



SOCIETÀ
BANCARIA
TICINESE

120

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120TH FINANCIAL YEAR

LIMITED COMPANY FOUNDED IN 1903

2 0 2 3

1 2 0TH F I N A N C I A L Y E A R

PRIVATE BANK SINCE 1903

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Verbale dell' I^a Assemblea Generale degli
 Azionisti della Società Bauaria Cicinese
 Lugano 24 novembre 1903

M. Polar # 200 azioni
 con 429 voti
 Carlo Bruneseau
 E. Lombardi
 G. Prada
 R. Bouchet
~~...~~
 M. Carozzi
 M. De Luca
 G. Petroni
 M. Giannini
 G. S. S. S.
 G. R. R. R.
 Figli di G. Forticelli
 G. G. G. G.
 Ing. P. Ferrarini
 G. Bottem
 G. G. G. G.

Società Bancaria Ticinese celebrates its 120th anniversary

Società Bancaria Ticinese celebrates its 120th anniversary, a prestigious milestone that reflects a long history of commitment and independence in the banking sector.

Founded on October 19, 1903 thanks to the initiative of a group of young investors, our bank has consistently provided high-quality financial services, becoming a trusted presence in the local and international context.

During these 120 years, Società Bancaria Ticinese has played a crucial role in supporting the economic and commercial development of the canton of Ticino, supporting projects that benefit agriculture, industry and commerce. From the beginning the bank launched bold initiatives, it contributed to the creation of the Granite Industry, the Monte Brè Funicular, the Grande Hotel Brissago, the Hotel Monteceneri and the Granite Quarries of Ticino.

With a future-oriented vision, we have adopted technological innovations, while maintaining the fundamental values of reliability and integrity that characterize us.

On this milestone anniversary, we express our deep gratitude to our customers, partners and employees for their support that has allowed us to grow and prosper.

We look to the future with enthusiasm, committed to continuing offering innovative financial solutions and services tailored to the ever-changing needs of our customers.

THE BANK
CORPORATE GOVERNANCE



Governing bodies

BOARD OF DIRECTORS

CHAIRMAN
Mario Molo, lawyer (*)

VICE CHAIRMAN
Giorgio Lavizzari (*)

BOARD SECRETARY
Loris Joppini (*)

MANAGEMENT

CHIEF EXECUTIVE OFFICER
Stefano Resinelli

DIRECTORS
Dionigi Resinelli
Christian Guidotti

LEGAL ADVISERS
Cinzia Sartore
Sefora Resinelli

STATUTORY AUDITORS

Deloitte SA, Zurich

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(*) They fulfil the independence requirements
set out in FINMA Circular 2017/1, margin no. 17.

BOARD OF DIRECTORS

MARIO MOLO, lawyer, CHAIRMAN

Mr Mario Molo is a Swiss citizen born in 1948. After graduating at the Bern Law School in 1974 he started his career at the legal department of the Swiss Federal Department of Finances in Bern. Back to Ticino, he obtained the public notary patent in 1977. Since then, he has dedicated himself to the practice as lawyer and public notary. He is member of the board of various small and medium-sized companies in the industrial and services sectors. Mr Mario Molo joined the Board of Directors of Società Bancaria Ticinese in 1992 and in 2006 he became its Chairman.

GIORGIO LAVIZZARI

Mr Giorgio Lavizzari is a Swiss citizen born in 1947. After graduating in political economy at the University of Fribourg, he worked at the Taxation Office of the Cantonal Tax Administration, later becoming a trustee manager. He has more than thirty years of experience in finance, working for Banca Stato where he has been a member of the General Management for many years as "Head of Private Clients". He joined the Board of Directors of Società Bancaria Ticinese in 2014.

LORIS JOPPINI

Mr Loris Joppini is a Swiss citizen born in 1944. Before joining the Board of Directors of Società Bancaria Ticinese in 2018, Mr Joppini has held several leading roles in the banking sector. His last executive position has been as "Head of Private Clients Switzerland" department at Credit Suisse in Ticino, and later sitting on the Board of Directors of other major banks. He is currently the owner of the Joppini Consulting GmbH, Pontresina.

The Board of Directors is composed of 3 members who do not exercise, in accordance with the banking practice, no function within the Institute. The Board of Directors has refrained from establishing separate committees by appointing an independent member as delegate to internal control.

MANAGEMENT

STEFANO RESINELLI

Mr Stefano Resinelli is a Swiss citizen born in 1976. He joined the Società Bancaria Ticinese in 2003 with responsibility for the Private Banking. He was appointed Chief Executive Office in 2014. Before joining the Bank, he worked for the Deutsche Bank in Frankfurt from 2000 to 2003 in the Securities and Investor Services department. He holds a university degree in economics from the Buckingham University in England.

DIONIGI RESINELLI

Mr Dionigi Resinelli is a Swiss citizen born in 1941. He joined the Società Bancaria Ticinese in 1972 and he was appointed Chief Executive Officer in 1976. Since 2014 he is a member of the Executive Board. Mr Resinelli holds a university degree in economics from the University of Fribourg which was followed by internships in London at the Swiss Banking Corporation and the J.M. Finn, and in New York at the Bankers Trust and the Dominick and Dominick.

CHRISTIAN GUIDOTTI

Mr Christian Guidotti, is a Swiss citizen born in 1966. He joined the Società Bancaria Ticinese in 2005 as Head of Administration and Compliance. In 2009 he was appointed Member of the Executive Board. Before joining the bank, he worked for the Justice Division in Bellinzona and the Guardian SA. He holds various business administration diplomas from the SSQEA and SUPSI as well as an MBA from the Centro Studi Bancari in Vezia.

REPORT OF THE BOARD OF DIRECTORS

MARIO MOLO, LAWYER

Chairman



Report of the 120th financial year

Dear Shareholders,

Founded in 19 October 1903, our bank has now been in operation for over 120 years.

This achievement gives us a great sense of pride and fulfilment. Not only because we are the oldest bank in our canton, and have uninterruptedly been owned by Ticino families, but also because this is proof of how, in a socio-economic situation with few resources, a private entrepreneurial initiative has been able to take root and assert itself, establishing a relationship of trust and attachment with its clients that only the seriousness, professionalism and perseverance of those who have governed the bank's fortunes over the years have enabled us to remain present in Bellinzona.

In an environment dominated by big banks and foreign banking institutions, we have managed to gain and maintain an enviable position thanks to the ties forged over so many years with the people and families of the city, from all walks of life, who consider the Bancaria to be their bank. We would therefore like pay a respectful and grateful tribute to those who preceded us, who through their commitment and industriousness enabled us to reach this anniversary.

Turning to macroeconomic data, after a strong post-pandemic rebound in 2021/22 and despite the spectre of a global recession and the less than optimistic predictions of the most distinguished analysts, the world economy has continued to develop positively.

In the USA, economic activity turned out to be unexpectedly strong, better even than 2022, driven by sustained consumer spending, productivity and employment growth.

By contrast, the eurozone narrowly avoided a technical recession, defined as two consecutive quarters of

negative growth. The Chinese economy has also slowed due to the contraction of domestic consumption and the upheavals on its real estate market.

After a long period of extremely accommodating monetary policies by central banks in an attempt to control the inflationary pressures that were starting to appear in various geographical areas, interest rates have risen rapidly. This paradigm shift, which turned financial markets upside down in 2022 and threatened to stifle post-Covid economic recovery, has, however, started to yield the expected results.

In line with the strategies of other central banks, interest rates in Switzerland were also gradually raised, with the SNB taking a more cautious approach to ensure price stability and support the economy. In 2023, the SNB's key interest rate peaked at 1.75%, a level not seen since as far back as 2008. Employment has remained high, a sign of stability on the labour market and the ability of Swiss companies to maintain and create jobs.

The international financial markets showed signs of adapting to the new global economic developments without suffering too much backlash from geopolitical events, such the war in Ukraine, the 7 October massacre perpetrated by Hamas, the subsequent escalation of tensions in the Middle East and the strained relations between the USA and China. The collapse of a number of regional banks in the USA and the downfall of Credit Suisse did not cause the dreaded crisis in the financial markets thanks to the Swiss Federal Council's decisive action, which forced its emergency takeover by UBS, backed by guarantees from the federal government.

This umpteenth unfortunate event for the reputation of the Swiss financial centre highlights the importance of client confidence, which is a priority and the very heart of our profession.

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Report of the 120th financial year

Investor interest in Wall Street trading focused on the technology sector, where the performance of the exchange's 'Magnificent 7' helped the S&P500 to jump by 24.3%. The promising applications of artificial intelligence are likely to have a major impact on the world economy.

In Europe, the Euro Stoxx 50 closed trading up 19.2%, while the historically more defensive Swiss market posted a modest +3.8%.

Our bank, meanwhile, recorded one of its best financial years in recent history, even though the balance sheet total remained almost unchanged (CHF 203.8m in 2022 and CHF 201.8m in 2023), while mortgages and personal loans dropped by around 4%.

This decline is proof of the prudent approach to granting new loans, given the upward trend in interest rates, which increases credit risks. However, it resulted in an unexpected 88% increase in interest proceeds, from CHF 1.6 million to 3.1 million, due to the remuneration of sight deposits with the SNB and other banks.

Income from commission and service business remained at about the same level as the previous year. The uncertain environment and the sluggishness of the Swiss market probably affected our clients' willingness to undertake new investments.

The trading result of our 'Our' portfolio showed a positive result of CHF 361,000.

On the cost side, we saw an increase of about 6% as expected. Despite this increase, the cost/income ratio amounted to 63%, which reflects efficient operational management by the bank.

After the usual prudential provisions, depreciation and taxes, the financial year closed with a profit of CHF 1.94 million.

Together with the profit carried forward of CHF 6.3 million, the available balance sheet profit is CHF 8.2 million, which the board of directors proposes to allocate as follows:

CHF 100'000.- to legal reserves
CHF 800'000.- distributed as a 10% dividend
CHF 7'338'869.- carried forward

If these proposals are accepted, the bank's equity will amount to CHF 28.3 million.

In conclusion, we give a special thank-you to all our loyal clients, our faithful employees and our shareholders for contributing to this significant result, which successfully crowns the celebrations of our Bank's 120th financial year.

For the board of directors



Chairman
Mario Molo, Lawyer



GALLERIA

VENTURI
PANGORI
FRONCHI
MISCELLANEA
FRUTTA
VERDURA
SCELE
DEUTSCHE
BACHERI
RIVA
LITTONER
BRAULICI

STOFFE



REPORT
BALANCE SHEET
OFF - BALANCE - SHEET BUSINESS



Balance sheet

in Swiss Francs		31.12.2023	31.12.2022
Assets			
Liquid assets		65'225'479	50'080'943
Amounts due from banks		20'831'886	32'465'056
Amounts due from customers	3.2	19'397'110	22'021'541
Mortgage loans	3.2	85'763'487	87'749'910
Trading activities	3.3	3'988'223	4'711'098
Positive replacement values of derivative financial instruments	3.4	36'014	28'053
Financial investments	3.5	1'191'795	1'259'133
Accrued income and prepaid expenses		254'146	176'764
Participations	3.6/7	3'321'104	3'321'104
Tangible fixed assets	3.8	1'797'147	1'926'134
Other assets	3.10	59'675	53'012
Total assets		201'866'066	203'792'748
Total subordinated loans		-	-
- with subordination and/or waiver obligation		-	-

Report of the 120th financial year

in Swiss Francs		31.12.2023	31.12.2022
Liabilities			
Amounts due to banks		218'667	239'192
Amounts due in respect of customer deposits		150'775'817	156'857'256
Negative replacement values of derivative financial instruments	3.4	36'014	28'053
Cash bonds	3.15	3'454'000	1'310'000
Bond issues and central mortgage institution loans	3.15	15'800'000	15'800'000
Accrued expenses and deferred income		1'279'912	774'963
Other liabilities	3.10	133'866	113'220
Provisions	3.16	1'100'000	1'380'000
Reserves for general banking risks	3.16	6'000'000	6'000'000
Share capital	3.17	8'000'000	8'000'000
Legal reserve from profits	3.21	8'525'140	8'462'960
Own capital shares		(1'696'220)	(1'896'420)
Profit carried forward		6'293'524	6'293'094
Profit for the year		1'945'346	430'430
Total liabilities		201'866'066	203'792'748
Total subordinated commitments		-	-
- with subordination and/or waiver obligation		-	-

Off-balance-sheet business

in Swiss Francs		31.12.2023	31.12.2022
Contingent commitments	3.2/28	324'766	864'580
Irrevocable commitments		1'416'256	1'026'000
Obligations to pay up shares and make further contributions		222'880	222'880





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BANCA

SOCIETA' BANCARIA TIRRENE

CO-OP

*Meccie
Calzature*

REPORT

PROFIT AND LOSS ACCOUNT



Profit and loss account

in Swiss Francs	2023	2022
Income and expenses resulting from ordinary banking operations		
Income from interest transactions		
Interest and discount income	3'544'941	1'998'176
Interest and dividend income from trading activities	120'080	122'379
Interest and dividend income from financial investments	11'630	31'424
Interest expenses	(347'915)	(203'703)
Gross result from interest operations	3'328'736	1'948'276
Changes in value adjustments for default risks and losses from interest operations	(278'871)	(330'793)
Net result from interest operations	3'049'865	1'617'483
Result from commission on transactions and service fees		
Commission income from securities trading and investment activities	3'343'321	3'315'149
Commission income from lending activities	7'628	10'714
Commission income from other services	621'862	653'466
Commission expenses	(585'741)	(551'762)
Result from commission business and services	3'387'070	3'427'567
Result from trading activities and the fair value option	3.32	(59'406)
Result from the disposal of financial investments	-	(8'227)
Income from participations	18'629	17'160
Result from real estate	12'639	35'013
Other ordinary income	42'915	10'165
Other ordinary expenses	-	-
Other result from ordinary activities	74'183	54'111

Report of the 120th financial year

in CHF		2023	2022
Personnel expenses	3.34	(2'924'134)	(2'827'918)
General and administrative expenses	3.35	(1'565'210)	(1'400'676)
Operating expenses		(4'489'344)	(4'228'594)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	3.8	(155'006)	(157'869)
Changes to provisions and other value adjustments, and losses		280'000	(3'713)
Operating result		2'508'206	649'579
Extraordinary income	3.36	-	-
Extraordinary expenses		-	-
Changes in reserves for general banking risks		-	-
Taxes	3.39	(562'860)	(219'149)
Profit for the year		1'945'346	430'430
Proposed allocation of profit			
Profit for the year		1'945'346	430'430
Profit carried forward		6'293'523	6'293'093
Balance sheet profit		8'238'869	6'723'523
Proposed allocation of profit			
Allocation to legal reserve		100'000	30'000
Balance sheet profit distribution		800'000	400'000
Carried forward		7'338'869	6'293'523

Presentation of the statement of changes in equity

in thousand of Swiss Francs

	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Voluntary reserves from profit and loss carried forward	Own capital shares (negative entry)	Result of the period	Total
Equity capital at the start of the reporting period	8'000		8'463	6'000	6'293	(1'896)	430	27'290
Capital increase/decrease								
Additional contributions/additional payments					430		(430)	-
Acquisition of own capital shares								-
Disposal of own capital shares						200		200
Dividends and other distributions			32		(400)			(368)
Other allocations to (transfer from) the reserves for general banking risks								-
Other allocations to (transfer from) the other reserves			30		(30)			-
Profit for the year							1'945	1'945
Equity capital at the end of the reporting period	8'000		8'525	6'000	6'293	(1'696)	1'945	29'067

REPORT

NOTES TO THE ANNUAL ACCOUNTS



Notes to the annual accounts

1. Sectors of activity and headcount

Società Bancaria Ticinese SA, a universal bank originally founded in Lugano on 24 November 1903 (charter dated 19 October 1903), is a private bank rich in tradition that provides investment advice, asset management, credit brokering and transferable securities brokerage. The bank is based in Bellinzona in its own prestigious building. Its clientèle mainly comprises local customers though it also has international clients. At the end of the financial year, the total number of employees was 19 (2022: 18 employees), with a full-time equivalent of 17 employees (2022: 16 employees).

Outsourcing

The bank delegated some of its payment transactions business to BottomLine Technologies Dach AG, Zurich. Since 1 January 2013, the bank has outsourced its IT platform to the Lugano office of Best Vision Solutions SA. Since 1 November 2022, the bank's securities administration service has also been handled by Best Vision Solutions SA.

2. Principles for preparing and valuing the financial statements

The bookkeeping, preparation and valuation follow the rules laid down in the guidelines of the Swiss Financial Market Supervisory Authority FINMA (FINMA Circular 2020/1 and FINMA Accounting Ordinance), the provisions of the Swiss Code of Obligations, the Swiss Banking Act and the articles of association. The close process is based on the 'single statutory closing with reliable presentation' method.

Accounting principles

Cash and cash equivalents, loans to banks and customers, mortgage loans, funds payable

These items are recorded at nominal value. There is a value adjustment for potential customer credit risks. Lending is an important sector. Credit facilities are based on mortgage guarantees on mainly domestic real estate. Loans are mainly refinanced with funds collected from customers through traditional products, such as current accounts, savings accounts and cash bonds. The bank also has other sources of refinancing, such as borrowing from the Schweizerische Pfandbriefbank.

Trading securities portfolio

The bank's own portfolio of securities held for trading is valued at list prices on the balance sheet date. The bank invests amounts commensurate with its resources, primarily in equities of leading companies and in currencies. Positions are usually held for short periods and in compliance with a regulation that allows for the mitigation of possible capital losses caused by price fluctuations.

Financial assets

The bank's financial assets mainly comprise Swiss franc bonds of primary debtors. They are managed according to the principle of investment soundness. They are valued using the accrual method, in which the difference between the purchase price and the redemption value is carried forward over the years between the purchase date and the maturity date. Adjustments are made to the value of financial assets in the event of lasting deterioration in the issuer's credit risk.

Report of the 120th financial year

Holdings

Holdings of capital or voting shares in other companies are entered in the balance sheet at their purchase price minus economically necessary depreciation.

Tangible fixed assets

Fixed assets are depreciated at 20% of their purchase value. The bank avails itself of the option of accelerated depreciation in accordance with the provisions of local tax legislation. The investment in the development of the IT system is depreciated over its remaining useful life.

Accruals and deferrals

Interest income and expenses and other operating expenses are accrued on a time basis.

Taxes

The bank records a provision for municipal, cantonal and federal taxes determined on the basis of the operating result in accordance with the tax regulations in force. This provision is recorded under Accrued expenses and deferred income.

Commitments to banks and customers, cash obligations, mortgage loans

The valuation is made at nominal value.

Mortgages with covered bond issuers and loans

At 31 December 2023, the bank has twelve outstanding loans with the Schweizerische Pfandbriefbank Zurich totalling CHF 15'800'000 (2022:

CHF 15'800'000), in order to adequately refinance balance sheet assets. The loans are structured in accordance with the mortgage loan act and the regulations and guidelines of the Schweizerische Pfandbriefbank. In total, these medium- to long-term loans account for approximately 15% (2022: 14.4%) of all loans granted.

Value adjustments and provisions

Value adjustments and provisions for impaired loans are made on the principle of prudence for all risks identified at the balance sheet date. In the case of impaired loans, i.e. when it is highly likely that the debtor will no longer be able to meet its repayment obligations, specific value adjustments are recognised and deducted from the particular asset item. In the case of non-impaired loans, the Bank periodically uses the latent loss risk approach to check whether any loss risks are not covered by specific value adjustments and, if necessary, makes lump-sum value adjustments. Credit files are monitored regularly. Badly performing loans are analysed to determine possible value adjustments. When the need for value adjustments is identified for the portion not covered by any collateral, these are recorded immediately.

Reserves for general banking risks

The reserve is treated as an own fund within the meaning of Art. 21 of the Capital Adequacy Ordinance. There is a CHF 6 million reserve for general banking risks, CHF 1 million of which is taxed.

Own shares of capital

Own shares of capital are shown as a negative item in equity capital and are valued at the purchase price.

Derivatives, forwards

These instruments are traded primarily on behalf of customers. The positive and negative replacement values of derivatives open at account closing are entered at their market value – or if not they are valued at cost – and entered in the balance sheet under the appropriate item. The valuation is entered in the profit and loss account. The bank does not deal in derivatives on its own behalf. It enters into forward foreign exchange transactions on its own behalf, either to hedge the foreign exchange risk on equivalent foreign currency positions, or for extemporaneous trading. Likewise, it carries out forward transactions on behalf of customers or transactions to hedge against price risks on its trading portfolio.

Conversion of foreign currencies

The average exchange rates on the balance sheet date apply. The two main currencies, i.e. EUR and USD, were valued at 0.938 and 0.844 (2022: 0.984 and 0.923). Foreign currency transactions during the year are converted at the average exchange rate on the day of the transaction. The result of the valuation is recorded in the profit and loss account under Result of trading activities and fair value option. Forward contracts are converted using the residual prices on the balance sheet date. The valuation result is entered in the profit and loss account.

Hedging

The results of hedging transactions are recorded in the same item of the income statement as the results of the underlying transaction. In the case of macro hedges in connection with interest-bearing transactions, the balance may be recorded under Interest income and discounts or under Interest

expenses. Accrued interest on hedging transactions in the profit and loss account using the accrual method is not recorded as accruals and deferrals, but entered in the clearing account (under Other assets or Other liabilities), in order to avoid double counting with the replacement values already recorded in the balance sheet. If the results of the hedging transactions are greater than those of the underlying transactions, the surplus of the derivative financial instrument is treated as a trading asset. The surplus is therefore recorded under item 3 Income from trading activities and fair value option, and not in the clearing account.

Changes to accounting principles

In 2023, we changed how income from commission and service fee transactions was presented. Stock exchange commissions are now presented gross under commission expenses rather than deducted from commission income on securities trading and investment activities as was the case previously. This adjustment for 2022 amounts to CHF 79'952. At 31 December 2023, the Bank decided on credit risk value adjustments for unrealized loss risks, recording these value adjustments as a percentage of the total volume of loans. There have been no other changes to our accounting principles.

Significant events after the balance sheet date

None.

Interest in jeopardy

Interest income, the collection of which is doubtful, is treated in accordance with the law, i.e. interest not collected within 90 days of its accrual is set aside and deducted from the individual receivable item.

Risk management

The board of directors conducted an analysis of the main risks to which the bank is exposed. In this analysis, the board of directors took into account the control system, the purpose of which is to manage and reduce risks. Risk management is constantly monitored by the managers responsible for this sector, without prejudice to the board of directors' overriding control of practices. The bank has its own risk management regulations, which set out the maximum credit limits per borrower or group of borrowers, the collateral required and the documentation to be submitted to obtain financing. The purpose of risk management is to preserve the bank's equity, foster profitability and increase the value of the company.

Credit risks

The bank grants mainly mortgage loans, Lombard loans (at the explicit request of customers) and to a lesser extent commercial loans: in the latter case, only debtors of proven solvency, who can present accounts with sufficient equity and constant profitability are taken into consideration. Prudent margins are set for secured loans. For Lombard loans, the margins are set according to the market value and the type of pledged assets, whereas for mortgage loans, the margin is set according to the value and quality of the property determined by means of an appropriate appraisal (internal or external) and/or the capitalized earnings value. The bank has had a specific regulation for this since 1 July 2005, in compliance with the principles established by the SBA. Non-performing loans are promptly identified and managed, establishing economically necessary value adjustments where necessary.

Market risks

The risks of impairment losses due to decreases in assets and/or increases in liabilities caused by fluctuations on the financial markets, such as interest rate, exchange rate and price risks, are constantly monitored.

Interest rate risks

Credit operations are financed by funds raised from customers. The bank has instruments at its disposal to bridge the time mismatch between the maturities of deposits and the maturities of the use of funds.

Exchange rate risks

The exposure is very limited, as operations are carried out in accordance with customers' needs. To ensure residual risks are minimized, prudent maximum exposure ceilings have been set and individually unbalanced positions are therefore balanced daily by the treasury.

Price risks

Positions taken within the trading portfolio are controlled by stop-loss orders.

Liquidity and refinancing risks

The level of liquidity is monitored in compliance with legal requirements. The bank's refinancing comes from its own funds and from clients' assets deposited with the bank. The bank operates a high liquidity policy which, if surplus, is invested for short periods with primary banks on the interbank market. Information on equity, liquidity and corporate governance, in compliance with FINMA circular 2016/1 'Disclosure – banks', is published separately on the bank's website.

Report of the 120th financial year

Operational risks

Exposure to non-compliance or internal procedure risks is minimized by management controls and by internal rules and procedures. Since 1 January 2013, the bank has been using BEST, a software package under licence from Best Vision Solutions. With the exception of the server containing sensitive client data, which is located at the head office in Bellinzona, the bank's IT equipment is located at Morbio Inferiore. All essential components are redundant to guarantee against possible failures.

Legal risks

The bank has organized its activities in line with the legal and ethical standards in force in the banking sector, ensuring transparent contractual rules with its customers. The bank works with an external law firm.

Reputational and compliance risks

The bank's clientèle consists mainly of known customers or new customers introduced by persons of trust. The staff is trained and cognizant of the obligation of due diligence, confidentiality and money laundering prevention. In addition, investment advisers inform their clients about the risks inherent in investments. The bank monitors dormant assets in compliance with federal regulations.

Bank policy on the use of derivative financial instruments

These positions are taken exclusively on behalf of clients.

Principles for recording transactions

All completed transactions are recorded on the day of the transaction in accordance with the execution date

principle, with the exception of forward transactions and financial contracts, which are accounted for at maturity.

Consolidation

In accordance with Art. 35 of the Swiss Banking Ordinance, the bank has no consolidation requirements.



SOCIETA' BANCARIA TICINESE

Notes to the balance sheet

3.1 Breakdown of securities financing transactions (assets and liabilities)

Nothing to report.

3.2 Presentation of collateral for loans/receivables and off-balance-sheet transactions (assets and liabilities), as well as impaired loans/receivables

in thousand of Swiss Francs		Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)					
32	Amounts due from customers	7'956	11'514	1'217	20'687
	Mortgage loans				86'645
	Residential property	60'346	-	-	
	Office and business premises	19'117	-	-	
	Commercial and industrial premises	1'160	-	-	
	Other	6'022	-	-	
Total loans (before netting with value adjustments)					
	2023	94'601	11'514	1'217	107'332
	2022	97'741	12'237	1'412	111'390
Total loans (after netting with value adjustments)					
	2023	93'119	11'460	582	105'161
	2022	96'630	12'237	904	109'771

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Off-balance-sheet transactions

Contingent liabilities	-	319	6	325
Irrevocable commitments	-	-	1'416	1'416
Obligations to pay up shares and make further contributions	-	-	223	223
Total off-balance sheet transactions				
2023	-	319	1'645	1'964
2022	-	404	1'710	2'114

Impaired loans/receivables

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
2023	5'742	4'071	1'671	1'671
2022	7'261	5'643	1'618	1'618

Irrecoverable loans comprise 41 (2022: 52)

3.3 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

in thousand of Swiss Francs

Assets	2023	2022
Trading portfolio assets		
Equity securities	3'967	4'696
Precious metals and commodities	21	15
Other trading assets	-	-
Total assets	3'988	4'711
- determined using a valuation model	-	-
- trading assets eligible as collateral under liquidity regulations	-	-

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3.4 Presentation of derivative financial instruments (assets and liabilities)

in thousand of Swiss Francs

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume
Interest rate contracts						
Forward contracts incl. FRAs	-	-	-	-	-	-
Swap	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (Exchange Traded)	-	-	-	-	-	-
Foreign exchange contracts / Precious metals						
Forwards	36	36	4'995	-	-	-
Combined interest rate/currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (Exchange Traded)	-	-	-	-	-	-
Equity/index contracts						
Forwards	-	-	-	-	-	-
Swap	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (Exchange Traded)	-	-	-	-	-	-
Credit derivatives						
Credit default swap	-	-	-	-	-	-
Total return swap	-	-	-	-	-	-
First-to-default swap	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
Other						
Forwards	-	-	-	-	-	-
Swap	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (Exchange Traded)	-	-	-	-	-	-

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	Trading instruments		Contract volume
	Positive replacement value	Negative replacement value	
Total before netting agreements			
2023	36	36	4'995
- determined using a valuation model	-	-	-
2022	28	28	11'707
- determined using a valuation model	-	-	-

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Total after netting agreements

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
2023	36	36
2022	28	28

Breakdown by counterparty:

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	35	1

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3.5 Breakdown of financial investments

in thousand of Swiss Francs	Book value		Fair Value	
	2023	2022	2023	2022
Debt securities				
- intended to be held to maturity	699	766	654	740
- not intended to be held to maturity (available for sale)	-	-	-	-
Precious metals	493	493	558	543
Real estate	-	-	-	-
Total	1'192	1'259	1'212	1'283
- securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

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Breakdown of counterparties on the rating category of Moody's

	Aaa - Aa3	A1 - A3	Baa1 - Baa3	Ba1 - B3	Below B3	Unrated
Debt securities						
Book values	100	-	366	200	-	33

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3.6 Presentation of participations

in thousand of Swiss Francs	Acquisition cost	Value adjust- ments and/or value ad- justments (equity method) accumu- lated to date	Book value at 31.12.2022	2023					Book value at 31.12.2023	Market value
				Transfers	Invest- ments	Divest- ments	Value adjust- ments	Equity value adjust- ments valued according to the equity method / Apprecia- tions		
Participations valued using the equity method										
- Listed companies	-	-	-	-	-	-	-	-	-	-
- Not listed companies	-	-	-	-	-	-	-	-	-	-
Other participations										
- Listed companies	-	-	-	-	-	-	-	-	-	-
- Not listed companies	3'412	(91)	3'321	-	-	-	-	-	3'321	N/A
Total participations	3'412	(91)	3'321	-	-	-	-	-	3'321	N/A

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3.7 Information on companies in which the bank directly or indirectly holds a significant and lasting share

Company name and registered office	Business activity	Share capital (thousands)	Share of capital (%)	Share of voting rights (%)	Direct ownership	Indirect ownership
Immobiliare Castelgrande SA, Bellinzona	Real estate	3'000	100	100	yes	-

In accordance with Art. 35 of the Swiss Banking Ordinance, there is no obligation to prepare group accounts at 31 December 2023 as this is an insignificant holding in terms of financial information and risk. There are no changes from the previous year.

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3.8 Presentation of tangible fixed assets

in thousand of Swiss Francs	Acqui- sition cost	Accumu- lated deprecia- tion	Book value at 31.12.2022	2023					Book value at 31.12.2023
				Transfers	Invest- ments	Divest- ments	Amortisa- tions	Apprai- sals	
Bank's buildings	4'382	(2'588)	1'794	-	-	-	(65)	-	1'729
Other real estate	-	-	-	-	-	-	-	-	-
Proprietary or separately acquired software	1'406	(1'353)	53	-	25	-	(50)	-	28
Other tangible fixed assets	3'415	(3'336)	79	-	1	-	(40)	-	40
Leased assets	-	-	-	-	-	-	-	-	-
Total fixed assets	9'203	(7'277)	1'926	-	26	-	(155)	-	1'797

There are no lease commitments not recognized in the balance sheet.

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3.9 Presentation of intangible assets

Nothing to report. There are no changes from the previous year.

3.10 Breakdown of other assets and other liabilities

in thousand of Swiss Francs	Other assets		Other liabilities	
	2023	2022	2023	2022
Indirect taxes and VAT	60	53	128	109
Uncollected dividends, cash bonds	-	-	5	4
Other	-	-	1	-
Total	60	53	134	113

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

in thousand of Swiss Francs	Book values	Effective commitments
Pledged / assigned assets	708	708
Credit securities (financial assets) pledged as collateral	-	-
Mortgage securities pledged as collateral	19'863	15'800
Total	20'571	16'508

3.12 Commitments to own pension funds and the number and type of the bank's capital instruments held by those funds

The Bank has a pension fund to which all employees are affiliated and which is governed by the defined contribution system. All employees with an annual AHV/AVS salary that exceeds the maximum limit for a standard AHV/AVS retirement pension are insured. Annual retirement credits range from 9% to 20% of the insured salary and vary depending on the age group. The amount of the retirement pension is fixed as a percentage of the accrued pension capital on retirement. The pension fund also provides a lump-sum death benefit, disability pension, children's pension and spouse's pension. The conversion rate is a percentage of the last insured salary. The pension fund is financed at a rate of 60% by the employer and 40% by the employee. For the bank, there are no economic commitments or benefits. There are no changes from the previous year.

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3.13 a) Reserves for employer contributions

Nothing to report.

3.13 b) Economic benefit / economic commitment and pension liability

in thousand of Swiss Francs	Surplus / insufficient coverage at end of reporting year	Bank's actuarial surplus		Change from previous year in actuarial surplus (economic advantage and/ or economic commitment)	Contributions paid for the reporting period	Pension charge within personnel costs	
	2023	2023	2022		2023	2023	2022
Pension funds with surplus cover	107.00%	-	-	-	135	135	143

3.14 Presentation of issued structured products

The Bank does not issue its own structured products. There are no changes from the previous year.

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3.15 Presentation of bonds outstanding and mandatory convertible bonds

Mortgages with covered bond issuers

in thousand of Swiss Francs	Maturity							Total
	2024	2025	2026	2027	2028	2029	Beyond	
Interest rate								
0,300%	-	-	-	-	-	-	1'600	1'600
0,425%	-	-	1'400	500	-	-	-	1'900
0,550%	-	1'400	-	-	2'800	-	-	4'200
0,675%	-	2'500	-	-	-	-	1'500	4'000
1,050%	-	-	-	-	-	-	3'000	3'000
1,425%	1'100	-	-	-	-	-	-	1'100
Total	1'100	3'900	1'400	500	2'800	-	6'100	15'800

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No bonds were outstanding at the balance sheet date.

However, the following cash bonds were outstanding:

Interest rate	Maturity							Total
	2024	2025	2026	2027	2028	2029	Beyond	
0,10%	300	-	-	-	-	-	-	300
0,25%	-	-	-	-	-	-	-	-
0,50%	-	-	-	-	-	-	-	-
0,75%	-	-	-	-	-	-	-	-
1,00%	30	30	140	100	-	-	-	300
1,25%	-	-	-	-	-	-	-	-
1,50%	-	2'569	105	-	160	20	-	2'854
1,75%	-	-	-	-	-	-	-	-
2,00%	-	-	-	-	-	-	-	-
2,25%	-	-	-	-	-	-	-	-
2,50%	-	-	-	-	-	-	-	-
Total	330	2'599	245	100	160	20	-	3'454

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

in thousand of Swiss Francs	Status at 31.12.2022	Use in confor- mity with desi- gnated purpose	Transfers	Currency diffe- rences	Part due interest, recove- ries	New creations charged to income	Releases to income	Balance at 31.12.2023
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for pension liabilities	-	-	-	-	-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-
Provisions for other operating risks	880	-	-	-	-	-	(280)	600
Provisions for restructuring	-	-	-	-	-	-	-	-
Other provisions	500	-	-	-	-	-	-	500
Total provisions	1'380	-	-	-	-	-	(280)	1'100
Reserves for general banking risks	6'000	-	-	-	-	-	-	6'000
Value adjustments for default and country risks	1'618	(28)			-	690	(109)	2'171
- value adjustments for default risks in respect of impaired loans/receivables	1'618	(28)				190	(109)	1'671
- value adjustments for latent risks	-					500	-	500

There is a CHF 6 million reserve for general banking risks, CHF 1 million of which is taxed. Based on the decision by the Ticino tax authority, an annual amount of CHF 250'000 is taxed for the period 2021–24, with taxed reserve on taxable equity capital.

3.17 Presentation of the bank's capital

	2023			2022		
	Total nominal value (in thousand of Swiss Francs)	Quantity	Capital with dividend entitlement (in thousand of Swiss Francs)	Total nominal value (in thousand of Swiss Francs)	Quantity	Capital with dividend entitlement (in thousand of Swiss Francs)
Share capital	8'000	80'000	8'000	8'000	80'000	8'000
- issued	8'000	80'000	8'000	8'000	80'000	8'000
Total share capital	8'000	80'000	8'000	8'000	80'000	8'000

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3.18 Number of value of equity securities or options on equity securities held by all executives and directors and by employees and disclosures on any employee participation schemes

in thousand of Swiss Francs	Number of participation rights		Value of participation rights		Number of options		Value of options	
	2023	2022	2023	2022	2023	2022	2023	2022
Members of the board of directors	1'064	1'064	106	106	-	-	-	-
Members of the management	41'788	40'988	4'179	4'099	-	-	-	-
Employees	54	54	5	5	-	-	-	-
Total	42'906	42'106	4'290	4'210	-	-	-	-

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There is no employee share plan.

3.19 Disclosure of amounts due from/to related parties

in thousand of Swiss Francs	Credits		Commitments	
	2023	2022	2023	2022
Holders of qualified participations	1'206	2'261	469	369
Group companies	-	-	-	-
Associated companies	1'440	1'475	134	68
Transactions by corporate bodies	2'646	2'891	497	1'002
Additional related parties	-	-	-	-

The Bank confirms that on-balance-sheet and off-balance-sheet transactions have been conducted under market conditions. The loans mentioned consist of mortgage loans and other secured loans.

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3.20 Disclosure of holders of significant participations

in thousand of Swiss Francs Significant shareholders and groups of shareholders linked to voting agreements	2023		2022	
	Nominal	Share in %	Nominal	Share in %
With voting rights:				
Dionigi Resinelli	4'084	51,1%	4'044	50,5%
Giuseppe Engelberger	462	5,8%	462	5,8%
Without voting rights:				
None	-	-	-	-

There are no other significant shareholders.

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3.21 Disclosure of own shares and composition of equity capital

At 31 December 2023, the bank held a total of 6'436 (2022: 7'236) treasury shares with a total value of CHF 1'696'220 (2022: CHF 1'896'420), equal to 8.05% of the capital (2022: 9.05%)

3.22 Disclosure in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed

Nothing to report.

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3.23 Presentation of the maturity structure of financial instruments

in thousand of Swiss Francs

	Maturity							Total
	at sight	cancel- lable	within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity	
Assets / financial instruments								
Liquid assets	64'517	708	-	-	-	-	-	65'225
Amounts due from banks	5'908	-	14'374	550	-	-	-	20'832
Amounts due from customers	317	5'351	922	10'840	1'849	118	-	19'397
Mortgage loans		18'943	199	7'856	41'880	16'885	-	85'763
Trading activities	3'988	-	-	-	-	-	-	3'988
Positive replacement values of derivative financial instruments	-	-	11	25	-	-	-	36
Financial investments	493	-	150	8	215	326	-	1'192
Total	2023	75'223	25'002	15'656	19'279	43'944	17'329	- 196'433
	2022	74'472	18'914	26'010	19'392	41'343	18'185	- 198'316
Debt capital / financial instruments								
Amounts due to banks	219	-	-	-	-	-	-	219
Amounts due in respect of customer deposits	69'659	77'172	3'145	750	50	-	-	150'776
Negative replacement values of derivative financial instruments	-	-	11	25	-	-	-	36
Cash bonds	-	-	320	10	3'104	20	-	3'454
Mortgages with covered bond issuers and loans	-	-	1'100	-	8'600	6'100	-	15'800
Total	2023	69'878	77'172	4'576	785	11'754	6'120	- 170'285
	2022	77'929	79'117	62	726	7'500	8'900	- 174'234

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

in thousand of Swiss Francs	2023		2022	
	Switzerland	Foreign	Switzerland	Foreign
Assets				
Liquid assets	65'225	-	50'081	-
Amounts due from banks	19'526	1'306	26'102	6'363
Amounts due from customers	11'924	7'473	15'269	6'753
Mortgage loans	85'764	-	87'750	-
Trading activities	2'829	1'159	3'147	1'564
Positive replacement value of derivative financial instruments	36	-	28	-
Financial investments	793	399	793	466
Accrued income and prepaid expenses	254	-	177	-
Participations	3'321	-	3'321	-
Tangible fixed assets	1'797	-	1'926	-
Other assets	60	-	53	-
Total assets	191'529	10'337	188'647	15'146
Liabilities				
Amounts due to banks	219	-	239	-
Amounts due in respect of customer deposits	129'224	21'552	133'272	23'585
Negative replacement values of derivative financial instruments	36	-	28	-
Cash bonds	3'454	-	1'310	-
Mortgages with covered bond issuers and loans	15'800	-	15'800	-
Accrued expenses and deferred income	1'279	-	775	-
Other liabilities	134	-	113	-
Provisions	1'100	-	1'380	-
Reserves for general banking risks	6'000	-	6'000	-
Share capital	8'000	-	8'000	-
Legal reserve from profits	8'525	-	8'463	-
Own shares of capital	(1'696)	-	(1'896)	-
Profit carried forward	6'294	-	6'293	-
Profit for the year	1'945	-	431	-
Total liabilities	180'314	21'552	180'208	23'585

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

in thousand of Swiss Francs		2023		2022	
Assets		Absolute	Share as %	Absolute	Share as %
Europe					
Switzerland		191'529	94,88%	188'647	92,57%
Liechtenstein		3'287	1,63%	2'433	1,19%
Germany		956	0,47%	2'495	1,22%
Italy		1'111	0,55%	2'034	1,00%
Cyprus		677	0,34%	777	0,38%
Luxembourg		614	0,30%	3'719	1,82%
France		559	0,28%	322	0,16%
United Kingdom		325	0,16%	515	0,25%
Ireland		-	0,00%	447	0,22%
North America					
United States		550	0,27%	555	0,27%
Asia					
United Arab Emirates		1'434	0,71%	948	0,47%
Other		824	0,41%	901	0,44%
Total assets		201'866	100,00%	203'793	100,00%

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

Moody's in thousand of Swiss Francs	Net foreign exposure 2023		Net foreign exposure 2022	
	in Swiss Francs	Share as %	in Swiss Francs	Share as %
Aaa - AA3	199'255	98,71%	199'634	97,96%
A1 - A3	-	-	447	0,22%
Baa1 - Baa3	1'788	0,89%	2'034	1,00%
Ba1 - Ba2	-	-	777	0,38%
Ba3	-	-	-	-
B1 - B3	-	-	-	-
Caa1 - C	-	-	-	-
without rating	824	0,41%	901	0,44%
Total	201'866	100,00%	203'793	100,00%

3.27 Presentation of assets and liabilities broken down by the most significant currencies for the bank

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in thousand of Swiss Francs	2023				Total
	Currency				
	CHF	EUR	USD	Other	
Assets					
Liquid assets	65'035	169	15	7	65'226
Amounts due from banks	7'641	3'893	7'969	1'329	20'832
Amounts due from customers	17'330	1'979	87	1	19'397
Mortgage loans	85'763	-	-	-	85'763
Trading activities	2'888	672	407	21	3'988
Positive replacement value of derivative financial instruments	36	-	-	-	36
Financial investments	673	-	25	494	1'192
Accrued income and prepaid expenses	251	1	2	-	254
Participations	3'321	-	-	-	3'321
Tangible fixed assets	1'797	-	-	-	1'797
Intangible assets	-	-	-	-	-
Other assets	60	-	-	-	60
Total assets recorded on the balance sheet	184'795	6'714	8'505	1'852	201'866
Delivery rights on spot, forward and option foreign exchange transactions	2'405	1'382	844	364	4'995
Total assets	187'200	8'096	9'349	2'216	206'861

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in thousand of Swiss Francs	2023				Total
	Currency				
	CHF	EUR	USD	Other	
Liabilities					
Amounts due to banks	-	-	219	-	219
Amounts due in respect of customer deposits	135'333	6'452	7'687	1'304	150'776
Negative replacement values of derivative financial instruments	36	-	-	-	36
Cash bonds	3'454	-	-	-	3'454
Mortgages with covered bond issuers and loans	15'800	-	-	-	15'800
Accrued expenses and deferred income	1'280	-	-	-	1'280
Other liabilities	134	-	-	-	134
Provisions	1'100	-	-	-	1'100
Reserves for general banking risks	6'000	-	-	-	6'000
Share capital	8'000	-	-	-	8'000
Legal reserve from profits	8'525	-	-	-	8'525
Own capital shares	(1'696)	-	-	-	(1'696)
Profit carried forward	6'293	-	-	-	6'293
Profit for the year	1'945	-	-	-	1'945
Total liabilities shown in the balance sheet	186'204	6'452	7'906	1'304	201'866
Delivery obligations on spot, forward and option foreign exchange transactions	2'405	1'382	844	364	4'995
Total liabilities	188'609	7'834	8'750	1'668	206'861
Net position per currency	(1'409)	262	599	548	-

Notes to the off-balance-sheet business

3.28 Breakdown of contingent assets and liabilities

in thousand of Swiss Francs

	2023	2022
Warranties to secure credits and similar	319	368
Warranties and similar instruments	6	497
Irrevocable commitments arising from documentary letters of credit	-	-
Other contingent commitments	-	-
Total contingent liabilities	325	865
Possible receivables for tax losses carried forward	-	-
Other possible receivables	-	-
Total possible receivables	-	-

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3.29 Breakdown of credit commitments

Nothing to report for 2023 and 2022.

3.30 Breakdown of fiduciary transactions

in thousand of Swiss Francs

	2023	2022
Fiduciary investments with third-party companies	15'382	6'342
Total	15'382	6'342

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3.31 a) Breakdown of managed asset

in thousand of Swiss Francs	2023	2022
Type of assets under management		
Assets placed in collective investment vehicles under proprietary management	-	-
Assets under asset management mandate	143'300	151'035
Other assets under management	259'348	255'686
Total assets under management (incl. double counting)	402'648	406'721
- double counts	-	-

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3.31 b) Changes to assets under management

in thousand of Swiss Francs	2023	2022
Total assets under management (incl. double counting) at the start	406'721	453'422
+/- Net inflow of new funds or net outflow	(6'880)	1'009
+/- Changes to stock exchange values, interest, dividends and exchange rate movements	2'807	(47'710)
+/- Other	-	-
Total assets under management (incl. double counting) at the end	402'648	406'721

Total assets under management include all assets with a management mandate, all customer deposits (for which the Bank also provides administrative services), term deposits, fiduciary investments, total customer securities deposits and cash bonds. The method used to calculate receipts and disbursements takes account of movements of cash, securities, metals and other valuables.

Notes to the profit and loss account

3.32 Breakdown of the result from trading activities and the fair value option

in thousand of Swiss Francs

Breakdown by underlying risk and based on the use of the fair value option

Result from trading activities from:	2023	2022
Interest rate instruments (including funds)	-	-
Equity securities (including funds)	93	(823)
Foreign currencies	267	762
Commodities/precious metals	1	2
Total result from trading activities	361	(59)
- fair value option on assets	-	-
- fair value option on commitments	-	-

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3.33 Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

Nothing to report for 2023 and 2022.

3.34 Breakdown of personnel expenses

in thousand of Swiss Francs	2023	2022
Salaries	2'493	2'356
- expenses in relation to share-based remuneration and alternative forms of variable remuneration	351	152
Social benefits	370	401
Value adjustments related to economic benefits and commitments of pension institutions	-	-
Other personnel expenses	61	71
Total	2'924	2'828

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3.35 Breakdown of general and administrative expenses

in thousand of Swiss Francs	2023	2022
Office space expenses	94	85
Expenses for information and communication technology	769	724
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	29	37
Fees of audit firm (art. 961a n.2 CO)		
- for financial and regulatory audits	141	124
- for other services	-	-
Other operating expenses	532	431
- indemnity for a possible state guarantee	-	-
Total	1'565	1'401

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

Nothing to report. Insignificant amount.

3.37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

Nothing to report.

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

The Bank operates exclusively in Switzerland. There are no changes from the previous year.

Report of the 120th financial year

3.39 Presentation of current taxes, deferred taxes, and disclosure of tax rate*

in thousand of Swiss Francs	2023	2022
Current taxes		
Federal taxes	187	58
Cantonal taxes	194	83
Communal taxes	182	78
Deferred taxes	-	-
Total	563	219
Tax rate*	22,44%	33,74%

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* Weighted average rate on operating profit

3.40 Disclosures and explanation of the earnings per equity security in the case of listed banks

Not applicable.

This report has been translated from Italian. In case of inconsistencies, the Italian version of our annual report shall prevail over the translated version.

REPORT
OF THE STATUTORY AUDITORS
Deloitte SA, Zurich



Report of the Statutory Auditor

To the General Meeting of
Società Bancaria Ticinese SA, Bellinzona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Società Bancaria Ticinese SA («the Bank»), which comprise the statement of financial position as at 31 December 2023, the statement of income, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 16 to 54 of the Annual Report) comply with Swiss law and the Bank's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Bank in accordance with the provisions of Swiss law, and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Bank's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

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

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

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Deloitte SA



Pietro Di Fluri
Licensed Audit Expert
Auditor in Charge



Alexandre Buga
Licensed Audit Expert

Zurich, 21 March 2024
AB/PDF/dbo

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