



Bellinzona, Tuesday 15 March 2022

Press release

2021 financial results



2021 comes to a close with strong financial results

For the BancaStato Group, 2021 was a year of excellent financial results.

The payment to the Canton of CHF 43.3 million rose by CHF 1.7 million (+4.0% year-on-year and +3.6% compared to 2019). The excellent development of revenue items (246.2 million, +7.7%) enabled a significant allocation to reserves for general banking risks and led to a net increase in Group profit to 55.2 million (+9.3%). Mortgage loans (+8.0%) and amounts due to customer rose (+13.7%). The balance sheet total is close to 17.95 billion.

The inflow of new customer assets was again very high (+1.91 billion). Efficiency and profitability remained at good levels.

In 2021 the BancaStato Group achieved excellent results

The payment to the Canton amounted to more than CHF 43.3 million, an increase of 4.0%

The net revenues increased significantly (+7.7%)

Operating costs rose (+17.9%) mainly due to a one-off allocation to the Staff Pension Fund

The operating income decreased (-8.4%). Excluding pension payments, growth would have amounted to 10%.

Thanks to the strong development of revenues, the level of equity was strengthened once again.

Group profit increased sharply (+9.3%)

The volume of customer loans rose significantly (+7.9%)

Total amounts due to customers confirm the trend of previous years (+13.7%)

The balance sheet total is close to CHF 18 billion (+8.9%)

The inflow of new customer assets is very high (+1.91 billion)

Profitability and efficiency remain positive

2021 financial results in summary (Group)

BALANCE SHEET (in CHF 1,000)	31.12.2021	31.12.2020	Change	In %
Mortgage loans	11,087,141	10,264,672	822,469	8.0%
Receivables due from private individuals and companies*	1,648,888	1,499,113	149,775	10.0%
Receivables due from public bodies**	680,611	671,483	9,128	1.4%
Total customer loans	13,416,640	12,435,268	981,372	7.9%
Total amounts due to customers	12,544,245	11,028,957	1,515,288	13.7%
Equity capital	1,335,959	1,341,966	-6,007	-0.4%
Balance sheet total	17,945,905	16,485,933	1,459,972	8.9%
INCOME STATEMENT (in CHF 1,000)	2021	2020	Change	In %
Net interest income	157,956	153,513	4,443	2.9%
Income from commission business and service fee transactions	63,763	54,404	9,359	17.2%
Income from trading activities and fair value option	20,810	17,910	2,900	16.2%
Other income from ordinary operations	3,692	2,813	879	31.2%
Net revenues	246,221	228,640	17,581	7.7%
Staff costs	-105,010	-86,719	-18,291	21.1%
Other operating costs	-47,929	-42,972	-4,957	11.5%
Operating costs	-152,939	-129,691	-23,248	17.9%
Impairments on participations and depreciation on tangible and intangible assets	-13,144	-11,923	-1,221	10.2%
Changes in provisions and other impairments and losses	-640	-248	-392	158.1%
Operating profit	79,498	86,778	-7,280	-8.4%
Extraordinary income	537	2,211	-1,674	-75.7%
Extraordinary costs	-81	-6,200	6,119	-98.7%
Changes in reserves for general banking risks	-23,116	-31,000	7,884	-25.4%
Taxes	-1,676	-1,335	-341	25.5%
Group profit	55,162	50,454	4,708	9.3%
Payment to the Canton	43,349	41,670	1,679	4.0%

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

** Public bodies are Cantons, Municipalities, Citizens' Communities and Public Consortiums

Comment on the results

BancaStato Group

Group profit and payment to the Canton

In 2021, under market conditions still characterised by the Coronavirus pandemic and continued low interest rates, the BancaStato Group achieved excellent results thanks to its business model and market position.

The excellent development of revenues allowed the Group to allocate CHF 15.9 million to the adjustment of the staff pension plan with the aim of mitigating the constant decline in the conversion rate of pension fund assets. Net income amounted to CHF 79.5 million (-8.4%), whereas net of the aforementioned adjustment, it would increase to CHF 95.4 million (+10.0%).

Despite a further significant allocation to reserves for general banking risks – carried out with the aim of strengthening the equity level – the Group's profit increased significantly to CHF 55.2 million (+9.3%). Compared to the 2019 net profit – i.e. before the coronavirus emergency – the rise was 4.3%.

The capital contribution to the Bank's owner also benefited from operating increases, rising from CHF 41.7 million to CHF 43.3 million (+4.0%).

Development of income statement items

Net interest income – the Group's main income item – almost touches CHF 158.0 million; an increase of CHF 4.4 million (+2.9%).

Income from commission business and service fee transactions increased significantly by CHF 9.4 million to CHF 63.7 million (+17.2%); The increase was primarily attributable to the increased shares of the Group's asset management mandates and investment funds, the generally positive stock market performance and the growth in lending fees for issuing guarantees and documentary loans.

The income from trading activities went from CHF 17.9 million to CHF 20.8 million (+16.2%) and other income from ordinary operations improved by CHF 0.9 million to CHF 3.7 million, both due to the positive stock market performance.

Overall, net revenues rose significantly from CHF 228.6 million to CHF 246.2 million (+7.7%).

Operating costs amounted to CHF 152.9 million. At the end of 2020, this figure amounted to CHF 129.7 million (+17.9%). This increase primarily includes the *one-time* payment of CHF 15.9 million to the staff pension fund, which was carried out in the same way as other cantonal banks in order to mitigate the fall in the conversion rate of pension assets. The increase is also due to increased costs linked to the IT infrastructure and financing of the "Vivi il tuo Ticino" project, promoted by the Department of Finance and Economy (DFE) in cooperation with the Ticino Tourist Agency. Leaving aside the one-off pension payments, the operating costs would increase by 5.6%.

Impairments on participations and depreciation increased from CHF 11.9 million to CHF 13.1 million (+10.2%). Provisions and other impairments increased from CHF 0.25 million to CHF 0.6 million (+158.1%).

Extraordinary revenues and extraordinary costs amounted to CHF 0.5 million and CHF 0.1 million respectively, a significant decrease compared to 2020, which included the first edition of the "Vivi il tuo Ticino" campaign.

Evolution of balance sheet items

BancaStato Group offers products and services of a universal nature; However, the main business is traditionally mortgage lending. At the end of 2021, this balance sheet item reached the threshold of CHF 11.1 billion, up from CHF 10.3 billion the previous year. The increase of CHF 822.5 million (+8.0%) was achieved both as a result of uninterrupted organic growth and as a result of the agreement with EFG, which was concluded in April 2021, through which approximately CHF 411 million of mortgage loans was transferred to BancaStato.

Receivables due from private individuals and companies increased by CHF 149.8 million (+10.0%) to CHF 1.6 billion. This item also includes COVID-19 loans, which amounted to CHF 132.6 million at the end of 2021. Public sector loans rose to CHF 680.6 million (+1.4%).

Amounts due to customers confirm the growth seen in previous years. The increase of CHF 1.51 billion (+13.7%) allowed this balance sheet item to exceed the threshold of CHF 12.5 billion, again proving the confidence that customers have in their cantonal bank.

The Group's total balance sheet progressed by CHF 1.5 billion (+8.9%) to CHF 17.95 billion.

Evolution of assets under management

In 2021 the volume of assets under management at the BancaStato Group (*Assets under Management*) rose by CHF 2.28 billion (+12.4%) to CHF 20.68 billion. The inflow of new customer assets (*Net New Money*) amounted to CHF 1.91 billion. Although these developments are partly attributable to the volumes acquired through the agreement with EFG, they are part of the significant increases over the last five years, which provide solid evidence of the increasing attractiveness of the BancaStato Group.

Profitability, efficiency and robustness

The profitability – in terms of Return on Equity (ROE) – stands at 6.0%. After deduction of the costs for pension plans, this figure is 7.2%.

Performance indicators remain at a good level. *Cost / Income /* (operating costs linked to net revenues) rose from 56.7% in 2020 to 62.1% in 2021. However, net of the costs for pension plans, the development was positive and reached 55.6%. Similarly, *Cost / Income II* (which also includes depreciation and provisions) stood at 67.7% in 2021 and 62.0% in 2020. Not considering the non-recurring factors mentioned above, the indicator improved to 61.2%.

The Group's robustness (Capital Adequacy), determined based on the ratio between required and available capital, calculated based on the Basel III fees, stood at 233.6% at 31 December 2021 (209.0% at the end of 2020), against a regulatory requirement of 150% (valid for banks in supervisory category 3). All the robustness indicators provided by the Bank for International Settlements are largely confirmed above the regulatory thresholds: *Core Tier 1* (CET1) increases from 16.7% at the end of 2020 to 15.2% at the end of 2021, the *Tier 1 ratio* rises from 16.7% to 15.8%, while *capital adequacy* rises from 16.7% to 18.7%.

The BancaStato Group's contribution to the economic development of the canton

Member of the State Council and Director of the Department of Finance and Economic Affairs (DFE), **Christian Vitta**, welcomes the result achieved by the BancaStato Group in 2021, which has also seen an increase in payments to the Bank's owner despite the difficulties of the pandemic year. Christian Vitta also notes that the Group, by funding initiatives such as "Vivi il Tuo Ticino", "Ticino Ticket" and

"Boldbrain Startup Challenge", has demonstrated that it contributes to the economic development of the Canton of Ticino, fulfilling its public mandate even in this delicate stage for the economy of the Canton of Ticino.

The Reference Bank in Ticino

"The results of the BancaStato Group in 2021 are important from various points of view. First and foremost, the payment to cantonal funds increased to over CHF 43.3 million. We are very proud to allocate such a sum to the Bank's owner, which will certainly prove to be valuable for all of the people of Ticino. Satisfaction is also due to the fact that the results of 2021 are part of a multi-year growth environment and further consolidate it," commented **Fabrizio Cieslakiewicz**, President of the Executive Board. "This shows the soundness of our business model and the various strategic projects we have completed in recent years. The Institute demonstrates that it is able to respond to the many banking needs of customers and, more and more, it is the reference bank in Ticino."

"More than ten years have passed since Axion joined the BancaStato Group. This has given us a special task, namely to work on behalf of the territory of Ticino, and we are drawing up an excellent balance sheet. As in the previous year, we are heartened by the impressive increase in acquired assets of 370 million. For us, this is another testament to the trust and reputation that Axion has on the market," explains Attorney-at-law **Marco Tini**, President of the Executive Board of the Bank, which is part of the BancaStato Group.

The Italian version is the valid text.

Public mandate

The owners
of the BancaStato
Group



350'986
residents of Ticino
(Ustat 2019)

Our public mandate is
clear: We work for you.
We promote economic
development and offer
the possibility of investing
savings securely and
profitably.



By choosing BancaStato,
you choose Ticino.
Every year, our profits
go to state funds: It's you
who benefits from this.



Presence in the Territory

Branches and agencies
of the BancaStato
Group



ATM



Employees



Financial indices

Eligible equity



Robustness



Efficiency



Rating

(Moody's: Canton of Ticino)



Public relations

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Bellinzona,

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Banca dello Stato del Cantone Ticino