# Sella group

## Consolidated half-year report

at 30 June 2024

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# Corporate Officers

## Board of Directors

In office until the approval of the 2024 financial statements

| | | | |
|---|---|---|---|
| Maurizio Sella<br>Chairman | Franco Bruni<br>Director | Giovanna Nicodano<br>Director | Caterina Sella<br>Director |
| Sebastiano Sella<br>Deputy Chairman | Franco Cavalieri<br>Director | Laura Nieri<br>Director | |
| Giacomo Sella<br>Deputy Chairman | Massimo Condinanzi<br>Director | Giovanni Petrella<br>Director | |
| Pietro Sella<br>Chief Executive Officer | Marta Cosulich<br>Director | Ernesto Rizzetti<br>Director | |

## Risk Committee

| | | | |
|---|---|---|---|
| Laura Nieri<br>Member - Chairman | Giovanni Petrella<br>Member | Giovanna Nicodano<br>Member | Mario Cattaneo<br>Secretary |

## Remuneration Committee

| | | | |
|---|---|---|---|
| Franco Bruni<br>Member - Chairman | Giovanni Petrella<br>Member | Marta Cosulich<br>Member | Mario Cattaneo<br>Secretary |

## Appointment Committee

| | | | |
|---|---|---|---|
| Franco Bruni<br>Member - Chairman | Massimo Condinanzi<br>Member | Laura Nieri<br>Member | Mario Cattaneo<br>Secretary |

## Board of Statutory Auditors

In office until the approval of the 2026 financial statements

| | | | |
|---|---|---|---|
| Pierluigi Benigno<br>Statutory Auditor<br>Chairman | Marina Barbieri<br>Statutory Auditor | Daniele Frè<br>Statutory Auditor | Gianluca Cinti<br>Alternate Auditor |
| | | | Mariella Giunta<br>Alternate Auditor |

## Auditing Firm

KPMG S.p.A.

# 1. Executive Summary

In the first half of 2024, the Sella group effectively continued its development path, obtaining positive results in all sectors of activity and consolidating the growth of the previous year.

The beginning of the year was marked by the launch of the new three-year strategic plan called **Make an Impact,** which aims to achieve sustainable economic and business goals oriented towards customer satisfaction, as well as the achievement of **measurable impact targets**, so that the Group is recognised for its ability to generate positive impact.

Among these, the growth of **sustainable intermediation**, understood as the amount of collection, loans and investments that meet well-defined criteria oriented to impact, the quality of the **Sella group's work environment**, as a space for exchange and comparison, a culture of values and merit and a place to enhance personal and professional growth, expressed by the **GPTW (Great Place to Work) TRUST INDEX**, as well as excellence in customer satisfaction, referred to the **NPS (Net Promoter Score)**, are understood as priority aspects and are defined as first-level transformative targets. These objectives, accompanied by traditional management prudence, have the ultimate goal of **generating long-term value for all stakeholders who are connected to the Sella group ecosystem in different ways**.

To achieve these goals, the group will continue to invest significantly throughout the plan, in line with what has been done in recent years, as confirmed by the over **53 million euros (Capex) already allocated to strategic objectives** in the first six months of this year, up compared to 50 million in the same period of the previous year.

The investments remain aimed at supporting the size growth of the group in the various areas of activity (the Sella Team has enriched its workforce of **394 resources in the last 12 months),** strengthening in particular the territorial presence and diversification, including geographically, of revenue sources. Furthermore, the **path of internationalisation** in the sector with a high rate of innovation of **Open Finance** continues, with the aim of exploiting the competitive positioning acquired and generating new types of revenues and important synergies for traditional ones.

This development framework also includes the **strategic operations** carried out during the semester, both subject to the authorisation of the competent supervisory Authorities and with effect from January 2025, carried out by Fabrick for the **acquisition of finAPI**, one of the main German operators of Open Finance solutions, and by Banca Patrimoni Sella & C. with the agreement aimed at the **merger by incorporation of Banca Galileo**, a credit institution that offers traditional banking services and specialist advice to private and corporate customers.

The group's programme for the production of energy from renewable sources also continues, which aims to achieve a production capacity equal to its annual consumption in the three-year period (17 MW in total for a total of about 20 million euros of investment).

As part of this development strategy, the group closely monitors the evolution of the international macroeconomic framework, still characterised by the restrictive tone of monetary policy and potential risks related to geopolitical instability, inflationary tensions and emerging risks related to climate change. In response to these uncertainties, the group has progressively adopted measures aimed at acquiring large liquidity reserves, as confirmed by the **LCR indicators at 195.2%** and **NSFR at 140.5%**, both very solid, while maintaining a capital endowment consistent with its risk profile, for a **CET1 ratio of 13%**, which implies a buffer of approximately 520 bps above the minimum regulatory requirements including P2G.

Always with a forward-looking perspective, the group has constantly monitored and reviewed the loan portfolio, guaranteeing a solid control of the **quality of the assets.** The **cost of credit risk,** equal to **40 bps,** stood at a level slightly higher than the first half of last year, while the **gross and net NPL ratios** are improving on the year and stable compared to the end of 2023.

In terms of commercial development, the first half of the year was particularly significant for the result obtained in terms **of customer growth**: +115,000 compared to June 2023 (187,000 including Hype, held in a joint venture with illimity) and **+54,000 since the beginning of the year (87,000 including Hype).** The constant expansion of the number of customers, who reached 1.4 million (3.1 million with Hype) overall, confirms the group's ability to successfully meet their needs.

Also significant was the **growth** in **commercial loans** which amounted to **11.4 billion euros**, registering a constant expansion in the last twelve months (+ 4.4%) and an increase of **2.9% since the beginning of the year**. Despite the general contraction in loans to the system, the group has demonstrated the ability to provide credit in a prudent manner, even in a market context in which the level of rates restrains demand. In the half-year, new disbursements reached 1.6 billion euros, matching the figure for the first six months of the previous year.

Total deposits[1] reached 61.2 billion euros at market values, marking an increase of 16.7% compared to June 2023 and 8.7% compared to the end of last year.

The semester recorded positive net inflows of total deposits of 3.7 billion euros, exceeding the 2.3 billion euros of the same period of the previous year, confirming the ability to advise customers as a distinctive factor.

In fact, the qualified deposits stock[2] at market values reached 26 billion euros, thanks to positive net flows of 1.7 billion euros in the half-year, of which 1 billion euros related to managed collection products, placing the group among the main national operators in terms of dynamism and growth in the field of asset management.

The value of direct deposits net of PCTs reached 18.3 billion euros, up 11.5% compared to the value of June 2023, while it is substantially stable compared to the year-end value (+1.1%). This testifies to the goodness of the commercial development actions undertaken, despite the phenomenon of transformation of direct deposits into indirect ones, due to the interest of depositors for the return opportunities offered by the Government Bonds issued in the period.

Thanks to the significant commercial results just mentioned, the Group's net profit (pertaining to the Parent Company and third parties) for the first half of 2024 amounted to 81.4 million euros, expressing an annualised ROE of 11.3%. The result for the period is in line with what was recorded in the first six months of last year, excluding the capital gain for corporate events (approximately 20 million euros gross) accounted for in March 2023 as part of the strategic partnership with the Sesa Group.

Regarding the development of revenues, the intermediation margin exceeded the half-year threshold of 500 million euros for the first time, standing at 527 million euros (+5.4% compared to June 2023), supported by each revenue line and well distributed in the various sectors of activity in which the group is engaged.

Interest margin continued to grow at 282 million euros (+5.6%), benefiting from the positive dynamics of the commercial spread and the increase in average investments.

Net revenues from services increased to 211.6 million euros (+1.7%), thanks in particular to the excellent performance of investment services and in general to the good commission performance recorded by all the business sectors in which the Group is engaged, only partially mitigated by the effects of the refunds granted to customers following the IT disruption incurred in the days from 7 to 11 April, net of which the growth would have been +4.4%; the net result from financial assets, positive for 33.4 million euros, compares with 25.1 million euros in June 2023.

The distribution of the intermediation margin by sectors of activity also highlights the high degree of specialisation that characterises the group, as illustrated in more detail in the section dedicated to the diversification of sources of income. Investment services generated revenues of 99.2 million euros (+8.2% compared to June 2023), supported by the good performance of trading and placement activities, and by the increase in volumes of qualified deposits.

Payment systems recorded total transaction volumes related to acquiring (POS and e-commerce) and issuing services growing by 12.2%, with an intermediation margin of 51.9 million euros (+0.7%).

The contribution linked to the development of open finance platforms, open payments and the offer of technological services to third parties generated revenues of 29.6 million euros (+16.4%), highlighting in particular an excellent performance of in-store (POS and cash-in) and platform products.

Finance, which includes treasury and ALM, markets and minority interests, closed the semester with margins of 52.8 million euros, in line with the 53.4 million euros recorded in June 2023, while corporate investment banking marked the best semester since its inception, both in terms of transactions concluded (17 closing) and margins (6.1 million euros, +6.6%).

Finally, the interest margin from commercial activities grew by 20.8 million euros (+9.1%) compared to the first half of 2023, contributing to the total intermediation margin of 248.8 million euros. Also relevant are the results of the Bancassurance non-life section, equal to 10.6 million euros (+32%) and the commissions ancillary to the credit, the sale of tax credits and traditional banking, amounting to 32.9 million euros (+2.1%).

On the operating costs side, the first half of 2024 recorded an increase of 13.3% compared to June 2023, amounting to 371.5 million euros, in any case in line with the development management forecasts.

This figure mainly reflects the growth of the staff of the Sella Team and the higher charges resulting from the renewal of the Credit National Collective Labour Agreement for the portion starting from 1 July 2023, while other administrative expenses are also affected by non-recurring effects related to the different contribution

[1] Total deposits means the sum of direct and indirect deposits net of PCTs.

[2] Qualified deposits refers to the amount of funding under a consultancy contract that mainly includes managed savings, and to a lesser extent of securities under management and direct deposits.

to the resolution funds[3]. **Depreciation** is also growing, as a direct effect of the constant investments made in recent years and those in progress to support the strategic planning of industrial plans.

Finally, among the non-recurring effects that affected operating costs in the period, there are the amounts accounted for in operating risk management charges, referring to the sums awarded as compensation by the Sella group to third-party companies connected to its systems, following the IT disruption incurred in the days from 7 to 11 April. For more details, please refer to section 5 "Performance of the Group and Business Lines".

The **normalised operating result** for the effects of the non-recurring items mentioned above **stands at 168.5 million euros** (155.5 million euros of book value), substantially in line with the value of the previous year of 169.8 million euros (172.4 million euros of book value at June 2023).

[3] Below are the amounts accounted for in the two comparison periods: 6.6 million euros to the SRF, a contribution accounted for in March 2023 and not due in the current year, compared to 16.3 million euros as a share to the DGS, requested in June 2024 instead of in December by the Interbank Deposit Protection Fund.

## CONSOLIDATED BALANCE SHEET SUMMARY

Figures in thousands of €

| BALANCE SHEET DATA | 30/06/2024 | 30/06/2023 | 31/12/2023 | Changes at June 2024 compared with June 2023 | | Changes at June 2024 compared with December 2023 | |
|---|---|---|---|---|---|---|---|
| | | | | absolute | % | absolute | % |
| Total assets | 22,693,467.9 | 21,380,979.5 | 21,831,766.2 | 1,312,488.5 | 6.1% | 861,701.8 | 3.9% |
| Financial assets (1) | 5,659,307.4 | 5,605,049.2 | 4,938,177.4 | 54,258.2 | 1.0% | 721,129.9 | 14.6% |
| Cash loans, excluding reverse repurchase agreements | 11,359,572.5 | 10,879,325.4 | 11,036,531.2 | 480,247.1 | 4.4% | 323,041.3 | 2.9% |
| *Reverse repurchase agreements* | 630,587.7 | 617,840.4 | 119,603.0 | 12,747.2 | 2.1% | 510,984.7 | 427.2% |
| Total cash loans (2) | 11,990,160.2 | 11,497,165.9 | 11,156,134.2 | 492,994.3 | 4.3% | 834,026.0 | 7.5% |
| Equity investments | 78,589.7 | 101,868.4 | 83,372.9 | (23,278.6) | -22.9% | (4,783.1) | -5.7% |
| Tangible and intangible fixed assets | 736,371.9 | 670,819.6 | 712,178.2 | 65,552.4 | 9.8% | 24,193.7 | 3.4% |
| Direct deposits, excluding repurchase agreements payable | 18,295,553.0 | 16,409,930.6 | 18,093,849.4 | 1,885,622.5 | 11.5% | 201,703.6 | 1.1% |
| *Repurchase agreements payable* | *455,403.8* | *267,436.8* | *42,699.1* | *187,967.0* | 70.3% | *412,704.7* | 966.5% |
| Total direct deposits excluding right-of-use payables (3) | 18,670,532.3 | 16,606,842.5 | 18,061,416.8 | 2,063,689.8 | 12.4% | 609,115.5 | 3.4% |
| Direct deposits from credit institutions | 12,098.5 | 14,753.1 | 45,113.6 | -2,654.6 | -18.0% | -33,015.1 | -73.2% |
| Indirect deposits valued at market prices | 42,939,769.2 | 36,079,548.1 | 38,373,390.3 | 6,860,221.1 | 19.0% | 4,566,378.9 | 11.9% |
| Total deposits valued at market prices (4) | 61,622,400.0 | 52,701,143.7 | 56,479,920.7 | 8,921,256.3 | 16.9% | 5,142,479.3 | 9.1% |
| Total deposits valued at market prices (excluding repurchase agreements payable) | 61,166,996.2 | 52,433,706.9 | 56,437,221.6 | 8,733,289.3 | 16.7% | 4,729,774.6 | 8.4% |
| Shareholders' equity | 1,646,717.6 | 1,529,541.8 | 1,578,554.1 | 117,175.8 | 7.7% | 68,163.5 | 4.3% |
| Common Equity Tier 1 (CET1) | 1,265,762.5 | 1,173,044.1 | 1,212,100.1 | 92,718.4 | 7.9% | 53,662.4 | 4.4% |
| Additional Tier 1 capital (AT 1) | 23,848.9 | 21,367.7 | 22,489.0 | 2,481.2 | 11.6% | 1,359.9 | 6.0% |
| Tier 2 Capital (T2) | 206,322.7 | 138,577.4 | 168,810.7 | 67,745.3 | 48.9% | 37,512.0 | 22.2% |
| Total own funds | 1,495,934.0 | 1,332,989.2 | 1,403,399.8 | 162,944.8 | 12.2% | 92,534.2 | 6.6% |

(1) *Given by the sum of items 20. Financial assets measured at fair value through profit and loss (excluding the component of loans classified in financial assets necessarily measured at fair value), 30. Financial assets measured at fair value through other comprehensive income and 40. Financial assets measured at amortised cost (for the debt securities component only), of the Balance Sheet Assets.*

(2) *Given by item 40. Financial assets measured at amortised cost Receivables from customers of the Asset Balance Sheet excluding debt securities; the item also includes the component of loans classified in the financial assets necessarily measured at fair value; The significant growth in reverse repurchase agreements (PCT) is linked to the market making activity of the Parent Company, the reverse PCTs are, almost entirely, negotiated with the Compensation and Guarantee Fund.*

(3) *Given by the sum of items 10. Financial liabilities measured at amortised cost Payables to customers and 10. Financial liabilities measured at amortised cost Outstanding securities on the Balance Sheet Liabilities; direct deposits are net of payables for right of use.*

(4) *The aggregate, valued at market prices, includes administered securities and funds and the component for insurance funding.*

## CONSOLIDATED ECONOMIC SUMMARY DATA

Data in thousands of €

| RECLASSIFIED ECONOMIC DATA (5) | 30/06/2024 | 30/06/2023 | Absolute | |
|---|---|---|---|---|
| | | | absolute | % |
| Interest margin | 281,998.7 | 267,023.6 | 14,975.1 | 5.6% |
| Net revenue from services (6) | 211,617.4 | 208,099.4 | 3,518.0 | 1.7% |
| of which: commission income | 343,573.7 | 315,081.9 | 28,491.8 | 9.0% |
| of which: commissions payable | (118,432.1) | (101,891.0) | (16,541.1) | 16.2% |
| Net result from financial assets (7) | 33,356.4 | 25,077.1 | 8,279.4 | 33.0% |
| Intermediation margin | 526,972.5 | 500,200.1 | 26,772.5 | 5.4% |
| Operating costs net of stamp duty recovery (8) | (371,481.7) | (327,793.9) | (43,687.8) | 13.3% |
| Operating result | 155,490.8 | 172,406.2 | (16,915.4) | -9.8% |
| Value adjustments/recoveries for credit risk (9) | (22,805.2) | (19,213.9) | (3,591.3) | 18.7% |
| Other income statement items (10) | (51,295.2) | (52,325.9) | 1,030.7 | -2.0% |
| **Profit (Loss) for the year** | **81,390.4** | **100,866.3** | **(19,475.9)** | **-19.3%** |

*(5) Items from the reclassified Income Statement; for details on reclassifications, see the Income Statement section;*

*(6) Given by the sum of items 40. Fee income and 50. Fee expenses from the Reclassified Income Statement and from reclassified variable income and expenses.*

*(7) Given by the sum of items 80. Net income from trading activities, 90. Net income from hedging activities, 100. Gains (losses) on sale or repurchase Financial assets measured at fair value through other comprehensive income and 110. Net result of other financial assets and liabilities valued at fv with impact to the is of the Reclassified Income Statement;*

*(8) Given by the sum of items 190. Administrative Expenses, 210. Net value adjustments/recoveries on tangible assets, 220. Net value adjustments/recoveries on intangible assets and 230. Other operating income/expenses in the Reclassified Income Statement, net of reclassified variable income and expenses.*

*(9) Given by the sum of items 130. Net value adjustments/recoveries for credit risk related to financial assets measured at amortised cost, 140. Profit/loss from contract changes without write-offs, 100. Profit (loss) from the sale or repurchase of financial assets measured at amortised cost (for the component related to the sale of receivables only) and 200. Net provisions for risks and charges (for the credit risk component only) in the Reclassified Income Statement.*

*(10) Given by the sum of items 130. Net value adjustments/recoveries for credit risk related to financial assets measured at fair value through other comprehensive income, 130. Net value adjustments/recoveries for credit risk related to debt securities and receivables from banks, 200. Net provisions for risks and charges, (excluding the credit risk component), 250. Profit (loss) from equity investments, 260, 270, 280 Profit (loss) from goodwill, investments and valuation of tangible and intangible assets and 300. Income taxes for the year on current operations in the Reclassified Income Statement.*

| ITEMS | 30/06/2024 | 30/06/2023 | CHANGE | % |
|---|---|---|---|---|
| NET REVENUES FROM NORMALISED SERVICES | 217,217.4 | 208,099.4 | 9,118.0 | 4.4% |
| NORMALISED INTERMEDIATION MARGIN | 532,572.5 | 500,200.1 | 32,372.4 | 6.5% |
| NORMALISED OPERATING COSTS | (358,443) | (330,445) | (27,999) | 8.5% |
| NORMALISED OPERATING RESULT | 168,529 | 169,755 | (1,226) | -0.7% |

Net revenues from services and consequently the intermediation margin were normalised considering the reimbursements/indemnities/caring related to the IT disruption that occurred in April. Operating costs have been normalised as a result of:

1) higher contribution to the resolution funds, following the advance from December to June 2024 of the portion devolved to the DGS for 16.3 million euros and recognised in December in the previous year (in March 2023, on the other hand, the contribution of 6.6 million euros to the SRF not due in 2024 had been accounted for);

2) losses related to operational risks including the amounts recognised as compensation to third-party companies associated with the group systems for the IT disruption of April;

3) preparatory costs for the implementation of the corporate transactions carried out in the two comparison periods, including those for the implementation of the FinApi and Banca Galileo transactions of the 1st half of 2024; see chapter 3 Significant events of the semester.

Net of these effects, therefore, operating costs increased by 8.5%. Considering also the normalisation relating to revenues from services, a substantial stability of the operating result compared to the first half of 2023 emerges.

## ALTERNATIVE GROUP PERFORMANCE INDICATORS

(data expressed in %)

| PROFITABILITY RATIOS (%) | 30/06/2024 | 30/06/2023 | 31/12/2023 |
|---|---|---|---|
| R.O.E. (return on equity) (11) | 11.3% | 14.2% | 10.8% |
| R.O.E. (return on equity) before corporate events | 11.3% | 12.8% | 9.5% |
| R.O.A. (return on assets) (12) | 0.8% | 0.9% | 0.7% |
| R.O.A. (return on assets) before corporate events | 0.8% | 0.8% | 0.6% |
| Interest margin (13) / Intermediation margin (13) | 53.5% | 53.4% | 52.6% |
| Net revenues from services (13) / Intermediation margin (13) | 40.2% | 41.6% | 42.8% |
| Net revenues from financial assets (13) / Intermediation margin (13) | 6.3% | 5.0% | 4.6% |
| Cost to income (14) | 69.7% | 65.3% | 68.0% |
| Cost to income normalised by half-yearly accrual of European funds and normalised for lower margins due to IT disruption (14) | 67.4% | 66.2% | 68.0% |
| **EQUITY AND LIQUIDITY RATIOS (%)** | **30/06/2024** | **30/06/2023** | **31/12/2023** |
| Cash loans (15) / Direct deposits | 60.8% | 65.5% | 61.0% |
| Cash loans (15) / Total assets | 50.1% | 50.9% | 50.6% |
| Direct deposits / Total assets | 82.3% | 77.7% | 82.9% |
| Leverage ratio (16) | 5.46% | 5.40% | 5.43% |
| Liquidity Coverage Ratio (LCR) (17) | 195.19% | 197.80% | 230.83% |
| Net Stable Funding Ratio (NSFR) (18) | 140.55% | 127.70% | 142.90% |
| **CREDIT RISK RATIOS (%)** | **30/06/2024** | **30/06/2023** | **31/12/2023** |
| Net non-performing loans / Cash loans (15) - (net Non-Performing Loans ratio) | 1.6% | 1.9% | 1.6% |
| Gross non-performing loans / Gross cash loans (15) - (gross Non-Performing Loans ratio) | 3.0% | 3.3% | 3.0% |
| Gross non-performing receivables from customers / total gross loans (Non-Performing Loans ratio EBA) (19) | 2.3% | 2.6% | 2.3% |
| Net bad loans / Cash loans (15) | 0.4% | 0.4% | 0.5% |
| Gross bad loans / Gross cash loans (15) | 1.2% | 1.2% | 1.3% |
| Net value adjustments on loans (20) / Cash loans (15) - (Cost of credit %) (21) | 0.40% | 0.35% | 0.39% |
| Non-Performing Loans coverage ratio | 48.2% | 44.0% | 48.8% |
| Bad Loans coverage ratio | 63.9% | 62.8% | 64.8% |
| Texas ratio (22) | 22.1% | 24.7% | 22.7% |
| **SOLVENCY RATIOS (%)** | **30/06/2024** | **30/06/2023** | **31/12/2023** |
| CET1 capital ratio | 13.02% | 13.41% | 13.36% |
| Tier 1 capital ratio | 13.27% | 13.66% | 13.61% |
| Total capital ratio | 15.39% | 15.24% | 15.47% |

*(11) Ratio of "Profit (loss) for the year", which is calculated by annualising the current year's final statement without non-recurring events and adding the impact of non-recurring events already recorded in the period, and the sum of items 150. Reserves, 160. Issue surcharges, 170. Capital 190. Equity pertaining to third parties (+/-) and the third party income component of the Balance Sheet Liabilities.*

*(12) Ratio of "Profit (loss) for the year" calculated as in Note 11 to "Total assets".*

*(13) As shown in the Reclassified Income Statement.*

*(14) Relationship between operating costs, net of IRAP on personnel costs and net of losses related to operating risks, and intermediation margin; the normalised cost to income is also reported, excluding the effects of lower revenues resulting from reimbursements granted to customers following the IT disruption in April, the different timing of accounting for some important projects and the contribution to the resolution funds (advance from December to June 2024 of the portion devolved to the DGS for 16.3 million euros, and recognised in December in the previous year and accounting in March 2023 for the contribution of 6.6 million euros to the SRF not due in 2024);*

*(15) Loans are all net of reverse repurchase agreements.*

*(16) The Leverage ratio is calculated as the ratio of regulatory capital (Tier 1) to the Group's total non-risk-weighted assets (Total exposure), taking into account specific treatments for Derivatives and PCTs as required by the relevant regulations (minimum limit of 3%).*

*(17) LCR: 100% minimum limit.*

*(18) NSFR: 100% minimum limit.*

*(19) "Gross Non-Performing Loans ratio" is calculated as the ratio of gross impaired receivables from customers to gross cash receivables from customers. The "Non Performing Loans ratio EBA", an indicator recently included by the European and National Supervisory Authorities, is calculated as the ratio of gross impaired receivables from customers to Total Gross Loans, where the denominator includes, in addition to receivables from customers, loans to credit intermediaries and Central Banks.*

*(20) Corresponds to "Total value adjustments/recoveries for credit risk" in the reclassified Income Statement.*

*(21) Annualised Indicator;*

*(22) Ratio between gross non-performing loans and tangible shareholders' equity, understood as the sum of shareholders' equity and value adjustments of non-performing loans, and net of intangible assets (item 90. Tangible assets in the balance sheet assets).*

# Comments on the main financial performance indicators

The Sella group is characterised by a very peculiar operational and corporate structure, as an effect of the long-term strategic choices adopted, which are reflected in an equally peculiar way on the main financial indicators.

Historically, in fact, the group expresses a less volatile profitability than the industry average, consistent with the traditional prudential approach and the level of diversification achieved.

In the first six months of the year, the **total ROE before corporate events** of the group remained above the 10% threshold, reaching **11.3%**, achieved in the presence of conservative "risk appetite" levels and taking into account the growth in capitalisation for the share of retained earnings of the previous year.

The structure of the characteristic revenues is distinguished **by a wide diversification, where there is an incidence of service revenues at 40.2%** on the intermediation margin, a value that remains stable in the 40% area despite the changed sector scenario of recent years, which has seen the predominant return of the interest margin to the generation of total margins.

Furthermore, the group's diversification choices generate a cost structure that reflects the size and types of business in which it operates, in a context of ongoing dimensional growth.

The **Cost to Income** at 30 June 2024 stood at **69.7%** (it was 65.3% at June 2023), up by 440 bps, compared to the same period of the previous year, while it would stand "industrially" at **67.4%** (it was 66.2% on a comparable perimeter in June 2023) excluding the different contribution to the resolution funds[4] and the effects of the lower revenues achieved for the refunds granted by the group to its customers, following the IT disruption that occurred during the month of April, in addition to the expenses for the FinAPI and Banca Galileo corporate operations as described in the Executive Summary. It should be noted that the **Cost to Income** is in line with the development management projections and within the target level provided for in the plan (target threshold <70%).

**Asset quality** remained solid and well monitored, with the main risk indicators being substantially stable compared to the end of the previous year and improving compared to 30 June 2023: the **gross** and **net Non-performing loans (NPL)** ratios are stable at **3** (3.3% in June 2023 and 3% in December 2023) and **1.6%** (1.9% in June 2023 and 1.6% in December 2023) respectively; the **gross NPL ratio** indicator calculated according to the **EBA methodology** stands **at 2.3%,** a level similar to the "best practices" in the sector.

The **cost of credit** for the half-year, **equal to 0.40%,** is slightly higher than the level recorded in the first six months of last year (it was 0.35%), in line with the annual value of 2023 (0.39%); the **coverage rate of non-performing loans** is improving by 420 bps compared to 30 June 2023 and it is slightly lower than the value at the end of last year, mainly due to the sale of some non-performing portfolios and single names carried out in the period for a gross value of 31.2 million euros (6.6 million net) and, therefore, characterised by a high degree of coverage. The **Texas ratio** further improved to **22.1%,** down from 22.7% at the end of 2023.

The level of capitalisation of the group represents a capital endowment consistent with its risk profile, and incorporates a large buffer, equal to approximately 520 bps, in addition to the minimum regulatory requirements including P2G.

The **consolidated CET 1 coefficient**[5] stands at **13.02%**, a reduction of approx. 30 bps compared to the values recorded in June and December last year (13.41% and 13.26% respectively), mainly due to transient effects that will be completely absorbed during the second part of the year.

The Group benefits from a stable and well-diversified deposit base. While maintaining a very prudent Loan-to-Deposit ratio of **60.8%**, an institutional funding plan has been defined aimed at diversifying the forms of funding towards a longer duration, at the same time strengthening the already wide liquidity reserves.

In this framework, the **Liquidity coverage ratio (LCR) and the Net stable funding ratio (NSFR)** are confirmed at very high values and significantly above the regulatory thresholds; the **Liquidity coverage ratio**

[4] Below are the amounts accounted for in the two comparison periods: 6.6 million euros to the SRF, a contribution accounted for in March 2023 and not due in the current year, compared to 16.3 million euros as a share to the DGS, requested in June 2024 instead of December by the FITD.

[5] For the Sella Group, there is a coincidence between the "fully loaded" CET1 ratio and the "phased-in" CET1 ratio, since the Group renounced, when adopting the AIRB models, the benefit of phased-in on the CET1 ratio pursuant to IFRS 9.

stands at 195.2% in line with last year's value and down compared to the end of 2023 due to an effect linked to the liquidity of a single position, which will be absorbed in the coming months.

The **net stable funding ratio** has improved, which is expected to be 140.5% — stable compared to 31 December 2023 and up compared to 132.76% at 31 December 2022 due to the aforementioned funding policies inspired by the usual prudence.

## STRUCTURE AND GEOGRAPHICAL PRESENCE DATA

| | 30/06/2024 | 30/06/2023 | 31/12/2023 | Changes at June 2024 compared with June 2023 | Changes at June 2024 compared with December 2023 |
|---|---|---|---|---|---|
| Team Sella (1) | 6,492 | 6,098 | 6,389 | 394 | 103 |
| of which employees | 5,742 | 5,436 | 5,658 | 306 | 84 |
| of which HYPE employees | 198 | 162 | 180 | 36 | 18 |
| of which financial advisers licenced for off-site offerings | 465 | 408 | 458 | 57 | 7 |
| of which payment systems agents and Sella Leasing agents (2) | 42 | 38 | 41 | 4 | 1 |
| of which consultants | 45 | 54 | 52 | -9 | -7 |
| Points of operations | 361 | 352 | 356 | 8 | 5 |
| Branches | 315 | 311 | 311 | 4 | 4 |
| Points of operation other than branches (3) | 19 | 19 | 19 | 0 | 0 |
| Offices of Financial Advisers licenced for off-site offering (agents) | 20 | 15 | 19 | 5 | 1 |
| Decentralised Treasury Offices | 2 | 2 | 2 | 0 | 0 |
| SellaLab Open innovation centres | 5 | 5 | 5 | 0 | 0 |

(1) *Data in head count. The Sella Team represents a team, an open group of individuals, who with their professional and value contribution, regardless of their professional relationship with the Sella group, add a distinctive value to company results. This open group also include the human resources of Hype, a company consolidated at shareholders' equity as of January 2021.*

(2) *The data as at 30/06/2024 includes the natural persons agents of Sella Leasing and Banca Sella.*

(3) *Points of operation of Sella Personal Credit, Sella Leasing, Sella Broker, and Sella Fiduciaria.*

The changes in points of operations in the first half of 2024 compared to 31/12/2023 concerned:

- the branches of Banca Sella, with the opening in Busto Arsizio and Desenzano and the closure of Biella, P.zza Adua, and the secondary offices of Banca Patrimoni Sella & C., with the openings in Alba, Florence and Arezzo.
- the Financial Advisers offices licenced to offer off-site services of Banca Patrimoni Sella & C. with 2 openings in Varese and Aversa (CE), and a simultaneous closure in Arezzo (transformed into a branch).

To date, the Group operates:

- Mainly in Italy, where it offers: banking and financial services on a national scale and also platform and core banking technological services;
- In Europe, for the sole offer of Fabrick and Axerve technology platform services;
- Internationally (Romania, India, Spain, Switzerland, United Kingdom) for the sole production and offer of technological and administrative services through the following operating companies: Centrico Selir, Centrico India, Fabrik Solutions Spain, Codd&Date Suisse e Alternative Payments (operante con il marchio commerciale Judopay).

# Ratings

The agency Moody's France SAS assigns the following ratings to Banca Sella Holding:

| | 30/06/2024 | 31/12/2023 |
|---|---|---|
| Long-term rating for deposits | Baa3 | Baa3 |
| Prospects | Stable | Stable |
| Short-term rating for deposits | P-3 | P-3 |

In February 2024**,** Moody's France SAS also assigned the following ratings to Banca Sella, based on consolidated data:

| | |
|---|---|
| Long-term rating for deposits | Baa3 |
| Prospects | Stable |
| Short-term rating for deposits | P-3 |

DBRS Morningstar, the rating agency that assigns the rating to Banca Sella Holding and Banca Sella, confirmed the long-term and short-term ratings on deposits, respectively at "BBB (low) and R-2 (middle)"; the trend on all ratings is confirmed as "stable", showing a solid liquidity stance, supported by a resilient and granular deposit base, and the diversification of the Group's business model. The opinion also takes into account the improvement in profitability, the positive performance of operational management and the low level of credit adjustments. The ratings also reflect the quality of the Group's assets and the progressive improvement in capital ratios.

The ratings assigned are summarized in the following table:

| | BANCA SELLA | | BANCA SELLA HOLDING | |
|---|---|---|---|---|
| | 30/06/2024 | 31/12/2023 | 30/06/2024 | 31/12/2023 |
| Long-term rating for deposits | BBB | BBB | BBB | BBB |
| Short-term rating for deposits | R-2 (high) | R-2 (high) | R-2 (high) | R-2 (high) |
| Trend | Stable | Stable | Stable | Stable |
| Issuer long-term rating | BBB (low) | BBB (low) | BBB (low) | BBB (low) |
| Issuer short-term rating | R-2 (middle) | R-2 (middle) | R-2 (middle) | R-2 (middle) |
| Trend | Stable | Stable | Stable | Stable |

# 2. Macroeconomic and sector scenario

In the first half of 2024, the global economy remained on an expansionary path, supported by the services sector resilience and signs of improvement that, although not affecting the different economies to the same extent, were recorded in manufacturing and trade. The tendency for inflationary pressures to return continued slowly, leading the main Central Banks to cautiously evaluate the opportunity for interventions to reduce the cost of money.

In the United States, the expansionary phase continued at satisfactory rates, although less important than those with which 2023 ended, supported by domestic demand and despite the brake coming from net foreign demand. Household consumption continued to benefit from a cooling but still healthy labour market; multi-year government interventions in the environmental field and aimed at encouraging semiconductor domestic production, as well as the need to allocate large resources to intellectual property, have favoured business investments. The dynamics of consumer prices, after the progress of the last two years, have mostly remained, albeit slightly, above 3%, a value touched only with the June data analysis. The decline in core and food inflation was in fact almost balanced by the return of the contribution of the energy component to positive territory. The Federal Reserve confirmed the fed funds in the range 5.25-5.5% in the semester. They were lead to this range in July 2023, following a total tightening of 525 basis points. The Institute also continued the process of reducing the position in Treasuries and MBS held on its financial statements, started in 2022, through the no longer full but only partial reinvestment of the maturing securities. They have been using parameters compatible with slower repayment rates since June.

The Euro Area grew again (0.3% qoq was the change recorded by GDP in both the First and Second Quarter of 2024), thus archiving the stagnation phase begun at the end of 2022. However, the European economy benefited in part from temporary factors in the first months of 2024, while no signs of solid recovery of final demand items have yet emerged such as to lead the region on a path of lasting expansion. Inflation fluctuated around values of just under 3%: the trend towards moderation in food components and core goods was offset by the gradual rise in energy prices and the persistence of service prices. At the meeting on 6 June, the European Central Bank announced a 25-bps cut in policy rates, after having kept them unchanged for nine months; the Institute considered it appropriate to reduce the degree of restrictiveness of monetary policy for the progress made in the disinflationary process, however they acknowledged that domestic pressures on prices remain high and that risks related to wage dynamics remain. The ECB also continued the process of downsizing the APP portfolio for the interruption of reinvestments in maturing securities.

The Italian economy expanded both in the First Quarter (0.3% qoq) and in the Second Quarter of 2024 (+0.2% qoq). At the beginning of the year, the performance was supported by the primary, construction and services sectors, compared to the contraction recorded by industry in the strict sense; while in relation to the result in the Second Quarter, ISTAT reported that the positive change is entirely attributable to services, which offset the negative contributions of the primary sector and industry. The strengthening of employment conditions continued, with the unemployment rate at its lowest since 2008. Inflation showed an upward trend, attributable to the attenuation of the decline in the energy component, however, remaining decidedly lower than the Euro Area average.

Emerging economies confirmed a heterogeneous performance. In China, gross domestic product growth slowed to 4.7% yoy in the Second Quarter, after the previous 5.3% yoy. India continued to report very strong GDP expansion rates, above 7% yoy. Russia and Brazil maintained growth rates close to those recorded in the second half of 2023, still higher than those of the pre-pandemic years.

In the first half of 2024, the global evidence of climate and social emergencies further intensified: the global temperature remained at its highest levels ever in all months up to June, setting a rise of more than 1.5 degrees compared to pre-industrial times; the related environmental shocks and loss of biodiversity, the persistent social consequences of the pandemic, the growing number of conflicts and global geopolitical tensions seriously threaten progress towards achieving the UN Sustainable Development Goals (SDGs); developing countries face enormous challenges that still do not find the necessary financial support from advanced economies; the situation is aggravated by the 120 million displaced people worldwide created by the conflicts currently underway. All this makes it even more urgent and indispensable to spread an impact-oriented business culture, which is also focused on the most difficult sustainability objectives to achieve, for which the maintenance of adequate profits requires radical and rarely incremental innovations.

The operation of Italian banks during the first months of 2024 remained conditioned by the effects of restrictive monetary policy and modest economic growth. Higher interest rates and weak investments dampened the demand for bank financing from businesses, which also made greater use of domestic funding sources. The level of interest rates and uncertainties in the real estate market also affected the demand for mortgages for the purchase of homes. The transfer of the higher official rates on the cost of collection continued gradually, allowing banks to maintain good margins.

The amount of loans to the Italian private sector at the end of May stood at 1,277 billion, with a trend decrease of 2.04% compared to the same month of the previous year after correcting the figure for the securitisations carried out. Loans to non-financial companies decreased by 3.1% over the year (-3.8% at 613 billion is the uncorrected figure for securitisations), while the stock of loans granted to households decreased by 1.5% (-1.8% at 664 billion is the uncorrected figure), driven by the weakness of mortgages for the purchase of homes, which more than offset the consumer credit progress.

The process of reducing non-performing loans stopped and the statistics on default rates showed some early signs of impairment in bank credit; in the first quarter of 2024 the flow of non-performing loans rose to 2.10% of total business loans, from 2.07% in the previous quarter.

On the funding side, the YoY stabilisation of direct bank deposits can be observed, which at the end of May stood at 2,522 billion but with a mix in the recomposition phase compared to the previous year: the contraction in current account deposits (-3.7% at 1,310 billion) was offset by the growth in bond deposits (+10.9% YoY at 464 billion) and deposits at maturity, testifying to the propensity of customers to transfer funds to activities characterised by higher remuneration.

The spread of the active and passive rates charged to customers decreased slightly in the semester, from 3.48% in December 2023 to 3.43% in May.

The results of the first quarter of 2024 confirm the solidity of the Italian banking system and the maintenance of good profitability driven by the increase in the interest margin and low credit adjustments. Both capital ratios and liquidity indicators remained at levels well above minimum regulatory levels.

# 3. Significant events of the semester

Between **January and February 2024**, work was completed on the development of the business plan called ”Make an Impact 24-26”, approved by the Board of Directors of the Parent Company Banca Sella Holding at the end of January. The new plan, described in the 2023 balance sheet document, is in substantial strategic continuity with the previous ”OneSella 21-23”. However, it sets itself the achievement of important economic and business objectives, such as a ROE equal to at least the ”monetary” rate increased by 6%, a stable CET1 above 14% and a C/I ratio below 70%, as well as ambitious and measurable impact (sustainable intermediation >50% and BIA assessment >100) as well as reputational targets (NPS >70), so that the Group stands out and is recognised for its ability to generate positive impact.

On **2 February 2024**, at its annual review, the rating agency Moody’s confirmed all the ratings of the Parent Company Banca Sella Holding and its subsidiary Banca Sella, including the ratings on long-term (LT) and short-term (BT) deposits, assigning a rating of ”Baa3” and ”Prime-3” respectively. Moody’s has also assigned the subsidiary Banca Sella a Baseline Credit Assessment (BCA) at the ba2 level. The outlook on the long-term rating has remained stable.

On **19 March 2024**, the Parent Company Banca Sella Holding successfully completed the placement of a fixed-rate ”Tier 2” subordinated bond issue, with a maturity of 10 years (redeemable in advance from the fifth year at the option of the issuer with the approval of the regulator), for an amount of 50 million euros. The bond, issued at par, provides for the payment of a fixed annual coupon of 5.92% for the first five years and recalculated on the basis of the five-year euro swap rate at the time of the recalculation date, increased by a spread of 325 bps.

On **29 April 2024**, the ordinary shareholders’ meeting of the Parent Company Banca Sella Holding was held to approve the draft financial statements as at 31 December 2023, confirming the data approved by the Board of Directors on 28 March 2024. The shareholders’ meeting of Banca Sella Holding resolved to distribute a dividend of 0.0501 euros per share, for a total amount of 10.75 million euros, equal to 10% of the profit attributable to the Parent Company.

On **29 April 2024**, the shareholders’ meeting of Centrico S.p.A., a Group company specialised in the provision of technological services, in execution of the resolutions taken by the Board of Directors of the parent company Banca Sella Holding, strengthened its Board of Directors, through the introduction of new skills and increasing the number of directors from 8 to 10. This decision is framed in the perspective of strengthening the skills of the Boards of Directors of the group companies, in order to more effectively and quickly adopt strategic actions and business management policies.

On **7 May 2024**, the rating agency Morningstar DBRS, at its annual review, confirmed all the ratings of the Parent Company Banca Sella Holding and its subsidiary Banca Sella, including the long-term and short-term issuer ratings, respectively at BBB (low) and R-2 (middle), and the long-term and short-term deposit ratings, respectively at BBB and R-2 (high), maintaining the trend on all ratings stable.

On **22 May 2024**, Fabrick S.p.A, a Group company wholly owned by Banca Sella Holding and leader in the Open Finance sector, announced the agreement for the acquisition of SCHUFA Holding AG (owner of 75% of the shares) and the founding partners (owners of 25%) of the German company FinAPI GmbH, specialising in solutions for the aggregation and analysis of financial data, Open Banking, Data Intelligence, KYC (Know your customer) and Payments services. The process of finalising the transaction, subject to the approval of the competent authorities, will take place during the 2024 financial year and is expected to be completed in the first part of 2025.

On **3 June 2024**, Banca Patrimoni Sella & C., the Sella group company specialised in the management and administration of the assets of private and institutional customers, signed an agreement aimed at the merger by incorporation of Banca Galileo, a credit institution that offers traditional banking services and specialist advice to private and corporate customers. Subject to the approval of the supervisory bodies, the closing of the transaction is scheduled for the first months of 2025.

Between **May and June 2024**, the Group signed the contracts for the sale of 4 non-performing credit portfolios (secured, revolving, unsecured) of origination of the subsidiary Banca Sella and Sella Personal Credit, in addition to some single names, for a GBV (Gross Book Value) at the time of subscription equal to 31.2 million euros. The deconsolidation took place during the month of June.

The corporate transactions that took place in the half-year that changed the corporate structure are described in the following chapter.

## Other significant events of the period

### IT disruption

On **7 April 2024**, following planned activities to update the operating system of some of the Group's main servers, some technical anomalies occurred that led to an unstable situation on the services provided to customers. The malfunction (hereinafter "the disruption"), not connected to cybersecurity aspects, involved part of the Group's online services and debit card payment functions. As a result of this episode, the bank has implemented all the necessary actions for the rapid resolution of the problem (internal recovery measures and technical round tables with the software provider) and, in other cases, to minimise the impact of the disruption to customers (extension of opening hours of branches in the territory not involved in the disruption and enhancement of Contact Center services). The full operation of the services was restored on the evening of 11 April 2024, and the particular rarity of the cause, also found by the software manufacturer, has had a heavy impact on the recovery times.

At the end of the disruption, the Group compensated the direct damages suffered by its customers and third-party companies connected to its systems, and decided independently to reimburse the fees and costs of the impacted services.

### Innovation initiatives

In **January**, dpixel — Venture business belonging to the Fabric ecosystem — carried out for the first time in Italy an investment operation in start-ups through blockchain technology and the use of smart contracts. The initiative was made possible thanks to the platform developed by Seed Venture, a company present in the dpixel portfolio and included in the Metaverse 4 Finance acceleration programme, which through the issuance of tokens allows the management of investment contracts.

Also in the field of innovation, in **February**, Sella Venture Capital SGR, the asset management company of the Sella group for alternative investments, launched its second Italian Fund of Funds, operating exclusively on international markets and dedicated to investments in Venture Capital funds. "Sella Venture Partners Fund of Funds II" — this is the name of the fund, which aims to raise 100 million euros, to be invested in over 20 of the main European and American funds operating in the Technology and Life Science sectors through operations in the primary and secondary markets.

### Business partnerships

In **January,** Sella Investment Banking, the division of the Sella group specialising in extraordinary finance transactions, joined the ELITE network, the ecosystem launched by Borsa Italiana (Euronext Group) that connects companies to different sources of capital to accelerate their growth.

The partnership will allow the more than 1,300 Italian companies part of the ecosystem to access advisory services and alternative finance tools provided by Sella Investment Banking, such as bond issues and Private Debt instruments, basket bonds and Sustainability-Linked Bonds, or extraordinary operations on capital, internationalisation projects, aggregations, joint ventures etc, in order to improve their competitiveness also in international markets.

On the payment systems front, in May, the Sella group, the first in Italy, concluded a partnership in the field of digital payments with the company Discover Global Network, which will allow merchants in our country to also accept payments made with Discover cards, Diners Club International and affiliated networks. The partnership is part of the recent strategic agreement between Discover Global Network and BANCOMAT, that allows the use of Discover Global Network cards and mobile payments tools on the BANCOMAT network throughout Italy.

Sustainability initiatives

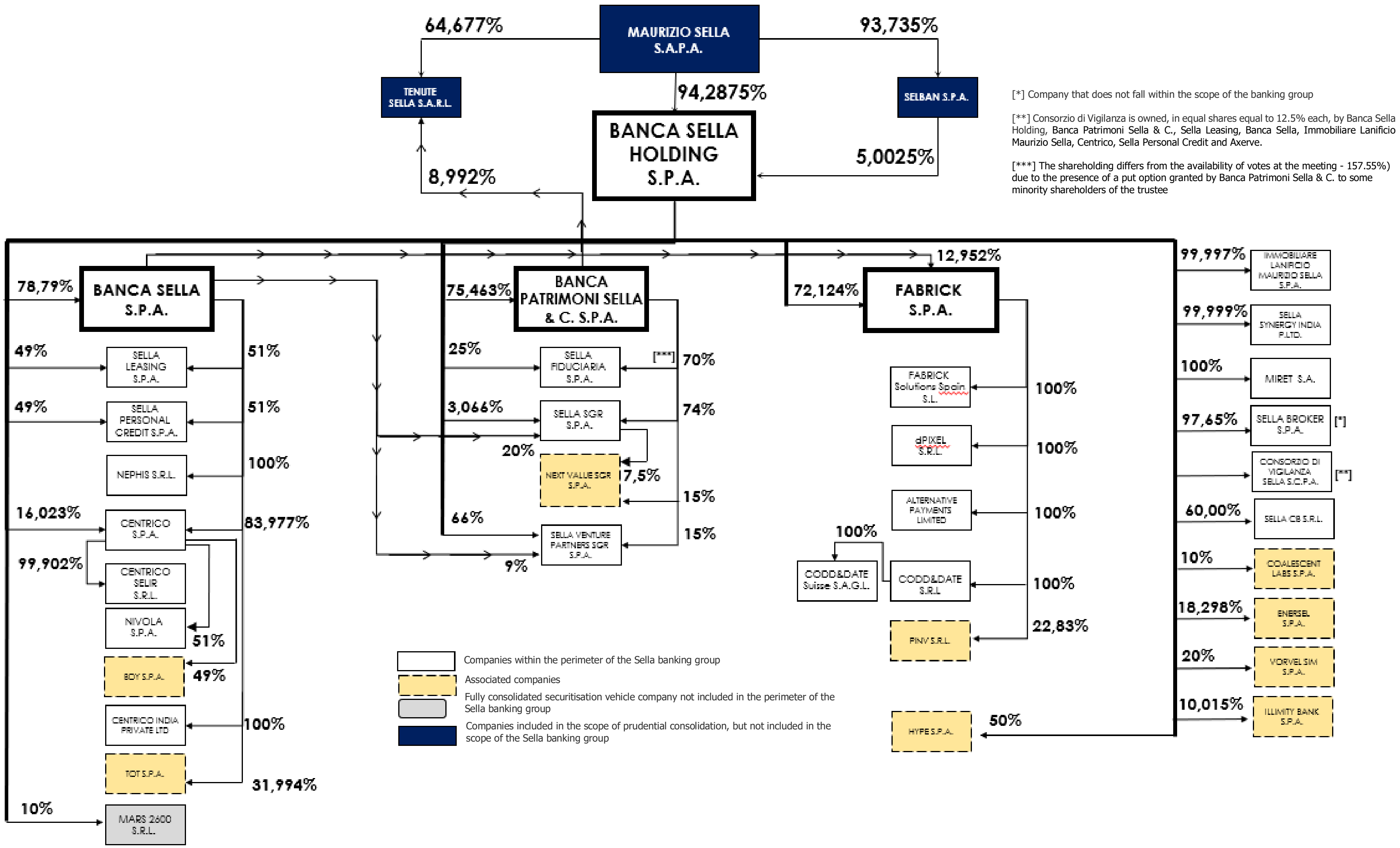
In the field of sustainability, the group has contributed to expanding its offer of banking products and services that meet ESG characteristics,

In May, Sella Sgr, the asset management company of the Sella group, launched a new fund dedicated to reducing the environmental impact of the portfolio, that invests in bonds issued by companies that stand out for their commitment to the environment, carefully assessing the $CO_2$ emissions generated by their activities.

CLIMA ("Climate change Low carbon Investment Measurement Ambition") is a corporate bond fund that, in the identification and selection of investment instruments, evaluates the commitment of issuers to promote a concrete and measurable transition towards a low-carbon economy.

Sella Sgr itself has also renewed its collaboration with the Umberto Veronesi Foundation through its iCare investment fund, to support the financing of an integrated system of scientific research.

# 4. Organisational Structure of the Group

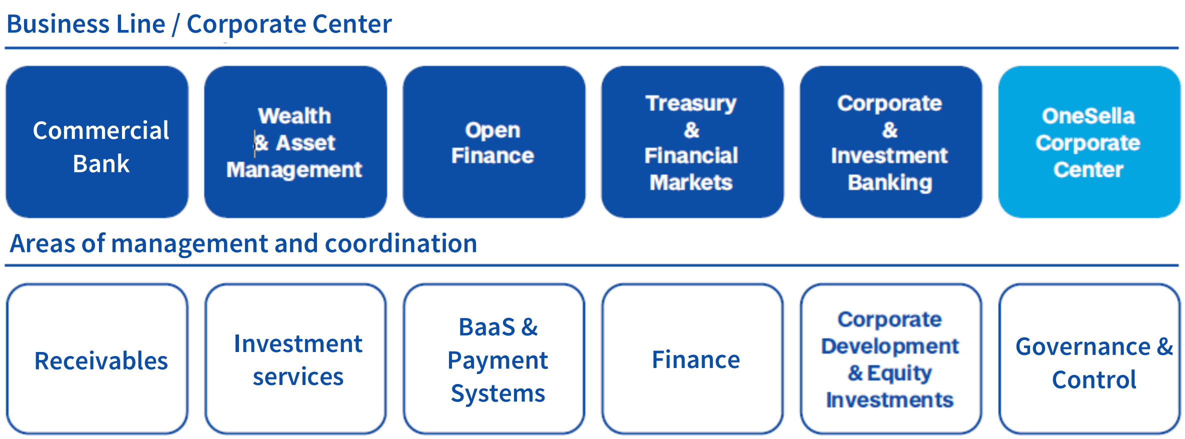


The following changes in the Group's structure took place during the first six months of 2024:

- On 1 April 2024, Axerve S.p.A. was merged by incorporation into the 100%-controlling parent company Fabrick S.p.A.
- On 21 June 2024, the purchase of a majority stake, and therefore the inclusion in the Sella banking group, of Sella CB S.r.l., a company instrumental to the issuance of guaranteed bank bonds, was completed.

The Group has a broad corporate structure that is governed, for the pursuit of common objectives, through six macro-organisational units: five Business Lines and a Corporate Center within Banca Sella Holding, which is responsible for the direction, coordination and control of the entire Group.

Each Organisational Unit has both a direct hierarchical responsibility and a Group Management and Coordination responsibility that involves all the other units. In fact, each Business Line is responsible not only for the hierarchically dependent activities and Companies, but also for the direction and coordination of the subject on which it is most competent.



## Description and composition of the Business Lines and OneSella Corporate Center

Commercial Bank. It is responsible for traditional credit intermediation activities aimed at individuals, companies and institutions, through quality consultancy, based on a high added value relationship and a highly innovative and technological offer including all main banking and financial services. The Business Line includes the companies Banca Sella, Sella Leasing, Sella Personal Credit and Nephis and Sella Broker.

Wealth & Asset Management. It is responsible for the Group's Wealth & Asset Management activities, pursuing the implementation of a professional service, specialised in the identification of suitable solutions for the Customer with reference to the overall management of its assets. The Business Line includes Banca Patrimoni Sella & C., Sella Fiduciaria, Sella SGR and the Trading and Correspondent Banking Services active within Banca Sella Holding.

Open Finance. It is the head of the entities that collaborate for the creation of an open financial ecosystem and contribute to the development of innovative digital services, based on open logic and architectures. The ecosystem enables collaboration between different players in the development of Open Banking and Open Payments projects to co-create solutions that meet the increasingly evolving needs of end customers. The Business Line includes the companies Fabrick, Fabrick Solution Spain, Codd&Date, Codd&Date Suisse, dpixel, Alternative Payments Ltd. The HYPE joint venture is also part of the Open Finance Business Line.

Treasury and Financial Markets. It directs and coordinates the financial activities of the Group and manages its main assets, pursuing careful risk management and a solid liquidity position. The Business Line consists of the services operating in Banca Sella Holding: Sella Financial Markets, Treasury & ALM and Sella Direct Venture & Minority Stakes and Sella CB.

Corporate & Investment Banking. It provides its customers with professional assistance, in accordance with the best market practices, in their extraordinary finance transactions such as acquisitions or disposals of companies, raising capital resources, in particular through private equity transactions, raising debt resources, with particular reference to the issuance of bonds (so-called mini-bonds) or through the structuring of leveraged financing. The Business Line includes the Corporate Development & CVC service and the company Sella Venture Partners SGR.

OneSella Corporate Center. It represents the functions of Governance and Control across other businesses and aims to support the Group's business lines and spread a "OneSella identity". Part of Banca Sella Holding, it accompanies and accelerates the evolution of the Group in accordance with its values and in compliance with regulatory requirements. The GBS Corporate Center Department was created within it, with the rationale of strengthening the spirit of service to the Group. Has the task of coordinating and overseeing the following organizational units:

- General Affairs
- Human Resources
- Organisation, ICT and Governance
- Real Estate
- Health and Safety
- Strategic Marketing
- Finance including the following services:
    - Financial Statements, Supervisory Reporting and Accounting
    - Taxation
    - Financial Studies and Analysis
    - Data Governance and CPM (Corporate Performance Management IT system)
    - Planning and Management Control
    - Execution Governance
- Sustainability;
- External Relations and Communication;
- Compliance;
- Risk Management (which includes the Group's Anti-Money Laundering function)

It also includes the companies Immobiliare Lanificio Maurizio Sella and Consorzio di Vigilanza Sella, from May 2024 also Centrico, Centrico Selir, Nivola and Centrico-India Private Limited.

# 5. Performance of the Group and Business Lines

## Income statement data

### CONSOLIDATED RECLASSIFIED INCOME STATEMENT

Data in thousands of €

| ITEMS | 30/06/2024 | 30/06/2023 | Absolute change | % change |
|---|---|---|---|---|
| 10. Interest receivable and similar income | 404,043.1 | 331,580.8 | 72,462.3 | 21.9% |
| 20. Interest payable and similar expenses | (128,037.4) | (71,477.0) | (56,560.4) | 79.1% |
| 70. Dividends and similar income | 5,993.0 | 6,919.8 | (926.8) | -13.4% |
| INTEREST MARGIN AND DIVIDENDS | 281,998.7 | 267,023.6 | 14,975.1 | 5.6% |
| 40. Commission income | 343,573.7 | 315,081.9 | 28,491.8 | 9.0% |
| Other operating income - recovery of expenses and other services | 31,255.4 | 32,200.0 | (944.6) | -2.9% |
| 50. Commissions payable | (118,432.1) | (101,891.0) | (16,541.1) | 16.2% |
| Variable administrative expenses | (44,779.6) | (37,291.5) | (7,488.1) | 20.1% |
| **Net revenues from services** | **211,617.4** | **208,099.4** | 3,518.0 | **1.7%** |
| 80. Net result from trading activities | 25,436.9 | 20,009.0 | 5,427.9 | 27.1% |
| 90. Net result from hedging activities | 90.1 | (502.8) | 592.9 | -117.9% |
| 100. Profits (Losses) from sale or repurchase of: | | | | |
| a) Financial assets measured at amortised cost | 208.4 | 571.9 | (363.5) | -63.6% |
| b) Financial assets measured at fair value through other comprehensive income | 111.1 | 199.4 | (88.3) | -44.3% |
| c) Financial liabilities | (128.3) | - | (128.3) | - |
| 110. Net result from other financial assets and liabilities measured at fair value through profit and loss | 7,638.2 | 4,799.6 | 2,838.7 | 59.1% |
| **Net result from financial assets** | **33,356.4** | **25,077.1** | 8,279.4 | **33.0%** |
| INTERMEDIATION MARGIN | 526,972.5 | 500,200.1 | 26,772.5 | 5.4% |
| 190. Administrative expenses: | | | | |
| a) personnel expenses | (214,022.8) | (194,930.0) | (19,092.8) | 9.8% |
| IRAP on net personnel and seconded personnel expenses (*) | (346.2) | (311.6) | (34.6) | 11.1% |
| **Total personnel and IRAP expenses** | **(214,369.1)** | **(195,241.6)** | (19,127.5) | **9.8%** |
| b) Other administrative expenses (other variable expenses deducted) | (154,305.2) | (127,699.9) | (26,605.3) | 20.8% |
| Recovery of stamp duty and other taxes (*) | 45,766.2 | 37,393.0 | 8,373.2 | 22.4% |
| **Total administrative expenses and recovery of taxes** | **(108,539.1)** | **(90,307.0)** | (18,232.1) | **20.2%** |
| 210. Net value adjustments/recoveries on tangible assets | (22,439.7) | (19,839.3) | (2,600.4) | 13.1% |
| 220. Net value adjustments/recoveries on intangible assets | (24,635.6) | (21,330.1) | (3,305.6) | 15.5% |
| 230. Other operating expenses/income (after deducting "Recovery of stamp duty and other taxes") | (1,498.3) | (1,076.0) | (422.3) | 39.2% |
| **Operating costs** | **(371,481.7)** | **(327,793.9)** | (43,687.8) | **13.3%** |
| OPERATING RESULT | 155,490.8 | 172,406.2 | (16,915.4) | -9.8% |

*(*) The items affected were reclassified based on presentation criteria more suited to represent the content of the items in accordance with principles of management homogeneity. Reclassifications are explained in the following "Income Statement reclassification criteria" section.*

## CONSOLIDATED RECLASSIFIED INCOME STATEMENT (follows)

Data in thousands of €

| ITEMS | 30/06/2024 | 30/06/2023 | Absolute change | % change |
|---|---|---|---|---|
| 130. Net value adjustments/recoveries for credit risk related to receivables from customers | (20,423.1) | (17,267.4) | (3,155.8) | 18.3% |
| 100. Profits (losses) from sale or repurchase of financial assets measured at amortised cost | (3,520.3) | (2,535.9) | (984.4) | 38.8% |
| 140. Profits/Losses from contractual changes without write-offs | (270.7) | (74.8) | (195.9) | 261.9% |
| 200. Net provisions for risks and charges - credit risk component | 1,409.0 | 664.2 | 744.8 | 112.1% |
| **Value adjustments/recoveries for credit risk** | **(22,805.2)** | **(19,213.9)** | (3,591.3) | **18.7%** |
| 130. Net value adjustments/recoveries for credit risk related to debt securities and receivables from banks | 717.5 | (8.3) | 725.9 | -8694.0% |
| 130. Net value adjustments/recoveries for credit risk related to financial assets measured at fair value through other comprehensive income | (61.0) | (54.4) | (6.6) | 12.2% |
| 200. Net provisions for risks and charges | (2,576.7) | (3,117.8) | 541.0 | -17.4% |
| 250. Profits (Losses) from equity investments | (1,991.2) | (16,756.9) | 14,765.8 | -88.1% |
| Profits (Losses) from goodwill, investments and measurements of tangible and intangible assets | 245.9 | 3.1 | 242.9 | 7916.5% |
| PROFIT FROM CONTINUING OPERATIONS BEFORE NON-RECURRING EFFECTS | 129,020.2 | 133,257.9 | (4,237.7) | -3.2% |
| Reclassifications from non-recurring effects (*) | | | | |
| 230. Other operating expenses/income | - | 20,000.0 | (20,000.0) | -100.0% |
| PROFIT FROM CURRENT OPERATIONS BEFORE TAX | 129,020.2 | 153,257.9 | (24,237.7) | -15.8% |
| 300. Income tax for the year on current operations (deducted “IRAP on net personnel costs and seconded personnel”) | (47,629.7) | (52,391.6) | 4,761.8 | -9.1% |
| PROFIT FROM CURRENT OPERATIONS AFTER TAX | 81,390.4 | 100,866.3 | (19,475.9) | -19.3% |
| PROFIT (LOSS) FOR THE YEAR | 81,390.4 | 100,866.3 | (19,475.9) | -19.3% |
| 340. PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS | 19,118.3 | 24,687.8 | (5,569.5) | -22.6% |
| 350. PROFIT (LOSS) FOR THE PERIOD PERTAINING TO PARENT COMPANY | 62,272.1 | 76,178.5 | (13,906.4) | -18.3% |

*(*) The items affected were reclassified based on presentation criteria more suited to represent the content of the items in accordance with principles of management homogeneity. Reclassifications are explained in the following "Income Statement reclassification criteria" section.*

| | | | | |
|---|---|---|---|---|
| PROFIT (LOSS) FOR THE YEAR BEFORE CORPORATE EVENT - SESA GROUP PARTNERSHIP CAPITAL GAIN | 81,390.4 | 81,106.3 | 284.4 | 0.4% |

| | | | | |
|---|---|---|---|---|
| NORMALISED OPERATING COSTS | (358,443) | (330,445) | (27,999) | 8.5% |
| NORMALISED OPERATING RESULT | 168,529 | 169,755 | (1,226) | -0.7% |

Operating costs have been normalised as a result of:
1) higher contribution to the resolution funds, resulting from the advance from December to June 2024 of the portion devolved to the DGS for 16.3 million euros and recognised in December in the previous year (in March 2023 the contribution of 6.6 million euros to the SRF not due in 2024 had instead been accounted for); 2) losses related to operational risks including the amounts recognised as compensation to third-party companies associated with the group systems for the IT disruption of the month of April; 3) preparatory costs for the implementation of the corporate operations carried out in the two comparison periods, including those for the implementation of the FinApi and Banca Galileo operations of the 1st half of 2024, see chapter 3 Significant events of the semester;

As a result, costs are up by 8.5%, normalising for the same phenomena, resulting in a substantial stability of the operating result compared to the first half of 2023.

# Income Statement re-classification criteria

With regard to the income results, an income statement was prepared based on the most suitable presentation criteria, due to the peculiar characteristics of the Group, to represent the content of the items according to principles of management homogeneity, or in line with the views that the Management uses periodically (daily/weekly/monthly) for the governance and control of its activities.

The reclassifications involved:

- item 70. ”Dividends and other income”, which was included within the interest margin;
- IRAP on the costs for personnel, which was separated from “Income taxes for the period on continuing operations”, and included in personnel expenses;
- the item ”recovery of stamp duty and other taxes” which was separated from item 230 ”Other operating expenses and income” and included in item 190 b) ”Other administrative expenses”;
- The component “of which interest receivable on impaired financial assets” related to value recoveries due to discounting of interest accrued on impaired assets was reclassified from item 10 to item 130 a).
- certain items related to variable administrative expenses were separated from administrative expenses and included in the intermediation margin. The most relevant case concerns costs related to payment circuits for handling and authorising electronic payments: these costs are variable, since they are directly and proportionally linked to changes in the volumes of transactions made, and therefore to profits.
- Some items related to other operating income that have been unbundled and included in the intermediation margin. In this case the case histories are numerous, by way of example:
  - POS rental fees/e-commerce licences.
  - Revenues from IT/platform services.
  - Rental income.
  - Technology consulting/system integration/innovation services.
  - Placement of insurance policies.
- The component of item 200 relating to credit risk has been included in the aggregate Value adjustments/recoveries for credit risk.
- The item “Profits (losses) from goodwill, investments and measurements of tangible and intangible assets” is given by the sum of items 260, 270 and 280 of the income statement.

In addition to the above in relation to the consolidated income statement, it should be noted that all the detailed data relating to the business lines, types of margins and costs are of a management nature and reconciled with the accounting data.

In particular, in the business line views, the sum of the results of the business lines differs from the consolidated total for eliminations and adjustments, i.e. for all the items of consolidation, in particular the result pertaining to third parties, equity investments, dividends, costs and intra-group revenues.

# Intermediation margin and diversification of income sources

The intermediation margin in the first half of 2024 grew by 27 million euros compared to the first half of 2023 (+5.4%), standing at 527 million euros.

The good result for the half-year was supported by almost all the sectors in which the group operates, in particular margins from commercial and credit activities, investment services, corporate investment banking, payment systems, technological and platform services, non-life bank insurance and the sale of tax credits all recorded growth compared to the first half of 2023.

Financial margins performed positively, albeit slightly down compared to the previous year, mainly because 2023 compared to 2024 had been characterised by higher volatility, lower interest rates and the significant contribution of inflation to the performance of securities portfolios.

In the following paragraphs, the details of the performance of the main Business sectors are described.

## INTERMEDIATION MARGIN FOR SERVICE TYPE

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Margins from commercial activity and credit | 258.3 | 237.4 | 20.9 | 8.8 |
| Investment services | 99.2 | 91.7 | 7.5 | 8.2 |
| Payment systems | 51.9 | 51.6 | 0.4 | 0.7 |
| Margin of financial intermediation and CVC/equity investments | 52.8 | 53.4 | -0.6 | -1.2 |
| Technological and administrative services, platforms and consultancy | 29.6 | 25.4 | 4.2 | 16.4 |
| Banking | 13.5 | 14.7 | -1.2 | -8.4 |
| Transfer of Tax Credit | 10.9 | 9.2 | 1.8 | 19.3 |
| Bank non-life insurance | 10.6 | 8.1 | 2.6 | 32.0 |
| Corporate Investment Banking | 6.1 | 5.7 | 0.4 | 6.6 |
| Other margins | -6.1 | 3.0 | -9.1 | n.s. |
| TOTAL | **527.0** | **500.2** | **26.8** | **5.4** |

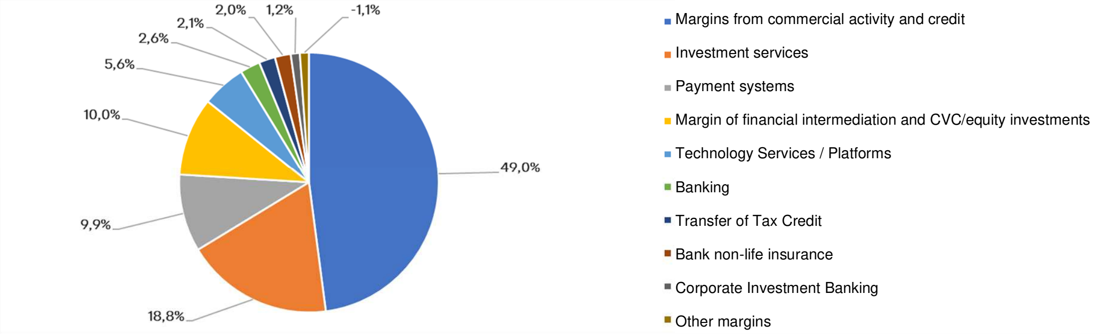
Even in the first half of 2024, there is a good balance and diversification of revenue sources, typical of the Sella business model, as represented in the following table.

It should be noted that the item "Other margins", visible both in absolute value in the previous table and in % in the following table, shows a negative trend as a result of the lower margins collected by customers for reimbursement/compensation/caring activities related to the IT disruption that occurred in April and described in chapter 3. Significant events of the semester.

## INCIDENCE OF MARGINS BY TYPE OF SERVICE ON TOTAL INTERMEDIATION MARGIN

Data in %

| | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Margins from commercial activity and credit | 49.0% | 47.5% | 1.6% |
| Investment services | 18.8% | 18.3% | 0.5% |
| Payment systems | 9.9% | 10.3% | -0.5% |
| Margin of financial intermediation and CVC/equity investments | 10.0% | 10.7% | -0.7% |
| Technology Services / Platforms | 5.6% | 5.1% | 0.5% |
| Banking | 2.6% | 2.9% | -0.4% |
| Transfer of Tax Credit | 2.1% | 1.8% | 0.2% |
| Bank non-life insurance | 2.0% | 1.6% | 0.4% |
| Corporate Investment Banking | 1.2% | 1.1% | 0.0% |
| Other margins | -1.1% | 0.6% | -1.7% |
| TOTAL | **100%** | **100%** | -- |




The Business Line view also shows that the contribution of the margins of each of them is increasing compared to the same period of the previous year, with the exception of the Business Line Treasury and Financial Markets, which are affected by the effects described above in relation to the financial intermediation margin.

## INTERMEDIATION MARGIN OF THE BUSINESS LINES

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Commercial Bank | 386.5 | 361.5 | 25.0 | 6.9 |
| Open Finance | 30.8 | 27.6 | 3.2 | 11.5 |
| Wealth and Asset Management | 98.0 | 85.5 | 12.5 | 14.7 |
| Treasury & Financial Markets | 19.6 | 29.7 | -10.1 | -34.0 |
| One Sella Corporate Center | 96.9 | 83.2 | 13.7 | 16.4 |
| Corporate & Investment Banking | 7.1 | 6.0 | 1.1 | 17.9 |
| Eliminations and consolidation adjustments | -112.0 | -93.4 | -18.6 | 20.0 |
| TOTAL | 527.0 | 500.2 | 26.8 | 5.4 |

The main trends and drivers of the business sectors that contribute to the intermediation margin are described below.

### Interest margin from commercial activity

Interest income from commercial activities and credit in the first half of 2024 grew by 21 million euros compared to the first half of 2023 (+8.8%), reaching 258.3 million euros thanks to the "combined disposition" of volume and rate dynamics.

In the first half of 2024, there was a growth in the volumes of cash loans (excluding PCTs), which at 30 June 2024 stood at 11.3 billion, with an increase of 476 million (+4.4%) compared to June 2023. The growth concerns almost all technical forms and in particular installment loans and foreign loans. At the same time, the average active rate of the loan stock was higher than in the first half of 2023, positively affecting the profitability of loans.

Direct deposits (excluding liabilities) at 30 June 2024 amounted to 18.2 billion, an increase of 2 billion (+11.5%) compared to June 2023. The increase in the masses was favoured by a commercial activity that contributed to the entry of new customers thanks to the proposal of forms of remunerated collection, both on demand and at maturity. This way, significant growth in volumes was achieved in the year and the end-2023 values were maintained (+1.1%), despite the continuation of the phenomenon of "transformation of direct to indirect deposits", also observed in the banking system, for which customers invested a significant part of their liquidity in high-yield corporate or government bonds.

Active rates on the Group's loan stock have seen an increase consistent with market dynamics, particularly short-term loans and the variable rate component of medium/long-term loans. Overall, in June 2024, the active rate on the stock was equal to 4.73% (+0.51% compared to the previous year). Passive rates applied to direct deposits amounted to 0.77% in June 2024 (+0.44% compared to the previous year). The increase in the passive rates on direct deposits, in addition to the dynamics of market rates, which led to an increase in the remuneration on overnight deposits, is also influenced by the permanence of a collection stock at maturity through the use of restricted deposits by customers for about 1.2 billion euros at an average rate of 3%.

## DRIVERS FROM COMMERCIAL INTEREST MARGIN

Data in millions of € and %

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Stock Loans (excluding PCTs) | 11,330 | 10,854 | 476 | 4.4% |
| Active rate | 4.73% | 4.22% | 0.51% | 12.1% |
| Deposit Stock (excluding PCTs) | 18,158 | 16,208 | 1950 | 12.0% |
| Passive rate | 0.77% | 0.33% | 0.44% | 133.3% |
| Spread | 3.96% | 3.89% | 0.07% | 1.8% |

### Finance and CVC/Equity Investments

The financial sector continues to generate high profitability (margins for the first half of 2024 equal to approximately 53 million euros), while registering a slight contraction in margins compared to the previous year (-2.1 million euros, equal to -3.8%).

In the face of an increase in margins on the treasury sector (+38.7 million compared to the previous year, equal to +114.9%), which benefits from a remuneration of liquidity at higher rates, the reduction in volatility in the markets, the increase in the ”cost of carry” related to internal transfer rates, and the reduction in inflation had a negative impact on the performance of the property securities portfolio. Trading desks were also affected by the changed market conditions, generating lower capital gains from the sale of securities.

With regard to the institutional issues sub-fund, in the first half of 2024 a Tier 2 subordinated bond was issued for an amount of 50 million euros (March 2024). On 30 June, the call option was exercised on another Tier 2 subordinated security (50 million), in compliance with the funding plan. From an economic point of view, we note the interest expense incurred for the placement since July 2023 of a senior bond linked to a mortgage loan securitisation transaction, which generates interest expense in the first half of 2024 equal to 6.9 million euros.

## MARGIN OF FINANCIAL INTERMEDIATION

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Treasury and Securities (static portfolio) | 43.6 | 33.4 | 10.2 | 30.5 |
| Markets and dynamic portfolio | 20.0 | 27.8 | -7.8 | -28.1 |
| Coverage | 0.8 | -1.9 | 2.7 | -140.1 |
| Plus/minus receivables valued at fair value | -1.1 | 0.2 | -1.3 | n.s. |
| Venture Capital Funds | -0.9 | -3.0 | 2.1 | -71.0 |
| Issues on Institutional Bodies | -9.7 | -1.7 | -8.0 | n.s. |
| **TOTAL** | **52.6** | **54.7** | **-2.1** | **-3.8** |

With regard to the CVC/Equity Investments segment, a positive result was recorded in the first half of 2024, equal to +0.1 million compared to -1.3 million in the first half of 2023.

The sub-fund operates on the basis of a portfolio of investments that are classified according to the characteristics:

- **Financial investment:** generally minority shareholdings in the equity capital of companies with a more advanced life cycle than Ventures and Corporate Ventures and held for financial purposes (they must provide for a specific method of realisation / exit that allows an adequate return on invested capital to be achieved).
- **Industrial and strategic:** generally minority shareholdings in the equity capital of companies with a more advanced life cycle than Ventures and Corporate Ventures and held for financial purposes (they

must provide for a specific method of realisation / exit that allows an adequate return on invested capital to be achieved).

- **CVC – Business Venture**: generally minority shareholdings in the equity capital of companies with a more advanced life cycle than Ventures and Corporate Ventures and held for financial purposes (they must provide for a specific method of realisation / exit that allows an adequate return on invested capital to be achieved).
- **CVC Direct Venture:** generally minority shareholdings in the equity capital of companies with a more advanced life cycle than Ventures and Corporate Ventures and held for financial purposes (they must provide for a specific method of realisation / exit that allows an adequate return on invested capital to be achieved).

The result achieved in the half-year is attributable to the contribution of industrial and strategic investments: these include the result of 1.5 million generated by the investment in Bancomat s.p.a. and the contribution of the investment in Rothschild, with a revaluation of 0.45 million euros.

The positive performance of the portfolios compared to the previous year exceeded the increase in the ”cost of carry”, related to internal transfer rates, which represents the cost related to holding the investment.

## CVC INTERMEDIATION MARGIN AND EQUITY INVESTMENTS

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Financial Investment | 0.0 | 0.0 | 0.0 | 0.0 |
| Industrial and Strategic | 3.2 | 1.7 | 1.5 | 87.9 |
| CVC - Business Venture | 0.0 | -0.4 | 0.4 | 96.0 |
| CVC - Direct Venture | -0.1 | -0.2 | 0.1 | 55.1 |
| Cost Of Carry | -2.9 | -2.4 | -0.5 | -22.4 |
| TOTAL | 0.1 | -1.3 | 1.4 | 110.4 |

### Payment systems

In the first six months of 2024, this business sector processed a total of 468 million transactions in its three components (traditional, electronic and foreign) (+19% compared to June 2023).

Margins amounted to 51.9 million euros, a total increase compared to the same period of the previous year of 0.4 million euros (+0.7%), in particular thanks to the contribution of traditional payment systems characterised by a good performance of SDDs (SEPA Direct Debit), transfer fees and Remote Banking Smart Business Sella (Banca Sella’s digital platform for business operations). On the other hand, with regard to electronic payment systems, also compared to the same period of the previous year:

- issuing revenues are down by -25%, due to the margin component from the Hype Client, which has been granted lower rates compared to 2023, due to the adjustment of the same to market trends; net of this phenomenon, issuing is up by +10% thanks to growth in transaction volumes (+7.7%);
- revenues from POS acquiring are growing (+5.8%), recording a better result thanks to higher transaction volumes (+26.2%), despite the margin being slightly down due to the increase in the scheme fee component (passive commissions paid to payment circuits), following repricing applied by the circuits;
- revenues from acquiring e-commerce are growing (+19.9%) thanks to better margins from transactions (in particular there is a lower ”interchange fee” compared to lower cross-border transactions), with volumes substantially in line.

## INTERMEDIATION MARGIN OF PAYMENT SYSTEMS

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Traditional payment systems | 13.9 | 12.3 | 1.6 | 12.7 |
| Electronic payment systems | 33.7 | 35.0 | -1.4 | -3.9 |
| Foreign payment systems | 4.4 | 4.2 | 0.2 | 3.8 |
| TOTAL | 51.9 | 51.6 | 0.4 | 0.7 |

## TRANSACTED VOLUME ISSUING & ACQUIRING – ELECTRONIC PAYMENT SYSTEMS

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| POS | 13.2 | 11.5 | 1.7 | 14.8% |
| E-commerce | 1.8 | 1.8 | 0.0 | 1.2% |
| Issuing | 2.7 | 2.5 | 0.2 | 7.7% |
| TOTAL | 17.7 | 15.8 | 1.9 | 12.2% |

## AVERAGE MARGIN - ELECTRONIC PAYMENT SYSTEMS

Data in %

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| POS | 0.215 | 0.227 | -0.012 | -5.1% |
| E-commerce | 0.182 | 0.170 | 0.012 | 7.0% |
| Issuing | 0.175 | 0.201 | -0.026 | -13.0% |
| TOTAL | 0.206 | 0.216 | -0.013 | -5.9% |

Average Margin %: means the difference between the merchant fee paid by the merchant and the interchange fee and scheme fee paid to the payment circuits.

### Technological Services / Platform[6]

The margins of the sector amounted to 25.8 million euros, up compared to the first half of 2023 by 3.8 million (+17.2%), in particular in the components of Open Banking Platform (services provided in particular by Fabrick, in its platform products, and by Fabrick Solutions Spain) and Open Payments (services provided by

[6] **Technological services and platforms** include the margins of:

- **IT services**, through the offer of technological services to third parties, up to full outsourcing, based on cutting-edge solutions for the banking and financial sector.
- **Open banking platform ecosystem,** through financial intermediation services that are provided within an open and digital ecosystem that allows the exchange of data and information, not only of financial nature, between the operators (banking, financial and non-banking ones) that are part of it.
- **Open payments**, a set of projects and solutions designed to meet and anticipate payment acceptance needs across all channels, both physical and digital ones.

The Open banking and Open Payments joint offer in the business classification of the business line consists of the following product families, also called **"Platform Products"**:

- **In-Store Solutions**, on-shelf solutions that mainly include POS rental and cash-in service;
- **Payment Orchestra & Hub**, combines the offer of an e-commerce platform service with payment management, acceptance and reconciliation solutions;
- **Platform & Payment Institution**, includes payment intermediation services, services related to PSD2 and Banking as a Service;
- **Smart Banking**, includes, by way of example, platform solutions such as enterprise banking and smart banking.

The Open Banking cluster also includes the **Project Development** component (custom software design solutions) which, on the other hand, is classified by business line as "**Consulting Services**", a category that also includes the "Consulting / Innovation" Brokerage Margin component.

Fabrick, in its in-store products and Payment Orchestra following the merger with Axerve in 2024, and by Judopay, a company that has consolidated in the Group since August 2023 and which therefore contributed in the first half of 2024 to generate additional margins of approximately 1.1 million euros), whose margins exceeded 20 million euros in the half year.

Revenues from IT Services (mainly provided by Centrico) are substantially stable, relating to the provision of technological services to third parties, up to full outsourcing, based on cutting-edge solutions for the banking and financial sector.

For further information, please refer to the performance of the Business Line reported after commenting on the balance sheet data.

## INTERMEDIATION MARGIN OF TECHNOLOGY SERVICES / PLATFORM

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Open banking platform ecosystem | 7.9 | 6.8 | 1.1 | 15.6 |
| IT Services | 4.4 | 4.5 | 0.0 | -0.7 |
| Open Payments | 13.5 | 10.7 | 2.8 | 25.7 |
| TOTAL | **25.8** | **22.0** | **3.8** | **17.2** |

### Corporate Investment Banking (CIB)

Total margins amounted to 6.1 million euro, up compared to the first half of 2023 (+6.6%). This result is due in particular to Leveraged Finance, which contributed more than 80% to the value of the overall margin, thanks to the over-performance of interest income and higher fees for loan disbursements. In addition, the result is also supported by the continuous growth of the Leveraged Finance Loan Stock, which reached 251 million euros in the first half of 2024 (+20.7% compared to June 2023).

Below is the intermediation margin of Corporate Investment Banking in the three main segments and the main growth drivers underlying the development of margins.

## INTERMEDIATION MARGIN OF CORPORATE INVESTMENT BANKING

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| M&A | 0.4 | 0.1 | 0.3 | n.s. |
| Private debt | 0.6 | 0.8 | -0.3 | -34.0 |
| Leveraged finance | 5.1 | 4.8 | 0.3 | 7.3 |
| TOTAL | **6.1** | **5.7** | **0.4** | **6.6** |

| | | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|---|
| N.Closing (M&A, Private Debt, Leveraged Finance, CVC) | Nº | 16.0 | 17.0 | -1.0 | -5.9 |
| Private Debt: Loan stock | € million | 23.0 | 16.0 | 7.0 | 43.8 |
| Leveraged Finance: Loan stock | € million | 251.0 | 208.0 | 43.0 | 20.7 |

### Investment services

Investment services margin increased by 7.5 million (+8.2%) to 99.2 million euros compared to the first half of 2023. The growth of margins on trading (thanks to the excellent performance of BTP Valore placements and certificates), on asset management, funds and active customer consultancy, supported by the growth of qualified collection stocks (+2.4 billion euros compared to December 2023) is described in detail in the Balance Sheet and Volumes section.

## INVESTMENT SERVICES INTERMEDIATION MARGIN

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Trading | 24.1 | 20.9 | 3.1 | 15.0 |
| Ancillary fees on investment services | 0.3 | 0.4 | -0.1 | -17.2 |
| Asset management | 19.2 | 17.1 | 2.0 | 11.8 |
| Customer asset consulting | 8.9 | 7.0 | 1.9 | 27.0 |
| Retrocessions to Financial Advisors unrelated to specific revenues | -10.8 | -7.4 | -3.4 | 45.4 |
| Funds and SICAVs | 35.7 | 33.3 | 2.4 | 7.3 |
| Corresponding bank | 2.9 | 2.3 | 0.7 | 29.1 |
| Bank life insurance | 16.3 | 16.1 | 0.2 | 1.6 |
| Operations and trading of currency and instruments on net capital gain rates | 2.6 | 2.0 | 0.6 | 27.3 |
| TOTAL | 99.2 | 91.7 | 7.5 | 8.2 |

Below are the main indicators and drivers associated with the performance of the margin on investment services.

## INVESTMENT SERVICES INDICATORS AND DRIVERS

| GROUP INVESTMENT SERVICES STOCK INDICATORS | mu | 30/06/2024 | 31/12/2023 | Change | % |
|---|---|---|---|---|---|
| Qualified deposits | Million € | 26,006 | 23,634 | 2,372 | 10.0% |
| Net profit from indirect deposits (net of overperformance and commissions) | % | 0.473 | 0.497 | -0.024 | - |
| % Asset management mandates with net return above benchmark | % | 23.85 | 20.56 | 3.29 | - |
| Net returns from asset management to clients | % | 3.7 | 7.4 | -3.7 | - |
| Sella SGR % number of funds with returns in I and II quartile (YTD) | % | 54.2 | 38.9 | 15.3 | - |
| GROUP INVESTMENT SERVICES FLOW INDICATORS | mu | 30/06/2024 | 30/06/2023 | Change | % |
| Qualified net deposits - Group | Million € | 1,667 | 842 | 825 | 98.0% |
| Market Effect on Group qualified deposits | Million € | 705 | 597 | 108 | 18.1% |

### New Business

This paragraph highlights a different view of margin growth by highlighting the contribution generated by new businesses or new forms of revenue, or new activities in which the Group has invested or launched in recent years; in terms of margins, they reached 47.9 million, up 6.2 million euros compared to 2023 (+ 14.8%). This growth was due in particular to the development of the Platform business (including the reclassified Intermediation Margin categories ”Open Payments” and ”Open Banking platform ecosystem” already described above), thanks to the increase in POS rental revenues and the revenue component of Judopay (which consolidates in the Group from August 2023), the growth of the salary-backed loan business and Corporate Investment banking. The CVC and Equity Investments segment, as previously illustrated in the section ”intermediation margin by business line”, also shows a positive difference in the margin compared to the previous year; in fact, it goes from -1.3 million in 2023 to +0.1 million in 2024 because, despite the increase in market rates in both years, as in the securities portfolio, caused an increase in the cost of carrying related to internal transfer rates, the positive trend in capital gains on industrial to strategic investments allowed a positive margin to be achieved in 2024, unlike what happened in the first half of 2023.

The incidence of margins from new businesses on total margins stands at 7.4%, an increase compared to last year (it was 6.8%), thanks to the proportionally higher growth of the numerator, as just described on the different business components, compared to that of the denominator.

### NEW BUSINESS MARGINS

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Platform | 27.9 | 24.6 | 3.3 | 13.5 |
| Corporate Investment Banking | 6.2 | 5.8 | 0.4 | 6.9 |
| Salary-backed loan | 5.4 | 4.4 | 1.0 | 22.5 |
| IT offering | 5.0 | 4.9 | 0.1 | 2.8 |
| Innovation Consultancy | 2.9 | 3.1 | -0.1 | -4.5 |
| Venture and Private Capital Offering | 0.2 | 0.2 | 0.0 | -0.1 |
| CVC and Equity Investment | 0.1 | -1.3 | 1.4 | n.s. |
| Total | 47.9 | 41.7 | 6.2 | 14.8 |

## Costs

The total amount of operating costs in the first half of 2024 amounted to 371 million euros, an increase of 43.7 million euros (+13.3%) compared to the same period in 2023.

### TOTAL COSTS

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Personnel expenses | 214.4 | 195.2 | 19.1 | 9.8 |
| Administrative expenses | 108.5 | 90.3 | 18.2 | 20.2 |
| Net value adjustments on tangible assets | 22.4 | 19.8 | 2.6 | 13.1 |
| Net value adjustments on intangible assets | 24.6 | 21.3 | 3.3 | 15.5 |
| Other operating expenses | 1.5 | 1.1 | 0.4 | 39.2 |
| TOTAL | 371.5 | 327.8 | 43.7 | 13.3 |

The breakdown of the cost contribution by Business Line is shown in the table below:

### TOTAL COSTS PER BUSINESS LINE

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Treasury & Financial Markets | 9.7 | 7.9 | 1.8 | 22.7 |
| Commercial Bank | 221.8 | 207.8 | 14.0 | 6.7 |
| Wealth and Asset Management | 67.5 | 59.2 | 8.3 | 14.1 |
| Open Finance | 35.9 | 32.8 | 3.1 | 9.4 |
| Corporate & Investment Banking | 2.5 | 2.1 | 0.3 | 15.0 |
| One Sella Corporate Center | 98.5 | 90.8 | 7.6 | 8.4 |
| Eliminations and adjustments | -64.5 | -73.0 | 8.5 | n.s. |
| TOTAL | 371.5 | 327.8 | 43.7 | 13.3 |

The personnel expenses component (including the IRAP relating to the same) amounted to 214 million euros, an increase of over 19 million euros (+9.8%) compared to 30 June 2023 when it stood at 195 million euros.

The growth is due to the increase in the fixed remuneration component, influenced above all by the growth in the number of employees and also impacted by the effect of the contractual increase in the Credit Collective Bargaining with effect from July 2023.

The workforce in June 2024 amounted to 5,742 resources, an increase of 306 employees compared to June 2023. Considerando anche HYPE, che non consolida più integralmente dopo l'operazione societaria di joint venture con illimity (ma il cui team viene considerato parte del Team Sella), l'organico si attesta a 5.940

risorse, in crescita di +342 rispetto al 2023.Finally, considering the entire "Team Sella" team (that is, the whole represented by employees and permanent collaborators), the workforce stands at 6,294 resources, up by +358 compared to 2023 and stands at 6,492 resources, up by +394, also considering HYPE.

The variable remuneration component (premiums and VAPs) is down, substantially related to the lower economic results achieved by the Sella group in the first half of 2024 compared to the same period in 2023. However, it should be remembered that, net of the ordinary non-recurring events mentioned above (greater contribution to resolution funds, losses related to operational risks including compensation for IT disruption and costs preparatory to the implementation of corporate operations), the industrial result of the first semester of 2024 is in line with the result of the same period of 2023.

Administrative expenses amounted to 108.5 million euros, also up compared to the first half of 2023, when they amounted to 90.3 million euros (+20.2%). Increasing mainly the expenses to support the growth envisaged by the strategic plan, including the components of IT services in addition to higher costs for services to payment systems, information providers, training expenses. Also relevant are some expenses for important projects and the higher contribution to the resolution funds, following the advance in June 2024 of the portion devolved to the DGS for 16.3 million euros, recorded in December of the previous year.

## ADMINISTRATIVE EXPENSES

Data in millions of €

| | 30/06/2024 | 30/06/2023 (1) | Change | % |
|---|---|---|---|---|
| Consulting | 18.3 | 20.9 | -2.6 | -12.5 |
| Contributions to the guarantee and resolution funds | 16.3 | 6.6 | 9.7 | 147.0 |
| IT Services | 11.8 | 7.5 | 4.3 | 57.2 |
| Human Resources | 7.8 | 7.1 | 0.7 | 9.2 |
| Information providers and databases | 7.4 | 6.6 | 0.8 | 12.4 |
| Properties and buildings | 6.6 | 6.6 | 0.0 | 0.3 |
| Services on payment systems | 6.5 | 5.6 | 0.8 | 14.9 |
| Marketing | 6.3 | 6.4 | -0.1 | -0.8 |
| Outsourcing | 3.6 | 3.4 | 0.2 | 7.2 |
| VAT on intra-group services | 2.9 | 2.9 | 0.0 | -0.5 |
| Information and inspections | 2.6 | 2.5 | 0.1 | 2.8 |
| Contributions and donations | 2.2 | 1.5 | 0.7 | 44.8 |
| Entertainment expenses | 2.2 | 2.0 | 0.2 | 12.1 |
| Legal, tax and notarial fees | 1.9 | 2.1 | -0.2 | -9.1 |
| Postal charges | 1.6 | 1.3 | 0.3 | 21.6 |
| Insurance premiums | 1.4 | 1.3 | 0.0 | 1.5 |
| Other administrative expenses | 4.7 | 2.2 | 2.5 | 112.1 |
| Indirect net taxes | 4.4 | 3.7 | 0.7 | 20.2 |
| TOTAL | 108.5 | 90.3 | 18.2 | 20.2 |

*(1) Compared to the report submitted in June 2023, some items have been reclassified to better represent expenses*

Other operating costs consisted of adjustments to tangible and intangible fixed assets, which amounted to 47.9 million euros; they were 41.7 million euros at the end of June 2023 and increased as a result of the higher investments made. Investments in the first half of the year amounted to 52.8 million euros (they had been about 50 million euros in the first half of 2023) excluding the real estate component.

Other operating costs, after deducting the recovery of indirect taxes and other income reclassified in the intermediation margin, stood at 1.5 million euros, substantially in line with the 1.1 million of the first half of 2023. The item includes, for example, expenses for the provision of services in advance on behalf of customers, reimbursements and write-downs as a result of claims, judgments, transactions and losses; depreciation rates of multi-year charges on third-party assets and severance indemnities of financial advisors.

## Net value adjustments

Overall, net value adjustments to loans amounted to 22.8 million euros, an increase of 3.6 million euros compared to the end of June 2023, with a growth of 18.7%, but still lower than budget forecasts, testifying, despite a still complex macroeconomic scenario, to a good quality and resilience of the loan portfolio.

During the first half of 2024, some transactions were completed for the sale of non-performing loans for a total of 31.2 million euros of residual debt, with a positive impact on the income statement of +0.7 million euro, thanks to a careful valuation policy that allowed the aforementioned value recovery.

A total of 1.3 million revolving assignments, 9.3 million consumer loan assignments, 6.6 million unsecured loan assignments, 10.2 million secured loan assignments and 3.8 million single name position assignments were made.

At the end of June 2024, the annualised "Net value adjustments on cash loans" indicator was 0.40%, compared to 0.39% on 31 December 2023 and 0.35% on 30 June 2023 (for more details, see the chapter: Credit in the Sella Group). The actions taken allowed the net NPL ratio to be maintained at the levels of 31.12.2023 (1.6%), down compared to 30.06.2023 (1.9%). The degree of coverage of non-performing loans went from 48.8%, given in December 2023, to 48.2% in June 2024, while the degree of coverage on non-performing loans went from 64.8% to 63.9% in the same period. The decrease in coverage is attributable to the sales indicated above, made during the first half of 2024, of receivables with a coverage level higher than the average of the entire stock. However, the degree of coverage remains, in the first half of 2024, higher than the half of the previous year (44% at June 2023), mainly due to the revision of the valuation parameters of non-performing loans that occurred during the second half of 2023.

## Net provisions for risks and charges

At the end of June 2024, the item stood at -2.6 million euros, showing a decrease of 0.5 million euros compared to 30 June 2023. The first half of 2024 benefits from the contribution of the positive discounting of the operating risk provision relating to the company Miret for 0.9 million euros, against a negative value of -0.1 million in the same period of 2023.

## Profits / Losses from equity investments

The item, which represents the equity valuation of the associated companies, records a negative result of 2 million euros, mainly deriving from the write-down of the participation in illimity: this write-down is the result of the adjustment of the individual book value to the estimated value of 5.74 euros per share, deriving from the internal DDM (Dividend Discount Model) analysis also based on the economic and equity projections of four analysts (Akros, Equita, ISP and Kepler). The write-down of 4.9 million euros is only partially offset by the dividend received, amounting to 2 million euros.

The contribution of the investment in Hype was positive in the first half of 2024, amounting to 0.8 million: the company generated a profit of 1.6 million, against a loss in the first half of 2023 of -4 million euros (the contribution for the group is 50% of these amounts, equal to the share held by the company following the joint venture operation completed with illimity in 2021). This result is the consequence of a 96% growth in margins (108.5% growth in revenues alone, the remaining part is the result of the effect of the trend in interest rates on the interest margin). Costs are up 20.6%.

As expected, on the other hand, the participation in BDY, a company started from March 2023, has not yet resulted in a significant economic contribution for the Sella group.

## Reclassifications from non-recurring effects

In the first half of 2024, there were no reclassifications from non-recurring corporate effects; it should be noted that in the first half of 2023, on the other hand, the capital gain was included in this item, equal to 20 million euros gross (or about 16 million euros net pertaining to the Sella group), deriving from the industrial partnership agreements perfected between the Sella group and Var Group Sesa, which had led to the establishment of two new companies: BDY S.p.A., a company that exclusively markets Open Core Banking software, application solutions and Business Process Outsourcing (BPO) services created by Centrico and Nivola S.p.A. on the Italian market, aimed at providing infrastructure, facility management and cloud services already provided by Centrico today.

# Income taxes

Income taxes stood at 47.6 million euros compared to 52.4 million in the first half of 2023, with a reduction of 9.1% compared to a reduction in pre-tax profit of 15.8%. Income taxes for the year on continuing operations are net of IRAP for personnel expenses which were reclassified, increasing this component.

which are almost totally irrelevant for taxation purposes; ii) higher intra-group dividends with a higher incidence of related taxes; iii) abolition of the tax concession called "ACE"; iv) higher incidence of companies with a profit before tax loss.The tax rate, net of the above components, went from 34.2% in the first half of 2023 to 36.9% in the first half of 2024. The change in the tax rate is mainly due to the following components: i) a lower impact on the result before taxes of the net gains/losses on investments having the characteristics provided for by art. 87 of Presidential Decree 917/86,

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Data in thousands of €

| ITEMS | | 30/06/2024 | 30/06/2023 |
|---|---|---|---|
| 10. | **Profit (Loss) for the year** | **81,389** | **100,866** |
| | **Other income components after tax without reversal to income statement** | | |
| 20. | Equity securities measured at fair value through other comprehensive income | 5,925 | 6,037 |
| 50. | Tangible assets | - | (1) |
| 70. | Defined benefit plans | 120 | 290 |
| | **Other income components after tax with reversal to income statement** | | |
| 120. | Foreign exchange differences | (185) | (247) |
| 150. | Financial assets (other than equity securities) measured at fair value through other comprehensive income | (130) | (67) |
| 170. | Share of valuation reserves in relation to investments measured using the shareholders' equity method | 1,319 | 932 |
| 200. | **Total of other income components, net of tax** | **7,049** | **6,944** |
| 210. | **Comprehensive income (Items 10+200)** | **88,438** | **107,810** |
| 220. | Comprehensive consolidated income pertaining to third parties | 20,340 | 24,780 |
| 230. | Comprehensive consolidated income pertaining to the Parent Company | 68,098 | 83,030 |

# Balance Sheet Data

## CONSOLIDATED RECLASSIFIED BALANCE SHEET

Data in thousands of €

| ASSET ITEMS | 30/06/2024 | 31/12/2023 | % CHANGE |
|---|---|---|---|
| Financial assets (1) | 5,659,307.4 | 4,938,177.4 | 14.6% |
| Receivables from banks (2) | 2,789,482.9 | 3,471,531.0 | -19.7% |
| Cash loans (3) | 11,990,160.2 | 11,156,134.2 | 7.5% |
| Reverse repurchase agreements | 630,587.7 | 119,603.0 | 427.2% |
| Equity investments | 78,589.7 | 83,372.9 | -5.7% |
| Tangible and intangible fixed assets (4) | 736,371.9 | 712,178.2 | 3.4% |
| Tax assets | 172,353.0 | 224,861.2 | -23.4% |
| Non-current assets and asset groups held for sale | 114.4 | 674.4 | -83.0% |
| Other asset items (5) | 1,267,088.4 | 1,244,836.9 | 1.8% |
| **TOTAL ASSETS** | **22,693,467.9** | **21,831,766.2** | **4.0%** |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 30/06/2024 | 31/12/2023 | % CHANGE |
| Payables to banks | 792,678.7 | 1,103,764.2 | -28.2% |
| Direct deposits, excluding repurchase agreements payable (6) | 18,295,553.0 | 18,093,849.4 | 1.1% |
| Repurchase agreements payable | 455,403.8 | 42,699.1 | 966.5% |
| Total direct deposits (7) | 18,670,532.3 | 18,061,416.8 | 3.4% |
| Financial liabilities | 653,795.8 | 122,458.7 | 433.9% |
| Tax liabilities | 58,441.3 | 91,232.5 | -35.9% |
| Other liability items (8) | 739,541.4 | 734,481.8 | 0.7% |
| Provisions for specific purposes (9) | 131,760.8 | 139,858.2 | -5.8% |
| Shareholders' equity (10) | 1,646,717.6 | 1,578,554.1 | 4.3% |
| - pertaining to the Group | 1,354,128.7 | 1,299,737.4 | 4.2% |
| - pertaining to third parties | 292,588.9 | 278,816.7 | 4.9% |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **22,693,467.9** | **21,831,766.2** | **4.0%** |

*(1) Given by the sum of items 20 Financial assets measured at fair value through profit and loss (excluding the component of loans classified in financial assets necessarily measured at fair value), 30 Financial assets measured at fair value through other comprehensive income, and 40 Financial assets measured at amortised cost (for the debt securities component only) of the Balance Sheet Assets.*

*(2) Given by the sum of item 40 a) Receivables from banks and item 10 Cash and cash equivalents only for current accounts and demand deposits at banks and central banks.*

*(3) Given from item 40 Financial assets measured at amortised cost Receivables from customers in the Balance Sheet Assets excluding debt securities and including the financing component classified in financial assets necessarily measured at fair value;*

*(4) Given by the sum of items 90 Tangible Assets and 100 Intangible Assets in the Balance Sheet Assets.*

*(5) Given by the sum of items 10 Cash and cash equivalents excluding current accounts and sight deposits at banks and central banks, 60 Value adjustment of financial assets subject to macro hedging, 110 Tax assets, 120 Non-current assets and asset groups held for sale and 130 Other assets in the Balance Sheet Assets;*

*(6) Given by the sum of 10 b) Financial liabilities measured at amortised cost Payables to customers and 10 (c) Financial liabilities measured at amortised cost Outstanding securities of the Balance Sheet Liabilities net of repurchase agreements;*

*(7) Total direct deposits is net of right-of-use payables;*

*(8) Given by the sum of items 40 Hedging derivatives and 80 Other liabilities in the Liabilities Balance Sheet and the component relating to right-of-use debts;*

*(9) Given by the sum of items 90 Employee severance pay and 100 Provisions for risks and charges in the Balance Sheet Liabilities.*

*(10) Given by the sum of items 120 Valuation reserves, 150 Reserves, 160 Additional paid-in capital, 170 Capital, 190 Minority interests, and 200 Profit (loss) for the period in the Balance Sheet Liabilities.*

The main items of assets and liabilities are commented on in more detail below.

# NET INTERBANK POSITION

Data in thousands of €

| | 30/06/2024 | 31/12/2023 | Changes | % |
|---|---|---|---|---|
| Receivables from banks | 2,789,482.9 | 3,471,531.0 | (682,048.1) | -19.6% |
| Payables to banks | 792,678.7 | 1,103,764.2 | (311,085.5) | -28.2% |
| **Net interbank position** | **1,996,804.2** | **2,367,766.9** | **(370,962.7)** | **-15.7%** |

The negative change in payables to banks is due to the maturity, in March 2024, of the TLTRO III transaction in the European Central Bank, transaction no. 7, for 400 million euros.

On the other hand, the decrease in receivables from banks is mainly linked to the decrease in deposits with the Central Bank of approximately 670 million euros.

## FINANCIAL ASSETS

Data in thousands of €

| ITEMS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Financial assets held for trading | 993,311.7 | 17.6% | 348,615.6 | 7.1% | 644,696.1 | 184.9% |
| Other financial assets necessarily measured at fair value | 639,151.0 | 11.3% | 650,629.3 | 13.2% | (11,478.4) | -1.8% |
| Financial assets measured at fair value through other comprehensive income | 922,795.4 | 16.3% | 879,033.0 | 17.8% | 43,762.4 | 5.0% |
| Financial assets measured at amortised cost | 3,104,049.3 | 54.8% | 3,059,899.4 | 62.0% | 44,149.8 | 1.4% |
| **Total financial assets** | **5,659,307.4** | **100.0%** | **4,938,177.4** | **100.0%** | **721,129.9** | **14.6%** |
| Trading financial liabilities | 653,795.8 | 100.0% | 122,458.7 | 100.0% | 531,337.1 | 433.9% |
| TOTAL NET FINANCIAL ASSETS AND LIABILITIES | 5,005,511.5 | | 4,815,718.7 | | 189,792.8 | 3.9% |

The Treasury of the Parent Company, as well as those of the Group's banks, deals with the investment of liquidity, following prudential rules and complying with external regulatory provisions and internal policies, approved by the Board of Directors. The primary objective is the prudent management of liquidity risk and, subordinately, the creation of value through the selection and management of investments, in compliance with the risk limits set by the Board of Directors, optimising and keeping the risk, return and capital absorption ratio under control. The liquidity investment operation takes care of the optimisation of the diversification of the issuer risk, adequately balancing the type of securities, maturities and counterparties. Securities trading in the first half of 2024 was consistent with the persistence of more profitable bond yields compared to those of the years prior to 2022, with gradually increasing expectations of future interest rate reductions and led to an increase in positions in government and non-government bonds, maintaining a limited overall portfolio duration.

The total Group securities portfolio stands at 5.7 billion euros, down 0.7 billion euros from 2023, and appropriately diversified and invested mainly in government or corporate securities with high creditworthiness. The Group's securities portfolio is divided into accounting categories as required by IFRS 9 and the contributing companies are mainly Banca Sella, Banca Sella Holding, Banca Patrimoni Sella & C. and Sella SGR.

The individual portfolios are analysed below.

## FINANCIAL ASSETS HELD FOR TRADING

Data in thousands of €

| ITEMS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Cash assets | 979,076.5 | 98.6% | 332,275.4 | 95.3% | 646,801.1 | 194.7% |
| Debt securities | 899,467.6 | 90.6% | 300,384.6 | 86.2% | 599,083.0 | 199.4% |
| Equity securities | 19,079.6 | 1.9% | 1,331.2 | 0.4% | 17,748.4 | 1333.2% |
| UCI units | 59,657.9 | 6.0% | 29,763.1 | 8.5% | 29,894.8 | 100.4% |
| Other | 871.4 | 0.1% | 796.4 | 0.2% | 75.0 | 9.4% |
| Derivative instruments | 14,235.2 | 1.4% | 16,340.2 | 4.7% | (2,105.0) | -12.9% |
| TOTAL TRADING FINANCIAL ASSETS | 993,311.7 | 100.0% | 348,615.6 | 100.0% | 644,696.1 | 184.9% |
| Detail by Group company | | | | | | |
| Banca Patrimoni Sella & C. S.p.A | 996.1 | 0.1% | 617.9 | 0.2% | 378.2 | -43.4% |
| Banca Sella S.p.A. | 8,418.5 | 0.8% | 6,494.6 | 1.9% | 1,923.9 | -54.5% |
| Banca Sella Holding S.p.A. | 980,417.0 | 98.7% | 338,274.1 | 97.0% | 642,142.9 | 1.7% |
| Sella SGR | 2,608.7 | 0.3% | 2,432.6 | 0.7% | 176.2 | -62.4% |
| Other companies | 871.4 | 0.1% | 796.4 | 0.2% | 75.0 | -61.6% |
| TOTAL FINANCIAL ASSETS HELD FOR TRADING | 993,311.7 | 100.0% | 348,615.6 | 100.0% | 644,696.1 | 184.9% |

Total trading financial assets at 30 June 2024 amounted to 993.3 million euros, up 644 million euros compared to 2023. The composition of these assets is shown in the previous table where the Parent Company Banca Sella Holding, which carries out the treasury service for the entire Group, as well as trading and market making activities on financial instruments (mainly sovereign debt securities), has an impact on the total of 98.7% (for 980 million euros).

The increase observed during the semester is due to positions attributable to trading and market making. The latter generally sees a significant reduction in positions at the end of each financial year and a reopening of the same during the year. Moreover, the reflections of this trading and market making activity can also be observed in the dynamics of trading financial liabilities, which also increased during the semester.

At Banca Sella Holding, the dynamics and composition of securities held for trading is characterised by the above-mentioned trading and market-making activities carried out both on Italian and foreign government bonds and on corporate bonds and those of supranational issuers. As of 30 June 2024, the main investment categories in Banca Sella Holding are represented by government bonds and other debt securities for 81.3% and capital securities and UCIs for 18.7%.

The remaining part of the trading book is present for minimum amounts in Banca Sella which contributes 0.8%, in Sella SGR with 0.3%. and in Banca Patrimoni Sella & C. and in other companies with 0.2%.

## FINANCIAL ASSETS NECESSARILY MEASURE AT FAIR VALUE

Data in thousands of €

| ITEMS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Debt securities | 19,801.9 | 3.1% | 20,289.5 | 3.1% | (487.5) | -2.4% |
| Equity securities | 50,673.2 | 7.9% | 40,582.3 | 6.2% | 10,090.9 | 24.9% |
| UCI units | 568,675.9 | 89.0% | 589,757.6 | 90.6% | (21,081.7) | -3.6% |
| Total financial assets necessarily measured at fair value | 639,151.0 | 100.0% | 650,629.3 | 100.0% | (11,478.4) | -1.8% |
| Detail of the main Group companies | | | | | | |
| Banca Patrimoni Sella & C. | 399,606.9 | 62.5% | 439,586.5 | 67.6% | (39,979.6) | -9.1% |
| Banca Sella | 128,138.6 | 20.0% | 110,668.1 | 17.0% | 17,470.5 | 15.8% |
| Banca Sella Holding | 110,848.8 | 17.3% | 99,942.4 | 15.4% | 10,906.4 | 10.9% |
| Other Group Companies | 556.7 | 0.1% | 432.3 | 0.1% | 124.4 | 28.8% |
| Total | 639,151.0 | 100.0% | 650,629.3 | 100.0% | (11,478.4) | -1.8% |

As at 30 June 2024, the total of financial assets necessarily measured at fair value was 639.1 million euros, a slight increase compared to 2023, mainly due to the dynamics of investments in units of UCIs. The composition of these assets is represented in the table above where Banca Patrimoni Sella & C. contributes 62.5% of the portfolio, Banca Sella 20.0% and Banca Sella Holding 17.3%.

The main component consists in UCI units, of which 325 million are invested in the open-ended Sella Bond Strategia Conservativa fund, whose investment objective is short-term debt securities (government and corporate); the remainder in other UCIs, both open (bonds and equities) and closed/alternative (private equity, private debt, infrastructure, renewable energy, and real estate).

The component invested in debt securities mainly includes bank and corporate bonds of high creditworthiness. The component of loans measured at fair value, i.e. those mortgages that with the introduction of IFRS9 could no longer be classified at amortised cost, was included in Cash Loans for 74 million euros.

Equity securities, amounting to approximately 50 million, consist of investments in minority interests made by Banca Sella Holding. The changes compared to 2023 are related to the continuation of planned investments and fair value adjustments of existing investments. In particular, a stake in Rothschild & Co was acquired during the year and the fair value of the stake in Bancomat was revalued in line with the reference value of the capital increase completed by the company itself.

## DETAILS OF EQUITY SECURITIES NECESSARILY MEASURE AT FAIR VALUE

Data in thousands of €

| COMPANY | 30/06/2024 | 31/12/2023 | Change | Change % |
|---|---|---|---|---|
| Smava Gmbh | 11.5 | 11.5 | 0.0 | 0.0% |
| Knightsbridge Venture Capital | 9.9 | 9.7 | 0.1 | 1.4% |
| Rothschild & CO | 8.2 | 0.0 | 8.2 | - |
| Olinda Sas | 5.3 | 5.3 | 0.0 | 0.0% |
| United Ventures One Sicaf S.p.A. | 2.2 | 2.4 | -0.1 | -5.1% |
| Lead Edge Capital | 2.6 | 2.4 | 0.2 | 7.1% |
| KVC Secondaries Fund | 2.1 | 2.1 | -0.1 | -2.9% |
| Bancomat Spa | 1.8 | 0.4 | 0.0 | 374.0% |
| Endeavor Catalyst | 1.8 | 1.6 | 0.3 | 16.3% |
| 17 other minority shareholdings | 5.0 | 5.1 | -0.1 | -1.5% |
| Total | 50.4 | 40.4 | 8.5 | 24.5% |

## FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

Data in thousands of €

| ITEMS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Debt securities | 828,840.7 | 89.8% | 794,472.4 | 90.4% | 34,368.3 | 4.3% |
| Equity securities | 93,852.3 | 10.2% | 84,459.3 | 9.6% | 9,393.0 | 11.1% |
| Loans | 102.3 | 0.0% | 101.3 | 0.0% | 1.1 | 1.1% |
| **Total** | **922,795.4** | **100.0%** | **879,033.0** | **100.0%** | **43,762.4** | **5.0%** |
| **Details for the main Group companies (Balance Sheet value)** | | | | | | |
| Banca Sella Holding | 235,156.1 | 25.5% | 233,314.5 | 26.5% | 1,841.6 | 0.8% |
| Banca Patrimoni Sella & C. | 39,125.0 | 4.2% | 36,758.9 | 4.2% | 2,366.1 | 6.4% |
| Sella SGR | 1,785.3 | 0.2% | 1,797.6 | 0.2% | (12.2) | -0.7% |
| Banca Sella | 639,610.4 | 69.3% | 599,958.5 | 68.3% | 39,651.9 | 6.6% |
| Axerve | - | 0.0% | 678.7 | 0.1% | (678.7) | -100.0% |
| Fabrick | 7,118.5 | 0.8% | 6,524.9 | 0.7% | 593.7 | 9.1% |
| **Total** | **922,795.4** | **100.0%** | **879,033.0** | **100.0%** | **43,762.4** | **5.0%** |

As at 30 June 2024, the total of financial assets measured at fair value through other comprehensive income amounted to 922.8 million euros, an increase compared to 2023 with reference to investments in debt securities. The composition of these assets is represented in the table above where Banca Sella contributes 69.3% of the portfolio, Banca Sella Holding 25.5%, and Banca Patrimoni Sella & C. 4.2%.

The contained increase in the portfolio is mainly due to the increase in investments in debt securities.

Debt securities represent the largest investment, with an incidence of 89.8% of the total and consist mainly of Italian government bonds and bank and corporate bonds of high creditworthiness.

The equity securities, amounting to approximately 94 million euros, consist of investments in minority holdings, among which the main ones are represented by the holdings in Visa Inc., Aidexa Holding and the Bank of Italy which together make up 69% of the total. The changes compared to 2023 are related to the changes in the fair value of existing investments. In particular, the changes in the investments in Visa Inc. and Cassa di Risparmio di Bolzano S.p.A. derive from the relative market quotations, those of Aidexa Holding S.p.A., Obsidian Capital SGR S.p.A. and Newcleo Ltd. derive both from the participation in the capital increases made by the three Companies and from the revaluations carried out in line with their reference values.

## BREAKDOWN OF EQUITY SECURITIES MEASURED AT FAIR VALUE WITH IMPACT ON OVERALL PROFITABILITY

Data in millions of €

| COMPANY | 30/06/2024 | 31/12/2023 | Change | Change % |
|---|---|---|---|---|
| Visa Inc. | 40.1 | 38.2 | 1.9 | 5.0% |
| Aidexa Holding S.p.A. | 15.1 | 10.4 | 4.6 | 44.6% |
| Bank of Italy | 10.0 | 10.0 | 0.0 | 0.0% |
| Satispay S.p.A. | 5.4 | 5.4 | 0.0 | 0.0% |
| Newcleo Ltd | 4.7 | 2.0 | 2.7 | 136.8% |
| Cassa di Risparmio di Bolzano | 4.4 | 4.2 | 0.2 | 5.1% |
| Findynamic S.r.l. | 1.6 | 1.6 | 0.0 | 0.0% |
| Obsidian Capital SGR S.p.A. | 1.6 | 1.2 | 0.3 | 28.2% |
| 69 other minority shareholdings | 11.1 | 11.5 | -0.4 | -3.8% |
| Total | 93.9 | 84.5 | 9.5 | 11.1% |

## FINANCIAL ASSETS MEASURED AT AMORTISED COST – DEBT SECURITIES

Data in thousands of €

| ITEMS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Debt securities - receivables from banks | 413,663.4 | 13.3% | 417,075.5 | 13.6% | (3,412.0) | -0.8% |
| Debt securities - receivables from customers | 2,690,385.9 | 86.7% | 2,642,824.0 | 86.4% | 47,561.9 | 1.8% |
| **Total financial assets** | **3,104,049.3** | **100.0%** | **3,059,899.4** | **100.0%** | **44,149.8** | **1.4%** |
| **Detail by Group company** | | | | | | |
| Banca Sella Holding | 758,530.3 | 24.4% | 762,941.9 | 24.9% | (4,411.6) | -0.6% |
| Banca Patrimoni Sella & C. | 601,275.4 | 19.4% | 535,113.4 | 17.5% | 66,162.0 | 12.4% |
| Banca Sella | 1,741,531.1 | 56.1% | 1,761,843.1 | 57.6% | (20,312.0) | -1.2% |
| Other companies | 2,712.5 | 0.1% | 1.0 | 0.0% | 2,711.5 | 271145.2% |
| **Total financial assets** | **3,104,049.3** | **100.0%** | **3,059,899.4** | **100.0%** | **44,149.9** | **1.4%** |

As at 30 June 2024, the total amount of debt securities included in financial assets measured at amortised, both in receivables from banks and receivables from customers, was 3.1 million euros. The composition of these assets is represented in the table above where Banca Sella contributes 56.1% of the portfolio, Banca Sella Holding 24.4%, and Banca Patrimoni Sella & C. 19.4%, and include transferable securities held for the purpose of stable investment, respecting the size parameters established by the respective Boards of Directors.

The securities in this category, with an average duration of about 3.7 years, consist mainly of Italian government bonds; there are also some foreign government bonds, senior bank bonds, senior corporate bonds, and senior securities deriving from securitisations.

## SHAREHOLDINGS

Data in millions of €

| COMPANY | 30/06/2024 | 31/12/2023 | Change | Change % |
|---|---|---|---|---|
| illimity Bank S.p.A. | 48.3 | 54.1 | -5.9 | -10.8% |
| HYPE S.p.A. | 16.1 | 15.3 | 0.8 | 5.2% |
| BDY | 9.8 | 9.8 | 0.0 | 0.1% |
| Vorvel Sim S.p.A. | 1.4 | 1.4 | 0.0 | 0.5% |
| Tot S.p.A. | 1.6 | 1.4 | 0.2 | 14.0% |
| Coalescent Labs S.p.A. | 0.8 | 0.8 | 0.0 | 3.2% |
| Enersel S.p.A. | 0.4 | 0.4 | 0.0 | 6.8% |
| Next Value Sgr S.p.A. | 0.3 | 0.3 | 0.0 | 13.3% |
| Total | 78.6 | 83.4 | -4.8 | -5.7% |
| Detail by Group company | | | | |
| Banca Sella Holding | 66.9 | 72.0 | -5.0 | -7.0% |
| Centrico | 9.8 | 9.8 | 0.0 | 0.1% |
| Banca Sella | 1.6 | 1.4 | 0.2 | 14.0% |
| Banca Patrimoni Sella & C. | 0.2 | 0.2 | 0.0 | 13.3% |
| Sella Sgr | 0.1 | 0.1 | 0.0 | 13.3% |
| Total | 78.6 | 83.4 | -4.8 | -17.5% |

The investments item, over which the Group exerts considerable influence, amounts to 79 million euros compared to 83 million euros at the end of 2023, and includes the companies' investments as shown in the table. In particular, for illimity Bank the change compared to 2023 is mainly due to a further write-down of the shareholding at a value lower than that of shareholders' equity. The value attributed to the shareholding was set at 5.74 euros per share deriving from the internal DDM valuation based on the economic and equity forecasts of four external analysts (Akros, Equita, Intesa SanPaolo and Kepler). For Tot S.p.A., the change is related to the adjustment to equity values in line with the holding portfolio.

# Credit in the Sella Group

## CASH LOANS

Data in thousands of €

| CASH LOANS | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Receivables from customers (excluding repurchase agreements) | 11,359,572.5 | 94.7% | 11,036,531.2 | 98.9% | 323,041.3 | 2.9% |
| Stage 1 and Stage 2 | 11,184,864.9 | 93.3% | 10,864,949.2 | 97.4% | 319,915.7 | 2.9% |
| - Current accounts | 1,029,889.7 | 8.6% | 1,061,291.0 | 9.5% | -31,401.3 | -3.0% |
| - Mortgage loans | 5,503,043.1 | 45.9% | 5,269,713.2 | 47.2% | 233,329.9 | 4.4% |
| - Credit cards, personal loans and salary-backed loans | 2,059,360.2 | 17.2% | 1,985,647.1 | 17.8% | 73,713.1 | 3.7% |
| - Finance leasing | 1,336,793.8 | 11.1% | 1,319,058.6 | 11.8% | 17,735.1 | 1.3% |
| - Other loans | 1,178,584.4 | 9.8% | 1,153,888.7 | 10.3% | 24,695.6 | 2.1% |
| Loans necessarily measured at fair value | 74,241.2 | 0.6% | 74,035.6 | 0.7% | 205.6 | 0.3% |
| Impaired purchased or originated | 2,952.5 | 0.0% | 1,314.9 | 0.0% | 1.6 | 124.5% |
| Stage 3 | 174,707.6 | 1.5% | 171,582.1 | 1.5% | 3,125.6 | 1.8% |
| TOTAL CASH LOANS (EXCLUDING REPURCHASE AGREEMENTS) | 11,359,572.5 | 94.7% | 11,036,531.2 | 98.9% | 323,041.3 | 2.9% |
| Repurchase agreements | 630,587.7 | 5.3% | 119,603.0 | 1.1% | 510,984.7 | 427.2% |
| TOTAL CASH LOANS | 11,990,160.2 | 100.0% | 11,156,134.2 | 100.0% | 834,026.0 | 7.5% |
| Group companies detail | | | | | | |
| Banca Sella | 7,329,077.4 | 61.1% | 7,113,401.9 | 63.8% | 215,675.5 | 3.0% |
| Sella Leasing | 1,389,867.1 | 11.6% | 1,389,297.0 | 12.5% | 570.0 | 0.0% |
| Sella Personal Credit | 1,657,658.9 | 13.8% | 1,590,748.1 | 14.3% | 66,910.8 | 4.2% |
| Banca Patrimoni Sella & C. | 882,005.2 | 7.4% | 859,826.8 | 7.7% | 22,178.4 | 2.6% |
| Banca Sella Holding | 721,026.1 | 6.0% | 191,227.2 | 1.7% | 529,798.8 | 277.1% |
| Other Group Companies | 10,525.5 | 0.1% | 11,633.1 | 0.1% | -1,107.6 | -9.5% |
| TOTAL GROUP COMPANIES | 11,990,160.2 | 100.0% | 11,156,134.2 | 100.0% | 834,026.0 | 7.5% |

Loan disbursement dynamics during the first semester of 2024 were positive. Net loans to customers increased by 2.9% to 11.4 billion euros with net growth of nearly 323 million euros spread across various technical forms.

During 2024, in order to improve customer service and meet their needs at all levels, with a view to adopting a unique positioning approach, the collaboration between the Group Companies in the field of credit continued: Banca Sella for traditional lending, Sella Leasing for financing to companies through financial and operating leases, and Sella Personal Credit to provide loans to private individuals, in the form of consumer and salary-backed loans.

Active rates on the stock of loans have been positively affected by the dynamics of market rates, in particular short-term loans and the variable rate component of medium/long-term loans. Overall, as at June 2024, the active rate on the stock amounted to 4.73%, an increase of 51 bps compared to the same period of the previous year.

Analysing the composition of receivables from customers, it can be noted that the amount of gross non-performing assets remained stable compared to December 2023 and equal to 342 million euros, with credit quality indicators improving, except for the coverage ratio which was affected by the sale of bad loans with higher coverage. The amount of non-performing loans relative to both the amortised cost business model and those necessarily measured at fair value is the following:

## NON-PERFORMING LOANS

Data in thousands of €

| | 30/06/2024 | | | | 31/12/2023 | | | | Delta coverage |
|---|---|---|---|---|---|---|---|---|---|
| | Gross exposure | Adjustments | Net exposure | Coverage | Gross exposure | Adjustments | Net exposure | Coverage | |
| Bad loans | 133,259 | (85,159) | 48,100 | 63.9% | 142,963 | (92,695) | 50,267 | 64.8% | (0.9%) |
| Probable defaults | 182,533 | (71,118) | 111,415 | 39.0% | 177,015 | (66,131) | 110,884 | 37.4% | 1.6% |
| Expired exposures | 26,480 | -8,660 | 17,820 | 32.7% | 19,935 | (7,184) | 12,750 | 36.0% | (3.3%) |
| Total non-performing | 342,272 | (164,937) | 177,335 | 48.2% | 339,912 | (166,011) | 173,901 | 48.8% | (0.6%) |

The "coverage ratio" referring to non-performing loans remains very high, at 63.9% compared to 64.8% at the end of 2023 and the limited decline recorded is attributable exclusively to the sales recorded during the year, especially for the unsecured component, which benefitted from a higher average coverage percentage. The coverage rate of abnormal receivables, understood as the ratio between the value adjustments made on non-performing loans for cash and gross receivables disbursed at the end of the period, stands at 48.2%, substantially in line with the figure at the end of 2023, and reflects the application of prudent valuation policies in line with the IFRS 9 accounting standard, which over the years have been increasingly strengthened.

## SALES OF RECEIVABLES

Data in millions of €

| SALE TYPE | 30/06/2024 | 31/12/2023 | Change |
|---|---|---|---|
| Single name | 3.8 | - | 3.8 |
| Revolving | 1.3 | 3.2 | (1.9) |
| Consumer credit | 9.3 | 22.7 | (13.4) |
| Leasing | 0 | 1.4 | (1.4) |
| Unlikely to pay | 0 | 3.8 | (3.8) |
| Mortgage portfolio | 10.2 | 33.3 | (23.1) |
| Unsecured wallet | 6.6 | 13.6 | (7.0) |
| TOTAL | 31.2 | 78.2 | (47.0) |

The allocation of receivables measured at amortised cost, according to the relevant business model, in line with the rules of "staged allocation" is as follows:

## ALLOCATION OF RECEIVABLES BY STAGE

Data in thousands of €

| Stage 1 and 2 | Stage 3 | Total |
|---|---|---|
| Performing and underperforming receivables | Non-performing receivables | Total Receivables |
| 11,812,825 | 177,335 | 11,990,160 |

## EVOLUTION OF THE MAIN CREDIT QUALITY INDICATORS

| | 30/06/2024 | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|---|---|---|
| Net bad loans to net loans (without repurchase agreements) | 0.45% | 0.46% | 0.56% | 0.70% | 1.20% | 1.90% |
| Net non-performing loans to net loans (without repurchase agreements) | 1.56% | 1.58% | 1.82% | 2.20% | 2.90% | 3.60% |
| Gross bad loans to gross loans (without repurchase agreements) | 1.15% | 1.27% | 1.59% | 2.00% | 3.20% | 4.40% |
| Gross non-performing loans to gross loans (without repurchase agreements) | 2.57% | 3.02% | 3.51% | 4.20% | 5.70% | 6.80% |
| Cost of credit | 0.40% | 0.39% | 0.37% | 0.58% | 0.85% | 0.57% |

Finally, the Texas ratio indicator[7], which expresses the ability of tangible shareholders' equity, combined with value adjustments on non-performing loans, to cover the latter, is taking on an increasingly performing value; in fact, compared to 40.45% as at 31 December 2020, it reaches the excellent value of 22.08% as at 30 June 2024.

## TEXAS RATIO

Data in thousands of €

| | 30/06/2024 | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 |
|---|---|---|---|---|---|
| Gross non-performing loans | 342,272 | 339,912 | 377,988 | 423,595 | 517,398 |
| Shareholders' equity | 1,646,763 | 1,579,062 | 1,407,619 | 1,307,976 | 1,188,215 |
| Intangible assets | 261,715 | 245,945 | 203,645 | 182,891 | 175,425 |
| Credit risk adjustment funds | 164,937 | 166,011 | 186,916 | 209,642 | 266,403 |
| Tangible shareholders' equity | 1,549,985 | 1,499,127 | 1,390,890 | 1,334,727 | 1,279,193 |
| Texas ratio (Gross non-performing loans / Tangible shareholders' equity) | 22.08% | 22.67% | 27.18% | 31.74% | 40.45% |

Credit policies: the risk appetite of the credit portfolio, within the 2024-2026 Plan, has been defined as usual in a prudent manner, taking into account the macroeconomic scenario, with particular reference to the lower expected economic growth and the geopolitical tensions in place. Therefore, the risk cost figure has been expected to worsen: > 0.5% over the entire time frame (from the 2023 level of 0.39%).

The credit policies have therefore been defined precisely to better cope with this economic context, by continuing to support the economic development of the areas in which the Group operates, in compliance with the following guidelines:

- risk splitting;
- targeted sectoral policy combined with the probability of default of the counterparty;
- strengthening staging allocation;
- periodic identification of the most vulnerable customers on the basis of specific triggers and implementation of contact actions by the managers;
- continuation in the evaluation of the ESG profile of customers, with the aim of highlighting the needs regarding the transition;
- targeted advice (also following training/awareness-raising courses on ESG issues) in support of the customer transition path and "maximisation" of sustainable delivery;
- maintenance of a high share of guaranteed disbursements;
- monitoring of the loan-to-value during the disbursement phase and the correct assessment of the guarantees, from time to time, in all phases of the credit life, also considering the relevant aspects of climate risk.

[7] Texas Ratio - This is the ratio between non-performing loans and tangible equity (i.e. the capital net of intangible fixed assets) added to the value adjustments on receivables set aside to cover losses on receivables.

# Group deposits

## DIRECT DEPOSITS

Data in thousands of €

| Items | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | Changes | % |
|---|---|---|---|---|---|---|
| Payables to customers (excluding repurchase agreements payable) | 17,460,100.1 | 93.1% | 17,277,438.7 | 95.3% | 182,661.3 | 1.1% |
| - Current accounts and free deposits | 15,536,918.1 | 82.9% | 15,032,633.6 | 82.9% | 504,284.5 | 3.4% |
| - Deposits at maturity | 1,324,975.1 | 7.1% | 1,731,837.7 | 9.5% | (406,862.6) | -23.5% |
| - Other loans | 222,487.2 | 1.2% | 171,906.1 | 0.9% | 50,581.2 | 29.4% |
| - Other liabilities | 295,295.2 | 1.6% | 265,929.7 | 1.5% | 29,365.5 | 11.0% |
| - Lease liabilities | 80,424.5 | 0.4% | 75,131.7 | 0.4% | 5,292.8 | 7.0% |
| Outstanding securities | 835,453.0 | 4.5% | 816,410.7 | 4.5% | 19,042.3 | 2.3% |
| TOTAL DIRECT DEPOSITS | 18,295,553.0 | 97.6% | 18,093,849.4 | 99.8% | 201,703.6 | 1.1% |
| Repurchase agreements payable | 455,403.8 | 2.4% | 42,699.1 | 0.2% | 412,704.7 | 966.5% |
| TOTAL DIRECT DEPOSITS (INCLUDING REPURCHASE AGREEMENTS PAYABLE) | 18,750,956.8 | 100.0% | 18,136,548.5 | 100.0% | 614,408.3 | 3.4% |

In the first six months of 2024 we are witnessing an increase in the direct collection stock (excluding passive PCTs) compared to the end of 2023 of about 202 million euros (+1.1%) as well as a different incidence of the direct-to-sight and direct-to-time component.

The marginal increase in volumes occurred despite the continuation of the transformation of direct deposits towards indirect deposits: the marginal increase in the remuneration of sight deposits, the renewal actions of part of the deposits at maturity allowed the maintenance of volumes.

With regard to the composition of the collection (excluding passive PCTs), the incidence of current accounts and free deposits increases with masses increasing by approximately 500 million. The incidence of deposits at maturity is reduced, down by 400 million compared to 31.12.2023: the contraction is linked to the natural maturity cycle of deposits, which are only partially renewed. Excluding passive PCTs, the incidence of the current accounts and free deposits component goes from 83% to 85%, while deposits at maturity go from 9.5% to 7.2%. The medium-long term funding component, consisting of outstanding securities, remains stable, rising from 816 million to 835 million.

## INDIRECT DEPOSITS

Data in thousands of €

| Items | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | changes | % |
|---|---|---|---|---|---|---|
| Managed portfolios (asset management) | 7,035,937.9 | 16.4% | 6,360,108.6 | 16.6% | 675,829.3 | 10.6% |
| Administered deposits | 20,590,689.1 | 48.0% | 17,743,330.3 | 46.2% | 2,847,358.8 | 16.0% |
| Insurance funding | 5,362,435.3 | 12.5% | 5,188,443.3 | 13.5% | 173,992.0 | 3.4% |
| Pension funds | 671,850.0 | 1.6% | 610,167.0 | 1.6% | 61,683.0 | 10.1% |
| Administered funds | 9,278,856.9 | 21.6% | 8,471,341.5 | 22.1% | 807,515.5 | 9.5% |
| Indirect deposits | 42,939,769.2 | 100.0% | 38,373,390.7 | 100.0% | 4,566,378.5 | 11.9% |

The aggregate at 30 June 2024 was equal to 42.9 billion euros, calculated at market value, with an increase of 11.9%.

The growth of +4.6 billion euros (delta stock) is given by +2.8 billion euros by the administered component and by +1.8 billion euros by the managed component (understood as asset management, funds and insurance collection). This delta stock benefited from the good performance of the markets which helped to increase the value of the securities (course effect) by +1.1 billion euros.

## GLOBAL DEPOSITS

Data in thousands of €

| Items | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | changes | % |
|---|---|---|---|---|---|---|
| Direct deposits | 18,670,532.3 | 30.3% | 18,061,416.8 | 32.0% | 609,115.5 | 3.4% |
| Direct deposits from credit institutions | 12,098.5 | 0.0% | 45,113.6 | 0.1% | -33,015.1 | -73.2% |
| Indirect deposits | 42,939,769.2 | 69.7% | 38,373,390.3 | 67.9% | 4,566,378.9 | 11.9% |
| Total deposits | 61,622,400.0 | 100.0% | 56,479,920.7 | 100.0% | 5,142,479.3 | 9.1% |
| Repurchase agreements payable | 455,403.8 | | 42,699.1 | | 412,704.7 | 966.5% |
| Global deposits excluding repurchase agreements payable | 61,166,996.2 | | 56,437,221.6 | | 4,729,774.6 | 8.4% |

Global deposits at market value as at 30 June 2024 amounted to 61.6 billion euros, 61.2 if we exclude passive PCTs, up 8.4% from the beginning of the year as a result of market trends that resulted in an increase of 1.1 billion euros in the value of securities prices. In this context, Customer confidence led to an excellent result in global net deposits, positive by 3.7 billion euros.

## QUALIFIED DEPOSITS

Data in thousands of €

| | 30/06/2024 | Proportion (%) of total | 31/12/2023 | Proportion (%) of total | changes | % |
|---|---|---|---|---|---|---|
| Qualified deposits | 26,006,000.0 | 42.4% | 23,634,031.3 | 41.8% | 2,371,968.7 | 10.0% |

Qualified deposits (meaning consultancy contracts that include asset management products, securities under management and direct deposits) at market value as at 30 June 2024 amounted to 26 billion euros, up 10% compared to the end of the previous year thanks to the positive course effect of 0.7 billion euros and net deposits of 1.7 billion euros, compared to 0.8 billion euros the previous year.

The incidence of qualified deposits on global collection stands at 42.4%, up slightly compared to the end of the previous year (41.8%).

# The Group's Assets

## CONSOLIDATED SHAREHOLDERS' EQUITY

Data in thousands of €

| | Group shareholders' equity 30/06/2024 | Shareholders' equity attributable to minority interests 30/06/2024 | Group shareholders' equity 31/12/2023 | Shareholders' equity attributable to minority interests 31/12/2023 |
|---|---|---|---|---|
| Shareholders' equity: | | | | |
| a) ordinary shares | 104,988 | 87,603 | 104,988 | 87,253 |
| b) other shares | 2,323 | - | 2,323 | - |
| Share premium accounts | 105,551 | 94,036 | 105,551 | 91,020 |
| Reserves: | | | | |
| a) from profits | 1,026,275 | 85,582 | 932,519 | 53,987 |
| b) other | - | - | - | - |
| Valuation reserves | 52,719 | 6,249 | 46,863 | 5,056 |
| Equity instruments | - | - | - | - |
| Treasury shares | - | - | - | - |
| Operating profit (loss) | 62,272 | 19,118 | 107,494 | 41,499 |
| Shareholders' equity pertaining to the Group (A) | 1,354,129 | | 1,299,738 | |
| Shareholders' equity pertaining to third parties ()) | | 292,589 | | 278,817 |
| **Shareholders' equity (A+B)** | **1,646,718** | | **1,578,555** | |

The Group's consolidated shareholders' equity is constantly growing. In particular, the 4.3% increase in June 2024 compared to December 2023, equal to 68 million, is mainly due to the consolidated profit including the component pertaining to third parties for 81 million euros, to which are added about 3 million euros thanks to the capital increase of the third parties of the company Banca Patrimoni Sella & C. The remaining -16 million euros are attributable to other operations such as the payment of dividends on the 2023 result and changes in valuation reserves.

# Performance of the Business Lines

As previously illustrated in the Organisational structure chapter, the Group has a broad corporate structure, in support of its business model and the diversification of sources of income, as well as a consequence of its organisational model that assigns high independence and autonomy to organisational units. This articulation is governed, for the pursuit of common objectives, through a structure of five Business Lines and a Corporate Center.

The table below summarises, for each Unit, both the contribution calculated on an individual basis, and that to the Group's consolidated result which, by definition, must algebraically add to the individual result the "items" of consolidation, illustrated below:

1. Intra-group dividends: dividends that a subsidiary distributes to the parent company (s); the company that receives the dividend has profits on its individual Income Statement, while the company that distributes records a decrease of equity reserve in its individual Balance Sheet. The consolidation item cancels the effect of the aforementioned dividends both in the income statement and in the balance sheet of the interested companies.
2. Result of third parties: profit/loss generated by the Group Companies, not pertaining to the Parent Company, but to third party shareholders, depending on the respective % of shareholding.
3. Other adjustments: items recognised on a consolidated basis to exclude intra-group items that do not have an income statement counterpart, but a balance sheet counterpart, in particular, by relevance, the impacts related to the internal production of software between Group Companies.

## BUSINESS LINE NET RESULT AND CONTRIBUTION TO THE CONSOLIDATED BALANCE SHEET

Data in millions of €

| Data in millions of euro | Treasury & Financial Markets (*) | Commercial Bank | Wealth and Asset Management | Open Finance (***) | Corporate & Investment Banking | OneSella Corporate Center (**) | Eliminations and adjustments | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **30/06/2024** | | | | | | | | |
| Individual result of business lines | 6.9 | 94.0 | 17.6 | -4.2 | 3.1 | -4.1 | -46.1 | 67.2 |
| Contribution to the consolidated assets | 6.9 | 73.8 | 12.7 | -3.6 | 2.6 | -24.2 | -1.0 | |
| **30/06/2023** | | | | | | | | |
| Individual result of business lines | 14.4 | 91.6 | 16.9 | 56.0 | 2.5 | 7.8 | -116.2 | 73.0 |
| Contribution to the consolidated assets | 14.5 | 69.8 | 12.2 | -7.1 | 2.0 | -16.0 | -2.4 | |
| **Δ 2024 vs 2023** | | | | | | | | |
| Individual result of business lines | -7.5 | 2.4 | 0.7 | -60.2 | 0.6 | -11.9 | 70.1 | -5.8 |
| Contribution to the consolidated assets | -7.5 | 4.0 | 0.6 | 3.5 | 0.6 | -8.3 | 1.4 | |

(*) Treasury & Financial Markets: earnings down compared to 2023, due to lower volatility in the markets and less contribution from inflation-related securities.

(**) One Sella Corporate Center: the 2023 result was influenced by: 1) +20 million euros for capital gains generated following the signing of the industrial partnership agreement with the SeSa Group with the establishment of the instrumental company BDY SpA; 2) the individual write-down carried out in BSH on the illimity bank shareholding for approximately -11 million euros and from the individual write-down on the shareholding in Miret for 3 million euros. Net of these components, the net result would have been approximately +2 million euros. The 2024 result was influenced by the individual write-down made in BSH on the illimity bank shareholding for approximately -6 million euros; net of this component, the result would be aligned with that of 2023 and equal to approximately 2 million euros.

(***) Open Finance: in 2023, the individual result includes +62 million euros for intra-group capital gains from the sale of the stake in Hype by Fabrick to Banca Sella Holding. Net of this item, the 2023 result would be aligned with that of 2024 and equal to approximately -4 million euros.

Below is also the summary of the Cost-to-Income ratio divided by Business Line, the overall evolution of which has already been illustrated in Chapter 1. Executive Summary, paragraph "Comment on the main financial performance indicators"

### COST-TO-INCOME RATIO

Data in %

| | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Treasury & Financial Markets | 49.7% | 26.8% | 23.0% |
| Commercial Bank | 57.4% | 57.5% | -0.1% |
| Wealth and Asset Management | 68.9% | 69.2% | -0.3% |
| Open Finance | 114.6% | 117.0% | -2.3% |
| Corporate & Investment Banking | 34.7% | 35.6% | -0.9% |
| One Sella Corporate Center | 101.5% | 109.0% | -7.4% |
| **Group Total** | **69.7%** | **65.3%** | **4.4%** |

Below is a summary of the performance of the individual Business Lines.

# Treasury & Financial Markets

The Business Line Treasury & Financial Markets continues to generate good profitability, with a contribution to the consolidated net result of 6.9 million euros, although there was, as planned, a decrease in the net result compared to the same period of the previous year (-7.5 million euros). In the face of lower revenues and costs growing compared to the previous year, the cost-income ratio of the Treasury & Financial Markets Business line stood at 49.7%. The Business Line consists of the services operating in Banca Sella Holding: Sella Financial Markets, Treasury & ALM and Sella Direct Venture & Minority Stakes and Sella CB.

### TREASURY & FINANCIAL MARKETS INCOME STATEMENT

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| **Intermediation Margin** | **19.6** | **29.7** | **-10.1** | **-34.0%** |
| **Total costs** | **-9.7** | **-7.9** | **-1.8** | **22.7%** |
| **Gross operating profit** | **9.8** | **21.7** | **-11.9** | **-54.7%** |
| Impact of risks, provisions and contingencies | -0.1 | -0.1 | 0.0 | -27.0% |
| **Pre-tax result** | **9.7** | **21.6** | **-11.9** | **-54.9%** |
| Taxes | -2.8 | -7.2 | 4.3 | -60.7% |
| **Result before corporate structure events** | **6.9** | **14.4** | **-7.5** | **-52.0%** |
| Corporate structure events | | | | |
| **Own net result** | **6.9** | **14.4** | **-7.5** | **-52.0%** |
| Total consolidation adjustments | 0.0 | 0.0 | 0.0 | 122.3% |
| **Contribution to consolidated net income** | **6.9** | **14.5** | **-7.5** | **-52.0%** |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Treasury & Financial Markets | 49.7 | 26.8 | 23.0 |

The intermediation margin, when compared with the previous year, shows a less favourable market scenario characterised by a decrease in volatility in the markets, by a high level of rates compared to the average of the last ten years that makes the so-called "cost of carry" related to internal transfer rates high, and by a decrease in the contribution of inflation to the performance of the securities portfolio. In addition, given the current rates of return, the NAVs of some Venture Capital funds in which the group invests have been revised downwards.

The Group maintained its status as Primary Dealer on the Government Bond Market (Mercato Telematico dei Titoli di Stato, MTS), with a decreasing market share, equal to 1.5% (3.4% in the first half of 2023), in the presence of market volumes approximately doubled compared to the same period of 2023. In the first half of 2024, proprietary trading activity made a positive contribution to the income statement.

Due to the strong presence on the secondary markets, Banca Sella Holding played the role of co-dealer in the issuance of BTP Valore.

The liquidity endowment of the Sella group at the end of the first half of 2024 is substantially in line with the levels of 31 December 2023 and has always been largely satisfactory, with regulatory liquidity ratios significantly higher than the regulatory minimum. The policy used to manage the liquidity position has, in fact, always been structured around criteria of extreme prudence.

# Commercial Bank

The Commercial Bank Business Line makes a contribution to the consolidated net result of 73.8 million euros, an improvement compared to 69.8 million in June 2023. The first six months of 2024 showed a positive performance of the Business Line, which saw the net result increase overall compared to the previous year by 2.4 million euros, amounting to 94 million euros. The cost to income of the business line at the end of the half-year amounted to 57.4%. The Business Line includes the companies Banca Sella, Sella Leasing, Sella Personal Credit and Nephis and Sella Broker.

## COMMERCIAL BANK INCOME STATEMENT

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| **Intermediation Margin** | **386.5** | **361.5** | **25.0** | **6.9%** |
| **Total costs** | **-221.8** | **-207.8** | **-14.0** | **6.7%** |
| **Gross operating profit** | **164.7** | **153.6** | **11.1** | **7.2%** |
| Impact of risks, provisions and contingencies | -23.1 | -21.2 | -2.0 | 9.4% |
| **Pre-tax result** | **141.6** | **132.5** | **9.1** | **6.9%** |
| Taxes | -47.6 | -43.8 | -3.8 | 8.6% |
| **Result before corporate structure events** | **94.0** | **88.6** | **5.3** | **6.0%** |
| Corporate structure events | 0.0 | 3.0 | -3.0 | -100.0% |
| Own net result | 94.0 | 91.6 | 2.4 | 2.6% |
| Total consolidation adjustments | -20.2 | -21.8 | 1.6 | -7.3% |
| Contribution to consolidated net income | 73.8 | 69.8 | 4.0 | 5.7% |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Commercial Bank | 57.4 | 57.5 | -0.1 |

The first half of 2024 ended with an intermediation margin of 386.5 million euros, 6.9% higher than the same half of 2023. The main contribution is attributable to the growth in interest margin, driven by Banca Sella but with the contribution of the two credit companies Sella Leasing and Sella Personal Credit, up 10.6% to 258.6 million euros. In particular, we note the combined increase in volumes and interest rates, supported by the disbursement of new loans to households and businesses in the form of mortgages, personal loans, salary-backed loans and leasing. As of 30 June 2024, the loan stock stands at 10.4 billion, compared to 9.9 billion of the previous year. In the face of the growth in loans, global deposits also increased (+1.36%) and amounted to 37.4 billion against 36.8 billion the previous year, with a positive adjustment both at the level of direct and indirect deposits.

Net income from financial activities decreased by 6.8% to 4.8 million euros, due to capital losses on receivables measured at fair value. Revenues from services in June 2024 remain stable compared to the previous year and equal to 123.1 million. Diversification in revenue sources remains, with a positive contribution from almost all of the components. In particular, investment services and the insurance sector performed well, growing by 7.9% and 32% respectively compared to the first half of 2023, standing at 44.9 million and 10.6 million euros.

The margin of payment systems, although stable compared to the previous year, also contributes significantly to the intermediation margin, standing at 51.4 million in the first half of 2024.

The positive performance of the intermediation margin contributed to the stability of Cost Income, which stands at 57.4%, against an increase in costs, in the first half of 2024 compared to the same period of the previous year, which is still in line with the development management forecasts.

The components that have the greatest impact on cost growth are personnel expenses (which have also been impacted by the effect of the contractual increase in the Credit Collective Bargaining with effect from

July 2023) and other administrative expenses for outsourcing fees to Centrico for the development of IT projects.

The impact from risks grew overall in 2024 due to the greater impact from credit risk and operational risk. Attention to credit quality has always been a key aspect of the Business Line that has made it possible to contain the impact of credit risk. In fact, the net value adjustments on loans of the Business Line, although increasing by 10% compared to the end of June 2023, are still much lower than the budget forecasts, testifying to a good quality and resilience of the loan portfolio.

# Wealth and Asset Management

The Wealth and Asset Management Business Line contributed to the consolidated net result with 12.7 million euros, substantially in line with the 12.2 million in June 2023. In June 2024, the net profit of the Business Line amounted to 17.6 million euros, up 4.4% compared to June of the previous year and the cost to income was 68.9%. The Business Line includes Banca Patrimoni Sella & C., Sella SGR, Sella Fiduciaria, and the Trading and Correspondent Banking Services active within Banca Sella Holding.

## WEALTH AND ASSET MANAGEMENT INCOME STATEMENT

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| **Intermediation Margin** | **98.0** | **85.5** | **12.5** | **14.7%** |
| **Total costs** | **-67.5** | **-59.2** | **-8.3** | **14.1%** |
| **Gross operating profit** | **30.5** | **26.3** | **4.2** | **16.0%** |
| Impact of risks, provisions and contingencies | -4.1 | -1.2 | -2.9 | 251.9% |
| **Pre-tax result** | **26.4** | **25.1** | **1.3** | **5.0%** |
| Taxes | -8.6 | -8.3 | -0.3 | 3.8% |
| **Result before corporate structure events** | **17.8** | **16.9** | **0.9** | **5.6%** |
| Corporate structure events | -0.2 | 0.0 | -0.2 | -- |
| **Own net result** | **17.6** | **16.9** | **0.7** | **4.4%** |
| Total consolidation adjustments | -4.9 | -4.7 | -0.2 | 3.3% |
| **Contribution to consolidated net income** | **12.7** | **12.2** | **0.6** | **4.8%** |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Wealth and Asset Management | 68.9 | 69.2 | -0.3 |

The contribution of the interest margin was positive, still benefitting from the rate hike. In the first six months of 2024, it amounted to 32.9 million euros, +20% compared to the result of June 2023.

Revenues from services amounted to 55.8 million euros, 13% higher than in June 2023, thanks mainly to the contribution of traditional and online trading, asset management, correspondent bank and life bank insurance. In particular, the results of the two BTP Valore placements (at the end of February and in May) had a positive impact on trading, with total revenues of 3.3 million and market share of 2.44% on the last issue in May, which represents the historical record (previous issues 2.18%, 1.56% and 1.66%). In June 2023, also with two placements of BTP Valore, revenues for the group had amounted to 2.5 million euros.

Global net deposits were also very positive at 3.7 billion euros compared to 2.6 billion in June 2023, of which 1.7 billion euros in qualified deposits (of which 0.7 billion in consultancy) and the market effect in June 2024 was positive and amounted to 1 billion euros on a consolidated basis.

Costs in June 2024 amounted to 67.5 million euros, higher than the June 2023 figure (59.2 million) and with regard to the main components, personnel expenses amounted to 42.1 million euros, higher than the previous year's figure (37.7 million) mainly for the fixed remuneration component (FTE +88 increase vs. June 2023), administrative expenses amounting to 18.3 million euros higher than the June 2023 figure (15.8 million) and depreciation amounting to 5 million higher than the June 2023 figure (3.8 million euros).

# Open Finance

The Open Finance Business Line contributed to the consolidated net result with a loss of 3.6 million euros, an improvement compared to -7.1 million euros in June 2023. In June 2024, the Business Line recorded a loss of 4.2 million euros compared to June 2023. In relation to the understanding of the results represented and the comparison with 2023, it should be noted that the English paytech company Alternative Payments Limited, commercially known as Judopay, was acquired in August 2023. Therefore, its contribution to the economic data of Fabrick and subsidiaries has effect only from the date on which its acquisition was completed. Cost to income was 114.6%. The consolidated gross operating result of the business line, equal to -5.1 million euros, improved by +0.1 million euros compared to the one recorded at the end of June 2023 (equal to -5.2 million euros), with an increasing intermediation margin compared to the same period of the previous year (+3.2 million euros). The Business Line includes the companies Fabrick, Fabrick Solution Spain, Codd&Date, Codd&Date Suisse, dpixel, Alternative Payments Ltd. The HYPE joint venture is also part of the Open Finance Business Line.

## OPEN FINANCE INCOME STATEMENT

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| **Intermediation Margin** | **30.8** | **27.6** | **3.2** | **11.5%** |
| **Total costs** | **-35.9** | **-32.8** | **-3.1** | **9.4%** |
| **Gross operating profit** | **-5.1** | **-5.2** | **0.1** | **-2.1%** |
| Impact of risks, provisions and contingencies | -0.5 | -0.2 | -0.3 | 117.5% |
| **Pre-tax result** | **-5.6** | **-5.4** | **-0.2** | **3.2%** |
| Taxes | 1.9 | 1.4 | 0.5 | 34.8% |
| **Result before corporate structure events** | **-3.7** | **-4.0** | **0.3** | **-7.8%** |
| Corporate structure events | -0.5 | 60.0 | -60.5 | -100.8% |
| **Own net result** | **-4.2** | **56.0** | **-60.2** | **-107.5%** |
| Total consolidation adjustments | 0.6 | -63.0 | 63.7 | -101.0% |
| **Contribution to consolidated net income** | **-3.6** | **-7.1** | **3.5** | **-49.0%** |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Open Finance | 114.6 | 117.0 | -2.3 |

The consolidated results of Fabrick and its subsidiaries in the first half of 2024 recorded total net revenues from services in the intermediation margin of approximately 30 million euros, up 19% compared to the same period of the previous year. Below are the contributions by business in more detail:

- Platform Products, to which the companies Fabrick S.p.A and the English paytech Judopay contribute, recorded net revenues of 24.6 million euros, up 27% vs June 2023, a result in line with forecasts but with a different mix of revenues; up 19% compared to June 2023, the component of recurring revenues has grown, in a context characterised by long sales cycle times and volumes not yet fully operational on some primary customers.
- Consulting Services, to which Codd&Date S.r.l. contributes with its Swiss subsidiary, dpixel S.r.l. and Fabrick Solutions Spain, recorded net revenues of 5.5 million euros, down 16% compared to 2023; Codd&Date confirms its ability to offer highly specialised consultancy services to large Italian financial and corporate companies; dpixel continues with its initiatives and project activities aimed at supporting and growing SMEs; Fabrick Solution Spain offers its customers customised solutions in the open finance field, while maintaining a good presence with project activities on primary customers has seen a contraction of its activities due to a slowdown, compared to previous years, on the project activities commissioned by its customers.

It is also important to highlight:

- the qualitative and quantitative strengthening of the team which, in June 2024, reached 474 full-time equivalent (+56 vs June 2023);

- significant investments, as one of the fundamental elements in the growth and development of Open Finance solutions: in the first half of 2024, the figure amounted to approximately 11.6 million euros, up 6%.
- Within total costs, equal to 35.9 million euros and up 9% compared to 2023, there was an increase in operating costs to support the business which, at the end of the half-year, amounted to 13.3 million euros, 5% higher than in 2023.

The net profit for the period, equal to -4.2 million euros, is lower than in 2023, which benefitted from the effects of the extraordinary operation relating to the sale to Banca Sella Holding of the investments previously held by Fabrick in Hype, which generated a total capital gain of approximately 62.9 million euros. Net of these effects, net profit for the period is 8% higher than the same figure for the first half of 2023.

With regard to corporate transactions, it should be noted that during the first half of 2024 a further strategic operation was carried out that strengthened Fabrick's positioning by starting a new phase of growth, rationalisation and reorganisation. Specifically, in April, the company Axerve was merged by incorporation into Fabrick (already 100% controlled), thus combining within the same reality the functions of open banking and open payments, with the aim of consolidating and making even more effective the offer provided to its customers in Embedded Finance solutions in an end-to-end approach.

# Corporate Investment Banking

The Corporate & Investment Banking Business Line contributed 2.6 million euros to the consolidated net result, a slight improvement compared to 2 million euros of June 2023. In June 2024, the net profit of the Business Line amounted to 3.1 million euros, up 25.8% compared to June of the previous year and the cost to income was 34.7%. The Business Line includes the Corporate Development & CVC service and the company Sella Venture Partners SGR.

CORPORATE INVESTMENT BANKING INCOME STATEMENT Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Intermediation Margin | 7.1 | 6.0 | 1.1 | 17.9% |
| Total costs | -2.5 | -2.1 | -0.3 | 15.0% |
| Gross operating profit | 4.7 | 3.9 | 0.8 | 19.4% |
| Impact of risks, provisions and contingencies | -0.1 | -0.2 | 0.1 | -31.5% |
| Pre-tax result | 4.5 | 3.7 | 0.8 | 22.4% |
| Taxes | -1.4 | -1.2 | -0.2 | 15.2% |
| Result before corporate structure events | 3.1 | 2.5 | 0.6 | 25.8% |
| Own net result | 3.1 | 2.5 | 0.6 | 25.8% |
| Total consolidation adjustments | -0.6 | -0.5 | 0.0 | 0.5% |
| Contribution to consolidated net income | 2.6 | 2.0 | 0.6 | 32.9% |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| Corporate & Investment Banking | 34.7 | 35.6 | -0.9 |

The positive trend is due in particular to the growth in the intermediation margin (+1.1 million euros) and saw costs grow less than proportional to the margin.

The good performance of the margin is due to Leveraged Finance, which contributed for 72% to the value of the intermediation margin of the entire Business Line.

The Leveraged Finance business closed the first half of the year with 10 closings, of which 7 with the role of Mandated Lead Arranger, and with a growing stock of loans reaching 251 million euros (+21% compared to the same period of the previous year).

The Private Debt closed 2 minibond transactions, a single name transaction for a total of 12 million euros (of which 40% subscribed by the Group) and the first issue of sustainability bonds (Sustainability linked bonds) included in the Basket Bond. The growth of the loan stock continues, reaching 23 million euros in the first half of 2024 (+48% compared to the same period of the previous year).

With regard to the M&A activity, 3 transactions were closed with a clearly positive result compared to the same period of the previous year.

In the first half of 2024, an operation in Corporate Venture Capital was also completed (new investment of 0.25 million euros).

In January, the marketing of the new Fund of Funds II was started by Sella Venture Partners SGR.

The number of employees of the Business Line has increased from 26 to 30, in line with business development.

# One Sella Corporate Center

The Corporate Center continued to support the business lines with all its functions.

It should be noted that in the first half of 2024 the perimeter of this Business Line expanded as the companies Centrico (Italy, India and Romania) and Nivola moved from the Open Finance Business Line to the OneSella Corporate Center; consequently, in order to homogeneously represent the performance of the Business Line in the current perimeter, a similar shift was also made to 2023.

OCC's net result before corporate structure events totalled -4.1 million euros at the end of the half-year, clearly improving compared to -11.9 million euros in the first half of 2023. This improvement was driven by the Corporate Center component, which contributed positively for 1.8 million (against -12.9 million in the first half of 2023) and which benefited in the first half of 2024 from higher dividends from Group companies and lower negative impact from write-downs of shareholdings, in the presence of substantial cost stability; the individual write-down carried out in the first half of the year in Banca Sella Holding on the shareholding in illimity bank amounted to approximately -6 million euros compared to -11.4 in the first half of 2023. On the other hand, the Centrico Global component recorded a result before corporate structure events showing a loss of -6.2 million and a worsening compared to 2023 of about -7 million, influenced by two relevant phenomena: 1) strong growth in depreciation, due to the structure assumed after the transfer of Banca Sella's intellectual property, better detailed later in the Centrico Italia section and 2) impact from operational risk related to compensation to customers inside and outside the Group following a serious disruption that occurred in April, also subsequently explained.

The corporate structure events, present in the first half of 2023 for about 20 million euros, relate to the Centrico Global component and more specifically to the capital gain generated following the signing of the industrial partnership agreement with the SeSa Group with the establishment of the instrumental company BDY S.p.A.

For this reason, the net result shows a worsening of almost 12 million euros compared to the first half of 2023.

Finally, considering the consolidation adjustments, mainly relating to the intra-group dividends collected by the Corporate Center, the contribution to the consolidation of this Business Line amounts to -24 million euros and is worsening towards 2023 for the phenomena described above.

## ONE SELLA CORPORATE CENTER INCOME STATEMENT

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| **Intermediation Margin** | **96.9** | **83.2** | **13.7** | **16.4%** |
| **Total costs** | **-98.5** | **-90.8** | **-7.6** | **8.4%** |
| **Gross operating profit** | **-1.6** | **-7.6** | **6.0** | **-79.6%** |
| Impact of risks, provisions and contingencies | -10.5 | -11.7 | 1.2 | -10.0% |
| **Pre-tax result** | **-12.1** | **-19.3** | **7.2** | **-37.4%** |
| Taxes | 8.0 | 7.5 | 0.5 | 6.7% |
| **Result before corporate structure events** | **-4.1** | **-11.9** | **7.7** | **-65.1%** |
| Corporate structure events | 0.0 | 19.7 | -19.7 | -100.0% |
| **Own net result** | **-4.1** | **7.8** | **-11.9** | **-152.9%** |
| Total consolidation adjustments | -20.1 | -23.8 | 3.7 | -15.4% |
| **Contribution to consolidated net income** | **-24.2** | **-16.0** | **-8.3** | **52.0%** |

| Cost-to-Income ratio - data in % | 30/06/2024 | 30/06/2023 | Change |
|---|---|---|---|
| One Sella Corporate Center | 101.5 | 109.0 | -7.4 |

Below is a brief comment on the performance of the individual corporate components of Centrico Global, which as initially illustrated, have merged into the OneSella Corporate Center Business Line; this reorganisation aims to further improve the effectiveness of governance and processes and allows Centrico to focus more and more on its mission of offering technological solutions for the creation of innovative, competitive and personalised financial services.

Centrico Italia, against a production value that reaches about 45 million euros (+1% compared to the first half of 2023), recorded a reduction in direct costs but a strong growth in depreciation, due to the structure assumed after the transfer of Banca Sella's intellectual property (operation that took place in May 2023) which increased own investments and brought back to Centrico the values underlying the intellectual property purchased. This results in a worsening cost-income ratio (approximately 106% against 99% at the end of June 2023). The net result amounted to approximately -6.8 million euros, lower than at the end of June 2023 (19.9 million euros, of which corporate events amounted to approximately +19.9 million euros). In the result of the first half of 2024, refunds to Customers have negatively impacted, following an R5 anomaly in April (-5.7 million euros).

Centrico Selir and Centrico India recorded an increase in the value of production (respectively, compared to the end of June 2023: +15%, compared to an increase in revenues in all main business areas, and +7%).

Nivola closes the 2024 half-year with a production value of 11 million euros and a net loss of about 92 thousand euros. It should be noted that the company was founded in February 2023.

# Performance of the Group Companies

## INDIVIDUAL RESULTS OF GROUP COMPANIES AND CONSOLIDATED BALANCE SHEET

Data in thousands of €

| Company | Individual earnings | Consolidation adjustments | Profit of the Parent Company | Profit of third parties |
|---|---|---|---|---|
| Alternative Payments Limited (JudoPay) | -1,117.0 | -144.3 | -1,038.4 | -222.9 |
| Banca Patrimoni Sella & C. | 13,449.9 | -1,692.5 | 8,872.5 | 2,884.9 |
| Banca Sella | 84,781.1 | -4,411.1 | 63,325.2 | 17,044.9 |
| Banca Sella Holding | 32,117.9 | -43,424.7 | -11,306.8 | 0.0 |
| Centrico | -6,838.4 | -283.5 | -5,852.2 | -1,269.7 |
| Centrico-India Private Limited | 537.9 | 814.6 | 1,065.6 | 286.8 |
| Centrico Selir | 796.8 | 342.5 | 935.5 | 203.8 |
| Codd & Date | 342.2 | -116.0 | 186.2 | 40.0 |
| Codd & Date Suisse | -55.2 | -24.2 | -65.3 | -14.0 |
| Consorzio di Vigilanza Sella | 10.4 | 0.0 | 9.1 | 1.3 |
| dpixel | -158.6 | 0.0 | -130.6 | -28.0 |
| Fabrick | -2,729.4 | -896.2 | -2,984.9 | -640.7 |
| Immobiliare Lanificio Maurizio Sella | 1,025.7 | 3.7 | 1,029.3 | 0.0 |
| Miret | -238.1 | 0.0 | -238.1 | 0.0 |
| Nephis | 15.1 | -9.1 | 4.7 | 1.3 |
| Nivola | -657.5 | -15.0 | -281.9 | -390.6 |
| Sella Broker | 664.1 | -2.2 | 646.3 | 15.6 |
| Sella Fiduciaria | 81.7 | 0.0 | 63.6 | 18.1 |
| Sella Leasing | 4,809.7 | -342.8 | 3,983.8 | 483.1 |
| Sella Personal Credit | 3,537.4 | -110.2 | 3,056.5 | 370.7 |
| Sella SGR | 1,326.0 | -15.9 | 978.2 | 331.9 |
| Sella Synergy India Private | 20.4 | 0.0 | 20.4 | 0.0 |
| Sella Venture & partners | -142.4 | 0.6 | -119.7 | -22.1 |
| Fabrick Solutions Spain | 181.9 | -43.0 | 114.3 | 24.5 |
| Total | 131,761.6 | -50,369.3 | 62,273.3 | 19,118.9 |

# SUSTAINABILITY

The Sella Group is guided by the understanding that economic performance cannot be separated from positive impact on the environment and the community. That is why it has always paid special attention to issues related to sustainability and is committed to a path aimed at constantly improving its positive impact toward different stakeholders.

In order to measure the impact of its environmental, social and governance performance, the Group uses the B Impact Assessment (BIA) method, which analyses 5 areas: environment, employees, customers, community, and governance, assigning a final score between 0 and 200. At the end of the first half of 2024, the result of the Group's self-assessment was 92.4, in the category of companies defined as "regenerative".

During the half-year just ended, the activities that have further strengthened the Group's profile continued, both with reference to the further growth of intermediate masses in deposits, loans and investments that meet sustainable and impact-oriented criteria and to the Group's direct commitment in the environmental and social field.

## Customers

During the first half of 2024, the structured offer of products and services to support the environmental transition path and social initiatives of our customers continued.

With reference to the credit provided by the Group's banks, the following should be noted:

- disbursements of mortgage loans for the financing of properties in the best classes of energy performance for both individuals and companies;
- loan operations aimed at supporting the energy redevelopment of buildings and the purchase of electric or hybrid cars;
- offer of mortgages dedicated to young people under 36 to encourage the purchase of residential properties as a first home, that allows to finance up to 100% of the value of the property, thus reducing the advance of own funds by the borrower;
- adherence, from time to time, to all financial support initiatives in favour of populations affected by natural disasters, in line with the choice to be in support of groups of customers in difficulty;
- ongoing adherence to the Memorandum of Understanding between ABI and Labour Unions, to suspend the payment of the principal portion of the installments of mortgages and/or loans in favour of women who have suffered gender violence, included in certified protection programmes, who are in economic difficulty.
- loans aimed at supporting the development of the potential of deserving young people who intend to invest in their future;
- loans for companies aimed at supporting the use of renewable energy through the construction or replacement of plants for the production of energy
- support for the achievement by the client of predetermined and objective sustainability objectives through the combination, with a traditional financing contract, of ESG covenants. This credit solution dedicated to companies therefore configures the disbursements as "Sustainability Linked Loans";
- continuation in the tracking of the ESG purposes of all types of financing, even outside the dedicated products, through the collection of information within the Credit Line Electronic Application;
- consultancy support for redevelopment and energy efficiency initiatives and, more generally, for companies with a need for support in undertaking paths to improve their sustainability profile, as well as for access to subsidised finance measures, through the partnership with the Finservice Group, a leading subsidised finance company on the market for over 20 years.

With reference to leasing, the offer of financial leasing products continues, which includes assets that contribute to the environmental transition of customers, among these the main ones are:

- non-residential properties with high energy efficiency;
- immovable and instrumental goods for the production of energy from renewable sources;
- purchase of vehicles with a lower environmental impact.

In consumer credit, the offer of loans continues:

- for the purchase of environmentally sustainable goods, which are typically connected to cars with emissions <=50g/km of $CO_2$, replacement of windows, photovoltaic systems, heating/air conditioning systems;
- for the purchase of goods or services of social importance or concerning the psycho-physical well-being of people, which are typically hearing aids and supports, medical and dental care, ophthalmology, removal of architectural barriers, stairlifts.

As part of the activities of the Corporate Investment Banking Service, the "Sustainability-linked Basket Bond" programme carried out by Sella with Cassa Depositi e Prestiti and Mediocredito Centrale is noteworthy, whose finance is linked to the achievement by companies of ESG objectives and their achievement guarantees a reduction in the cost of financing.

In the field of investments, the Group's objective is to make the customer aware of the impact that their investments can have on environmental and social sustainability. To achieve this, the Group continued in the first half of 2024 with a series of activities aimed at increasing the sustainable offer available and its quality, increasing the transparency of the financial instruments that can be placed and increasing staff training in order to better respond to customer needs.

With specific reference to the offer of investment products, constant attention has continued to be paid to management companies outside the Group that are highly specialised in the field of ESG investments, in order to evaluate the possible signing of new placement agreements from time to time.

Parallel to this activity, the evolution and constant enrichment of the management products created by the Group companies continued, both with reference to asset management and to the UCIs. To date, the range of asset management offers includes seven management lines classified as Art. 8 products according to the Sustainable Finance Directive Regulation (SFDR), which will be further expanded in the autumn. With reference to Sella Sgr funds, alongside the Sustainable Investment Fund which is classified pursuant to art. 9 of the SFDR, the products that promote ESG characteristics pursuant to Article 8 of the same directive have grown to twenty-six.

In particular, in the first half of 2024, the new CLIMA fund ("Climate change Low carbon Investment Measurement Ambition") was launched by Sella Sgr. CLIMA is a corporate bond fund that, in the identification and selection of investment instruments, evaluates the commitment of issuers to promote a concrete and measurable transition towards a low-carbon economy. The fund promotes environmental, social and governance characteristics pursuant to Article 8 of the SFDR and pursues sustainable investment objectives on the part of the portfolio.

In addition, Sella Venture Partners Sgr, the alternative savings management company dedicated to venture capital investments of the Sella group, has launched the closed-end fund SVP Fund of Funds II, a fund of funds that invests in the international market and is classified pursuant to art. 8 of the SFDR.

With reference to the investment consultancy activity, the Group has an ongoing project activity aimed at evolving the profiling questionnaire with reference to the customer's ESG preferences, in order to collect information in a more granular way and consequently offer an even more targeted, effective and punctual service.

# Direct environmental commitment

As part of the Sella group's direct environmental impact mitigation plan, the main initiatives carried out in the first half of 2024 were:

- continuation of activities for the construction of new photovoltaic systems with the aim of reaching a total installed power of about 17 MW in the three-year period 2024-2026. This power will allow an annual energy production substantially equivalent to the Group's total consumption.
- energy efficiency of the Group's heating systems through the replacement of additional gas boilers with heat pumps (interventions in 5 branches in the first half of the year). The gradual transition to full LED lighting also continued (interventions in 8 branches in the first half of the year);
- obtainment of the LEED Gold certification (Leadership in Energy and Environmental Design) from the Group Headquarters in Piazza Gaudenzio Sella, Biella. LEED-certified buildings are characterised by high energy efficiency, the use of renewable energies, water management and the use of sustainable materials;
- installation of new charging stations that bring the total equipment to 35 in the Group's offices;
- gradual evolution of the company's car fleet with a green perspective, thanks to the progressive spread of hybrid and electric vehicles.

In addition, the Sella group, historically characterised by a strong link with the mountains and glaciers, has supported two initiatives aimed at monitoring their state of health and supporting awareness of the impacts of climate change on these delicate ecosystems:

- SOS Arctic mission: a thirty-day expedition along a 1,500-kilometre route to map Greenland's inland glaciers, using only wind energy. During the expedition, ice samples were collected in areas never explored before to be made available to major research institutions;
- project K2: promoted and organized by CAI Biella together with the national CAI (Club Alpino Italiano), the expedition involved a team of six mountaineers from Biella going to Pakistan, and in particular to the Mount Godwin-Austen in the Karakoram mountain group, with the aim of monitoring environmental conditions and those of humans in extreme conditions and photographing climate change in progress.

# Territorial support and volunteering and inclusion initiatives

Solidarity initiatives continued, with donations in support of various associations at national and international level. These include:

- the renewal of the collaboration with the Umberto Veronesi Foundation through the iCare investment fund of Sella Sgr to support the financing of an integrated lung cancer research and treatment system and an international platform dedicated to paediatric acute myeloid leukaemia. Since its inception in 2020, the fund has allocated over one million euros to 7 specific projects for the treatment and prevention of oncological diseases;
- the organisation of the LIS (Italian Sign Language) course open to all Group colleagues, with the aim of raising awareness among participants on issues concerning the deaf community in our territory and providing a basic set of sign language knowledge to correctly approach communication with deaf people. The techniques learned are also useful for communicating with older people;
- the organisation of 4 days of blood donation and donation eligibility visits carried out in collaboration with AVIS (Italian Blood Volunteers Association) in four Italian cities (Biella, Milan, Turin and Rome), which saw the participation of about 110 colleagues;
- the constant support to Eureka School, the school founded in India in 2006, supported by the Sella group, that has become a reference point for local communities, providing a free and quality education. In the first semester, the Group supported the school through the direct contribution for the construction of three new classrooms in the school complex and the involvement of colleagues for economic support for student teaching through direct fundraising and the company lottery. Overall, the support was more than 50,000 euros during the semester;
- the DonNa project, launched by dpixel – venture business of the Fabrick ecosystem – to facilitate and stimulate the growth of female entrepreneurship. The project aims to support aspiring entrepreneurs to create their own company through a complete path that includes training, incubation and acceleration of projects.

# Acknowledgments

In the first half of 2024, the Group was awarded:

- as a "Sustainability Leader" by Sole24Ore and Statista for the fourth consecutive year. The list of leading companies was drawn up after a careful analysis of the Group's sustainability reports and financial statements for 2022;
- among the 150 "Italian companies most attentive to the climate" by Corriere della Sera and Statista for the second consecutive year, ranking 25th in the general ranking and 3rd among companies in the banking sector.

# Evolution of sustainability disclosure

In 2024, as part of the planning aimed at transposing the changes introduced by the Corporate Sustainability Reporting Directive (CSRD), which will be applied from the reporting on the financial year 2024, the Sella Group began a process of adapting its reporting to the requirements of the Directive and the related reporting standards, i.e. the ESRS (European Sustainability Reporting Standards). In particular, after carrying out a gap analysis, in the first half of the year the Group defined and initiated the necessary actions to be fully aligned with what was required.

# HUMAN RESOURCES

In the first half of 2024, the Group's workforce growth plan was continued, necessary for the strengthening of the team and for the inclusion of new skills and professionalism in the company. As at 30 June 2024, the Group's workforce stood at 5,742 employees; the average age of the Group's employees was approximately 43 years and the female component represented 48.6% of the total workforce, slightly higher than in 2023.

Considering Team Sella, therefore the whole represented by employees and permanent collaborators, the total number of workers as of 30 June 2024 is 6,294 people including 465 financial advisors working mainly on behalf of Banca Patrimoni Sella & C., 42 financial agents and 45 consultants. Taking into account also the people working in HYPE, the Group's join venture, the total Team Sella is 6,492 employees.

In the first half of the year, initiatives were launched as part of the Make an Impact plan, pursuing ambitious objectives regarding the growth of human capital within the company and the construction of an optimal working environment for the people who work in it.

The activities in the field of Human Resources are contained in five project initiatives: Growth and Development, Knowledge and Training, Diversity & Inclusion, Attraction & Workplace, Compensation.

Following the feedback returned over time by people and, in general, the satisfaction detected in this regard, the "extended" remote working agreement that the Group has adopted in this formula and on an experimental basis from 2022 was extended. For colleagues with a job compatible with remote work, the possibility of using up to 13 average days per month on an annual basis of remote working has been confirmed, extendable up to 15 days in particular cases of need for greater flexibility.

Updates to the Group Remuneration Policies and incentive systems for the year for Group companies have been developed.

To pursue the goal of spreading entrepreneurship, the possibilities of joining the participation in the company have been confirmed through the possibility of receiving a share of the target premium or the result premium in Special Shares of Banca Sella Holding.

The first half of 2024 saw a total of 122,969 hours of training provided at Group level (in line with the first half of 2023). The face-to-face training activity recorded 49,561 hours of training, equal to 40.3% of the total hours provided. The calculation of hours of e-learning amounts to 38,076 hours (31% of the total), while those in the virtual classroom amount to 35,332 hours (28.7% of the total).

2024 also saw the start or reinforcement of training activities focused on specific strategic skills, such as Artificial Intelligence, Impact Culture and D&I. These training programmes are necessary for the achievement of industrial objectives, and in line with the Group Strategic Plan 2024-2026.

Training on the main regulatory provisions of the sector has always been a priority for the Group and has seen an expressive number of training hours, equal to 29,431 hours.

The 2024 plan for the Training of Corporate Representatives has received particular attention and has become more complex, adding more topics, and also addressing areas such as Artificial Intelligence and D&I. The specific training course dedicated to newly appointed representatives has been renewed.

# INVESTMENTS

Investments (Capex – Capital Expenditures net of the real estate and plant component), intended for the development of technology, reached the value of 51.9 million euros as of 30 June 2024.
The "project" distribution was as follows:

- 33.1 million euros for the implementation of the Strategic Plan;
- 12.2 million euros to comply with regulatory requirements;
- 3.5 million euros for POS purchase and renewal/upgrade of IT devices and solutions;
- 3.1 million euros of expenses for evolutionary maintenance and other minor expenses in software not related to projects.

## DISTRIBUTION OF INVESTMENTS (EX. REAL ESTATE) PER BUSINESS LINE

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Treasury & Financial Markets | 0.5 | 0.5 | 0.0 | 0.0 |
| Commercial Bank | 17.4 | 25.1 | -7.7 | -30.7 |
| Wealth and Asset Management | 3.2 | 3.3 | -0.1 | -3.0 |
| Open Finance | 11.6 | 11.0 | 0.6 | 5.5 |
| Corporate & Investment Banking | 0.1 | 0.1 | - | - |
| One Sella Corporate Center | 5.1 | 4.2 | 0.9 | 21.4 |
| OCC – Centrico Global | 14.8 | 6.1 | 8.7 | 142.6 |
| Consolidation adjustments (*) | -0.9 | -4.9 | 4.0 | -81.6 |
| TOTAL | 51.8 | 45.4 | 6.4 | 14.1 |

(*) consolidation adjustments relate to the production of software between Group companies

The following are the relevant projects and investment lines, divided by Business Line, relating to the first half of the year:

Commercial Bank:

- Evolution and regulatory adjustments on Payment Systems and Products (4.3 million euros).
- Customer Journey, User Experience, process improvement (3 million euros).
- Hardware for new equipment and furniture for Banca Sella branches (1.4 million euros).
- Risk Management and Anti-Money Laundering project activities (1.4 million euros).
- Evolution of the Sella Global Advisory Platform (SGA) (1.2 million euros).
- Interventions in the field of processes, technology, and monitoring of the Loans area (1.1 million euros).
- Projects related to the AIRB initiative in Banca Sella, Sella Leasing, and Sella Personal Credit (1.1 million euros).
- Changing Issuing processing service provider from SIA Nexi to MPE (0.8 million euros).
- Project activities on Marketing & CRM issues (0.8 million euros).
- Digital Retail Lending for the digitisation and automation of the processes of granting credit products to private customers (0.7 million euros).
- Covered Bond launch (0.5 million euros).

Open Finance:

- Development of Open Finance projects related to technology and payment orchestration platforms, evolution of the Enterprise Banking offer, planning aimed at developing the go-to-market to expand the target market to third party and large corporate banks, extension of Fabrick's offer as an international payment institution (4.6 million euros)
- Purchase of POS terminals and data processing machines (3.5 million euros).
- Evolution of the functionality of the Core Banking and Move to Cloud system (0.1 million euros).

Wealth & Asset Management:

- Hardware for new computer equipment and furniture for the offices of Banca Patrimoni Sella & C. (0.7 million euros).
- Projects related to the AIRB initiative (0.5 million euros).
- Project activities in the field of application evolution on Negotiation and Funds (0.5 million euros).
- Implementation and improvement of digital platforms for relationship support and customer advice (0.1 million euros).

Treasury & Financial Markets:

- The business line invested around 0.5 million euros mainly in hardware and software, in order to improve the trading platform on its own account.

Corporate Investment Banking:

- There are no particular investments, as the type of activity is purely advisory and not mainly based on technological assets.

One Sella Corporate Center:

- AIRB initiative, which includes the development of projects aimed at minimising credit risk and calculating capital through an advanced method (0.9 million euros).
- Basel IV-CRR3 initiative, aimed at adapting databases, calculation engines, procedures and processes to the changes introduced by the new prudential legislation (0.5 million euros).
- ALM Software – New EBA Regulation, which provides for the adaptation of the monitoring and reporting framework of the Sella group to the new Banking Book Interest Rate Risk legislation with related reports, through the acquisition of a new calculation and reporting software (0.4 million euros);
- Development of a new CiCo (Control Cycle), for better assessment, monitoring and control of operational risk (0.2 million euros).
- Non-project activities for the purchase of hardware and furniture for Owned Real Estate (1 million euros).

OCC – Centrico Global:

- Projects aimed at the implementation of new IT applications (4.4 million euros), including the New Securities Procedure (2.1 million euros);
- Projects related to the Piano Evoluzione H20 initiative (2.8 million euros).
- Infrastructural Evolution Plan, which includes O2X's project activity for the migration of Core Banking systems to the cloud (1.3 million euros).
- Development of a data processing framework according to GDPR (1.2 million euros).
- Projects aimed at reviewing IT applications (0.8 million euros).

The component relating to investments in real estate as at 30 June 2024 reached a value of 3.8 million euros.

## INVESTMENTS IN REAL ESTATE PER BUSINESS LINE

Data in millions of €

| | 30/06/2024 | 30/06/2023 | Change | % |
|---|---|---|---|---|
| Treasury & Financial Markets | 1.2 | 1.4 | -0.2 | -14.3 |
| Wealth and Asset Management | 14.3 | 0.3 | 14.0 | 4666.7 |
| One Sella Corporate Center | -11.6 | 62.0 | -73.6 | -118.7 |
| TOTAL | 3.9 | 63.7 | -59.8 | -93.9 |

(*) In March 2024, the sale of the building located in Via Seminari in Biella was completed by Banca Sella Holding to Banca Patrimoni Sella & C. for a value of approximately 14 million euros.

In particular, in the first semester, the following investments sorted by Business Line are highlighted:

One Sella Corporate Center:

- End of renovation work on the Turin Galfer building (0.9 million euros).
- Investments in photovoltaic systems in the companies Immobiliare Lanificio Maurizio Sella and Banca Sella Holding (0.8 million euros).
- Investments in other properties (0.7 million euros) for:
    - Energy efficiency interventions at the Via Italia headquarters, enhancement of the co-working spaces of the former headquarters of Lanificio Maurizio Sella in Biella and consolidation and restoration of the Rivoli property;
    - Maintenance of other owned properties;
- Contribution to Banca Patrimoni Sella & C. in an intercompany transaction of the building located in Via Seminari in Biella (-14 million euros).

Commercial Bank:

- Investments in photovoltaic systems in the Banca Sella company (0.4 million euros).
- Banca Sella Territorial Plan: opening/restructuring/modernisation of branches (0.8 million euros).

Wealth & Asset Management:

- Acquisition by Banca Sella Holding, in an intra-group transaction, of the building located in Via Seminari in Biella (14 million euros);
- Investments in opening/restructuring branches and Financial Advisors Offices in Banca Patrimoni Sella & C. (0.3 million euros).

# CUSTOMERS AND BUSINESS DEVELOPMENT

Good growth was also observed in the first half of 2024 in the commercial field.

## CUSTOMERS

Data in millions

| | 30/06/2024 | 30/06/2023 | Change | % | 31/12/2023 | Change | % |
|---|---|---|---|---|---|---|---|
| Total Customers | 3.1 | 2.9 | 0.2 | 6.4 | 3 | 0.1 | 2.8 |
| Non-HYPE customers | 1.4 | 1.3 | 0.1 | 9.1 | 1.3 | 0.1 | 4.0 |

Particularly significant is the result obtained in terms of customer growth: 115,000 more than in June 2023 (187,000 including Hype, held in a joint venture with illimity), testifying to the goodness of the industrial strategy based on the centrality of the customer and on the breadth, quality and innovation of the offer : the total number of customers thus almost reached 1.4 million (3.1 million including Hype).

All companies contributed to this growth, in descending order: Hype, Sella Personal Credit, Banca Sella, Fabrick with the business component relating to "in-store solutions", Banca Patrimoni Sella & C. and Sella SGR. This performance was also fuelled by the use of digital channels for customer acquisition.

The churn rate (abandonment rate, defined excluding the two credit companies Sella Personal Credit and Sella Leasing, whose terminations are physiological at the end of the loans, but including Hype in the perimeter) is equal to 6.06% compared to 5.77% at the end of June 2023 and 5.97% at the end of December 2023, confirming itself at around 6% but with a slight deterioration in the last year due to the increase in the churn in Hype which was equal to 4.65% at June 2023 and has progressively increased reaching 5.85%, just below the average of the overall indicator; the same indicator, in the perimeter without the Hype component, has in fact improved from 7.82% in June 2023 to 6.4% in June 2024, thanks above all to the improvement in Banca Sella.

# App Rating

The average rating of the Group's apps on any mobile device (weighted by the number of reviews on the Apple and Google store) at the end of June 2024 stood at a score of 4.61 points (out of a maximum of 5) compared to 4.68 at the end of June 2023 and also at the end of December, slightly penalised by the IT disruption on the accessibility of online services that occurred during the month of April 2024, as explained in the significant events of the semester:

- App Sella stood at 4.77 at the end of June 2024 (from 4.8 in June 2023), and the SellaInvest app at 4.68 (from 4.7);
- The HYPE app stood at 4.54 (from 4.65) at the end of June;
- the replacement of the SPC app with the new Sofacile app brought the rating from 2.5 to 4.31.

# Market shares

The main market shares in the various businesses in which the Group operates, as illustrated in the following table, demonstrate the increased ability to serve the Customer, even though a slight decline can be seen in the leasing, consumer credit and online trading sectors.

| MARKET SHARES | Update month | 2024 | 2023 | Change |
|---|---|---|---|---|
| Banks deposits | June | 0.88% | 0.83% | 0.05% |
| Banks loans | June | 0.57% | 0.54% | 0.03% |
| Signed leasing contracts | June | 2.51% | 2.82% | -0.31% |
| Consumer credit disbursed SPC (Public Connectivity System) | June | 1.20% | 1.30% | -0.10% |
| Online trading | March | 9.31% | 9.68% | -0.37% |
| Asset management (with insurance) | June | 0.98% | 0.90% | 0.07% |
| Private Banking | March | 2.91% | 2.76% | 0.15% |
| Acquiring - Total | June | 9.72% | 9.54% | 0.18% |
| Acquiring - Card Present[8] | June | 8.80% | 8.35% | 0.45% |
| Acquiring - Card Not Present[8] | June | 17.22% | 18.55% | -1.33% |
| Issuing | December ap | 2.33% | 2.23% | 0.10% |
| Value of successful transactions PSD2 Active | December ap | 81.00% | 76.00% | 5.00% |

[8] The distinction between "Card Present" and "Card Not Present" in the Acquiring sector allows to eliminate perimeter inconsistencies with other market players of certain types of transactions (e.g. Credential on File, Mail Order/Telephone Order, Merchant Initiated Transactions, Recurring Transactions...), which are not uniquely attributable to the "POS" or "e-commerce" category for all buyers.

# 6. Banking group risks

## Credit risk

The Sella Group attaches significant importance to the measurement and management of credit risk.

The activity of loan disbursement has always looked towards traditional business forms, supporting household financing needs and providing the necessary support to businesses - in particular small and medium-sized enterprises - in order to support growth projects, consolidation phases and financial needs during negative phases of the economic cycle. With regard to credit risk, there are no transactions at present in innovative or complex financial products. The lending policies and processes for the disbursement and monitoring of loans are consequently defined so as to combine customer needs with the need to ensure the maintenance of quality for the lending business. In addition, in drawing up the policies for monitoring credit risks, special attention is paid to maintaining an adequate risk/return profile and assuming risks consistently with the propensity to risk defined and approved by the competent bodies. With specific reference to credit risk control activities, they are delegated to the Risk Management Service of Banca Sella Holding, the Risk Management Services of the individual Group companies that provide credit as well as the Credit Quality and Control Office of Banca Sella. The Risk Management Services have the task of monitoring and quantifying the credit risk assumed by the Group companies, assessing its sustainability and, through the use of shared instruments, facilitating an effective and proactive management. In addition to these activities, an audit is carried out to examine the consistency of classifications, the adequacy of provisions and the effectiveness of the recovery process.

The monitoring activity, based mainly on indicators with forward looking characteristics, allows for the implementation of anticipatory management, as required both in the Basel regulations and in the supervisory instructions of the Bank of Italy.

The findings of monitoring activities are subject to analysis by Risk Management and are presented to the Control and Risk Committee of the Parent Company and individual companies. The results of the risk profile and the main indicators trend included in the credit risk dashboard are brought to the attention of the Board of Directors on a monthly basis.

Banca Sella's BSE Credit service performs first-level checks in a more traditional manner, mainly oriented toward checking the effective application of the bank's policies, an analysis of individual positions, and a trend-type analysis of the variables deemed most significant for credit risk control purposes.

The Risk Management Service, supported by the Business Areas, has strengthened the credit risk management starting from Covid-19 and the Russia-Ukraine crisis by intervening in the following areas:

- Revision of budgeted lending volumes, according to the following:
    - Updating sector risk and incorporating the higher costs that companies will incur, resulting in a revised Risk Appetite of new disbursements.
    - Reduced demand for financing aimed at the purchase of certain goods whose availability is lower than in the past (e.g., new cars).
- Correction of risk premiums of sectors impacted by high energy prices and the conflict, resulting in re-pricing of on-demand and new business.
- Identification of the loan portfolio most vulnerable to the new macroeconomic uncertainty and preventive contact, with the aim of proactively identifying any critical issues and supporting the customer by limiting the risk of potential financial losses.
- Monitoring the tightness of pledged financial instruments, as periods of downturn in financial markets could result in a lower pledge coverage for Credit Risk Mitigation.
- Fine-tuning and constant updates of the cost of risk forecast: analysis of the impact of the macroeconomic situation on the cost of credit and the mitigating effects associated with government actions. Closely linked to the review of the Credit Risk Appetite Framework, this analysis involves constant updates in order to rapidly assess the development of the macroeconomic scenario.

With reference to the assessment of Expected Credit Loss, the Group has adopted a multi-scenario approach in estimating expected lifetime losses for the purpose of conditioning risk parameters. Using this approach, the potential "down-side" effects due to a period of macroeconomic uncertainty are also considered in the risk parameters.

# Market risk

Market risk relates to unexpected variations in market factors, such as interest rates, exchange rates and share prices, which may cause fluctuations in the value of a position held in the trading book and in the values of investments arising from commercial operations and strategic choices (banking book).

Market risk management and control (interest rate risk, price risk and exchange risk) are governed by a specific Group Policy, which defines the rules by which each individual company of the Group may be exposed to various types of risk.

## Interest rate risk and price risk – regulatory trading book

The interest rate risk derives from the possibility that a fluctuation in interest rates could have a negative effect on the value of the trading book for supervisory purposes, generated by the financial positions taken by the Sella Group within the assigned limits and autonomy.

The price risk relating to the trading book mainly arises from trading on own account in debt securities, equity securities and UCI units.

The trading book consists primarily of bonds, equities, UCI units and listed derivatives for hedging the positions. The book's bond component consists mainly of limited-duration bonds issued by the Italian Republic. The prevailing portion of portfolio risk is composed of issuer risk.

The goals and strategies underlying the trading activity involving the own securities portfolio aim to limit risks and maximise returns on the portfolio itself in the field of action laid down in the Group rules on the subject.

## Interest rate risk and price risk management processes and measurement methods

The GBS Treasury & Financial Markets Department of the Parent Company has the mission of managing market risk and coordinating the finance activities of the Sella group (management of owned portfolios, treasury and management of minority interests), also carrying out the specialised activities within the Parent Company (trading on own account). The Parent Company is also the intermediary that provides market access for third-party trading for Sella group customers.

The process of managing the market risk of the trading book is governed by a specific company regulation, approved by the Board of Directors and periodically reviewed. This regulation formalises the performance of Risk Management activities regarding market risk, defines the tasks and responsibilities assigned to the different organisational units responsible for the matter and outlines, among other things, the methods of measurement, exposure limits, information flows and any mitigation actions. Investment and trading activities are therefore carried out in compliance with the aforementioned regulation and incorporated in a system of delegation of management powers, and within the framework of a regulation that sets forth operating limits that are defined in terms of instruments, amounts, investment markets, issue and issuer types, sector and rating.

The Risk Management and Anti-Money Laundering Area monitors the exposure to market risk, and verifies its consistency with the propensity to risk defined by the company bodies as part of the Risk Appetite Framework and the compliance with the system of limits. Market risk exposure, consistent with the Risk Appetite Framework adopted by Sella group, is monitored with reference to:

- working capital portfolios (consisting of financial instruments classified as Fair Value Through Profit And Loss and Fair Value Through Other Comprehensive Income), held for medium/long-term investment purposes;
- portfolios held for short-term trading purposes (consisting of financial instruments and listed hedging derivatives classified at Fair Value Through Profit And Loss).

Adequate information flows are provided regularly and promptly to the company bodies and management departments.

For prudential purposes, to measure the interest rate and price risks inherent in the regulatory trading book, the Sella group applies the "standardised approach" defined in Bank of Italy Circular no. 285/2013, as amended.

Hence, capital absorption to cover market risk is represented by the sum of the capital requirements for each individual risk that makes up market risk, on the basis of the so-called building block approach.

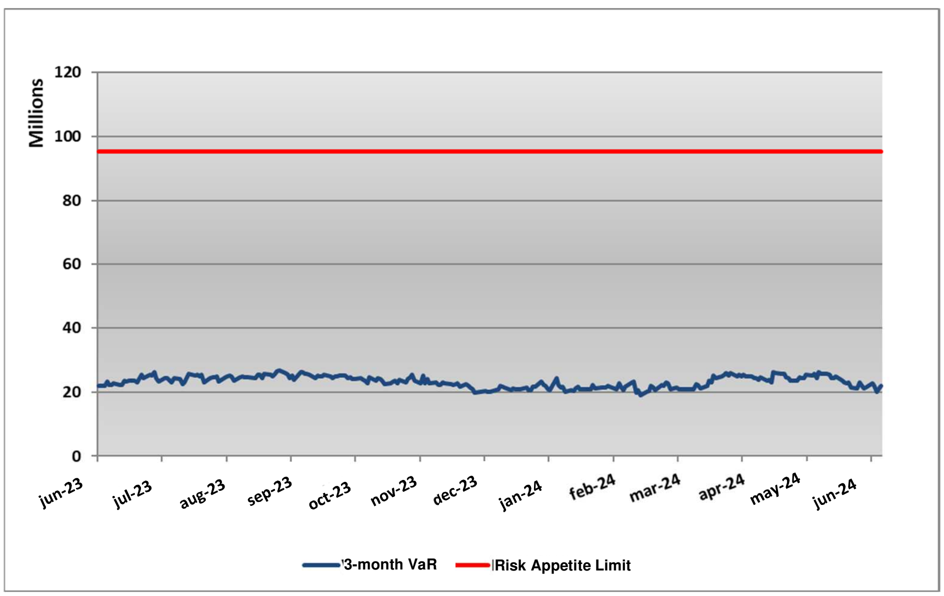
At the same time as drafting the ICAAP Report (internal capital adequacy assessment process in accordance with Pillar 2 of Basel III), therefore, at least once a year, the Parent Company carries out stress tests on the working capital portfolios. The stress test procedures consist of analysing the economic results upon an occurrence of specific negative events, which are extreme but plausible (for example, a deterioration in the creditworthiness of issuers of securities in the portfolio).

For management purposes, the trading book market risk is measured and monitored on the basis of the VaR (value-at-risk) analysis, which is basically assessed according to the historical simulation approach. VaR measures the maximum potential loss which, within a certain confidence interval, may occur if a certain portfolio is kept unchanged for a certain period of time. Historical simulation involves daily revaluation of positions, based on the market price trends over an appropriate time interval. The empirical distribution of profits/losses that results is analysed to determine the effect of significant market swings on the portfolios. The value of the percentile distribution corresponding to the confidence interval set gives the VaR.

The Risk Management and Anti-Money Laundering Area carries out checks on VaR trends (time horizon: 5 days for trading portfolios and 3 months for circulating portfolios with confidence interval: 99%) for own portfolios, and performs sensitivity analysis relating to risk factors such as portfolio duration and instantaneous rate shocks. Finally, operating limits on securities investments are also continuously monitored. The average duration of the total circulating portfolio is 0.78 years, while the estimated sensitivity on a parallel movement of +100 basis points of the interest rate curve is about 11.1 million euro (about 0.78% of the portfolio). The trend in the VaR of the Sella group (confidence interval 99%, time horizon 3 months) is shown in the chart below. These values have always remained within the prudential limits set by the Parent Company.

Sella group - Trading Portfolio

Market Risks - VaR (time horizon of 3 months - confidence interval 99%)




The Risk Management and Anti-Money Laundering Area also controls trading operations on own account.

The VaR trend (time horizon 1 week, confidence interval 99%) of Banca Sella Holding's trading activity is summarised in the table below with reference to H1 2024:

# VaR Decomposition - Banca Sella Holding as of 30.06.2024

## Trading Portfolios

Time Horizon 1 week, 99% confidence interval

| Data as at | | 30/06/2024 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|---|
| | | Medium VaR | Minimum VaR | Maximum VaR | Medium VaR | Minimum VaR | Maximum VaR |
| **Type of Portfolio** | | | | | | | |
| Fixed Income | € | 659,899 | 279,828 | 1,241,817 | 767,712 | 324,483 | 1,403,530 |
| Corporate | € | 19,938 | 7,295 | 59,802 | 10,247 | 4,083 | 27,316 |
| Foreign Exchange | € | 716 | 132 | 1,491 | 466 | 55 | 6,087 |
| Equity Derivatives | € | 347,451 | 74,800 | 559,444 | 173,906 | 59,921 | 387,387 |
| Treasury | € | 14,004 | 2,144 | 26,978 | 9,957 | 29 | 35,030 |
| Cross Market | € | 199,321 | 50,910 | 375,864 | 108,841 | 28,790 | 240,748 |
| Dynamic Trading Portfolio (TPD) | € | 170,174 | 139,363 | 224,939 | 166,594 | 121,559 | 226,678 |
| Total VaR [(b)] | € | 1,411,502 | 554,472 | 2,490,335 | 1,237,725 | 538,920 | 2,326,776 |

(b) The total Value-at-Risk is calculated as the sum of the individual VaRs by type of risk

### Interest rate and price risks – banking book

The banking book consists of all the financial instruments (assets and liabilities) not included in the trading book mentioned above, primarily receivables from and payables to banks and customers and securities not belonging to the regulatory trading book.

The main sources of interest rate risk generated in the banking book can be traced back to:

- maturity mismatches (risk connected with the exposure of positions to changes in the slope and the shape of the yield curve);
- mismatches arising from the imperfect correlation between changes in lending and borrowing rates on the various instruments (indexing risk).

Interest rate risk is mainly generated by customer funding and lending transactions, fixed and variable-rate securities of the banking book, interbank deposits (assets and liabilities), as well as derivative instruments implemented to mitigate exposure to interest rate risk. The Group's policy is to provide elevated hedging of items, while strategic and management choices are aimed at minimising the volatility of the total economic value when the rate structure changes.

Internal interest rate risk management and control processes are based on an organisational structure, which provides that the information is analysed at operational level and critically assessed by the Group's ALM Committee every month. This Committee also provides appropriate operational guidelines.

The Risk Management and Anti-Money Laundering Area monitors the exposure to interest rate risk both for the Economic Value of Equity (EVE) and Net Interest Income (NII), and verifies its consistency with the propensity to risk defined by the company bodies as part of the Risk Appetite Framework and the compliance with the system of limits.

The measurement of the interest rate risk of the banking book from the standpoint of the economic value is carried out through the use of a proprietary model for the treatment of liability items with undefined contractual maturity ("on demand items") and the adjustment of assets to take account of the phenomenon of early repayment ("prepayment"). Tax assets from tax credits are also included in the scope. For all other assets and liabilities items, the rules defined by Bank of Italy Circular no. 285/2013, Annex C, as amended, are used. The interest rate risk coefficient is determined on the basis of the 6 scenarios envisaged by the EBA guidelines.

The Sella group is exposed to a Parallel Up scenario (+200bps) of the rate curve.

Below are the figures as at 30.06.2024 related to the interest rate risk for the bank portfolio:

| Scenario | Sensitivity (mln/€)<br>Loss of value of the Banking Book | TIER 1 (mln/€) | Sensitivity %<br>Relationship between TIER1 and Sensitivity (in absolute value) |
|---|---|---|---|
| Parallel Up | -79.71 | 1289.61 | 6.18% |

The price risk of the portfolio is attributable primarily to equity securities, UCI units and equity investments held for permanent investment purposes. With regards to equity investments, these are positions assumed directly on the basis of resolutions authorised by the Board of Directors and operationally managed by the GBS Treasury & Financial Markets Department of the Parent Company.

### Fair value hedging activities

Hedging transaction strategies are mainly aimed at mitigating the exposure to interest-rate risk inherent in financial instruments, deriving predominantly from forms of disbursement of credit (macro-hedges, such as mortgage loans and consumer credit, and regular leasing instalments) or bond loans issued by the Sella group, held in the banking book (micro-hedges).

Exposure to interest-rate risk inherent in the disbursement of loans is hedged by derivative instruments such as amortising interest rate swaps and cap options, on the basis of the amount of the loan portfolio disbursed and the average maturities of this portfolio. Further hedging is carried out with the aim of mitigating the interest rate risk or the exchange rate risk of simple derivatives such as domestic currency swaps, currency options, overnight interest swaps traded by customers of the Group's banks.

The Parent Company generally adopts measurement methods and techniques based on the Black-Scholes, Monte Carlo and Net Present Value models using a number of parameters, which vary depending on the financial instrument to be measured. These parameters, which are approved by the parent company's Risk Management and Anti-Money Laundering Area, are chosen and set up on the calculation software at the moment of a request for measurement of a new derivative instrument.

At every periodic calculation of the fair value of the financial instrument, first and second level controls are carried out on the aforesaid parameters.

### Cash flow hedging activities

Due to the substantial balance of assets and liabilities, no hedging is provided for interest rate risk on cash flow generated by variable-rate items.

### Foreign investment hedging activities

Due to the minor amount of foreign investments, no hedging is provided for the interest rate risks arising from them.

## Exchange rate risk

Currency transactions mainly take place at the Parent Company's GBS Treasury & Financial Markets, in which the Treasury unit carries out lending and inter-bank funding operations in foreign currency, and manages the exchange risk connected with currency imbalances.

The exchange rate risk is monitored using the "standardised approach" defined by the Bank of Italy in Circular no. 285/2013, as amended.

During the first half of 2024, consolidated foreign exchange positions exceeded the limit of 2% of regulatory capital. The main foreign currency imbalance is attributable to the investment in VISA (USD) in the amount of approximately EUR 39.4 million. As of 30 June 2024, there was a capital absorption for exchange rate risk of 7.0 million euros.

The Risk Management and Anti-Money Laundering Area monitors exchange rate risk exposure values and reports them to the Group's ALM Committee. This body, with the assistance of the Parent Company Treasury, assesses possible hedging actions, should the exposures to given currencies be considered significant.

### Exchange rate risk hedging activities

During the semester, no exchange risk hedging operations were carried out for the Group's banks and companies and for operations carried out by customers.

Specific hedges, on the other hand, are implemented, with third parties, for the purpose of eliminating, or mitigating, the risk of simply established derivative products such as domestic currency swaps, currency options, and forwards traded by customers with the Bank.

## Liquidity risk

Liquidity risk corresponds to the risk arising from the inability to meet promises to pay, which may be caused by the inability to raise funds (funding liquidity risk), or by the presence of asset liquidity limits (market liquidity risk).

Sella group's Liquidity risk management ensures the conservation of conditions of economic and financial balance for the group, and guarantees the pursuit of the objectives of sound and prudent management. The governance model defined for managing Sella group's liquidity risk is based on the following principles:

- prudent management of liquidity risk to ensure solvency, including under stress conditions;
- conformity of liquidity risk management and monitoring processes and methods with prudential regulatory indications;
- decision sharing and distinction of responsibilities among management, controlling and operating bodies.

Management of the liquidity level is entrusted to the GBS Treasury & Financial Markets Area of Banca Sella Holding. The GBS Treasury & Financial Markets Area aims to direct, coordinate and control the financial activities of the Sella group, pursuing careful risk management and a solid liquidity position. In particular, Banca Sella Holding's BSH Treasury & ALM service holds a central role in this context, which engages in careful management of the Group's liquidity, helping, in observance of the risk parameters set in the Risk Appetite Framework, to increase the value of the company over time. The BSH Treasury & ALM service also contributes to the valuation of liquidity reserves. The Group's Treasuries, where present, are responsible for liquidity management in accordance with the principles and strategic guidelines that apply to the Group.

The Risk Management and Anti-Money Laundering Department is responsible for measuring the liquidity risk, determining the liquidity situation at consolidated level, both under ordinary operating conditions and under stress conditions, defining the risk objectives in terms of Risk Appetite Framework, their monitoring and the related reporting and warning activities. The Risk Management and Anti-Money Laundering Area is also responsible for the valuation of the liquidity reserves. The Risk Management Departments of the Group companies have the responsibility for controlling and monitoring liquidity risk, verifying compliance with the approved limits consistent with the Group levels and adequate reporting to its company bodies.

In addition, the liquidity position is examined and critically assessed by the Group's ALM Committee on a monthly basis. This Committee also provides appropriate operational guidelines.

The Sella group employs a Contingency Funding Plan (CFP) to manage liquidity risk under stress conditions. The CFP is the plan for managing liquidity contingency situations in order to deal with adverse situations in obtaining funds, and to guarantee the prompt economic and financial stability of the Sella group.

Liquidity risk is measured on various time horizons: ”Intraday”, ”Short-term” and ”Structural”. The Group also autonomously performs activities involving the evaluation of the degree of liquidity of financial instruments held as liquidity reserve.

The measurement involves a broad set of indicators focused on systemic and specific liquidity situation trends, including the LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory indicators.

To supplement the information provided by the liquidity indicators, the Risk Management and Anti-Money Laundering Area and the GBS Treasury & Financial Markets Area of the Sella group are tasked with performing stress analyses on the Group's own liquidity stock.

The approach underlying the stress analysis consists of assessing, through the use of a Maturity Ladder9, the ability of the entire Sella group to withstand a liquidity crisis (measured in days) if a systemic or specific

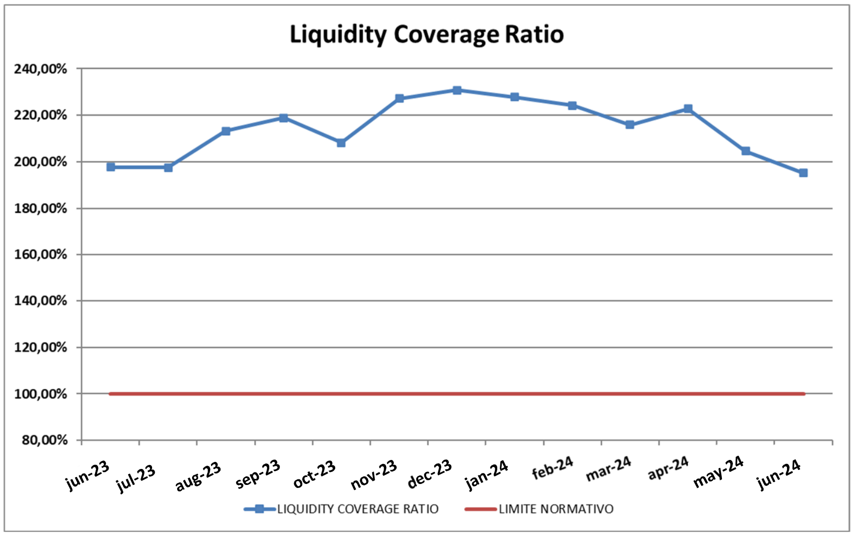
[9] A Maturity Ladder is a projection of the net financial position over time.

crisis situation arises. The ability to withstand is calculated under the assumption that the business structure and the capital profile of the Group will not be altered.

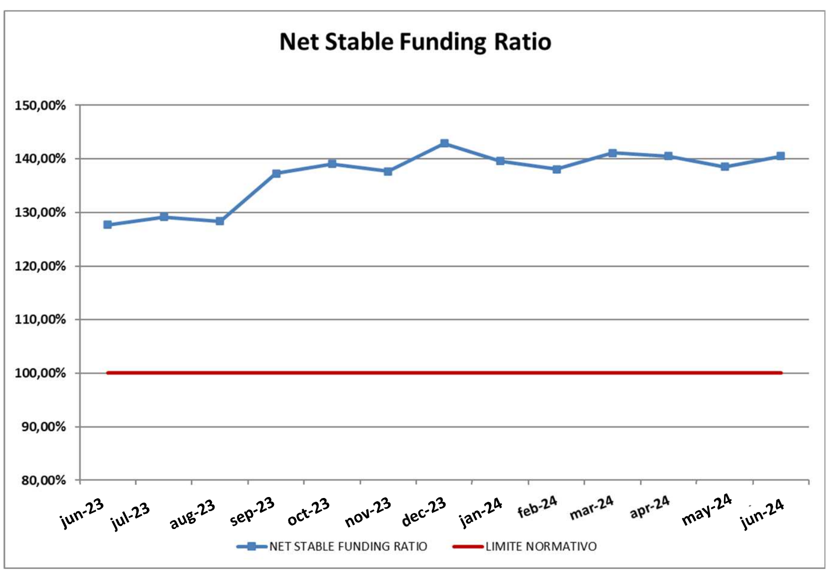
The Maturity Ladder is realised through the time range mapping (horizon up to 3 months) of current and expected cash flows, together with items regarded as "potential liquidity reserves". The tool makes it possible to assess the net financial position of liquidity in different time buckets under different operating scenarios (business as usual and stress scenario).

The stress test has always demonstrated cash equivalents or easily cashed assets for the Group that are adequate to face any crises, of either systemic or specific origin.

The trend in the short-term liquidity ratio (LCR) of the Sella group is reported below, which gives an indication of the Group's ability to deal with net cash outflows over a period of 30 days with a stock of high-quality liquid assets. The minimum regulatory limit of this ratio is 100%.




Trends in the Net Stable Funding Ratio (NSFR) of the Sella group are shown below, calculated at operational level, which provides an indication of the Group's ability to have an adequate level of stable funding in order to finance medium/long-term investments. The minimum regulatory limit is 100%.



# Operational risk

Operational risk is the risk of suffering losses deriving from the inadequacy or failure of procedures, human resources and internal systems, or from external events. This type includes, among others, losses deriving from internal/external fraud, human errors, business interruptions, unavailability of systems, contract fulfilment failure and natural catastrophes. Operational risk includes legal risk, but does not include the strategic and reputational risk.

The project to strengthen controls continued during the first half of 2024, aimed at transforming control functions in a constantly and rapidly evolving market context, and at spreading risk culture in business functions for greater timeliness in identifying and preventing risks.

We proceeded with the computerisation of operational risk assessment activities, with the release of the first versions of the tools:

- Project Risk Self Assessment (Project RSA);
- Third Party Risk Assessment (VRTP);
- Cloud Risk;

through which greater efficiency is also pursued in the constant monitoring of risks by the risk managers of the Group companies.

The operational risk measurement, management and control systems adopted by the Sella group can be summed up in the operational risk management framework, which is made up of:

- collection of quantitative data related to operating loss and income statement;
- mitigation and control organisational structures;
- operational risk exposure assessment;
- output and tools to assist in managing operational risk.

The operational risk measurement and detection instruments include:

- computer applications for the collection of operating losses (Anomaly Reporting procedure to support the "Control Cycle" process, which has long been effectively adopted by the Group, which also regulates the treatment of anomalies, the removal of effects and the causes that generated them);
- operational risk loss data coming from external sources (DIPO - Italian acronym for Italian Operational Loss Database, which the Sella group contributes to)10;
- the Third Party Risk Assessment (integrated into the outsourcing assessment by means of a specific responsibility tool of the Group Organisation function), to monitor the risk underlying outsourcing and the use of service and goods providers, in line with regulatory requirements;
- the factors of the operational context and the internal control system, i.e. specific KPIs (Key Performance Indicators) or KRIs (Key Risk Indicators) that reflect the improvement or worsening of the risk profile of the bank/group as a result of the actions taken or the strengthening of controls (for example: indicators of service levels, anomalies and inspection findings, process ratings and business growth) and that are integrated into the calculation digitisation and monitoring tools of the risks issued such as, for example, the VRI tool for the Assessment of the IT Risk of the applications in use in the Group companies, as well as in those under development, including the tool dedicated to the Risk Self Assessment (RSA) on processes;
- tools for digitising the calculation and monitoring of operational risks;
- the certification and summary procedure of Service Levels and Line Controls.

The following activities are also envisaged to monitor the Operational risk, carried out if necessary:

- the performance of specific risk assessments related to the changing external context where of particular relevance in terms of potential risks (such as, for example, the Russian aggression against Ukraine and the consequent conflict);
- the activity to support the valuation of new investments or their increase in companies outside the Sella group;
- the activity to support the evaluation on the occasion of the introduction or changes to products and services.

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[10] DIPO information also allow comparing internal operating loss data and system operating loss data.

Monitoring of the risk translates into specific reporting functions at all levels of the corporate organisation, in accordance with the legislation which states that timely information must be provided on the subject of operational risks. The Control Cycle provides the information base that, upon the occurrence of the reported anomalous event, originates communication flows to the interested parties, also a source of power for the Operational Risk dashboards.

The latter, in continuous evolution, are available for Management and Operational monitoring for each Group company, which consists of versions addressed to Managers and Risk takers, with the aim of increasing their autonomy and awareness also thanks to the continuous monitoring of the performance of operational risk management, available on several levels of aggregation with information concerning:

- anomalous events, including audit findings and relevant compliance reports, and operational losses reported in the Control Cycle database, with evidence of the most impactful anomalies;
- the outcome of Line Controls;
- the trend in Service Levels;
- The ICT risk of the relevant IT applications.

This evidence is made available, at different levels of details and according to severity of its impact, to the managers overseeing risks, CEOs, appointed committees and corporate bodies of the Companies.

Regarding legal pending cases, it should be noted that Sella group companies are involved in a number of judicial proceedings of various kinds and legal proceedings originating in the ordinary course of business. In as much as it is not possible to predict their final results with certainty, it is held that any unfavourable results of said proceedings would not have, either singularly or as a whole, important negative effects on the financial and economic situation of the Group.

For the purposes of calculating the capital requirement for exposure to operational risk, the Basic Indicator Approach (BIA) is adopted, for which it is calculated by applying a fixed regulatory coefficient of 15% to the three-year average of the relevant indicator[11.]

[11] Article 316 - Title III - PART THREE of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 details the elements to be added together to calculate the relevant indicator. Table 1 of this article indicates: 1) interest and similar income; 2) interest and similar expense, 3) income from shares, units and other securities with variable/fixed income; 4) income from fees/commissions; 5) expense from fees/commissions; 6) profit (loss) from financial transactions; 7) other operating income.

# 7. Business outlook

## The external scenario

In the remaining months of 2024, world GDP is expected to grow at a moderate pace, with the positive contribution of the main economies.

In the United States, amid uncertainty about the outcome of the presidential elections and expectations of a further slowdown in employment dynamics, growth is still expected to continue at a moderate and sustainable rate, thanks to the progressive improvement in the inflationary environment and the disappearance of the, albeit bland, implications of the turn into restrictive territory achieved by monetary policy during the last two years.

The Euro Area and Italian economies are likely to benefit from the strengthening of private consumption, favoured by the recovery of household purchasing power, the recovery of foreign demand and the progressive attenuation of the impact of the ECB's monetary tightening on the real economy. However, the persistence of geopolitical tensions and concerns about worsening protectionist trends on the part of some major global economies could have negative repercussions on trade and business confidence.

As for emerging economies, according to the International Monetary Fund in the July World Economic Outlook, growth in the remaining part of 2024 will remain sustained, albeit moderately compared to the first half of the year, for the countries of the Asian area; expansion will also continue in both Eastern Europe and Latin America.

Inflation should confirm the trend towards moderation in the major advanced economies, while remaining above the objectives of the respective Central Banks.

The ECB will continue the cycle of rate cuts that began in June, carefully assessing the timing and magnitude of the interventions based on the prospects of inflation returning to the 2% goal. With regard to quantitative easing programs, the APP portfolio will continue to be resized due to the interruption of reinvestment of maturing securities; under the PEPP program, on the other hand, reinvestments will be reduced in the second half of 2024 and interrupted at the end of the year.

The Federal Reserve is expected to start the cost of money easing phase in a short time, then letting itself be guided by the evolution of the macroeconomic context in identifying the magnitude and timing of subsequent interventions, aimed at achieving the dual goal of price stability and maximum employment. The Central Bank will also continue the manoeuvres to reduce its large balance sheet, reinvesting only partially the amounts of maturing securities, according to the recently adopted criteria.

In the event of the continuation of the gradual cycle of reduction in official ECB rates in the second part of 2024 and further signs of easing of the credit offering criteria by banks, already highlighted in the Bank Lending Survey of July 2024, the contraction in employment volumes observed at the beginning of 2024 is likely to decrease; in the second half of the year, TLTRO reimbursements will also continue, largely carried out with the use of the ample liquidity available at the ECB; at the same time, the recomposition of bank funding towards more stable and suitable forms of collection to meet regulatory requirements (MREL and NSFR) will continue, accompanied by the presumable further increase in average rates on the deposit stock, to determine a slight increase in the average cost of collection; the combined effect of these phenomena will reduce the growth in interest margins observed in the first half of the year. The efficiency measures put in place by banks will only partly offset the higher operating costs associated with inflation and compliance needs. The deterioration in the creditworthiness, which will mainly affect companies, will however remain contained, resulting in a modest increase in credit losses in the second part of the year. Overall, profitability for the year is expected to remain high, albeit lower than in 2023 and the first half of 2024.

# Expected evolution of the Group

For the second part of 2024, the group expects a continuation of the development dynamics in continuity with the results obtained in the first part of the year and the occurrence of the scenario described above. In particular, it is expected:

- The continuation of the growth of the overall intermediation margin, with a decreasing contribution with regard to the interest margin from commercial activity, deriving from a progressive compression of the commercial spread, offset by the positive dynamics of revenues from investment services, from payment systems and to a lesser extent from technological services and platforms.
- The costs will be mainly characterised by the further growth of staff, professionalism and skills, together with the continuation of investments in the projects planned for the implementation of the new Strategic Plan ”Make an Impact” for 2024-2026.

In light of the trends described above and in line with the financial results achieved in the first six months of the year, also supported by the first operating results relating to the months following the end of the half-year, it can reasonably be considered that the financial objectives for the year 2024, defined in the 24/26 business plan and described in the last annual financial statements (2024 guidance), will be respected.

Therefore, the Group is expected to achieve a profitability (ROE) of more than 9% during the year, a Cost/Revenue ratio of around 70%, a cost of credit risk prudently in the 50/60 bps area, subject to possible downward revisions in view of the positive performance of the loan portfolio, and finally a level of CET1 ratio that should stand at around 13.5%.

# 8. Significant events after half-year end

In **July 2024**, Banca Sella Holding issued 300 million euros of a Senior Preferred bond to institutional investors to strengthen its capital structure and meet regulatory requirements, an important part of the Bank's strategy. The bond is at a fixed rate with repayment in one lump sum, the annual coupon is equal to 4.875% and expires on 18 July 2029.

On 11 July 2024, **Moody's** assigned Banca Sella Holding the long-term issuer rating and the senior unsecured debt rating, equal to Ba3 with a "stable" outlook, simultaneously confirming the long-term and short-term deposit ratings and the long-term deposit rating outlook as "stable". This rating reflects the agency's expectations about the stability by the Sella group in relation to capitalisation, asset quality, profitability and funding in the following 12/18 months.

On **5 September 2024**, Banca Sella completed the placement of a covered bond issue for institutional investors for a total of 400 million euros maturing in January 2029, as part of its covered bank bond programme. Banca Finint acted as arranger, while Mediobanca played the role of global coordinator and oversaw the placement of the issue together with Crédit Agricole CIB and Unicredit. The issue, which provides for an annual coupon of 3%, is the first of a covered bond programme of the Bank to further strengthen its ability to support families and businesses.

# 9. Going concern

With reference to the Bank of Italy, CONSOB and ISVAP documents no. 2 of 6 February 2009 and no. 4 of 3 March 2010, in relation to information to be provided in financial reports on business prospects, with a particular focus on the company’s ability to continue as a going concern, on the financial risks, on tests to reduce the value of assets (impairment tests) and on uncertainties in the use of estimates, the Board of Directors confirms that it has a reasonably certainty that the Group can continue its operations in the foreseeable future and therefore attests that the half-year report has been prepared on the basis of this going concern assumption.

Biella, 3 October 2024

In the name and on behalf of the
Board of Directors
The Chairman
(Maurizio Sella)

# Consolidated Balance Sheet Schemes

## as at 30 June 2024

## CONSOLIDATED BALANCE SHEET ASSETS

Data in units of €

| Asset items | | 30/06/2024 | 31/12/2023 |
|---|---|---|---|
| 10. | Cash and cash equivalents | 2,817,480,135 | 3,526,247,717 |
| 20. | Financial assets measured at fair value through profit and loss | 1,706,703,866 | 1,073,280,545 |
| | a) financial assets held for trading | 993,311,725 | 348,615,599 |
| | c) other financial assets necessarily measured at fair value | 713,392,141 | 724,664,946 |
| 30. | Financial assets measured at fair value through other comprehensive income | 922,795,390 | 879,033,039 |
| 40. | Financial assets measured at amortised cost | 15,198,320,096 | 14,317,802,076 |
| | a) receivables from banks | 592,015,230 | 592,879,524 |
| | b) receivables from customers | 14,606,304,866 | 13,724,922,552 |
| 50. | Hedging derivatives | 7,515,026 | 6,337,054 |
| 60. | Value adjustment of financial assets subject to macro hedging (+/-) | 4,546,237 | 10,790,392 |
| 70. | Equity investments | 78,589,740 | 83,372,851 |
| 90. | Tangible assets | 474,756,483 | 466,233,015 |
| 100. | Intangible assets | 261,615,458 | 245,945,214 |
| | of which: | | |
| | - goodwill | 70,870,443 | 71,113,637 |
| 110. | Tax assets | 172,353,028 | 224,861,199 |
| | a) current | 46,346,445 | 81,187,888 |
| | b) prepaid | 126,006,583 | 143,673,311 |
| 120. | Non-current assets and asset groups held for sale | 114,394 | 674,394 |
| 130. | Other assets | 1,048,678,083 | 997,188,670 |
| | Total assets | 22,693,467,936 | 21,831,766,166 |

## CONSOLIDATED BALANCE SHEET LIABILITIES

Data in units of €

| | Liability and shareholders' equity items | 30/06/2024 | 31/12/2023 |
|---|---|---|---|
| 10. | Financial liabilities measured at amortised cost | 19,543,635,505 | 19,240,312,702 |
| | a) payables to banks | 792,678,675 | 1,103,764,158 |
| | b) payables to customers | 17,915,503,863 | 17,320,137,859 |
| | c) outstanding securities | 835,452,967 | 816,410,685 |
| 20. | Trading financial liabilities | 653,795,831 | 122,458,697 |
| 40. | Hedging derivatives | 11,356,216 | 16,553,545 |
| 60. | Tax liabilities | 58,441,315 | 91,232,477 |
| | a) current | 42,243,918 | 75,426,458 |
| | b) deferred | 16,197,397 | 15,806,019 |
| 80. | Other liabilities | 647,760,666 | 642,796,504 |
| 90. | Provision for severance indemnities | 29,078,888 | 30,194,767 |
| 100. | Provisions for risks and charges | 102,681,891 | 109,663,391 |
| | a) commitments and guarantees issued | 5,191,712 | 5,709,735 |
| | b) retirement and similar obligations | 10,000 | 10,000 |
| | c) other provisions for risks and charges | 97,480,179 | 103,943,656 |
| 120. | Valuation reserves | 52,719,299 | 46,862,759 |
| 150. | Reserves | 1,026,275,066 | 932,518,814 |
| 160. | Share premium accounts | 105,550,912 | 105,550,912 |
| 170. | Equity | 107,311,312 | 107,311,312 |
| 190. | Equity pertaining to third parties (+/-) | 292,588,899 | 278,816,710 |
| 200. | Profit (Loss) for the year (+/-) | 62,272,136 | 107,493,576 |
| | Total liabilities and shareholders' equity | 22,693,467,936 | 21,831,766,166 |

## CONSOLIDATED INCOME STATEMENT

Data in units of €

| Items | | 30/06/2024 | 30/06/2023 |
|---|---|---|---|
| 10. | Interest receivable and similar income | 405,246,025 | 332,936,094 |
| | of which: interest receivable calculated using the effective interest method | 388,894,091 | 301,988,982 |
| 20. | Interest payable and similar expenses | (128,037,418) | (71,477,015) |
| **30.** | **Interest margin** | **277,208,607** | **261,459,079** |
| 40. | Commission income | 343,573,699 | 315,081,855 |
| 50. | Commissions payable | (118,432,118) | (101,890,972) |
| **60.** | **Net commissions** | **225,141,581** | **213,190,883** |
| 70. | Dividends and similar income | 5,993,001 | 6,919,775 |
| 80. | Net result from trading activities | 25,436,921 | 20,009,036 |
| 90. | Net result from hedging activities | 90,063 | (502,798) |
| 100. | Profits (Losses) from sale or repurchase of: | (3,329,136) | (1,764,656) |
| | a) financial assets measured at amortised cost | (3,311,997) | (1,964,072) |
| | b) financial assets measured at fair value through other comprehensive income | 111,131 | 199,416 |
| | c) financial liabilities | (128,270) | - |
| 110. | Net result from other financial assets and liabilities measured at fair value through profit and loss | 7,638,245 | 4,799,565 |
| | b) other financial assets necessarily measured at fair value | 7,638,245 | 4,799,565 |
| **120.** | **Intermediation margin** | **538,179,282** | **504,110,884** |
| 130. | Net value adjustments/write-backs for credit risk relative to: | (20,969,557) | (18,685,401) |
| | a) financial assets measured at amortised cost | (20,908,526) | (18,630,994) |
| | b) financial assets measured at fair value through other comprehensive income | (61,031) | (54,407) |
| 140. | Profits/Losses from contractual changes without write-offs | (270,706) | (74,803) |
| **150.** | **Net result from financial management** | **516,939,019** | **485,350,680** |
| 190. | Administrative expenses: | (413,107,661) | (359,921,429) |
| | a) personnel expenses | (214,022,827) | (194,930,023) |
| | b) other administrative expenses | (199,084,834) | (164,991,406) |
| 200. | Net provisions for risks and charges | (1,167,725) | (2,453,550) |
| | a) commitments and guarantees issued | 2,313,991 | 664,205 |
| | b) other net provisions | (3,481,716) | (3,117,755) |
| 210. | Net value adjustments/recoveries on tangible assets | (22,439,691) | (19,839,258) |
| 220. | Net value adjustments/recoveries on intangible assets | (24,635,649) | (21,330,054) |
| 230. | Other operating expenses/income | 75,523,333 | 88,516,951 |
| **240.** | **Operating costs** | **(385,827,393)** | **(315,027,340)** |
| 250. | Profits (Losses) from equity investments | (1,991,157) | (16,756,908) |
| 260. | Net result of measurement at fair value of tangible and intangible assets | 2,595 | - |
| 280. | Profits (Losses) from disposal of investments | 243,352 | 3,068 |
| **290.** | **Profit (Loss) on current operations before tax** | **129,366,416** | **153,569,500** |
| 300. | Income taxes for the year on current operations | (47,975,987) | (52,703,152) |
| **310.** | **Profit (Loss) on current operations after tax** | **81,390,429** | **100,866,348** |
| **330.** | **Profit (Loss) for the year** | **81,390,429** | **100,866,348** |
| 340. | Profit (loss) for the period pertaining to minority interests | 19,118,293 | 24,687,832 |
| **350.** | **Profit (Loss) for the period pertaining to parent company** | **62,272,136** | **76,178,516** |

STATEMENT OF CONSOLIDATED COMPREHENSIVE PROFITABILITY    Data in units of €

| Items | | 30/06/2024 | 30/06/2023 |
|---|---|---|---|
| 10. | Profit (Loss) for the year | 81,390,429 | 100,866,348 |
| | Other income components after tax without reversal to income statement | | |
| 20. | Equity securities measured at fair value through other comprehensive income | 5,925,132 | 6,036,354 |
| 50. | Tangible assets | 187 | (681) |
| 70. | Defined benefit plans | 120,141 | 289,953 |
| | Other income components after tax with reversal to income statement | | |
| 120. | Foreign exchange differences | (184,644) | (247,109) |
| 150. | Financial assets (other than equity securities) measured at fair value through other comprehensive income | (130,400) | (67,828) |
| 170. | Share of valuation reserves in relation to investments measured using the shareholders' equity method | 1,318,650 | 932,601 |
| 200. | Total of other income components, net of tax | 7,049,066 | 6,943,290 |
| 210. | Comprehensive income (Items 10+200) | 88,439,495 | 107,809,638 |
| 220. | Comprehensive consolidated income pertaining to third parties | 20,340,560 | 24,779,991 |
| 230. | Comprehensive consolidated income pertaining to the Parent Company | 68,098,935 | 83,029,647 |

## STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30 JUNE 2024

Data in units of €

| | Existing at 12/31/2023 | Change to opening balances | Existing at 01/01/2024 | Allocation of previous year's profit | | Changes in the year | | | | | | | | | Group shareholders' equity at 30/06/2024 | Shareholders' equity attributable to minority interests at 30/06/2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Operations on shareholders' equity | | | | | | | | | |
| | | | | Reserves | Dividends and other allocations | Changes in reserves | Issue of new shares | Purchase of treasury shares | Extraordinary distribution of dividends | Change in equity instruments | Derivatives on treasury shares | Stock options | Change in equity interests | Comprehensive operating profitability as at 30/06/2024 | | |
| Shareholders' equity: | | | | | | | | | | | | | | | | |
| a) ordinary shares | 192,240,734 | - | 192,240,734 | - | - | - | - | - | - | - | - | - | 350,463 | - | **104,988,000** | **87,603,197** |
| b) other shares | 2,323,312 | - | 2,323,312 | - | - | - | - | - | - | - | - | - | - | - | **2,323,312** | - |
| Share premium accounts | 196,571,230 | - | 196,571,230 | - | - | - | - | - | - | - | - | - | 3,015,749 | - | **105,550,912** | **94,036,067** |
| Reserves: | | | | | | | | | | | | | | | | |
| a) from profits | 986,506,169 | - | 986,506,169 | 138,254,723 | - | (1,743,907) | - | - | (10,752,593) | - | - | - | (407,100) | - | **1,026,275,066** | **85,582,226** |
| b) other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Valuation reserves | 51,919,349 | - | 51,919,349 | - | - | - | - | - | - | - | - | - | - | 7,049,066 | **52,719,299** | **6,249,116** |
| Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Treasury shares | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| **Operating profit (loss)** | **148,993,289** | **-** | **148,993,289** | **(138,254,723)** | **(10,738,566)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | | **81,390,429** | **62,272,136** | **19,118,293** |
| Group shareholders' equity | 1,299,737,373 | - | 1,299,737,373 | | (55,154) | (1,870,185) | - | - | (10,752,593) | - | - | - | (1,029,651) | 68,098,935 | **1,354,128,725** | |
| **Shareholders' equity attributable to minority interests** | **278,816,710** | **-** | **278,816,710** | | **(10,683,412)** | **126,278** | **-** | **-** | **-** | **-** | **-** | **-** | **3,988,763** | **20,340,560** | | **292,588,899** |

# Main balance sheet items

# ACCOUNTING STANDARDS APPLIED

## Declaration of compliance with international accounting standards

These consolidated accounting schedules have been drawn up according to the international accounting standards IAS/IFRS (including the SIC and IFRIC interpretation documents) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as of 30 June 2024, pursuant to the European Community Regulation no. 1606 of 19 July 2002. The schemes and illustrative tables are prepared in application with what the Bank of Italy has established, in the exercise of the powers given by Article 43 of Legislative Decree No. 136/2015, with Circular No. 262/05 and subsequent updates.

This report was not prepared in compliance with IAS 34 "Interim Financial Reporting", which regulates listed companies. Therefore, it lacks certain statements, comparative data and explanatory notes that would be required to listed companies in order to represent the equity and financial position in accordance with the International Financial Reporting Standards adopted by the European Union.

The consolidated financial statements are clearly drawn up and reflect truthfully and correctly the economic and financial situations of the Group.

## General drafting principles

The consolidated accounting schedules consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity; a brief report on operations accompanied by tables representing the main balance sheet and income statement items; the schedules were drawn up in units of €, the tables are in thousands of €.

The accounting schedules were prepared in compliance with the general principles laid down in IAS 1 and in accordance with the general assumptions made by the Systematic Framework; they comply with the provisions of Circular no. 262/2005 of the Bank of Italy, as amended.

The consolidated accounting reports have been prepared in accordance with the accounting standards and policies used in the past fiscal year, in addition to the IFRS accounting standards, amendments and interpretations applied since 1 January 2024.

For the preparation of the Financial Statements, the Directors referred to the scope of consolidation of Banca Sella Holding S.p.A., parent company of the Sella Banking Group, while the calculation of the Common Equity Tier 1 capital and the prudential requirements as at 30 June 2024 were drawn up with reference to the company Maurizio Sella S.A.p.A. which is the financial parent company of the banking group.

Therefore, the Accounting Statements of the Sella group, belonging to the company Banca Sella Holding S.p.A., refer, in addition to the parent company, to 23 companies since, on the basis of the aforementioned European legislation, the company Sella Broker S.p.A. is consolidated with the equity method instead of with the integral method.

## Consolidation scope and methods

The Consolidated Financial Statements are the financial statements for the group, presented as a single economic entity. These include the Balance Sheet and Income Statement of the parent company and of its directly and indirectly controlled companies.

For the preparation of the Consolidated Financial Statements, the draft financial statements of the Parent Company and the other Group companies consolidated on a line-by-line basis were used, with reference to the first semester of 2024. These latter, when necessary, were appropriately reclassified and adjusted for proper representation in the bank balance sheet schedules, and to ensure uniformity of use for the IAS/IFRS.

The balance sheet and income statement of consolidated companies whose accounting currency is different from the euro are converted based on the following rules:

- assets and liabilities are converted at the year-end closing exchange rate;
- revenues and costs in the Income Statement are converted using the average exchange rate for the year;
- all exchange differences arising from the conversion are recognised in a specific and separate shareholders' equity reserve. This reserve is eliminated by debiting/crediting the Income Statement at the time of any disposal of the investment.

Pursuant to IFRS 10, the Parent Company Banca Sella Holding consolidates companies based on the principle of control as defined by the said IFRS.

In particular, the control of the Parent Company is determined by the simultaneous occurrence of the three following conditions (paragraph 7 IFRS 10):

(a) The exercise of power over the entity being invested in;

(b) The holding of rights or exposure to variable returns from the relationship with the entity being invested in;

(c) the capacity to assert power held over the investee to influence the amount of its returns.

For the purposes of exercising power, it is necessary to consider whether valid rights are held (e.g. voting rights, potential voting rights, or one or more contractual agreements) that grant the current capacity to direct significant activities, that is, activities that significantly influence the returns achieved by the investee.

There is an entitlement or exposure to variable returns when the returns that result from the relationship with the entity being invested in are likely to vary in relation to the economic performance of that entity.

The capacity to assert power to influence returns exists when there is a practical capacity to unilaterally carry out the significant activities. To this end, a series of elements are taken into consideration, including the following, which, when considered in conjunction with one's own rights, may confirm that such rights are sufficient to confer power over the investee company:

(a) the possibility, without having the contractual right, to appoint or approve managers with strategic responsibilities within the investee, having the ability to carry out the significant activities;

(b) the possibility, without having the contractual right, to instruct the investee to undertake significant operations to the benefit of the parent company, or to prohibit any change;

(c) the possibility to direct the selection process for members of the governing body of the investee, or to obtain proxies from other holders of voting rights;

(d) managers with strategic responsibilities within the investee consist of related parties of the parent company (for example, the chief executive officer of the investee and the chief executive officer of the parent company are the same person);

(e) the governing body of the investee company is mainly composed of related parties of the Parent Company.

# BALANCE SHEET ASSETS ITEMS

## FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

| Item/Value | Total 30/06/2024 | | | Total 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **A. Cash assets** | | | | | | |
| 1. Debt securities | 896,303 | 2,118 | 1,047 | 297,856 | 1,547 | 983 |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 896,303 | 2,118 | 1,047 | 297,856 | 1,547 | 983 |
| 2. Equity securities | 19,074 | - | 6 | 1,325 | - | 6 |
| 3. UCI units | 47,300 | 64 | 12,294 | 18,296 | 79 | 11,388 |
| 4. Loans | - | - | 871 | - | - | 796 |
| 4.1 Repurchase agreements | - | - | - | - | - | - |
| 4.2 Other | - | - | 871 | - | - | 796 |
| Total (A) | 962,677 | 2,182 | 14,218 | 317,477 | 1,626 | 13,173 |
| **B. Derivative instruments** | | | | | | |
| 1. Financial derivatives | 2,791 | 11,444 | - | 2,745 | 13,595 | - |
| 1.1 held for trading | 2,791 | 11,444 | - | 2,745 | 13,595 | - |
| 1.2 linked to fair value option | - | - | - | - | - | - |
| 1.3 other | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 held for trading | - | - | - | - | - | - |
| 2.2 linked to fair value option | - | - | - | - | - | - |
| 2.3 other | - | - | - | - | - | - |
| Total (B) | 2,791 | 11,444 | - | 2,745 | 13,595 | - |
| Total (A+B) | 965,468 | 13,626 | 14,218 | 320,222 | 15,221 | 13,173 |

## OTHER FINANCIAL ASSETS NECESSARILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

| Item/Value<br>Item/Value | Total 30/06/2024 | | | Total 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| 1. Debt securities | 12,110 | 3,582 | 4,110 | 13,220 | 3,051 | 4,018 |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 12,110 | 3,582 | 4,110 | 13,220 | 3,051 | 4,018 |
| 2. Equity securities | 155 | - | 50,518 | 325 | - | 40,257 |
| 3. UCI units | 344,536 | 50,823 | 173,317 | 373,233 | 50,064 | 166,461 |
| 4. Loans | - | - | 74,241 | - | - | 74,036 |
| 4.1 Repurchase agreements | - | - | - | - | - | - |
| 4.2 Other | - | - | 74,241 | - | - | 74,036 |
| Total | 356,801 | 54,405 | 302,186 | 386,778 | 53,115 | 284,772 |

## FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE

| Item/Value | Total 30/06/2024 | | | Total 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| 1. Debt securities | 807,470 | 4,355 | 17,016 | 771,910 | 2,397 | 20,166 |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 807,470 | 4,355 | 17,016 | 771,910 | 2,397 | 20,166 |
| 2. Equity securities | 5,853 | - | 87,999 | 5,859 | - | 78,600 |
| 3. Loans | - | - | 102 | - | - | 101 |
| Total | 813,323 | 4,355 | 105,117 | 777,769 | 2,397 | 98,867 |

## FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN OF RECEIVABLES FROM BANKS BY TYPE

| Type of transaction/Value | Total 30/06/2024 | | | | | | Total 31/12/2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and Stage 2 | Stage 3 | Impaired purchased or originated | L1 | L2 | L3 | Stage 1 and Stage 2 | Stage 3 | Impaired purchased or originated | L1 | L2 | L3 |
| A. Receivables from Central Banks | 88,716 | - | - | - | - | 88,717 | 84,881 | - | - | - | - | 84,882 |
| 1. Deposits at maturity | - | - | - | X | X | X | - | - | - | X | X | X |
| 2. Mandatory reserve | 88,716 | - | - | X | X | X | 84,881 | - | - | X | X | X |
| 3. Repurchase agreements | - | - | - | X | X | X | - | - | - | X | X | X |
| 4. Other | - | - | - | X | X | X | - | - | - | X | X | X |
| B. Receivables from banks | 503,299 | - | - | 402,332 | 14,723 | 89,661 | 507,999 | - | - | 420,185 | 2,069 | 79,180 |
| 1. Loans | 89,636 | - | - | - | - | 89,661 | 90,924 | - | - | - | - | 79,180 |
| 1.1 Current accounts | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.2. Deposits at maturity | 6,500 | - | - | X | X | X | 6,708 | - | - | X | X | X |
| 1.3. Other loans and advances: | 83,136 | - | - | X | X | X | 84,216 | - | - | X | X | X |
| - Reverse repurchase agreements | 14,393 | - | - | X | X | X | 11,579 | - | - | X | X | X |
| - Loans for leasing | - | - | - | X | X | X | - | - | - | X | X | X |
| - Other | 68,743 | - | - | X | X | X | 72,637 | - | - | X | X | X |
| 2. Debt securities | 413,663 | - | - | 402,332 | 14,723 | - | 417,075 | - | - | 420,185 | 2,069 | - |
| 2.1 Structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Other debt securities | 413,663 | - | - | 402,332 | 14,723 | - | 417,075 | - | - | 420,185 | 2,069 | - |
| Total | 592,015 | - | - | 402,332 | 14,723 | 178,378 | 592,880 | - | - | 420,185 | 2,069 | 164,062 |

## FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN OF RECEIVABLES FROM CUSTOMERS BY TYPE

| Type of transaction/Value | Total 30/06/2024 | | | | | | Total 31/12/2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and Stage 2 | Stage 3 | Impaired purchased or originated | L1 | L2 | L3 | Stage 1 and Stage 2 | Stage 3 | Impaired purchased or originated | L1 | L2 | L3 |
| 1. Loans | 11,738,259 | 174,708 | 2,953 | - | - | 11,896,110 | 10,909,202 | 171,582 | 1,315 | - | - | 11,118,785 |
| 1.1. Current accounts | 1,029,890 | 21,539 | 292 | X | X | X | 1,061,291 | 14,913 | 40 | X | X | X |
| 1.2. Reverse repurchase agreements | 630,588 | - | - | X | X | X | 119,603 | - | - | X | X | X |
| 1.3. Mortgages | 5,503,043 | 72,977 | 1,971 | X | X | X | 5,269,713 | 81,617 | 658 | X | X | X |
| 1.4. Credit cards, personal loans and salary-backed loans | 2,059,360 | 14,619 | 19 | X | X | X | 1,985,647 | 13,659 | 17 | X | X | X |
| 1.5 Loans for leasing | 1,336,794 | 21,495 | - | X | X | X | 1,319,059 | 21,554 | - | X | X | X |
| 1.6. Factoring | 26,796 | 584 | - | X | X | X | 22,349 | 491 | - | X | X | X |
| 1.7. Other loans and advances | 1,151,788 | 43,494 | 671 | X | X | X | 1,131,540 | 39,348 | 600 | X | X | X |
| 2. Debt securities | 2,690,385 | - | - | 2,445,137 | 13,441 | 100,327 | 2,641,474 | 1,350 | - | 2,393,314 | 6,839 | 129,411 |
| 2.1. Structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Other debt securities | 2,690,385 | - | - | 2,445,137 | 13,441 | 100,327 | 2,641,474 | 1,350 | - | 2,393,314 | 6,839 | 129,411 |
| Total | 14,428,644 | 174,708 | 2,953 | 2,445,137 | 13,441 | 11,996,437 | 13,550,676 | 172,932 | 1,315 | 2,393,314 | 6,839 | 11,248,195 |

# BALANCE SHEET LIABILITIES ITEMS

## FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF PAYABLES TO BANKS BY TYPE

| Type of transaction/Value | Total 30/06/2024 | | | | Total 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **1. Payables to central banks** | **549,744** | X | X | X | **947,754** | X | X | X |
| **2. Payables to banks** | **242,935** | X | X | X | **156,010** | X | X | X |
| 2.1 Current accounts and demand deposits | 189,840 | X | X | X | 130,955 | X | X | X |
| 2.2 Deposits at maturity | - | X | X | X | - | X | X | X |
| 2.3 Loans | 40,395 | X | X | X | 2,526 | X | X | X |
| 2.3.1 Repurchase agreements payable | - | X | X | X | - | X | X | X |
| 2.3.2 Other | 40,395 | X | X | X | 2,526 | X | X | X |
| 2.4 Liabilities for repurchase commitments of own equity instruments | - | X | X | X | - | X | X | X |
| 2.5 Lease liabilities | 202 | X | X | X | 206 | X | X | X |
| 2.6 Other liabilities | 12,498 | X | X | X | 22,323 | X | X | X |
| Total | 792,679 | - | - | 792,679 | 1,103,764 | - | - | 1,103,764 |

## FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF PAYABLES TO CUSTOMERS BY TYPE

| Type of transaction/Value | Total 30/06/2024 | | | | Total 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| 1. Current accounts and demand deposits | 15,536,919 | X | X | X | 15,032,634 | X | X | X |
| 2. Deposits at maturity | 1,324,975 | X | X | X | 1,731,838 | X | X | X |
| 3. Loans | 677,891 | X | X | X | 214,605 | X | X | X |
| 3.1 Repurchase agreements payable | 455,404 | X | X | X | 42,699 | X | X | X |
| 3.2 Other | 222,487 | X | X | X | 171,906 | X | X | X |
| 4. Liabilities for repurchase commitments of own equity instruments | - | X | X | X | - | X | X | X |
| 5. Leasing payables | 80,424 | X | X | X | 75,132 | X | X | X |
| 6. Other payables | 295,295 | X | X | X | 265,929 | X | X | X |
| Total | 17,915,504 | - | - | 17,915,504 | 17,320,138 | - | - | 17,320,138 |

## FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF OUTSTANDING SECURITIES BY TYPE

| Type of security/Value | 30/06/2024 Total | | | | 31/12/2023 Total | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | 0 | L1 | L2 | L3 |
| A. Securities | | | | | | | | |
| 1. Bonds | 835,453 | 476,220 | 96,442 | 272,851 | 816,411 | 428,613 | 97,407 | 302,059 |
| 1.1 structured | - | - | - | - | - | - | - | - |
| 1.2 other | 835,453 | 476,220 | 96,442 | 272,851 | 816,411 | 428,613 | 97,407 | 302,059 |
| 2. Other securities | - | - | - | - | - | - | - | - |
| 2.1 structured | - | - | - | - | - | - | - | - |
| 2.2 other | - | - | - | - | - | - | - | - |
| Total | 835,453 | 476,220 | 96,442 | 272,851 | 816,411 | 428,613 | 97,407 | 302,059 |

## TRADING FINANCIAL LIABILITIES: BREAKDOWN BY TYPE

| Type of transaction/Value | Total 30/06/2024 | | | | | Total 31/12/2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | NV | Fair Value | | | Fair Value * | NV | Fair Value | | | Fair Value * |
| | | L1 | L2 | L3 | | | L1 | L2 | L3 | |
| A. Cash liabilities | | | | | | | | | | |
| 1. Payables to banks | - | - | - | - | - | - | - | - | - | - |
| 2. Payables to customers | 633,055 | 641,848 | 28 | - | 641,876 | 103,352 | 107.9845 | - | - | 107,985 |
| 3. Debt securities | - | - | - | - | X | - | - | - | - | X |
| 3.1 Bonds | - | - | - | - | X | - | - | - | - | X |
| 3.1.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.1.2 Other bonds | - | - | - | - | X | - | - | - | - | X |
| 3.2 Other securities | - | - | - | - | X | - | - | - | - | X |
| 3.2.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.2.2 Other | - | - | - | - | X | - | - | - | - | X |
| **Total A** | **633,055** | **641,848** | **28** | **-** | **641,876** | **103,352** | **107,985** | **-** | **-** | **107,985** |
| B. Derivative instruments | | | | | | | | | | |
| 1. Financial derivatives | X | 994 | 10,526 | 400 | X | X | 1,220 | 12,854 | 400 | X |
| 1.1 Held for trading | X | 994 | 10,526 | 400 | X | X | 1,220 | 12,854 | 400 | X |
| 1.2 Linked to fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credit derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.1 Held for trading | X | - | - | - | X | X | - | - | - | X |
| 2.2 Linked to fair value option | X | - | - | - | X | X | - | - | - | X |
| 2.3 Other | X | - | - | - | X | X | - | - | - | X |
| **Total B** | **X** | **994** | 10,526 | 400 | X | X | 1,220 | 12,854 | 400 | **X** |
| Total (A+B) | X | 642,842 | 10,554 | 400 | X | X | 109,205 | 12,854 | 400 | X |

# INCOME STATEMENT ITEMS

## INTEREST INCOME AND SIMILAR INCOME: BREAKDOWN

| Item/Technical type | Debt securities | Loans | Other transactions | Total 30/06/2024 | Total 30/06/2023 |
|---|---|---|---|---|---|
| **1. Financial assets measured at fair value through profit and loss:** | **13,537** | **612** | **1,898** | **16,047** | **30,339** |
| 1.1 Financial assets held for trading | 13,095 | - | 1,898 | 14,993 | 29,422 |
| 1.2 Financial assets measured at fair value | - | - | - | - | - |
| 1.3 Other financial assets necessarily measured at fair value | 442 | 612 | - | 1,054 | 917 |
| **2. Financial assets measured at fair value through other comprehensive income** | **13,075** | **1** | | **13,076** | **9,219** |
| **3. Financial assets measured at amortised cost:** | **33,783** | **328,102** | | **361,885** | **283,730** |
| 3.1 Receivables from banks | 8,037 | 53,223 | | 61,260 | 30,026 |
| 3.2 Receivables from customers | 25,746 | 274,879 | | 300,625 | 253,704 |
| **4. Hedging derivatives** | | | **640** | **640** | **(1,461)** |
| **5. Other assets** | | | **13,474** | **13,474** | **10,895** |
| **6. Financial liabilities** | | | | **124** | **214** |
| Total | 60,395 | 328,715 | 16,012 | 405,246 | 332,936 |
| of which: interest receivable on impaired financial assets | - | 5,540 | - | 5,540 | 2,589 |
| of which: interest receivable on financial leasing | | 38,317 | | 38,317 | 31,204 |

## INTEREST EXPENSE AND SIMILAR CHARGES: BREAKDOWN

| | Payables | Securities | Other transactions | Total 30/06/2024 | Total 30/06/2023 |
|---|---|---|---|---|---|
| 1. Financial liabilities measured at amortised cost | 95,925 | 20,986 | X | 116,911 | 58,885 |
| 1.1 Payables to central banks | 14,369 | X | X | 14,369 | 18,385 |
| 1.2 Payables to banks | 2,650 | X | X | 2,650 | 1,282 |
| 1.3 Payables to customers | 78,906 | X | X | 78,906 | 32,162 |
| 1.4 Outstanding securities | X | 20,986 | X | 20,986 | 7,056 |
| 2. Trading financial liabilities | 8,852 | - | 1,823 | 10,675 | 11,618 |
| 3. Financial liabilities measured at fair value | - | - | - | - | - |
| 4. Other liabilities and provisions | X | X | 341 | 341 | 277 |
| 5. Hedging derivatives | X | X | - | - | - |
| 6. Financial assets | X | X | X | 110 | 697 |
| Total | 104,777 | 20,986 | 2,164 | 128,037 | 71,477 |
| of which: interest payable relative to leasing payables | 1,464 | X | X | 1,464 | 1,084 |

## COMMISSION INCOME: BREAKDOWN

| Type of service/Value | Total 30/06/2024 | Total 30/06/2023 |
|---|---|---|
| **a) Financial instruments** | **83,072** | **73,103** |
| 1. Placement of securities | 33,617 | 30,862 |
| 1.1 On a firm and/or irrevocable commitment basis | - | - |
| 1.2 Without irrevocable commitment | 33,617 | 30,862 |
| 2. Reception and transmission of orders and execution of orders on behalf of customers | 21,262 | 17,907 |
| 2.1 Receipt and transmission of orders for one or more financial instruments | 17,847 | 15,318 |
| 2.2 Orders executed on behalf of customers | 3,415 | 2,590 |
| 3. Other commissions related to activities linked to financial instruments | 28,193 | 24,334 |
| of which: trading on own account | - | - |
| of which: individual portfolio management | 28,193 | 24,334 |
| **b) Corporate Finance** | **425** | **113** |
| 1. Mergers and acquisitions advisory services | 425 | 113 |
| 2. Treasury Services | - | - |
| 3. Other commissions related to corporate finance services | - | - |
| **c) Investment advisory activities** | **7,425** | **5,228** |
| **d) Netting and Settlement** | **-** | **-** |
| **e) Collective portfolio management** | **21,042** | **20,171** |
| **f) Custody and administration** | **820** | **789** |
| 1. Depositary bank | - | - |
| 2. Other commissions related to custody and administration activities | 820 | 789 |
| **g) Central administrative services for collective portfolio management** | - | - |
| **h) Fiduciary activities** | - | - |
| **i) Payment services** | 146,072 | 132,043 |
| 1. Current accounts | 13 | 13 |
| 2. Credit cards | 1,450 | 1,436 |
| 3. Debit cards and other payment cards | 11,868 | 14,987 |
| 4. Bank transfers and other payment orders | 11,576 | 10,397 |
| 5. Other commissions related to payment services | 121,165 | 105,210 |
| **j) Distribution of third-party services** | **31,007** | **28,918** |
| 1. Collective portfolio management | 449 | 420 |
| 2. Insurance products | 30,098 | 27,848 |
| 3. Other Products | 460 | 651 |
| of which: individual portfolio management | - | 0 |
| **k) Structured finance** | **129** | **163** |
| **l) Servicing activities for securitisation transactions** | **91** | **-** |
| **m) Commitments to disburse funds** | **-** | **-** |
| **n) Financial guarantees issued** | **2,900** | **3,271** |
| of which: credit derivatives | - | - |
| **o) Financing transactions** | **20,955** | **19,677** |
| of which: for factoring transactions | 71 | - |
| **p) Currency trading** | **926** | **813** |
| **q) Goods** | **-** | **-** |
| **r) Other commission income** | **28,710** | **30,794** |
| Total | 343,574 | 315,082 |

## FEE EXPENSES BREAKDOWN

| Service/Value | Total 30/06/2024 | Total 30/06/2023 |
|---|---|---|
| a) Financial instruments | 2,933 | 2,921 |
| of which: financial instruments trading | 2,684 | 2,697 |
| of which: placement of financial instruments | 13 | 13 |
| of which: individual portfolio management | 236 | 210 |
| - Own | 105 | 125 |
| - Delegated to third parties | 131 | 85 |
| b) Netting and Settlement | 720 | 575 |
| c) Collective portfolio management | 725 | 564 |
| 1. Own | 725 | 564 |
| 2. Delegated to third parties | - | - |
| d) Custody and administration | 981 | 852 |
| e) Collection and payment services | 58,959 | 51,042 |
| of which: credit cards, debit cards and other payment cards | 1,227 | - |
| f) Servicing activities for securitisation transactions | - | - |
| g) Commitments to receive funds | - | - |
| h) Received financial guarantees | 78 | 115 |
| of which: credit derivatives | - | - |
| i) Off-site sales of financial instruments, products and services | 48,053 | 40,653 |
| j) Currency trading | - | - |
| k) Other fee expenses | 5,983 | 5,169 |
| Total | 118,432 | 101,891 |

## NET INCOME FROM TRADING ACTIVITIES: BREAKDOWN

| Transactions/Income components | Capital gains (A) | Trading profits (B) | Capital losses (C) | Trading losses (D) | Net result [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets held for trading** | **3,026** | **29,835** | **(3,824)** | **(5,917)** | **23,120** |
| 1.1 Debt securities | 1,138 | 22,996 | (2,416) | (4,258) | 17,460 |
| 1.2 Equity securities | 1,159 | 4,012 | (667) | (956) | 3,548 |
| 1.3 UCI units | 729 | 2,827 | (741) | (703) | 2,112 |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Other | - | - | - | - | - |
| **2. Trading financial liabilities** | **2,386** | **-** | **(1,463)** | **-** | **923** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | 2,386 | - | (1,463) | - | 923 |
| 2.3 Other | - | - | - | - | - |
| **3. Financial assets and liabilities: foreign exchange gains (losses)** | X | X | X | X | **5,547** |
| **4. Derivative instruments** | **10.0856** | **39,519** | **(9,993)** | **(43,021)** | **(4,153)** |
| 4.1 Financial derivatives: | 10,086 | 39,519 | (9,993) | (43,021) | (4,153) |
| - On debt securities and interest rates | 9,987 | 16,010 | (9,494) | (14,169) | 2,334 |
| - On equity securities and stock indices | 99 | 23,509 | (499) | (28,852) | (5,743) |
| - On currencies and gold | X | X | X | X | (744) |
| - Other | - | - | - | - | - |
| 4.2 Credit derivatives | - | - | - | - | - |
| of which: natural hedges associated with the fair value option | X | X | X | X | - |
| Total | 15,498 | 69,354 | (15,280) | (48,938) | 25,437 |

# NET VALUE ADJUSTMENTS FOR CREDIT RISK FOR FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN

| Transactions/Income components | Value adjustments (1) | | | | | | Write-backs (2) | | | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Impaired purchased or originated | | Stage 1 | Stage 2 | Stage 3 | Impaired purchased or originated | | |
| | | | Write-off | Other | Write-off | Other | | | | | 30/06/2024 | 30/06/2023 |
| A. Receivables from banks | (141) | - | - | - | - | - | 209 | - | - | - | 68 | 26 |
| - Loans | (79) | - | - | - | - | - | 79 | - | - | - | 0 | (0) |
| - Debt securities | (62) | - | - | - | - | - | 130 | - | - | - | 68 | 26 |
| B. Receivables from customers | (4,698) | (2,306) | (469) | (31,893) | - | - | 1,374 | 6,206 | 10,809 | - | (20,977) | (18,657) |
| - Loans | (4,530) | (2,278) | (469) | (31,893) | - | - | 1,254 | 5,481 | 10,809 | - | (21,626) | (18,623) |
| - Debt securities | (168) | (28) | - | - | - | - | 120 | 725 | - | - | 649 | (34) |
| Total | (4,839) | (2,306) | (469) | (31,893) | - | - | 1,583 | 6,206 | 10,809 | - | (20,909) | (18,631) |

## NET VALUE ADJUSTMENTS FOR CREDIT RISK RELATED TO FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

| Transactions/Income components | Value adjustments (1) | | | | | | Write-backs (2) | | | | Total 30/06/2024 | Total 30/06/2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Impaired purchased or originated | | Stage 1 | Stage 2 | Stage 3 | Impaired purchased or originated | | |
| | | | Write-off | Other | Write-off | Other | | | | | | |
| A. Debt securities | (240) | - | - | - | - | - | 176 | 3 | - | - | (61) | (54) |
| B. Loans | - | - | - | - | - | - | - | - | - | - | - | - |
| - To customers | - | - | - | - | - | - | - | - | - | - | - | - |
| - To banks | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | (240) | - | - | - | - | - | 176 | 3 | - | - | (61) | (54) |

# INFORMATION ON CONSOLIDATED EQUITY

## OWN FUNDS AND BANK REGULATORY RATIOS

Scope of the regulations

Based on Articles 11 and subsequent of Regulation (EU) of the European Parliament and of the Council no. 575/2013 of 26/06/2013, relative to prudential requirements for lending institutions, which took effect on 1 January 2014, the application of these requirements on a consolidated basis must refer to the "parent company" that controls a banking group, whether it is a bank itself or a financial company.

In light of these indications and in consideration of the corporate "upstream" structure of Banca Sella Holding, the parent company of the Sella group, calculation of regulatory capital and prudential requirements as at 30 June 2024 was done with reference to M.Sella S.A.p.A. which is, based on European regulations, the financial parent company of the banking group.

As a consequence, in this section, the results of this calculation are shown, referring the prudential scope of consolidation used in the Consolidated Financial Statements prepared by M.Sella S.A.p.A., as in the supervisory reports sent to the Bank of Italy and, through it, to the European Central Bank.

## REGULATORY CAPITAL

| | Total 30/06/2024 | Total 31/12/2023 |
|---|---|---|
| A - Common Equity Tier 1 (CET1) before application of prudential filters | 1,493,627 | 1,428,940 |
| of which CET1 instruments subject to transitional provisions | - | - |
| B. CET1 prudential filters (+/-) | (3,475) | (2,866) |
| C. CET1 gross of elements to be deducted and the effects of the transitional regime (A +/- | 1,490,152 | 1,426,074 |
| D. Elements to be deducted from CET1 | 224,390 | 213,974 |
| E. Transitional regime - Impact on CET1 (+/-), including minority interests subject to transitional provisions | - | - |
| F. Total Common Equity Tier 1 (CET1) (C - D +/- E) | 1,265,762 | 1,212,100 |
| G. Additional Tier 1 - AT1, gross of elements to be deducted and the effects of the | 23,849 | 22,489 |
| of which AT1 instruments subject to transitional provisions | - | - |
| H. Elements to be deducted from AT1 | - | - |
| I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 due to the effects of transitional provisions | - | - |
| L. Total Additional Tier 1 (Additional Tier 1 - AT1) (G - H +/- I) | 23,849 | 22,489 |
| M. Tier 2 - T2, gross of elements to be deducted and the effects of the transitional regime | 212,447 | 168,811 |
| of which T2 instruments subject to transitional provisions | - | - |
| N. Elements to be deducted from T2 | 6,124 | - |
| O. Transitional regime - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to the effects of transitional provisions | - | - |
| P. Total Tier 2 - T2 (M - N +/- O) | 206,323 | 168,811 |
| Q. Total own funds (F + L + P) | 1,495,934 | 1,403,400 |

## CAPITAL ADEQUACY

| Categories/Value | Non-weighted amounts | | Weighted amounts/requirements | |
|---|---|---|---|---|
| | 30/06/2024 | 31/12/2023 | 30/06/2024 | 31/12/2023 |
| **A. Risk assets** | | | | |
| A.1 Credit and counterparty risk | **22,262,955** | **22,548,916** | **7,576,228** | **7,148,991** |
| 1. Standardised approach | 13,612,707 | 14,174,088 | 4,086,612 | 3,967,043 |
| 2. Internal rating-based method | 8,624,391 | 8,340,909 | 3,472,924 | 3,161,287 |
| 2.1 Basic | 340,226 | 279,826 | 295,059 | 255,930 |
| 2.2 Advanced | 8,231,812 | 8,016,790 | 3,022,565 | 2,773,611 |
| 3. Securitisations | 25,857 | 33,919 | 16,692 | 20,661 |
| **B. Regulatory capital requirements** | | | | |
| B.1 Credit and counterparty risk | | | 606,098 | 571,919 |
| B.2 Credit valuation adjustment risk | | | 5,126 | 3,342 |
| B.3 Regulatory risk | | | 118 | 106 |
| B.4 Market risks | | | 26,282 | 10,463 |
| 1. Standardised approach | | | 26,282 | 10,463 |
| 2. Internal models | | | - | - |
| 3. Concentration risk | | | - | - |
| B.5 Operational risk | | | 139,900 | 139,900 |
| 1. Basic method | | | 139,900 | 139,900 |
| 2. Standardised approach | | | - | - |
| 3. Advanced method | | | - | - |
| B.6 Other prudential requirements | | | - | - |
| B.7 Other calculation elements | | | - | - |
| B.8 Total prudential requirements | | | 777,524 | 725,730 |
| **C. Risk assets and regulatory ratios** | | | | |
| C.1 Risk-weighted assets | | | 9,719,056 | 9,071,627 |
| C.2 Common equity Tier 1/Risk-weighted assets (CET1 capital ratio) | | | 13.02% | 13.36% |
| C.3 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) | | | 13.27% | 13.61% |
| C.4 Total own funds/Risk-weighted assets (Total capital ratio) | | | 15.39% | 15.47% |