Sella

PRESS RELEASE

Sella, positive first quarter 2024 results

- **Net consolidated profit pertaining to the Group:** €32.8 million
- **Consolidated net profit including minority interests:** €43.9 million
- **Annualized ROE:** 11.9%
- **Net interest and other banking income:** €264.2 million (+4.5% y/y)

*****

- **Global net deposits[1]**: €1.7 billion (€1.7bn in 4q23 and €1bn in 1q23)
- **Global deposits[2]:** €59.1 billion (+4.8% q/q and +17.1% y/y)
- **Total lending:** €11.2 billion (+1.3% q/q and +4.1% y/y)

*****

- **Banca Sella:** CET1 Ratio 18.99% - Total Capital Ratio 21.37%
- **Banca Patrimoni Sella & C.:** CET1 Ratio 14.98% - Total Capital Ratio 14.98%
- **Sella Group:** CET1 Ratio13.03% **-** Total Capital Ratio 15.44%

The Sella Group closed this year's first quarter with positive results, thanks to good performance in all business sectors while confirming the effectiveness of diversification of its revenue sources. In fact, the consolidated results as at 31 March 2024, approved today by the Board of Directors of the parent company Banca Sella Holding, recorded a consolidated profit including the component attributable to minority interests in the shareholding structure of various Group companies, also to support the strategic development of their business activities, of €43.9 million (it was €41.8 million without taking into account non-recurring items). The consolidated net profit pertaining to the parent company is €32.8 million, essentially stable with respect to the €31.8 million posted in the same period of the previous year without considering non-recurring items, among which was the capital gain resulting from the strategic partnership with the Sesa Group.

When factoring in the strategic partnership with the Sesa Group, which led to the establishment of Nivola, controlled by Sella through Centrico, and of BDY, in which Centrico has a 49% stake and to which a business unit was transferred, net profit as at 31 March 2023 was €48 million. The result for the first quarter of this year was also affected by higher costs related to the growth in Team Sella's workforce and the new national labour contract for the banking industry, as well as lower profits from securities linked to inflation.

The quarter results confirm the sound performance of global net deposits[1], which were positive at €1.7 billion, matching last quarter's good results and up €700 million from the first quarter of 2023. The stock of global deposits[2] stood at €59.1 billion, up 4.8% from the end of 2023 and 17.1% from the same period in the previous year. The growth this quarter was due to a rise in indirect deposits of about €2 billion, owing to an increase in the total amount of customer investments, and about €1 billion due to market price performance. Direct deposits excluding repurchase agreements reached €17.8 billion, down in the quarter by 1.5% (+11,7% y/y) or about €275 million, mainly due to the transformation of a part of it into indirect deposits, in line with market dynamics, and as a result of the postponement from December 2023 to January 2024 of customer payments and maturities.

Albeit against a backdrop of a general slowdown in credit demand linked to market interest rates, the development of the lending portfolio was further strengthened. In fact, lending to

Sella

support the activities of households and businesses grew by 1.3% (+4.1% y/y) reaching €11.2 billion in the quarter.

During the first quarter of this year, the Group maintained sustained growth in net interest and other banking income, which reached €264.2 million (up 4.5% from the same period of the previous year), with interest margin and net income from services up 5.7% to €137.4 million and 9% to €110.7 million respectively. Net income from financial activities decreased by 24.4%, to €16.1 million, mainly due to performance from own trading activities that was worse than in the previous year as a result of lower market volatility and a decreased contribution from the own securities portfolio, which in the first quarter of 2023 had benefited from capital gains from the sale of securities.

The positive trend was supported by all sectors in which the Group is engaged and by the good diversification and balancing of revenue sources. Compared to the first quarter of 2023, investment services generated revenues amounting to €49.9 million (up 6%). In the payment systems segment, net interest and other banking income grew to €24.6 million (+0.9%), thanks to a 15.5% increase in total transacted volumes relating to acquiring and issuing services. Margins from the development of open finance and open payments platforms and the provision of technology services to third parties generated revenues of €13 million (+17.4%). Corporate & Investment Banking revenues amounted to €2.6 million (-3.6%), while Finance posted a margin performance of €23.7 million, down 38.7% compared to the same period last year, which was still characterized by favorable market conditions such as high market volatility and the impact of inflation on the return on the securities portfolio. Revenues from new business grew 12.1% to €22.1 million, mainly driven by end-to-end payment platform services for corporates and merchants. Total Group net revenues in the open finance segment were €14.9 million, up 23%.

Credit quality remained excellent. The annualized credit risk cost stood at 40 bps (it was 39 bps at the end of 2023) and risk indicators confirm the positive performance of the lending portfolio. The net NPL Ratio is 1.7% (it was 1.6%) and the gross NPL Ratio is 3.2% (it was 3%). The Texas Ratio is at 23.4% (it was 22.7%).

The historic capital solidity has been confirmed and stands well above the minimum requirements: CET1 Ratio is 13.03%, Tier 1 Ratio is 13.27%, and the Total Capital Ratio is 15.44% (they were 13.36%, 13.61% and 15.47% respectively at the end of 2023). The liquidity ratios are also well above the required thresholds: LCR at 215.95% and NSFR at 141.14% (they were 230.83% and 142.90% at the end of 2023, the required threshold for both is 100%).

Regarding regulatory capital requirements, on 19 March 2024, the Bank of Italy notified the Sella Group of the "SREP decision" containing the results of the supervisory review and evaluation process, which required the Group to comply with the following capital ratios as of 31 March 2024 and on a consolidated basis:

- CET1 Ratio equal to 7.8%
- Tier 1 Ratio equal to 9.6%
- Total Capital Ratio equal to 11.9%

Sella

Furthermore, also following communications received from the Bank of Italy, the Sella Group has been asked to comply with a "MREL" minimum requirement of 20.66% of own funds and eligible liabilities as of 30 September 2026.

Banca Sella

Banca Sella closed the first quarter with a net profit of €46.4 million compared to €41.2 million in the same period last year. The bank's ROE stood at 18.4% (it was 18.7% as at March 2023). its historic capital solidity was confirmed with CET1 at 18.99% and Total Capital Ratio at 21.37% (they were 19.27% and 21.78% at the end of 2023). Largely above the required thresholds the liquidity indicators: LCR at 279.59%, NSFR at 153.76% (the required threshold for both is 100%).

Also a positive trend of net interest and other banking income, which grew by 6.9% to €167.2 million. The main contributor to this result was the increase in net interest margin, which increased by 13.7% to €104.2 million, mainly due to the growth in margin from commercial lending, driven by greater volumes and the market rate dynamics.

Global deposits valued at market prices stood at €36.5 billion, up 3.1% from the end of 2023 (+12.6% y/y), while global net deposits in the first quarter of 2024 were positive by €0.6 billion. Lending to support household and business activities grew 0.7% in the quarter to €9.5 billion (+3% compared to the same period in the previous year). Credit quality indicators remain at optimal levels: annualized credit risk cost is 17 bps (it was 33 bps as at March 2023 and 26 bps at the end of 2023); net NPL Ratio is 1.6% (it was 1.5%), gross NPL Ratio is 2.8% (it was 2.7%). The Texas Ratio is 23.9% (it was 23.7%).

Banca Patrimoni Sella & C.

Banca Patrimoni Sella & C., which specializes in the management and administration of the assets of private and institutional customers, closed the first quarter with a net profit of €6.2 million (it was €6.9 million in the first quarter of last year). Assets under management stood at €23.8 billion, up 7.3% from the end of 2023. Total net deposits amounted to 1.1 billion euros, while progressive qualified net deposits[3] reached €652.9 million, benefiting from customers' interest in asset management products. The results were impacted by the good performance of commission income and the positive contribution of net interest income and profits from trading in the own securities portfolio. The CET1 and Total Capital Ratio were both 14.98% (both were 13.46% at the end of 2023).

Fabrick and the fintech ecosystem

Fabrick, the Group company which specializes in open finance, alongside its subsidiaries Codd&Date, dpixel, Fabrick Solutions Spain and Judopay, reported total net revenues of €14.9 million, up 23% from the same period last year. The Fintech District community, within the scope of which open innovation projects are developed, has further expanded to more than 290 fintech associates and 40 corporates with whom collaborations have been established.

Biella, 10 May 2024

NOTES:

1- GLOBAL NET DEPOSITS: variation in global deposits stock, net of market price performance

2- GLOBAL DEPOSITS: sum of direct and indirect deposits

3- QUALIFIED NET DEPOSITS: deposits under consultancy contract