

Rating Report

Banca Sella Holding SpA

DBRS Morningstar

18 June 2021

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Ratings

Issuer	Debt	Rating	Rating Action	Trend
Banca Sella Holding	Long-Term Issuer Rating	BBB (low)	Confirmed May '21	Negative
Banca Sella Holding	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '21	Negative
Banca Sella SpA	Long-Term Issuer Rating	BBB (low)	Confirmed May '21	Negative
Banca Sella SpA	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '21	Negative
Banca Sella Holding	Intrinsic Assessment	BBB (low)	Maintained May '21	--

Rating Drivers

Factors with Positive Rating Implications

- An upgrade is unlikely given the Negative trend and Italy's current challenging economic outlook. The trend could revert to Stable if the Group demonstrates limited asset quality impact from the crisis whilst maintaining current capital levels. An upgrade of the Long-Term ratings would require improvements in efficiency levels and profitability as well as improved capitalisation levels.

Factors with Negative Rating Implications

- A downgrade would arise from a substantial deterioration in capital, a material increase in NPLs or significant negative impact on profitability.

Rating Considerations

Franchise Strength (Good/Moderate)

- Small franchise with a solid retail market position in the home region of Piedmont. The Group benefits from a diversified franchise, with growing private banking and payment system activities.

Earnings Power (Weak)

- Modest but resilient profitability, thanks to a diversified revenue structure. Weak operating efficiency. Cost of risk expected to remain high as a result of COVID-19.

Risk Profile (Moderate/Weak)

- Although improving, the stock of NPLs remains higher than European peers. We expect additional NPLs to materialise as a consequence of the crisis when support measures expire.

Funding and Liquidity (Good)

- Stable funding and liquidity position, underpinned by a large retail and deposit base.

Capitalisation (Moderate)

- Adequate capital buffers over minimum requirements. However, capital ratios remain at the lower-end of the peer group which could pose challenges in the current environment.

Financial Information

Banca Sella Holding S.p.A.	2020Y	2019Y	2018Y	2017Y	2016Y
EUR Millions					
Total Assets	17,846	15,004	14,283	13,797	13,298
Equity Attributable to Parent	973	946	889	924	895
Income Before Provisions and Taxes (IBPT)	122	113	100	139	142
Net Attributable Income	30	34	25	52	80
IBPT over Avg RWAs (%)	1.53	1.41	1.76	2.19	1.90
Cost / Income ratio (%)	79.58	79.65	82.27	75.40	75.68
Return on Avg Equity (ROAE) (%)	3.05	3.69	2.71	5.74	9.07
Gross NPLs over Gross Loans (%)	5.71	6.84	9.22	11.76	13.97
CET1 Ratio (Fully-Loaded) (%)	11.74	10.92	10.72	11.52	12.10

Source: DBRS Morningstar Analysis; Copyright © 2021, S&P Global Market Intelligence. Note: loans to customers include financial securities.

Issuer Description

Based in Biella (Italy), [Banca Sella Holding SpA](#) (Sella or the Group) is the parent company of the Sella Group. The Group's main activities are retail & commercial banking, asset management and private banking, payment systems, leasing and consumer finance.

Rating Rationale

The Negative trend continues to take into account the Group's modest profitability due to the low interest rate environment, the Group's high cost base, and the higher cost of risk stemming from increased provisioning on the back of the deterioration of macroeconomic scenarios. However, we expect revenues to benefit over the medium term from digital banking, strong contribution from non-interest income and stabilisation of the cost base. Nevertheless, Sella will likely, as for other Italian banks, continue to face short-time challenges stemming from the low interest rate environment and the expected asset quality deterioration.

In addition, the Negative trend reflects Sella's high exposure to SMEs totalling around 39% of the Group's loan book, which is twice the average for the Italian banking sector. DBRS Morningstar views the latter as potentially at risk as we see SMEs as more vulnerable to the current challenging environment. In addition, the stock of NPEs, albeit declining in recent years, remains relatively large and we expect new NPEs will likely appear in 2021 with the end of the support provided by the moratoria schemes. However, our expectation is that the NPL increase will overall be manageable for Sella.

Finally, the Negative trend reflects Sella's capital levels, which remain at the lower-end of its peer group. We view the capital levels as posing challenges in the current environment as we expect new NPEs to materialise when support measures expire in 2021 and Sella still has a large, albeit declining, stock of unreserved NPEs compared to European peers. Nevertheless, capital ratios remain comfortably above regulatory requirements and we expect them to improve due to the implementation of AIRB models.

Ratings continue to reflect Sella's solid and diversified franchise. In particular, Sella's good positioning in digital and open banking has allowed the Group to better cope with the lockdown through its digital banking channel. Ratings are also underpinned by Sella's stable funding and liquidity position.

Franchise Strength

Grid Grade: Good/Moderate

Banca Sella Holding (Sella or the Group) is a small Italian banking group with EUR 20.4 billion in total assets at end-March 2021. The Group maintains a solid market position in retail and commercial banking, especially in the home province of Biella. Unlike many peers of similar size, Sella's franchise is more diversified, thanks to its private banking and asset management activities, nationwide payment system as well as consumer finance and leasing operations.

The Group has been historically controlled by the Sella family, and they are also broadly involved in the Group's corporate governance. In DBRS Morningstar's view, the corporate governance risks potentially associated with the family ownership are mitigated by the following factors: 1) the Group's exposure to the Sella family is limited; and 2) the banking business is the main activity of the Sella family. The Sella family controls the Group via Maurizio Sella Sapa which owns 94% of Banca Sella Holding SpA. Legally a bank, Banca Sella Holding SpA acts as the Group's treasury and manages the funding with institutional counterparties, including the ECB, as well as the overall business strategy and planning. In April 2020, Massimo Vigo became CEO of Banca Sella SpA (the Bank), succeeding Claudio Musiari who retired.

The Group manages the raising of deposits and lending to households and SMEs through the Bank, its main operating subsidiary. Banca Sella includes the Group's branch network as well as the electronic banking and internet services (with the exception of Hype). Private banking and asset management products are offered via both the private banking unit of Banca Sella SpA and Banca Patrimoni Sella SpA, while corporate and investment banking services are provided by Sella CIB, which was created at end-2018. In addition, the Group offers consumer finance and leasing products, through Sella Personal Credit and Sella Leasing, as well as payments platforms, provided by Banca Sella SpA and Axerve SpA.

Sella has stepped up its effort in digital banking and new technologies in recent years. In 2015 the Group created "Hype", a mobile app for digital banking and payments solutions which has gained increasing popularity since its introduction. Sella also launched the first open banking platform in Italy ("platfr.io"), as well as setting up Fabrick SpA, a subsidiary aimed at investing in fintech businesses and innovative payment and banking solutions. In 2018, Sella launched "Sella Evolution" in collaboration with Moneyfarm, an online trading platform for private customers. In 2020, Sella also launched the first industrial consolidation operation in the Italian open banking market, following the signing of the joint venture together with Illimity in Hype, to further boost its growth. In addition, Sella announced they are planning a similar operation for Fabrick.

We believe that Sella's positioning in online services has limited the impact of the COVID-19 pandemic on revenues, as the Group benefits from having an existing framework in place to service its clients.

Exhibit 1 Employees and Branches, 2016-2020

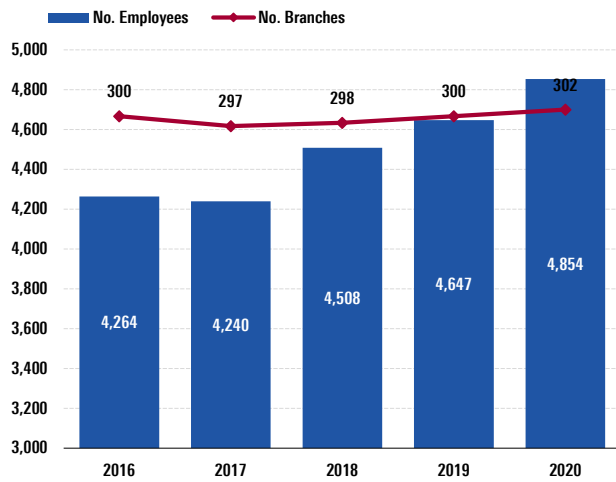
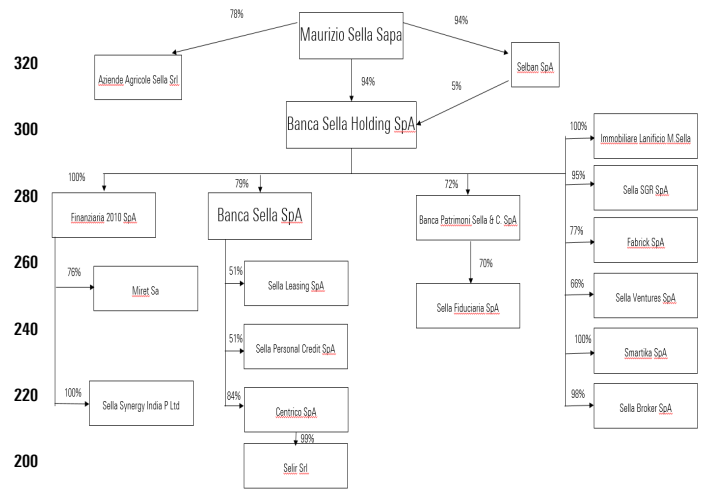


Exhibit 2 Group Structure, end-2020



Source: DBRS Morningstar, Company Documents.

Earnings Power
Grid Grade: Weak

Sella's profitability remained modest in 2020 due to the low interest rate environment, the Group's cost base, which remains high due to investments in digital innovation and the higher cost of risk stemming from increased provisioning on the back of the deterioration of macroeconomic scenarios. We expect revenues to benefit over the medium term from digital banking, continued strong contribution from non-interest income and the cost base stabilising. However, Sella will likely, as for other Italian banks, continue to face challenges stemming from the low interest rate environment and likely asset quality deterioration.

In 2020, the Group reported net attributable income of EUR 29.6 million, down 12.9% year-on-year (YoY) from EUR 34.0 million whilst the Bank reported net attributable income of EUR 27.4 million, down 22.6% YoY from EUR 35.4 million in 2019. This was mainly due to higher cost of risk due to provisions incorporating the deterioration of the macroeconomic scenarios and higher operating costs despite higher core revenues. Net interest income for the Group was down 1.6% YoY in 2020, because of the low interest rate environment and despite volume growth. However, net fees and commissions were up 4.4%, thanks to diversification of activities and the Bank's already strong positioning in online banking, which limited the negative impact of the crisis on revenues.

The Group's cost to income ratio remains high as a result of its strategy to continue investing in new technologies and innovative banking products. The cost to income ratio stood at 79.6%, compared to 79.7% a year earlier. Any additional cost saving initiatives to improve the Group's modest efficiency levels may prove challenging at this time. Nevertheless, we view Sella as having some flexibility on the cost side, given the traditionally high investments in digital banking that could be put on hold.

Provisions were up 76.8% YoY on provisions incorporating the deterioration of the macroeconomic scenarios under IFRS 9. The cost of risk stood at 85 bps in 2020, with COVID-19 related provisions representing 27 bps.

In Q1 2021, the Group reported net attributable income of EUR 17.6 million, up from EUR 8.6 million in Q1 2020. Including the capital gain resulting from the sale of the Group's 50% stake in Hype, net attributable income would stand at around EUR 68 million. This was a result of lower provisions and higher revenue generation, mainly supported by a good result from financial operations and higher fees and commissions, and despite the continued low interest rate environment which affected net interest income. Operating costs were up 3.3% YoY, mainly on continued investments in digital and open banking. Loan loss provisions were down by around 25% YoY, implying a cost of risk of around 52 bps.

Exhibit 3 Profitability Evolution (EUR million), 2016-2020

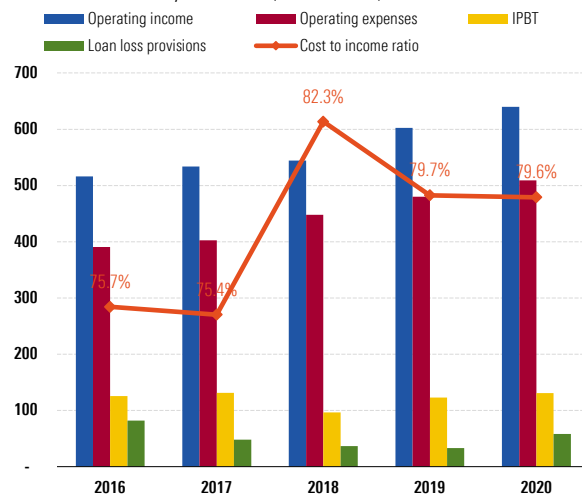
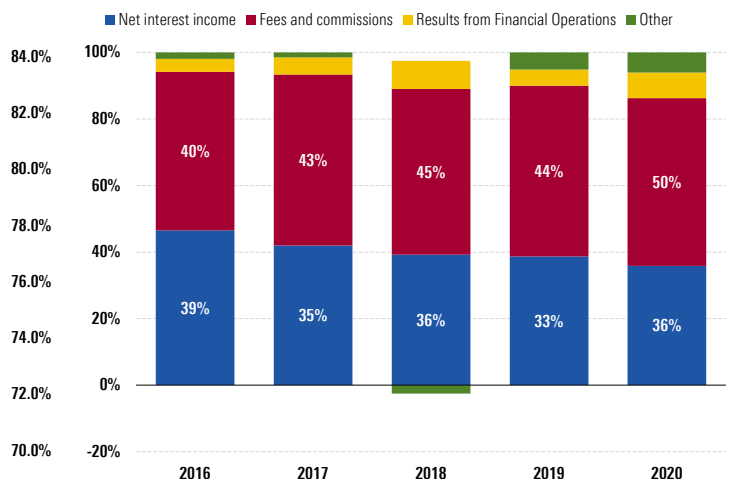


Exhibit 4 Operating Income Breakdown (EUR million), 2016-2020



Source: DBRS Morningstar, Company Documents.

Risk Profile

Grid Grade: Moderate/Weak

Sella's risk profile is consistent with its retail and commercial banking franchise, with approximately 85% of total risk weighted assets (RWA) linked to credit and counterparty risk as of end-2020. Most of the lending activity is carried out at the operating Banca Sella SpA, which provides the vast majority of the Group's net loans to customers. The Group's lending is primarily to retail, SMEs and corporate clients and is largely represented by mortgages (51%), credit cards and personal loans (16%) and leasing (12%) at end-2020. Sella's loan book is composed of around 40% of SME exposures, which is twice the average for the Italian banking sector. DBRS Morningstar views the latter as potentially at risk as we see SMEs as more vulnerable to the current challenging environment. In addition, the stock of NPEs, albeit declining in recent years, remains relatively large and we expect new NPEs will likely appear in 2021 with the end of the support provided by the moratoria schemes. Interest rate risk is low, with market risk mostly arising from the Group's fixed-income portfolio, including its large exposure to Italian sovereign debt.

Credit Risk

The Group’s asset quality improved slightly in 2020 and Q1 2021. The total stock of gross non-performing exposures (NPEs) decreased to EUR 0.5 billion at end-2020 from EUR 0.6 billion at end-2019. The Group’s gross NPE ratio stood at 5.6% at end-March 2021, down from 5.7% as of end-2020 and 6.8% at end-2019. Whilst we now see the NPE ratio as in line with the average for Italian banks, this continues to compare negatively with the average for European banks. The net NPL ratio was 2.8% at end-March 2021, broadly in line with end-2020 and improved from 3.6% at end-2019. Nevertheless, the Group’s NPE ratios remain above the European average and we also expect the ratios to deteriorate going forward due to the adverse operating environment.

DBRS Morningstar notes that Sella’s asset quality trends are in line with its announced business strategy to reduce the Group’s stock of NPEs via further disposals and internal management actions. The Group’s total coverage ratio improved to 51.9% at end-March 2021 from 49.4% at end-2019, with total coverage of bad loans improving to 64.5% from 58.9% in the same periods.

Sovereign risk

Sella’s risk profile includes a sizable exposure to the Italian sovereign. At end-March 2021, the Group’s securities portfolio comprised EUR 2.9 billion of Italian government bonds, corresponding to approximately 16% of the Group’s total assets and 3.0x CET1 capital. Nevertheless, DBRS Morningstar notes that around 75% of Sella’s securities portfolio is classified as held to collect (HTC) to reduce sensitivity to spread widening.

Exhibit 5 NPE Breakdown (EUR million), 2016-2020

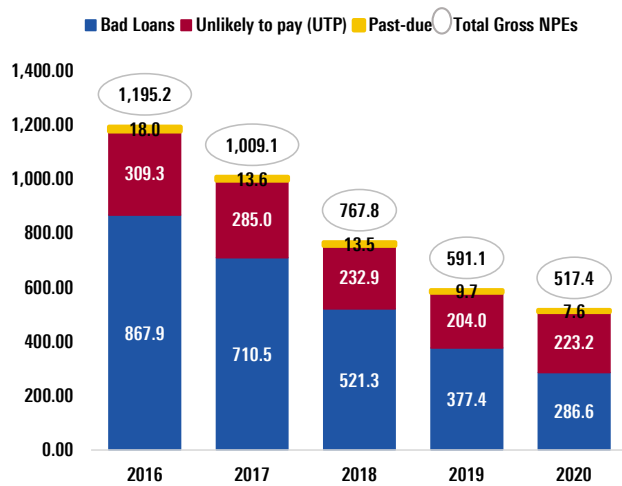
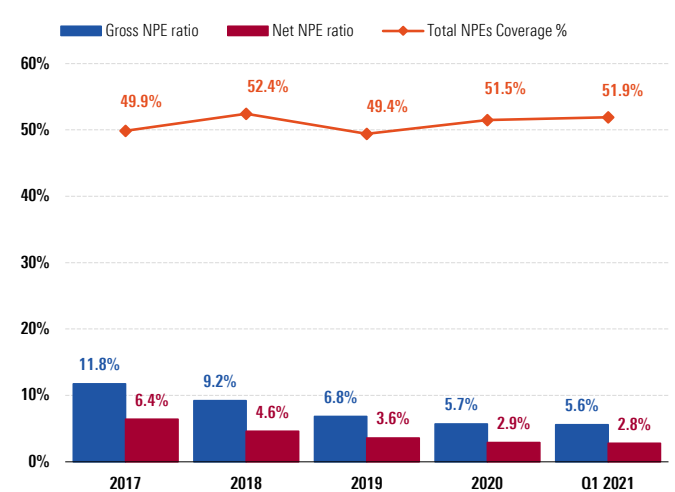


Exhibit 6 NPE Ratios and Coverage, 2017-Q1 2021



Source: DBRS Morningstar, Company Documents.

Funding and Liquidity

Grid Grade: Good

DBRS Morningstar views Sella's funding profile as good, supported by its large deposit retail franchise and limited reliance on wholesale funds. The majority of Sella's deposits are generated by Banca Sella SpA, the commercial bank of the Group, whilst Banca Sella Holding acts as treasurer and manages the institutional funding. Customer deposits increased substantially from end-2019 to end-March 2021, mainly as a result of lower consumption by customers amidst the lockdown in 2020 and they accounted for around 90% of the Group's total funding. In addition, DBRS Morningstar notes that the Group had EUR 1.55 billion of ECB's TLTRO III funds as well as asset backed securities and subordinated bonds (Tier 2) at end-2020.

Sella's liquidity position remains solid with a total stock of unencumbered assets of around EUR 4.0 billion at end-2020, which compares favourably with future bond maturities. At end-March 2021, Sella's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) remained well above regulatory requirements at respectively 193.2% and 129.8%.

Exhibit 7 Funding Mix, end-2020

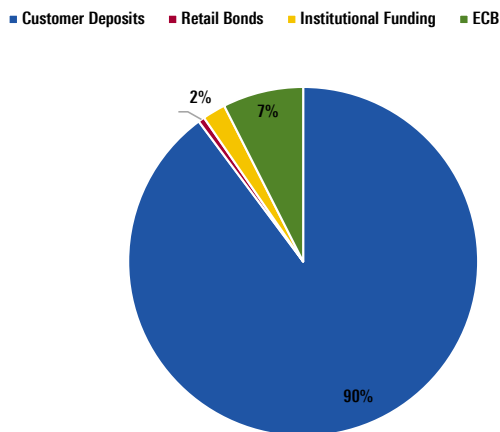
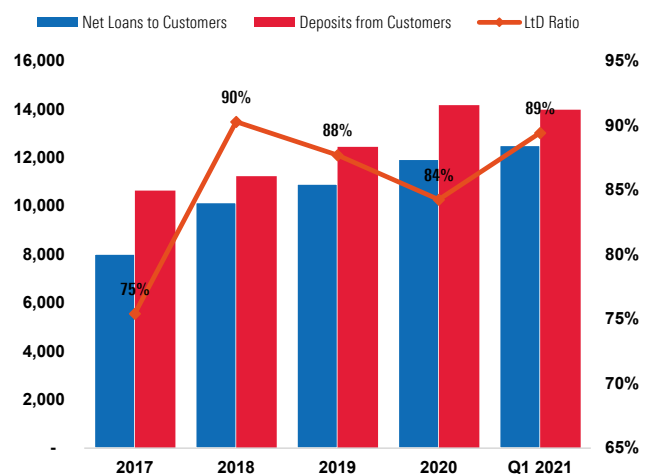


Exhibit 8 Loan to Deposit Ratio, 2017-Q1 2021



Source: DBRS Morningstar, Company Documents.

Capitalisation

Grid Grade: Moderate

Sella's capitalisation remains modest. We understand that Sella's capital ratios will benefit over the medium term from bad loan disposals, the partial sale of Fabrik and Hype and the targeted implementation of the AIRB models. However, capital levels remain at the lower-end of Sella's peer group and pressured by the large, albeit declining, stock of unreserved NPEs. We view the latter as posing challenges in the current environment as we expect new NPEs to materialise once support measures expire in 2021.

Sella reported at end-March 2021 a phased-in CET1 ratio of 12.45% compared to 12.29% at end-2020. The phased-in Total Capital ratio was 14.27%, up from 14.18% at end-2020. This provides the

Group with adequate cushions over the minimum requirements set by the Bank of Italy for 2021 for the CET1 ratio of 7.28% according to the Supervisory Review and Evaluation Process (SREP), which includes the minimum Pillar 1 requirement (4.5%), the Pillar 2 requirement (0.28%) and the capital conservation buffer (2.5%). The minimum Overall Capital Requirement (OCR) for total capital, according to the SREP, which includes the AT1 and Tier 2 buckets, was set at 10.78%.

Exhibit 9 Reported Capital Ratios (end-2020) vs. SREP Requirements (2021)

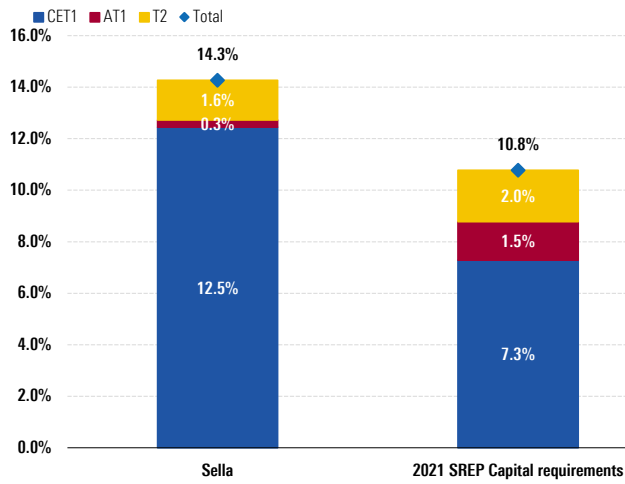
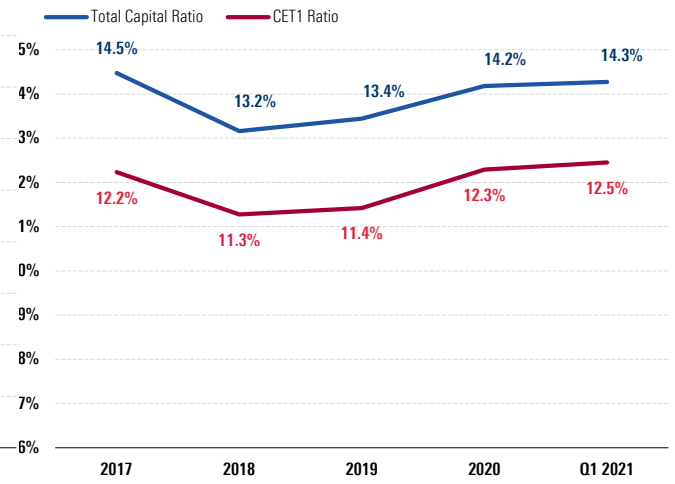


Exhibit 10 Phased-in Capital Ratios, 2016-2020



Source: DBRS Morningstar, Company Documents.

Banca Sella Holding SpA

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		Overall:	N N
Emissions, Effluents, and Waste	Do we consider the costs or risks result, or could result in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs?	N	N
Climate and Weather Risks	Will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
Social		Overall:	N N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights:	N N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Governance		Overall:	N N
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks:	N N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Corporate / Transaction Governance:	N N
Consolidated ESG Criteria Output:		N	N

ESG Considerations

Environmental

The Environmental factor does not affect the ratings or trend assigned to Banca Sella. The Group is building up its ESG framework to include environmental factors with the aim of reducing its carbon footprint in the next four years.

Social

The Social factor does not affect the ratings or trend assigned to Banca Sella. Shortcomings in the Bank's internal process regarding data protection could have a significant impact on Sella's reputation and franchise. However, there has been no reported cases to date involving Sella.

Governance

The Governance factor does not affect the ratings or trend assigned to Banca Sella. Shortcomings regarding business ethics or governance could have a significant impact on Sella's reputation and franchise or income statement. However, there has been no reported cases to date involving Sella.

	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.
EUR Millions	2020Y	2019Y	2018Y	2017Y	2016Y
Balance Sheet	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Cash and Deposits with Central Banks	207	204	1,249	2,090	1,542
Lending to/Deposits with Credit Institutions	2,711	1,178	534	262	300
Financial Securities	1,843	1,547	1,232	2,409	2,604
Financial Derivatives Instruments	102	98	104	118	148
Net Lending to Customers	11,944	10,920	10,149	8,025	7,911
- Gross Lending to Customers	12,267	11,257	10,596	8,560	8,563
- Loan Loss Reserves	323	336	447	535	652
Investment in Associates or Subsidiaries	3	2	4	2	12
Total Intangible Assets	174	162	146	90	86
Fixed Assets	365	367	251	248	203
Insurance Assets	NA	NA	NA	NA	NA
Other Assets (including DTAs)	498	526	615	552	492
Assets	17,846	15,004	14,283	13,797	13,298
Deposits from Banks	1,617	389	829	924	604
Deposits from Central Banks	1,543	300	724	727	349
Deposits from Credit Institutions	74	89	105	197	255
Deposits from Customers	14,176	12,452	11,240	10,641	10,549
Issued Debt Securities	37	55	NA	131	215
Issued Subordinated Debt	204	280	NA	356	313
Financial Derivatives Instruments	103	98	98	117	143
Insurance Liabilities	0	0	0	0	0
Other Liabilities	522	584	1,037	513	391
Equity Attributable to Parent	973	946	889	924	895
Minority Interests	215	201	190	192	189
Liabilities & Equity	17,846	15,004	14,283	13,797	13,298

	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.
EUR Millions	2020Y	2019Y	2018Y	2017Y	2016Y
Income Statement	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Interest Income	277	283	280	286	309
Interest Expenses	36	38	42	62	69
Net Interest Income	241	246	238	224	240
Net Fees and Commissions	322	309	285	274	246
Results from Financial Operations	52	34	25	70	31
Equity Method Results	2	0	4	0	1
Net Income from Insurance Operations	0	0	0	0	0
Other Operating Income	114	109	81	75	104
Total Operating Income	732	697	633	643	621
Staff Costs	287	275	260	246	237
Other Operating Costs	258	250	233	221	209
Depreciation/Amortisation	65	59	40	37	33
Total Operating Expenses	610	584	533	504	479
Income Before Provisions and Taxes (IBF)	122	113	100	139	142
Loan Loss Provisions	67	46	50	48	83
Securities & Other Financial Assets Impairments	0	0	0	16	8
Other Impairments	2	1	2	0	0
Other Non-Operating Income (Net)	0	0	0	0	50
Income Before Taxes (IBT)	52	66	48	75	101
Tax on Profit	16	25	17	18	9
Discontinued Operations	0	0	0	1	2
Other After-tax Items	0	0	0	0	0
Minority Interest	7	8	7	6	14
Net Attributable Income	30	34	25	52	80

	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.
EUR Millions	2020Y	2019Y	2018Y	2017Y	2016Y
Other Items	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
NPLs	517	591	768	1,006	1,195
Assets Under Management	5,366	5,253	4,773	5,068	4,455
No. of Employees (end-period)	4,854	4,490	4,360	4,103	4,130
Risk-Weighted Assets (RWA)	8,042	8,133	7,799	7,616	7,365
RWA over Total Assets (%)	45.06	54.21	54.60	55.20	55.38

Source: DBRS Morningstar Analysis, Copyright © 2021, S&P Global Market Intelligence. Note: loans to customers include financial securities.

	Banca Sella Holding S.p.A. 2020Y	Banca Sella Holding S.p.A. 2019Y	Banca Sella Holding S.p.A. 2018Y	Banca Sella Holding S.p.A. 2017Y	Banca Sella Holding S.p.A. 2016Y
Earnings Power					
Earnings					
Net Interest Margin (%)	1.48	1.73	1.86	1.68	1.92
Yield on Average Earning Assets (%)	1.70	2.00	2.18	2.14	2.46
Cost of Interest Bearing Liabilities (%)	0.23	0.27	0.34	0.49	0.58
IBPT over Avg Assets (%)	0.69	0.73	0.72	0.98	1.02
IBPT over Avg RWAs (%)	1.53	1.41	1.30	1.86	1.90
Expenses					
Cost / Income ratio (%)	79.58	79.65	82.27	75.40	75.68
Operating Expenses by Employee	125,612	130,070	122,166	122,767	116,068
LLP / IBPT (%)	54.89	40.27	49.46	34.21	58.19
Profitability Returns					
Return on Avg Equity (ROAE) (%)	3.05	3.69	2.71	5.74	9.07
Return on Avg Assets (ROAA) (%)	0.21	0.27	0.22	0.41	0.67
Return on Avg RWAs (%)	0.46	0.52	0.41	0.77	1.26
Dividend Payout Ratio (%)	NA	NA	NA	NA	NA
Internal Capital Generation (%)	NA	NA	NA	NA	NA
Risk Profile					
Gross NPLs over Gross Loans (%)	5.71	6.84	9.22	11.76	13.97
Net NPLs over Net Loans (%)	2.87	3.60	4.63	5.86	6.86
NPL Coverage Ratio (%)	62.49	56.93	58.23	53.21	54.57
Net NPLs over IBPT (%)	159.11	225.20	319.28	337.69	382.05
Net NPLs over CET1 (%)	19.63	27.43	36.47	50.50	60.28
Texas Ratio (%)	34.25	39.85	50.31	60.92	68.86
Cost of Risk (%)	0.61	0.45	0.62	0.60	1.03
Level 2 Assets/ Total Assets (%)	1.62	1.89	0.66	0.33	0.36
Level 3 Assets/ Total Assets (%)	1.31	1.34	1.02	0.58	0.78
Funding and Liquidity					
Bank Deposits over Funding (%)	10.18	3.25	NA	7.81	5.27
- Interbank over Funding (%)	0.56	0.98	NA	1.79	2.29
- Central Bank over Funding (%)	9.61	2.27	NA	6.02	2.99
Customer Deposits over Funding (%)	88.32	94.22	NA	88.15	90.21
Wholesale Funding over Funding (%)	1.50	2.53	NA	4.03	4.51
- Debt Securities over Funding (%)	0.23	0.41	NA	1.08	1.84
- Subordinated Debt over Funding (%)	1.27	2.12	NA	2.95	2.68
Liquid Assets over Assets (%)	26.68	19.52	21.11	34.51	33.43
Non-Deposit Funding Ratio (%)	14.91	10.14	14.87	16.09	13.64
Net Loan to Deposit Ratio (%)	84.25	87.70	90.29	75.42	74.99
LCR (Phased-in) (%)	211.46	191.95	179.02	177.65	219.50
NSFR (%)	135.40	136.80	131.80	129.60	124.00
Capitalisation					
CET1 Ratio (Phased-In) (%)	12.29	11.41	11.28	12.23	12.23
CET1 Ratio (Fully-Loaded) (%)	11.80	10.92	10.72	NA	12.10
Tier 1 Capital Ratio (Phased-In) (%)	12.57	11.69	11.57	12.47	12.37
Total Capital Ratio (Phased-In) (%)	14.18	13.44	13.16	14.47	14.16
Tang. Equity / Tang. Assets (%)	5.74	6.64	6.60	7.48	7.55
Leverage Ratio (DBRS) (%)	5.63	6.29	6.26	6.86	6.89
Growth					
Net Attributable Income YoY (%)	-13.1	38.7	-53.0	-34.4	179.1
Net Fees and Commissions YoY (%)	4.4	8.2	4.2	11.4	7.7
Total Operating Expenses YoY (%)	4.4	9.6	5.7	5.1	5.0
IBPT YoY (%)	7.9	12.6	-27.9	-2.0	-13.7
Assets YoY (%)	18.9	5.0	3.5	3.7	-4.8
Gross Lending to Customers YoY (%)	9.0	6.2	23.8	0.0	-1.3
Net Lending to Customers YoY (%)	9.4	7.6	26.5	1.4	-1.6
Loan Loss Provisions YoY (%)	47.0	-8.4	4.2	-42.4	-36.0
Deposits from Customers YoY (%)	13.6	11.1	5.5	0.9	12.7

Source: DBRS Morningstar Analysis, Copyright © 2021, S&P Global Market Intelligence. Note: loans to customers include financial securities.

Methodologies

The applicable methodology is the *Global Methodology for Rating Banks and Banking Organisations* (June 8, 2020), and *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (February 3, 2021), which can be found on our website under Methodologies.

Ratings

Issuer	Debt Rated	Rating Action	Rating	Trend
Banca Sella Holding S.p.A.	Long-Term Issuer Rating	Confirmed	BBB (low)	Stable
Banca Sella Holding S.p.A.	Short-Term Issuer Rating	Confirmed	R-2 (middle)	Stable
Banca Sella Holding S.p.A.	Long-Term Senior Debt	Confirmed	BBB (low)	Stable
Banca Sella Holding S.p.A.	Short-Term Debt	Confirmed	R-2 (middle)	Stable
Banca Sella Holding S.p.A.	Long-Term Deposits	Confirmed	BBB	Stable
Banca Sella Holding S.p.A.	Short-Term Deposits	Confirmed	R-2 (high)	Stable
Banca Sella S.p.A.	Long-Term Issuer Rating	Confirmed	BBB (low)	Stable
Banca Sella S.p.A.	Short-Term Issuer Rating	Confirmed	R-2 (middle)	Stable
Banca Sella S.p.A.	Long-Term Senior Debt	Confirmed	BBB (low)	Stable
Banca Sella S.p.A.	Short-Term Debt	Confirmed	R-2 (middle)	Stable
Banca Sella S.p.A.	Long-Term Deposits	Confirmed	BBB	Stable
Banca Sella S.p.A.	Short-Term Deposits	Confirmed	R-2 (high)	Stable
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS1311567314)	Confirmed	BB	Stable
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS1687277555)	Confirmed	BB	Stable
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS2030489632)	Confirmed	BB	Stable

Ratings History

Issuer	Debt Rated	Current	2020	2019	2018
Banca Sella Holding S.p.A.	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding S.p.A.	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding S.p.A.	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding S.p.A.	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding S.p.A.	Long-Term Deposits	BBB	BBB	BBB	BBB
Banca Sella Holding S.p.A.	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
Banca Sella S.p.A.	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella S.p.A.	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella S.p.A.	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella S.p.A.	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella S.p.A.	Long-Term Deposits	BBB	BBB	BBB	BBB
Banca Sella S.p.A.	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS1311567314)	BB	BB	BB	BB
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS1687277555)	BB	BB	BB	BB
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS2030489632)	BB	BB	BB	BB

Previous Action

- [DBRS Morningstar Confirms Banca Sella's LT Issuer Rating at BBB \(low\), Trend Remains Negative, May 7, 2021.](#)

Related Research

- [European Banks' Q1 Cost of Risk Almost Back To Pre-Pandemic Levels, But Unlikely to be Sustained](#), April 27, 2021.
- [DBRS Morningstar: ESG Factors for Financial Institutions; Part One: Environmental Factors](#), April 27 2021
- [European Banks Report High FY20 Cost of Risk, but Little Impact on Asset Quality To Date](#), March 30, 2021.
- [Gender Diversity at European Banking Boards: Still a Long Way to Go](#), February 22, 2021.
- [Italian Banks: COVID-19 Weighs on Q4 2020 Results; Limited Asset Quality Impact to Date](#), February 16, 2021.
- [Italian Banks Maintain Adequate Capital Buffers but are Vulnerable to Future Asset Quality Deterioration](#), January 22, 2021.
- [European Banks' Outlook Remains Challenging in 2021](#), January 14, 2021.
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- [European Bank Moratoria: Short-Term Relief Only](#), October 15, 2020.
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- [Domestic Bank Mergers Likely in Europe; Cross Border Consolidation Still Difficult](#), October 1, 2020.

Previous Report

- [Banca Sella Holding SpA: Rating Report](#), 7 July 2020.
- [Banca Sella Holding SpA: Rating Report](#), 3 July 2019.
- [Banca Sella Holding SpA: Rating Report](#), 19 July 2018.

European Bank Ratios & Definitions

- [European Bank Ratios & Definitions](#), 11 June 2019.

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