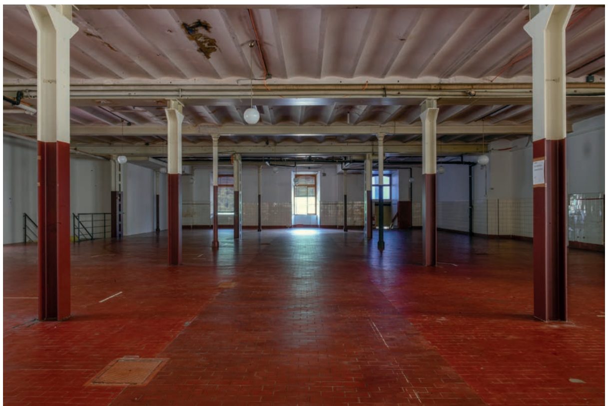

Annual Report 2024

BancaStato

From Annual Report 2018

The 2024 Annual Report features a selection of images from previous Annual Reports. These photographs were taken by Bernardino Bulla, Chairman of the Board of Directors, who passed away suddenly in January 2025.

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Michela Ferrari-Testa, Counsel
Chairman of the Board of Directors
since 30 January 2025

This past year, like the previous one, is destined to go down in BancaStato's history and has enabled it to continue along the multi-year growth trend. Despite not being able to match an unrepeatable, record-breaking 2023, the results for 2024 are still the second-best of all time.

Message from the Chairman of the Board of Directors

Dear Citizens of Ticino,

I am pleased to briefly introduce the Annual Report in my new role as President of the Board of Directors of BancaStato, a position to which I was appointed at the end of January 2025 following the sudden and untimely death of Bernardino Bulla.

I am deeply honoured to have been appointed to carry forward his legacy. Bernardino Bulla, to whom the Bank and the Group owe a great deal, was the driving force behind the strategic realignment implemented in the recent past: this realignment enabled the Bank to successfully embark upon a path of constant, general growth and to achieve ambitious and important goals, in all instances in keeping with our nature as a cantonal bank.

I accepted the appointment as President with great determination and massive enthusiasm. As a native of Ticino, my new role is in perfect harmony with my sense of belonging to the region. My contribution to BancaStato is therefore reflected by an extremely strong commitment to the local community. This spurs me to do my best in performing the task assigned to me.

Turning to the 2024 financial results, I would like to stress that this past year, like the previous one, is destined to go down in BancaStato's history and has enabled it to continue along the multi-year growth trend to which I referred earlier. Despite not being able to match an unrepeatable, record-breaking 2023, the results for 2024 are still the second-best of all time.

I would now like to review briefly the main points, starting with something that is of crucial importance to all of us. This is specifically the payment to the Canton, which last year totalled 60 million. This is a considerable amount, which represents a valuable source of revenue for the Canton, and for everyone in Ticino, if one simply considers that, over the last ten years, more than 440 million has been paid in to the public coffers.

This important contribution was made possible by the solid operating result of CHF 146.4 million, which enabled the Group to continue to strengthen its capital base, allocating CHF 60 million to reserves for general banking risks and, ultimately, achieving a Group profit of CHF 83 million.

This document provides a detailed examination including explanatory notes and tables on all of the various financial items of both the BancaStato Group as well as the parent company. I therefore invite you to read through the following pages. In particular, I would like to emphasise that, in the case of BancaStato, the figures and indicators reflect only one part – albeit a very important part – of our operations.

As a cantonal bank, the defining feature of how we work is the way in which we fulfil our public mandate. Regardless of the most visible aspects, such as the payment to the Ownership mentioned above, our business model is in fact characterised by proximity and a focus on local needs, a range of high-quality products and services, as well as an underlying body of sound, authentic values. But this is not all: the Bank pursues a strong policy of sponsoring institutions, associations and events throughout the Canton. While this has an important financial impact on the local territory, it is invaluable above all from a social, cultural and sporting point of view.

Here too, I would like to mention some emblematic figures: in 2024, we allocated a total of 4.8 million to several hundred associations. Over the last five years, a total of over 18 million has been disbursed. Our commitment in this area includes not only significant donations – for example to the Orchestra della Svizzera italiana or Ticino Ticket – but also above all a myriad of small donations, which are nonetheless crucially important for those who benefit from them.

In conclusion, I invite you to read the Sustainability Report – due to be published in its new format by the end of June – which supplements the information contained in this Annual Report. It is an important document for BancaStato, as the increased focus on the local territory from an environmental and social point of view has been a priority aspect for us for some time now. Over the past couple of years, we have reinforced this approach by adopting a clear sustainability strategy. We are firmly committed to this strategy.

Finally, looking to the future, it is difficult to make accurate forecasts. There have been further major geopolitical shocks since the start of 2025 – within a system that had already been in crisis since the outbreak of war in Ukraine in 2022. Unless any unforeseen circumstances arise, it will be difficult to replicate the last two years. However, BancaStato is always ready to do what it was set up to do: to work with the utmost dedication for the benefit of Ticino, and for the people of Ticino.

Michela Ferrari-Testa, Counsel
Chairman of the Board of Directors
since 30 January 2025

Corporate Governance

Corporate governance covers all rules and relationships that govern the management of a business: it is therefore intended to provide those essential elements to better understand how Banca dello Stato del Cantone Ticino is administered, as well as who is in charge of specific executive functions, and the basic principles which determine its operations.

Introduction

Banca dello Stato del Cantone Ticino (BancaStato), in full respect of minimal disclosure requirements laid down in Circular 2016/1 "Disclosure - banks[1]" of the Swiss Financial Market Supervisory Authority (FINMA), voluntarily publishes information on its corporate governance and draws reference from the outline proposed by the Directive on Information Relating to Corporate Governance adopted by SIX Swiss Exchange, which came into force on 1 January 2023[2].

For information on risk management, refer to Section 5.4 of the Annex to the Consolidated Financial Statements.

All data herein are at 31 December 2024 or refer to the entire 2024 financial year[3].

Corporate Name, Legal Status, Duration and Head Office

Banca dello Stato del Cantone Ticino, founded in 1915, is an autonomous institution operating under public law. The Republic and Canton of Ticino owns 100% of the Bank's equity. The Bank's statute is that of a cantonal bank, in accordance with the Swiss Federal Law on Banks and Savings Banks[4].

The activities of the Bank are regulated by the Law on Banca dello Stato del Cantone Ticino (Legge sulla Banca dello Stato del Cantone Ticino) dated 25 October 1988. The Bank is established with no time limit. Its head office is in Bellinzona[5].

Purpose and Activities

The purpose of Banca dello Stato del Cantone Ticino, as indicated in Art. 3 of the Law on Banca dello Stato del Cantone Ticino, is to promote the economy of the Canton and to provide the public with opportunities for secure and remunerative investment of their savings. Pursuant to the above Law, the activities of the Bank extend to all operations of a full-service bank.

As illustrated in its Operating Rules and Regulations (Article 28.1), the Bank's activities comprise in particular:

a. acceptance of deposits in all forms allowed by the banking legislation;

b. granting of collateralised and non-collateralised loans and credits;

c. processing transactions with letters of credit and standby letters of credit, in particular in Commodity Trade Finance;

d. issuing guarantees, sureties and guarantee commitments;

e. trading in derivative financial instruments both for third parties and on own account;

f. issuing and participating in the issuance of shares, bonds and other securities, for both Swiss and foreign debtors;

g. spot or forward trading of currency and securities in foreign currency, precious metals and monetary market papers, both for third parties and on own account;

h. trading with professional banknote dealers as per Art. 2e of the FINMA Anti-Money Laundering Ordinance (AMLO-FINMA; RS 955.033.0),

i. setting up and distributing investment funds in Switzerland and abroad;

j. advisory, intermediation and asset management, as well as custody and administration of securities and valuables;

[1] This Circular applies to publications with a reference date up to 31 December 2024 and, since the beginning of 2025, has been replaced by the new "FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms". The Circular can be consulted here: https://www.finma.ch/it/~/media/finma/dokumente/rundschreiben-archiv/2016/rs-16-01/finma-rs-2016-01.pdf?sc_lang=it&hash=B66C9A7FDA860484E05704835EE58250.

[2] The document can be obtained here: https://www.ser-ag.com/dam/downloads/regulation/listing/directives/dcg-en.pdf

[3] Any amendments to the provisions of the aforementioned Ordinance occurring during the year will be communicated on www.bancastato.ch, under "Media and News" and/or "Corporate Governance and Organigram".

[4] https://www.fedlex.admin.ch/eli/cc/51/117_121_129/it

[5] https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/legge/num/622

k. payment transaction processing in Switzerland and abroad;

l. carrying out the functions of an asset administrator;

m. providing treasury services;

n. providing custody and securities administration services, as well as safe deposit box rentals;

o. carrying out fiduciary transactions, in its own name, but on account and at the risk of clients;

p. issuing and placing of bonds, shares and other financial instruments, and participating in issues or financial operations of public or private corporations.

Supervision
The Bank is subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA) pursuant to the provisions of the banking legislation. Since 2021, BancaStato has been in supervisory category 3 ("Large and complex market participants - Significant risk")[6].

1. BANK STRUCTURE AND OWNERSHIP

1.1 Group operational structure
BancaStato is a Group. Considered as integrated companies according to the full consolidation method, as at 31 December 2024 the Bank held 100% of the share capital of the Lugano-based Axion SWISS Bank SA (nominal capital CHF 43 million)[7].

With this structure, BancaStato remains legally autonomous. As a Group, BancaStato has adopted special Group Regulations which lay down its overall organisational rules.

As regards BancaStato, the Heads of each Division, along with the President, form the Executive Board.

The Compliance Department, the Legal Department, the Human Resources Department and the Support, Communications and Marketing Department report to the President of the Executive Board.

The Divisions are: Finance, Private Banking and EAM, Products and Services, Retail and Corporate, and Risk.

1.2 Ownership
Banca dello Stato del Cantone Ticino is an autonomous institution with legal status under public law. The Republic and Canton of Ticino owns 100% of the Bank's equity.

1.3 Cross-shareholdings
The Bank does not have any cross-shareholdings with other entities.

2. CAPITAL STRUCTURE

2.1 Capital
By law, the State assigns the Bank an endowment capital and the Bank is authorised to issue participation certificates[8]. To this date, the Bank has not made use of the latter source of capital, and its capital solely consists of the endowment capital provided by the State, that is CHF 500 million. The interest paid out on endowment capital is fixed by the Bank's Board of Directors and by the State Council. A 5% interest was paid out on endowment capital in 2024.

2.2 Specifications concerning capital
Pursuant to Art. 6 of the Law on Banca dello Stato del Cantone Ticino, any increase in endowment capital must be authorised by the Grand Council (Cantonal Parliament). There is no conditional capital.

2.3 Changes in capital
There were no changes in capital in 2024. Below is a brief summary of capital increases effected in recent years:

- 2012: from CHF 100 million to CHF 110 million;
- 2013: from CHF 110 million to CHF 200 million;
- 2014: from CHF 200 million to CHF 240 million;
- 2017: from CHF 240 million to CHF 300 million;
- 2018: from CHF 300 million to CHF 430 million;
- 2019: from CHF 430 million to CHF 480 million;
- 2020: from CHF 480 million to CHF 500 million.

2.4 Shares and participation certificates
The Bank's endowment capital is not divided up into shares. According to Art. 6 of the Law on Banca dello Stato del Cantone Ticino, the Bank is authorised to increase its

[6] https://www.finma.ch/en/finma-public/authorised-institutions-individuals-and-products/

[7] Readers are invited to refer to table 5.10.7 of the Notes to the Consolidated Financial Statements, which contains a list of the companies in which the Bank holds a significant stake, either directly or indirectly, and the respective reporting of that stake in the Consolidated Financial Statements.

[8] https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/legge/num/622

participation capital by issuing participation certificates not exceeding 50% of its endowment capital. As at 31 December 2024, just as at the end of 2023, there was no participation capital.

2.5 Bonus certificates

The Law on Banca dello Stato del Cantone Ticino does not contemplate the issuing of bonus certificates.

2.6 Limitations on transferability and nominee registrations

As the capital of Banca dello Stato del Cantone Ticino is not divided into shares, there is no relevant information to provide under this heading.

2.7 Convertible bonds and options

BancaStato has not issued any convertible bonds, and there are no options on the Bank's equity.

With the aim of bringing its capitalisation into line with the average level for cantonal banks, BancaStato asked the owner to provide various financing in the form of subordinated loans. It obtained specifically:

- on 31 March 2021, a perpetual loan of CHF 50 million, which is classified as "Additional Tier 1 Capital" under the terms of the Swiss Federal Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders;
- on 15 December 2021, a subordinated loan maturing in 2033 of CHF 200 million, which is classified as "Tier 2 Capital" under the terms of the above Ordinance.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors and activities

The Board of Directors is composed of seven members who must be Swiss citizens of which at least six must be domiciled in the Canton[9] (Art. 19 of the Law on Banca dello Stato del Cantone Ticino).

Based on the provisions of Art. 20 of the Law on Banca dello Stato del Cantone Ticino, members of the Grand Council and the State Council (Cantonal Government), cantonal officials, magistrates of any type (except for justices of peace), directors, administrators and employees of other credit institutions (with the exception of members of the Swiss National Bank governing bodies), cannot be appointed to the Board of Directors. Relatives and next of kin, spouses, registered partners or cohabiting partners, siblings or siblings-in-law, business partners and employees of the same company may not be members of the Board of Directors simultaneously.

The members of the Board of Directors fulfil all of the requirements of independence laid down in FINMA Circular 2017/01[10] as well as the provisions of Articles 19 and 20 of the Law on Banca dello Stato del Cantone Ticino, cited above.

The members of the Board of Directors do not carry out operational functions and have not been members of the Statutory Auditors.

Hereunder is a brief presentation of the members of the Board of Directors, their function, education, professional background and the other activities in which they are involved.

The information presented in this document refers to the situation as at 31 December 2024[11]. Since that date, there have been significant changes in the composition of the Board of Directors. It is with great sadness that we announce the sudden death of Bernardino Bulla, Chairman of the Board of Directors, on 18 January 2025. At the time of writing, his successor as a member of the Board of Directors had not yet been appointed by the State Council.

On 30 January 2025, the Board of Directors elected Michela Ferrari-Testa as its new Chairman. The appointment has been authorised by the Swiss Financial Market Supervisory Authority (FINMA).

BERNARDINO BULLA

Function
Appointed Chairman of the Board of Directors on 15 March 2017, in charge since 1 July 2017. Born on 7 February 1957, Swiss. Chair of the Chairman's office.

Education and professional background
Degree in Economics and Social Sciences from the University

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9 At the end of 2024, one director out of seven (i.e. Stefano Santinelli) was domiciled outside the Canton.

10 Having served as Chairman of the Board of Directors since July 2017, and having formerly served as President of the Executive Board, Bernardino Bulla has fully complied with FINMA independence rules since July 2019.
https://www.finma.ch/en/~/media/finma/dokumente/rundschreiben-archiv/2017/rs-17-01/finma-rs-2017-01-20160922.pdf?la=en.

11 The composition of the Board of Directors underwent changes in 2024: at the end of June, the terms of office of Raoul Paglia, who had served until then as Vice-Chairman, and Giovanni Jelmini expired. For details concerning the function and educational and professional background and activities of Raoul Paglia and Giovanni Jelmini, please refer to the 2023 Annual Report. They were replaced by Marialuisa Parodi Aostalli and Marco Passalia respectively.

From Annual Report 2015

of Geneva in 1983. He started work for the Credit Department of BSI SA in Lugano in 1984. In 1997, he joined the Swiss Bank Society as Head of Private and Corporate Clients, then transferred to UBS Inc., Lugano, as Head of International Clients and Trading within the Corporate Clients Division. At the end of 1998, he moved to Credit Suisse-Lugano, Corporate Customer Ticino, as Head of Ticino Corporate Customers. He joined BancaStato on 1 October 2000 as a Member of the Executive Board and Head of the Corporate Clients Division. From 16 April 2007 to 31 December 2011, he was Head of the Risk Control Division, after which he served as President of the Executive Board from January 2012 to June 2017.

Other activities

» Member of the Board of Directors of Axion SWISS Bank SA, Lugano and Deputy Chairman of its Audit Committee;

» Chairman of the Foundation Council of Fondazione del Centenario BancaStato, Bellinzona.

LUCA SONCINI

Function
Member of the Board of Directors since 11 October 2017, born on 18 May 1957, Swiss. Deputy Chairman of the Board of Directors since 29 July 2024 and Deputy Chairman of the Chairman's Office. Chairman of the Supervisory and Risks Committee.

Education and professional background
Degree in Economics from the University of Fribourg in 1981. He currently works as an independent corporate consultant and a director of several companies. After graduating he became a researcher at the Office for Economic Research of Canton Ticino. In 1982 he joined the Corriere del Ticino as a journalist, subsequently taking on responsibility for the economics section; throughout the 1980s he also worked with RSI – Radiotelevisione svizzera di lingua italiana, again working as an economics journalist. In 1987, he was employed by

Banca del Gottardo and, in 1998, was appointed member of the Executive Board, Head of Private Banking. In 2007 he entered the PKB Privatbank group as a member of the Executive Board responsible for Finances and Risks. He was a member of the National Committee of the Swiss Bank Employers Association, the Executive Committee of the Ticino Bank Association, the Foundation Council of the Swiss Institute in Rome, the Board of Directors of Banca del Gottardo Italia SpA, Bergamo, the Board of Directors of Gestivalor-Gestione fondi SA, Lugano, the Board of Directors of Compagnia Finanziaria Mobiliare SIM SpA, Milan, and the Board of Directors of Banca Intermobiliare SpA, Turin.

Other activities

» Member of the Board of Directors of Altrafin AG, Zurich.

» Member of the Foundation Council of the Swiss Finance Institute, Zurich;

» Chairman of the Board of Directors of SPP Cost Control SA, Torricella-Taverne;

» Chairman of the Board of Directors of TIVENIx SA, Lugano;

» Member of the Foundation Council of Conservatorio della Svizzera Italiana, Lugano;

» Sole director of Redifys SA, Vacallo;

» Chairman of the Board of Directors of EnerimpulsE SA, Bellinzona;

» Member of the Board of Directors of Centro Sci Nordico Campra SA, Blenio.

STEFANO SANTINELLI

Function

Member of the Board of Directors since 1 December 2021, born on 10 May 1970, Swiss. Secretary of the Board of Directors since 15 November 2024 and member of the Chairman's Office. Chairman of the Projects Committee.

Education and professional background

Degree in Computer Engineering from ETH Zurich in 1995. He is currently the delegate appointed by the CEO of Swisscom Ltd for Canton Ticino, and CEO of Swisscom Directories Ltd. He started his career at ABB PTI SA, a company operating in the product data management sector.

From 1998 to 1999 he worked at SAP (Switzerland) Inc., focusing on e-business and supply chain management, and continued to work in these sectors also at Skyva Schweiz SA, where he was Head of Marketing and a member of the European Management Team from 1999 to 2002. From 2003 to 2005 he was head of developers and the Swiss platform at the Microsoft Corporation; from 2005 to 2008 he took over responsibility for business and marketing at Microsoft Russia. From 2008 to 2009 he was General Manager of the Microsoft's Consumer&Online Division in Italy. From 2010 to 2011 he was CEO of Schibsted Classified Media Switzerland SA, a multimedia group which developed and launched the website tutti.ch. He joined Swisscom in 2014, taking on responsibility for the corporate development of eleven subsidiaries, and serving as a member of the board of directors in a number of them. From 2015 to 2016 he was CEO of Swisscom Health SA. From 2017 to 2019 he was Chairman of the Board of Directors of AdUnit SA, a start-up operating in the field of planned advertising. Since 2016 (current position) he has been CEO of Swisscom Directories Ltd, the leading company in digital marketing solutions for Swiss SMEs. Since 2020 he has represented Swisscom on the Board of Directors of Artificialy SA, initially as Chairman and later as a member.

Other activities

» Member and managing director of Digitale Transformation Sagl, Uster,

» Member of the Board of Directors of Società Editrice del Corriere del Ticino SA, Muzzano;

» Chapter lead of the Swiss Institute Board of Directors, St. Gallen;

» Member of the Board of Directors of Fidinam Group Holding SA, Lugano.

MICHELA FERRARI-TESTA

Function

Member of the Board of Directors since 1 July 2021, born on 17 May 1963, Swiss. Secretary of the Board of Directors from 16 March 2023 to 15 November 2024. Member of the Audit and Risk Committee.

Education and professional background

In 1987 she was awarded a Degree in Law at the University of Zurich, subsequently qualifying as a lawyer and notary public. Since 1992, she has worked as a self-employed public notary and lawyer in Capriasca-Tesserete, mainly in the areas of private law, administrative law, insurance law as well as contract law, offering both legal advice and conducting litigation. She was elected to the Grand Council for a four-year term from 1995 to 1999. From 1990 to 2000 she was a member of the Bar Association Committee, the Massagno Rent Conciliation Office, the Gender Equality Conciliation Office, the Ticino Commission for Continuing Legal Training and the cantonal commission charged with examining and pre-notifying scholarship applications; over the same period she gained wide-ranging experience as a lecturer of the law of obligations. Between 2000 and 2010 she was a member of the “Casinos” Federal Appeals Board, as well as the Cantonal Arbitral Tribunal for Insurance against Illnesses and Accidents. She is also an advisory lawyer for the Touring Club Schweiz and President of the Regional Guardianship Commission and the Cantonal Commission against Racism. From 2007 to 2022 she was Chairman of the Board of Directors of Helsana Ltd – serving as Deputy Chairman from 2014 – and its subsidiary companies.

Other activities

» Member of the Board of Directors of Gruppo Coop Società Cooperativa SA, Basel, and its subsidiary companies;

» Member of the Board of Directors of Mobiliare Svizzera Società Cooperativa, Bern;

» Member of the Central Committee of Associazione Tavolino Magico, Winterthur.

MARIALUISA PARODI AOSTALLI

Function

Member of the Board of Directors since 1 October 2024, born on 28 September 1964, Swiss and Italian. Member of the Projects Committee.

Education and professional background

In 1992 she obtained a Degree in Economics and Business at the University of Genoa, after which she passed the State Examination to become a Chartered Accountant. Since then, she has held various analysis, management and strategy roles at investment funds as well as private and institutional assets, working both at foreign banks, and later also in Ticino. In 1999 she became a member of the CFA Institute, Italian Society, and obtained a Federal Diploma as a Financial Analyst and Asset Administrator (AZEK-Switzerland). Her career has also focused on socio-economic issues, gender equality and women’s empowerment. From 2015 to 2023, she was active on the Committee of Federazione Associazioni Femminili Ticino Plus, also serving as its President. In 2021, she was elected as a representative of Ticino at the second session of Swiss Women in the Federal Parliament. Since 2018, as co-founder she has been co-director of Associazione Equi-Lab. Since 2015, she has been a member of the Advisory Committee of the Department of Business Economics, Health and Social Affairs of SUPSI, serving as its President since November 2024; since 2019, she has been a member of the Gender Equality Conciliation Board.

Other activities

» Chairman of the Board of Directors of Londinium 1444 SA, Mendrisio.

MARCO PASSALIA

Function

Member of the Board of Directors since 1 October 2024, born on 7 April 1981, Swiss. Member of the Projects Committee.

Education and professional background

After completing his Master’s Degree in Economics at the University of Lugano in 2007, he served as Deputy Director of the Chamber of Commerce, Industry, Crafts and Services of the Canton of Ticino until 2018. As Deputy to the Grand Council for Centro - Giovani del Centro (formerly PPD+GG) from 2011 to 2024, he was active on the Tax Committee, the Energy Committee, the Special Committee on the Economy and Employment, the Special Committee on Health and Social Security, the Management and Finance Committee, the AET Public Mandate Control Committee and the BancaStato Public Mandate and Control Committee, as well as the Innovation Advisory Committee and the Foreign Labour Advisory Committee. He has been the Cantonal Vice-President of Centro and a municipal councillor in Ascona since 2007. He is a committee member and co-founder of the Lugano Commodity Trading Association (since 2010) and co-owner and member of the Board of Directors of ENET Energy SA, Lugano.

Other activities

» Member of the Board of Directors of Agif Services SA, Ascona;

» Member and Chairman of the Management Board of Ascocar Sagl, Ascona;

» Chairman of the Board of Directors of Caspian Project Development Company SA, Lugano;

» President of Cooperativa Case al Ponte, Ascona;

» Partner and Managing Director of MP Advisory Sagl, Lugano;

» Member of the Board of Directors of Officine Idroelettriche della Maggia SA, Locarno;

» Chairman of the Board of Directors of Oral SA, Lugano;

» Chairman of the Management Board of PVS Consulting Sagl, Lugano;

» Chairman of the Board of Directors of Caspian Project Development Company SA, Lugano;

» Member of the Board of Directors of T&C Partners SA, Lugano.

ENEA PETRINI

Function
Member of the Board of Directors since 1 August 2023, born on 13 October 1967, Swiss. Member of the Audit and Risk Committee.

Education and professional background
Degree in Law from the University of Fribourg in 1991; subsequently qualifying as a lawyer and public notary. After several years' working in a law firm in Lugano, in 2001 he joined a Lugano-based bank, working initially in Legal and Compliance and later as the head of a private banking team. In 2014 he opened his current law and notary firm in his own name, through which he has maintained close professional links with the Ticino financial centre.

Other activities
- Chairman of the Board of Directors of AIL Servizi SA, Lugano;
- Member of the Board of Directors of ARL Servizi SA, Lugano;
- Chairman of the Board of Directors of Desteco SA, Paradiso;
- Member and managing director of Elettro 4 Sagl, Capriasca;
- Member of the Foundation Council of Fondazione Cesare e Giuseppe Giglia, Lugano;
- Deputy Chairman of the Board of Directors of SNL - Società di navigazione del Lago di Lugano S.A., Lugano, and Chairman of a subsidiary of the company;
- Member and secretary of Società Autolinee Regionali Luganesi, Capriasca;
- Chairman of the Board of Directors of WKL Group SA, Paradiso;
- Chairman of the Board of Directors of J. Lamarck Asset Management, Lugano.

3.2 Other activities and vested interests of the members of the Board of Directors

This information is included in Section 3.1.

3.3 Number of permitted activities

There is no limit on the number of permitted activities. Information concerning the management of conflicts of interest is included in Section 3.5.

3.4 Elections and terms of office

The members of the Board of Directors are appointed by the State Council. Their education, competence and professional history are decisive criteria for their appointment. They remain in office for 3 years, until 30 June. Retiring members may be re-elected. On an annual basis, the State Council renews two, two and three mandates respectively. The maximum term of office is 12 years (Articles 21 and 22 of the Law on Banca dello Stato del Cantone Ticino).

The dates of election and terms of office for the members of the Board of Directors as at 31 December 2024 are as follows:
- Bernardino Bulla, Chairman: 1 July 2017/30 June 2026[12];
- Luca Soncini, Deputy Chairman: 16 October 2017/30 June 2026;
- Stefano Santinelli, Secretary: 1 July 2021/30 June 2027;
- Michela Ferrari-Testa: 1 July 2021/30 June 2027;
- Marco Passalia: 1 October 2024/30 June 2027;
- Marialuisa Parodi Aostalli: 1 October 2024/30 June 2027;
- Enea Petrini: 1 August 2023/31 July 2026.

3.5 Internal organisational structure

The Board of Directors elects among its members the Chairman, the Deputy Chairman and the Secretary.

The Board of Directors reaches a quorum when at least five of its members are present in person. Participation by telephone or remotely is permitted under exceptional circumstances. Decisions are determined by a simple majority of those participating, and abstention is not permitted.

The President of the Executive Board attends the meetings in an advisory capacity. Meetings are attended by the Administrative Secretary, who is external to the Council and responsible for logistics and minutes. With prior agreement from the Chairman of the Board of Directors, the President of the Executive Board may invite members of the Executive Board or other staff to the meetings for the presentation of specific points on the agenda.

Every member of the Board of Directors must inform the other members of possible conflicts of interest and/or conflicts in personal business or that of relatives. In such cases it is not permitted to attend, participate in discussions or vote on the respective matter.

Minutes are taken at each meeting.

The Chairman, the Deputy Chairman, and the Secretary of the Board of Directors comprise the Chairman's Office. The Board of Directors defines its own committees, which are described below. The organisation, functioning and competences of the Chairman's Office and of the committees are illustrated in specific regulations, and are set out in section 3.6 of this chapter.

[12] Bernardino Bulla died on 18 January 2025. Pursuant to Art. 21 of the Law on Banca dello Stato del Cantone Ticino, in the event of a vacancy among the members of the Board of Directors, the State Council arranges for a complementary election. The term of office of the person elected coincides with that of his or her predecessor.

Every member of the Board of Directors is obliged to treat all information and all business of the Bank as confidential. The members of the committees of the Board of Directors have, within the framework of their mandate, an unlimited right to information on and consultation of Bank documents. The Executive Board and the Internal Auditors must provide the committees of the Board of Directors with all information they require.

In 2024, the Board of Directors convened 19 times. The meetings of the Board of Directors as well as those of the Chairman's Office and its committees lasted on average between around two and eight hours.

3.6 Powers

The Board of Directors exercises the ultimate responsibility for the management of the Bank, as well as the supervision and control over the state of business. Pursuant to applicable law, regulatory, organisational, strategic and financial responsibilities, as well as supervision and control, lie with the Board of Directors.

Its tasks, as defined by Art. 24 of the Law on Banca dello Stato del Cantone Ticino and Art. 12 of the Operating Rules and Regulations are listed by category hereunder:

Regulatory duties

a. establishing the Bank's regulatory provisions;
b. laying down and updating, on a regular basis, the Operating Rules and Regulations, the Group Regulations, the Organisation and Risk Management Regulations, and other regulations falling within the remit of the Board of Directors;
c. drawing up a formal document on the public mandate in view of defining the general and specific objectives which are to be met in the medium term by the Bank in favour of the development of the cantonal economy, specifying the instruments to be used to this end and priorities;
d. issuing Staff Rules and Regulations upon prior consultation with personnel;
e. issuing a code of conduct and determining guidelines on the sanctions to be imposed in case of non-compliance, as well as any other applicable rules.

Organisational duties

a. determining the Bank's organisational structure;
b. definition of the Bank's organisational chart;
c. ensuring the allocation of appropriate resources within the Bank in terms of personnel, infrastructure and IT;
d. appointment, suspension, revoking of functions or rank, or dismissal of the President of the Executive Board, members of the Executive Board, members of Management, and internal auditors. It conducts periodic assessment of the President of the Executive Board and the Chief Internal Auditor, and plans their succession accordingly;
e. compensation and adoption of disciplinary measures as regards the Executive Board, the Chief Internal Auditor and the Deputy Chief Internal Auditor;
f. organisation of accounting, internal controlling system and financial planning;
g. establishment and closing of branches and agencies;
h. appointment and dismissal of External Auditors;
i. granting or revoking power to sign as laid down in Art. 23 and 24 of the Operating Rules and Regulations;
j. authorisation to assume mandates as corporate or foundation bodies on the part of all Bank staff;
k. authorisation to operate in new sectors;
l. approval of tasks and objectives of each division;
m. decision to appear in court and initiate legal proceedings, with power to delegate;
n. appointment of the Chairs of the Committees of the Board of Directors.

Strategic and financial duties

a. approval of the Bank's financial plans and strategic guidelines laid down in the strategic planning document;
b. approval of budgets, accounts, semi-annual and annual financial reports and all other elements subject to disclosure requirements;
c. approving ESG-related disclosures;
d. approval of capital and liquidity planning;
e. definition of the policy in matters of staff and remuneration. This policy must not generate incentives leading to conflicts of interest for the supervisory organs;
f. approval of the section on Corporate Governance of the Annual Report;
g. decision on the issuance of participation certificates as per regulations and the annual setting of the base dividend on participation capital;
h. decision-making, upon notice from the Executive Board, on requests for loans, credits or advances and on operations which engage Bank funds or its pecuniary responsibility

and which are not part of delegated responsibilities as laid down in the Operating Rules and Regulations;

i. approval of loans to the members of the Executive Board and the Chief Internal Auditor;

j. submitting, for cognisance and at the earliest meeting, the loans granted to members of the Board of Directors by the Executive Board or by its subordinate offices within the framework of their delegated responsibilities;

k. decision-making on the acquisition and disposal of participations exceeding 15% of the subsidiary's capital or exceeding CHF 2 million, within the limits set by Art. 14 of the Law on Banca dello Stato del Cantone Ticino;

l. setting, by mutual agreement with the State Council, of the interest rate on the endowment capital;

m. providing the State Council with the annual report, the financial statements, the proposal for appropriation of available earnings and the External Auditors' report by 31 March of each year;

n. providing the Grand Council by 31 March of each year with the Auditors' report in compliance with Art. 37a of the Law on Banca dello Stato del Cantone Ticino;

o. establishment of reference rates and oversight to ensure that the individual rates set by the Executive Board are in conformity with Art. 3 of the Law on Banca dello Stato del Cantone Ticino;

p. reporting to the FINMA in the event that capital or liquidity requirements are not met, or maximum limits on major risks have been exceeded, as well as in the other cases provided for under Article 29(2) FINMASA;

q. current operating expenses and investments in infrastructure which are not specifically delegated to the Executive Board.

Supervision and control duties

a. determining the control procedures to undertake in line with current applicable external regulatory provisions;

b. oversight on compliance with banking regulatory provisions with respect to risks;

c. supervision of the work of the Executive Board, including assessment in terms of meeting its objectives and its work procedures;

d. supervision of the work performed by the Internal Auditors;

e. annual appraisal and assessment of the Bank's framework strategy for risk management, implementing any necessary adjustments, as well as undertaking its own risk analysis;

f. review of the reports of the External Auditors;

g. review of the reports of the Internal Auditors;

h. analysis of the summary prepared by the Head of the Risk Division on the results of reports on activities and risk assessment drawn up by the Legal, Compliance, Human Resources, Risk Management, Security and Technological Risks and Human Resources departments.

Moreover, the Board of Directors makes decisions, in accordance with Art. 24 of the Law on Banca dello Stato del Cantone Ticino, on any other matter that the said Law or the Bank's Rules and Regulations do not explicitly assign to another Bank body or authority. With respect to consolidated supervision, the Board of Directors exercises its competences on the basis of the Group Rules and Regulations which is drawn up on the principles mentioned above (Art. 24 of the Law on Banca dello Stato del Cantone Ticino and Art. 12 of the Operating Rules and Regulations).

In compliance with Art. 25 of the Law on Banca dello Stato del Cantone Ticino, the Board of Directors may delegate part of its duties, to the exclusion of those inalienable on the analogy of Art. 716a of the Swiss Code of Obligationsi[13], to permanent or ad hoc committees composed of members of the Board of Directors or as regards the management of business to the Executive Board.

As a rule, the Committees do not have any decision-making authority, and only draw up notices for the Board of Directors concerning matters provided for under the Committees' respective regulations. Specific decisional authority may be attributed by the Board of Directors.

Minutes are taken at every meeting of the Committees.

With respect to the delegation of duties to the Executive Board, refer to the corresponding paragraph under Executive Board.

The functions and organisation of the Chairman's Office and the Board of Directors' Committees as at the end of 2024, are described hereunder.

As laid down in internal regulatory provisions, at Group level, the activities of the Committees of the Board of Directors also comprise all issues entrusted for the Group to BancaStato's Board of Directors.

Chairman's Office

The Chairman's Office represents the Bank vis-a-vis its owner as well as political institutions and public opinion. It is responsible, either directly or by delegating a spokesperson, for any form of communication, internal or external, concerning decisions,

[13] https://www.fedlex.admin.ch/eli/cc/27/317_321_377/it

official stance, or any other information emanating from the Board of Directors.

Moreover, the Chairman's Office examines and submits notices to the Board of Directors on:

a. strategic issues;
b. the Bank's organisational structure;
c. internal policy (unless that task has been taken on by the Audit and Risk Committee);
d. staff policy;
e. the Bank's remuneration policy.

The Chairman's Office is comprised of the Chairman, Bernardino Bulla, the Deputy Chairman, Luca Soncini, and the Secretary, Stefano Santinelli[14]. In 2024, the Chairman's Office convened once.

Audit and Risk Committee

The Audit and Risk Committee of the Board of Directors, which performs the tasks allocated to the Audit Committee and to the Risk Committee under FINMA Circular 2017/01, deals with issues relating to financial matters, internal control systems, compliance and risk management, as well as external and internal audits.

With respect to financial matters, the Committee draws up recommendations for the Board of Directors regarding the following:

a. decision on accounting principles to be adopted for the preparation of accounts;
b. approval of annual and semi-annual financial statements, as well as any other element subject to a publication requirement;
c. approval of the financial budget;
d. approval of capital and liquidity planning;
e. approval of the section on Corporate Governance of the Annual Report;
f. approval of expenses and overrun expenditures for matters which fall within the authority of the Board of Directors,
g. organisation of accounting, reporting and financial planning;
h. discussions with the member of the Executive Board responsible for Finances and Accounting, as well as with the Statutory Auditors and the Internal Auditors on financial reporting and integrity of financial closures.

As regards the internal control system and risk management, it examines and submits notices to the Board of Directors on the following:

a. functioning, efficiency and results of the internal control system;
b. strategic decisions relative to risk management and, at least once every year, an evaluation of the risk policy and risk management principles;
c. functioning, methodologies, efficiency and results of the risk management system;
d. procedures to ensure that all risks incurred by the Bank are duly identified, assessed, monitored and controlled, including those identified by the Projects Committee;
e. compliance with current or upcoming banking rules and regulations within the banking business;
f. system for monitoring irregularities or recommendations issued by the audit authorities;
g. adequacy of the internal control and risk management system with regard to the Bank's strategic decision-making;
h. reports of the Executive Board on risk management;
i. matters within the competence of the Board of Directors listed in the Organisation and Risk Management Regulations;
j. the summary prepared by the Head of the Risk Division and risk-assessment reports by Legal, Compliance, Human Resources, Risk Management and Security and Technological Risks;
k. rules and regulations which fall within the competence of the Board of Directors and are relevant to the tasks of the Committee.

The Audit and Risk Committee examines and submits notices to the Board of Directors also as regards the following:

a. supervision of specific regulatory and organizational competences which are entrusted to the Board of Directors;
b. management and control of risks in connection with the acquisition and divestment of participations which fall within the responsibility of the Board of Directors;
c. management and control of risks in connection with proposals for expanding the Bank's business scope.

As for internal and external audits, the Committee draws up further recommendations on specific matters, and brings them to the attention of the Board of Directors.

[14] Until 15 November 2024, the Chairman's Office was comprised of Chairman Bernardino Bulla, Deputy Chairman Luca Soncini (replacing Raoul Paglia at the end of June) and Secretary Michela Ferrari-Testa.

The Chairman of the Board of Directors may not be a member of the Audit and Risk Committee. The Committee is comprised of the Chairman, Luca Soncini, and Michela Ferrari-Testa and Enea Petrini, members[15]. In 2024, the Committee met twelve times.

Projects Committee

The Projects Committee has competence over:

a. strategic projects, specifically those included within the company's strategy;

b. outsourcing projects in accordance with applicable FINMA circulars;

c. projects involving investments, competence to approve which under the Organisation and Risk Management Regulations lies with the Board of Directors.

The Projects Committee examines and draws up notices concerning projects falling under the competence of the Board of Directors concerning:

a. planning, implementation, management and control methods, budgets and observance thereof, work progress, reasons pertaining to planning variations, future impacts and other possible aspects of current projects;

b. planning, budget, implementation, management and control methods, future impact and other possible aspects relating to projects which the Bank may consider;

c. the Committee is responsible for obtaining information relating to the management of risks falling within the scope of its competence. At least once every six months, the Chairman of the Projects Committee reports on risk to the Chairman of the Audit and Risk Committee;

d. investments which fall within the authority of the Board of Directors.

The Projects Committee[16] is comprised of the Chairman Stefano Santinelli and Marialuisa Parodi Aostalli and Marco Passalia, members.

In 2024 the Committee met six times.

3.7 Information and control instruments for the Executive Board

In line with Art. 20 of the Operating Rules and Regulations, the President of the Executive Board reports to the Board of Directors:

On a monthly basis

a. the balance sheet and income statements.

Quarterly

a. information concerning liquidity;

b. information on the Bank's equity, and major risks;

c. information concerning risks;

d. information concerning as well as the functioning, efficiency and results of the internal control system.

On a semi-annual basis

a. the consolidated and individual balance sheets, income statements and notes to the half-yearly financial statements, as well as any other information subject to any disclosure requirement;

b. information on measures implemented in order to close any gap and on the progress of implementing recommendations resulting from internal and external audits, and from any request by FINMA.

On an annual basis

a. budgets, financial statements and annual reports, as well as any other element subject to a disclosure requirement;

b. information regarding the general state of business with respect to objectives and strategies set by the Board of Directors and the general situation at the Bank;

c. ESG-related disclosures;

d. the section of the Annual Report on Corporate Governance,

e. assessments of amendments to regulations within the competences of the Board of Directors;

f. confirmation of adequate allocation of resources both in terms of personnel and equipment;

g. individual reports on the activities and risk assessment by the Legal, Compliance (with the action plan focused on overall risk assessment), Human Resources, Risk Management, and Security and Technology Risks departments;

h. summary of the Head of the Risk Division on the results of reports mentioned in the above paragraph.

[15] Until the end of June 2024, the Audit and Risk Committee was comprised of the Chairman Raoul Paglia and Luca Soncini and Giovanni Jelmini, members.

[16] Until the end of September 2024, the Projects Committee was comprised of the Chairman Stefano Santinelli and Michela Ferrari-Testa and Enea Petrini, members.

As deemed necessary, the Board of Directors may request other documents or information.

The fundamental principles of information flows have been set also for the Group.

The Bank has External Auditors, in conformity with current banking legislation (refer to Section 8) as well as Internal Auditors.

The Internal Auditors' Office is independent from the Executive Board and is directly subordinated to the Board of Directors (functional reporting). The Chairman of the Audit and Risk Committee of the Board of Directors acts as the direct superior for the Chief Internal Auditor (administrative subordinate).

At the end of 2024, it was composed of six staff, including the Chief Internal Auditor (Mr. Gabriele Guglielmini, Chartered Accountant - Federal Accounting Diploma).

The audit is planned in agreement with the Board of Directors. The latter may assign specific checks, investigations or controls to the Internal Auditors.

Details pertaining to the organisation, functions and duties of the Internal Auditors are laid down by the Board of Directors in special regulations.

The internal audit provides important bases for decision-making to evaluate and verify whether the Bank can rely on an appropriate and efficient internal control and risk management system, and at least once per year carries out a global assessment of the Bank's risks as part of the planning of its work for the following year. The personnel involved in internal auditing may not take part in the Bank's operational processes.

The members of the Board of Directors all receive reports concerning ordinary audits; these documents also include statements made by the Executive Board concerning individual recommendations made by the Internal Auditors. They also receive the annual summary report. According to applicable legislation, the reports of the Internal Auditors are discussed by the Chief Internal Auditor with the Board of Directors. Since the necessary regulatory basis is in place, that activity has been delegated to the Audit and Risk Committee.

The Internal Audit function fulfils the qualitative requirements laid down by the Institute of Internal Auditors Switzerland (IIAS).

4. EXECUTIVE BOARD

The Board of Directors may delegate part of its functions relating to business management, to the exclusion of those inalienable on the analogy of Art. 716a of the Swiss Code of Obligations, to the Executive Board.

The functions of the Executive Board are listed in detail in Art. 6 of the Operating Rules and Regulations, and are the following:

Regulatory duties

a. implementing the regulatory provisions and recommendations of the supervisory authority and surveillance bodies, internal and professional rules, and oversight concerning compliance therewith;

b. issuing regulations and directives, the authority for which is delegated to two members of the Executive Board, and service orders, the authority for which is delegated to a member of the Executive Board, as necessary for the conduct of banking activities;

c. implementing the provisions as laid down in the public mandate document;

d. implementing the measures set out in the Staff Rules and Regulations.

Management and organisational duties

a. management of day-to-day activities;

b. implementation of the Bank's organisation;

c. definition, implementation and maintenance of appropriate internal processes;

d. implementation and maintenance of an adequate internal control and risk management system;

e. implementation of the Bank's detailed organisational chart;

f. development of the Bank's strategic planning and implementation of the measures envisaged in the same based on decisions of the Board of Directors;

g. organisation of financial management controls;

h. direction and supervision of Bank staff, as well as appointment of rank and remuneration within annual processes, falling outside the authority of the Board of Directors. Responsibility for taking disciplinary measures for serious compliance violations is delegated to the Executive Board. Recruitment, insofar as not falling within the competence of the Board of Directors, and the adoption of disciplinary measures, including the dismissal of the respective employees, is delegated to the individual Area Managers, acting in consultation with the Human Resources department;

i. preparation of the documents pertaining to matters to be submitted to the Board of Directors;

j. membership of trade associations;
k. decision to appear in court and initiate legal proceedings, as delegated;
l. implementation and maintenance of an appropriate IT management system and apprising the Board of Directors on the Bank's business development and on its economic and financial state;
m. definition of the duties and targets in each division;
n. provision of an adequate technological infrastructure;
o. representing the Bank in third party relationships at an operational level.

Financial duties

a. preparing semi-annual and annual budgets and accounts and all other elements subject to disclosure requirements;
b. drawing up of the section of the Annual Report on Corporate Governance;
c. preparation of ESG-related disclosures;
d. approval of monthly accounts to be submitted to the Board of Directors for information;
e. implementation of the decisions taken by the Board of Directors with regard to loan requests, credits or advances on operations which engage Bank funds or pecuniary responsibility and which are not included in delegated responsibilities as outlined in the Special Regulation on Risk Management;
f. decision on the incurring of risks and on investments and expenditure, within the limits of the relevant Organisation and Risk Management Regulations;
g. decision on the issuance of bonds or other third-party asset gathering by the Bank;
h. determination of individual interest rates, in accordance with the provisions of Art. 3 of the Law on Banca dello Stato del Cantone Ticino;
i. preparation of capital planning and liquidity planning;
j. eporting to the Board of Directors in the event of non-compliance with requirements regarding own funds, large exposures, liquidity, as well as in other cases provided or under Art. 29(2) FINMASA;
k. decision-making on the acquisition and disposal of participations not exceeding 15% of the subsidiary's capital or CHF 2 million.

Supervision and control duties

a. implementation of the control procedures based on applicable external regulatory provisions;
b. implementation of the provisions envisaged in the Organisation and Risk Management Regulations and the proposals for update to be submitted to the Board of Directors;
c. supervision on risks incurred and adequacy of allocated capital;
d. preparation of the records for the Public Mandate Control Commission of the Grand Council;
e. establishing an evaluation with respect to its own work procedures and the meeting of its objectives.

Credit duties

a. decisions related to credit business on the basis of delegated competencies defined by the Board of Directors.

With respect to the Group's operational management, it is important to note that the Executive Board exercises its own competences based on the Group Regulations.

The activities of the Executive Board are supported by specific business units as well as by committees of the Executive Board, whose principal responsibilities are summarised below.

Some committees carry out their own functions also for specific issues pertaining to the Group.

Risk Committee

The Risk Committee is responsible for ensuring adequate supervision of overall risk and, in particular, risks that are not delegated to other committees of the Executive Board. It is responsible for risk management, subject to the risk management framework strategy and the respective risk tolerances and limits set by the Board of Directors, as well as for approving individual operating losses not exceeding the monetary threshold specified in the Operating Rules and Regulations. It ensures the provision of adequate infrastructure and resources for controlling and supervising risks.

As regards the members with voting rights, this Committee is comprised as follows. Its Chair is the President of the Executive Board, its Deputy Chair is the Head of the Risk Division, and its members are the Heads of the Financial Division, the Retail and Corporate Clients Division, the Private Banking and EAM Division, and the Products and Services Division.

The Executive Board has the option of dealing directly with the matters allocated to the Committee.

Standing from left:
Patrick Lafranchi, Head of the Risk Division
Gabriele Zanzi, Head of the Retail and Corporate Clients Division
Curzio De Gottardi, Head of the Products and Services Division
Nicola Guscetti, Head of the Private Banking and EAM Division

Seated from left:
Glenda Brändli, Head of the Finance Division
Fabrizio Cieslakiewicz, President of the Executive Board

Credit Risk Committee

The Credit Risk Committee is responsible for managing the credit risk with the aim of optimising its administration. Within the framework of the competencies assigned to it, the Credit Risk Committee decides on loan applications (loan granting and renewal) and carries out a preliminary examination of and refers to the Board of Directors any matters requiring a decision or that need to be reported. The Committee may delegate the powers vested in it.

As regards the members with voting rights, this Committee is comprised as follows. The Chair is the Head of the Risk Division. The Deputy Chairman is the President of the Executive Board. Its members are the Head of the Private Banking and EAM Division and, for matters concerning banks and country risk, the Head of the Finance Division, the Head of the Credit Management and Analysis Department or his deputy (Credit Officer).

Assets and Liabilities Committee (ALCO)

Subject to the limits set out in the Organisation and Risk Management Regulations, the Committee is responsible for managing exposure to the interest rate risk, overall liquidity, positions within the investment portfolio as well as exposure to the market risk associated with trading activity.

As regards the members with voting rights, this Committee is comprised as follows. The Committee is chaired by the Head of the Finance Division. The Deputy Chairman is the President of the Executive Board. Its members are the Heads of the Risk Division, the Retail and Corporate Clients Division, the Private Banking and EAM Division, the Products and Services Division, as well as the Head of the Financial Markets Department and the Head of the Risk Management Department.

The Executive Board has the option of dealing directly with the matters allocated to the Committee.

Client Analysis Committee

The Client Analysis Committee has the task of examining and deciding on the establishment, maintenance or termination of high-risk business relationships, as well as decisions over whether or not to submit reports to the Money Laundering Reporting Office Switzerland (MROS).

As regards the members with voting rights, this Committee is comprised as follows. The Chair is the President of the Executive Board. The Deputy Chair is the Head of the Finance Division. Its members are the Head of the Private Banking and EAM Division, the Head of the Retail and Corporate Clients Division and the Head of the Compliance Department.

Data Governance Committee

The Data Governance Committee has the task of approving data governance methods and plans ("Data Governance"), focusing in particular on critical data and the management thereof, identifying Data Owners for information domains, resolving potential conflicts and examining data incidents, as well as monitoring the inventory of critical data. In addition, it provides guidelines for defining strategy and promotes its governance within the organisation. Finally, it monitors the Bank's information quality by establishing acceptability values and the weight of metrics.

As regards the members with voting rights, this Committee is comprised as follows. The Chair is the Head of the Products and Services Division. The Deputy Chair is the Head of the Finance Division. Its members are the Heads of the Risk Division, and the Private Banking and EAM Division.

Investment Committee

The Investment Committee defines the investment policy and ensures its consistent implementation across all services under the responsibility of the Financial Markets and Asset Management Department. It establishes investment profiles and strategic asset allocation (benchmarks), analyses the performance of the services provided by the Financial Markets and Asset Management Department, defines the investment universe, and ensures coherent and timely communication within the Bank regarding the investment policy.

As regards the members with voting rights, this Committee is comprised as follows. The Chair is the Head of the Finance Division. The Deputy Chair is the Head of the Asset Management Department. Its members are the Head of the Private Banking and EAM Division and the Head of the Retail and Corporate Clients Division.

4.1 Members of the Executive Board

The Executive Board comprises the President of the Executive Board and members who are Heads of Divisions. The members remain in office on an open-ended basis. According to old-age and survivors' insurance rules, the ordinary retirement age is currently 65 for both men and women, subject to a transitional regime for women born between 1960 and 1963. This does not apply to members born before 1967, subject to the parameters set out in the respective pension schemes. No member of the Executive Board was ever a member of the Bank's Board of Directors.

A brief introduction is provided below for the six members in office as at 31 December 2024 along with their functions on the Executive Board, their educational background, their professional record of accomplishments and their other principal activities.

FABRIZIO CIESLAKIEWICZ

Function

Appointed President of the Executive Board on 15 March 2017, in office since 1 July 2017. Member of the Executive Board since 1 August 2008. Born on 4 September 1970, Swiss.

Education and professional background

Degree in Political Economics from the University of Lausanne in 1993. In 1994 he was employed by UBS Inc. as a member of a post-graduate team for corporate clients in the Ticino area and subsequently, in 1995, as a corporate client advisor with middle management status. From the end of 1997 to the beginning of 2000 he was Head of the General Secretariat for the Liberal Radical Party of Ticino. He began his employment at BancaStato on 19 June 2000 as Deputy Manager of the Biasca Agency. On 31 December 2001, he was appointed Member of the Management and assumed the position of Regional Head and Head of the Corporate Clients Division for the Bellinzona Area. On 1 August 2008, he was appointed Member of the Executive Board and took over the position of Head of Retail and Corporate Clients. On 1 July 2017, he assumed the role of President of the Executive Board.

Other activities

- » Deputy Chairman of the Foundation Council of the Fondazione di Previdenza Risparmio 3 of Banca dello Stato del Cantone Ticino, Bellinzona;
- » Member of the Board of Directors of the Association of Swiss Cantonal Banks (ASCB), Basel;
- » Member of the Executive Committee of the Ticino Bankers' Association, Vezia;

- » Member of the Foundation Council of Fondazione Centro Studi Villa Negroni, Vezia;
- » Member of the Foundation Council of the Carlo and Albina Cavargna Foundation, Bellinzona;
- » Member of the Foundation Council of the Oncological Research Institute Foundation (IOR), Bellinzona;
- » Member of the Committee of Associazione TicinoEnergia, Bellinzona.

GLENDA BRÄNDLI

Function
Member of the Executive Board since 1 October 2022. Born on 26 June 1980, Swiss.

Education and professional background
In 2003 she was awarded a Degree in Economics at the University of Lugano, and already gained some experience in the financial sector during her academic studies. After completing her studies, she embarked upon a career in external auditing, initially at Deloitte Ltd, Lugano and later, after obtaining her Federal Accounting Diploma, at PricewaterhouseCoopers Ltd where she worked from 2006 until 2020. In 2013 she became banking and financial team leader for Ticino. She became a partner in 2014 and in the following year was appointed as the partner in charge of the entire Lugano office. Alongside her role as auditor in chief for banks and financial companies in Ticino, Geneva and Zurich, over the years she has taken on increasing responsibilities in various roles and functions at Swiss and international level. In 2015 she was charged with setting up and running the newly established Assurance Academy organisational unit at national level, coordinating more than 500 staff. In 2018 she became Digital Upskilling Leader for Assurance in Switzerland, performing the role of Project Leader first at Swiss level and later at European level as part of the "Workforce of the Future" project. She has been Head of the Finance Division since October 2022.

Other activities
- » Member of the Board of the University of Lugano, and Chairman of its Audit and Finance Committee;
- » Committee member at the Swiss American Chamber of Commerce - Ticino Chapter.

CURZIO DE GOTTARDI[17]

Function
Member of the Executive Board since 1 January 2021. Born on 11 September 1970, Swiss.

Education and professional background
Degree in Political Economics from the University of Fribourg in 1994, where he was an Assistant Professor before obtaining his PhD in Political Economics in 2000. In 2001, he became an assistant to the Executive Board at BancaStato. In 2004, he was entrusted with heading the Strategic planning and Communications Department, which was directly subordinated to the Executive Board. In 2006, he was nominated member of the Management and, in 2020, member of the Executive Board and, since January 2021, Head of the newly established Products and Services Division.

NICOLA GUSCETTI

Function
Member of the Executive Board since 2 November 2021. Born on 15 April 1966, Swiss.

Education and professional background
After completing Degree in Economics at the University of St. Gallen in 1991, he started his careering in banking at the BSI Group in 1994. Over the following years, he worked in a number of significant roles both in Switzerland and abroad in the areas of client management, operations, risk management and internal auditing. In 2018, he became Head of Global Business Risk Management at EFG Bank. In 2019, he was appointed Senior Partner and took on the roles of Chief Financial Officer and Deputy CEO at Patrimony 1873 SA, a securities brokerage company from the EFG International Group. Since the beginning of November 2021, he has been Head of the Private Banking and EAM Division.

Other activities
- » Member of the Board of Directors of Altrafin AG, Zurich.

PATRICK LAFRANCHI

Function
Member of the Executive Board since 1 July 2017. Born on 22 October 1969, Swiss.

Education and professional background
After graduating in law from the University of Zurich in 1996, and obtaining his lawyer's license, he joined BancaStato in 1998 as Head of Legal Affairs. In 2005, he was promoted to Member of Management and became Head of Credit Recovery. In 2012, he became Head of the Management and Credit Control Department. On 15 March 2017, he was appointed by the Board of Directors as a member of the Executive Board and Head of the Risk Division.

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17 During the second half of March 2025, Curzio De Gottardi will become a member of the Coop Ticino e Moesano Regional Council, Castione.

Other activities

- Member of the Foundation Council of Fondazione Famiglia Ireneo e Giovanna Rinaldi, Locarno.

GABRIELE ZANZI[18]

Function

Member of the Executive Board as of 1 December 2017. Born on 22 August 1963, Swiss.

Education and professional background

Degree in Economics from the University of Zurich in 1989. The next year he began his professional career at the Ticino Chamber of Commerce. In 1995, he joined UBS Ticino, assuming various positions with responsibility for Corporate clients. In 1998, he was appointed by Credit Suisse and took on increasingly important functions, resulting eventually in his appointment as Head of Corporate Clients in 2012 and as Regional Head for Ticino in 2016. Since 1 December 2017, he has been the Head of Retail and Corporate Clients Division at BancaStato.

Other activities

- Chairman of the Founding Council of the "Risparmio 3" Pension Fund of Banca dello Stato del Cantone Ticino, Bellinzona;
- Member of the Board of Directors of ASB Axion SICAV, Luxembourg;
- Member of the Executive Committee of Associazione Industrie Ticinesi AITI, Lugano;
- Deputy Chairman of the Board of Directors of Hockey Club Lugano SA, Lugano;
- Member of the Foundation Committee of the "Fondazione per il perfezionamento commerciale", Lugano;
- Chairman of the Foundation Committee of the Children of Africa Foundation, Lugano;
- Auditor at the World Trade Center Ticino, Agno;
- Chairman of the Board of Directors of TiVentures SA, Lugano;
- Member of the Board of Directors of Applicolor SA, Lugano;
- Member of the Board of Directors of Switzerland Innovation Park Ticino SA, Bellinzona.

4.2 Other activities and vested interests of the members of the Executive Board

This information is included in Section 4.1.

4.3 Number of permitted activities

There is no limit on the number of permitted activities. Permitted activities for the members of the Executive Board are governed by specific internal regulations and, under the terms of Art. 32 of the Law on Banca dello Stato del Cantone Ticino, must be authorised by the Board of Directors, taking account of the fact that it is not permitted to hold any cantonal or federal public office. In a similar manner to the rule applicable to the Board of Directors, the Law on Banca dello Stato del Cantone Ticino provides that relatives and next of kin, spouses, registered partners or cohabiting partners, siblings or siblings-in-law, business partners and employees of the same company may not be members of the Executive Board simultaneously.

The management of conflicts of interest is dealt with in the Code of Conduct.

5. COMPENSATION, PARTICIPATIONS AND LOANS

5.1 Substantive rules and procedures for determining remuneration and share ownership schemes[19]

The objective of the remuneration system at BancaStato is to promote collective performance, as well as the development of staff expertise and professionalism; in parallel, it seeks to ensure that the Bank remains an attractive employer for staff so as to ensure its long-term operations according to an approach to business development grounded in the public mandate.

The Board of Directors is responsible for the policy in matters of staff and remuneration.

Having regard to changes in the law and good practice in relation to remuneration, the Bank subjects its remuneration policy to reviews with the involvement of independent internal – and if necessary external – specialists. The Chairman's Office has been charged by the Board of Directors with issuing prior notice of approval of the Bank's remuneration policy.

5.1.1 Personnel

The remuneration paid to all personnel with whom a permanent employment contract has been concluded is comprised of fixed remuneration and variable remuneration; the latter is not

[18] Gabriele Zanzi will be retiring at the beginning of May 2025. He will be replaced by the new member of the Executive Board, Michele Andina. Details on Michele Andina's position, education and professional background, as well as other activities, will be published in May on www.bancastato.ch.

[19] The Directive on Information Relating to Corporate Governance adopted by SIX Swiss Exchange is applied on a voluntary basis; the level of detail contained in this section differs in part from this standard.

guaranteed. Fixed remuneration accounts for the overwhelming portion of the global remuneration received by personnel and is determined with reference to a range of criteria such as salary requests, market circumstances and competition.

The overall amount designated for variable remuneration of personnel is set each year by the Board of Directors. The criteria for determining variable remuneration are based on the achievement of global objectives in terms of company performance (according to the principle of economic value added), a qualitative assessment of the implementation of company strategy as well as specific risk components that might influence ongoing and sustainable business performance.

Individual variable remuneration takes account of the individual's personal contribution to the achievement of global targets. The variable remuneration of staff appointed to control positions is not dependent upon the operating results of the entities controlled by them.

Since the start of 2022, variable remuneration has also been pensionable with the pension scheme[20].

5.1.2 Executive Board

The fixed and variable remuneration of the Executive Board, as well as that of the Chief Internal Auditor and his/her deputy are a matter for the Board of Directors.

The overall remuneration of the Executive Board is likewise comprised of fixed remuneration and variable remuneration, both of which are set with reference to the criteria applied also to staff as a whole. Since 2021, BancaStato has applied to the Executive Board the criteria for establishing the remuneration as regards the variable salary element and incidental benefits, which were adopted by the council of State on 22 January 2020.

We note in particular the following two criteria:

a. the variable element may not exceed 50% of the fixed salary element;

b. incidental benefits awarded may not exceed 10% of the fixed salary element.

In addition, in order to promote a better alignment between medium-term objectives and remuneration, since 2022 BancaStato has started to defer the payment of one third of the variable remuneration due to members of the Executive Board, heads of department and the Chief Internal Auditor for three years.

The social security coverage of the members of the Executive Board is calculated using the same parameters as used for calculating the compensation to Members of the Management. Guaranteed coverage exceeds minimum legal requirements. Moreover, they benefit from the family allowances granted to all staff.

Overall remuneration in 2024 paid to the six members of the Executive Board, including the fixed element, the variable element and payment of allowances for representation expenses, amounts to CHF 4,427,999. The highest pay package is worth CHF 951,000.

The members of the Executive Board benefit from mortgage loans and other banking services under the same conditions as the Bank staff.

5.1.3 Board of Directors

Present compensations of the Members of the Board of Directors are established on the basis of a Resolution of the State Council dated 7 December 2016, effective 1 January 2017.

Overall remuneration for 2024 paid to the Board of Directors, including the basic annual allowance, the meeting allowance, reimbursement of expenses and travel costs, amounts to CHF 554,857. The highest pay package is worth CHF 117,064.

The Bank's suppliers include entities that are associated with governing officers.

At the end of 2024, loans to Bank governing bodies totalled CHF 22.1 million and amounts due CHF 7.6 million (see also the corresponding table of the Notes to the Financial Statements).

6. SHAREHOLDERS' PARTICIPATION RIGHTS
Relations with owner

The information to be disclosed as per paragraphs 6.1. to 6.5. of the Directive on Information Relating to Corporate Governance issued by SIX Swiss Exchange does not apply to Banca dello Stato del Cantone Ticino. However, it was deemed useful to sum up the main features of the Bank's relation with its ownership.

The members of the Board of Directors are appointed by the State Council. As laid down in Art. 33 of the Law on Banca dello Stato del Cantone Ticino, the Grand Council and the State Council ensure that the law is adhered to and that the general policy of the Bank is in line with the objectives laid down in the Law.

[20] See Section 5.6.8.2 of the individual financial statements.

The authority of the Grand Council and the State Council cover, in particular, the overview and approval of the Bank's income statement and balance sheet.

In accordance with Art. 39 of the Law on Banca dello Stato del Cantone Ticino, the Board of Directors must submit its report on the state of business at the Bank, the income statement and the balance sheet, the proposal for appropriation of available earnings and the report of the External Auditors to the State Council by 31 March of every year.

By 30 April of each year, the State Council transmits the documentation to the Grand Council for approval of the annual accounts, the proposed appropriation of available earnings and the discharge of the Bank's governing bodies. In conformity with Art. 34 of the Law on Banca dello Stato del Cantone Ticino, the Grand Council exercises a supervisory duty as regards the fulfilment of the public mandate by way of the Public Mandate Control Commission. This Commission is made up of one member per parliamentary group each of whom is appointed by the Grand Council for a period corresponding to one legislative session. In compliance with the provisions of Art. 35 of the Law on Banca dello Stato del Cantone Ticino, the Public Mandate Control Commission verifies the correct fulfilment of the public mandate and draws up a special report for the attention of the Management and Finance Commission on the achievement of the public mandate.

The report prepared by the Commission must include its opinion on the degree of fulfilment of the general and specific objectives laid down in the strategic document on the public mandate as drawn up by the Board of Directors, and based in particular on its analysis of the Annual Social and Environmental Report.

The Commission, which details the parliamentary debate on the aforementioned documents with its report, is entitled to view all the documentation and to hear the Bank representatives insofar as this is compatible with banking secrecy.

The membership as at 31 December 2024 was as follows: Cristina Maderni (Chairman since May 2024), Fiorenzo Dadò (Deputy Chairman and member since October 2024), Balli Omar, Samantha Bourgoin, Tiziano Galeazzi and Fabrizio Sirica (since March 2024).

7. CONTROL AND DEFENCE MEASURES

The information to be disclosed as per paragraphs 7.1, 7.2 and 7.a of the Annex to the Directive on Information Relating to Corporate Governance issued by SIX Swiss Exchange is not applicable to Banca dello Stato del Cantone Ticino. In order to supplement this information, it should be noted that the Bank will publish a Sustainability Report containing non-financial information by the end of June 2025. This publication will replace the previous Social and Environmental Report and will comply with the provisions of the Swiss Code of Obligations as regards transparency concerning non-financial matters. It will be available at www.bancastato.ch/su-di-noi/cifre-e-pubblicazioni.html.

8. AUDITORS

8.1 Duration of the mandate and term of office of the Lead Auditor

The appointment of the Auditors falls under the authority of the Board of Directors (Art. 37 of the Law on Banca dello Stato del Cantone Ticino). In 2005, the Board of Directors entrusted the External Auditor mandate to PricewaterhouseCoopers SA, appointing it as auditing company in accordance with the Banking Law. For the 2024 financial year, Mr. Beresford Caloia, partner at PricewaterhouseCoopers SA, assumed the function of Lead Auditor for the fifth time. This mandate is annual. PricewaterhouseCoopers SA also audits Axion SWISS Bank SA.

8.2 Fees

The fees payable to PricewaterhouseCoopers SA for the ordinary audit amount to CHF 704,112. At consolidated level, the fees amount to CHF 1,047,002[21].

8.3 Additional fees

During 2024 PricewaterhouseCoopers Ltd was paid CHF 59,870 at individual level and CHF 68,486 at group level for checks carried out in relation to SWIFT conformity and Equal Salary certification[22].

8.4 Supervisory and control instruments vis-a-vis the auditors

As stated in the Section on the Board of Directors, the Audit and Risk Committee exercises various activities connected to the External Auditors.

The reports of the External Auditors are brought to the attention of the Board of Directors.

The Board of Directors meets at least once a year with the External Auditors. The full report of the External Auditors (including Group audits) on the financial statements as well as the report on the basic audit are presented by the External Auditors to the Board of Directors. Representatives of the External Auditors take part in the meetings of the Audit and Risk Committee of the Board of Directors.

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[21] Please refer Table 5.12.26 of the Notes to the Group Financial Statements as well as to Table 5.8.18 of the Notes to the Individual Financial Statements.

[22] See the previous note.

9. INFORMATION POLICY

BancaStato's information and communication policy is based upon principles of consistency, clarity, continuity, up-to-date status, transparency and verifiability. It specifically aims to strengthen corporate culture and promote its image in observance of its corporate identity both within and without.

The responsibility for the management of the Bank's communication policy is entrusted to the Support, Communications and Marketing Department. The Bank has an Intranet site in which it informs all staff on corporate strategy, the products and services of the various divisions, financial results, press releases, as well as on communications from the Executive Board and the Board of Directors. This website is an essential source of corporate information and is truly a valuable resource comprising all documentation and data to facilitate the ongoing pursuit of banking activities.

Financial results are published at both half-yearly and annual intervals and are communicated via press releases to the Ticinese media (radio, television and newspapers as well as on the internet), to press agencies, as well as to the press offices of all Cantonal Banks and the Association of Swiss Cantonal Banks. Press releases are also published on the website www.bancastato.ch/su-di-noi/media-novita/notizie.html (in the section "Comunicati", during Q3 for half-yearly results and during Q1 for annual results). Inclusion in the distribution list for press releases can be requested by writing to the email address of the Head of the Support, Communications and Marketing Department, stephane.pellegrini@bancastato.ch.

The annual financial report is also presented at a press conference held at BancaStato's Head Office. The exact date of the press conference will be announced on the page www.bancastato.ch/su-di-noi/media-novita.html during the weeks running up to the event.

The annual report is sent to the FINMA, the State Council, the Grand Council, the Public Mandate Control Commission, the Swiss National Bank, all Cantonal Banks, the Association of Swiss Cantonal Banks, as well as to correspondent banks, and Swiss and foreign clients upon request. Annual reports, in Italian and in English, are also published on the website, specifically on the page www.bancastato.ch/su-di-noi/cifre-e-pubblicazioni.html; they are also available at any BancaStato counter. The website also includes the documents Prudential Publication Requirements and Capital Instruments.

The Sustainability Report for the 2024 financial year will be published by the end of June, replacing the previous Social and Environmental Report. It will be available for consultation at www.bancastato.ch/su-di-noi/cifre-e-pubblicazioni.html.

The website allows members of the public to access information easily concerning the Bank's products, services and communications. The Bank is present in various daily newspapers, broadcasts and publications which deal with financial issues with interviews, presentations and financial articles. These articles also appear on the website and, whenever possible, on the Bank's other communication channels in order to provide information on the diversified world of the Bank. BancaStato also posts its news on social media.

Moreover, representatives from BancaStato participate regularly in conferences and other public events and respond to queries from the media with regard to the Bank's stance on topical issues.

Traditionally, the Executive Board receives journalists for the recurrent presentation of the financial reports and in order to introduce various issues relating to the Bank's activities, thus promoting dialogue and reciprocal knowledge.

All principal documents published by BancaStato are available at its branches and agencies as well as on its website. For further information, contact:

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10. LOCK-UP PERIOD

As it does not hold any listed shares, the information to be disclosed as per paragraph 10 of the Directive on Information Relating to Corporate Governance issued by SIX Swiss Exchange does not apply to Banca dello Stato del Cantone Ticino or to Axion SWISS Bank SA.

Ticino's Economy in 2024 and Outlook for 2025

Davide Arioldi
Head of PanelCODE
Economic Research Institute, University of Lugano
February 2025

The International Overview

The geopolitical context of 2024 did not show any significant changes compared to the previous year, except for the outcome of the presidential election in the United States. The ongoing conflict between Russia and Ukraine has further intensified, with the apparent involvement of third-party countries in the theatre of war. At the same time, tensions between Israel, Hamas and its supporters led to numerous military clashes in the Middle East, while Western and Arab diplomatic efforts have sought to initiate a peace process between the parties. The US presidential election in November 2024 resulted in the victory of the Republican candidate Donald Trump, who promised to embrace strong economic protectionism and to reinforce the strategic and economic projection of the United States on a global scale. Initial economic decisions, such as the introduction of trade tariffs, the request for increased defence spending by NATO allied countries, as well as the renewed rapprochement with the Russian Government, suggest a potential realignment of spheres of influence and strategic alliances among the world's major players. Against this complex geopolitical backdrop, the global economy proceeded along a moderate upward trajectory. According to the most recent estimates by the International Monetary Fund (IMF), overall global growth in 2024 is expected to be 3.2%, which is lower than the historical average growth rate of 3.7% (3.3% forecast for 2025). However, growth levels differ somewhat between different geographical areas. The US economy, which according to the latest IMF estimates grew by 2.8% in 2024, will continue to expand at a rate of 2.7% in 2025 (revised up +0.5 percentage points compared to the previous forecast) on the back of strong domestic demand, supported by a robust labour market, favourable financial conditions and less restrictive monetary policy. In contrast, in the Eurozone, economic prospects have been revised downward, to projected growth of 1% in 2025, due to persistent manufacturing sector weakness and continuing geopolitical tensions affecting the region. In 2024, the Eurozone recorded estimated growth of 0.8%, which was negatively affected by the contraction in the German economy (-0.2% of GDP), driven by manufacturing sector fragility and export headwinds. In Asia, China has shown a modest improvement in its growth trajectory, with growth estimates for 2025 revised upwards to 4.6% (while growth forecasts for 2024 stand at +4.8%). This adjustment reflects the impact of recently announced tax measures, which will help to offset the negative effects of ongoing housing market challenges and uncertainties on the global trade policy front. Headline inflation, estimated at 5.7% in 2024, is expected to fall to 4.2% in 2025, although there are marked differences at local level. According to the latest IMF estimates, inflation in advanced economies is projected to reach an average of 2.1% in 2025, having risen by 2.6% in 2024. In the economies of emerging and developing countries on the other hand, inflation is forecast to grow by 5.6% in 2025, compared to an estimated 7.8% in 2024. In terms of international trade, the latest World Trade Organization (WTO) estimates indicate that global trade will grow by 2.7% in 2024, although significant regional divergences persist. In Europe, exports declined by -1.4% in 2024, while Asia and North America grew by 7.6% and 2.1% respectively. Finally, global trade is expected to expand further in 2025, with a growth rate of 3% per annum. However, medium-term risks could lead to significant downward revisions, mainly due to uncertainty surrounding US trade policies. The proliferation of protectionist measures, such as new tariffs, could disrupt global supply chains, reduce investment and adversely affect market efficiency. Geopolitical tensions, particularly in the Middle East and Ukraine, represent additional risk factors that could also have an impact on trade routes and commodity prices.

The National Overview

In 2024 the Swiss economy was affected by the challenging European economic environment. Growth estimates were revised downwards by SECO during the final quarter. Projected GDP growth for 2024 has been reduced to 0.9% from the previously forecast 1.2%. This reduction is mainly due to the sharp downturn in export and investment growth. As a result of the new international environment, export growth is now forecast at 1.5%, down from 4.3% in the previous quarter. The contribution of the balance of trade to economic growth has thus become negative, with imports rising by 3.9%. Investments in plant and machinery are estimated to fall by -2.6%, more than the previously forecast -2%. These negative revisions have only been partially offset by an improvement in the performance of other spending components of GDP. Private consumption is expected to grow by 1.6% in 2024 from the previous year (+0.1 percentage points (p.p.)) with government spending up by 1.8% (+0.3 p.p.), while investment in construction is estimated to grow by 2.2% (+1.7 p.p., again compared to growth forecasts for the previous quarter). Finally, the consumer price index is forecast to rise by 1.1% at the end of 2024, slightly below the previous estimate (1.2%), reflecting a marginal easing of inflation. Despite the complex macroeconomic environment, the Swiss labour market remained highly robust. Employment in terms of full-time equivalents (FTEs) is estimated to have increased by 1.3% over the course of 2024, while the SECO average unemployment rate was 2.4%. At sectoral level, considering the latest data available for Q3 of 2024, particularly positive trends were apparent in the pharmaceutical sector (+7.3% value added year-on-year), health and social services (+3.8%), tourism and hospitality (+2.2%), construction (+2.1%), insurance (+2%) and retail (+3.2%). Particularly negative, however, was the contribution of the trade and repair sector (excluding retail trade), whose value added decreased by 1.1% year-on-year. SECO is expecting economic growth to pick up in 2025. GDP growth is anticipated to reach 1.5%, boosted by further growth in private consumption (+1.6% year-on-year), government spending (+1.2%) as well as investment in construction (+2.3%) and plant and machinery (+1%). In addition, the balance of trade is also expected to make a positive contribution to economic growth, with both exports and imports increasing by 4.2% and 3.7% respectively. Finally, the labour market is still projected to expand (+1% in the number of FTE employees), although with unemployment rising to 2.7%. Inflation is expected to ease even further, and is forecast at +0.3%.

The Overview for Canton Ticino

The economy of the Canton of Ticino outperformed the Swiss cantonal average during the first three quarters of 2024. According to the latest CREA estimates, Ticino's gross domestic product grew by 1.1% between the beginning of the year and Q3 of 2024, exceeding the average growth rate for all cantons of 0.6%. The evolution of the labour market, in terms of the number of full-time equivalent (FTE) employees, has also been more favourable compared to the rest of the Swiss Confederation. In Q3 of 2024, the number of FTE jobs increased by 1.8% in Ticino, as compared to 1.4% nationally. Although the figure was slightly higher than in 2023, unemployment as measured by SECO was lower in Ticino than it was throughout Switzerland as a whole. In 2024, the average SECO unemployment rate in Ticino was 2.67%, an increase of +0.25 p.p. compared to 2023, while the national increase was +0.42 percentage points. However, unemployment as measured according to the International Labour Organization (ILO) standard worsened slightly to 7.3% in Q3 of 2024. The absolute number of enterprises likewise also increased compared to the previous year. An analysis of data from the Ticino Commercial Register shows that the number of active companies rose by 1.6% in 2024, exceeding the 0.9% growth reported in 2023. The number of new registrations amounted to 6.5% of the number of active companies, up from the figure of 6.3% reported in the previous year. Cancellations fell to 4.9%, as against 5.4% in 2023. The bankruptcy rate also recorded a slight decrease, reaching 1.6%, which represents a decline of 0.04 percentage points compared to 2023. In terms of economic growth forecasts, BakBasel expects real cantonal GDP growth of 1.4% for 2025, with particularly positive developments expected in the pharmaceutical sector (+4.1%) and in optics and electronics (+5.5%). The banking sector is also expected to expand at a faster rate than cantonal GDP, with a growth rate of 2%.

Report of the Board of Directors of Banca dello Stato del Cantone Ticino

Banca dello Stato del Cantone Ticino and the Economy in Ticino and Switzerland in 2024
2024 was characterised by a general shift in central banks' monetary policies: the marked drop in inflation allowed as early as the second quarter, to launch a phase of lower policy rates. The Swiss National Bank was the first to move in this direction in March when, thanks to the welcome reduction in inflation, it was able to start relieving some of the steady and growing pressure exerted by the strengthening of the Swiss franc on Switzerland's export industry.

In 2024, the Swiss National Bank progressively reduced its reference rate: from 1.75% in January, to 1.5% in March, 1.25% in June, 1.00% in September, and down to 0.5% in December.

Globally, the pace of growth has remained essentially unchanged compared to 2023. Europe has benefited from the looser monetary policy, resulting in a stabilisation of growth, which still remains anaemic. Germany, which has traditionally played a central driving role in the Eurozone economy, recorded a slight decline for the second consecutive year. The United States, on the other hand, recorded growth above expectations, mainly due to domestic consumption, supported by wage increases and the favourable situation brought about by full employment.

According to the most recent provisional results available, Swiss GDP in 2024 accelerated in Q4, driven mainly by developments in the industrial and service sectors; growth was also underpinned by spending, consumption and investment. Considering 2024 as a whole, GDP grew more than it did in 2023.

With regard to mortgage interest rates, after all fixed maturities had already reacted to expectations of Swiss National Bank monetary policy in 2023, the first half of 2024 saw an almost sideways movement, followed by a bearish phase that lasted until the end of the year.

As for the real estate sector, following the strong growth recorded during the pandemic, the number and value of real estate transactions continued to fall in 2024, eventually stabilising at pre-2020 levels. For its part, the vacancy rate – which in previous years had risen more rapidly than in the rest of Switzerland and had come to be seen as an indicator of market saturation – continued to fall, although it remained above the national average. This occurred alongside a recovery in net migration and resident population, both factors which supported demand.

A Year of Positive Results in a Continuously Evolving Environment
The results, as described below, are gratifying and are the second-best in the Institute's history, and therefore fit into a multi-year growth context. This confirms the solidity of the Group's business model and of the corporate strategies pursued over the last few years.

Comment on the Evolution of Major Balance Sheet and Off-balance Sheet Items[23]
In 2024, BancaStato continued to record solid growth in its core business, namely the granting of mortgage loans. The total volume of mortgage loans on the balance sheet increased by 4.7%, reaching CHF 12.38 billion. It must be stated that BancaStato maintains a lending policy that reflects a cautious approach. As a result, the quality of its lending portfolio has further improved. An analysis of the stratification of mortgage loans at year-end shows that94.9% of them are ranked in first position (94.6% in 2023), while loans secured by residential properties account for 72.5%.

Loans to clients, net of value adjustments, also recorded an increase (+CHF 183.8 million, or +8.3%), amounting to CHF 2.40 billion as of 31 December 2024. The increase is

[23] The data refer to BancaStato's individual financial statements. A distinction is made between individual and group statements only in the case of significant variations.

mainly attributable to the rise in loans to individuals, which grew by CHF 228.0 million.

In this market segment, BancaStato maintains a leading position in Ticino. Loans to private individuals and businesses increased from CHF 1.36 billion at the end of 2023 to CHF 1.54 billion on 31 December 2024 (+13.2%). With regard to COVID-19 and COVID-19 Plus loans granted in 2020 for a total initial limit of CHF 210.4 million, actual drawdown in 2024 declined further from CHF 72.9 million on 31 December 2023 to CHF 46.1 million on 31 December 2024. The reduction in financial assets (CHF 20.9 million or 2.8%) is mainly due to the maturity and non-renewal of SNB bills for a total of CHF 10.0 million, and the disposal of the Available for Sale (AFS) securities portfolio. also amounting to CHF 10.0 million.

Amounts due in respect of client deposits increased by CHF 217.6 million (+ 2.0%). In general, as discussed in the section on changes in client funds, the Bank's AuM increased by CHF 928.6 million (+5.9%), as confirmation of the solid trust placed by Ticino's residents in their cantonal bank.

In order to satisfy its medium to long-term financing needs – and with the aim of soundly managing its exposure to the interest rate risk – as in previous years, BancaStato turned to issues of the cantonal banks' mortgage refinancing institution (rated AAA) as well as bond issues. The net increase in this item for 2024 was CHF 650.0 million, due to the net issue of CHF 270.0 million in long-term bonds and CHF 234.0 million in short-term loans as well as net subscription to mortgage bonds of CHF 146.0 million.

As a result of the above-mentioned figures, the Bank's balance sheet total increased by CHF 1.05 billion, reaching CHF 18.20 billion on 31 December 2024. As far as the Group is concerned on the other hand, the balance sheet total increased by CHF 1.26 billion to CHF 19.26 billion on 31 December 2024.

Comment on the Evolution of the Main Revenue Items

2024 was a year for BancaStato that marked the consolidation of the multi-year growth in results: after an extraordinary and unrepeatable 2023, this year stands as the second-best ever, confirming the excellent development trend and financial solidity of the institution. The continuous improvement in net revenues (+CHF 7.5 million or 2.5%) enabled the Board of Directors to allocate CHF 58.0 million to reserves for general banking risks (+7.4%). This resulted in a net profit of CHF 77.7 million, down CHF 7.4 million compared to the record year 2023 (-8.7%). BancaStato was thus able to guarantee a payment to the Canton of CHF 60.1 million in 2024, which was CHF 5.0 million lower than in 2023 (-7.7%).

For the public body, this payment is a valuable source of income which has increased substantially over the past decade (+104.8% compared to the CHF 29.3 million paid in 2014). In the same ten-year period, BancaStato paid out over CHF 440.4 million to the Canton. Considering that the endowment capital was progressively increased from CHF 240.0 million at the end of 2014 to CHF 500.0 million at the end of 2024[24], it can be said that, over the past decade, the Bank provided a substantial income with respect to the Canton's initial investment.

Interest income recorded a significant increase, mainly due to the rise in lending volumes over the last two years and the renewal of fixed-rate loans at higher conditions. Although 2024 rates were lower, they were still higher than those in previous periods, leading to an increase in income of CHF 22.7 million (+6.7%) compared to 2023. Interest expenses increased more markedly than interest income, reaching CHF 33.9 million up 33.6% compared to the previous year. This was mainly due to the increase in the volume of term deposits, particularly in the first nine months of 2023, and to the renewal of bond loans and mortgage loans at higher rates than previously.

[24] Changes to endowment capital are summarised in chapter 2.3 of the Corporate Governance Report contained in the Annual Report of BancaStato.

Net interest income fell by CHF 6.4 million (-2.9%) compared to 2023, influenced by the application of value adjustments on certain loans totalling CHF 9.9 million, still CHF 4.8 million lower than in 2023.

The result from commission business and services was CHF 39.1 million, registering a slight increase of CHF 0.44 million compared to 2023 (+1.1%). This increase is attributable to the growth in assets under management.

Income from trading operations and the fair value option, mainly from trading in currencies for own account and with clients, was affected by reduced volatility in exchange rates and decreased year-on-year to CHF 16.0 million compared to CHF 18.5 million in 2023 (-13.9%).

Other ordinary income in 2024 continued to rise, amounting to CHF 31.5 million compared to CHF 15.6 million in 2023. The excellent result in 2024 was again substantially due to a higher dividend from Axion SWISS Bank SA of CHF 25.0 million, as against CHF 14.4 million in 2023 (+73.6%). In addition, the AFS securities portfolio recorded revaluations of CHF 1.8 million.

Operating expenses increased by more than CHF 15.2 million in 2024 (+10.8%) to reach CHF 156.6 million. The increase in personnel expenses (+CHF 6.8 million) is due to the Bank's increased workforce to respond to the evolution of operations and the measures implemented to strengthen organisational and risk management structures. The increase of CHF 8.4 million in other operating expenses was mainly due to higher IT maintenance costs (+CHF 3.2 million), increased advertising costs (+CHF 1.8 million), higher costs for the maintenance of premises (+CHF 1.3 million), and greater recourse to external consultants (+CHF 1.0 million).

Value adjustments on participations and depreciation and amortisation of tangible and intangible assets, fell from CHF 13.7 million in 2023 to CHF 12.2 million in 2024, representing a decrease of 10.8%. The sale of a building owned by the Bank generated extraordinary income of CHF 2.4 million.

On a consolidated basis, Group net profit fell from CHF 101.0 million in 2023 to CHF 83.0 million in 2024, a decrease of 17.8%.

Axion SWISS Bank SA[25] posted slightly lower results: the affiliate recorded a reduction in net revenues (-CHF 2.3 million or -2.92%) and an increase in operating expenses (+CHF 2.3 million or +6.7%). The operating result decreased by CHF 5.1 million (-11.3%), while net income increased by CHF 2.5 million (+8.8%) compared to the previous year.

Changes in Client Funds

In 2024, the volume of client funds deposited with BancaStato increased by CHF 928.6 million (+5.9%), reaching CHF 16.65 billion. Net new money of CHF 468.3 million in 2024 was in line with the positive trend seen in the previous year. A similar trend was recorded for net new money at Axion SWISS Bank SA which increased from CHF 6.21 billion at the end of 2023 to CHF 7.03 billion on 31 December 2024 (+13.1%). The excellent inflow of new money totalling CHF 185.8 million continued in 2024. The volume of client funds deposited at BancaStato Group rose by CHF 662.9 million (+3.1%) to CHF 23.37 billion. The influx of net new money from clients totalled CHF 613.5 million, which confirms the increasing attractiveness of BancaStato Group.

Profitability, Efficiency and Financial Strength

BancaStato's profitability in terms of Return on Equity (ROE)[26] fell to 9.5% in 2024 from 10.3% in 2023. In this regard, it should be mentioned that in 2014 this profitability indicator stood at 5.0%, with own equity representing less than half its 2024 amount. Return on Risk Adjusted Capital (RORAC), which measures the profitability of risk-adjusted average core capital, decreased slightly compared to the previous year from 19.4% in 2023 to 17.8% in 2024. As regards efficiency indicators (Cost / Income I and II), defined as the ratio of operating expenses (respectively excluding and including depreciation and provisions for other operational risks) to net income, the Bank further consolidated the progressive positive trend it has demonstrated since 2014. The Cost / Income I ratio (which does not consider depreciation and provisions for other operational risks during the year) increased from 48.1% in 2023 to 54.4% in 2024 (as against a figure of 59.1% in 2014). The Cost / Income II ratio (which considers all costs,

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[25] For further information on the results achieved by Axion SWISS Bank SA, please refer to the company's Annual Report.

[26] The reference used to calculate ROE is net revenues before allocation to the reserve for general banking risks, while the reference capital comprises average core capital of the reporting year (net of any increase in endowment capital at year-end and of the year's allocation to reserves for general banking risks).

including depreciation and provisions during the year) followed the same trend, rising from 53.2% in 2023 to 58.4% in 2024. The slight change in the Cost / Income I and II ratios is mainly due to increased operating costs caused by the growth in staff in order to strengthen the Bank's internal control and risk management structures. The strategic measures implemented by the Bank in the last decade got its profitability off the ground, with operating income almost doubling over 10 years (from CHF 39.0 million in 2014 to CHF 77.7 million in 2024).

As at 31 December 2024, the Bank had a total of 547 employees on payroll (497.75 FTEs with apprentices calculated at 50%), compared to 487 staff at the end of 2023 (441.15 FTEs). The increase in the number of FTEs by 56.6 is due to the employment of specialist staff. At Group level, the number of employees rose from 562 to 632 (or from 513.75 to 581.25 FTEs, respectively).

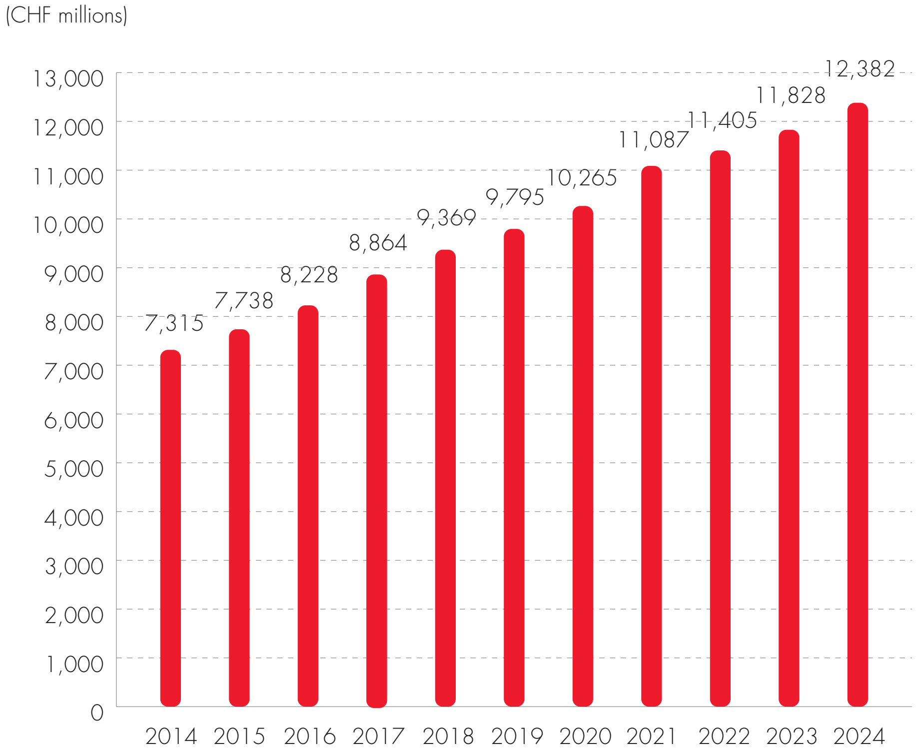
Over the past 10-year period, the Bank's capital adequacy, determined by the ratio of required capital to available funds[27], showed changes resulting from stricter requirements on the part of the supervisory authority set against repeated increases in endowment capital granted by the Canton, and allocations to reserves decided by the Bank in light of the increasingly excellent financial results achieved. Thus, required own funds rose from CHF 478.7 million with available own funds of CHF 956.6 million at the end of 2014—corresponding to a coverage ratio of 199.8% (equal to a regulatory own funds ratio of 16.0%)—to current requirements of CHF 780.5 million, with available own funds having increased to CHF 1,785.4 million, giving a coverage ratio for BancaStato at individual level of 228.7%, i.e. a total regulatory own funds ratio of 18.3%.

The figures for adequacy indicators at the end of 2024 compared to the previous year are set out below:

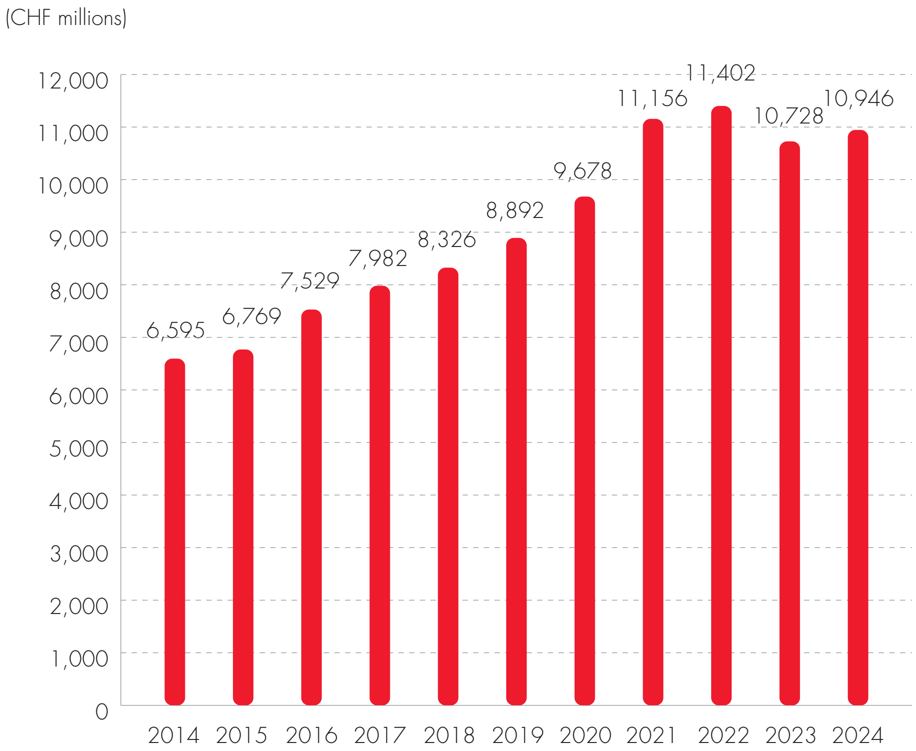
BIS adequacy indicators	**Prerequisite FINMA minimum**	**Individual Basis**		**Group Basis**	
		31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
Core Tier 1 (CET1)	8.7%	15.3%	15.2%	15.6%	15.6%
Tier 1 (T1)	10.5%	15.8%	15.8%	16.1%	16.1%
Total regulatory capital	12.9%	18.3%	18.4%	18.7%	18.7%

[27] Calculated on the basis of Basel III rules.

EVOLUTION OF MORTGAGE LENDING

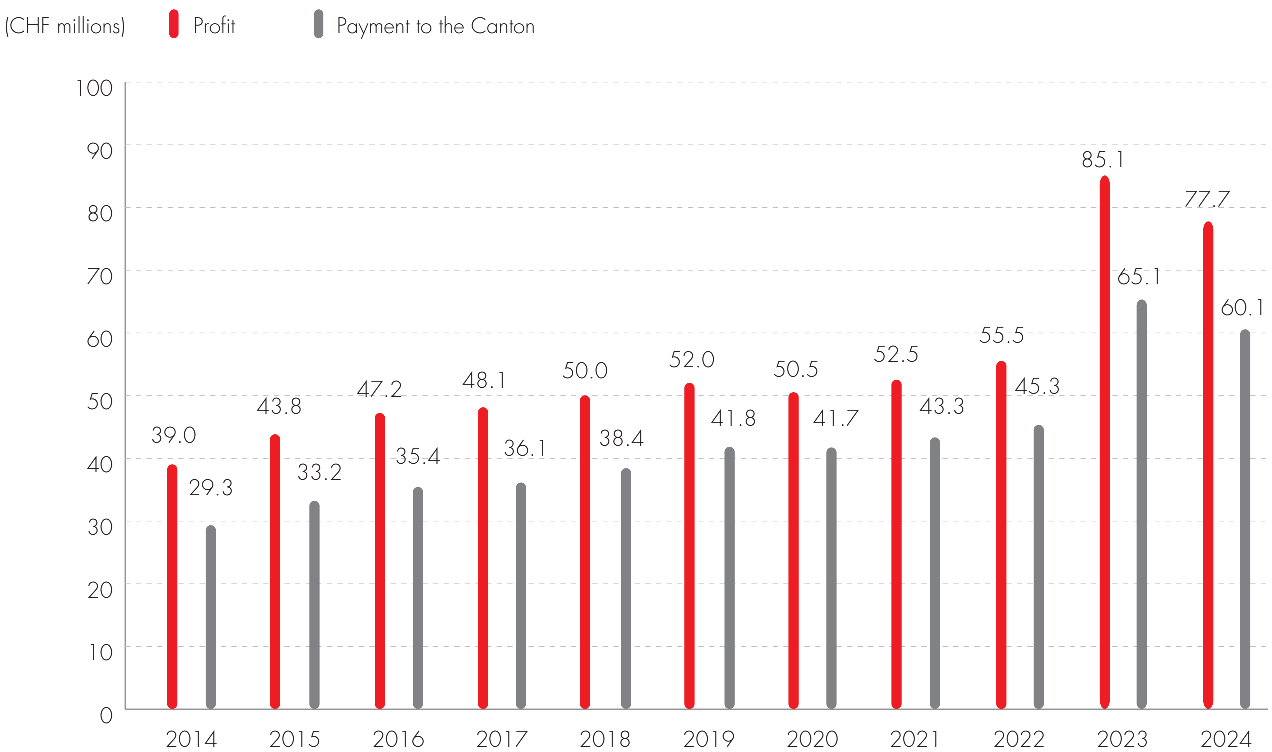


EVOLUTION OF AMOUNTS DUE IN RESPECT OF CUSTOMER DEPOSITS



EVOLUTION OF PROFIT

EVOLUTION OF THE PAYMENT TO THE CANTON



From Annual Report 2021

Outlook for 2025

Although, unlike Switzerland (where the target has been largely met), inflation in Europe and the United States remains above 2%, it has nonetheless continued to decline and expectations for 2025 are therefore for expansionary monetary policies by the respective central banks.

The gradual reduction in interest rates will support the economic cycle, which in the case of the United States will continue to be strong, although slower than in 2024, always supported by an objectively robust labour market. As for Europe, after years of sluggish growth, 2025 is set to see slightly better performance, also thanks to the Germany return to positive growth. This is good news for Switzerland, given our export industry is closely linked to the performance of the German economy.

Regardless of the fundamentals, a high degree of geopolitical uncertainty persists. Trump's tariff-based trade policy has brought a lot of market volatility and increased long-term growth expectations for US inflation. The tariffs themselves represent a real sword of Damocles for Europe and Switzerland, capable, in the worst-case scenario, of dampening weak growth expectations.

Barring unforeseen events, it is considered plausible that in 2025 growth will continue to be healthy and solid, for which the Bank has also invested at the level of own funds. Interest income should continue to be affected by the Swiss National Bank's expansionary monetary policy; on the other hand, the expected increase in volumes and the usual prudent refinancing policy should enable the Bank to close another year in positive territory, with results comparable to the still impressive figures of 2022.

Group Financial Statements

1. Consolidated Balance Sheet

(CHF thousands)	Reference to the Notes	**31.12.2024**	**31.12.2023**	**Change**
Assets				
Liquid assets		2,207,940	1,680,703	527,237
Amounts due from banks		329,714	301,487	28,227
Amounts due from securities financing transactions	5.10.1	610,000	-	610,000
Amounts due from clients	5.10.2	2,753,975	2,582,545	171,430
Mortgage loans	5.10.2	12,382,316	11,827,719	554,597
Trading activities	5.10.3	38,998	31,763	7,235
Positive replacement values of derivative financial instruments	5.10.4	28,743	22,959	5,784
Financial investments	5.10.5	775,969	1,211,528	-435,559
Prepaid expenses and deferred income		19,319	24,631	-5,312
Non-consolidated participations	5.10.6 and 5.10.7	8,070	8,089	-19
Tangible fixed assets	5.10.8	73,769	72,981	788
Intangible assets	5.10.9	6,918	10,201	-3,283
Other assets	5.10.10	23,376	220,265	-196,889
Total assets		**19,259,107**	**17,994,871**	**1,264,236**
Total subordinated loans		8,517	7,069	1,448
of which subject to mandatory conversion and/or debt waiver		*8,517*	*7,069*	*1,448*
Liabilities				
Amounts due to banks		703,764	475,678	228,086
Liabilities from securities financing transactions	5.10.1	511,000	480,000	31,000
Amounts due in respect of customer deposits		12,091,609	11,799,393	292,216
Negative replacement values of derivative financial instruments	5.10.4	30,846	50,728	-19,882
Bond issues and central mortgage institution loans	5.10.11 and 5.10.13	4,169,000	3,519,000	650,000
Deferred expenses and prepaid income		93,405	78,581	14,824
Other liabilities	5.10.10	57,743	62,536	-4,793
Provisions	5.10.14	13,683	18,826	-5,143
Reserves for general banking risks	4 and 5.10.14	664,000	604,000	60,000
Endowment capital	4	500,000	500,000	-
Retained earnings reserve	4	341,036	305,152	35,884
Group profit	4	83,021	100,977	-17,956
Total liabilities		**19,259,107**	**17,994,871**	**1,264,236**
Total subordinated liabilities		250,652	250,654	-2
of which subject to mandatory conversion and/or debt waiver		*250,652*	*250,654*	*-2*
Off-balance sheet transactions				
Contingent liabilities	5.10.2 and 5.11.21	164,522	157,554	6,968
Irrevocable commitments	5.10.2	408,995	407,499	1,496
Commitments for calls on shares and other equities	5.10.2	19,416	19,416	-

2. Consolidated Income Statement

(CHF thousands) Reference to the Notes		2024	2023	Change
Income and expenses arising from ordinary banking operations				
Result from interest operations				
Interest and discount income		386,618	368,591	18,027
Interest and dividend income from financial investments		16,031	14,656	1,375
Interest expenses		-130,515	-95,184	-35,331
Gross result from interest operations		**272,134**	**288,063**	**-15,929**
Changes in value adjustments for default risks and losses from interest operations		-9,930	-14,472	4,542
Net result from interest operations		**262,204**	**273,591**	**-11,387**
Result from commission business and services		**63,356**	**60,494**	**2,862**
Commission income from securities trading and investment activities		61,700	55,719	5,981
Commission income from lending activities		4,277	4,766	-489
Commission income from other services		12,653	13,082	-429
Commission expenses		-15,274	-13,073	-2,201
Result from trading activities and fair value option	5.12.23	**21,712**	**23,804**	**-2,092**
Other results from ordinary activities		**4,370**	**3,051**	**1,319**
Result from the disposal of financial investments		551	893	-342
Participation income		539	525	14
of which from participations valued using the equity method		-	-	-
of which non-consolidated participations		*539*	*525*	*14*
Real estate income		57	-342	399
Other ordinary income		3,754	2,637	1,117
Other ordinary expenses		-531	-662	131
Net revenues		**351,642**	**360,940**	**-9,298**
Operating expenses		**-191,356**	**-173,763**	**-17,593**
Personnel expenses	5.12.25	-118,796	-111,511[1]	-7,285
Other operating expenses	5.12.26	-72,560	-62,252	-10,308
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	5.10.6, 5.10.8 and 5.10.9	**-14,015**	**-14,436**	**421**
Changes to provisions and other value adjustments, and losses		**128**	**-742**	**870**
Operating result		**146,399**	**171,999**	**-25,600**
Extraordinary income	5.12.27.02	**3,890**	**2,176**	**1,714**
Extraordinary expenses	5.12.27.02	**-**	**-**	**-**
Changes in reserves for general banking risks	5.12.27.04	**-60,000**	**-64,000**	**4,000**
Taxes	5.12.28	**-7,268**	**-9,198**	**1,930**
Group profit		**83,021**	**100,977**	**-17,956**

[1] Including provisions totalling CHF 3 million for the adjustment of the staff pension plan to be implemented over 5 years (2024 and 2028).

3. Cash Flow Statement

(CHF thousands)	2024		2023	
	Source	Application	Source	Application
Cash flow from operating activities (internal financing)	**96,874**	**-**	**156,335**	**-**
Group profit	83,021	-	100,977	-
Change in reserves for general banking risks	60,000	-	64,000	-
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	14,015	-	14,436	-
Provisions	-	5,143	542	-
Prepaid expenses and deferred income	5,312	-	-	7,855
Deferred expenses and prepaid income	14,824	-	30,648	-
Other assets and liabilities	-	50,155	-	21,413
Interest on endowment capital from the previous year	-	25,000	-	25,000
Additional payment to the Canton for the previous year	- [1]	-	- [2]	-
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets	**-**	**11,501**	**-**	**17,662**
Non-consolidated participations	-	44	-	411
Real estate	937	80	1,305	3,659
Other tangible fixed assets	65	12,379	32	5,325
Intangible assets	-	-	-	9,604
Cash flow from banking activities	**441,864**	**-**	**-**	**1,503,307**
Medium and long-term transactions (> 1 year)	**459,224**	**-**	**224,844**	**-**
Amounts due to banks	55,968	-	-	-
Amounts due in respect of customer deposits	-	190,525	515,221	-
Bond issues and central mortgage institution loans	385,000	239,000	207,000	158,000
Bonds	754,000	250,000	250,000	-
Amounts due from banks	9,301	-	-	9,301
Amounts due from clients	53,518	-	-	178,262
Mortgage loans	-	554,597	-	422,827
Financial investments	435,559	-	21,013	-
Current assets	**-**	**17,360**	**-**	**1,728,151**
Amounts due to banks	172,118	-	95,675	-
Liabilities from securities financing transactions	31,000	-	80,000	-
Negative replacement values of derivative financial instruments	-	19,882	-	1,742
Amounts due in respect of customer deposits	482,741	-	-	1,554,090
Trading activities	-	7,235	3,512	-
Positive replacement values of derivative financial instruments	-	5,784	36,953	-
Amounts due from securities financing transactions	-	610,000	-	-
Amounts due from banks	-	37,528	5,900	-
Amounts due from clients	-	224,948	31,976	-
Other assets and liabilities	202,158	-	-	426,335
Liquid assets	**-**	**527,237**	**1,364,634**	**-**
Change in liquid assets	-	527,237	1,364,634	-
Total	**538,738**	**538,738**	**1,520,969**	**1,520,969**

[1] At the balance sheet closing date on 31.12.2024 the accounts for the previous year (2023) had not yet been approved.
[2] At the balance sheet closing date on 31.12.2023 the accounts for the previous year (2022) had not yet been approved.

4. Statement of Changes in Equity

(CHF thousands)	Endowment capital paid up	Retained earnings reserve	Reserves for general banking risks	Result of the period	**Total**
Equity at 01.01.2024	500,000	305,152	604,000	100,977	1,510,129
Appropriation of retained earnings 2023					
Assignment to statutory retained earnings reserve	-	*35,884*	-	*-35,884*	-
5% interest on endowment capital	-	-	-	*-25,000*	*-25,000*
Additional payment to the Canton	-	-	-	*-40,093*	*-40,093*
Allocation to reserves for general banking risks	-	-	60,000	-	60,000
Group profit	-	-	-	83,021	83,021
Total equity at 31.12.2024	**500,000**	**341,036**	**664,000**	**83,021**	**1,588,057**

5. Notes to the Group Financial Statements

5.1 GROUP ACTIVITIES AND PERSONNEL

5.1.1 Group activities

Banca dello Stato del Cantone Ticino (BancaStato or the Bank), based in Bellinzona, is an autonomous banking institution with legal personality under public law, which operates as a bank and whose primary aim is to favour the development of the economy in Ticino.

Its operations have evolved over 100 years and comprise the complete range of banking services provided by full service banks.

Amongst other things as part of a move to diversify its sources of revenue, BancaStato holds the capital of Axion SWISS Bank SA, Lugano (Axion).

Axion's core business is asset management for private as well as institutional clients, and it is active in the principal directly related services, such as securities and currency intermediation on the main international markets and lending. Operations in the lending business are prevalently focused on advances secured against assets.

5.1.1.1 Balance sheet transactions

Interest-earning transactions are largely executed with clients and in relation to interbank operations and they represent the Group's primary source of revenue. Loans to clients are generally secured by mortgages, and most lending is used to finance housing properties. Loans "secured against assets" are secured against deposited assets while commercial loans are granted against collateral or are unsecured.

Interbank operations almost entirely consist of short-term transactions. For medium and long-term funding, BancaStato turns to the capital market. In addition, it is a member of the Central Mortgage Bond Issuing Body of the Swiss Cantonal Banks and therefore regularly utilises bond issues floated by this institution.

The Banks of the Group hold a strategic security portfolio in medium to long-term investments, booked under financial investments.

5.1.1.2 Trading activities

The Group performs, on behalf of its clients, the full array of foreign exchange trading services offered by banks. Moreover, it trades on its own account in foreign exchange as well as, to a limited extent, in debt securities (bonds), equity securities (shares and participation certificates), structured products, investment funds and metals.

Currency trading activities on the Bank's own account are limited to a small number of currencies for which a liquid market exists.

5.1.1.3 Commission business and services

Asset management and administration, investment advice, payment transactions, as well as trading in securities and financial instruments on behalf of clients and loan related business, constitute the bulk of the Bank's commission activities and other services.

5.1.2 Group personnel

As at 31 December 2024, the Group had a total of 632 employees on payroll, i.e. 581.25 full-time equivalents (FTEs) with apprentices calculated at 50%, compared to 562 employees at the end of 2023 (513.75 FTEs).

5.1.3 Outsourcing

The Group outsources a number of its business services as defined by the FINMA Circular 2018/3 "Outsourcing". This includes payment transaction services, securities administration and the management of IT systems (central informatics) which are performed by the service provider Avaloq Sourcing (Switzerland & Liechtenstein) SA, Bioggio. All hardware (PCs, laptops and printers) is managed by Swisscom Ltd, Zurich. The expenses related to payment transactions, securities administration and back office stock exchange/currency/treasury, are reported under the item "Commission expenses" and amount to CHF 4,545,000 in 2024 (CHF 3,969,000 in 2023). We also note two applications, the management of which has been outsourced (Sherpany and Best Vision), which are subject to the criteria set out in the above circular.

In addition to the activities listed in the FINMA Circular, the Group contracts out activities pertaining to building management and maintenance as well as supplies.

In addition, within the Group, Axion outsources a number of middle office and support services to BancaStato.

5.2 ACCOUNTING AND VALUATION PRINCIPLES

5.2.1 In general

The accounting principles referred to by the Group and its various entities comply with the provisions of the Swiss Code of Obligations (CO), the Swiss Federal Law on Banks and Savings

Banks (Banking Act), the Ordinance on Banks and Savings Banks (Banking Ordinance) and the regulatory provisions issued by the Swiss Financial Market Supervisory Authority (FINMA), in particular the FINMA Accounting Ordinance and the FINMA Circular 2020/1 "Accounting - Banks".

The Group's financial statements are prepared on the basis of regular reporting and comply with the true and fair view principle.

All transactions are recorded at the time they are concluded. The balance sheet is presented on a transaction date basis.

5.2.2 General valuation principles

The financial statements are prepared on the going-concern assumption.

Balance sheet items and off-balance-sheet items are valued individually.

In principle, neither assets and liabilities nor expenses and income are allowed to be offset.

Receivables and payables are offset only in the following cases:

- deduction of value adjustments from the corresponding asset item;
- own debt securities and similar instruments are offset with the corresponding items in the liabilities;
- offsetting of positive and negative changes in book value with no income effect in the compensation account.

Expenses and revenues are offset only in the following cases:

- value adjustments and losses for default risk and other newly constituted value adjustments and losses are offset against the corresponding recovered amounts and released value adjustments;
- profit from trading forex and from transactions calculated at fair value option are offset against foreign exchange losses derived from such operations or transactions;
- positive value adjustments on financial investments calculated according to the lower value principle are offset against negative valuation adjustments;
- the results from hedging operations are offset against the corresponding results from the hedged transaction.

5.2.3 Financial instruments

5.2.3.1 Liquid assets

Liquid assets are recognised at their nominal value.

5.2.3.2 Amounts due to and from securities financing transactions

The item "Amounts due to and from securities financing transactions" comprises any receivables or payables from securities repurchase agreements effected with other banks through the Eurex REPO platform. The guarantees, which are part of the SNB basket, are revaluated on a daily basis and any excess or shortage of coverage is settled directly through the clearinghouse (SIX Group AG).

Securities transferred are not recognised in the balance sheet where the transferor retains the economic power to dispose of the related rights. The subsequent sale of securities received must be reported in the balance sheet as a non-monetary commitment valued at fair value.

5.2.3.3 Amounts due from banks, amounts due from clients and mortgage loans

These are entered at their nominal value.

Loans are evaluated individually according to uniform standards established to analyse the borrowers' solvency and the value of the collateral provided. For non-performing and impaired loans, value depreciation is covered by individual value adjustments which are directly offset by assets, with collateral considered at its liquidation value.

Value adjustments for risk of default that are no longer economically necessary, and that are not used for other similar requirements, are released through the income statement. This release occurs via the item "Changes in value adjustments for default risk and losses from interest operations". Interest due beyond 90 days that is not retroactively reversed is considered to be in default and no longer regarded as interest income. Value adjustments have been made against these, which are offset directly against assets (for more information, refer to section 5.5 "Methods used for identifying Default Risks and Determining the Need for Value Adjustments").

The methods used in order to identify the default risk from impaired loans and the default risk from non-impaired loans are also presented in section 5.5.

Precious metal account deposits are valued at fair value provided the precious metal concerned is traded on a price-efficient, liquid market.

5.2.3.4 Trading activities

Trading activities are securities and precious metals managed actively in order to take advantage of market price fluctuations or held in view of an arbitrage gain. Trading activities are valued and booked in the balance sheet at fair value. Fair value is the price set by an efficient and liquid market, in the absence of which the price is set at the lower of their cost or market value. Gains and losses, as well as adjustments to the abovementioned rate changes and the revenue from interest and dividends, are booked under "Result from trading activities and fair value option".

5.2.3.5 Positive and negative replacement values of derivative financial instruments

Operations with derivative financial instruments are used both for trading and hedging purposes.

Trading activities

All derivative financial instruments based on trading activities are valued at fair value and their positive or negative replacement value is recognised in the corresponding balance sheet entry. Fair value is based on the market value ("mark to market").

Derivative financial instruments include options, futures and forward contracts concluded on behalf of clients and on own account. Realised result from trading activities and non-realised result from valuation of trading activities are booked under the item "Result from trading activities and fair value option".

Hedging operations

For the management of its balance sheet, the Group makes use of derivative financial instruments in order to hedge interest rate risk. Hedging operations have the same valuation as the hedged operation. The result from hedging transactions is booked under the same item of the income statement as the result from the underlying transaction. Where no value adjustment for the underlying was booked, the result of the valuation of hedging instruments is recognised in the compensation account. The net balance on the compensation account is reported under "Other assets" or respectively "Other liabilities". The Bank documents the hedging operation as well as the goals and strategies of those transactions at the time they are concluded and periodically verifies the efficacy of the hedging arrangement. For aspects relating to hedging operations as well as the goals and strategies of hedging operations, see section 5.7 "Business policy regarding the use of derivative financial instruments and hedge accounting".

Netting

The Group nets positive and negative replacement values whenever there is a recognised and legally valid netting agreement.

Transactions on client account

As a rule, replacement values for transactions on client account are recognised in the balance sheet if the contract entails a risk of loss for the bank up to its maturity.

Over-the-counter (OTC) contracts: replacement values for commission activities are reported in the balance sheet.

Exchange-traded contracts: as a rule, replacement values are not recognised in the balance sheet unless, in exceptional cases, the accumulated daily loss (variation margin) is not covered in full by the initial margin (initial margin) actually required. The requirement of recognition in the balance sheet only applies to the part that is not covered.

5.2.3.6 Financial investments

Financial investments include debt securities, equity securities, structured products, investment funds, precious metals in physical form as well as real estate acquired within the ambit of lending business and intended for resale.

Debt securities purchased to be held until maturity are recognised at acquisition cost, with the allocation of premiums and discounts over the duration of the instrument ("amortized cost"). The amount of the premium or discount over the residual term is reported under "Interest and dividend income from financial investments". Any value adjustment resulting from the deterioration of the debtor's solvency is booked to the income statement under "Changes in value adjustments for default risks and losses from interest operations". Any profit or loss resulting from early disposal of these securities is spread over their residual duration, i.e. until their original maturity.

Debt securities and structured products acquired in view of subsequent sale before maturity (securities which are not in the trading portfolio) are valued at the lower of their cost or market value. The balance of price changes is included in "Other ordinary expenses" (if the market value is lower than the purchase value) or in "Other ordinary income" (for revaluations up to the acquisition cost). Any value adjustment resulting from the deterioration of the debtor's solvency is booked to the income statement under "Changes in value adjustments for default risks and losses from interest operations". Gains and losses are booked in the income statement under "Result from the disposal of financial investments".

Equity securities, shares in investment funds and precious metals are valued at the lower of their cost or market value. Value adjustments are reported under "Other ordinary expenses" or "Other ordinary income" (in the event of revaluation below or respectively above the purchase price).

Precious metals held for the purpose of covering metals account commitments are valued, as the latter are, at fair value.

Buildings reacquired by the Bank in connection with lending activities and intended for sale are entered in the balance sheet at the lower of purchase or sale price.

5.2.3.7 Non-consolidated participations

This item comprises company equity stakes, in terms of capital, held as long-term investments.

Non-consolidated participations are recorded at acquisition value less economically necessary depreciation, providing the preconditions for a valuation based on the equity method are not given. Each individual participation is valued separately. On a half-yearly basis, the Group determines whether participations have been depreciated, in which case impairment is booked under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

Companies on which a significant influence, but no control, can be exerted are valued according to the equity method. The booked value of the participation is adjusted to the net portion of assets held. Influence is deemed to be significant when the shares range between 20% and 50% of capital with voting rights.

The participation share in the capital of the Central Mortgage Bond Issuing Body of the Swiss Cantonal Banks has been partially paid-up. The commitment to pay up the outstanding amount is posted in off-balance sheet under the item "Obligations to pay up shares and make further contributions". In order to be able to furnish liquidity quickly in the event of a crisis, the shareholder banks have granted a credit limit in the amount of the further contributions; this figure has not been included in the off-balance sheet entry for "irrevocable commitments" in order to avoid a dual entry.

The profits obtained from the sale of participations are reported under "Extraordinary income" and any losses incurred are reported under "Extraordinary expenses".

5.2.3.8 Amounts due to banks and amounts due in respect of client deposits

These items are reported on the balance sheet at nominal value.

Amounts due in respect of precious metal account deposits are valued at fair value provided the precious metal concerned is traded on a price-efficient, liquid market.

5.2.3.9 Loans from central mortgage bond and loan issuing bodies

These items are reported on the balance sheet at nominal value.

5.2.4 Tangible fixed assets

Investments made in tangible fixed assets used over more than one accounting period are reported in the balance sheet.
This item includes Group premises, computer hardware and telecommunication equipment, licenses and software, technical facilities, furniture and vehicles.

Fixed assets are valued at cost less appropriate depreciation.

Depreciation has been calculated according to the straight line method and reported under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The depreciation period starts when the items are first utilised.

Depreciation rates are calculated over the useful life, estimated on a prudential basis:

• Land and buildings (masonry)	40 years (up to the official estimated value of the land)
• Equipment	15 years
• Banking facilities	5 years
• Hardware	5 years
• Furniture	5 years
• Works of art	5 years
• Vehicles	3 years
• Licences and software	2 years

The Group's Banks examine, with reference to the balance sheet closing date, whether each tangible fixed asset has suffered any loss in value. If so, the Group's Banks establish the realisation value of the tangible fixed asset concerned. The value of the asset is accordingly reduced if the book value exceeds the realisation value. As regards tangible fixed assets that are no longer used or that have depreciated to an extraordinary extent, they are subject to an impairment charge, which is reported under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

The profits obtained from the sale of tangible fixed assets are reported under "Extraordinary income" and any losses incurred are reported under "Extraordinary expenses".

5.2.5 Intangible assets

Intangible fixed assets acquired are reported under assets in the balance sheet where they generate economic benefits over more than one year. Any intangible fixed assets created by the Group's Banks are not reported as assets. Intangible fixed assets are reported in the balance sheet at the purchase price and amortisation charges are imputed according to the straight line method to the item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets" according to a prudent estimate of the duration of usage.

The Banks establish the realisation value for each intangible fixed asset on the balance sheet closing date and examine whether the value reported needs to be written down. The value of the asset is accordingly reduced if the book value exceeds the realisation value. The necessary accounting adjustment is reported under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

Goodwill is recognised on the balance sheet applying a straight-line amortisation over a 5-year period. An analysis is performed on a half-year basis in order to define the possible need for extraordinary amortisation. Also in this case, any extraordinary amortisation is reported under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

The profits obtained from the sale of intangible fixed assets are reported under "Extraordinary income" and any losses incurred are reported under "Extraordinary expenses".

5.2.6 Provisions

This item includes provisions for any inherent or latent default risk, provisions for off-balance sheet default risk, pension provisions, and a provision for deferred taxes in connection to Axion's "reserves for general banking risks".

Provisions are revalued every six months and are increased, maintained at the same level or released in line with the new valuations. Any provisions that are no longer economically necessary are released to the income statement.

The methods applied to the creation of "Provisions for default risks" in relation to off-balance sheet transactions in accordance with Article 28(6) OAPC-FINMA are described in section 5.5.2 "Non-impaired loans".

5.2.7 Reserves for general banking risks

"Reserves for general banking risks" are created in compliance with the FINMA Accounting Ordinance and the FINMA Circular 2020/1 Accounting – Banks. These prudently created reserves are set aside to cover latent risks related to banking activities. As laid down in Art. 21c of the Swiss Federal Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders (CAO), such reserves are considered as equity. Only the "reserves for general banking risks" of the parent company BancaStato are not subject to taxation. Any addition or release is booked in the income statement under "Changes in reserves for general banking risks".

5.2.8 Off-balance sheet

These are entered at their nominal value.

Individual provisions are made under "Provisions" for any risk of loss.

5.2.9 Foreign currency translation

The Group accounts are in Swiss francs.

Assets and liabilities denominated in foreign currency are converted into Swiss francs at the rate of exchange at the balance sheet closing date. Resulting gains or losses are disclosed in the income statement under "Result from trading activities and fair value option".

Proceeds and expenses generated in foreign currency are converted at the exchange rate applicable at the time the individual transactions are entered or the single economic flows are effected.

Maturing proceeds and maturing expenses (pro-rata) are accounted for in the income statement at the exchange rate applicable at the balance sheet closing date.

Exchange rates applied at the close of the financial year for the major currencies were as follows:

EUR/CHF 0.9381 (2023: 0.9310)
USD/CHF 0.9062 (2023: 0.8422)

5.2.10 Interest and discount income

Currency swaps are concluded with reference to interest operations; the result is reported under "Interest and discount income".

5.2.11 Treatment of the refinancing of trading positions

Income from interest and dividend from "Trading activities" are offset against refinancing costs of the trading portfolio.

5.2.12 Consolidation principles

5.2.12.1 Consolidation perimeter

Banks and companies in which BancaStato directly or indirectly holds a majority of voting rights or capital, or in which it has a controlling interest, are consolidated by the full consolidation method.

Minority participations (i.e. below 20%) or participations in non-financial activities, as well as participations held solely with a view to their future disposal, are excluded from the consolidation perimeter and are evaluated at their purchase value less appropriate depreciation. If the participation share is comprised between 20% and 50% of voting rights, the entry reported is based on the equity method.

5.2.12.2 Consolidation method

Capital is consolidated following the purchase method. Acquisition costs of the stake are offset by the subsidiary's existing equity at the time of purchase. Any goodwill is recognised on the balance sheet under "Intangible assets" and is amortised over a five-year period. Conversely, any negative goodwill (badwill) is immediately booked in the income statement under "Extraordinary income" if it is an authentic "lucky buy", while outflows of future resources are booked in the balance sheet under "Other liabilities". An impairment test is performed half-yearly. Should this test reveal that an asset value is no longer justified, a supplemental amortisation would be effected at that time.

Following the full consolidation method, and considering the above-mentioned offsets, the amounts of all balance sheet, off-balance sheet and income statement items of the subsidiaries are aggregated with the corresponding amounts of the Parent Bank's balance sheet, off-balance sheet and income statement.

Transactions between the various entities within the Group cancel each other out.

5.2.12.3 Consolidation period

The consolidation period corresponds to the calendar year beginning 1 January and ending 31 December. Acquisitions effected during the year are included in the income statement from the date of purchase. The statutory end-year closing for all Group entities is 31 December.

5.3 ADJUSTMENT OF THE ACCOUNTING PRINCIPLES FOR THE PRESENTATION OF FINANCIAL STATEMENTS

There were no changes in the accounting principles or in the presentation of accounts in 2024.

5.4 RISK MANAGEMENT

The Group, like any other financial institute, is subject to various banking-specific risks, namely credit, market, liquidity and operational risks.

Risk management is an utmost priority for the Group. Its goal is to identify, measure and monitor banking risks in order to preserve the Group's assets and to enhance profitability.

Risk management is defined in the Group's Rules and Regulations and in the Rules and Regulations of the single legal entities, and is reviewed annually. The Group's Rules and Regulations define the parameters the single legal entities must abide by.

The key elements of risk management are:

- a comprehensive risk policy;
- the use of recognised risk measurement and risk management methods and principles;
- the definition of the risk-tolerance and the various risk limits for each type of risk and the ongoing monitoring of compliance with these limits;
- timely and comprehensive reporting;
- the allocation of adequate financial, technical and human resources to risk management;
- emphasis on risk awareness and promoting a risk-sensitive corporate culture at all staff levels.

The Board of Directors exercises ultimate responsibility, supervision and control and as such is the supreme organ for managing risk. It defines the key elements of risk management. The Executive Board is responsible for implementing the Board of Directors' policies. In particular, it is the Executive Board's duty to ensure that a suitable risk management process is in place and that an effective risk monitoring system is activated. This includes the implementation of an organisation for its supervision at the consolidated level, and as regards outsourced activities.

In implementing its internal control system, the Group has defined three control levels. The first level, the so-called first line of defence, comprises the monitoring activities performed primarily by operational units, which are obliged to ensure an adequate control system within the scope of their activities. The second level or second line of defence, is formed by units which are independent of operational units. The third level comprises the oversight of the Internal Auditors. Risk is identified, measured and monitored by both the first line of defence and the second line of defence, which informs the Executive Board (or a committee thereof), which in turn reports to the Board of Directors on a regular basis.

An information system ensures that the members of the Board of Directors as well as the Executive Board are updated regularly regarding the Bank's and the Group's asset and financial position, as well as on the meeting of targets set and risks incurred.

Both the Board of Directors and the Executive Board periodically analyse the information received as regards credit, market, liquidity and operational risks.

In its meeting of 22 May 2024, the Audit and Risk Committee of the Board of Directors of the Parent Bank and, subsequently, the Board of Directors of the Parent Bank in its meeting of 3 June 2024, assessed the Group's risk profile.

In this regard, the Board of Directors annually reviews the applicable regulations, risk limits and tolerance. Capital and liquidity planning is prepared annually for a period of three years.

5.4.1 Credit risks

Credit risk stems from the inability of a counterparty to fulfil its contractual obligations, or from the reduced value of collateral or financial instruments issued by a third party and held by the Group's Banks (value of equity type securities, interest rate instruments, shares in collective capital investments) due to the worsening of its financial standing.

The Group's exposure to credit risk is primarily linked to lending activities, mostly mortgage loans, commercial loans and loans secured against assets granted to clients.

BancaStato operates essentially in the local market of Ticino and only marginally in other Cantons and abroad. Axion Swiss Bank SA operates primarily by granting loans secured against assets to its clients.

Credit risk is managed by analysing the transaction and the counterparty, as well as by setting lending margins on collateral and through credit granting and monitoring procedures at different hierarchical levels on the basis of the aggregate amounts granted and risk incurred. In addition, credit risk is managed by setting aggregated risk limits.

Competence delegating procedures on the part of the Board of Directors, as well as a solid internal organisational structure ensure that risk-incurring units are completely separate from risk-managing units.

The Board of Directors is responsible for approving large credit exposures as well as loans to members of the Executive Board and to the Chief Internal Auditor. At BancaStato, other loan granting competencies are entrusted to the Credit Risk Committee, and at Axion to the Executive Board who may delegate a limited part ad personam. The Credit Risk Committee is composed of three members of the Executive Board, the Head of Credit Management and Analysis Department or a Credit Officer. This Committee deals with all credit matters delegated to it and draws up notices to the Board of Director for decisions falling within the Board's competence. In addition, at BancaStato, competencies are delegated to the Head of the Credit Management and Analysis Department and to the staff of the Credit Office which is independent of client advisory units. Still at BancaStato, the specific authority to grant loans involving low risk profiles is delegated ad personam to client advisers. However, such loans may be granted only within the limits of the predefined parameters. An internal control system ensures loan granting processes and competency delegation rules are complied with. Loans reviewed and approved by the competent authorities are managed by the Credit Administration unit which is independent of client advisors and credit officers.

Credit risk management and monitoring are defined in the Banks' lending regulations. These state that the Group's Banks assume credit risk only after an in-depth analysis of the operation, including a review of credit-worthiness, transaction structure, integrity of the counterparties and collateral has been carried out. Each credit application is treated on the basis of standardised criteria set within each institute. Lending regulations are reviewed annually and supplemented by internal directives, service orders and operational manuals.

To assess creditworthiness, the Group's Banks refer to external ratings prepared by first-class rating agencies when available. BancaStato also utilises a rating model for granting mortgage and business loans to its private and commercial clients.

The rating model ensures a classification of clients based on standard criteria divided into 10 rating classes, assigning a probability of default to each counterparty. It is used to determine borrowing capacity and to analyse the credit risk, as well as to define the interest rate on the loan as a function of risk.

Credit exposure to counterparties are restricted by credit limits. Sustainability calculation procedures are regulated by internal rules and regulations. The maximum loan amount granted to businesses is determined on the basis of a calculation of their financing potential which, in turn, is closely linked to the durable income (cash flow) that the business is able to generate to remunerate debt capital. This same sustainability principle is applied to calculate loans to private clients. In particular, sustainability calculations for mortgage loans are performed by comparing available income over the long term with expenses associated with the property (i.e. interests, loan amortisation and ancillary expenses relating to the building).

Maximum loan values are set for each type of collateral. The maximum amount for a mortgage loan is established based on the debtor's ability to pay and on the value of the real estate being mortgaged. The valuation principles applied to collateral are described in the section 5.6 "Valuation of collateral". For loans secured against assets, the assigned limit is determined on the basis of a foreseeable value of pledged assets which are revalued at market value on a daily basis.

The Group's Rules and Regulations and the Banks' Rules and Regulations set the limits within which the various Group entities are authorised to assume a country risk.

The credit risk on financial instruments owned by the Group's Banks is managed by adhering to product, diversification and quality restrictions as established by the Board of Directors.

Interbank business, which is derived from client and own business, is carried out within a predefined limit system with primary Swiss and international banks. The maximum amount set depends on the counterparty's solvency which is constantly monitored. Compliance with these limits is monitored by a unit which is independent from the risk assuming unit.

Concentration risk is monitored by the Risk Management Department. The Group undertakes periodic stress tests in relation to its own credit risk concentration.

5.4.2 Market risks

5.4.2.1 Interest rate risk

As the Group is heavily involved in balance sheet transactions, interest rate risk may have a significant impact on the principal sources of income, and therefore on the interest margin. The Group's exposure to rate risk is primarily caused by the time lapse between fundraising and application. The measurement and control of risk resulting from this imbalance are of primary importance to any bank, and form part of the asset & liability management (ALM) function which lies within the competence of BancaStato's ALCO, comprised (with voting rights) of the members of the Executive Board, the Head of the Financial Markets Department and the Head of the Risk Management Department. At Axion, this activity falls within the remit of the Investment Committee, acting through the ALM sub-committee.

As regards the ALM activity, the Group's risk policy, as approved by the Board of Directors, defines the modes of operation, the tolerance and limitations, and regulates risk monitoring. Competencies are determined in terms of changes in current equities for a 1% sudden parallel shift in market rates (value effect) and a movement in interest margin in the following 12 months still with the same market parameter variations (income effect). On the basis of the chosen methodology, monitoring refers to the present value of equity and to the variation of net interest income in the 12 months following measurement. A software feature enables the Risk Management Department to regularly provide the ALCO and Axion's Risk Committee with information on risk exposure, simulations of the interest margin, as well as to perform stress tests, i.e. analyses based on predetermined potentially negative scenarios.

For the management of the rate risk inherent to variable rate products without fixed maturity, replication models are used to assess such risk. These models take into consideration both the evolution of interest rates and the impact on balance sheet volumes as a result of client behaviour. The validity of these replication models is verified annually.

To cover or mitigate exposure to interest rate risk, hedging derivative instruments may be used (these are substantiated to match the hedged item, and their effectiveness is periodically monitored by the Risk Management Department).

The Treasury, Forex & Trading organisational unit guarantees long-term refinancing and manages the interest rate risk by considering the objectives of the Group's Banks, i.e.:

- record, measure and manage all interest rate risks arising from client transactions with the Bank;
- generate risk-adjusted income within the risk limits;
- ensure cost-effective refinancing in line with the development of the balance sheet;
- monitor liquidity and avoid potential liquidity shortfalls.

5.4.2.2 Currency risk

The Group's currency risk management serves to minimise any negative impact on its earnings due to interest rate changes. Basically, the goal is to balance the assets denominated in foreign currencies with the liabilities in the same currency. This exposure is under constant monitoring.

5.4.2.3 Trading activities

The Group's exposure to market risks arising from trading activities is limited and mostly in relation to client requirements. In this respect, prudent limits of maximum exposure have been established based on the asset value at risk (position and loss limits). The Group does not engage in market making activities. The limits for trading positions are verified daily by independent units.

The Risk Management Department submits to the Executive Board, on a regular basis, detailed information on exposures and compliance to the set limits, which the Executive Board then passes on to the Board of Directors.

5.4.3 Liquidity risk

Liquidity risk is managed and monitored actively by setting a risk tolerance, a minimum reserve of liquidity, a system of limits and indicators, as well as the diversification of refinancing (source, currencies and durations) and the implementation of stress scenarios. In fact, the internal policy regarding liquidity risk prescribes that the Group must have available the needed liquidity on a permanent basis to fulfil its own payment commitments, even in stress situations, as well as comply with the applicable banking provisions.

The ALCO manages liquidity risk and draws up the strategy, the limits and the objectives in compliance with the mandate received by the Board of Directors. The Treasury, Forex & Trading organisational unit acts within the limits and according the objectives set by the ALCO. The Risk Management Department monitors liquidity, the financing situation and concentration risks. At Axion, liquidity risk is managed by its Risk Committee, autonomously within the parameters defined by the Parent Bank.

The emergency liquidity plan is a key aspect of the crisis management plan. It includes intervention measures to counter any liquidity crisis, taking into account liquidity indicators and ratios, and outlining emergency procedures.

5.4.4 Operational risks

Operational risks are inherent to banking activities and consist of the risk of incurring financial losses due to the inadequacy or ineffectiveness of internal procedures or systems, human errors or misconduct, or external events. Operational risks include legal and compliance risks.

The management of operational risk consists primarily in the adoption of risk mitigating measures aimed at eliminating or reducing risk. In-house rules and regulations define the organisation of work and limit the extent of operational risk.

Risk management, including operational risk, is effected through an internal control system comprising all control structures and processes which, at all levels, are fundamental to achieve the correct functioning of the Banks and the achievement of their business policy objectives.

In the second line of defence, the Compliance Department is responsible for verifying the adherence to applicable regulatory provisions, as well as due diligence duties. It also ensures that the internal regulations are continuously adapted to new legal and regulatory provisions. The Risk Management Department is in charge of designing and setting up appropriate risk-monitoring systems, verifying risks incurred and coordinating internal control systems. The Security and Technological Risks Department is responsible for defining and implementing a process for dealing with security and technological risks as well as for monitoring risks related to providers, including providers of outsourced services, Business Continuity Management and operational resilience

The Group records and analyses all information on occurrences of operational malfunction which result in a financial impact (gain and loss) and classifies these data on the basis of standardised criteria. The frequency, seriousness and causes of the various events are duly assessed, and corrective measures implemented as needed. Periodic reporting to the Group's authorities is carried out by independent units.

The Banks perform periodic reviews of internal control procedures during which they assess the operational effectiveness of control with regard to existing risks, implementing improvement measures as needed.

The Group invests in training staff and in the promotion of risk-awareness, particularly for those employees who are in direct contact with clients.

Periodically, the independent organisational units tasked with monitoring operational risks submit to the Parent Bank's Risk Committee their findings resulting from the internal control system within the various Group entities along with a summary notice on major risks. The Risk Committee is responsible for ensuring appropriate surveillance of overall risks. A condensed analysis of information on these issues is forwarded to the Board of Directors.

5.4.5 Required capital and other risk indicators

The information requested on the basis of FINMA Circular 2016/1 “Disclosure - banks” regarding disclosure requirements with respect to required capital and other risk indicators are provided on BancaStato’s website (www.bancastato.ch)

5.5 METHODS USED FOR IDENTIFYING DEFAULT RISKS AND DETERMINING THE NEED FOR VALUE ADJUSTMENTS

The need for value adjustments or provisions is reviewed whenever any given credit exposure features characteristics indicative of a potential risk of insolvency on the part of the debtor or a deterioration in the value of collateral, and also globally on a quarterly basis. Value adjustments and provisions are reported for both impaired and non-impaired loans.

5.5.1 Impaired loans

Loans are monitored in a differentiated manner according to established procedures based on the risk profile of exposures.

In order to guarantee the periodic and seamless monitoring of all assumed credit risks, all credit facilities must be renewed. Credit monitoring is performed through a variety of periodic analyses carried out by the responsible client adviser, the Credit Office and the Recovery and Repositioning unit with the aim of identifying any sign of reduced creditworthiness, and forestalling circumstances which might impair loans or require action to reduce risk. The prerequisites for the renewal of credit facilities are modelled on those for the granting of new loans. The results of such recurrent analyses will directly determine if the credit limit is to be adjusted or maintained.

The renewal conditions are established for each individual loan based on the type of client and product, as well as the collateral and loan characteristics. Moreover, each loan must be subjected to a fresh review in those circumstances affecting the debtor’s solvency or if the debtor is more than 90 days overdue in interest, amortisation or commission payments or is unable to fully reimburse capital (non-performing loan).

Non-performing or impaired loans that have been granted by BancaStato are monitored by Recovery and Repositioning, a designated organisational unit specialising in recovery which is independent of client interface.

Outstanding loans and value of collateral for securities-based loans are monitored daily. If the collateral value of the securities falls below the amount of the credit line, the amount of the loan is either reduced or additional collateral is requested. In the absence of a settlement, the securities may be utilised, and the credit position closed out.

Non-performing and impaired loans are assessed individually, considering existing collateral at its liquidation value. Any risk of default is subject to an individual value adjustment. The value adjustment represents the expected loss with the counterparty with regard to the corresponding transaction. The organisational unit proposing the loan is responsible for setting any necessary value adjustment which will be decided upon by units independent of client interface. Similarly, the Recovery and Repositioning unit which is in charge of litigation procedures at BancaStato is tasked with proposing value adjustments or provisions with regard to the credits it was entrusted with.

BancaStato’s ALCO and Axion’s Investment Committee monitor the risk of loss in the financial investment portfolio on the basis of market values or specific analyses.

Portfolio analyses, along with stress tests performed by the Risk Management Department, are used to identify any possible risk of loss present in the loan portfolio.

5.5.2 Non-impaired loans

Experience shows that, even for a loan portfolio that does not feature any specific signs of difficulty, there may be implicit risks of loss that only manifest themselves at a later stage. BancaStato records value adjustments and provisions for inherent default risk (of intrinsic insolvency) in order to cover this risk of default that has not yet manifested itself, but that is implicit within lending activity.

Significant credit exposure

Value adjustments for inherent default risk have been applied to the following balance sheet items:

- Due from banks;
- Debt securities from the portfolio of financial investments purchased to be held until maturity;
- Amounts due from clients;
- Mortgages.

Provisions for inherent default risk have been established for the following off-balance-sheet items:

- Contingent liabilities;
- Irrevocable commitments.

Impaired loans – which are subject to specific value adjustments or for which provisions are made on the basis of individual assessments to establish the likely reduction in value – are excluded from the procedure for calculating the need for value adjustments or provisions for default risk.

General valuation principles

Value adjustments and provisions for inherent default risk are established or released according to a calculation model based on the anticipated loss. The anticipated loss on individual credit exposure items or on off-balance sheet transactions is determined with reference to the probability of default for different categories of rating, multiplied by a default rate (loss given default), calculated with reference to available collateral.

As regards the ratings of the respective exposures and the probability of default for the balance sheet items "Due from clients" and "Mortgage loans", as well as the off-balance-sheet "Contingent liabilities" and "Irrevocable commitments", BancaStato assesses clients mainly according to a ten-stage rating model developed by a specialist company, which takes account of both quantitative and qualitative factors. The probability of default is defined over a timeframe of one year and is adjusted periodically on the basis of actually observed instances of default. When allocating a rating to exposure to banks and for debt securities in the portfolio of financial investments, BancaStato uses the ratings calculated by leading financial institutions. Losses in the event of default applied to the various types of collateral are determined on the basis of historical figures and market data. The anticipated loss is calculated based on effective exposure at the reference date, using conversion factors for off-balance sheet exposure.

Value adjustments and provisions for inherent default risk, which are calculated according to the methodology described above (over a timeframe of one year), are then extrapolated by multiplication to a timeframe of four years, in order to give full consideration to the potential risk that could manifest itself over the course of a full economic cycle.

The criteria defined and the parameters used in order to calculate value adjustments and provisions for inherent default risk (probability of default, loss in the event of default, exposure at the time of default, etc.) are reviewed annually by internal specialists based on an updated assessment of risks and – where considered necessary – are themselves updated.

Reporting method

Value adjustments for default risk inherent to non-impaired items have been deducted from the respective asset items in the balance sheet, whilst provisions for default risk inherent to off-balance-sheet items have been reported under the entry for "Provisions".

Constitution and release

The constitution and subsequent release of value adjustments (for balance sheet items) or respectively provisions (for off-balance-sheet items) for default risk inherent to non-impaired items have been reported under the entry in the income statement for "Changes in value adjustments for default risk and losses from interest operations" as regards the former and "Changes to provisions and other value adjustments, and losses" as regards the latter.

Usage

Value adjustments or provisions for inherent default risk may be used in order to apply individual value adjustments on impaired loans or to make specific provisions for off-balance sheet items. Having regard to the need to make value adjustments or provisions for exceptionally high amounts, the Board of Directors assesses whether it is appropriate to use all or part of the value adjustments or provisions for previously established inherent default risk. An exceptional situation could arise for example where the total amount of value adjustments or individual provisions exceeded 5% of the item "Gross result from interest operations".

Reconstitution

In the event that part of the value adjustments or provisions for default risk inherent to non-impaired items are used in order to cover value adjustments or provisions for default risk relating to impaired items pursuant to Article 28(1) OAPC-FINMA, the amounts used must be reconstituted within no more than 5 financial years (on either a straight-line or accelerated basis). If the Group is faced with an extraordinary crisis that continues for several years, with the result that it is necessary to make value adjustments or draw on provisions for inherent default risk previously constituted, the time from which the shortfall must be reconstituted may be deferred, provided that it is mentioned in the notes to the financial statements.

Insufficient cover

As at 31 December 2024, the need for value adjustments and provisions for default risk inherent to non-impaired loans is covered in full by the amounts reported in the accounts.

5.6 VALUATION OF COLLATERAL

5.6.1 Mortgage-based loans

Within the Group, only BancaStato grants mortgage-based loans.

An up-to-date valuation of the collateral exists for each loan which is secured by real estate. Real estate pledged as loan collateral is re-evaluated periodically.

Both the characteristics of the asset pledged, and its present and future economic use are taken into account in the appraisal of real estate. As a general rule, the valuation is based on market value, an amount corresponding to the price that may be obtained within a period of one year under normal market conditions as a result of supply and demand.

Residential properties may be evaluated, within specified limits, by specifically dedicated consultants with the help of approved hedonic valuation models that compare property transactions data on the basis of the detailed characteristics of each property. In the case of multifamily housing, commercial buildings and special properties, internal real estate appraisers, as well as any external certified appraiser, calculate these values amongst others by taking into consideration rental income. If the credit rating is low, a liquidation value is calculated.

The lowest value resulting from the internal valuation, purchase price and any external estimate, defines the value of the pledged collateral.

Properties pledged as collateral against impaired loans are estimated at their liquidation value.

5.6.2 Securities-based loans

In general, transferable financial instruments (such as bonds and shares) that are liquid and actively traded, are accepted for securities-based loans. Similarly, transferable structured products for which there is regular market information and a market maker are also accepted.

To calculate the value of liquid and negotiable securities, the Banks apply a discount to the market value in order to cover market, credit and liquidity risks associated with these securities. Discounts may vary depending upon the type of product, the counterparty's rating, the residual duration of the financial instrument and the currency. The discounts used for structured products are higher than those for other financial securities. For life insurance policies and bank guarantees, these discounts are determined on the basis of the product and counterparty.

5.7 BUSINESS POLICY REGARDING THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are used for trading and hedging purposes.

Derivative financial instruments are traded exclusively by specially trained personnel. The Group's Banks do not act as market makers. Trading is undertaken both with standardised and OTC instruments on own account and on behalf of clients, especially interest-, currency-, equity-/index-based instruments. There is no trading in credit derivatives.

Derivative financial instruments are used for risk management purposes, primarily to hedge interest rate risks.

In general, recognition in the income statement of the result of a hedging transaction follows the same principles applied to the secured underlying. As a consequence, results from hedging operations with derivative financial instruments within the framework of the structural management of the balance sheet are booked on a pro rata basis (accrual method). Hedging is considered effective when it is active from its inception and for the entire duration, when there is an economic relationship between the hedged operation and the hedging transaction, and when the changes in value (hedged and hedging transactions) have an inverse correlation with respect to the hedged risk. An independent risk-management unit monitors hedging operations in order to identify any surplus hedging, which is reclassified under the income statement under "Result from trading activities and fair value option".

The use of interest rate swaps (IRS) in the structural management of the balance sheet serves to hedge interest rate variations. Primarily plain vanilla swaps, both payer and receiver, may be used. In general, receiver swaps are used to hedge specific individual fixed rate items in liabilities and are therefore considered micro hedges. On the other hand, portfolio items or fixed rate positions under assets are hedged through payer swaps and are therefore considered macro hedges.

Short term interest rate swaps are used to manage the gap between assets and liabilities with maturities below 12 months as well as for the current management of liquidity.

The Group uses currency swaps as an alternative to either an interbank investment in foreign currency of excess liquidity, particularly in the case of uncertainty with regard to the quality of foreign counterparts, or interbank refinancing in foreign currency. With currency swaps, banks can transform excess liquidity in foreign currency into Swiss francs, for a fixed period, thus enabling its placement in domestic currency, or convert excess liquidity in domestic currency into foreign currency in order to finance loans in foreign currency. The result from swap operations is booked in the income statement under "Interest and discount income".

5.8 EXPLANATIONS OF SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No major event occurred after the balance sheet date that would have a decisive impact on assets, the financial position or the income of the Group as at 31 December 2024.

5.9 REASONS WHICH HAVE LED TO EARLY RESIGNATION OF THE AUDITORS

PricewaterhouseCoopers SA, Lugano were designated as External Auditor for the Group, and are still in office. The External Auditor continues to fulfil this function.

5.10 INFORMATION ON THE BALANCE SHEET

5.10.1 Breakdown of securities financing transactions (assets and liabilities)

(CHF thousands)	31.12.2024	31.12.2023
Pledged or assigned assets to secure own commitments (excluding advances and repurchase agreements with securities)		
Securities lending, securities borrowing and repurchase agreements		
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions[1]	610,000	-
Book value of obligations from cash collateral received in connection with securities lending and repurchase agreements[1]	511,000	480,000
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	499,907	494,538
of which with unrestricted right to resell or repledge	*499,907*	*494,538*
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	610,848	-
of which repledged securities	-	-
of which resold securities	-	-

[1] Prima di considerare eventuali accordi di compensazione (netting).

5.10.2 Presentation of collateral for loans / receivables and off-balance sheet transactions, as well as impaired loans/receivables at 31.12.2024

(CHF thousands)	Type of collateral			
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from clients	244,653	790,584	882,628	1,917,865[1]
Due from public corporations	1,131	1,245	881,079[2]	883,455
Mortgage loans	12,426,030	-	1,852	12,427,882
Residential premises	*8,997,608*	-	*1,186*	*8,998,794*
Office and business premises	*2,014,643*	-	-	*2,014,643*
Crafts and industrial premises	*613,769*	-	*511*	*614,280*
Other	*800,010*	-	*155*	*800,165*
Total loans (before netting with value adjustments)	**12,671,814**	**791,829**	**1,765,559**	**15,229,202**
Previous year	12,101,109	727,042	1,666,960	14,495,111
Total loans (after netting with value adjustments)	**12,628,102**	**771,620**	**1,736,569**	**15,136,291**
Previous year	12,054,863	710,616	1,644,785	14,410,264
Off-balance sheet transactions				
Contingent liabilities	4,890	54,050	105,582	164,522
Irrevocable commitments	32,388	69,346	307,261[3]	408,995
Commitments for calls on shares and other equities	-	-	19,416	19,416
Total off-balance sheet transactions	**37,278**	**123,396**	**432,259**	**592,933**
Previous year	44,929	113,703	425,837	584,469

(CHF thousands)	Gross debt amount	Estimated liquidation value	Net debt amount	Individual value adjustments
Impaired loans				
Year under review	**168,917**	**120,385**	**48,532**	**48,532**
Previous year	144,842	99,698	45,144	45,144

[1] Including CHF 46.1 million in COVID-19 and COVID-19 Plus loans (2023: 72.9 million), secured almost entirely by a guarantee provided by the federal government.
[2] Including loans to entities related to public institutions for CHF 95.0 million (2023: CHF 97.4 million).
[3] Including CHF 58.8 million (2023: CHF 59.0 million) as a required share for deposit guarantee purposes..

5.10.3 Breakdown of trading portfolios and other financial investments with fair value option (assets and liabilities)

(CHF thousands)	31.12.2024	31.12.2023
Trading portfolio assets		
Debt securities, money market securities	184	-
of which listed	*184*	-
Equity securities	345	29
Shares in investment funds	515	500
Precious metals and commodities	36,172	29,662
Structured products	1,782	1,572
Total trading portfolio assets	**38,998**	**31,763**
of which determined using a valuation model	-	-
of which securities eligible for repurchase agreements, in accordance with liquidity requirements	-	-

5.10.4 Presentation of derivative financial instruments (assets and liabilities)

(CHF thousands)	Trading instruments			Hedging instruments		
	Replacement values		Contract volume	Replacement values		Contract volume
	positive	negative		positive	negative	
Interest rate instruments						
Swaps	-	-	-	4,015	9,762	500,000
OTC Options	-	-	-	-	-	-
Total interest rate instruments	**-**	**-**	**-**	**4,015**	**9,762**	**500,000**
Foreign currencies / precious metals						
Forward contracts	7,741	1,558	320,404	282	-	10,502
Swaps (interest rate/currency)	16,240	19,061	2,378,968	-	-	-
OTC Options	465	465	61,954	-	-	-
Total foreign currencies / precious metals	**24,446**	**21,084**	**2,761,326**	**282**	**-**	**10,502**
Total derivative financial instruments	**24,446**	**21,084**	**2,761,326**	**4,297**	**9,762**	**510,502**
of which determined using a valuation model	*24,446*	*21,084*	-	*4,297*	*9,762*	-
Total previous year	11,909	50,478	3,023,259	11,050	250	453,495
of which determined using a valuation model	*11,909*	*50,478*	-	*11,050*	*250*	-

Recapitalisation

(CHF thousands)	Positive replacement values (cumulated)	Negative replacement values (cumulated)	Contract volume
Trading instruments	24,446	21,084	2,761,326
Hedging instruments	4,297	9,762	510,502
Total before netting agreements	**28,743**	**30,846**	**3,271,828**
Total previous year	22,959	50,728	3,476,754
Total after netting agreements	**28,743**	**30,846**	**3,271,828**
Total previous year	22,959	50,728	3,476,754

Breakdown by counterparty

(CHF thousands)	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	18,469	10,274

5.10.5 Breakdown of financial investments

(CHF thousands)	Book value		Fair value	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
Debt securities	717,515	1,140,851	729,042	1,128,155
of which intended to be held to maturity	*709,127*	*1,133,911*	*720,629*	*1,121,215*
of which not intended to be held to maturity (available for sale)	*8,388*	*6,940*	*8,414*	*6,940*
Shares in investment funds	30,962	43,224	32,049	43,265
Equity securities	11,896	12,567	12,383	13,123
of which qualified participations (at least 10% capital stake or voting rights)	-	-	-	-
Structured products	178	-	178	-
Precious metals	70	79	70	79
Real estate	15,348	14,807	15,348	14,807
Total financial investments	**775,969**	**1,211,528**	**789,070**	**1,199,429**
of which securities eligible for repo transactions in accordance with liquidity requirements	*540,818*	*958,010*	*548,801*	*942,353*

Breakdown of counterparties by rating

(CHF thousands)	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB**	**BB+ to B-**	**Below B-**	**Unrated**
Book value of debt securities	602,300	76,307	16,968	3,398	-	18,542

The valuations of debt securities are based on ratings by Standard & Poor's.

5.10.6 Presentation of non-consolidated participations

(CHF thousands)	Acquisition cost	Accumulated value adjustments and/or changes in book value (equity method)	Book value 31.12.2023	2024				Book value 31.12.2024	Market value
				Investments	Disposals	Value adjustments	Changes in book value of participations valued using the equity method / depreciation reversals		
Other participations									
listed	-	-	-	-	-	-	-	-	-
unlisted	17,205	9,116	8,089	44	-	63	-	8,070	-
Total nonconsolidated participations	**17,205**	**9,116**	**8,089**	**44**	**-**	**63**	**-**	**8,070**	**-**

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

Companies are recognised on the basis of the full consolidation method

Company name	Head office	Activity	Company capital (CHF thousands)	Share of		Held	
				of capital in %	of votes in %	direct	indirect
Axion SWISS Bank SA	Lugano	Banking	43,000	100.0%	100.0%	100.0%	-

Other significant permanent non-consolidated participations valued according to the equity method

Company name	Head office	Activity	Company capital (CHF thousands)	Share of		Held	
				of capital in %	of votes in %	direct	indirect
Tele Ticino SA	Melide	Radio and television productions	4,950	23.01%	17.24%	17.24%	-
Altrafin AG	Zurich	Financial company	365	40.00%	40.00%	40.00%	-

Other significant permanent non-consolidated participations

Company name	Head office	Activity	Company capital (CHF thousands)	Share of		Held	
				of capital in %	of votes in %	direct	indirect
Autosilo Piazza del Sole SA	Bellinzona	Car park	2,000	10.00%	10.00%	10.00%	-
Billte AG	Adliswil	Software development	151	12.05%	12.05%	12.05%	-
Centro Sci Nordico Campra SA	Blenio	Management of Nordic Ski Centre	2,000	5.00%	5.00%	5.00%	-
NNH Holding AG	Zurich	Real estate market promotion	100	5.50%	5.50%	5.50%	-

The Group holds other permanent participations with a non-significant share of capital (holding smaller than 5%).

5.10.8 Presentation of tangible fixed assets

(CHF thousands)	Acquisition cost	Accumulated depreciation	Book value 31.12.2023	2024				Book value 31.12.2024
				Transfers	Investments	Disposals	Depreciation	
Bank buildings	191,620	144,175	47,445	4,711	23	937	3,039	43,492
Other real estate	27,413	16,582	10,831	-	57	-	508	10,380
Acquired software	110,242	105,334	4,908	-	7,604	-	3,245	9,267
Other tangible fixed assets	126,942	117,145	9,797	-4,711	4,775	65	3,877	10,630
Total tangible fixed assets	**456,217**	**383,236**	**72,981**	**-**	**12,459**	**1,002**	**10,669**	**73,769**

Operating lease

(CHF thousands)	31.12.2024	31.12.2023
Leasing commitments not recognised in the balance sheet		
Expiry within 1 year	265	133
Expiry between 1 and 5 years	921	151
Total leasing commitments not recognised in the balance sheet	**1,186**	**284**
of which eligible for cancellation within 1 year	-	-

5.10.9 Presentation of intangible assets

(CHF thousands)	Acquisition cost	Accumulated depreciation	Book value 31.12.2023	2024				Book value 31.12.2024
				Transfers	Investments	Disposals	Depreciation	
Goodwill	17,734	7,533	10,201	-	-	-	3,283	6,918
Total intangible assets	**17,734**	**7,533**	**10,201**	**-**	**-**	**-**	**3,283**	**6,918**

5.10.10 Breakdown of other assets and other liabilities

(CHF thousands)	31.12.2024	31.12.2023
Other assets		
Compensation account	3,393	-
Indirect taxes	1,569	1,254
Various other assets	18,414[1]	219,011[2]
Total other assets	**23,376**	**220,265**
Other liabilities		
Direct / indirect taxes	13,465	10,665
Compensation account	4	12,755
Matured non-redeemed cash bonds	120	120
Memorandum accounts	1,613	16,353
Various other liabilities	42,541[3]	22,643[4]
Total other liabilities	**57,743**	**62,536**

[1] of which a balance of CHF 14.6 million for in-house banking transactions.
[2] of which a balance of CHF 216.6 million for in-house banking transactions.
[3] of which a CHF 40.1 million additional payment to the Canton for 2023.
[4] of which a CHF 20.3 million additional payment to the Canton for 2022.

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

(CHF thousands)	31.12.2024		31.12.2023	
	Book value	**Effective commitments**	**Book value**	**Effective commitments**
Pledged / assigned assets (excluding securities financing transactions)				
Book value of mortgages set as collateral for mortgage bonds of the Mortgage Bond Issuing Body of the Swiss Cantonal Banks	3,049,133	2,515,000	2,907,854	2,369,000
Book value of securities delivered as collateral to SIX Group AG	3,005	-	3,005	-
Book value of securities delivered as collateral in connection with Repo Light credit with SNB	22,039	-	24,027	-
Book value of assets pledged to secure own commitments	50,771[1]	75,607	77,012	100,803
Total pledged / assigned assets	**3,124,948**	**2,590,607**	**3,011,898**	**2,469,803**
Assets under reservation of ownership Assets under reservation of ownership	-	-	-	-

[1] Of which CHF 29.4 million as guarantee for one half of the Bank's payment commitment to Esisuisse (2024: CHF 29.5).

5.10.12 Disclosure on the economic situation of pension schemes

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

The Group has no own pension scheme.

5.10.12.2 Disclosures on the economic situation of own pension schemes

a) Employer contribution reserves (ECR)
There were no employer contribution reserves as at 31 December 2024.

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

	Over- / underfunding at the end of 2024	Economic interest of the Bank		Change in economic interest and/or commitment versus previous year	Contributions paid for 2024	Pension expenses in personnel expenses	
		31.12.2024	31.12.2023			31.12.2024	31.12.2023
Group Pension plans without full funding with over- / underfunding	-	-	-	-	12,316	13,341	15,505[1]

[1] Including provisions totalling CHF 3 million for the adjustment of the staff pension plan to be implemented over 5 years (2024 and 2028).

Contributions are paid to the insurance company and the charge to the employer is reported under the item “Personnel expenses”.
The Group has opted for affiliation to the Group Plan LPP Swiss Life, a legally independent pension fund. The pension plan is a defined-contribution scheme and provides the basic compulsory coverage as stated in the Swiss LPP (Federal Law on Occupational Benefits), as well as complementary coverage.
The Group does not report any obligation towards pension foundations at the end of the accounting period. There are no contribution reserves on the part of the employers and the relationships between the Group’s banks and their pension funds are based on global affiliation contracts. The pension fund reinsures all pension risks by means of a comprehensive insurance contract. Within the framework of these contracts no possibility of undercoverage exists and, consequently, there are no obligations in this regard on the part of the employers.

5.10.13 Disclosure of bonds outstanding, mortgage bonds with central mortgage bond issuing body and mandatory convertible bonds

5.10.13.1 Disclosure of bonds outstanding, mortgage bonds with central mortgage bond issuing body and mandatory convertible bonds

(CHF thousands)

Interest rate	Type of bond	Issue year	Due date	Net amount
0.300%	Non subordinated loan[1]	2017	15.06.2027	200,000
0.375%	Non subordinated loan[1]	2018	08.02.2028	250,000
0.450%	Non subordinated loan[1]	2019	26.02.2029	150,000
0.050%	Non subordinated loan[1]	2019	10.07.2029	150,000
2.050%	Non subordinated loan[1]	2023	24.05.2030	150,000
1.033%	Non subordinated loan[1]	2024	17.01.2025	75,000
0.980%	Non subordinated loan[1]	2024	31.01.2025	10,000
0.840%	Non subordinated loan[1]	2024	03.03.2025	18,000
0.840%	Non subordinated loan[1]	2024	02.04.2025	11,000
0.850%	Non subordinated loan[1]	2024	02.05.2025	100,000
0.700%	Non subordinated loan[1]	2024	02.12.2025	20,000
0.850%	Non subordinated loan[1]	2024	27.11.2026	150,000
1.500%	Non subordinated loan[1]	2024	03.05.2034	170,000
1.600%	Non subordinated loan[1]	2024	10.07.2036	200,000
Total bond issues				**1,654,000**
	Bonds and loans from central mortgage institutions[2]			2,515,000
Total outstanding bonds, mortgage bonds with central mortgage bond issuing body and mandatory convertible bonds				**4,169,000**

[1] No early repayment.

[2] Average interest rate 0.83%.

5.10.13.2 Overview of maturities of bonds and mortgage bonds with central mortgage bond issuing body and mandatory convertible bonds

(CHF thousands)	Within one year	> 1 - ≤ 2 years	> 2 - ≤ 3 years	> 3 - ≤ 4 years	> 4 - ≤ 5 years	> 5 years	Total
Bonds	234,000	150,000	200,000	250,000	300,000	520,000	1,654,000
Mortgage bonds with central mortgage bond issuing body	59,000	196,000	251,000	339,000	176,000	1,494,000	2,515,000
Total	**293,000**	**346,000**	**451,000**	**589,000**	**476,000**	**2,014,000**	**4,169,000**

5.10.14 Presentation of value adjustments, provisions and reserves for general banking risks and changes therein during the year under review

(CHF thousands)		2024				
Provisions	Status 31.12.2023	Use in conformity with designated purpose	Currency conversion differences	New creations charged to income	Releases to income	Status 31.12.2024
Provisions for default risk[1]	3,731	-	10	894	-1,392	3,243
of which provisions for likely commitments	*2,134*	-	-	-	*-840*	*1,294*
of which provisions for default risks	*1,597*	-	*10*	*894*	*-552*	*1,949*
Value adjustments and provisions for other operating risks	2,043	-850	1	201	-35	1,360
Additional pension provision[2]	9,852	-3,948	-	297	-	6,201
Provisions for deferred taxes	3,200	-	-	-	-321	2,879
Total provisions	**18,826**	**-4,798**	**11**	**1,392**	**-1,748**	**13,683**
Reserves for general banking risks	**604,000**	**-**	**-**	**60,000**	**-**	**664,000**
Value adjustments for default and country risks	**85,545**	**-2,487**	**549**	**21,979**	**-11,896**	**93,690**
of which value adjustments for default risk from impaired loans	*45,144*	*-2,487*	*500*	*9,786*	*-4,411*	*48,532*
of which value adjustments for default risk inherent to financial investments	*192*	-	-	*27*	-	*219*
of which value adjustments for default risk inherent to receivables	*39,703*	-	*59*	*11,990*	*-7,373*	*44,379*
of which value adjustments for default risk inherent to other items	*506*	-	*-10*	*176*	*-112*	*560*

[1] On off-balance sheet commitments.

[2] See table 5.10.12 Disclosure of the economic position of own pension schemes.

5.10.15 Disclosure of amounts due from / to related parties

(CHF thousands)	31.12.2024		31.12.2023	
	Receivables	Payables	Receivables	Payables
Holders of qualified participations	28,014	347,170	28,015	359,300
Linked companies	237,160	145,619	286,049	143,113
Members of governing bodies	22,145	7,607	18,299	9,821

The amounts indicated include any off-balance sheet operation that may have been effected.
Loans to companies or entities related to the Canton consist of operating and investment loans granted on the basis of standard lending parameters.
Receivables from and payables to companies or entities related to the Canton are concluded at market conditions.
Loans to governing bodies primarily consist of mortgage loans and are granted at market conditions in compliance with standard lending parameters.

5.10.16 Presentation of the maturity structure of financial instruments

(CHF thousands)			Due					
	At sight	Cancellable	within 3 months	within 3 to 12 months	within 1 to 5 years	After 5 years	Reported as fixed assets	Total
Assets / Financial instruments								
Liquid assets	2,178,550	29,390	-	-	-	-	-	2,207,940
Amounts due from banks	269,143	-	20,619	39,952	-	-	-	329,714
Amounts due from securities financing transactions	-	-	610,000	-	-	-	-	610,000
Amounts due from clients	29,847	1,049,339	407,659	212,502	765,921	288,707	-	2,753,975
Mortgage loans	3,482	794,874	621,637	1,748,306	7,008,778	2,205,239	-	12,382,316
Trading portfolio assets	38,998	-	-	-	-	-	-	38,998
Positive replacement values of derivative financial instruments	28,743	-	-	-	-	-	-	28,743
Financial investments	31,195	-	8,003	55,045	265,428	400,950	15,348	775,969
Total	**2,579,958**	**1,873,603**	**1,667,918**	**2,055,805**	**8,040,127**	**2,894,896**	**15,348**	**19,127,655**
Previous year	2,029,476	1,339,781	1,325,928	1,953,033	7,835,035	3,160,644	14,807	17,658,704
Debt capital / financial instruments								
Amounts due to banks	168,310	239	410,030	125,185	-	-	-	703,764
Liabilities from securities financing transactions	-	-	511,000	-	-	-	-	511,000
Amounts due in respect of customer deposits	5,237,949	4,293,724	1,432,883	393,690	428,361	305,002	-	12,091,609
Negative replacement values of derivative financial instruments	30,846	-	-	-	-	-	-	30,846
Bond issues and loans with central mortgage bond issuing body	-	-	103,000	190,000	1,862,000	2,014,000	-	4,169,000
Total	**5,437,105**	**4,293,963**	**2,456,913**	**708,875**	**2,290,361**	**2,319,002**	-	**17,506,219**
Previous year	5,439,470	3,725,366	2,112,673	1,065,888	1,913,383	2,068,019	-	16,324,799

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

(CHF thousands)	31.12.2024		31.12.2023	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	2,207,940	-	1,680,703	-
Amounts due from banks	165,833	163,881	198,295	103,192
Amounts due from securities financing transactions	610,000	-	-	-
Amounts due from clients	2,316,836	437,139	2,243,226	339,319
Mortgage loans	12,382,316	-	11,827,719	-
Trading portfolio assets	37,150	1,848	30,878	885
Positive replacement values of derivative financial instruments	17,752	10,991	18,178	4,781
Financial investments	527,981	247,988	993,210	218,318
Prepaid expenses and deferred income	16,955	2,364	22,301	2,330
Non-consolidated participations	7,896	174	7,959	130
Tangible fixed assets	73,769	-	72,981	-
Intangible assets	6,918	-	10,201	-
Other assets	23,376	-	220,265	-
Total assets	**18,394,722**	**864,385**	**17,325,916**	**668,955**
Liabilities				
Amounts due to banks	194,566	509,198	382,920	92,758
Liabilities from securities financing transactions	381,000	130,000	350,000	130,000
Amounts due in respect of customer deposits	9,639,046	2,452,563	9,336,119	2,463,274
Negative replacement values of derivative financial instruments	24,741	6,105	35,188	15,540
Bond issues and central mortgage institution loans	4,169,000	-	3,519,000	-
Prepaid expenses and deferred income	89,454	3,951	77,262	1,319
Other liabilities	57,743	-	62,536	-
Provisions	13,615	68	18,783	43
Reserves for general banking risks	664,000	-	604,000	-
Endowment capital	500,000	-	500,000	-
Retained earnings reserve	341,036	-	305,152	-
Group profit	83,021	-	100,977	-
Total liabilities	**16,157,222**	**3,101,885**	**15,291,937**	**2,702,934**

The breakdown by domestic and foreign origin is made on the basis of the client's domicile, with the exception of mortgage loans where the domicile of the property is the relevant criterion. Liechtenstein is deemed to be a foreign country.

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

(CHF thousands)	31.12.2024		31.12.2023	
	Amount	**Share as %**	**Amount**	**Share as %**
Assets held abroad				
Europe[1]	**352,712**	**1.83**	**297,531**	**1.65**
Austria	4,498		2	
Belgium	15,281		2,885	
Croatia	2,709		1,655	
Cyprus	4,043		5,515	
Finland	17,358		8,429	
France	32,532		29,327	
Germany	60,592		35,093	
Guernsey	2,884		431	
Ireland	2,784		1,115	
Italy	109,950		101,857	
Liechtenstein	3,354		5,471	
Luxembourg	30,176		45,593	
Malta	7,969		4,493	
Monaco	8,887		8,402	
Norway	7,424		6,069	
Netherlands	15,755		11,500	
United Kingdom	11,577		15,160	
Russia	2,853		2,648	
San Marino	4,238		3,057	
Sweden	2,519		3,168	
Turkey	2,768		2,569	
Other countries	2,561		3,092	
North America	**204,991**	**1.06**	**150,353**	**0.84**
Canada	16,057		21,155	
United States	188,934		129,198	
Asia[1]	**134,532**	**0.70**	**127,516**	**0.71**
South Korea	911		2,273	
United Arab Emirates	45,287		9,151	
Philippines	-		8,364	
Japan	14,157		11,637	
Kazakhstan	68,259		91,362	
Singapore	5,380		4,509	
Other countries	538		220	
Caribbean[1]	**160,695**	**0.83**	**85,539**	**0.48**
Bahamas	67,637		-	
Cayman Islands	90,546		81,222	
British Virgin Islands	724		702	
Panama	1,669		3,525	
Other countries	119		90	
South America	**933**	**0.00**	**879**	**0.00**
Ecuador	895		834	
Other countries	38		45	
Oceania[1]	**7,429**	**0.04**	**6,373**	**0.04**
Australia	5,432		4,382	
New Zealand	1,997		1,988	
Other countries	-		3	
Africa	**3,093**	**0.02**	**764**	**-**
Kenya	2,833		468	
Other countries	260		296	
Total assets abroad	**864,385**	**4.50**	**668,955**	**3.72**
Domestic	18,394,722	95.50	17,325,916	96.27
Total assets	**19,259,107**	**100.00**	**17,994,871**	**100.00**

[1] Amounts from the previous year have been adjusted in order to ensure comparability with the level of detail used for financial year 2024.

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

Bank's own country rating (CHF thousands)	Rating Standard & Poor's	31.12.2024		31.12.2023	
		Net foreign exposure	Share as %	Net foreign exposure	Share as %
1 Excellent and high quality	AAA to AA-	471,165	54.5%	337,321	50.4%
2 Above-average quality	A+ to A-	31,330	3.6%	17,954	2.7%
3 Average quality	BBB+ to BBB-	184,343	21.3%	212,720	31.8%
4 Default risk	BB+ to BB	105	0.0%	114	0.0%
5 Default risk material	BB-	3,003	0.3%	220	0.0%
6 Speculative, high default risk	B+ to B-	71,372	8.3%	4,552	0.7%
7 Poor quality, very high risk	CCC+ to D	4	0.0%	36	0.0%
Unrated	-	103,063	11.9%	96,038	14.4%
Total		**864,385**	**100.0%**	**668,955**	**100.0%**

The breakdown by domestic and foreign origin is made on the basis of the customer's domicile, with the exception of mortgage loans where the domicile of the property is the relevant criterion. Liechtenstein is deemed to be a foreign country.

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

(CHF thousands)	Currency				
	CHF	EUR	USD	Others	Total
Assets					
Liquid assets	2,170,117	34,019	2,609	1,195	2,207,940
Amounts due from banks	52,291	38,222	111,133	128,068	329,714
Amounts due from securities financing transactions	610,000	-	-	-	610,000
Amounts due from clients	2,170,276	343,276	228,496	11,927	2,753,975
Mortgage loans	12,382,316	-	-	-	12,382,316
Trading portfolio assets	946	1,696	184	36,172	38,998
Positive replacement values of derivative financial instruments	28,278	326	132	7	28,743
Financial investments	570,882	100,529	104,488	70	775,969
Prepaid expenses and deferred income	16,710	1,299	1,297	13	19,319
Non-consolidated participations	7,895	175	-	-	8,070
Tangible fixed assets	73,769	-	-	-	73,769
Intangible assets	6,918	-	-	-	6,918
Other assets	22,832	184	360	-	23,376
Total assets shown in balance sheet	**18,113,230**	**519,726**	**448,699**	**177,452**	**19,259,107**
Delivery entitlements from spot exchange, forward forex and forex options transactions[1]	156,524	1,619,295	899,205	96,804	2,771,828
Total assets	**18,269,754**	**2,139,021**	**1,347,904**	**274,256**	**22,030,935**
Liabilities					
Amounts due to banks	595,850	57,582	49,448	884	703,764
Liabilities from securities financing transactions	511,000	-	-	-	511,000
Amounts due in respect of customer deposits	9,195,200	1,722,869	927,571	245,969	12,091,609
Negative replacement values of derivative financial instruments	30,381	326	132	7	30,846
Bond issues and central mortgage institution loans	4,169,000	-	-	-	4,169,000
Prepaid expenses and deferred income	87,849	4,123	1,398	35	93,405
Other liabilities	57,447	203	37	56	57,743
Provisions	12,511	854	318	-	13,683
Reserves for general banking risks	664,000	-	-	-	664,000
Endowment capital	500,000	-	-	-	500,000
Retained earnings reserve	341,036	-	-	-	341,036
Group profit	83,021	-	-	-	83,021
Total liabilities in balance sheet	**16,247,295**	**1,785,957**	**978,904**	**246,951**	**19,259,107**
Delivery obligations from spot exchange, forward forex and forex options transactions[1]	2,006,911	352,334	368,746	26,732	2,754,723
Total liabilities	**18,254,206**	**2,138,291**	**1,347,650**	**273,683**	**22,013,830**
Net position per currency	**15,548**	**730**	**254**	**573**	**17,105**
Net position per currency in the previous year	-54,608	16,008	8,913	1,166	-28,521

[1] Options have been delta-weighted.

5.11 INFORMATION CONCERNING OFF-BALANCE SHEET TRANSACTIONS

5.11.21 Breakdown of contingent liabilities and contingent assets

(CHF thousands)	31.12.2024	31.12.2023
Contingent liabilities		
Guarantees to secure credits and similar instruments	91,847	76,306
Performance guarantees and similar	62,742	55,482
Irrevocable commitments arising from documentary letters of credit	9,933	25,766
Total contingent liabilities	**164,522**	**157,554**

5.11.22 Breakdown of fiduciary transactions

(CHF thousands)	31.12.2024	31.12.2023
Fiduciary investments with third-party companies	839,334	887,726
Fiduciary loans	3,942	3,748
Total fiduciary transactions	**843,276**	**891,474**

5.12 INFORMATION ON THE INCOME STATEMENT

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

Breakdown of result from trading activities by business line

(CHF thousands)	2024	2023
Trading activities with private clients	9,546	8,385
Trading activities with corporate clients	9,191	9,343
Trading activities on own account	2,975	6,076
Total result from trading activities	**21,712**	**23,804**

Result from trading activities and fair value option

(CHF thousands)	2024	2023
Equity-type securities (including investment funds)	523	672
Foreign currencies and banknote trading	9,518	21,580
Commodities / precious metals	11,671	1,552
Total result from trading activities	**21,712**	**23,804**

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

Refinancing income in the item "Result from interest operations"

Interest and dividend income from the "Trading portfolio" is offset against costs of refinancing of that portfolio.

(CHF thousands)	2024	2023
Negative interest		
Negative interest on assets (decrease in interest and discount income)	5	7
Negative interest on liabilities (decrease in interest expenses)	-	-

5.12.25 Breakdown of personnel expenses

(CHF thousands)	2024	2023
Salaries	90,907	82,492
of which expenses relating to share-based compensation and alternative forms of variable compensation	-	-
Social benefits	22,196	23,974[1]
Other personnel expenses	5,693	5,045
Total personnel expenses	**118,796**	**111,511**

[1] Including provisions totalling CHF 3 million for the adjustment of the staff pension plan to be implemented over 5 years (2024 and 2028).

5.12.26 Breakdown of general and administrative expenses

(CHF thousands)	2024	2023
Expenses for premises	6,954	5,530
Expenses for information and communications technology	34,040	29,406
Expenses for vehicles, equipment, furniture and other fixtures as well as operating lease expenses	650	520
Fees of audit firm	1,115	730
of which for financial and regulatory audits	*1,047*	*706*
of which for other services	*68*	*24*
Other operating expenses	29,801	26,066
of which compensation for any State guarantee	-	-
Total general and administrative expenses	**72,560**	**62,252**

5.12.27 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, value adjustments and provisions no longer required, revaluations from participations and tangible fixed assets

5.12.27.1 Material losses
No material losses were incurred during the 2024 financial year.

5.12.27.2 Extraordinary income and extraordinary expenses
During the 2024 financial year, the Group achieved extraordinary income of CHF 3.4 million from the sale of the building owned in Molino Nuovo.
No extraordinary expenses were incurred.

5.12.27.3 Hidden reserves
The Group does not hold any hidden reserve as it discloses its financial statements on the basis of the true and fair view principle.

5.12.27.4 Reserves for general banking risks
CHF 60 million were deducted from “Changes in reserves for general banking risks” and allocated to “Reserves for general banking risks”.

5.12.27.5 Value adjustments and provisions no longer required
There is nothing to report under this heading.

5.12.27.6 Revaluations from participations and tangible fixed assets
There is no relevant information to provide under this heading.

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

(CHF thousands)	31.12.2024	31.12.2023
Current taxes	7,182	6,820
Other taxes	406	378
Provisions for deferred taxes	-320	2,000
Total taxes	**7,268**	**9,198**
Average current tax rate weighted on the basis of the result for the year[1]	**4.9%**	**4.0%**

[1] The Parent company (Banca dello Stato del Cantone Ticino) is subject to communal taxation for intercommunal apportionment in accordance with Art. 279 ff of the TL.
The Parent company (Banca dello Stato del Cantone Ticino) is exempt from federal taxation as it is a Cantonal establishment (Art. 56b of the Federal Act on Direct Federal Taxation), and from cantonal taxation (legislative decree of 19.05.1952).

Report of the statutory auditor

to the Council and to the Cantonal Parliament of the Republic and Canton of Ticino, Bellinzona

Report on the audit of the Group financial statements

Opinion

We have audited the Group financial statements of Banca dello Stato del Cantone Ticino and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the cash flow statement, the statement of changes in equity for the year then ended, and annex , to the Group financial statements, including a summary of significant accounting policies.

In our opinion, the Group financial statements (pages 36-68) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting rules for banks and comply with Swiss law and the Law on Banca dello Stato del Cantone Ticino.

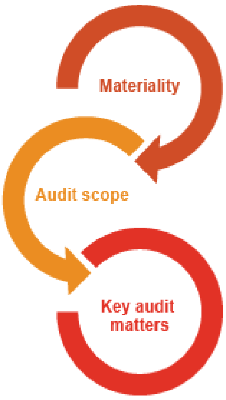
Basis for opinion

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 Group financial statements" section of our report. We are independent of the Group 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.

Our audit approach

Overview



Overall group materiality: CHF 7'300'000

We concluded full scope audits at Banca dello Stato del Cantone Ticino and Axion Swiss Bank SA. Our audit scope addressed 100% of the Group's components.

As key audit matter the following area of focus has been identified:

- Valuation of amounts due from customers and mortgage loans

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the Group financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Group financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the Group financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the Group financial statements as a whole.

Overall group materiality	CHF 7'300'000
Benchmark applied	Operating result (result of the period before tax, changes in reserves for general banking risks and extraordinary items).
Rationale for the materiality benchmark applied	We chose the operating result (result of the period before tax, changes in reserves for general banking risks and extraordinary items) because, in our view, it is the benchmark against which the performance of the group is most commonly measured and it is a generally accepted benchmark in the financial industry.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group consists of Banca dello Stato del Cantone Ticino and its subsidiary Axion SWISS Bank SA and operates in Switzerland. We, as group auditor, have audited both entities.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current period. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of amounts due from customers and mortgage loans

Key audit matter	How our audit addressed the key audit matter
As shown in the note 5.10.2 of the annual report 2024, the Group grants loans and advances to customers and mortgage loans. We consider the valuation of amounts due from customers and mortgage loans to be a key audit matter for the following reasons: • Amounts due from customers and mortgage loans represent 14% (MCHF 2'754), respectively 64% (MCHF 12'382) of total assets; • the determination of the amount of any impairment is based on the customer's capacity to repay the amount due and on the liquidation value of the collateral, both of	We identified and tested the key controls relating to amounts due from customers and mortgage loans, more specifically: *Impaired loans* • controls aimed to identify signs of potential default in order to determine the scope of non-performing and/or impaired loans; • controls relating to the calculation of value adjustment including the determination of the market value of the collaterals. *Not-impaired loans*

Key audit matter	How our audit addressed the key audit matter
which may be influenced by subjective factors and involve management's judgment; • the determination of value adjustments for default risks on loans that are not-impaired is based on an internal model. Such internal model includes assumptions and parameters on which the Group exercises a significant degree of estimation. The Group has a control system in place that allows to identify and to analyse the risk of default, to take precautionary measures and to determine the impairment necessary. The accounting and valuation principles for amounts due from customers and mortgage loans and the methods used to identify default risks and to determine the need for impairment are described in the notes to the Group financial statements (notes 5.2.3.3, 5.4.1 and 5.5).	• controls aimed to validate the internal model used to determine value adjustments for default risks on not-impaired loans according to FINMA-AO (art. 25). We concluded that we are able to rely on key controls tested. In addition, we tested on a sample basis that: • the risk category given to the selected credit was adequate; • the market value of the collateral was determined or updated in accordance with market practice; • the impairments were calculated and recorded in accordance with the applicable accounting principles; • the assumptions and parameters included in the internal model used to determine value adjustments for default risks on not-impaired loans are adequate; • data included into the internal model is complete and accurate. We concluded that the methods and assumptions used to determine value adjustments on both doubtful and on not-impaired loans are reasonable and in accordance with our expectations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Group financial statements, the financial statements and our auditor's report thereon.

Our opinion on the Group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the Group financial statements

The Board of Directors is responsible for the preparation of the Group financial statements, that give a true and fair view, in accordance with accounting rules for banks and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group financial statements

Our objectives are to obtain reasonable assurance about whether the Group 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 Group financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the Group financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers SA

Beresford Caloia

Licensed audit expert
Auditor in charge

Filippo Cavalieri

Lugano, 28 March 2025

From Annual Report 2022

Individual Financial Statements

1. Balance sheet

(CHF thousands)) Reference to the Notes		31.12.2024	31.12.2023	Change
Assets				
Liquid assets		2,122,976	1,590,576	532,400
Amounts due from banks		312,949	313,869	-920
Amounts due from clients	5.6.2	2,398,003	2,214,230	183,773
Mortgage loans	5.6.2	12,382,316	11,827,719	554,597
Trading activities	5.6.3	38,705	31,576	7,129
Positive replacement values of derivative financial instruments	5.6.4	28,821	28,761	60
Financial investments	5.6.5	722,746	743,657	-20,911
Prepaid expenses and deferred income		17,239	23,009	-5,770
Participations		77,918	78,937	-1,019
Tangible fixed assets		72,187	71,700	487
Intangible assets		1,720	3,196	-1,476
Other assets	5.6.6	22,719	219,734	-197,015
Total assets		**18,198,299**	**17,146,964**	**1,051,335**
Total subordinated loans		28,775	27,325	1,450
of which subject to mandatory conversion and/or debt waiver		*28,775*	*27,325*	*1,450*
Liabilities				
Amounts due to banks		846,625	753,782	92,843
Liabilities from securities financing transactions	5.6.1	511,000	480,000	31,000
Amounts due in respect of customer deposits		10,945,648	10,728,014	217,634
Negative replacement values of derivative financial instruments	5.6.4	35,414	51,161	-15,747
Bond issues and central mortgage institution loans	5.6.7	4,169,000	3,519,000	650,000
Deferred expenses and prepaid income		74,626	60,517	14,109
Other liabilities	5.6.6	56,182	61,707	-5,525
Provisions	5.6.9	9,434	13,033	-3,599
Reserves for general banking risks	4 and 5.6.9	650,500	592,500	58,000
Endowment capital	4 and 5.6.10	500,000	500,000	-
Statutory retained earnings reserve	4	322,158	302,112	20,046
Profit (result for the period)	4	77,712	85,138	-7,426
Total liabilities		**18,198,299**	**17,146,964**	**1,051,335**
Total subordinated liabilities		250,652	250,654	-2
of which subject to mandatory conversion and/or debt waiver		*250,652*	*250,654*	*-2*
Off-balance sheet transactions				
Contingent liabilities	5.6.2	147,290	150,123	-2,833
Irrevocable commitments	5.6.2	345,059	352,424	-7,365
Commitments for calls on shares and other equities	5.6.2	19'416	19'416	-

2. Income Statement

(CHF thousands) Reference to the Notes		2024	2023	Change
Costs and expenses from ordinary banking business				
Result from interest operations				
Interest and discount income		348,502	328,343	20,159
Interest and dividend income from financial investments		11,010	8,462	2,548
Interest expenses		-134,889	-100,994	-33,895
Gross result from interest operations		**224,623**	**235,811**	**-11,188**
Changes in value adjustments for default risks and losses from interest operations		-9,949	-14,782	4,833
Net result from interest operations		**214,674**	**221,029**	**-6,355**
Result from commission business and services		**39,095**	**38,651**	**444**
Commission income from securities trading and investment activities		32,745	30,100	2,645
Commission income from lending activities		4,130	4,638	-508
Commission income from other services		10,787	11,129	-342
Commission expenses		-8,567	-7,216	-1,351
Result from trading activities and fair value option	5.8.15	**15,959**	**18,544**	**-2,585**
Other results from ordinary activities		**31,536**	**15,558**	**15,978**
Result from the disposal of financial investments		551	898	-347
Participation income		25,540	11,106	14,434
Real estate income		657	258	399
Other ordinary income		5,319	3,956	1,363
Other ordinary expenses		-531	-660	129
Net revenues		**301,264**	**293,782**	**7,482**
Operating expenses		**-156,597**	**-141,389**	**-15,208**
Personnel expenses	5.8.17	-93,638	-86,873	-6,765
General and administrative expenses	5.8.18	-62,959	-54,516	-8,443
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		**-12,247**	**-13,723**	**1,476**
Changes to provisions and other value adjustments, and losses	5.8.19.1	**127**	**-1,023**	**1,150**
Operating result		**132,547**	**137,647**	**-5,100**
Extraordinary income	5.8.19.02	**3,890**	**2,176**	**1,714**
Extraordinary expenses	5.8.19.02	**-**	**-**	**-**
Changes in reserves for general banking risks	5.8.19.04	**-58,000**	**-54,000**	**-4,000**
Taxes	5.8.20	**-725**	**-685**	**-40**
Profit (result for the period)		**77,712**	**85,138**	**-7,426**

3. Proposed Appropriation of Available Earnings

(CHF thousands)	2024	2023	Change
Appropriation of retained earnings			
Profit (result for the period)	77,712	85,138	-7,426
Profit carried forward	-	-	-
Balance sheet profit	**77,712**	**85,138**	**-7,426**
Proposal of the Board of Directors			
Assignment to statutory retained earnings reserve	17,571	20,046	-2,475
Payment to the Canton	60,141	65,092	-4,951
of which 5% interest on the endowment capital	*25,000*	*25,000*	-
of which additional payment to the Canton	*35,141*	*40,092*	*-4,951*
Amount carried forward	**-**	**-**	**-**

4. Statement of Changes in Endowment Capital

(CHF thousands)	Endowment capital	Retained earnings reserve	Reserves for general banking risks	Result of the period	**Total**
Equity at 01.01.2024	500,000	302,112	592,500	85,138	1,479,750
Appropriation of retained earnings 2023					
Assignment to statutory retained earnings reserve	-	*20,046*	-	*-20,046*	-
5% interest on endowment capital	-	-	-	*-25,000*	*-25,000*
Additional payment to the Canton	-	-	-	*-40,092*	*-40,092*
Allocation to reserves for general banking risks	-	-	58,000	-	58,000
Profit (result for the period)	-	-	-	*77,712*	*77,712*
Total equity at 31.12.2024	**500,000**	**322,158**	**650,500**	**77,712**	**1,550,370**

The Law on Banca dello Stato del Cantone Ticino does not provide for the possibility of distributing the Retained earnings reserve. This reserve can be used exclusively in order to cover any operating losses. In such an eventuality, the retained earnings reserve must be brought back to the level it had reached before it was drawn upon, using the portion of net profits from subsequent years that exceeds the portion due in respect of interest on endowment capital, without any limit in time. The Bank did not issue any participation rights.

5. Notes to the Financial Statements

5.1 ACTIVITIES OF THE BANK AND PERSONNEL

5.1.1 Activities of the Bank

Banca dello Stato del Cantone Ticino (BancaStato or the Bank), based in Bellinzona, is an autonomous banking institution under public law, which operates as a bank and whose primary aim is to favour the development of the economy in Ticino.

Its operations have evolved over 100 years and comprise the complete range of banking services provided by full service banks.

Amongst other things as part of a move to diversify its sources of revenue, BancaStato holds the capital of Axion SWISS Bank SA, Lugano (Axion).

Axion Swiss Bank SA's core business is asset management for private as well as institutional clients, and it is active in the principal international markets.

5.1.2 Personnel

As at 31 December 2024, the Bank had a total of 546 employees on payroll (498.75 FTEs) with apprentices calculated at 50%, compared to 487 staff at the end of 2023 (441.15 FTEs).

5.2 ACCOUNTING AND VALUATION PRINCIPLES

5.2.1 In general

The financial statements of BancaStato as at 31 December 2024 were prepared in accordance with applicable legal and regulatory provisions as well as the true and fair view principle, in compliance with the provisions of the Swiss Code of Obligations and the Swiss Banking legislation, in particular the guidelines of the Swiss Financial Market Supervisory Authority FINMA, the Swiss listing rules and the directives of SIX Group AG.

All transactions are recorded at the time they are concluded. The balance sheet is presented on a transaction date basis.

5.2.2 Accounting and valuation principles

Accounting and valuation principles reflect those of the consolidated financial statements (refer to section 5.2.2 and following of the Notes to the Group Financial Statements) except for the item "Participations".

5.2.3 Participations

Participations comprise company equity stakes held by the Bank as long-term investments.

Participations are carried at cost less appropriate depreciation, regardless of the share held.

The participation share in the capital of the Central Mortgage Bond Issuing Body of the Swiss Cantonal Banks has been partially paid-up. The commitment to pay up the outstanding amount is posted in off-balance sheet under the item "Obligations to pay up shares and make further contributions". In order to be able to furnish liquidity quickly in the event of a crisis, the shareholder banks have granted a credit limit in the amount of the further contributions; this figure has not been included in the off-balance sheet entry for "irrevocable commitments" in order to avoid a dual entry.

5.3 FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currency are converted into Swiss francs at the rate of exchange at the balance sheet closing date. Resulting gains or losses are disclosed in the income statement under "Result from trading activities and fair value option".

Proceeds and expenses are converted at the exchange rate applicable on the date the individual transactions are recorded.

Exchange rates applied at the close of the financial year for the major currencies were as follows:

EUR 0.9381 (2023: 0.9310)
USD 0.9062 (2023: 0.8422)

5.4 ADJUSTMENT OF THE ACCOUNTING PRINCIPLES FOR THE PRESENTATION OF FINANCIAL STATEMENTS

There were no changes in the accounting principles or in the presentation of accounts in 2024.

5.5 OTHER INFORMATION

For information on "Risk management", "Methods used for identifying default risks and determining the need for value adjustments", "Valuation of collateral", "Business policy regarding the use of derivative financial instruments and hedge accounting", "Explanations of material events occurring after the balance sheet date" and "Reasons which have led to early resignation of the auditors", refer to the Notes to the Group Financial Statements as these points are also applicable to BancaStato's Individual Financial Statements.

The information regarding capital adequacy and liquidity required by the FINMA Circular 2016/1 "Disclosure - banks" is published on BancaStato's website (www.bancastato.ch).

5.6 INFORMATION ON THE BALANCE SHEET

5.6.1 Breakdown of securities financing transactions (assets and liabilities)

(CHF thousands)	31.12.2024	31.12.2023
Securities lending, securities borrowing and repurchase agreements		
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions[1]	-	-
Book value of obligations from cash collateral received in connection with securities lending and repurchase agreements[1]	511,000	480,000
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	499,907	494,538
of which with unrestricted right to resell or repledge	*499,907*	*494,538*
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	-	-
of which repledged securities	-	-
of which resold securities	-	-

[1] Before any netting agreement.

5.6.2 Presentation of collateral for loans / receivables and off-balance sheet transactions, as well as impaired loans/receivables at 31.12.2024

(CHF thousands)	Type of collateral			
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from clients	244,653	436,905	880,314	1,561,872[1]
Due from public corporations	1,131	1,245	881,079[2]	883,455
Mortgage loans	12,426,030	-	1,852	12,427,882
Residential premises	*8,997,608*	-	*1,186*	*8,998,794*
Office and business premises	*2,014,643*	-	-	*2,014,643*
Crafts and industrial premises	*613,769*	-	*511*	*614,280*
Other	*800,010*	-	*155*	*800,165*
Total loans (before netting with value adjustments)	**12,671,814**	**438,150**	**1,763,245**	**14,873,209**
Previous year	12,101,109	361,021	1,664,635	14,126,765
Total loans (after netting with value adjustments)	**12,628,101**	**417,962**	**1,734,256**	**14,780,319**
Previous year	12,054,862	344,830	1,642,257	14,041,949
Off-balance sheet transactions				
Contingent liabilities	4,890	29,007	113,393	147,290
Irrevocable commitments	32,387	7,026	305,646[3]	345,059
Commitments for calls on shares and other equities	-	-	19,416	19,416
Total off-balance sheet transactions	**37,277**	**36,033**	**438,455**	**511,765**
Previous year	44,929	46,780	430,254	521,963

(CHF thousands)	Gross debt amount	Estimated liquidation value	Net debt amount	Individual value adjustments
Impaired loans				
Year under review	**168,829**	**120,318**	**48,511**	**48,511**
Previous year	144,680	99,567	45,113	45,113

[1] Including CHF 46.1 million in COVID-19 and COVID-19 Plus loans (2023: 72.9 million), secured almost entirely by a guarantee provided by the federal government.
[2] Including loans to entities related to public institutions for CHF 95.0 million (2023: CHF 97.4 million).
[3] Including CHF 57.2 million (2023: CHF 57.1 million) as a required share for deposit guarantee purposes.

5.6.3 Breakdown of trading portfolios and other financial investments with fair value option (assets and liabilities)

(CHF thousands) **Trading portfolio assets**	**31.12.2024**	**31.12.2023**
Equity securities	313	-
Shares in investment funds	438	342
Precious metals and commodities	36,172	29,662
Structured products	1,782	1,572
Total trading portfolio assets	**38,705**	**31,576**
of which determined using a valuation model	-	-
of which securities eligible for repurchase agreements, in accordance with liquidity requirements	-	-

5.6.4 Presentation of derivative financial instruments (assets and liabilities)

(CHF thousands)	Trading instruments			Hedging instruments		
	Replacement values		Contract volume	Replacement values		Contract volume
	positive	negative		positive	negative	
Interest rate instruments						
Swaps	-	-	-	4,015	9,762	500,000
Total interest rate instruments	**-**	**-**	**-**	**4,015**	**9,762**	**500,000**
Foreign currencies / precious metals						
Forward contracts	8,102	1,566	354,751	-	-	-
Swaps (interest rate/currency)	16,239	23,621	2,870,709	-	-	-
OTC Options	465	465	61,954	-	-	-
Total foreign currencies / precious metals	**24,806**	**25,652**	**3,287,414**	**-**	**-**	**-**
Total derivative financial instruments	**24,806**	**25,652**	**3,287,414**	**4,015**	**9,762**	**500,000**
of which determined using a valuation model	*24,806*	*25,652*	-	*4,015*	*9,762*	-
Total previous year	17,711	51,161	3,533,471	11,050	-	450,000
of which determined using a valuation model	*17,711*	*51,161*	-	*11,050*	-	-

Recapitalisation

(CHF thousands)	Positive replacement values (cumulated)	Negative replacement values (cumulated)	Contract volume
Trading instruments	24,806	25,652	3,287,414
Hedging instruments	4,015	9,762	500,000
Total before netting agreements*	**28,821**	**35,414**	**3,787,414**
Total previous year	28,761	51,161	3,983,471
Total after netting agreements*	**28,821**	**35,414**	**3,787,414**
Total previous year	28,761	51,161	3,983,471

Breakdown by counterparty

(CHF thousands)	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)*	-	27,108	1,713

* No netting contracts exist for derivative financial instruments open as at 31.12.2024 and 31.12.2023.

5.6.5 Breakdown of financial investments

(CHF thousands)	Book value		Fair value	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Debt securities	679,341	688,035	689,834	674,720
of which intended to be held to maturity	*670,953*[1]	*681,095*	*681,421*	*667,780*
of which not intended to be held to maturity (available for sale)	*8,388*	*6,940*	*8,414*	*6,940*
Shares in investment funds	16,091	28,169	16,643	28,172
Equity securities	11,896	12,567	12,383	13,123
of which qualified participations (at least 10% of capital or votes)	-	-	-	-
Precious metals	70	79	70	79
Real estate	15,348	14,807	15,348	14,807
Total financial investments	**722,746**	**743,657**	**734,278**	**730,901**
of which securities eligible for repo transactions in accordance with liquidity requirements	*529,716*	*538,096*	*537,588*	*522,405*

Breakdown of counterparties by rating

(CHF thousands)	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Book value of debt securities	590,728	62,639	9,545	3,398	-	13,031

The valuations of debt securities are based on ratings by Standard & Poor's.

[1] As at 31.12.2024, BancaStato did not hold any money market debt register claims issued by the Swiss National Bank (2023: CHF 120.0 million)

5.6.6 Breakdown of other assets and other liabilities

(CHF thousands)	31.12.2024	31.12.2023
Other assets		
Compensation account	3,393	-
Indirect taxes	1,522	1,231
Various other assets	17,804[1]	218,503[2]
Total other assets	**22,719**	**219,734**
Other liabilities		
Direct / indirect taxes	11,970	9,943
Compensation account	-	12,745
Unredeemed cash bonds	120	120
Memorandum accounts	1,613	16,353
Various other liabilities	42,479[3]	22,546[4]
Total other liabilities	**56,182**	**61,707**

[1] of which a balance of CHF 14.5 million for in-house banking transactions.
[2] of which a balance of CHF 216.6 million for in-house banking transactions.
[3] of which a CHF 40.1 million additional payment to the Canton for 2023.
[4] of which a CHF 20.3 million additional payment to the Canton for 2022.

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

(CHF thousands)	31.12.2024		31.12.2023	
	Book value	**Effective commitments**	**Book value**	**Effective commitments**
Pledged / assigned assets (excluding advances and repurchase agreements with securities)				
Book value of mortgages set as collateral for mortgage bonds of the Mortgage Bond Issuing Body of the Swiss Cantonal Banks	3,049,133	2,515,000	2,907,854	2,369,000
Book value of securities delivered as collateral to SIX Group AG	3,005	-	3,005	-
Book value of securities delivered as collateral in connection with Repo Light credit with SNB	22,039	-	24,027	-
Book value of assets pledged to secure own commitments	42,338[1]	70,923	67,967	96,505
Total pledged / assigned assets	**3,116,515**	**2,585,923**	**3,002,853**	**2,465,505**
Assets under reservation of ownership Assets under reservation of ownership	-	-	-	-

5.6.8 Disclosure of the economic position of own pension schemes

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

The Bank has no own pension scheme.

5.6.8.2 Disclosure of liabilities relating to own pension schemes

a) Employer contribution reserves (ECR)

There were no employer contribution reserves as at 31 December 2024.

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

	Over- / underfunding at the end of 2024	Economic interest of the Bank		Change in economic interest and/or commitment versus previous year	Contributions paid for 2024	Pension expenses in personnel expenses	
		31.12.2024	31.12.2023			31.12.2024	31.12.2023
Pension plans without over- / underfunding	-	-	-	-	10,857	10,855	10,705

Contributions are paid to the insurance company and the charge to the employer is reported under the item "Personnel expenses".
The Bank has opted for affiliation to the Group Plan LPP Swiss Life, a legally independent pension fund. The pension plan is a defined-contribution scheme and provides the basic compulsory coverage as stated in the Swiss LPP (Federal Law on Occupational Benefits), as well as complementary coverage.
The Bank does not report any obligation towards the pension foundation at the end of the accounting period. There are no contribution reserves on the part of the employer and the relationship between the Bank and its pension fund is based on a global affiliation contract. The pension fund reinsures all pension risks by means of a comprehensive insurance contract. There is no possibility of undercoverage within the framework of this contract, with the result that there are no related obligations for the employer.

[1] of which CHF 28.6 million as guarantee for one half of the Bank's payment commitment to Esisuisse (2023: CHF 28.5 million).

5.6.9 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein in the year under review

(CHF thousands)		2024				
Provisions	Status 31.12.2023	Use in conformity with designated purpose	Currency conversion differences	New creations charged to income	Releases to income	Status 31.12.2024
Provisions for default risk[1]	3,731	-	10	894	-1,392	3,243
of which provisions for likely commitments	*2,134*	*-*	*-*	*-*	*-840*	*1,294*
of which provisions for default risks	*1,597*	*-*	*10*	*894*	*-552*	*1,949*
Value adjustments and provisions for other operating risks	1,770	-850	1	201	-20	1,102
Additional pension provision	7,532	-2,740	-	297	-	5,089
Total provisions	**13,033**	**-3,590**	**11**	**1,392**	**-1,412**	**9,434**
Reserves for general banking risks	**592,500**	**-**	**-**	**58,000**	**-**	**650,500**
Value adjustments for default and country risks	**85,322**	**-2,486**	**548**	**21,921**	**-11,855**	**93,450**
of which value adjustments for default risk from impaired loans	*45,113*	*-2,486*	*499*	*9,755*	*-4,370*	*48,511*
of which value adjustments for default risk inherent to receivables	*39,703*	*-*	*59*	*11,990*	*-7,373*	*44,379*
of which value adjustments for default risk inherent to other items	*506*	*-*	*-10*	*176*	*-112*	*560*

5.6.10 Presentation of the Bank's endowment capital

(CHF thousands)	31.12.2024			31.12.2023		
Endowment capital	Total par value	Quantity	Capital eligible for dividend	Total par value	Quantity	Capital eligible for dividend
Endowment capital	500,000	500,000	500,000	500,000	500,000	500,000
of which paid up	*500,000*	*500,000*	*500,000*	*500,000*	*500,000*	*500,000*
Total endowment capital	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**

[1] On off-balance sheet commitments.

5.6.11 Disclosure of amounts due from / to related parties

(CHF thousands)	31.12.2024		31.12.2023	
	Receivables	**Payables**	**Receivables**	**Payables**
Holders of qualified participations	28,014	347,170	28,015	359,300
Group companies	31,704	149,993	27,863	291,493
Linked companies	237,160	145,619	286,049	143,113
Members of governing bodies	22,145	7,607	18,299	9,765

The amounts indicated include any off-balance sheet operation that may have been effected. Loans to companies or entities related to the Canton consist of operating and investment loans granted on the basis of standard lending parameters. Receivables from and payables to companies or entities related to the Canton are concluded at market conditions. Loans to governing bodies primarily consist of mortgage loans and are granted at market conditions in compliance with standard lending parameters.

5.6.12 Disclosure of holders of significant participations

(CHF thousands)	31.12.2024		31.12.2023	
	Nominal	**Share as %**	**Nominal**	**Share as %**
Cantone Ticino With voting rights	500,000	100	500,000	100

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

Bank's own country rating (CHF thousands)	**Rating Standard & Poor's**	31.12.2024		31.12.2023	
		Net foreign exposure	**Share as %**	**Net foreign exposure**	**Share as %**
1 Excellent and high quality	AAA to AA-	376,388	73.7%	270,596	80.1%
2 Above-average quality	A+ to A-	18,844	3.7%	12,132	3.6%
3 Average quality	BBB+ to BBB-	37,734	7.4%	50,002	14.8%
4 Default risk	BB+ to BB	-	0.0%	27	0.0%
5 Default risk material	BB-	235	0.0%	201	0.1%
6 Speculative, high default risk	B+ to B-	70,469	13.8%	566	0.2%
7 Poor quality, very high risk	CCC+ to D	-	0.0%	5	0.0%
Unrated	-	7,024	1.4%	4,290	1.2%
Total		**510,694**	**100.0%**	**337,819**	**100.0%**

The calculation of the net foreign exposure is made on the basis of the customer's domicile, with the exception of mortgage loans where the domicile of the property is the relevant criterion. Liechtenstein is deemed to be a foreign country.

5.7 INFORMATION CONCERNING OFF-BALANCE SHEET TRANSACTIONS

5.7.14 Breakdown of fiduciary transactions

(CHF thousands)	31.12.2024	31.12.2023
Fiduciary investments with third-party companies	276,530	329,723
Total fiduciary transactions	**276,530**	**329,723**

5.8 INFORMATION ON THE INCOME STATEMENT

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

Breakdown of result from trading activities by business line

(CHF thousands)	2024	2023
Trading activities with private clients	6,685	5,609
Trading activities with corporate clients	6,537	7,046
Trading activities on own account	2,737	5,889
Total result from trading activities	**15,959**	**18,544**

Result from trading activities and fair value option

(CHF thousands)	2024	2023
Equity-type securities (including investment funds)	478	651
Foreign currencies and banknote trading	3,810	16,341
Commodities / precious metals	11,671	1,552
Total result from trading activities	**15,959**	**18,544**

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

Refinancing income in the item "Result from interest operations"

Interest and dividend income from trading portfolio is offset with costs of refinancing of that portfolio.

(CHF thousands)	2024	2023
Negative interest		
Negative interest on assets (decrease in interest and discount income)	4	7
Negative interest on liabilities (decrease in interest expenses)	-	1

5.8.17 Breakdown of personnel expenses

(CHF thousands)	2024	2023
Salaries	71,069	65,245
of which expenses relating to share-based compensation and alternative forms of variable compensation	-	-
Social benefits	17,927	17,630
Other personnel expenses	4,642	3,998
Total personnel expenses	**93,638**	**86,873**

5.8.18 Breakdown of general and administrative expenses

(CHF thousands)	2024	2023
Office space expenses	6,167	4,847
Expenses for information and communications technology	28,196	24,373
Expenses for vehicles, equipment, furniture and other fixtures as well as operating lease expenses	633	512
Fees of audit firm	764	514
of which for financial and regulatory audits	*704*	*495*
of which for other services	*60*	*19*
General and administrative expenses	27,199	24,270
of which compensation for any State guarantee	-	-
Total general and administrative expenses	**62,959**	**54,516**

5.8.19 Explanations concerning material losses, extraordinary income and extraordinary expenses, and any significant release of hidden reserves, reserves for general banking risks and value adjustments and provisions no longer required, revaluations from participations and tangible fixed assets

5.8.19.1 Material losses
No material losses were incurred during the 2024 financial year.

5.8.19.2 Extraordinary income and extraordinary expenses
During the 2024 financial year, the Bank achieved extraordinary income of CHF 3.4 million from the sale of the building owned in Molino Nuovo.
No extraordinary expenses were incurred.

5.8.19.3 Hidden reserves
The Bank does not hold any hidden reserve as it discloses its individual financial statements on the basis of the true and fair view principle.

5.8.19.4 Reserves for general banking risks
CHF 58 million were deducted from "Changes in reserves for general banking risks" and allocated to Reserves for general banking risks.

5.8.19.5 Value adjustments and provisions no longer required
There is nothing to report under this heading.

5.8.19.6 Revaluations of participations and tangible fixed assets
There were no revaluations of participations or tangible fixed assets during the reporting year.

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

(CHF thousands)	2024	2023
Current taxes	319	307
Other taxes	406	378
Total taxes	**725**	**685**

The Bank is subject to communal taxation for intercommunal apportionment in accordance with Art. 279 ff of the TL.
The Bank is exempt from federal taxation as it is a Cantonal establishment (Art. 56b of the Federal Act on Direct Federal Taxation) and from cantonal taxation (legislative decree of 19.5.1952).

From Annual Report 2019

Report of the statutory auditor

to the Council and to the Cantonal Parliament of the Republic and Canton of Ticino, Bellinzona

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Banca dello Stato del Cantone Ticino (the Bank), which comprise the balance sheet as at 31 December 2024, income statement and statement of changes in endowment capital for the year then ended, and annex, to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 76-89) give a true and fair view of the financial position as at 31 December 2024, the financial performance and the cash flows for the year then ended in accordance with the accounting rules for banks and comply with Swiss law and the Law on Banca dello Stato del Cantone Ticino.

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.

Our audit approach

Overview

Overall materiality: CHF 6'600'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

As key audit matter the following area of focus has been identified:

- Valuation of amounts due from customers and mortgage loans

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 6'600'000
Benchmark applied	Operating result (result of the period before tax, changes in reserves for general banking risks and extraordinary items).
Rationale for the materiality benchmark applied	We chose the operating result (result of the period before tax, changes in reserves for general banking risks and extraordinary items) because it is the benchmark against which the performance of a bank is most commonly measured and it is the generally accepted benchmark in the financial industry.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of amounts due from customers and mortgage loans

Key audit matter	How our audit addressed the key audit matter
As shown in the note 5.6.2 of the Annual Report 2024, the Bank grants loans and advances to customers and mortgage loans. We consider the valuation of amounts due from customers and mortgage loans to be a key audit matter for the following reasons: • Amounts due from customers and mortgage loans represent 13% (MCHF 2'398), respectively 68% (MCHF 12'382) of total assets; • the determination of the amount of any impairment is based on the customer's capacity to repay the amount due and on the liquidation value of the collateral, both of which may be influenced by subjective factors and involve management's judgement; • the determination of value adjustments for default risks on loans that are not-impaired is based on an	We identified and tested the key controls relating to amounts due from customers and mortgage loans, more specifically: *Impaired loans* • controls aimed to identify signs of potential default in order to determine the scope of non-performing and/or impaired loans; • controls relating to the calculation of value adjustment including the determination of the market value of the collaterals. *Not-impaired loans*

Key audit matter	How our audit addressed the key audit matter
internal model. Such internal model includes assumptions and parameters on which the Bank exercises a significant degree of estimation. The Bank has a control system in place that allows to identify and to analyse the risk of default, to take precautionary measures and to determine the impairment necessary. The accounting and valuation principles for amounts due from customers and mortgage loans and the methods used to identify default risks and to determine the need for impairment are described in the notes to the Group financial statements (notes 5.2.3.3, 5.4.1 and 5.5).	• controls aimed to validate the internal model used to determine value adjustments for default risks on not-impaired loans according to FINMA-AO (art. 25). We concluded that we are able to rely on key controls tested. In addition, we tested on a sample basis that: • the risk category given to the selected credit was adequate; • the market value of the collateral was determined or updated in accordance with market practice; • the impairments were calculated and recorded in accordance with the applicable accounting principles; • the assumptions and parameters included in the internal model used to determine value adjustments for default risks on not-impaired loans are adequate; • data included into the internal model is complete and accurate. We concluded that the methods and assumptions used to determine value adjustments on both doubtful and on not-impaired loans are reasonable and in accordance with our expectations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Group financial statements, the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements, that give a true and fair view, in accordance with the provisions of Swiss law and the Law on Banca dello Stato del Cantone Ticino, 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

We communicate to the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Law on Banca dello Stato del Cantone Ticino. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Beresford Caloia

Licensed audit expert
Auditor in charge

Filippo Cavalieri

Lugano, 28 March 2025

Board of Directors
at 31.12.2024

Subsequent to that date, there have been significant changes in the composition of the Board of Directors. Please refer to Chapter 3 of the Corporate Governance section (page 8) for further details.

Chairman
Bernardino Bulla [1]

Deputy Chairman
Luca Soncini [1,2]

Secretary
Stefano Santinelli [1]

Members
Michela Ferrari-Testa, Counsel [1,2]
Marialuisa Parodi Aostalli[1]
Marco Passalia [1]
Enea Petrini,Counsel[1,2]

Public Mandate Control Commission
at 31.12.2024

Chairman
Cristina Maderni

Deputy Chairman
Fiorenzo Dadò

Members
Omar Balli
Samantha Bourgoin
Tiziano Galeazzi
Fabrizio Sirica

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[1] Independent members as specified in FINMA Circular 2017/01

[2] Members of the Audit and Risk Committee.

Auditors as defined by the Swiss Federal Law on Banks and Savings Banks

PricewaterhouseCoopers SA

Internal Audit

Head of Internal Audit
Gabriele Guglielmini

Deputy
Guido Gianetti

Executive Board
at 31.12.2024

President of the Executive Board
Fabrizio Cieslakiewicz

Members of the Executive Board

Glenda Brändli

Curzio De Gottardi

Nicola Guscetti

Patrick Lafranchi

Gabriele Zanzi

Members of the Management
at 31.12.2024

BELLINZONA

Senior Vice Presidents
Davide Albergati
Giusy Delli Veneri
Gabrio Lavizzari
Stefano Marra
Roberto Nuschak
Emanuele Palmas
Paolo Patelli
Stéphane Pellegrini
Luca Previtali
Matteo Saladino
Pietro Soldini
Lorenzo Squellati
Norman Stampanoni
Fabrizio Stöckli
Carlo Tomasini
Mirko Zoppi

First Vice Presidents
Mauro Bazzotti
Maurizio Derada
Raffaele Marti
Giorgio Sala

Vice Presidents
Loris Alzati
Roberto Angeretti
Luca Baciocchi
Lorenzo Beretta Piccoli
Enrico Bertozzi
Boris Bionda
Luca Bordonzotti
Omar Cadola
Dario Caramanica
Medardo Caretti
Lorenzo Cattaneo
Raffael Cremona
Prisca Del Don Starnini
Stefano Del Fitto
Ettore Di Lena
Jurica Drinjak
Franco Engelberger
Nicola Foglia
Bryan Frigerio
Roberto Frigo
Riccardo Fumagalli
Adolfo Genzoli
Ivan Gherardi
Tiziano Gianini
Stefano Giedemann
Clio Indemini
Roberto Landis
Luisa Lavelli
Devis Maggi
Dante Manara
Daniele Manzoni
Roberto Meyer
Alessio Mezzacapo
Lorenzo Morelli
Carlo Nodari
Cesare Pedrocchi
Corrado Pellanda
Patrick Pestelacci
Francesco Pisano
Nicola Ponzio
Angelo Quartarone
Alessandro Rodoni
Aris Rogic
Mirco Rossi
Massimo Schmid
Ferruccio Unternährer
Nicolò Valenti
Tiziana Ventre

LUGANO

Senior Vice Presidents
Franco Cancellara
Luigi Longoni
Carlo Ruggia
Luca Todesco

First Vice Presidents
Gianluca Bassi
Filippo Dotti
Sura Fini Di Pietro
Alessandro Massetti
Tiziano Morelli
Stefania Oldrati
Alberto Pedrazzi
Massimo Penzavalli
Roberto Vassalli
Jvan Zatta

Vice Presidents
Marco Airoldi
Katia Albertoni-Paglia
Enrico Bentoglio
Riccardo Bernasconi
Paola Calignano
Gianluca Colpo
Luca Comisetti
Simone Falbo
Davide Lupi
Sergej Mancastroppa
Gabriele Mantegazzi
Simone Mossi
Isabella Pastore Pacia
Giuseppe Polli
Carmen Polo
Sacha Sabbioni
Giacomo Tabet
Maurizio Uysal
Andrea Zanoccoli

LOCARNO

Senior Vice Presidents
Massimiliano Morelli

First Vice Presidents
Claudio Gnesa
Maurizio Ostinelli

Vice Presidents
Andrea Barenco
Roman Bzoch
Gabriele Jelmolini
Stephan Mair
Eric Marcolli
Davide Mellini
Gianmaria Mondada
Sonia Raineri
Franco Storni

CHIASSO

Senior Vice Presidents
Marco Soragni

First Vice Presidents
Lorenzo Imperiali
Gilberto Pittaluga

Vice Presidents
Maurizio Brenta
Jarno Conconi
Daniele Ferrara
Axel Gysin
Andrea Maspoli
Fulvio Soldini
Mauro Stocker

INTERNAL AUDIT

Equivalent to Senior Vice Presidents
Gabriele Guglielmini

Equivalent to First Vice President
–

Equivalent to Vice Presidents
Guido Gianetti
Christian Steffen

Head Office

Viale H. Guisan 5
Casella Postale
6501 Bellinzona

Branches

Corso S. Gottardo 4
6830 Chiasso

Via Naviglio Vecchio 4
6600 Locarno

Via Pioda 7
6900 Lugano

Agencies

Via Contrada San Marco 41
6982 Agno

Via della Stazione 21
6780 Airolo

Viale Papio 5
6612 Ascona

Via Pini 2
6710 Biasca

Via Leoncavallo 31
6614 Brissago

Via Pretorio 3
6675 Cevio

Via Lucomagno 72
6715 Dongio

Piazza S. Franscini 5
6760 Faido

Largo Libero Olgiati 81a
6512 Giubiasco

Via San Gottardo 77
6596 Gordola

Piazza Riforma
6900 Lugano

Via Trevano 97
6904 Lugano-Molino Nuovo

Via Cantonale 38
6928 Manno

Via Lavizzari 18
6850 Mendrisio

Via Pietro Fontana 8
6950 Tesserete

ONLINE AGENCY
Agenzia**VICINA**
Tel 091 803 33 33
agenziavicina@bancastato.ch
c/o Sede Centrale

ATM ONLY
Ospedale San Giovanni
6500 Bellinzona

Piazza Collegiata
6500 Bellinzona

Stazione FFS Bellinzona
6500 Bellinzona

Stazione FFS Chiasso
6830 Chiasso

Via San Francesco 1
6600 Locarno-Città Vecchia

Via Emmuaus 1
(Centro Comm. Cattori)
6616 Losone

Ospedale Civico
6900 Lugano

Via Sonvico 5
(Centro Coop Resega)
6952 Lugano-Canobbio

Ospedale Beata Vergine
6850 Mendrisio

Stazione FFS Mendrisio
6850 Mendrisio

Via Angelo Maspoli 18
(FoxTown)
6850 Mendrisio

Via Cantonale 19
6805 Mezzovico

Via alle Brere 5
6598 Tenero

Centro Coop Tenero
6598 Tenero

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