



Bellinzona, Thursday 16 March 2023

Press release

2022 financial results



Record results for BancaStato Group

Despite a market context plagued by uncertainty, in 2022 BancaStato Group achieved excellent results, setting a new record. The excellent performance by revenue items (CHF 263.5 million, +7.0%) enabled the Group to post significantly higher profits of CHF 64.4 million (+16.7%) and also to bolster its equity position. The payment to the Canton increased by CHF 2.0 million (+4.6%) to CHF 45.3 million, which was complemented by an extraordinary payment of CHF 3 million. Mortgage loans (+2.9%) and amounts due to clients (+2.3%) continued along their upward trajectory, with the balance sheet total reaching CHF 18.6 billion. The influx of new client funds remained very high (+2.2 billion). Efficiency and profitability have both risen.

Record results for BancaStato Group in 2022

More than CHF 45.3 was paid to the Canton, representing an increase of 4.6%

In 2023 the Canton will also receive an extraordinary payment of CHF 3 million, benefiting indirectly from the large dividend paid by Axion SWISS Bank to its parent company

Net revenues rose strongly (+7.0%)

Operating expenses fell (-5.4%). If the one-off payment to the staff pension fund made in 2021 is disregarded, this item would have increased by (+5.6%)

The operating result has risen strongly (+27.1%)

The excellent revenue performance has enabled the equity position to be significantly bolstered

There was a marked increase in Group profits (+16.7%)

The volume of loans granted rose further (+3.2%)

The total of amounts due to clients is continuing along the trend followed in previous years (+2.3%)

The balance sheet total is higher than CHF 18.6 billion (+3.8%)

The influx of new client funds is very high (+2.2 billion)

Profitability and efficiency have both improved

Summary of 2022 financial results (Group)

BALANCE SHEET (in CHF 1,000)	31.12.2022	31.12.2021	Change	In %
Mortgages	11'404'892	11'087'141	317'751	2.9%
Due from private individuals and companies*	1'653'125	1'648'888	4'237	0.3%
Due from public corporations	783'134	680'611	102'523	15.1%
Total receivables	13'841'151	13'416'640	424'511	3.2%
Total amounts due to clients	12'838'262	12'544'245	294'017	2.3%
Equity	1'390'501	1'335'959	54'542	4.1%
Balance sheet total	18'620'367	17'945'905	674'462	3.8%
INCOME STATEMENT (in CHF 1,000)	2022	2021	Change	In %
Net result from interest operations	185'997	157'956	28'041	17.8%
Result from commission business and services	60'277	63'763	-3'486	-5.5%
Result from trading activities and fair value option	23'724	20'810	2'914	14.0%
Other results from ordinary activities	-6'510	3'692	-10'202	-276.3%
Net revenues	263'488	246'221	17'267	7.0%
Personnel expenses	-94'791	-105'010	10'219	-9.7%
Other operating expenses	-49'875	-47'929	-1'946	4.1%
Operating expenses	-144'666	-152'939	8'273	-5.4%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-15'393	-13'144	-2'249	17.1%
Changes to provisions and other value adjustments, and losses	-2'411	-640	-1'771	276.7%
Operating result	101'018	79'498	21'520	27.1%
Extraordinary income	157	537	-380	-70.8%
Extraordinary expenses	-	-81	81	-100.0%
Changes in reserves for general banking risks	-33'500	-23'116	-10'384	44.9%
Taxes	-3'284	-1'676	-1'608	95.9%
Group profit	64'391	55'162	9'229	16.7%
Payment to the Canton	45'349	43'349	2'000	4.6%

* Including construction loans, consortium loans and Covid-19 loans

Commentary on the results

BancaStato Group

Group profit and payment to the Canton

In 2022 BancaStato Group achieved record results.

During a year characterised by macroeconomic and geopolitical uncertainty as well as a significant change in the Swiss National Bank's monetary policy, Ticino's bank benefited from its business model, its strategic positioning and its market position. The operating result amounted to CHF 101 million (+27.1%).

This result enabled a significant contribution to be made to the reserves for general banking risks of CHF 33.5 million, whilst at the same time achieving a Group profit of CHF 64.4 million (+16.7%).

The payment made to the owner also increased, with 45.3 million flowing into cantonal coffers (+4.6%). In 2023 the Canton will also receive an extraordinary payment of CHF 3 million, thanks to the large dividend paid by Axion SWISS Bank to its parent company on the back of strongly rising profits.

Performance of items comprising the income statement

The net result from interest operations – which is the Group's main revenue item – amounted to CHF 186.0 million, posting strong growth of CHF 28.0 million (+17.8%).

The result achieved from commission business and services was CHF 60.3 million, which was down CHF 3.5 million compared to 2021 (-5.5%) mainly due to the reduction in client business as a result of market turbulence.

The result from trading activities increased from CHF 20.8 million to CHF 23.7 million (+14.0%). For their part, other results from ordinary activities were affected by falling stock market values, the rise in the value of the Swiss franc and the economic consequences of the war in Ukraine. The capital losses on the Group's securities portfolio caused that item to fall from CHF 3.7 million in 2021 to CHF -6.5 million at the end of 2022.

The overall performance of that item fuelled net growth in net revenues from CHF 246.2 million to CHF 263.5 million (+7.0%).

Operating expenses fell by CHF 8.3 million (-5.4%) to CHF 144.7 million. This level was reached mainly as a result of the convergence between the increase in specific costs – such as activities related to advertising and the sponsorship of sporting, cultural and charitable initiatives throughout the Canton – and the inclusion in the 2021 accounts of the one-off payment of CHF 15.9 million to the staff pension fund.

Value adjustments on participations and depreciation and amortisation increased from CHF 13.1 million to CHF 15.4 million; changes to provisions and other value adjustments rose from CHF 0.6 million to CHF 2.4 million.

Performance of balance sheet items

Despite being a full service bank, the main activity of BancaStato Group has traditionally been mortgage lending.

That balance sheet item amounted to CHF 11.4 billion at the end of 2022, representing growth of CHF 317.8 million (+2.9%).

Amounts due from private individuals and companies were substantially in line with the previous year's figure at CHF 1.7 billion. This item also includes COVID-19 loans, which totalled CHF 107.0 million at the end of 2022. Amounts due from public corporations rose by CHF 102.5 million to CHF 783.1 million (+15.1%).

Amounts due to clients were up also in 2022. The increase of CHF 294.0 million (+2.3%) resulted in that balance sheet item rising above the CHF 12.8 billion mark, which is further testament to the trust placed by clients in their cantonal bank.

The Group's balance sheet total grew by CHF 674.5 million (+3.8%) to CHF 18.6 billion.

Changes in assets under management

In 2022 the volume of assets under management held with BancaStato Group rose by CHF 620.9 million (+3.0%) to CHF 21.3 billion. The influx of net new money from clients totalled CHF 2.2 billion, which confirms the increasing attractiveness of BancaStato Group.

Profitability, efficiency and solidity

Profitability – in terms of Return on Equity (ROE) – amounted to 7.5%.

Efficiency indicators have improved. The *cost-income I ratio* (operating expenses as a proportion of net revenues) fell from 62.1% in 2021 (55.6% disregarding extraordinary items) to 54.9% in 2022. Similarly, the *cost-income II ratio* (which also includes depreciation and amortisation as well as provisions) was 61.7% in 2022, having been 67.7% in 2021 (61.2% disregarding extraordinary items).

The Group's solidity (Capital Adequacy) quantified in terms of the ratio of necessary equity to available equity, calculated according to Basel III requirements, was 235.5% on 31 December 2022 (233.6% at the end of 2021), as against a regulatory requirement of 150% (applicable to banks in supervisory category 3). All solidity indicators provided for in relation to the Bank under international regulations were comfortably above the regulatory thresholds: *Core Tier 1* (CET1) changed from 15.2% at the end of 2021 to 15.4% at the end of 2022, the *Tier 1 ratio* changed from 15.8% to 16.1%, whilst *capital adequacy* rose from 18.7% to 18.8%.

BancaStato Group's contribution to economic development in the Canton

Councillor of State and Director of the cantonal Department of Finance and the Economy (DFE) **Christian Vitta** has welcomed the result achieved by BancaStato in 2022, which also enabled the payment into cantonal coffers to be increased by 4.6%, despite a general climate characterised by geopolitical and macroeconomic uncertainty and turbulence. He also stresses that, in pursuing its public mandate, the Group has made an important contribution to economic and social development in the Canton of Ticino. Some examples on this front, which the Councillor of State addressed in greater depth at the press conference, include the support provided to the Boldbrain Startup Challenge initiative, the Ticino Film Commission, the Ticino Ticket project and the *Orchestra della Svizzera italiana* (Orchestra of Italian-speaking Switzerland) as well as the increased financial commitment to TiVentures.

Ticino's reference bank

"2022 confirmed that the business model and corporate strategy of BancaStato Group are both profitable and successful, even within a highly volatile economic climate. Against a backdrop of uncertainty, BancaStato has provided important stability and has built on the previous years' growth in its financial results. The payment to the Canton totalled CHF 45.3 million: we are proud to be able to make this amount available for the benefit of the public. Casting a wider glance to the last five years, more than CHF 210 million in total has been paid into public coffers. However, our cantonal bank is not "only" interested in achieving important financial results: we also take a lot of care about the way in which they are achieved", notes **Fabrizio Cieslakiewicz**, Chairperson of the Executive Board. 2022 coincided with the post-Covid recovery in the operation of innumerable social, sporting and cultural initiatives throughout Ticino: "Hundreds of these associations have been able to count on direct support from BancaStato Group. Our close engagement with the local population has also been reflected in our commitment in favour of the start-ups sprouting up within our canton: BancaStato has announced that it will allocate a million francs per year until 2027 to identifying and developing – through TiVentures Sa – high-tech start-ups with a clear focus on promoting sustainability. We are Ticino's reference bank and we seek to demonstrate this in tangible form through our actions", Cieslakiewicz concludes.

Counsel Marco Tini, Chairperson of the Executive Board of Axion SWISS Bank SA, expresses his great satisfaction "in the excellent results achieved. The more than doubling in profits coupled with a 16% growth in assets under management (equal to CHF 966 million) show that our business model and strategic positioning our paying off. We are proud to be making a significant contribution to the Group's result. The public mandate of BancaStato particularly encourages and motivates us as we are mindful of the fact that we are working for Ticino and its residents".

The Italian version counts.

Public relations

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Bellinzona,

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Banca dello Stato del Cantone Ticino