaching a significant personal goal in terms of seniority, has decided to leave his role as Chairman of the Board of Directors. We will always be grateful to him for the work carried out and what he has passed down to us both professionally and personally, and we will do our best to make sure he will not be missed by any stakeholder. During the same event, Mr. Günther Jehring, Deputy Chairman and representative of the Donelli family, the majority shareholder of Banca del Sempione SA, decided to focus on his commitment as Chairman of Sempione SIM. He has made a decisive contribution to the development of the Bank and the Group by carrying on his work as director and applying principles based on common sense, loyalty and transparency.

We would like to express our sincere thanks to them for what they have achieved over all these years of activity.

Going back to commenting on the bank's ordinary current business operations, we cannot understate the positive contribution of financial markets and stock prices in particular, which have allowed the favourable development of management and advisory activities. The role of our customer relations officers is to be highlighted for their ability to maintain and manage customer relationships, cleverly following the rules of the new Financial Services Act, which has recently been introduced. At the same time, we cannot overlook the work carried out by the administrative and organizational departments, whose commitment is crucial to ensuring the excellent quality of our services. We have mentioned the favourable conditions of the economic scenario even though the strength of the Swiss franc and the persistence of negative rates have slowed down the overall positive performance of the year in terms of financial return on our assets. We expect monetary indicators to reverse the trend - albeit gradually - in the near future. The possible trend reversal will heavily depend on the stance of the SNB and central banks more generally. They will have to demonstrate their ability to use monetary levers to counter an inflationary phenomenon that can no longer be described as temporary, while avoiding undermining economic growth by raising interest rates too sharply. The decisions that will be made will also impact the financial markets, and we are convinced that the stock market will still get the upper hand over the bond market. We will take a cautious stance even though we believe that there may be interesting investment opportunities for the benefit of our customers. The latter have shown their attachment to and appreciation for the values that our bank and the Banca del Sempione Group have been able to express during these difficult years, in which, however, there has never been a lack of mutual closeness. Before commenting on the most significant areas of our business at a consolidated level, we would like to express a wish and a hope: after suffering the presence of an invisible and terrible enemy, we hope that the socio-political conflicts will not bring us back into a dark and disastrous period and that instead people's foresight will prevail over the thirst for power.

Lending operations and interest income

The result in this area remained below the budget and lower than in 2020. This is due to our prudent positioning in a real estate market that is starting to peter out and remains supported by very favourable interest rates. We believe that a possible increase in rates may generate tensions leading to negative outcomes. On the other hand, to our Institution mortgage financing means the ability to competitively satisfy a customer base that chooses us by establishing an all-round relationship.

Commission income

2021 was a positive year in terms of commission income linked to the management of customers' assets. This was facilitated by market performance, even though, as mentioned before, bond prices were affected by interest rate tensions following inflation's upward movement, touching highs that had not been seen for many years.

Trading operations

In this respect, operations have developed very positively. An important contribution came from operations carried out on the Bank's own account which have been expanded, drawing positively on skills and synergies at a group level. The result was not favoured by a strengthening of the Swiss franc, which limited revenues from euro-denominated assets, as the Euro weakened by more than 4% against our currency.



Operating costs

Despite the slight decline in staff costs, the commitment to implementing procedures and programs to comply with the new Financial Services Act has led to an overall increase in operating costs. To date, the Bank has an innovative and effective customer relationship management system that puts us at the forefront of the industry average.

Personnel

The number of employees at the group level was 141, which is equivalent to 136 full-time jobs. In 2020, there were 140 employees, equivalent to 135 full-time jobs. Departures, linked exclusively to retirements that took place during the year, were offset by the recruitment of new professionals.

Research and development

In 2021 the development path for a more sustainable management of the Group's assets continued. Among the many initiatives we like to point out the installation of special photovoltaic panels on the roof of our headquarters in Lugano in Via Peri 5. It turns out to be the first and currently only building to have such a facility in the city centre. At the same time, as regards purely financial assets, 4 themed certificates related to sustainability and innovation were issued for the first time, with excellent customer feedback, also in this case making the best use of intercompany cooperation and synergy work.

Client assets

The restrictions imposed by the authorities to contain the spread of the pandemic weighed on the increase of this item. The meetings were managed in compliance with the rules and according to the counterparties' sensitivity and of course this affected the acquisition activity. However, NNM stood at CHF 92 million.

Consolidated operating result

As the gross profit figure (CHF 8.74 million) shows, 2021 ended with a result very close to that achieved in 2020 (-5%). The bank's ordinary business therefore showed a positive tone and the group's ability to generate revenues (over CHF 40 million, slightly higher than the previous year). The result for the year was influenced by the creation of provisions for legal risks carried out in relation to the proposed sale of the subsidiary Accademia SGR. At the same time, part of the reserves for general bank's risks accumulated in recent years was released, for a similar amount.

In light of the above results, the Board of Directors proposes to the Shareholders' Meeting of Banca del Sempione SA the following allocation of CHF 6'487'000 in net earnings:

CHF	500,000	Statutory retained earnings
CHF	500,000	Voluntary retained earnings
CHF	4,000,000	Dividend pay-out
CHF	1,487,000	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.

Giovanni Cramerì
Chairman of the Board of Directors

From Bellinzona
to Gudo to Lugano,
there is a new
river geography,
made up of loops,
flood zones and
naturalistic areas,
in which
to rediscover
the relationship
between man
and nature.

An aerial photograph of a river winding through a lush, green forest. The water is clear, revealing large, light-colored rocks and pebbles on the riverbed. The surrounding forest is dense with trees, and the overall scene is bathed in soft, natural light, creating a serene and scenic atmosphere.

DESIGN

to add value

The renaturation of the rivers in Ticino

The canton of Ticino boasts several virtuous examples of watercourse restoration, either already implemented or in progress.

Among the most important is the Saleggi-Boschetti River Park project aimed at the renaturation of the Ticino River in the stretch between Bellinzona and Gudo. Between 1888 and the 1940s, to protect the population from floods and increase the availability of agricultural land, Ticino underwent multiple corrections, but they caused a lowering of the riverbed, threatening the stability of the embankments, and affected the river's eco-morphology in several areas.

In order to compensate for these situations, some artificial embankments have been moved since 2019, creating new loops, which favour the deposit of sediments and improve the depth of the groundwater, while at the same time facilitating access to water by the population.

From 2023 onwards, the main interventions will be carried out which will include the expansion of the river in the Boschetti area in Sementina, with the creation of gravel and sand islets to facilitate the development of the flora and fauna.

To complement the project, at the mouth of the Morobbia stream, a wildlife refuge will be created to favour the fish migration, and in the Saleggi area, the river dynamics will be changed, creating a leisure area for the citizens. Moreover, between Sementina and Monte Carasso, walkways with low environmental impact will be laid in order to welcome visitors whilst protecting the flora and fauna.

The mouth of the Ticino has also been subject to a renaturation plan, which has transformed the Bolle di Magadino area into a protected biotope, winning the "2011 Watercourse Award".

After all mining activities had been cut off, the smaller riverbed on the right bank of the river was enlarged, creating a lateral arm and an alluvial island. The regeneration project has created new sediment banks, which allow the development of aquatic macrophytes, such as papyrus, common clubrush and duckweed. The floodplain has become a nesting area for the kingfisher, the coot, the grebe, the little ringed plover, the little stint and the curlew, whereas the banks house small reptiles and amphibians.

In Lugano, the restoration of the Cassarate River dates back to 2014. The upstream section, deteriorated by various anthropic activities, was regenerated, and some fish ladders were also created to allow the migration of fish. At the mouth, where the Ciani park had been separated from the river, renaturation allowed an environment rich in local flora and fauna to develop, in which mallards live together with swans, cormorants with dipper, and where the grass snake, a harmless serpent among the most threatened in Switzerland, has made its comeback. On the right bank of the mouth, finally, a floodable area was created to absorb the floods. Today, Cassarate represents a naturalistic lung in the urban context.



Right:

View of the recent river park in the Torretta area, Bellinzona, Ticino

Opposite page:

Aerial view of the Bolle di Magadino, Locarno, Ticino





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 31.12.2021

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		174,595	183,131
Amounts due from banks		138,372	131,126
Amounts due from customers	8.1	276,316	272,226
Mortgage loans	8.1	172,059	170,148
Trading portfolio assets	8.2	3,392	2,278
Positive replacement values of derivative financial instruments	8.3	2,507	3,939
Financial investments	8.4	74,421	81,076
Accrued income and prepaid expenses		4,519	6,418
Non-consolidated participations	8.5	131	131
Tangible fixed assets	8.7	27,741	28,371
Other assets	8.8	3,906	3,686
Total assets		877,959	882,530
Total subordinated claims		2,080	3,891
Liabilities			
Amounts due to banks		2,526	2,415
Amounts due in respect of customer deposits		728,210	733,662
Negative replacement values of derivative financial instruments	8.3	3,324	3,658
Accrued expenses and deferred income		5,276	5,640
Other liabilities	8.8	1,970	1,391
Provisions	8.12	4,945	2,857
Reserves for general banking risks	8.12	8,510	10,910
Bank's capital		20,000	20,000
Retained earnings reserve		97,352	95,846
Minority interests in equity		12	29
Consolidated profit		5,834	6,122
<i>of which, minority interests in consolidated profit</i>		-17	-10
Total liabilities		877,959	882,530
Off-balance-sheet transactions			
Contingent liabilities	9.1	5,322	6,097
Irrevocable commitments		2,662	2,674

CONSOLIDATED INCOME STATEMENT 2021

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,118	3,292
Interest and dividend income from trading portfolios			2
Interest and dividend income from financial investments		719	947
Interest expense		154	118
Gross result from interest operations		3,991	4,359
Changes in value adjustments for default risks and losses from interest operations		51	91
Subtotal net result from interest operations	10.1	4,042	4,450
Result from commission business and services			
Commission income from securities trading and investment activities		30,787	31,036
Commission income from lending activities		109	125
Commission income from other services		2,000	2,033
Commission expense		-2,460	-2,367
Subtotal result from commission business and services		30,436	30,827
Result from trading activities and fair value		4,582	2,883
Other result from ordinary activities			
Result from the disposal of financial investments		867	1,143
Income from participations		3	3
Result from real estate		635	597
Other ordinary income		24	209
Other ordinary expenses		-468	-30
Subtotal other result from ordinary activities		1,061	1,922
Net revenues		40,121	40,082
Operating expenses			
Personnel expenses	10.2	-22,235	-22,496
General and administrative expenses	10.3	-9,147	-8,389
Subtotal operating expenses		-31,382	-30,885
Gross profit		8,739	9,197
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-2,259	-2,132
Changes to provisions and other value adjustments, and losses	10.4	-2,236	688
Operating result		4,244	7,753
Changes in reserves for general banking risks	10.4	2,400	
Taxes	10.6	-810	-1,631
Consolidated profit		5,834	6,122
<i>of which, minority interests in consolidated profit</i>		-17	-10

CONSOLIDATED CASH FLOW STATEMENT 2021

	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	5,834		6,122	
Changes in reserves for general banking risks		2,400		
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	2,259		2,132	
Provisions and other value adjustments	2,487	399	137	880
Changes in value adjustments for default risks and losses from interest operations	51		91	
Accrued income and prepaid expenses	1,899		1,489	
Accrued expenses and deferred income		364	157	
Previous year's dividend		4,500		4,500
Subtotal	4,867		4,748	
Cash flow from shareholder's equity transactions				
Recognised in reserves		133		62
Subtotal		133		62
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Real estate		31		298
Other tangible fixed assets		1,598		1,641
Subtotal		1,629		1,939
Cash flow from banking operations				
<i>Medium and long-term business (> 1 year)</i>				
Mortgage loans		1,911		7,807
Financial investments	6,655		21,611	
<i>Short-term business</i>				
Amounts due to banks	111			2,011
Amounts due in respect of customer deposits		5,452	60,336	
Negative replacement values of derivative financial instruments		334		271
Other liabilities	579			1,168
Amounts due from banks		7,246		33,119
Amounts due from customers		4,141	6,865	
Trading portfolio assets		1,114		1,888
Positive replacement values of derivative financial instruments	1,432		668	
Other assets		220	883	
<i>Liquidity</i>				
Liquid assets	8,536			46,846
Subtotal		3,105		2,747
Total	4,867	4,867	4,748	4,748

STATEMENT OF CHANGES IN EQUITY 2021

(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	95,846	10,910	29	6,122	132,907
Other changes		36				36
Minority interests in profit		17		-17		
Currency translation differences		-169				-169
Distributed profits					-4,500	-4,500
Allocation to reserves		1,622			-1,622	
Withdrawal from reserves for general banking risks			-2,400			-2,400
Result of the period					5,834	5,834
Equity at end of current period	20,000	97,352	8,510	12	5,834	131,708



Low water in Venice

In 130 years, the sea level in Venice has risen by 30 centimetres, but only half depends on the rise of the sea. The remaining 15 centimetres are due to the lowering of the ground suffered by the city between the end of the nineteenth century and today.

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 2021 are the same as those applied in the previous financial year.

Recording of transactions

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

Conversion of foreign currencies

Foreign currency transactions are booked at the exchange rate of the transaction date. At year-end assets and liabilities are converted at the exchange rate prevailing on the balance sheet date. Historical exchange rates are applied for equity investments and tangible fixed assets. The result of foreign currency transactions is shown under the item "Result from trading 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:

	2021		2020	
	Year End	Average	Year End	Average
EUR	1.0339	1.0787	1.0819	1.0717
USD	0.9122		0.8812	

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 585,000. The collateral value of commercial properties, income-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	3,881	241,354	32,049	277,284
Mortgage loans				
- Residential property	141,026		153	141,179
- Office and business premises	27,558			27,558
- Commercial and industrial premises	3,475			3,475
Total loans (before netting with value adjustments)				
Current year	175,940	241,354	32,202	449,496
Previous year	173,705	237,132	32,950	443,787
Total loans (after netting with value adjustments)				
Current year	175,940	241,354	31,081	448,375
Previous year	173,705	237,132	31,537	442,374
Off-balance-sheet				
Contingent liabilities		5,095	227	5,322
Irrevocable commitments			2,662	2,662
Total off-balance-sheet				
Current year		5,095	2,889	7,984
Previous year		5,864	2,907	8,771

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	1,074		1,074	1,074
Previous year	1,357		1,357	1,357

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)	3,112	1,874
Precious metals and commodities	280	404
Total	3,392	2,278

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	4,116	4,933	1,161,510
Options (OTC)	278	278	83,420
Total before netting agreements	4,394	5,211	1,244,930
<i>calculated with a pricing model</i>	<i>4,394</i>	<i>5,211</i>	
Previous year	7,977	7,696	1,433,380
<i>calculated with a pricing model</i>	<i>7,977</i>	<i>7,696</i>	
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	2,507	3,324	
Previous year	3,939	3,658	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		1,979	528

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	52,702	61,022	53,082	62,438
Equity securities	21,719	20,054	21,733	20,096
Total	74,421	81,076	74,815	82,534
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>8,640</i>	<i>8,408</i>		

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating (S&P)						
Debt securities (book values)	17,497	23,315	10,313	1,577		

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 938,500	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 Reversals	
Group buildings	51,552	26,551	25,001		31		-795	24,237
Proprietary or separately acquired software	26,344	23,832	2,512		1,417		-1,246	2,683
Other tangible fixed assets	10,999	10,141	858		181		-218	821
Total tangible fixed assets	88,895	60,524	28,371		1,629		-2,259	27,741

Operating leases	220
<i>of which, maturing within one year</i>	197
<i>of which, maturing exceeding one year</i>	23

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	346	373	757	759
Other assets and liabilities	3,560	3,313	1,213	632
Total	3,906	3,686	1,970	1,391

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	2,119	2,119
Financial investments	6,432	1,909
Total	8,551	4,028

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	3,059	2,943
Negative replacement values of derivative financial instruments	16	5
Total	3,075	2,948

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)	5,210				1,371	1,371	1,345

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 134% (unaudited data as at December the 31st, 2021). 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	1,017	-113		-34		2,487	-252	3,105
Total provisions	2,857	-113		-34		2,487	-252	4,945
Reserves for general banking risks	10,910						-2,400	8,510
Value adjustments for default and country risks	1,412	-243			3	9	-60	1,121
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>1,357</i>	<i>-243</i>			<i>3</i>	<i>9</i>	<i>-52</i>	<i>1,074</i>
<i>of which, value adjustments for latent risks</i>	<i>55</i>						<i>-8</i>	<i>47</i>

The other provisions essentially include provisions for legal risks (necessary).
The taxed portion of the Reserves for general banking risks corresponds to CHF 1.2 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	4,969	3,375	22,128	20,158
Linked companies	12,231	12,584	2,107	2,959
Transactions with members of governing bodies	2,020	7,753	3,780	3,861

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	174,595							174,595
Amounts due from banks	84,400	149	53,823					138,372
Amounts due from customers		268,998	4,904	638	1,106	670		276,316
Mortgage loans	122	30,799	2,156	22,660	82,887	33,435		172,059
Trading portfolio assets	3,392							3,392
Positive replacement values of derivative financial instruments	2,507							2,507
Financial investments	21,501		457	9,384	33,124	9,955		74,421
Total	286,517	299,946	61,340	32,682	117,117	44,060		841,662
<i>Previous year</i>	<i>283,928</i>	<i>293,099</i>	<i>81,024</i>	<i>28,016</i>	<i>107,937</i>	<i>49,920</i>		<i>843,924</i>
Debt capital/financial instruments								
Amounts due to banks	2,526							2,526
Amounts due in respect of customer deposits	691,470	36,740						728,210
Negative replacement values of derivative financial instruments	3,324							3,324
Total	697,320	36,740						734,060
<i>Previous year</i>	<i>699,724</i>	<i>40,011</i>						<i>739,735</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	174,595		183,130	1
Amounts due from banks	70,221	68,151	70,642	60,484
Amounts due from customers	71,209	205,107	68,773	203,453
Mortgage loans	148,590	23,469	146,337	23,811
Trading portfolio assets	280	3,112	404	1,874
Positive replacement values of derivative financial instruments	2,503	4	3,886	53
Financial investments	6,990	67,431	9,825	71,251
Accrued income and prepaid expenses	4,047	472	6,079	339
Non-consolidated participations	131		131	
Intangible assets	27,426	315	28,012	359
Other assets	1,719	2,187	1,418	2,268
Total assets	507,711	370,248	518,637	363,893
Liabilities				
Amounts due to banks	1,028	1,498	474	1,941
Amounts due in respect of customer deposits	327,566	400,644	328,883	404,779
Negative replacement values of derivative financial instruments	3,320	4	3,651	7
Accrued expenses and deferred income	4,876	400	5,239	401
Other liabilities	886	1,084	907	484
Provisions	3,691	1,254	1,840	1,017
Reserves for general banking risks	8,510		10,910	
Bank's capital	20,000		20,000	
Retained earnings reserve	86,459	10,893	85,124	10,722
Minority interest in equity		12		29
Consolidated profit	4,660	1,174	5,334	788
<i>of which, minority interests in consolidated profit</i>		-17		-10
Total liabilities	460,996	416,963	462,362	420,168

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	507,711	57.8	518,637	58.8
Europe others	311,833	35.5	306,317	34.7
<i>of which, Italy</i>	<i>192,008</i>	<i>21.9</i>	<i>187,785</i>	<i>21.3</i>
North America	26,925	3.1	25,487	2.9
South America	22,757	2.6	23,295	2.6
Africa	1,612	0.2	1,188	0.1
Asia	6,605	0.8	7,066	0.8
Australia/Oceania	516	0.1	540	0.1
Total assets	877,959	100	882,530	100

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

(Rating S&P)	Exposure to foreign countries			
	Current year end		Previous year end	
	CHF 1,000	%	CHF 1,000	%
AAA/AA-	254,749	69.5	240,894	68.3
A+/A-	3,693	1.0	3,627	1.0
BBB+/BBB-	104,655	28.6	104,372	29.6
BB+/BB-	2,716	0.7	3,730	1.1
B+/B-	199	0.1		
CCC/C	441	0.1	81	0.0
Total assets	366,453	100	352,704	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	172,704	130	1,702	59	174,595
Amounts due from banks	4,032	81,037	27,674	25,629	138,372
Amounts due from customers	41,407	23,746	209,892	1,271	276,316
Mortgage loans	149,533		22,526		172,059
Trading portfolio assets		700	2,412	280	3,392
Positive replacement values of derivative financial instruments	1,200	1,402	249	-344	2,507
Financial investments	39,415	12,343	22,663		74,421
Accrued income and prepaid expenses	2,111	247	1,985	176	4,519
Non-consolidated participations	131				131
Tangible fixed assets	27,658		83		27,741
Other assets	1,095	70	2,734	7	3,906
Total assets shown in the balance sheet	439,286	119,675	291,920	27,078	877,959
Delivery entitlements from spot exchange, forward forex and forex options transactions	216,473	385,535	576,653	66,269	1,244,930
Total assets	655,759	505,210	868,573	93,347	2,122,889
Liabilities					
Amounts due to banks	590	535	1,380	21	2,526
Amounts due in respect of customer deposits	244,461	125,041	321,211	37,497	728,210
Negative replacement values of derivative financial instruments	721	963	1,869	-229	3,324
Accrued expenses and deferred income	4,963	129	151	33	5,276
Other liabilities	832	35	1,102	1	1,970
Provisions	1,840		3,105		4,945
Reserves for general banking risks	8,510				8,510
Bank's capital	20,000				20,000
Retained earnings reserve	97,352				97,352
Minority interests in equity			12		12
Consolidated profit	5,870		-36		5,834
<i>of which, minority interests in consolidated profit</i>			-17		-17
Total liabilities shown in the balance sheet	385,139	126,703	328,794	37,323	877,959
Delivery obligations from spot exchange, forward forex and forex options transactions	274,301	376,488	538,823	55,318	1,244,930
Total liabilities	659,440	503,191	867,617	92,641	2,122,889
Net position per currency	-3,681	2,019	956	706	

9. Information on off-balance sheet transactions

9.1 Breakdown of contingent liabilities and contingent assets

(amount expressed in CHF 1,000)	Year under review	Previous year
Guarantees to secure credits and similar	5,322	6,097
Total contingent liabilities	5,322	6,097

9.2 Breakdown of fiduciary transactions

(amount expressed in CHF 1,000)	Year under review	Previous year
Fiduciary investments with third-party companies	3,813	5,796
Total fiduciary transactions	3,813	5,796

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	672,703	666,699
Assets under discretionary asset management agreements	1,249,757	1,014,621
Other managed assets	2,519,143	2,656,379
Total assets under management (including double counting)	4,441,603	4,337,699
<i>of which, double counting</i>	<i>561,723</i>	<i>577,557</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	4,337,699	4,208,603
Net new money inflow or net new money outflow	92,230	92,027
Price gains/losses, interest, distributed profits and currency gains/losses	11,674	37,069
Total assets under management (including double counting) at the end of the period	4,441,603	4,337,699

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 374,000 (previous year: CHF 428,000) due to negative interests expenses. The Bank has debited negative interests amounting to CHF 197,000 (previous year: CHF 152,000).

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)	18,537	18,707
Social insurance benefits	3,527	3,591
Other personnel expenses	171	198
Total personnel expenses	22,235	22,496

10.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,604	1,578
Expenses for information and communications technology	3,918	3,593
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	254	121
Fees of audit firms (Art. 961a no. 2 CO)	458	478
<i>of which, for financial and regulatory audits</i>	447	471
<i>of which, for other services</i>	11	7
Other operating expenses	2,913	2,619
Total of general and administrative expenses	9,147	8,389

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

In relation to the proposed disinvestment of the subsidiary Accademia SGR, provisions have been set up for legal risks. At the same time, reserves for general banking risks were released for a similar amount (CHF 2,400,000).

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	3,121	-3	3,132	160
Interest and dividend income from trading portfolios			2	
Interest and dividend income from financial investments	691	28	932	15
Interest expense	156	-2	115	3
Gross result from interest operations	3,968	23	4,181	178
Changes in value adjustments for default risks and losses from interest operations	51		91	
Subtotal net result from interest operations	4,019	23	4,272	178
Result from commission business and services				
Commission income from securities trading and investment activities	22,162	8,625	23,659	7,377
Commission income from lending activities	108	1	117	8
Commission income from other services	1,769	231	1,780	253
Commission expense	-1,812	-648	-1,763	-604
Subtotal result from commission business and services	22,227	8,209	23,793	7,034
Result from trading activities and fair value	3,303	1,279	2,609	274
Other result from ordinary activities				
Result from the disposal of financial investments	870	-3	1,160	-17
Income from participations	3		3	
Result from real estate	635		597	
Other ordinary income		24	93	116
Other ordinary expenses	-451	-17	-4	-26
Subtotal other result from ordinary activities	1,057	4	1,849	73
Operating expenses				
Personnel expenses	-17,825	-4,410	-18,131	-4,365
General and administrative expenses	-6,463	-2,684	-5,883	-2,506
Subtotal operating expenses	-24,288	-7,094	-24,014	-6,871
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-2,082	-177	-1,970	-162
Changes to provisions and other value adjustments, and losses	-1,893	-343	5	683
Operating result	2,343	1,901	6,544	1,209

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	810	1,694
Expense for deferred taxes		-63
Total taxes	810	1,631
Average tax rate weighted on the basis of the operating result	12.2%	21.0%

In the financial year under review, the offsets with reported losses have determined a lower tax of CHF 356,000.





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 consolidated balance sheet, consolidated income statement, consolidated cash flow statement, statement of changes in equity and notes (pages 22-25 and 27-44), for the year ended 31 December 2021.

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 2021 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 we legal requirements

We confirm that 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, 8 April 2022

For centuries,
we have deprived
rivers of space,
erected embankments,
and extracted
water and sand.
Today we rediscover
that rivers are
living organisms,
with which
we can coexist.

EN JOY

what we love



Man's hand on Swiss rivers

For at least 150 years, many watercourses in Switzerland have been canalized, covered or rectified, in order to regulate their course and flow, to contain hydro-geological risks and to recover land for agriculture.

Today, nearly half of the watercourses have lost their natural state, but awareness of protecting the landscape and river ecosystems has also grown.

In order to bring a stream back to an almost natural condition, it is necessary to replace the old canal systems, open the riverbeds that had been covered and transformed into underground channels, widen the beds, and limit the extraction activity. It is complex work, but it enables to find a lasting balance between human activities and the life of rivers: safety against floods is increased, the dynamics of stream flows and sediments are reactivated, fish migration is restored, carbon filtering and

storage processes are re-established, flowers and plants sprout again, and amphibians, insects and animals that live on the shores return to their habitat.

A virtuous example of rebirth is the “Kander Project 2050” in the canton of Bern. The river, deviated and shortened in the eighteenth century, continued to sink because of the unstable subsoil and the speed of the current. The watercourse was therefore expanded in a number of areas to reduce erosion and is gradually regaining a condition close to its natural state, which welcomes native flora and fauna, offers the population a pleasant recreational space and guarantees adequate protection from flooding and moderate exploitation of water power.

Near Koblenz, in the canton of Aargau, the beautiful Chly Rhy floodplain, a lateral arm of the Rhine that had been buried, was revitalized. Freed, it now has the space necessary to overcome the embankments during the floods and this has given life to a dynamic spontaneous riparian landscape, with reed-beds, cane-brakes and nesting areas of species that had disappeared, such as the common green-shank or the kingfisher.

These are just two of the many important projects launched in Switzerland. Among others, it is worth mentioning the renaturation of the Aire River, in Geneva, which won the Council of Europe Landscape Award (2019); the project on the hydraulic protection and renaturation of the Limmat River in Schlieren (canton of Zurich); the Linth Regional Park (canton of Glarus); the Aare Wasser project in Bern; the third correction of the Rhone, in Valais, aimed at strengthening protection against flooding and ecological restoration.

Previous page:
*Trip on an Alpine lake
in the magic of autumn colours*

Bottom:
*Detail of the recent renaturation
of the Chly Rhy floodplain,
Aargau*

Opposite page:
*View of the renaturation
of the River Aire, Geneva*







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

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.

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







Vertical vegetables

Vegetables grown vertically, indoors, with LEDs powered by renewable energy and very little water: it is the frontier of hydroponic crops. In Dubai, the world's largest vertical farm will produce 27 quintals of vegetables a day, reducing water requirements by 99%.

SEMPIONE SIM (Società di intermediazione mobiliare) SpA

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

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

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

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

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

Customisation

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

Professionalism

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

Research

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

Safety

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



SEMPIONE SIM
Gruppo Banca del Sempione

Sempione SIM

(Società di intermediazione mobiliare) SpA

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Auditor PricewaterhouseCoopers, Milan

Previous page:
*Grand Canyon,
Colorado River,
Arizona, USA*

To the left:
Vertical hydroponics



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
(OVERSEAS) LTD**

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Swift code: BASEBSNS

Auditor PricewaterhouseCoopers, Nassau

Switzerland,
Europe's water
reservoir, is also
suffering from
global warming.
But in the
years 2000 an
ambitious path
of protection and
restoration began.

An aerial photograph of a coral reef, showing various coral structures and sandy areas. The word 'PRO' is overlaid in large, bold, white, sans-serif capital letters in the upper center of the image.

PRO

TE

CT

to preserve

The great blue wealth of Switzerland

Switzerland has one of the largest freshwater reserves in the world and the largest in Europe.

With an area of only 0.4% of the continent, Switzerland accounts for 6% of European reserves, thanks to average rainfall of 1,450 millimetres per year (twice the European average, which is 770 millimetres) and the storage capacity offered by glaciers, snowfields and Alpine lakes, which feed a thousand rivers and basins, including the main European rivers, such as the Rhine, the Rhone, the Po and the Danube, and the great lakes of Geneva and Constance.

However, the consequences of global warming are also very noticeable within the borders of the Confederation. Glaciers retreat, less snow falls, rains are shorter and more intense, water shortages and droughts occur in summer, lakes and rivers become hotter. Just think that the temperature of Lake Zurich has risen by 4 degrees over the last 80 years.

The increase in lake temperature alters the oxygenation of the bottoms, necessary for the decomposition of flora and the reproduction of fish. The warmer the surface water, the less it mixes with the cold water from the bottom, producing greater environmental degradation and lower abundance of fish.

Rivers also get hot. The gradual shrinking of glaciers reduces the flow rate, which has fallen by 10% over the last two decades, and the melting of snow and ice can no longer compensate for the rise in air temperature, especially in summer. The higher temperature not only puts the river fauna at risk, but also generates negative effects on the agricultural supply chain, through irrigation, on the production of hydroelectric power, which accounts for about 57% of the country's electricity, on the nuclear plants still in operation, which draw

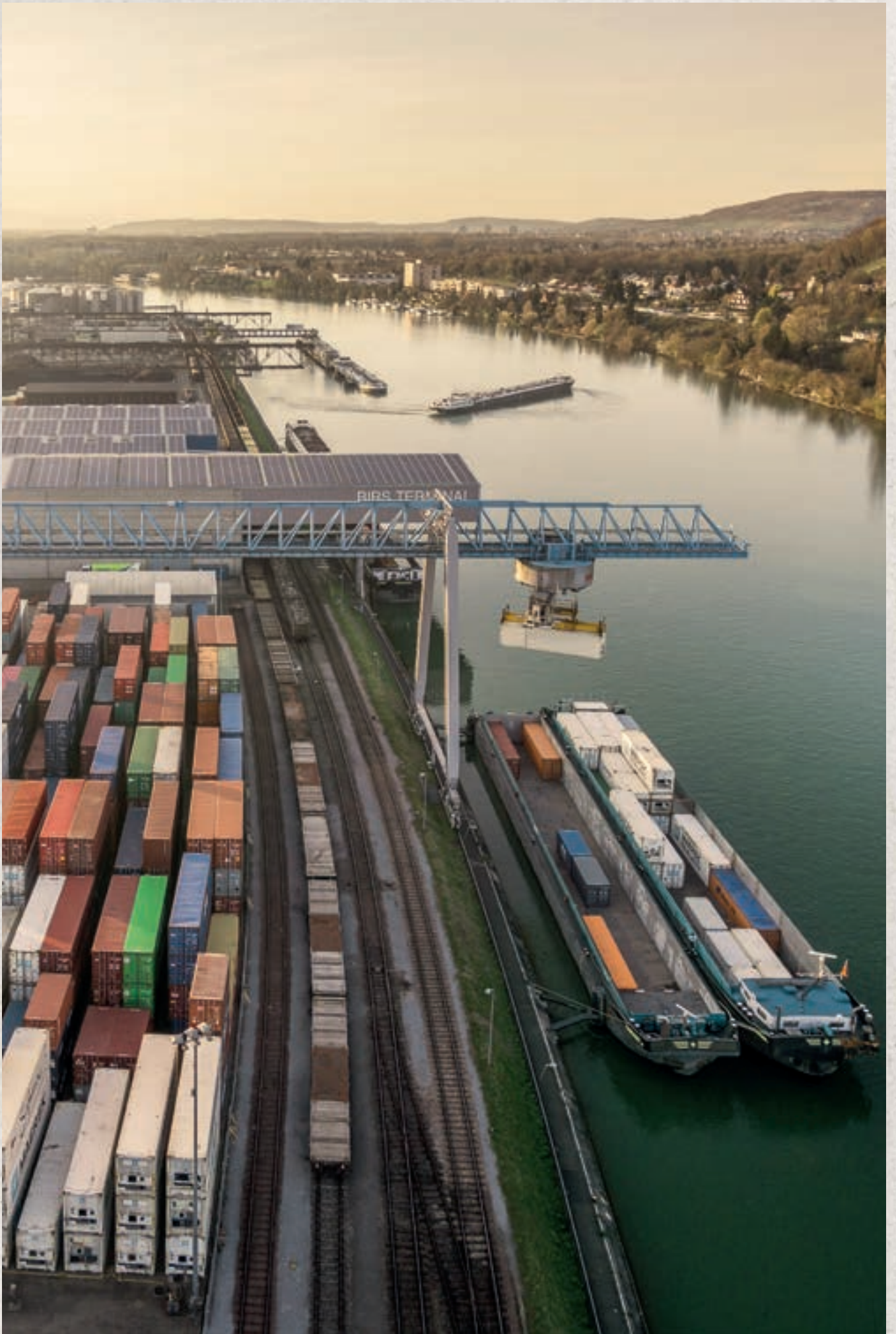
water from the rivers for cooling, and on shipping. When the water level fell too low, freight on the Rhine, which accounts for more than 10% of Swiss foreign trade, was even stopped. In order to deal with these dramatic and complex situations, in 2009, the Swiss Parliament launched a revision of the Water Protection Act, with the aim of restoring a more natural aspect to watercourses and lakes. The plan envisages restoring, over three generations, 4 thousand kilometres of rivers and streams, out of a total of 61 thousand kilometres of water courses recorded throughout the country.



Previous page:
*Icy surface on Alpine lake,
Lake Palpuogna, Albula Pass, Grisons*

Right:
*Crystal clear waters
of Lake Blausee, Bernese Oberland*

Opposite page:
The naval port of Basel





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 31.12.2021

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Assets			
Liquid assets		174,595	183,130
Amounts due from banks		81,091	72,722
Amounts due from customers	4.1	267,747	264,787
Mortgage loans	4.1	181,809	180,148
Trading portfolio assets	4.2	3,392	2,278
Positive replacement values of derivative financial instruments	4.3	3,033	3,913
Financial investments	4.4	70,294	78,233
Accrued income and prepaid expenses		3,955	6,009
Participations		12,959	13,792
Tangible fixed assets		11,278	11,432
Other assets	4.5	1,652	1,418
Total assets		811,805	817,862
Total subordinated claims		2,080	3,891
Liabilities			
Amounts due to banks		18,482	24,415
Amounts due in respect of customer deposits		666,020	663,737
Negative replacement values of derivative financial instruments	4.3	3,322	4,353
Accrued expenses and deferred income		4,907	5,451
Other liabilities	4.5	886	907
Provisions	4.9	12,201	12,750
Bank's capital	4.10	20,000	20,000
Statutory retained earnings reserve		38,500	38,000
Voluntary retained earnings reserves		41,000	40,500
Profit carried forward		2,249	1,955
Result of the period		4,238	5,794
Total liabilities		811,805	817,862
Off-balance-sheet transactions			
Contingent liabilities	4.1	5,518	6,304
Irrevocable commitments	4.1	2,662	2,674

INCOME STATEMENT 2021

(amount expressed in CHF 1,000)	Notes	Year under review	Previous year
Result from interest operations			
Interest and discount income		3,245	3,262
Interest and dividend income from trading portfolios			2
Interest and dividend income from financial investments		691	932
Interest expense		156	112
Gross result from interest operations		4,092	4,308
Changes in value adjustments for default risks and losses from interest operations		51	91
Subtotal net result from interest operations	6.1	4,143	4,399
Result from commission business and services			
Commission income from securities trading and investment activities		22,533	23,834
Commission income from lending activities		108	117
Commission income from other services		2,074	2,094
Commission expense		-1,812	-1,763
Subtotal result from commission business and services		22,903	24,282
Result from trading activities and fair value		3,303	2,609
Other result from ordinary activities			
Result from the disposal of financial investments		870	1,160
Income from participations		1,003	1,003
Result from real estate		75	70
Other ordinary income			93
Other ordinary expenses		-445	
Subtotal other result from ordinary activities		1,503	2,326
Net revenues		31,852	33,616
Operating expenses			
Personnel expenses	6.2	-17,825	-18,131
General and administrative expenses	6.3	-7,294	-6,698
Subtotal operating expenses		-25,119	-24,829
Gross Profit		6,733	8,787
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-2,452	-1,498
Changes to provisions and other value adjustments, and losses		-1,893	5
Operating result		2,388	7,294
Extraordinary income	6.4	2,400	
Taxes	6.5	-550	-1,500
Result of the period		4,238	5,794

APPROPRIATION OF PROFIT

(amount expressed in CHF 1,000)	Year under review	Previous year
Result of the period	4,238	5,794
Profit carried forward	2,249	1,955
Distributable profit	6,487	7,749
Appropriation of profit		
Allocation to statutory retained earnings reserve	500	500
Allocation to voluntary retained earnings reserves	500	500
Dividend	4,000	4,500
Profit to be carried forward	1,487	2,249

STATEMENT OF CHANGES IN EQUITY 2021

(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	38,000	40,500	1,955	5,794	106,249
Distributed profits					-4,500	-4,500
Allocation to reserves		500	500		-1,000	
New amount carried forward				294	-294	
Result of the period					4,238	4,238
Equity at end of current period	20,000	38,500	41,000	2,249	4,238	105,987





Dry, too dry

46.2% of the land that emerged consists of arid areas with water scarcity and poor vegetation. Today, nearly 3 billion people live in these areas. From now until 2050, soil degradation could drive 700 million people to migrate.

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 2021 are the same as those applied in the previous financial year.

3. Additional information

For any additional information or clarification required by legal provisions, please refer to the 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	3,881	232,785	32,049	268,715
Mortgage loans				
- Residential property	141,026		153	141,179
- Office and business premises	37,308			37,308
- Commercial and industrial premises	3,475			3,475
Total loans (before netting with value adjustments)				
Current year	185,690	232,785	32,202	450,677
Previous year	183,705	229,709	32,934	446,348
Total loans (after netting with value adjustments)				
Current year	185,690	232,785	31,081	449,556
Previous year	183,705	229,709	31,521	444,935
Off-balance-sheet				
Contingent liabilities		5,095	423	5,518
Irrevocable commitments			2,662	2,662
Total off-balance-sheet				
Current year		5,095	3,085	8,180
Previous year		5,865	3,113	8,978

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	1,074		1,074	1,074
Previous year	1,357		1,357	1,357

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)	3,112	1,874
Precious metals and commodities	280	404
Total	3,392	2,278

4.3 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	4,689	4,978	1,190,136
Options (OTC)	278	278	83,420
Total before netting agreements	4,967	5,256	1,273,556
<i>calculated with the aid of a pricing model</i>	<i>4,967</i>	<i>5,256</i>	
<i>Previous year</i>	<i>7,959</i>	<i>8,399</i>	<i>1,455,350</i>
<i>calculated with the aid of a pricing model</i>	<i>7,959</i>	<i>8,399</i>	
	Positive replacement values (cumulative)	Negative replacement values (cumulative)	
Total after netting agreements			
Current year	3,033	3,322	
Previous year	3,913	4,353	
	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)		2,509	524

4.4 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	51,463	60,443	51,873	61,859		
Equity securities	18,831	17,790	18,845	17,832		
Total	70,294	78,233	70,718	79,691		
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>8,640</i>	<i>8,408</i>				
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating (S&P)						
Debt securities (book values)	16,842	22,731	10,313	1,577		

4.5 Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	Year under review	Previous year	Year under review	Previous year
<i>(amount expressed in CHF 1,000)</i>				
Indirect taxes	339	369	757	759
Other assets and liabilities	1,313	1,049	129	148
Total	1,652	1,418	886	907

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	2,119	2,119
Financial investments	6,432	1,909
Total	8,551	4,028

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	3,059	2,943
Negative replacement values of derivative financial instruments	16	5
Total	3,075	2,948

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)	5,210				1,371	1,371	1,345

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 134% (unaudited data as at December the 31st, 2021). 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					1,851	-2,400	12,201
Total provisions	12,750					1,851	-2,400	12,201

Value adjustments for default and country risks

	1,412	-243			3	9	-60	1,121
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	1,357	-243			3	9	-52	1,074
<i>of which, value adjustments for latent risks</i>	55						-8	47

In the other provisions hidden reserves and provisions for legal risks (necessary) 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	4,969	3,375	22,128	20,158
Group companies	10,333	10,024	16,903	23,647
Linked companies	12,231	12,584	2,107	2,959
Transactions with members of governing bodies	1,837	7,741	3,138	3,296

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)	Exposure to foreign countries			
	Current year end		Previous year end	
	CHF 1,000	%	CHF 1,000	%
AAA/AA-	222,364	67.1	218,537	65.9
A+/A-	3,693	1.1	3,627	1.1
BBB+/BBB-	104,297	31.5	107,446	32.4
BB+/BB-	1,042	0.3	2,040	0.6
B+/B-	157	0.0		
CCC/C	74	0.0	81	0.0
Total assets	331,627	100	331,731	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	3,038	4,747
Total of fiduciary transactions	3,038	4,747

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	604,608	583,990
Assets under discretionary asset management agreements	1,027,628	808,848
Other managed assets	1,782,520	1,906,634
Total assets under management (including double counting)	3,414,756	3,299,472
<i>of which, double counting</i>	<i>493,628</i>	<i>494,848</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	3,299,472	3,201,537
Net new money inflow or net new money outflow	80,578	65,312
Price gains/losses, interest, distributed profits and currency gains/losses	34,706	32,623
Total assets under management (including double counting) at the end of the period	3,414,756	3,299,472

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 374,000 (previous year : CHF 428,000) due to negative interests expenses. The Bank has debited negative interests amounting to CHF 185,000 (previous year: CHF 152,000).

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)	14,902	15,172
Social insurance benefits	2,851	2,843
Other personnel expenses	72	116
Total personnel expenses	17,825	18,131

6.3 Breakdown of general and administrative expenses

(amount expressed in CHF 1,000)	Year under review	Previous year
Office space expenses	1,912	1,864
Expenses for information and communications technology	3,066	2,802
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	218	141
Fees of audit firm (Art. 961a no. 2 CO)	192	213
<i>of which, for financial and regulatory audits</i>	<i>192</i>	<i>213</i>
<i>of which, for other services</i>		
Other operating expenses	1,906	1,678
Total of general and administrative expenses	7,294	6,698

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

In relation to the proposed divestment of the subsidiary Accademia SGR, value adjustments have been made and provisions set up for legal risks.

At the same time, reserves for general banking risks were released for a similar amount (CHF 2,400,000).

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	550	1,500
Total taxes	550	1,500
Average tax rate weighted on the basis of the operating result	23.0%	20.6%



Drinking mist

On the slopes of Mount Boutmezguida, in Morocco, 600 square metres of mesh nets catch water fog particles, which then condense and drip in collection trays, producing almost 6,300 litres of fresh water every day.



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 2021.

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 2021 comply with Swiss law and the articles of incorporation.



Report on other legal requirements

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

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the 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, 8 April 2022

From glaciers to rivers
to oceans. Water flows
through the world,
fuelling the cycle of
life on the planet.
A delicate equilibrium,
which we must
strive to defend.

An aerial photograph of terraced rice fields in a tropical region. The terraces are filled with water, creating a mosaic of blue and green colors. The fields are surrounded by lush green vegetation, including palm trees and other tropical plants. The overall scene is vibrant and scenic.

L I V E

with respect

Blue water, clear water

“The more drops of clean water, the more the world will shine with beauty”: these are the words spoken by Mother Teresa of Calcutta when receiving the Nobel Peace Prize in Oslo in 1979.

Water is a fundamental indicator of the health of the planet and of the human communities that inhabit it. But it is also a limited resource. In some areas - from Africa to the Middle East - it is scarce or inaccessible, while anthropic impact (i.e. caused by man) and climate change jeopardize its quality and availability.

The United Nations Assembly recognizes the right to drinking water as one of the essential human rights and has included the objective of “ensuring the availability and sustainable management of water and sanitation facilities for all” among the 17 strategic goals of 2030 Agenda for Sustainable Development.

Despite the fact that water covers almost 70% of the earth's surface, only 0.003% is fresh water, which can be used for food, civil, agricul-

tural, industrial and energy production purposes. However, high exploitation (today we consume seven times more water than in the early twentieth century) and altered climate conditions are undermining balances.

From the most extreme weather phenomena, which generate floods and cloudbursts, to ocean warming, deforestation, and droughts, man's relationship with water is becoming increasingly problematic. It requires both large-scale corrective action, such as international measures to counter global warming, as well as local interventions to protect or restore humid environments, water basins, watercourses, groundwaters, and forest areas.

At the global level, these issues are addressed through intergovernmental negotiations and the action of supranational bodies, such as the United Nations, which encourage governments, private organizations, and financial operators to take on environmentally conscious behaviour in economic and productive activities.

At the local level, interventions differ according to the territorial peculiarities. In Switzerland, efforts to revitalize waterways have taken on a central role, aimed at reducing over-exploitation and promoting the renewal of river ecosystems.

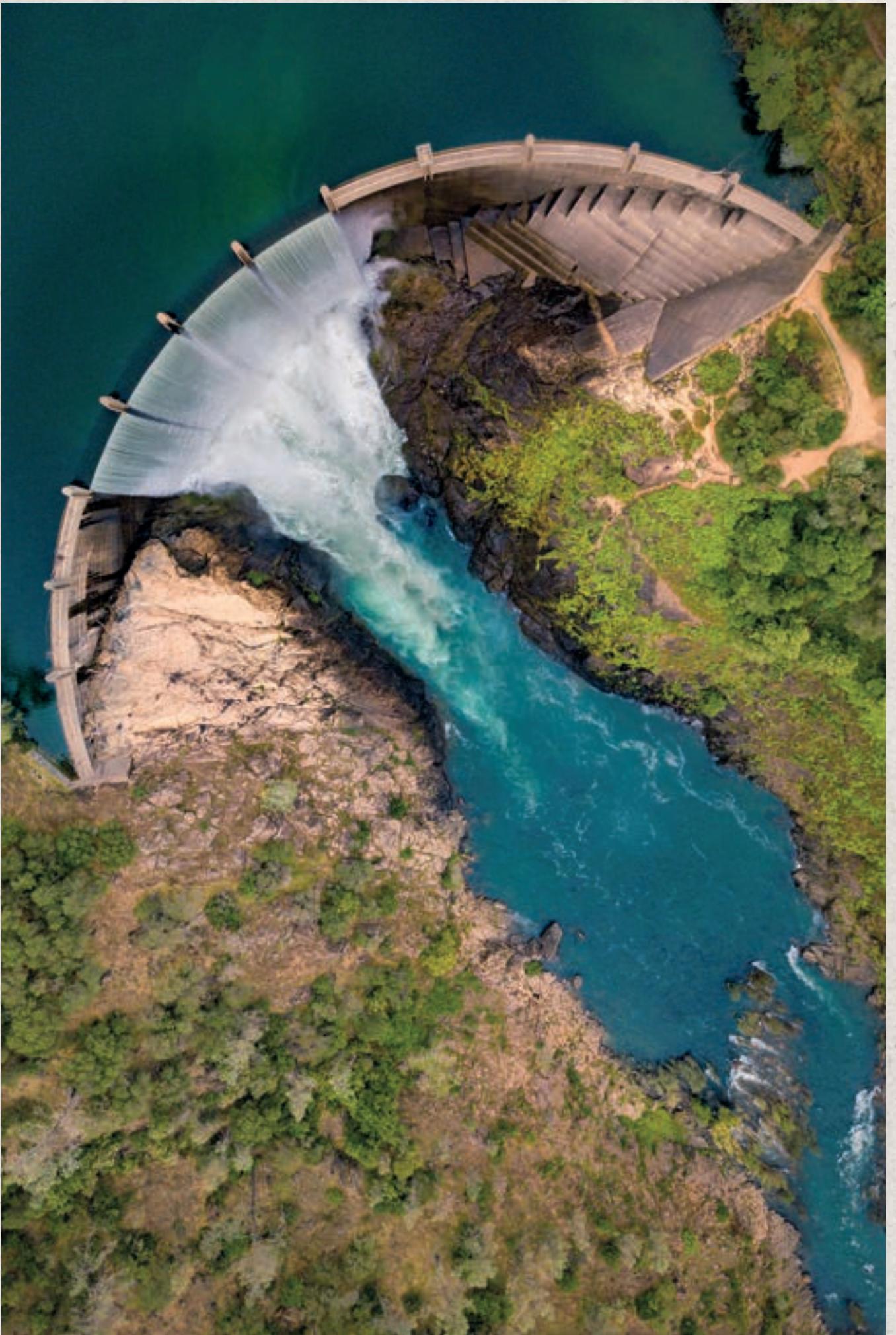
Previous page:
*Rice Terraces on Bali,
Indonesia*

Bottom:
*New Orleans, Mississippi floods,
Louisiana, USA*

Opposite page:
*Lake Clementine Dam,
Auburn, California, USA*

Following page:
Tropical fish







Acknowledgements

We would like to thank the following for allowing us to use their images free of charge:

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