

To all active insured  
To pensioners  
To employers: BSI SA, Dreieck SA,  
Finnat SA, Patrimony 1873 SA

Lugano, 16 May 2017

## 2016 Annual Financial Statements

Dear Sir/Madam

The Board of "Fondazione di previdenza BSI SA" ("Foundation") and the Board of "Fondo Complementare di Previdenza BSI SA" ("Fund") ("BSI Foundations") approved the 2016 annual financial statements during the meetings of April 11<sup>th</sup>, 2017.

2016 has been an excellent year for the **performance** obtained by the management of the Foundation's assets, which reached **5.47%**.

An important portion of the performance has been dedicated to update the technical bases, with the introduction of the generational tables LPP2015 year 2017 and with the decrease of the technical rate from 2.75% to 2.5%.

At the end of the year, the financial statement of the Foundation registered a deficit of CHF 1.2 million, leading to the decrease of the fluctuation reserve, which, at the end of 2016, amounted to CHF 8.1 million. We are still far from the target set for this reserve, which corresponds to 16.4% of the pension obligations, i.e. CHF 152.9 million. The increase of the fluctuation reserve remains an important target to be achieved, in order to confer the Foundation a better risk capacity and a financial stability useful to face up to the future with more certainty.

The net total assets amount to CHF 940.4 million, and the pension capital and the actuarial provisions amount to CHF 932.3 million. Accordingly, the Foundation's **coverage ratio** has remained stable from 101% of 2015 to **100.9% at the end of 2016**. The projections for the future show however a slight, but constant decline, if the market conditions do not improve.

In conclusion, the Foundation is still in a good financial situation, even though its financial balance is constantly hard tested by demographic and market trends.

The annual financial statements of the Fund experienced a similar development and registered, at the end of the year, a deficit of CHF 5.1 million, leading to the decrease of the fluctuation reserve, which, at the end of 2016, amounted to CHF 4.4 million. We are still far from the target set for this reserve, which corresponds to 16.5% of the pension obligations, i.e. CHF 31.1 million. For the Fund, as well, increasing the fluctuation reserve is an important target to be achieved.

The **performance** obtained by the management of the Fund's assets has reached **3.37%**.

An important portion of the performance has been dedicated to update the technical bases (with the introduction of the generational tables LPP2015 year 2017 and with the decrease of the technical rate from 2.75% to 2.5%) and to create a reserve in view of a possible decrease of the technical rate to 2.25% foreseen for next year.

The net total assets amount to CHF 193.1 million, and the pension capital and the actuarial provisions amount to CHF 188.7 million. The Fund's **coverage ratio** slightly declined from 104.8% of 2015 to **102.3% at the end of 2016**. As for the Foundation, the projections for the future show a slight, but constant decline, if the market conditions do not improve.

The 2016 annual financial statements were presented by the respective Boards to the Delegates' Meetings, during the sessions of 15 May 2017. They are available to all active insured and pensioners, following the policy of transparent, timely and capillary communication that the BSI Foundations have implemented over the years. The annual financial statements are available in Italian, and from this year also in English, to all *active insured* on the intranet portal (Company/Communications/Company Communications/Group HR Organization & Internal Communication), while *pensioners* may obtain it via the following link: <http://efginternational.tinext.net/en/fondazioneprev>.

Best regards,

FONDAZIONE DI PREVIDENZA  
BSI SA

FONDO COMPLEMENTARE  
DI PREVIDENZA BSI SA



Massimo Antonini  
President



Michele Casartelli  
Foundation Manager



Thierry Cerclé  
President



Michele Casartelli  
Foundation Manager

c.c.:

- Autorità di Vigilanza sulle Fondazioni e LPP della Svizzera Orientale (Authority on Foundations and LPP of Eastern Switzerland), Piazza Stazione 4a, 6602 Muralto
- Ernst & Young SA, Corso Elvezia 33, 6901 Lugano
- Willis Towers Watson, Talstrasse 62, 8021 Zürich