

Sella Group: positive first quarter results 2023 growth strategy continues

- **Net profit:** €48 million
- **Net banking income:** €252.7 million (+16.3%)
- **Net inflows:** €933 million
- **Global collection:** €50.5 billion (+3.8%)
- **Loans:** €10.7 billion (+2.1%)
- **Cet1:** 13.27% - **Total Capital Ratio:** 15.16%.
- **LCR:** 167% - **NSFR:** 127.1%

The Sella group closed the first quarter of the year with high-grade results, thanks to the good performance in all business sectors resulting from the growth strategy based on the quality of customer relations, technological innovation and the fostering of an open ecosystem. Group results as of 31 March 2023 approved today by the Board of Directors of the Parent company Banca Sella Holding recorded a net profit of €48 million, up from €35 million in the same period of the previous year.

Alongside the good overall performance, the result also echoed the non-recurring component arising from the strategic partnership with Sesa Group to strengthen its presence in the open finance services market. The agreement gave rise to two companies: Nivola, controlled by Sella through Centrico, and BDY, dedicated to the marketing of core banking software and application services on the Italian market, 49% owned by Centrico and to which a business unit was transferred. Net of the capital gain arising from the BDY transaction, the net profit was worth €32.3 million. From an industrial point of view this is higher than in the last year, as evidenced by the growth in the operating income of around €84 million (+23% compared to the same period in 2022) thanks to the growth in the net banking income exceeding that of costs. Compared to last year results, there was a higher cost of credit risk (up from €6.1 million at the end of 2022, or 37 bps, to around €11 million, or 41 bps) and some prudential write-downs on equity investments against last year's capital gains.

During the quarter, the Group confirmed its significant growth in the net banking income, which increased by €35.5 million (+16.3% compared to the same period last year), reaching € 252.7 million. The net interest income rose to €129.9 million (+60%), mainly due to the commercial component. The Net income from services grew to €101.6 million (+6.6%). Net income from financial activities amounted to €21.2 million (-47.9% because of transactions in the last year involving the sale of securities and tax credits to third parties).

In a global scenario that remains still uncertain and marked by international tensions, inflationary pressures and rising interest rates, the Sella group shows growth in global net inflows, which in terms of market value exceeded the €50 billion threshold (50.5 billion, +3.8% compared to 48.7 billion at the end of 2022). In particular, global net inflows were performing at €933 million, reflecting customer confidence. Indirect deposits grew to €34.6 billion (+8.1%). Direct deposits fell by -4.3%, mainly due to their partial transformation into indirect deposits, in line with the advice given to customers to seize opportunities in a high interest rate scenario. Lending to support household and corporate activities, net of repos, increased to €10.7 billion (+2.1%).



Credit quality ratios were positive. The annualised cost of credit risk stood at 41 bps (it was 37 at the end of 2022). The net NPL Ratio attained 2% (it was 1.8%) and the gross NPL Ratio reached 3.7% (it was 3.5%). The coverage ratio on impaired loans is 47.6% (it was 49.5%) and the coverage ratio on non-performing loans is 65.7% (it was 65.7%). The Texas Ratio is 27.7% (it was 27.2%).

The sound capital position, already well above the required standards, sees further growth in the ratios: Cet1 at 13.27% and Total Capital Ratio at 15.16% (13.21% and 15.12% at the end of 2022). Liquidity ratios are also well above the required minimum limits: LCR at 167%, NSFR at 127.1% (the required threshold is 100% for both).

The effective performance found support by all sectors in which the Group engages and the good diversification and balancing of revenue sources. Specifically, compared to the end of 2022, net inflows from asset management and advisory services grew by €610 million to €22.3 billion. Against the same period of the previous year, revenues from investment services grew by 1.7% to €46.9 million, partly due to the favourable performance of the financial markets, with a beneficial effect on assets under management, worth €305 million. Concerning payment systems, the net banking income grew by 13.2% to €24.6 million, with total transacted volumes related to acquiring and issuing services up 27.4%. Finance and investment banking recorded an effective margin performance of €40.6 million, however, lower than in the same period last year (falling by 32% both due to the implications of interest rate dynamics on the trading earnings and because last year a major sale of securities impacted the result). Revenues from new business rose 11.2% to €19m, mainly due to corporate and investment banking, open payment and platform services.

As part of the Group growth and development strategy, the commitment to sustainability continues, specifically through further initiatives to steadily reduce gross residual CO₂ emissions, and supporting customers with ESG products and services, such as: a loan rewarding companies committed to an energy transition path, envisaging cost reductions upon reaching fixed sustainable targets; a loan to support investments in renewable sources, and a loan aimed at purchasing buildings falling under a virtuous energy class.

Banca Sella

Banca Sella, a company issuing widespread securities, rounded the quarter with a net profit of €41.2 million, up 41.3% compared to €29.2 million in the first quarter of last year. This confirms, despite the complex scenario, the effectiveness of its strategy based on specialised consultancy and innovative and technological products and services to provide suitable responses to the needs of households and businesses.

The Bank Roe stood at 18.7% (it was 14.1% at March 2022). Traditional capital strength found confirmation with the Cet1 ratio at 18.36% and the Total Capital Ratio at 20.80% (figures were 18.63% and 21.16% at the end of 2022). Liquidity ratios were well above the required limits: LCR ratio at 178.1%, NSFR ratio at 141.6% (the required threshold is 100% for both).

Particularly outstanding was the development of the net banking income, which grew by 21.3% to €156.4 million. Contributing to this result was the significant increase in net interest income (+79.1% to €91.7 million, mainly due to the growth in the retail component, as a result of the increase in loans and higher interest from loans to customers due to the dynamics of market rates). In addition, the increase in net income from services (+5.7% to €61.2 million, specifically due to the growth in the earnings from payment systems, and ancillary credit fees). On the other hand, net income from



financial activities decreased (-81.8% to €3.6 million, as the figure last year included transactions involving the sale of securities and tax credits to third parties affecting the result).

Global net inflows at market value stood at €32.4bn, up 2.7%, while global net inflows in Q1 2023 were positive at €0.3 billion. Lending to support household and corporate activities grew by 1.4% to €9.2 billion. Credit quality ratios remain at optimal levels: the annualised cost of credit risk is 33 bps (was 12 bps in March 2022 and 22 bps at the end of 2022). The net Npl Ratio is 1.9% (it was 1.7%), the gross Npl Ratio is 3.4% (it was 3.1%). The Texas Ratio is 32.5% (it was 30.8%).

Banca Patrimoni Sella & C.

Banca Patrimoni Sella & C., specialising in the management and administration of the assets of private and institutional customers, rounded the first quarter with a net profit of €6.9 million, up from €2.9 million in the same period last year. Assets under management amounted to €19.4 billion, an increase of 6% compared to the end of 2022. Progressive net inflows amounted to €638 million. Results mirrored both the good performance of commission income, following the Bank's further growth in size, and the positive contribution of net interest income and profits from trading in the proprietary securities portfolio. The Cet1 and Total Capital Ratio were both 12.20% (they were both 11.88% at the end of 2022).

Fabrick

Fabrick, the group's company specialising in open finance, with its subsidiaries Axerve, dpixel, Vipera and Codd&Date, and the Fintech District, posted total net sales of €12.7 million, up 15% year-on-year. The Fintech District community, where open innovation projects develop, further expanded to 258 fintech members and 40 corporations with which collaborations took place over the years.

Biella, 10 May 2023