

2024 ANNUAL REPORT

Banca Popolare di Sondrio (SUISSE) SA
Capital: CHF 180 000 000

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BOARD OF DIRECTORS

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Brunello Perucchi
Vice Chairman

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Member and Secretary

Giovanni Ruffini
Member

Daniel Zuberbühler
Member

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Head of Front Division

Paolo Camponovo (until 31.12.2024)
Member of the Executive Committee
Head of Logistics Division

Stefano Pelagatti (as of 01.01.2025)
Member of the Executive Committee
Head of Logistics Division

Alberto Donada
Member of the Executive Committee
Head of Credits and Markets Division

INTERNAL AUDITING

Alberto Bradanini
President

EXTERNAL AUDITOR

Ernst & Young SA
Lugano



Max Huber at the World Design Conference in Tokyo, 1960. At this event, he gave a talk entitled *Contemporary graphic design and contemporary society*, highlighting the importance of graphic design in contemporary society and the need for international collaboration to achieve shared standards.



Contemporary graphic design must essentially be viewed as a true “means of communication”, perfect, harmonious, with a language that can be understood instantly by every individual in our society.

Max Huber

This report is available in English, Italian, German and French.
In the German version, the Chairman's Foreword
is also translated into Romansh.

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Bruno Munari (1907-1998), Italian designer, sculptor and writer, is considered one of the greatest exponents of art, design and graphic design of the 20th century. Pictured in his studio in Milan, 1969.

Max Huber.

Untitled, close-up,
silk-screen print, 1991.



*Many graphic designers owe a debt of gratitude to
Huber for the design technique he taught us.*

Bruno Munari

CHAIRMAN'S FOREWORD

Yesterday, at the stroke of midnight, bottles were popped and good wishes for the new year were exchanged.

And now, with that carefree and spirited night behind us, today is a day for reflection. We find ourselves in a world in crisis, in urgent need of tranquillity: 56 active conflicts, the highest number since the Second World War, including the war between Russia and Ukraine and conflicts in the Middle East, are also threatening the safety and security of peaceful societies. Added to this is the threat posed by the pollution of the Earth, which I'm sure is a matter of concern for each and every one of us. We can only hope that the opening line of next year's "Foreword" will be of an entirely different tone.

In 2024, the US economy experienced significant growth in terms of both output and employment. China, Asian giant of global importance, had rather low economic growth, with GDP around +5% – a modest percentage compared to the double-digit figures we've been used to in past years.

Despite the ECB's repeated efforts to cut interest rates, the Eurozone economy is lagging behind, with an average annual increase in GDP of a modest 0.8%. Of its Member States, Germany stands out for its unsatisfactory output, imports and exports, as it is currently in the throes of a considerable economic downturn.

Some special considerations are in order for neighbouring Italy, which has important trade links and even artistic and cultural exchanges with Switzerland. Switzerland is also home to a significant number of companies and workers from Italy operating in the most diverse sectors. Worthy of special mention is Banca Popolare di Sondrio, the parent bank of the banking group of the same name, of which our institution is also a member, which closed 2024 with markedly improved figures, including the highest ever net profit for the year. The Bank's solid capitalisation allowed it to strengthen its structure with the opening of five units in the north of the country. These are the agencies in Turin, Trieste, Conegliano (TV) and Pordenone, as well as the sub-branch in Colere (BG).

In the year under review, Italy benefited from a boom in tourism, particularly from the arrival of a large number of foreigners, which also had a positive impact on related industries. Industry and construction, on the other hand, stagnated – with the exception of public sector projects. GDP closed at +0.7%. On a positive note, however, there was a significant drop in unemployment, which fell to 5.8%.

Now I would like to turn the spotlight on Switzerland.

In 2024, the major rating agencies once again awarded Switzerland the "AAA" rating, which it has received time and again due to its government accounts being fully under control, its administrative efficiency, political stability and so on. Furthermore, according to the IMD World Competitiveness Center's July publication, our country ranks second in the international ranking of the world's most competitive economies, behind Singapore and ahead of Denmark.

The Swiss franc appreciated further, with the average exchange rate against the euro at 0.95 compared to 0.97, 1.00 and 1.08 in 2023, 2022 and 2021 respectively. The strong currency, which has consolidated its position as a safe haven currency, also contributed to the fall in inflation, which was very low at 1.1%. In 2023, this stood at 2.1%, and the previous year, it was 2.8%. These are the main factors that led the Swiss National Bank to make no fewer than four cuts in its key interest rate during the year, which fell to 0.5%. Unemployment rose by 0.4% compared to 2023, to 2.4%, which is, nevertheless, within the normal range and not a cause for concern. Positive trends were seen in certain service sectors, such as pharmaceuticals, construction and building in general, and tourism. By contrast, the manufacturing industry and trade did not move in either direction. Import and export data was positive. Taking these varied circumstances into account, GDP ended the year at +1.3%.

Our Bank operated intensively and prudently, seeking out the best opportunities, in keeping with its mission as a proximity bank, which translates to placing our organisation at the service of communities, healthy entrepreneurs, families and foreigners, Italian or otherwise, in the territories where we have an established presence. Also in 2024, given the alarming unbridled pollution that is so widely talked about nowadays, and with good reason, we favoured operations attributable to the so-called green revolution and the improvement of sustainable competitiveness.

The items characterising the operations of credit institutions are notoriously “deposits” and “loans”. As for the former, our Bank’s growth in the past financial year was 5%, while an increase of 2% was recorded with regard to the latter. Applications for loans and credit lines were accepted from solid companies, managed by qualified and capable individuals, and from families and private individuals in general, seeking to invest their deposits locally, as far as possible.

Satisfactory net profit was achieved, exceeding the previous year’s figure by 4%. The good result was also due to the professionalism and commitment shown by the 378 employees, which increased by 9 during the year, located not only at the head office in Lugano, but also at 21 physical sub-branches (20 branches are located in 8 cantons and one branch is located abroad in the Principality of Monaco), at the direct banking virtual branch in Lugano and at the Verbier representative office – an observatory of no small significance.

Our long-established tradition of reserving a space in our Annual Report for a cultural section, which is rather unusual for a bank, continues. This year’s report contains a comprehensive monograph on the Swiss graphic designer Max Huber, a renowned visual artist of the last century, who spent a great deal of time living in Italy, where he found the perfect environment to express himself to the full.

This year marks the 30th anniversary of the founding of this Bank, which was established on 3 May 1995. We intend to celebrate this major anniversary modestly, working harder than ever and with renewed enthusiasm, with a view to continuing to strengthen and advance our operations.

Before concluding, I feel it is my duty, and indeed my pleasure, to say thank you to:

- my colleagues on the Board of Directors, who have been abundant with ideas and advice and who have shown particular commitment to the Bank;
- the Executive Board and its members for their diligence and cooperation;
- FINMA, the Swiss Financial Market Supervisory Authority, which has overseen our work;
- colleagues from the external auditor EY–Ernst & Young for their scrupulous work;
- the parent bank Banca Popolare di Sondrio, which, as usual, in addition to giving us good advice, also supported us with its directives;
- our Clients, for handling their transactions with us and for choosing to bank with us. I would like to take this opportunity to assure them that “SUISSE” will also do its best in the future to offer cutting-edge banking products and services that meet all needs, even those that are less common.

And now, as I switch over my calendar, there is no better moment to wish you all a prosperous 2025 and, above all, a year full of good health and happiness.

Lugano, 1 January 2025

Chairman
Mario Alberto Pedranzini

Lora Lamm (1928), Swiss
illustrator and graphic designer,
is one of just a handful of women
to have made a name for
themselves in this sector in Italy.
In this photograph, she flips
through the catalogue of
the exhibition dedicated to her at
the m.a.x. museo in Chiasso,
28 November 2016.

Max Huber,
Fiera del tessuto estivo,
close-up, advertisement,
La Rinascente, 1951.



*I don't remember ever seeing him make sketches to submit for print approval:
he created the final version straight away and could make you fall in love with his idea
by involving everyone. He could amaze me with his genius.*

Lora Lamm

la Rinascente

la Rinascente

la Rinascente

del tessuto estivo

la Rinascente

di stagione

la Rinascente

Apertura

sciente

la Rinascente

Heinz Waibl (1931-2020),
Italian designer and graphic
designer, one of the most
important exponents of visual
communication of the
20th century.

Max Huber.
wrapping paper,
Manifattura Caprotti,
1958.



*[...] we used to come and spy on your projects and ask you how you managed to
create those masterpieces of graphic design: "I don't think, I do!" you would reply, laughing.*

Heinz Waibl

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

International panorama

The international economic panorama showed signs of slowing down in 2024.

The US presidential election kept the world on edge over the repercussions of American politics.

Donald Trump's victory and the ascendancy of his party, which was followed by an orderly transition between the outgoing and incoming administrations, left many questions about the real prospects for change unanswered.

On the geopolitical front, the search for a new world order seems more uncertain than ever, given the increasing fragmentation. Similar situations can be found in several regional macro-areas with high strategic value.

In this context, the European Union's path towards greater authority and independence is complicated internally by the tension between the need for increased integration and the push of nationalist movements in the opposite direction.

Central banks followed a restrictive monetary policy with the aim of containing inflation. Nevertheless, the economy generally demonstrated good resilience.

The key countries recorded varying economic performances. The US exceeded expectations, the Eurozone presented a mixed picture, with Germany clearly in difficulty, while China struggled to meet its targets.

Looking to the future, with the war on inflation now behind us, a broadly expansionary monetary policy should help keep GDP on a good trajectory. The upturn in global trade, on the other hand, could be hampered by protectionist policies and increased customs barriers.

There are high expectations when it comes to the use of artificial intelligence. While it does allow for increased productivity and efficiency due to its ability to analyse data and automate complex processes, there are concerns about job preservation and the use of generative AI. Coordinated international regulation would be crucial to maximising benefits and mitigating risks and potential harm.

Significant progress has been made with regard to the implementation of ESG (environmental, social, governance) goals. Many countries have introduced strict regulations and increased investments in sustainable projects, while the UN's Sustainable Development Goals Report 2024 highlighted the need to step up efforts to address relevant environmental and social challenges.

The financial markets, both equities and bonds, made considerable gains, fuelled by falling inflation and lower interest rates, bringing to a close a positive year for investors.

Switzerland: the economy and the financial system

The Swiss Confederation's position can be considered enviable thanks to its strong fundamentals. Unlike in other developed countries, public debt is limited, the framework conditions are favourable, academic opportunities are excellent and the capacity for innovation has remained high.

However, as the Swiss economy is strongly export-oriented, it is affected by developments in the destination countries. The weakness of Germany, its main trading partner, has dampened the outlook for European industry, especially in the automotive sector.

The economy progressed relatively slowly in the year under review, with mixed and somewhat conflicting signals. A positive boost came from the chemical and pharmaceutical industry, while other sectors stagnated.

The property market remained stable with strong demand in the cities and Alpine regions where there is a housing shortage. With public support, the building industry is called upon to take up the crucial challenge of renewing the housing stock by increasing energy efficiency and reducing CO₂ emissions.

The service industry showed uneven growth, with some sectors performing better than others. The tourism and hotel industry in particular demonstrated significant growth.

Financial services remained robust, confirming their position among the world's major hubs, despite the repercussions of the collapse of Credit Suisse, later acquired by UBS, and the resulting job losses.

Unemployment continued to rise, despite an improvement in the general trend. Conversely, the shortage of skilled workers was a widespread concern in many sectors.

The combined effect of falling energy prices and the renewed strengthening of the Swiss franc exchange rate led to a sharp drop in inflation with the expectation of further declines.

The Swiss National Bank intervened promptly, ahead of other central banks, by lowering its key interest rates several times from 1.75% to 0.50%, thus positioning itself at a level corresponding to the first post-pandemic recovery phase after emerging from the long period of negative rates.

Performance during the year

Operational activities yielded positive results despite the challenges, difficulties and uncertainties that shaped the economy and the financial system as a whole.

In the context of universal banking services, the variety of dynamics made it possible for us to balance the different trends in the various markets, exploiting the flexibility of our structure.

Aggregates achieved significant increases, exceeding targets in several areas.

Monetary policy influenced our operations with regard to both loans and deposits. An effective approach to treasury management allowed the Bank to better respond to rapidly evolving market conditions.

Relations with the parent bank produced fruitful synergies, particularly in the area of refinancing activities. At the regulatory level, we incorporated the policies of our banking group, supplementing the Swiss and Monegasque regulations.

With the increasing use of information technology in banking operations, investments in IT procedures and systems have become crucial to the Bank's development. These interventions aim both to improve internal efficiency and to meet clients' expectations by offering them remote, fast and secure access to all the necessary services.

In this context, *cybersecurity* is essential to protecting sensitive data and ensuring operational continuity. The rise of cyberthreats and the increasing digitalisation of services require us to continuously update our security measures.

The development of new features in *GoBanking*, our home banking application, has been constant. Several projects are underway to improve its accessibility and facilitate its use, both in desktop and laptop versions, as well as on mobile devices.

The choice of the most ideal way of interacting with the Bank is left to the client. From simply viewing their account to conducting transactions, the use of digital channels is fast and convenient.

Establishing relationships and advising on specialised issues (*investments, savings, loans, etc.*) are examples where the physical channel is still the best way for the Bank to get to know its clients, interpret their needs, set objectives and create a basis of mutual trust.

Our workforce grew to 378, an increase of 9 people compared to the previous year. This was necessary in order to respond to the increase in clients and volumes traded and to cope with increased regulatory complexity. Particular attention is paid to the generational shift in an effort to preserve knowledge and experience within the Bank and to attract new talents to be nurtured by and integrated into our organisation.

The branch network consists of 21 operational branches, including one in the Principality of Monaco, the direct banking virtual branch and a representative office in Verbier (VS).

In the first few months of the year, the building that has housed our Bellinzona (TI) branch since 2002 was purchased. Work was also completed on the extension and renovation of the building in St. Moritz (GR), which has been home to our branch since 1996. We would like to highlight the high energy autonomy of this building, in line with our ESG policy.

Client deposits reached CHF 5,897,000,000 (+5% compared to the previous year). Direct deposits amounted to CHF 3,416,000,000 (=), while indirect deposits increased to CHF 2,481,000,000 (+12%). The contribution of new funds from clients, so-called *net new money*, was significant. The markets had a positive effect on portfolios thanks to the rise in share prices. The Swiss franc exchange rate had a largely neutral impact.

The asset management component grew considerably, as did the underwriting of *Advisory Professional* mandates for Private Banking clients.

Stock exchange trading was intense, conducted primarily through the *online trading* service. The operational coverage is very broad, both in terms of financial instruments and market-places, with no time restrictions.

The project to introduce new sub-funds of the *Popso (SUISSE) Investment Fund* reached its final stage and will be implemented in the first few months of the 2025 financial year. We are referring to the *Sicav*, which was set up under Luxembourg law and is also distributed in Italy through our parent bank, which we manage. Numerous initiatives were organised to celebrate the 25th anniversary of its establishment, highlighting the good performance achieved over the years.

Investment fund savings plans, available in different versions, have been an *evergreen* product, capable of satisfying the savings and investment objectives of every client category.

In the *retail* sector, several proposed initiatives, such as the *Deposit Plus account*, were positively received, while service capabilities were further improved.

The pension pillar 3 offerings were also directed towards *Life Benefit*, a foundation with assets consisting entirely of cash, and *Privor Vorsorgestiftung*, for investment in funds.

Client loans reached CHF 5,645,000,000 (+2%). CHF 5,143,000,000 (+3%) of this amount consisted of mortgage loans, while CHF 502,000,000 (-9%) was attributable to other loans. The increase in the mortgage portfolio related almost exclusively to homeowner loans, in line with our lending policy. When granting credit lines, we followed prudential parameters to ensure a low degree of risk.

The refinancing of medium- and long-term loans was supported by bonds issued by *Pfandbriefbank schweizerischer Hypothekarinstitute AG*. During the year, we subscribed to a capital increase with the aim of continuing this long-standing cooperation.

In the Income statement, the excellent results achieved in the previous year were improved upon.

With regard to the individual items, the *Net result from interest operations* decreased to CHF 21,860,000 (-36%), despite the increase in the client loan portfolio. This decline is attributable to the higher cost of refinancing in euros compared to the income from loans granted almost exclusively in Swiss francs.

This impact was positively offset in the item *Result from trading activities and the fair value option* due to the conversion between EUR and CHF, without exchange rate risk (*currency swap* transactions).

The *Net commission and service income* amounted to CHF 25,508,000 (+2%). Within this, income from securities trading and investment activities grew significantly, in line with the expansion of the client securities portfolio. Income from other services fell slightly.

The *Result from trading activities and the fair value option* increased to CHF 75,293,000 (+20%), thanks in particular to the impact of the aforementioned *currency swap* transactions. The operating result from trading activities increased in proportion to the volumes traded.

Operating expenses grew to CHF 82,398,000 (+3%), of which CHF 55,843,000 (+1%), as personnel expenses, following the increase in staff, and CHF 26,555,000 (+7%) as other general and administrative expenses, due to the impact of IT and property renovation developments.

The *Operating result*, net of amortisation and provisions, was fixed at CHF 37,080,000 (+3%), while the *Profit* (result for the period) amounted to CHF 29,349,000 (+4%).

In accordance with Article 22 of the Articles of Association, the Board of Directors recommends to the General Meeting of Shareholders that a dividend of CHF 4,050,000 be paid to shareholders and that the difference of CHF 25,299,000 be paid to the *Statutory retained earnings reserve*.

To conclude this report, we would like to thank the supervisory authority FINMA and the external auditing company Ernst & Young for the time and attention afforded to us, our parent bank Banca Popolare di Sondrio for its guidance and support, our employees for their commitment, and our clients for their trust.

Lugano, 20 January 2025

The Board of Directors

Antonio Boggeri (1900-1989),
Italian photographer, advertising
agent and graphic designer.
Pictured here with Max Huber,
1950s.

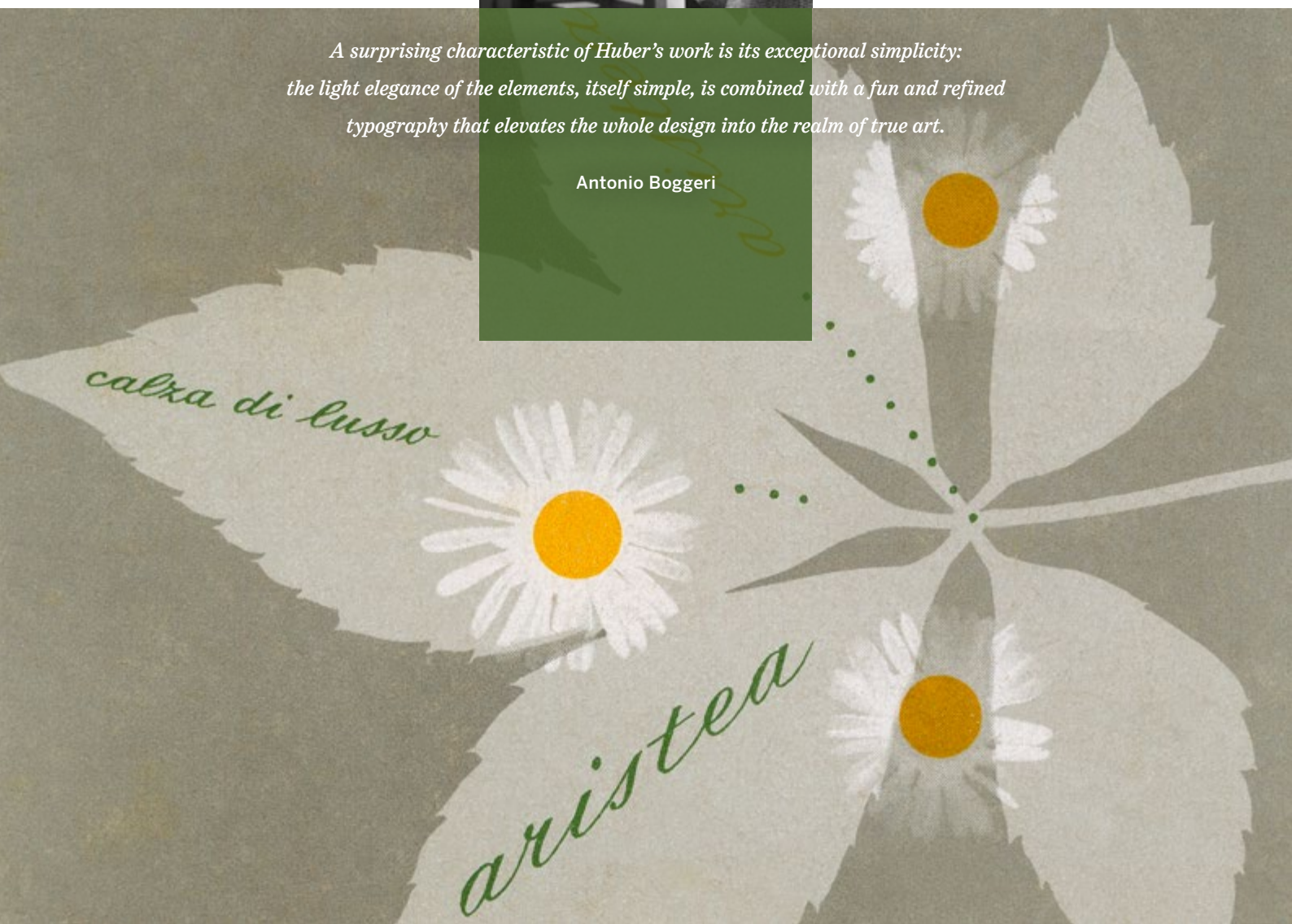
Max Huber,

label for Aristea stockings,
close-up, PRM, 1941.



*A surprising characteristic of Huber's work is its exceptional simplicity:
the light elegance of the elements, itself simple, is combined with a fun and refined
typography that elevates the whole design into the realm of true art.*

Antonio Boggeri



2024 FINANCIAL STATEMENTS*

* For audited financial statements please refer only to the financial statements issued in Italian.

BALANCE SHEET AS AT 31 DECEMBER 2024 (WITH COMPARATIVE FIGURES AS AT 31 DECEMBER 2023)

ASSETS

in CHF	Note	2024	2023	Change
Liquid assets		855 750 104	703 369 021	152 381 083
Amounts due from banks		45 597 780	73 148 051	(27 550 271)
Amounts due from customers	2	501 950 544	552 309 924	(50 359 380)
Mortgage loans	2	5 142 659 853	4 977 153 939	165 505 914
Positive replacement values of derivative financial instruments	4	17 861 564	581 903	17 279 661
Financial investments	5	70 481 520	57 727 472	12 754 048
Accrued income and prepaid expenses		16 994 743	26 455 517	(9 460 774)
Participations	6-7	7 568 905	6 394 774	1 174 131
Tangible fixed assets	8	36 649 144	22 834 819	13 814 325
Other assets	10	9 622 113	4 957 873	4 664 240
Total assets		6 705 136 270	6 424 933 293	280 202 977
Total subordinated claims		-	-	-

LIABILITIES

in CHF	Note	2024	2023	Change
Amounts due to banks		1 929 448 722	1 756 767 674	172 681 048
Amounts due in respect of customer deposits		3 324 546 556	3 350 485 320	(25 938 764)
Negative replacement values of derivative financial instruments	4	1 315 426	45 976 073	(44 660 647)
Cash bonds	15	91 292 000	60 952 000	30 340 000
Bond issues and central mortgage institution loans	15	817 000 000	692 000 000	125 000 000
Accrued expenses and deferred income		32 935 217	31 453 705	1 481 512
Other liabilities	10	13 583 897	17 394 179	(3 810 282)
Provisions	16	2 569 278	2 758 246	(188 968)
Reserve for general banking risks	16	18 000 000	18 000 000	-
Share capital	17	180 000 000	180 000 000	-
Statutory capital reserve		-	-	-
Statutory retained earnings reserve		265 096 096	240 980 844	24 115 252
Voluntary retained earnings reserves		-	-	-
Profit/Loss (result of the period)		29 349 078	28 165 252	1 183 826
Total liabilities		6 705 136 270	6 424 933 293	280 202 977
Total subordinated liabilities		-	-	-

OFF-BALANCE-SHEET ITEMS AS AT 31 DECEMBER 2024
(WITH COMPARATIVE FIGURES AS AT 31 DECEMBER 2023)

in CHF	Note	2024	2023	Change
Contingent liabilities	2-28	267 678 827	260 380 061	7 298 766
Irrevocable commitments	2	25 362 921	25 218 522	144 399
Obligation to pay up shares and make further contributions	2	3 256 400	2 766 960	489 440

INCOME STATEMENT FOR THE 2024 FINANCIAL YEAR (WITH 2023 COMPARATIVE FIGURES)

in CHF	Note	2024	2023	Change
Interest income:				
- Interest and discount income		144 958 701	129 802 018	15 156 683
- Interest and dividend income from trading portfolios		-	-	-
- Interest and dividend income from financial investments		388 636	260 202	128 434
Interest expense		(123 768 764)	(93 062 812)	(30 705 952)
Gross result from interest operations		21 578 573	36 999 408	(15 420 835)
Changes in value adjustments for default risks and losses from interest operations		281 537	(3 097 715)	3 379 252
Subtotal net result from interest operations		21 860 110	33 901 693	(12 041 583)
Commission income:				
- from securities trading and investment activities		18 649 522	17 653 086	996 436
- from lending activities		2 224 230	2 652 152	(427 922)
- from other services		7 191 446	7 275 179	(83 733)
Commission expense		(2 557 238)	(2 607 804)	50 566
Subtotal result from commission business and services		25 507 960	24 972 613	535 347
Result from trading activities and the fair value option	32	75 293 475	62 534 380	12 759 095
Result from the disposal of financial investments		253 365	21 575	231 790
Income from participations		108 702	42 922	65 780
Result from real estate		55 450	-	55 450
Other ordinary income		2 013 768	2 274 686	(260 918)
Other ordinary expenses		(268 333)	(2 837 274)	2 568 941
Other result from ordinary activities		2 162 952	(498 091)	2 661 043
Personnel expenses	34	(55 842 916)	(55 429 014)	(413 902)
General and administrative expenses	35	(26 555 424)	(24 898 437)	(1 656 987)
Total operating expenses		(82 398 340)	(80 327 451)	(2 070 889)

INCOME STATEMENT FOR THE 2024 FINANCIAL YEAR (CONTINUED)

in CHF	Note	2024	2023	Change
Value adjustments on participations and depreciation and amortisation of tangible fixed assets	8	(5 506 904)	(4 381 940)	(1 124 964)
Changes to provisions and other value adjustments, and losses		161 085	(294 889)	455 974
Operating result		37 080 338	35 906 315	1 174 023
Extraordinary income	36	168 740	408 634	(239 894)
Extraordinary expenses	36	-	-	-
Changes in reserves for general banking risks		-	-	-
Taxes	39	(7 900 000)	(8 149 697)	249 697
Profit (Result of the period)		29 349 078	28 165 252	1 183 826

PROPOSAL FOR APPROPRIATION OF THE BALANCE SHEET PROFIT AS AT 31 DECEMBER 2024 (WITH COMPARATIVE FIGURES AS AT 31 DECEMBER 2023)

in CHF	Note	2024	2023	Change
Profit (Result of the period)		29 349 078	28 165 252	1 183 826
Profit/Loss carried forward		-	-	-
Distributable profit		29 349 078	28 165 252	1 183 826
The Board of Directors proposes to allocate the balance sheet profit totalling CHF 29 349 078 as at 31 December 2024 as follow:				
Dividend		4 050 000	4 050 000	-
Statutory retained earnings reserve		25 299 078	24 115 252	1 183 826
Retained earnings to be carried forward		-	-	-

CASH FLOW STATEMENT 2024 (WITH 2023 COMPARATIVE FIGURES)

CASH FLOW FROM OPERATING ACTIVITIES

CHF in thousands	2024		2023	
	Source	Utilisation	Source	Utilisation
Profit (Result of the period)	29 349	-	28 165	-
Value adjustment on participations, depreciaton and amortisation of tangible fixed assets and intangible assets	5 507	-	4 382	-
Value adjustments	-	-	-	-
Provisions and other value adjustments	-	189	-	622
Change in reserve for general banking risks	-	-	-	-
Accrued income and prepaid expenses	9 461	-	-	16 834
Accrued expenses and deferred income	1 482	-	7 311	-
Positive replacement values of derivative financial instruments	-	17 280	12 554	-
Negative replacement values of derivative financial instruments	-	44 661	-	22 100
Other assets	-	4 664	-	1 717
Other liabilities	-	3 810	12 270	-
Dividend previous year	-	4 050	-	4 050
Net operating cash flow	-	28 855	19 359	-

CASH FLOW FROM SHAREHOLDER'S EQUITY TRANSACTIONS

Share capital	-	-	-	-
Total cash flows from equity transactions	-	-	-	-

CASH FLOW (STATEMENT) RESULTING FROM CHANGES IN FIXED ASSETS

Participations	-	1 174	-	3 973
Real estate	-	13 067	-	3 314
Other fixed assets	-	6 254	-	5 350
Intangible fixed assets	-	-	-	-
Net cash flow from investment activities	-	20 495	-	12 637

CASH FLOW STATEMENT 2024 (CONTINUED)

CASH FLOW FROM BANKING OPERATIONS

CHF in thousands	2024		2023	
	Source	Utilisation	Source	Utilisation
Balance brought forward	-	49 350	19 359	12 637
Non-current operations (> 1 year)				
Amounts due to banks	1 876	-	137 158	-
Amounts due in respect of customer deposits	-	-	-	-
Cash bonds	12 379	-	23 779	-
Bond issues and central mortgage institution loans	97 300	-	39 900	-
Client loans	12 904	-	22 609	-
Mortgage loans	104 104	-	200 135	-
Financial investments	-	36 786	15 313	-
Current operations				
Amounts due to banks	170 805	-	-	165 827
Amounts due in respect of customer deposits	-	25 939	-	121 554
Cash bonds	17 961	-	6 941	-
Bond issues and central mortgage institution loans	27 700	-	8 000	-
Amounts due from banks	27 550	-	45 228	-
Amounts due from customers	37 455	-	14 937	-
Mortgage loans	-	269 610	-	395 951
Financial investments	24 032	-	-	22 267
Trading portfolio assets/Trading portfolio liabilities	-	-	-	-
Net cash flow from banking activities	201 731	-	-	191 599
Total cash flow	201 731	49 350	19 359	204 236
Change in cash flow	152 381	-	-	184 877

PRESENTATION OF THE STATEMENT OF CHANGES IN EQUITY

	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Own shares	Voluntary retained earnings reserves and profit carried forward	Result of period	Total
Equity at 01.01.2024	180 000 000	-	240 980 844	18 000 000	-	-	28 165 252	467 146 096
Dividends	-	-	-	-	-	-	(4 050 000)	(4 050 000)
Other allocations to the reserves for general banking risks	-	-	-	-	-	-	-	-
Other allocations to the other reserves	-	-	24 115 252	-	-	-	(24 115 252)	-
Profit/Loss (result of the period)	-	-	-	-	-	-	29 349 078	29 349 078
Equity as at 31 December 2024 before appropriation of net profit for 2024	180 000 000	-	265 096 096	18 000 000	-	-	29 349 078	492 445 174

Hans Oscar Braendli (1950-2009),
artist of Swiss origin, pictured
here in the interior garden of his
home in Carona (Lugano).

Max Huber,

Untitled, collage, 1990.



*[...] watching Max work, I became aware of the gulf that exists between knowing and knowing how,
between knowing the method and having the talent to put it into practice.*

Hans Oscar Braendli

NOTES TO THE 2024 ANNUAL ACCOUNTS

1. DESCRIPTIONS OF SEGMENTS AND INFORMATION ON PERSONNEL

Banca Popolare di Sondrio (SUISSE) SA, a universal bank founded in Lugano on 3 May 1995, is mainly active in providing loans, portfolio management and trading in securities.

The Bank's current network comprises its head office, an agency and a sub-branch in Lugano, an agency in Manno, a branch in St Moritz (with three agencies in Poschiavo, Castasegna and Pontresina and one sub-branch in Celerina), a branch in Bellinzona (with an agency in Biasca), and branches in Chiasso, Chur, Basel, Locarno, Zurich, Berne, Neuchâtel, Martigny (with a representative office in Verbier), Vevey and the Principality of Monaco. At the end of the year, our staff numbered 378 employees (end of 2023: 369 employees), which represented a total of 357.5 fulltime equivalent positions (2023: 348.4 FTEs).

From September 2018 the Bank outsourced domestic and international interbank payments system. A dedicated contract was signed for this purpose with a segment leader in Switzerland.

The Bank has not set up an Audit Committee because the Board of Directors, comprised of five members with extensive banking and financial expertise, meets at frequent intervals and is therefore fully able to handle the functions normally assigned to such a committee.

2. ACCOUNTING AND VALUATION PRINCIPLES USED IN THE ANNUAL ACCOUNTS

The accounts, their presentation and the valuations made are in compliance with the Swiss Banking Ordinance (BO Arts. 25 et seqq.), the FINMA Accounting Ordinance (AO-FINMA) and FINMA Circular 2020/1 "Accounting – banks" of 31 October 2019, according to the principle of "reliable assessment statutory single-entity financial statements". The transactions carried out by the Bank are recorded in the books on the value date. Cash transactions that had not been settled as of the balance sheet date are included in forward transactions.

ACCOUNTING PRINCIPLES

DUE FROM BANKS AND CLIENTS, MORTGAGE LOANS

These items are recognised at face value, net of necessary adjustments in value. Interest received is recognised on a pro rata basis at the contractual interest rate.

Customer loans and mortgages are corrected with value adjustments to account for potential lending risk using an internal rating model. Writedowns of non-performing loans are determined on an individual basis.

Interest at risk is treated as prescribed by law. Accrued interest not collected within 90 days after the due date is provided for and deducted from the items "Due from clients" and "Mortgage loans".

FINANCIAL INVESTMENTS

Securities owned by the Bank but not held for trading and equity investments not meant to be held long term (interest- and dividend-bearing securities) are valued individually at the lower of purchase cost and market value.

Buildings ear-marked for sale are valued at the cost incurred or the market value, whichever is lower.

PARTICIPATING INTERESTS

These are valued individually at purchase cost less any economically necessary value adjustments.

FIXED ASSETS

Tangible fixed assets are recorded in the balance sheet at historical cost, less a deduction reflecting the depreciation economically necessary, calculated using the straight-line method and based on the estimated useful life of the asset.

	2024	2023
Freehold premises (Own real estate)	33.3 years	33.3 years
Office restructuring	5 years	5 years
Equipment	10 years	10 years
Furniture	8 years	8 years
Office machinery	5 years	5 years
Motor vehicles	5 years	5 years
Hardware	3 years	3 years
Software	3 years	3 years

DUE TO BANKS, DUE TO CLIENTS, CASH BONDS

Due to banks, due to clients and cash bonds are recognised at nominal value.

LOANS FROM CENTRAL MORTGAGE BOND INSTITUTIONS AND OTHER LOANS

Loans are recognised at nominal value; any discount or premium is amortised over the life of the loan using the accrual method.

PROVISIONS

Provisions, estimated reliably on the basis of prudence, are made for all risks identifiable on the balance sheet date.

REPLACEMENT VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are purchased/sold on behalf of clients and for the Bank's asset and liability management (hedging). The positive and negative replacement values of derivative financial instruments generated by clients and open at the balance sheet date are measured at fair value based on market price – or, if market price is not available, using common estimation methods and valuation models – and recognised in the balance sheet under "Derivative financial instruments: positive replacement values" or "Derivative financial instruments: negative replacement values". For instruments traded on behalf of customers, the fair value change is recognised under "Result from trading activities". Hedging transactions are valued on the same basis as the underlying instruments. The result arising from the difference between the replacement values is recorded in the compensation account contained in "Other assets" or "Other liabilities", without any effect on the income statement. If hedging operations relate to interest-bearing products, the fair value changes are recognised under "Net result from interest operations".

ACCRUALS, PREPAYMENTS AND DEFERRED INCOME

Interest income and expense, asset management fees, staff costs and other operating expenses are accounted for on an accrual basis.

TAXES

The Bank recognises provisions for federal, cantonal and local taxes according to the result for the period and on the basis of the tax regulations in force.

TRANSLATION OF FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are converted at the exchange rates prevailing on the balance sheet closing date.

Operations in foreign currencies carried out during the year are converted at the exchange rate applicable on the day of the transaction (average rate of exchange).

The result of the valuation is accounted in the income statement in "Result from trading activities".

Forward contracts (outright) and the forward portion of swaps are converted using the residual rates in force on the balance sheet date.

The result of the valuation is recorded in "Result from trading activities".

The year-end conversion rates used for the main currencies were as follows: EUR 0.9382 (2023: 0.9308); USD 0.9062 (2023: 0.8421).

FOREIGN CURRENCY TRANSLATION: MONACO BRANCH

Assets, liabilities and items in the income statement are converted at the exchange rate applicable at the balance sheet date.

Exchange differences resulting from this conversion are then booked in the income statement in the corresponding items (interest, commission, etc.).

REPURCHASE AGREEMENTS (REPO)

Securities traded by the Bank as part of REPO operations are mainly used as collateral to support refinancing activities. These operations are recorded as deposits with a pledge of securities. The securities remain in the balance sheet of the Bank while the financing is recorded as a liability in the item "Liabilities from other financial instruments at fair value". The results of these operations are recorded in "Net interest income".

INTEREST RATE SWAPS (IRS)

Income and expense connected to these contracts are entered in the income statement in "Net interest income".

Positive and negative replacement values for outstanding operations are calculated every six months. The resulting difference is assigned to a clearing account in "Other assets" or "Other liabilities" with no impact on the income statement, since the purpose is hedging; the accrued interest is recorded in the adjustment accounts.

LIABILITIES TO OWN PENSION SCHEMES

The Bank does not have its own occupational pension fund, and instead relies entirely on a private, external insurance company (Swisslife's Fondazione Collettiva LPP) for this purpose. Two pension plans have been underwritten for all employees and for members of management. Details of risk coverage are provided in the annex to the annual financial statements.

The pension funds operate on a defined contribution basis. Thus, the Bank's sole liability is to pay the premiums calculated by the external company and recorded under personnel expenses in the item "Social contributions". There is no economic liability or benefit for the purposes of Swiss GAAP RPC 16.

CHANGES IN ACCOUNTING PRINCIPLES RELATING TO PRESENTATION AND VALUATION

In 2024, there were no changes in the accounting principles relating to the preparation of the financial statements and to valuation compared to the financial year ended 31 December 2023.

SIGNIFICANT POST-BALANCE-SHEET EVENTS

No significant post-balance-sheet events occurred that would result in inclusion in the 2024 financial statements.

RISK MANAGEMENT

The Board of Directors has performed an analysis of the main risks to which Banca Popolare di Sondrio (SUISSE) SA is exposed. The analysis is based on the risk management data and techniques used by the Bank, as described below, and on an estimate of its potential future risks. The internal control system, designed to prevent, reduce and manage risks, was duly taken into account by the Board of Directors during its analysis.

GENERAL INFORMATION ON RISK MANAGEMENT

The Bank's policy reflects that of the parent company, which is responsible for group-wide policy and coordination. Risk management is an integral part of the Bank's corporate policy.

It aims to preserve the Bank's resources, improve profitability and increase enterprise value.

The policy is based on the Bank's strategy, objectives and internal regulations, together with the laws and ethical standards that govern Swiss banking and underpin its policy in this area. This is commensurate with the Bank's willingness to accept certain risks proportionate to and strictly dependent on its business model, organisation and financial structure.

The Bank is committed to promulgating, at all levels in its organisation, a corporate culture that is sensitive to risk. In February 2024 the Board of Directors updated its "Risk Appetite Framework". That document sets out the Bank's risk appetite and risk tolerance, including quantitative metrics designed for that purpose in the various risk categories.

The identification of risks and their incorporation in the Bank's management, control and reporting systems are the responsibility of General Management, which informs the Board of Directors. For the supervision and enforcement of the financial risk policy, the General Manager relies on the Risk Committee, whose functions are set out in detail in the internal regulations.

In accordance with the FINMA 2017/1 Circular "Corporate Governance - banks" the Bank has a Risk Control Department in charge of supervising, measuring and analysing the Bank's risk profile and ensuring its compliance with the risk appetite assumed, risk limits and internal rules.

SPECIFIC RISKS RELATED TO THE BANK'S ACTIVITY

Risks are subdivided into credit, market (including interest rate risks), operational, liquidity, strategic and reputational risks.

CREDIT RISK

Credit risk is defined as the risk of incurring loss when a counterparty does not fulfil his or her contractual obligations. Credit risk includes counterparty, concentration and country risk.

If the counterparty becomes insolvent, a bank usually incurs a loss that equals the amount owed by the debtor, net of any amounts recovered from the liquidation of any collateral.

The Bank's exposure relates primarily to the lending activity with private customers. The Bank generally grants mortgage loans mostly for residential properties, Lombard loans and commercial loans. Loans abroad are granted by the Monaco branch and represent only a small portion of the overall lending volume.

Prudential collateral margins are set for all secured loans. For Lombard loans, margins depend on the type and market value of the pledged assets, which are periodically reviewed. For mortgages, the lending value is determined on the basis of the market value of the property (relying on both internal and external appraisals) or the gross rental value, taking into consideration the type of property. The appraisals are periodically reviewed every two to ten years depending on the type of property and the lending value. Credit risk is assessed by grouping customers into 12 risk classes (according to default risk or probability of insolvency, with 1 being the rating of the lowest risk and 8 being that of the highest risk, while a 0 rating is only used for temporary and transitory purposes for positions awaiting the assignment of an actual rating or formal regularisation) and recovery rates are set according for the hedges in place and setting recovery rates based on the collateral provided. The risk class is assigned by a unit that is independent from the offices responsible for buying and selling and is based on parameters set out in the Bank's criteria. The risk classes are differentiated for retail customers (simplified criteria) and corporate customers, based on quantitative (analysis of the financial statements), qualitative and performance factors.

Risk assessments are updated through regular controls, file reviews and the monitoring of normal debt servicing. On these occasions, changes can be made to the rating or recovery rate of the loan.

With regard to the credit risk, the Executive Board is authorised to review the parameters used to calculate value adjustments periodically or as required.

Value adjustments which are economically necessary to cover credit risk are calculated on a lump-sum basis by rating class, using an automated procedure that adds up the individual risk positions, weighted by the respective default and recovery rates. For non-performing loans and loans at risk, however, individual value adjustments are made to take into account the estimated realisable value of the collateral provided.

The Bank works with leading counterparties selected on the basis of specific quality standards.

In order to reduce credit concentration risk with respect to financial investments, the Bank allocates risks equally across its portfolio by diversifying investments to an appropriate extent.

Country risk refers to the aggregated risk that may apply when investments are made in foreign countries; it is mainly based on the domicile of the risk.

MARKET RISKS

Market risk is the risk of loss due to fluctuations in the value of a position caused by a change in the factors that affect the prices of items such as shares or raw materials, changes in exchange rates or fluctuations in interest rates.

Price fluctuation risk refers to unexpected changes in the price of securities and is assumed by the Bank on a prudential basis with a view to long-term investments. The Bank does not have a trading portfolio. Interest rate risk mainly arises from the failure to properly synchronise funding transactions with the use of the funds.

Interest rate swaps (macro hedges) are used if necessary to hedge significant medium- and long-term exposures with the parent bank only.

The bank employs this type of hedging to mitigate interest rate fluctuation risks on the refinancing of fixed-rate loan contracts with clients with medium- and long-term expiry dates.

From its parent bank, the Bank receives a summary containing the results of the effectiveness tests of outstanding interest rate swaps. The effectiveness criteria are based on those specified in International Accounting Standard IFRS 9. The qualification of the hedging relationship complies with the effectiveness requirements in accordance with the hedge accounting rules contained in FINMA Accounting Ordinance (AO-FINMA). More specifically, at the start of the hedging relationship, the risk management strategy and the risk management objective derived therefrom are formally documented; in addition, the economic correlation between the basic transaction and the hedging transaction is determined.

The Bank is exposed to limited exchange rate risk, since most transactions are carried out on behalf of clients and on the basis of their requirements.

Prudent maximum exposure levels have been set to minimise residual risks. Any positions that are not balanced on an individual basis are therefore managed by the treasury department on a day-to-day basis.

OPERATIONAL RISK

Operational risks comprise the risk of direct and indirect losses caused by human or technological error, shortcomings in internal procedures or extraneous events.

Risk exposure is minimised by introducing a top-level management system and by establishing departments to perform independent checks to ensure that rules and procedures are applied.

In order to guarantee IT security, the Bank has set up a control network using support from specialist external companies.

LIQUIDITY AND REFINANCING RISKS

Liquidity risk refers to the ability to access the market, the risk of failing to meet payment commitments and the risk of not being able to sell an asset or sell it at close to market prices.

The Bank obtains refinancing from its own resources, client assets deposited with the Bank, the parent bank and deposits made by other financial intermediaries. Repurchase agreements (repos) can also be carried out with other counterparty banks to minimise refinancing costs.

LEGAL RISKS

Legal risks consist of the risk of loss resulting from potential legal action.

To prevent such risks, the Bank ensures that its activity, particularly that involving any external impact, is governed by legal and ethical standards applicable in the banking sector and by ensuring understanding and transparency in its operational and contractual dealings with clients.

Legal services are provided by a dedicated department at the Bank, which may liaise with external firms that specialise in certain fields or regions.

REPUTATION AND COMPLIANCE RISKS

The Bank limits its exposure by investing in the training and awareness of its staff in direct contact with clients (duty of due diligence, confidentiality and the prevention of money laundering) and by carefully selecting its reference markets.

With regard to compliance activities, which are intended to ensure adherence to applicable laws and regulations, the Bank has a control system based on internal verification procedures. This role is carried out by one of the Bank's departments which is not part of the operating unit.

BANK POLICY FOR THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Positions in derivative instruments are held for the account of clients. For the structural management of the balance sheet, the Bank hedges interest rate risk by using Interest Rate Swaps (IRS), if necessary.

INFORMATION ON RISKS AND CORPORATE GOVERNANCE

Information on the disclosure requirements relating to risks, equity, liquidity and corporate governance principles ('corporate governance') is published on the Bank's website in accordance with the FINMA Ordinance on the Publication Requirements of Banks and Securities Firms (OPub-FINMA).

Massimo Vignelli (1931-2014),
Italian designer and architect,
recognised as one of the most
distinguished teachers of modern
design. Photographed here in
New York for the magazine "Edible
Manhattan", 29 October 2009.

Max Huber,
greeting card,
(client unknown), 1959.



*He was a great master of typography and I learnt everything I know from him.
He was precise and fast; ideas, both witty and perfect, coursed through his mind.*

Massimo Vignelli

1. BREAKDOWN OF SECURITIES FINANCING TRANSACTIONS (ASSETS AND LIABILITIES)

Not applicable.

2. PRESENTATION OF COLLATERAL FOR LOANS/RECEIVABLES AND OFF-BALANCE-SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS/RECEIVABLES

in CHF

	Type of collateral			
	Mortgage collateral	Other collateral	Unsecured	Total
Loans				
Amounts due from customers	222 747 948	261 975 534	31 420 051	516 143 533
Mortgage loans				
Residential property	4 909 938 917	-	-	4 909 938 917
Office and business premises	178 659 359	-	-	178 659 359
Commercial and industrial premises	73 131 552	-	-	73 131 552
Other	-	-	-	-
Total loans (before netting with value adjustments – table 16) at 31 December 2024	5 384 477 776	261 975 534	31 420 051	5 677 873 361
Total at 31 December 2023	5 226 310 562	302 111 401	34 039 617	5 562 461 580
Total loans (after netting with value adjustments) at 31 December 2024	5 364 188 973	261 612 568	18 808 856	5 644 610 397
Total at 31 December 2023	5 206 671 652	301 672 591	21 119 620	5 529 463 863
Off-balance-sheet				
Contingent liabilities	2 857 003	223 873 754	40 948 070	267 678 827
Irrevocable commitments	4 262 133	1 198 408	19 902 380	25 362 921
Obligation to pay up shares and make further contributions	-	-	3 256 400	3 256 400
Total at 31 December 2024	7 119 136	225 072 162	64 106 850	296 298 148
Total at 31 December 2023	7 089 729	230 369 627	50 906 187	288 365 543
Impaired loans				
	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Total at 31 December 2024	62 512 598	38 965 671	23 546 927	23 546 927
Total at 31 December 2023	57 384 525	35 331 839	22 052 686	22 052 686

3. BREAKDOWN OF TRADING PORTFOLIOS AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE

Not applicable.

4. PRESENTATION OF DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

in CHF

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes
Interest rate instruments						
Forward contracts, FRAS	-	-	-	-	-	-
Swaps – IRS	-	-	-	-	189 566	3 600 000
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange traded)	-	-	-	-	-	-
Foreign exchange/Precious metals						
Forward contracts	17 623 468	887 764	2 584 902 295	-	-	-
Combined swaps (interest/currency)	-	-	-	-	-	-
Futures	5	5	1 169 500	-	-	-
Options (OTC)	20 132	20 132	9 626 221	-	-	-
Options (exchange traded)	-	-	-	-	-	-
Equity securities/Indices						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	1 619	1 619	42 558	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange traded)	216 340	216 340	11 025 173	-	-	-
Credit derivatives						
Credit default swaps	-	-	-	-	-	-
Total return swaps	-	-	-	-	-	-
First to default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
Other						
Forward contracts	-	-	4 151 072	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange traded)	-	-	-	-	-	-
Total before effect of netting contracts						
Total at 31 December 2024	17 861 564	1 125 860	2 610 916 819	-	189 566	3 600 000
Total at 31 December 2023	581 903	45 853 129	2 507 241 753	-	122 944	3 600 000

4. (CONTINUED)

in CHF

Total after netting agreements

	Cumulative positive replacement value	Cumulative negative replacement value
Total at 31 December 2024	17 861 564	1 315 426
Total at 31 December 2023	581 903	45 976 073

The Bank has not concluded any netting agreements.

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements) at 31 December 2024	-	17 021 482	840 082

The internal effectiveness criteria as described in the Risk Management section for interest rate swaps used for hedging purposes are those defined by the parent bank.

Any ineffective portion of hedging transactions is recognised in "Net income from trading operations".

The replacement values of "Forward contracts" on foreign currencies are calculated based mainly on currency swaps conducted without forex risk for the Bank.

All spot (cash) transactions reported under "Forward contracts" in the "Other" item that occurred before 31 December 2024 and that had not been settled by the balance sheet date are shown as at their value date.

5. BREAKDOWN OF FINANCIAL INVESTMENTS

in CHF	Carrying value		Market value	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Debt securities	57 992 577	47 192 004	58 506 521	47 226 626
Of which:				
Intended to be held to maturity	57 992 577	47 192 004	58 506 521	47 226 626
Not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	3 401 443	3 307 468	3 807 931	3 504 092
Of which:				
Qualified participations	-	-	-	-
Precious metals	-	-	-	-
Real estate	9 087 500	7 228 000	12 076 538	9 176 000
Total financial investments	70 481 520	57 727 472	74 390 990	59 906 718
Of which:				
Securities eligible for repo transactions in accordance with liquidity requirements	21 936 170	14 900 848	-	-

Breakdown of counterparties by rating

At 31 December 2024	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt securities						
Book values	47 196 316	-	-	-	-	10 796 261
Equity securities						
Book values	-	-	-	147 395	-	3 254 048

6. PRESENTATION OF PARTICIPATIONS

in CHF

	Acquisi- tion cost	Accu- mulated value adjustments and changes in book value	Book value previous year end	Reclassi- fications	Additions	Disposals	Value adjust- ments	Changes in book value of participa- tions valued using the equity method	Book value as at end of current year	Market value
Other participations										
Market value	-	-	-	-	-	-	-	-	-	-
Without market value	6 994 774	(600 000)	6 394 774	-	1 174 131	-	-	-	7 568 905	N/A
Total	6 994 774	(600 000)	6 394 774	-	1 174 131	-	-	-	7 568 905	N/A

7. 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 (in %)	Share of votes (in %)	Held directly	Held indirectly
Pfandbriefbank - Zurich	Mortgage institution	1 200 000 000	0.48%	0.48%	5 815 000	-

In accordance with Art. 34 of the Swiss Banking Ordinance (BankO), there is no obligation to prepare consolidated financial statements as at 31 December 2024.

The costs relating to the purchase of the "Pfandbriefbank – Zurich" participation amount to CHF 7 568 905.

8. PRESENTATION OF TANGIBLE FIXED ASSETS

in CHF

	Current year							
	Purchase price	Accumulated depreciation & amortisation	Book value as at 31.12.2023	Reclassification	Additions	Disposals	Depreciation & amortisation Revaluation	Book value as at 31.12.2024
Fixed assets								
Bank buildings	26 138 167	(13 467 693)	12 670 474	-	13 066 903	-	(911 312)	24 826 065
Proprietary or separately acquired software	57 416 561	(53 108 338)	4 308 223	6 911	3 409 397	-	(2 795 964)	4 928 567
Other tangible fixed assets	91 344 848	(85 488 726)	5 856 122	(6 911)	2 844 929	-	(1 799 628)	6 894 512
Total	174 899 576	(152 064 757)	22 834 819	-	19 321 229	-	(5 506 904)	36 649 144

Disclosure of the total amount of non-recognised operating leases commitments

	157 998
of which expiring within 12 months	2 346
of which expiring more than 12 months and up to five years	155 652

9. PRESENTATION OF INTANGIBLE ASSETS

Not applicable.

10. BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

in CHF

	Other assets		
	31.12.2024	31.12.2023	Change
Compensation account	189 567	122 944	66 623
Swiss Federal Tax Administration	2 687 079	2 400 966	286 113
Others	6 745 467	2 433 963	4 311 504
Total	9 622 113	4 957 873	4 664 240

	Other liabilities		
	31.12.2024	31.12.2023	Change
Swiss Federal Tax Administration	3 859 124	3 047 576	811 548
Suppliers	3 158 359	12 440 549	(9 282 190)
Others	6 566 414	1 906 054	4 660 360
Total	13 583 897	17 394 179	(3 810 282)

11. DISCLOSURE OF ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS AND OF ASSETS UNDER RESERVATION OF OWNERSHIP

in CHF

Pledged/assigned assets	Book values	Effective commitments
Mortgages securing loans at central mortgage bond institutions	1 761 020 467	817 000 000
Liquid assets used as collateral at the SNB	9 468 061	9 468 061
Securities used as collateral at the SNB	4 491 027	4 491 027
Securities used as collateral at SIX SIS	5 836 417	5 836 417
Securities repurchase (Repo) operations	-	-
Securities (financial investments) pledged to secure Repo operations	11 608 726	No liabilities
Assets under reservation of ownership	-	-

12. DISCLOSURE OF LIABILITIES RELATING TO OWN PENSION PLANS, AND NUMBER AND NATURE OF EQUITY INSTRUMENTS OF THE BANK HELD BY OWN PENSION PLANS

Not applicable.

13. LIABILITIES TO PENSION PLANS

With regard to pensions and social security, the Bank has covered all its employees through Swiss Life's "Fondazione Collettiva LPP", with two defined-contribution plans:

- the first plan insures all employees, including executives, with an annual salary subject to old age and survivors' insurance (OASI) contributions of up to 500% of the maximum basic OASI pension. Executives aged 40 or more and with three years' service are insured with an annual salary of up to 500% of the maximum executive pension;
- the second plan insures all employees, including executives, for that portion of their annual salary subject to OASI contributions that exceeds 500% of the maximum basic OASI pension. Executives aged 40 or more and with three years' service are insured for that portion of their annual salary exceeding 500% of the maximum executive pension.

For both plans, the amount of pension benefits depends on the savings accumulated up to retirement age and on the annuity rate, based on the collective insurance tariff.

Lump-sum death benefits and annuities for disabled people, widows or the orphans and children of pensioners are also insured by the plans. The plans are financed one third by the employee and two thirds by the Bank.

All liabilities of the pension fund are covered in full and at all times by the insurance company.

There are neither economic liabilities nor economic benefits for the Bank.

a) Employer contribution reserves (ECR)

	Nominal value at current year end	Waiver of use at current year end	Net amount at current year end	Net amount at previous year end	Influence of ECR on personnel expenses at current year end	Influence of ECR on personnel expenses at previous year end
AGBR						
Employer sponsored funds / employer spon- sored pension schemes	-	-	-	-	-	-
Pension schemes	-	-	-	-	-	-

b) Presentation of the economic benefit/obligation and the pension expenses

	Overfunding/ underfunding at end of current year	Economic interest of the bank/financial group at end of current year	Economic interest of the bank/financial group at end of previous year	Change in economic interest (economic benefit/ obligation) versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses at end of current year	Pension expenses in personnel expenses at end of previous year
Pension plans with- out overfunding/ underfunding	-	-	-	-	-	7 242 131	7 246 693

14. PRESENTATION OF ISSUED STRUCTURED PRODUCTS

Not applicable.

15. PRESENTATION OF BONDS OUTSTANDING AND MANDATORY CONVERTIBLE BONDS

CHF in thousands

		Maturities						Total
		Average rate	Within 1 year	Over 1 year and up to 2 years	Over 2 years and up to 3 years	Over 3 years and up to 4 years	Over 4 years and up to 5 years	
Loans from central mortgage bond institutions	0.89%	75 700	124 000	62 100	81 700	25 000	448 500	817 000
Total at 31.12.2024	-	75 700	124 000	62 100	81 700	25 000	448 500	817 000
Total at 31.12.2023	0.73%	48 000	75 700	60 300	47 100	76 700	384 200	692 000

As in the previous year, no bonds are outstanding.

		Maturities						Total
		Average rate	Within 1 year	Over 1 year and up to 2 years	Over 2 years and up to 3 years	Over 3 years and up to 4 years	Over 4 years and up to 5 years	
Medium-term notes in circulation	1.31%	30 467	45 542	11 846	1 724	563	1 150	91 292
Total at 31.12.2024	-	30 467	45 542	11 846	1 724	563	1 150	91 292
Total at 31.12.2023	1.15%	12 506	30 625	12 432	2 286	1 654	1 449	60 952

16. PRESENTATION OF VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS, AND CHANGES THEREIN DURING THE CURRENT YEAR

in CHF	Previous year end	Use in conformity with designated purpose	Change of purpose, with reclassification, transfers	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-	-	-
Provisions for off-balance-sheet operations	328 246	-	-	-	-	126 032	-	454 278
Provisions for other business risks	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-	-	-	-	-	-	-
Other provisions	2 430 000	-	-	-	-	50 000	(365 000)	2 115 000
Total provisions	2 758 246	-	-	-	-	176 032	(365 000)	2 569 278
Reserve for general banking risks	18 000 000	-	-	-	-	-	-	18 000 000
Value adjustments for default and country risks (deducted from the balance sheet receivables)								
	32 997 716	(473 095)	-	4 851	(3 746 679)	5 639 549	(1 159 378)	33 262 964
Of which:								
Value adjustments for default risks in respect of impaired loans/receivables	22 052 686	(473 091)	-	389	(1 716 476)	4 842 797	(1 159 378)	23 546 927
Value adjustments for latent risks	10 945 030	(4)	-	4 462	(2 030 203)	796 752	-	9 716 037

"Reserves for general banking risks" are not taxed.

17. PRESENTATION OF THE BANK'S CAPITAL

	Current year			Previous year		
	Par value	Number of shares	Par value holding	Par value	Number of shares	Par value holding
Share capital	180 000 000	1 800 000	180 000 000	180 000 000	1 800 000	180 000 000

Share capital is fully paid up.

Banca Popolare di Sondrio, Sondrio (Italy) holds 100% of the share capital and voting rights of the Bank.

Banca Popolare di Sondrio, Sondrio (Italy) is a joint-stock company whose securities are listed in the FTSE MIB index of Borsa italiana.

18. NUMBER AND 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

	Number of participation rights in Banca Popolare di Sondrio, Italy		Value in CHF of participation rights in Banca Popolare di Sondrio, Italy		Number of options		Value in CHF of options	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Members of the Board of Directors	-	-	-	-	-	-	-	-
Members of the Executive Committee	32 901	36 730	147 395	134 683	-	-	-	-
Employees	-	-	-	-	-	-	-	-
Total	32 901	36 730	147 395	134 683	-	-	-	-

Disclosures on the participation plan

Insofar as it exceeds the materiality threshold set by the Board of Directors in terms of either its amount or its impact on the fixed remuneration component, the variable component agreed is subject to the rules governing deferral and payment with financial instruments that are deemed expedient to ensure compliance with the company's long-term targets, taking account of the limits applied to the variable remuneration:

- an up-front instalment corresponding to 60% of the total is paid by June of the following year;
- five equal annual instalments adding up to 40% of the total shall be deferred for five years from the year following that in which the up-front instalment is paid;
- 50% of the up-front instalment and 50% of the deferred instalment shall be paid in the form of shares in Banca Popolare di Sondrio. These shares shall be subject to a retention period lasting one year in respect of the up-front payment and one year in the case of the deferred payment.

19. DISCLOSURE OF AMOUNTS DUE FROM/TO RELATED PARTIES

in CHF	Amounts due from			Amounts due to		
	31.12.2024	31.12.2023	Change	31.12.2024	31.12.2023	Change
Holders of qualified participations	4 254 653	4 433 413	(178 760)	1 881 236 766	1 712 317 146	168 919 620
Governing bodies	7 001 672	7 051 672	(50 000)	2 863 124	1 570 784	1 292 340

The amounts due from governing bodies are in the form of mortgages and granted in compliance with usual loan-to-value ratios.

The above amounts due from and to the Bank's governing bodies have been loaned on the same terms and conditions as are offered to staff. Transactions with Holders of qualified participations have been undertaken on market terms and conditions.

For off-balance sheet transactions, please refer to Table 4, where all the hedging operations presented are made with the parent company, as well as to Table 30, which provides a breakdown of fiduciary transactions.

20. DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

All shares have been held by the parent company since the Bank was established.

21. DISCLOSURE OF OWN SHARES AND COMPOSITION OF EQUITY CAPITAL

The parent company holds 100 % of the equity capital, as it did in the 2023 financial year.

22. DISCLOSURES 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

Not applicable.

23. PRESENTATION OF THE MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

in CHF	Maturities							Total
	At sight	Call/notice	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Due after 5 years	Fixed assets	
Assets/financial instruments								
Liquid assets	846 282 043	9 468 061	-	-	-	-	-	855 750 104
Amounts due from banks	45 597 780	-	-	-	-	-	-	45 597 780
Amounts due from clients	5 296 196	306 731 846	121 545 167	44 657 612	9 104 882	14 614 841	-	501 950 544
Mortgage loans	12 022 642	400 248 038	349 117 272	1 089 896 826	2 548 488 925	742 886 150	-	5 142 659 853
Positive replacement values of derivative financial instruments	17 861 564	-	-	-	-	-	-	17 861 564
Financial investments	3 401 443	-	1 403 313	9 651 834	46 937 430	-	9 087 500	70 481 520
Total at 31.12.2024	930 461 668	716 447 945	472 065 752	1 144 206 272	2 604 531 237	757 500 991	9 087 500	6 634 301 365
Total at 31.12.2023	785 764 955	738 815 165	325 290 165	1 063 077 420	2 615 528 925	828 585 680	7 228 000	6 364 290 310
Amounts due to third parties								
Amounts due to banks	23 357 722	-	825 161 000	843 096 300	237 833 700	-	-	1 929 448 722
Amounts due in respect of customer deposits	1 355 388 237	1 053 781 230	726 498 598	188 878 491	-	-	-	3 324 546 556
Negative replacement values of derivative financial instruments	1 315 426	-	-	-	-	-	-	1 315 426
Cash bonds	-	-	7 323 000	23 144 000	59 675 000	1 150 000	-	91 292 000
Bond issues and central mortgage institution loans	-	-	42 200 000	33 500 000	292 800 000	448 500 000	-	817 000 000
Total at 31.12.2024	1 380 061 385	1 053 781 230	1 601 182 598	1 088 618 791	590 308 700	449 650 000	-	6 163 602 704
Total at 31.12.2023	1 454 653 505	993 256 109	1 214 251 397	1 315 616 256	542 754 800	385 649 000	-	5 906 181 067

24. PRESENTATION OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

CHF in thousands	31.12.2024		31.12.2023	
	Switzerland	Abroad	Switzerland	Abroad
Assets				
Liquid assets	855 350	400	703 024	345
Amounts due from banks	19 965	25 633	36 116	37 032
Amounts due from customers	228 634	273 317	294 913	257 397
Mortgage loans	4 983 868	158 792	4 845 627	131 527
Positive replacement values of derivative financial instruments	10 533	7 328	536	46
Financial investments	19 883	50 598	20 716	37 011
Accrued income and prepaid expenses	13 831	3 164	20 729	5 726
Participations	7 569	-	6 395	-
Tangible fixed assets	36 049	600	22 130	705
Other assets	5 579	4 043	4 619	339
Total assets	6 181 261	523 875	5 954 805	470 128
Liabilities				
Amounts due to banks	40 913	1 888 536	44 449	1 712 319
Amounts due in respect of customer deposits	2 474 331	850 216	2 392 567	957 918
Negative replacement values of derivative financial instruments	1 215	100	33 324	12 652
Cash bonds	91 292	-	60 952	-
Bond issues and central mortgage institution loans	817 000	-	692 000	-
Accrued expenses and deferred income	21 439	11 496	13 750	17 704
Other liabilities	13 320	264	17 146	248
Provisions	2 569	-	2 758	-
Reserve for general banking risks	18 000	-	18 000	-
Share capital	180 000	-	180 000	-
Statutory capital reserve	-	-	-	-
Statutory retained earnings reserve	265 096	-	240 981	-
Voluntary retained earnings reserve	-	-	-	-
Profit/Loss (result of the year)	29 349	-	28 165	-
Total liabilities	3 954 524	2 750 612	3 724 092	2 700 841

25. BREAKDOWN OF TOTAL ASSETS BY COUNTRY OR GROUP OF COUNTRIES

CHF in thousands	31.12.2024		31.12.2023	
	Total	in %	Total	in %
Switzerland	6 181 260	92%	5 954 804	92%
Italy	43 015	1%	37 716	1%
OECD countries	126 417	2%	116 567	2%
Other countries	354 444	5%	315 846	5%
Total assets	6 705 136	100%	6 424 933	100%

26. BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)

Country	Rating Fitch	Net foreign exposure At 31 December 2024		Net foreign exposure At 31 December 2023	
		In CHF	Share as %	In CHF	Share as %
Germany	AAA	31 352 524	5.98	35 748 481	7.60
Luxembourg	AAA	11 641 401	2.22	12 926 670	2.75
Sweden	AAA	-	0.00	1 673 926	0.36
Singapore	AAA	-	0.00	944	0.00
Netherlands	AAA	3	0.00	3	0.00
USA	AA+	2 144 118	0.41	5 243 374	1.12
Abu Dhabi	AA	475 470	0.09	290 735	0.06
France	AA-	46 569 565	8.89	34 370 192	7.31
United Kingdom	AA-	18 438 442	3.52	20 468 770	4.35
Hong Kong	AA-	891 506	0.17	893 851	0.19
Ireland	AA-	5 154	0.00	1 811	0.00
Belgium	AA-	4 255 926	0.81	355	0.00
Israel	A+	1 388 351	0.27	1 464 685	0.31
Slovenia	A	-	0.00	293	0.00
Spain	A-	3 740 799	0.71	1 619 843	0.34
Italy	BBB	43 014 586	8.21	37 716 130	8.02
Greece	BBB-	625 752	0.12	302 380	0.06
Panama	BB+	357 506	0.07	355 514	0.08
Brazil	BB	-	0.00	15	0.00
Monaco	Unrated	350 112 011	66.83	299 717 546	63.75
Guernsey	Unrated	-	0.00	11 617 548	2.47
Russia	Unrated	50	0.00	455 416	0.10
Others	n.a.	8 863 046	1.70	5 261 139	1.12
Total		523 876 210	100.00	470 129 621	100.00

The Fitch rating for Switzerland is AAA.

27. PRESENTATION OF ASSETS AND LIABILITIES BROKEN DOWN BY THE MOST SIGNIFICANT CURRENCIES FOR THE BANK

CHF in thousands

Assets	CHF	EUR	USD	Other	Total
Liquid Assets	851 030	4 394	214	112	855 750
Amounts due from banks	5 129	22 304	4 675	13 490	45 598
Amounts due from customers	241 202	255 273	655	4 821	501 951
Mortgage loans	4 983 868	158 792	-	-	5 142 660
Positive replacement values of derivative financial instruments	17 158	357	-	346	17 861
Financial investments	33 890	33 530	3 061	-	70 481
Accrued income and prepaid expenses	5 958	8 437	2 434	166	16 995
Participations	7 569	-	-	-	7 569
Tangible fixed assets	36 049	600	-	-	36 649
Other assets	4 598	5 020	2	2	9 622
Total assets in the balance sheet	6 186 451	488 707	11 041	18 937	6 705 136
Off-balance-sheet claims due from foreign exchange spot, forward and option transactions	18 933	2 312 189	233 084	29 298	2 593 504
Total assets at 31.12.2024	6 205 384	2 800 896	244 125	48 235	9 298 640
Liabilities					
Amounts due to banks	33 461	1 888 445	89	7 454	1 929 449
Amounts due in respect of customer deposits	2 197 593	871 323	206 181	49 450	3 324 547
Negative replacement values of derivative financial instruments	672	391	51	201	1 315
Cash bonds	91 292	-	-	-	91 292
Loans from central mortgage bond institutions	817 000	-	-	-	817 000
Accrued liabilities and deferred income	14 820	14 367	3 463	285	32 935
Other liabilities	7 704	5 835	45	-	13 584
Provisions	2 569	-	-	-	2 569
Reserve for general banking risks	18 000	-	-	-	18 000
Share capital	180 000	-	-	-	180 000
Statutory capital reserve	-	-	-	-	-
Statutory retained earnings reserve	265 096	-	-	-	265 096
Voluntary retained earnings reserves	-	-	-	-	-
Profit/Loss (result of the period)	29 349	-	-	-	29 349
Total liabilities in the balance sheet	3 657 556	2 780 361	209 829	57 390	6 705 136
Off-balance-sheet claims by foreign exchange spot, forward and option transactions	2 546 932	20 060	13 522	12 990	2 593 504
Total liabilities at 31.12.2024	6 204 488	2 800 421	223 351	70 380	9 298 640
Net position by currency	896	475	20 774	(22 145)	-

28. BREAKDOWN AND EXPLANATION OF CONTINGENT ASSETS AND LIABILITIES

in CHF	31.12.2024	31.12.2023	Change
Guarantees to secure credits and similar	234 740 872	235 317 557	(576 685)
Performance guarantees and similar	-	-	-
Irrevocable commitments arising from documentary letters of credit	32 937 955	25 062 504	7 875 451
Other contingent liabilities	-	-	-
Total contingent liabilities	267 678 827	260 380 061	7 298 766
Contingent assets arising from tax losses carried forward	-	-	-
Other contingent assets	-	-	-
Total contingent assets	-	-	-

29. BREAKDOWN OF CREDIT COMMITMENTS

Not applicable.

30. BREAKDOWN OF FIDUCIARY TRANSACTIONS

in CHF	31.12.2024	31.12.2023	Change
Fiduciary investments with third-party companies	86 514 433	85 717 368	797 065
Fiduciary investment with group companies and linked companies	-	-	-
Total	86 514 433	85 717 368	797 065

31. BREAKDOWN OF MANAGED ASSETS AND PRESENTATION OF THEIR DEVELOPMENT

CHF in million	31.12.2024	31.12.2023	Change
A) Type of managed assets			
Assets in collective investment schemes managed by the bank	607.6	596.2	11.4
Assets under discretionary asset management agreements	561.3	482.4	78.9
Other managed assets	5 335.5	5 150.5	185.0
Total managed assets (including double counting)	6 504.4	6 229.1	275.3
Of which, double-counted assets	293.7	273.8	19.9

"Other managed assets" encompass all the assets deposited by clients in respect of which the Bank performs any services, including those of an administrative nature.

B) Presentation of the development of managed assets

Total managed assets (including double counting) at beginning of year	6 229.1	6 065.9	163.2
+/- net new money inflow or net new money outflow	(57.3)	77.4	(134.7)
+/- price gains/losses, interest, dividends and currency gains/losses	332.6	85.8	246.8
+/- other effects	-	-	-
Total managed assets (including double counting) at end of year	6 504.4	6 229.1	275.3

The net inflow of new funds, as it relates to the net financial outflow, is calculated by the Bank exclusive of accrued interest, exchange rate spreads, price changes and the fees and expenses charged; assets financed with Lombard loans are included without deduction of the corresponding loans.

The inflow of new funds, as it relates to the net financial outflow, is influenced by the net variation in loans to clients, predominantly mortgages. The total outflow figure of CHF 57.3 million can therefore be broken down as CHF 108.2 million inflow, gross of the net variation in mortgage loans of CHF 165.5 million.

32. BREAKDOWN OF THE RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION

in CHF	31.12.2024	31.12.2023	Change
Interest rate instruments (including funds)	-	-	-
Equity securities (including funds)	(15 590)	(7 122)	(8 468)
Foreign currencies	74 283 589	61 863 437	12 420 152
Commodities/precious metals	1 025 476	678 065	347 411
Total result from trading activities	75 293 475	62 534 380	12 759 095

The result of the "Foreign currencies" is mainly due to currency swaps operations.

33. DISCLOSURE OF MATERIAL REFINANCING INCOME IN THE ITEM INTEREST AND DISCOUNT INCOME AS WELL AS MATERIAL NEGATIVE INTEREST

Nothing to report during the year under review.

34. BREAKDOWN OF PERSONNEL EXPENSES

in CHF	2024	2023	Change
Salaries	43 457 456	42 955 791	501 665
Of which:			
Expenses relating to share-based compensation and alternative forms of variable compensation	4 500 000	4 700 000	(200 000)
Social insurance benefits	11 620 155	11 653 057	(32 902)
Other personnel expenses	765 305	820 166	(54 861)
Total	55 842 916	55 429 014	413 902

35. BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSES

in CHF	2024	2023	Change
Office space expenses	6 337 962	6 260 256	77 706
Expenses for information and communications technology	3 018 977	2 711 765	307 212
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	8 742 784	8 504 686	238 098
Fees of audit firm	410 663	399 616	11 047
Of which:			
for financial and regulatory audits	410 663	399 616	11 047
for other services	-	-	-
Other operating expenses	8 045 038	7 022 114	1 022 924
Total	26 555 424	24 898 437	1 656 987

36. EXPLANATIONS REGARDING MATERIAL LOSSES, EXTRAORDINARY INCOME AND EXPENSES, AS WELL AS MATERIAL RELEASES OF HIDDEN RESERVES, RESERVES FOR GENERAL BANKING RISKS, AND VALUE ADJUSTMENTS AND PROVISIONS NO LONGER REQUIRED

Extraordinary income consists mainly of insurance reimbursements from previous years.

37. DISCLOSURE OF AND REASONS FOR REVALUATIONS OF PARTICIPATIONS AND TANGIBLE FIXED ASSETS UP TO ACQUISITION COST AT MAXIMUM

No revaluation was performed in the year under review.

38. PRESENTATION OF THE OPERATING RESULT BROKEN DOWN ACCORDING TO DOMESTIC AND FOREIGN ORIGIN, ACCORDING TO THE PRINCIPLE OF PERMANENT ESTABLISHMENT

in CHF	2024		
	Switzerland	Abroad*	Total
Net result from interest operations	14 550 203	7 309 907	21 860 110
Net commission and service income	23 737 232	1 770 728	25 507 960
Result from trading activities and the fair value option	73 431 818	1 861 657	75 293 475
Other result from ordinary activities	1 588 671	574 281	2 162 952
Operating expenses	75 660 124	6 738 216	82 398 340
Operating result	37 647 800	4 778 357	42 426 157

* The "Abroad" column refers to the branch in the Principality of Monaco.

39. PRESENTATION OF CURRENT TAXES, DEFERRED TAXES, AND DISCLOSURE OF TAX RATE

As of 31 December 2024, the item refers in full to current taxes (average tax rate: 21.2%).

40. DISCLOSURES AND EXPLANATIONS OF THE EARNINGS PER EQUITY SECURITY IN THE CASE OF LISTED BANKS

Not applicable.

INDEPENDENT AUDITOR'S REPORT

Reference is made to the report of the statutory auditor issued in Italian on February 21, 2025, in which the auditor confirms that in its opinion the financial statements in Italian of Banca Popolare di Sondrio (Suisse) SA comply with Swiss law and the Company's articles of incorporation.

FOREWORD

A simple word, written with a flair of originality, or a short, catchy phrase, perhaps adorned with graphic lines or a sketch, can draw attention to a product or to a brand that sets a company and its specific activities apart. This is what is commonly known as “graphic design”. When crafted in a descriptive manner, besides being pleasing to the eye and easy to read, it becomes an effective promotional tool and easily impressed upon people’s minds.

Those who work in this field are judged on their professional expertise, their use of aesthetics and the techniques they employ to create their works. This demonstrates their talent, alongside the quantity and quality of their ideas, and their desire to create and achieve, which gives substance to the study of innovative solutions that are destined to stand the test of time. In order to tap into their creativity, graphic designers – who are essentially professional communicators working with visual solutions – must carry out meticulous and extensive research that enables them to delve deep into the human soul and identify people’s innermost points of view and desires, and draw inspiration from them.

A renowned visual artist with these very characteristics is Switzerland’s Max Huber, who was born in Baar, in the Canton of Zug, on 5 June 1919 and died in Mendrisio, in the Canton of Ticino, on 16 November 1992. This is who has been chosen for the monograph to be included in the cultural section of our 2024 Annual Report. The subject of this piece recalls Switzerland, his homeland, and Italy, the country where the parent company Banca Popolare di Sondrio is based and where he spent a great deal of time, carrying out much of the work that made him famous.

His inventiveness, innate precision and reasoning through the medium of images translated into articulate and alluring creations. Max Huber prided himself on impressing his clients and, in pursuit of perfection, he worked tirelessly and diligently, living in symbiosis with his work. He practised continuously like all elite athletes, devoted artists and anyone who wants to make a name for themselves. Within the boundaries of his tireless commitment and the passion he put into his work, the Latin phrase “*Nulla dies sine linea* (no day without ‘drawing’ a line)”, written by the ancient philosopher Pliny the Elder, extolling the daily practice of brushwork by Apelles, the Greek giant of painting who was active in the 4th century BC, can also be applied to Max Huber.

After secondary school, Max Huber studied graphic design in Zurich, where he discovered his true passion. In this environment, he got to know various individuals from the fields of graphic design and art. However, he found Switzerland constricting, so in 1940, he moved to Milan, the Italian city where he found employment at Antonio Boggeri’s prestigious graphic design studio. During this time, he also attended the Accademia di Brera. His experience in Milan gave him the opportunity to hone his skills and also proved fruitful in terms of the encounters he had and contacts he made with other talented designers. In 1941, when the Second World War broke out, he returned to Switzerland and, at the end of the war, he returned to Italy, convinced – and rightly so – that he had found the perfect environment in which to truly express himself. Among other things, he was commissioned to create all the graphics for the Einaudi publishing house. From there, he worked on a succession of prestigious graphic design projects, creating new logotypes for the likes of La Rinascente, Coin, Nava and Esselunga. He also collaborated extensively on numerous productions for RAI, Eni, Montecatini and a host of other major companies.

Max Huber was a multifaceted individual, also active in the field of teaching both in Italy and Switzerland.

The awards presented to him in 1954, namely the Compasso d’Oro Award and the Gold Medal for Graphic Design at the Milan Triennial VIII, were significant and well-deserved.

The master of visual design remains a valid point of reference, a beacon of inspiration for those about to embrace the noble art of visual persuasion or already working in this unique field.

I would like to thank the fantastic authors of the articles for the commitment and care with which they have compiled them, making this comprehensive monograph an interesting, flowing and enjoyable read.

Lugano, January 2025

Chairman
Mario Alberto Pedranzini

