

Rating Report

Banca Sella Holding SpA

DBRS Morningstar

7 July 2020

Contents

3	Franchise Strength
4	Earnings Power
5	Risk Profile
7	Funding and Liquidity
8	Capitalisation
9	Company Financials
11	Ratings
12	Related Research

Arnaud Journois
 Vice President - Global FIG
 +49 69 8088 3526
 arnaud.journois@dbrsmorningstar.com

Andrea Costanzo
 Assistant Vice President - Global FIG
 +49 69 8088 3692
 andrea.costanzo@dbrsmorningstar.com

Elisabeth Rudman
 Managing Director - Head of European FIG -
 Global FIG
 +44 20 7855 6655
 elisabeth.rudman@dbrsmorningstar.com

Ratings

Issuer	Debt	Rating	Rating Action	Trend
Banca Sella Holding	Long-Term Issuer Rating	BBB (low)	Confirmed May '20	Negative
Banca Sella Holding	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '20	Negative
Banca Sella SpA	Long-Term Issuer Rating	BBB (low)	Confirmed May '20	Negative
Banca Sella SpA	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '20	Negative
Banca Sella Holding and SpA	Intrinsic Assessment	BBB (low)	Maintained May '20	--

Rating Drivers

Factors with Positive Rating Implications

- Given the Negative trend, an upgrade is unlikely in the short-term.
- The trend on the Long-Term ratings could revert to Stable if the banking group were able to demonstrate limited earnings and asset quality impact from the global coronavirus pandemic, whilst maintaining satisfactory capital levels.

Factors with Negative Rating Implications

- A downgrade would likely be driven by a significant deterioration of the Group's profitability, especially due to a reduction in fees, on which the banking group is very reliant, or
- a substantial increase in provisioning, as well as pressure on capital levels as a result of the global coronavirus pandemic.

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 (Moderate/Weak)

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

Risk Profile (Moderate)

- Despite improving, the stock of NPLs remains higher than European peers.

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 SpA	2019Y	2018Y	2017Y	2016Y	2015Y
EUR Millions					
Total Assets	15,004	14,283	13,797	13,298	13,968
Equity Attributable to Parent	946	889	924	895	832
Income Before Provisions and Taxes (IBPT)	113	100	139	142	165
Net Attributable Income	34	25	52	80	29
IBPT over Avg RWAs (%)	1.41	1.30	1.86	1.90	2.14
Cost / Income ratio (%)	83.78	84.14	78.33	77.13	73.48
Return on Avg Equity (ROAE) (%)	3.69	2.71	5.74	9.07	3.55
Gross NPLs over Gross Loans (%)	5.27	7.28	11.76	13.97	14.33
CET1 Ratio (Phased-In) (%)	11.41	11.28	12.23	12.23	11.59

Source: DBRS Morningstar Analysis; Copyright © 2020, 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 Group's Negative trend reflects our view that the wide scale of economic and market disruption resulting from the coronavirus (COVID-19) pandemic will pressure the Group's profitability and balance sheet. The challenging operating environment in Italy will likely affect the Group's revenues, asset quality and cost of risk. The impact will likely emerge in Q2 2020 onwards, whilst the implications for the medium to long-term will depend on the evolution of the pandemic, and the recovery of economic activity in Italy. Downward rating pressure would intensify should the crisis be prolonged. We will continue to monitor the performance of the Group's asset quality and earnings, as well as the measures being taken to support its franchise and customer base, including the implementation of the debt moratoriums. At the same time, we take into account the impact of unprecedented support measures implemented by the Italian government, as well as several other international authorities and central banks. In DBRS Morningstar's view, the measures put in place in Italy will help mitigate the impact of the crisis on the retail and SME sectors.

The Group's ratings take into account the improved asset quality profile, evidenced by the lower stock of non-performing exposures (NPEs), as well as the small, albeit solid and diversified, franchise of the Group. In particular, Sella's solid positioning in digital and open banking has allowed the Group to better cope with the lockdown through its digital banking channel. In addition, the ratings are underpinned by Sella's stable funding and liquidity position. However, the ratings also take into account the Group's still modest profitability, and the higher stock of NPEs compared to European peers.

Franchise Strength

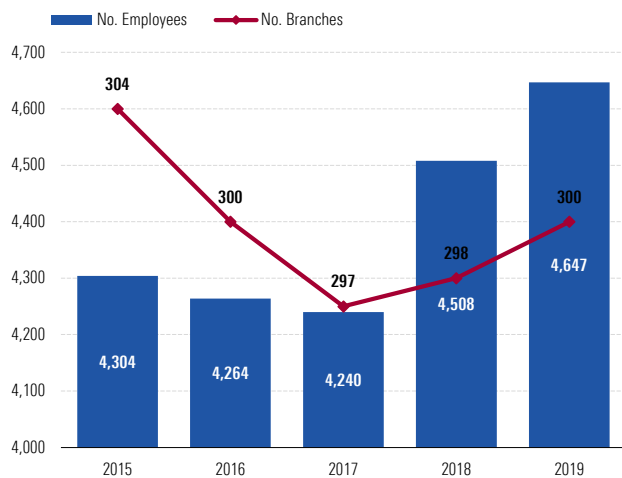
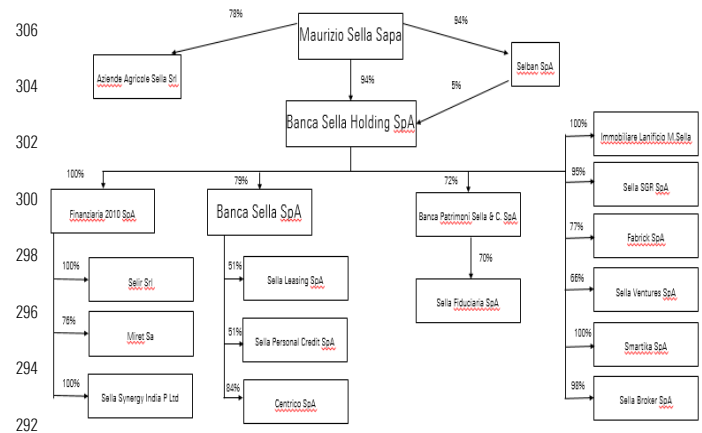
Grid Grade: Good/Moderate

Banca Sella Holding (Sella or the Group) is a small Italian banking group with EUR 16.6 billion in total assets at end-March 2020. 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, 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, the Group's trading portfolio, as well as the overall business strategy and planning. In April 2020, Massimo Vigo became CEO of the Bank, succeeding Claudio Musiari who retired.

The Group manages the raising of deposits and lending to households and SMEs through Banca Sella SpA (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. We believe that Sella's positioning in online services has left the Group better equipped to face the lockdown period amidst the COVID-19 pandemic, providing an already existing framework to its clients and mitigating the impact of the crisis.

Exhibit 1 Employees and Branches, 2015-2019**Exhibit 2** Group Structure, end-2019

Source: DBRS Morningstar, Company Documents

Earnings Power

Grid Grade: Moderate/Weak

Sella's profitability remained modest in 2019 due to the low interest rate environment and the Group's cost base, which remains high due to investments in digital innovation. Whilst we expect revenues to benefit over the medium term from digital banking and the cost base to stabilise, Sella will likely continue to face challenges stemming from the low interest rate environment and high, albeit declining, stock of NPEs. Furthermore, the global coronavirus pandemic creates additional risk for the Group's revenues, and we expect it to lead to weaker lending growth, lower fees and commissions as well as higher loan loss provisions.

In 2019, the Group reported net attributable income of EUR 34.0 million, up 38.7% year-on-year (YoY) from EUR 24.5 million, which was positively affected by the sale of the Group's stake in Banque Martin Maurel. Excluding the non-recurring elements in each year, underlying net profit was EUR 37.1 million, up 57% compared to EUR 23.6 million in the previous year. The Bank reported net attributable income of EUR 35.4 million, up 39.5% YoY from EUR 25.4 million in 2018. This was mainly driven by higher core revenues and lower provisions which offset higher operating expenses. Net interest income for the Group was up 3.3% YoY in 2019, mainly on volume growth despite the low interest rate environment. Net fees and commissions were up 8.2%, thanks to dynamism in all business lines.

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 83.8%, compared to 84.1% a year earlier.

In Q1 2020, the Group reported net attributable income of EUR 8.6 million, up 9.9% YoY compared to Q1 2019. This was a result of higher revenue generation, mainly supported by a good result from financial operations, and despite the continued low interest rate environment and the negative

impact of COVID-19. Operating costs were up 5.2% YoY, mainly on continued investments in digital and open banking in the first two months of the year, and higher administrative expenses to ensure business continuity amidst the lockdown period in Italy. 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. The Group booked extra provisions to cover for the expected deterioration in economic conditions as a result of the Coronavirus disease (COVID-19). As a result, loan loss provisions were up by around 30% YoY, implying a cost of risk of around 74 bps. We note that the Group’s cost of risk might increase over the coming quarters, due to the more severe macro scenario assumptions to be incorporated in the loan impairment models.

Exhibit 3 Profitability Evolution (EUR million), 2015-2019

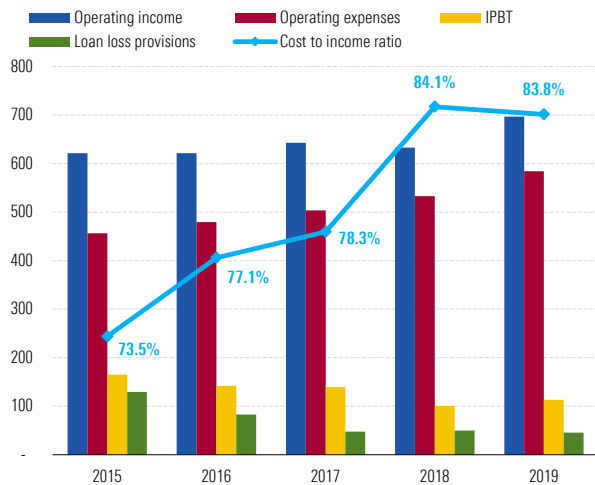
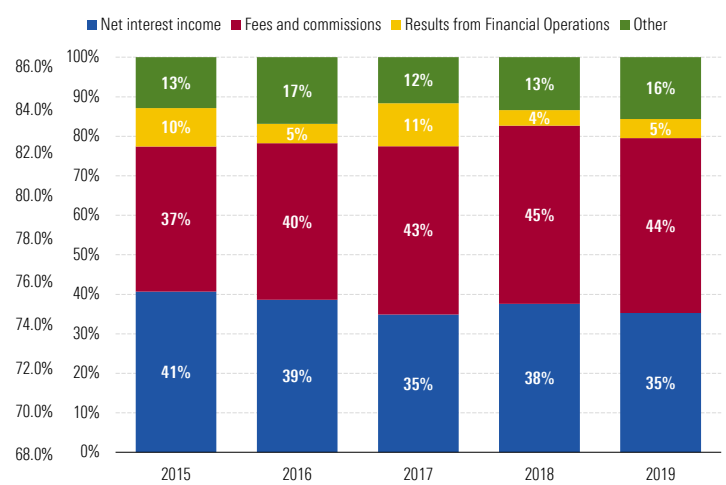


Exhibit 4 Operating Income Breakdown (EUR million), 2015-2019



Source: DBRS Morningstar, Company Documents

Risk Profile

Grid Grade: Moderate

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-2019. 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 (46%), credit cards and personal loans (17%) and leasing (12%) at end-2019. DBRS Morningstar views the large exposure to SMEs as potentially at risk because of the COVID-19 pandemic. In addition, the stock of NPEs remains large. Deteriorating economic conditions for Italian SMEs, especially in real estate & construction, have contributed to the build-up of problem loans. 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. However, as the COVID-19 pandemic outbreak develops, DBRS Morningstar will continue to closely monitor the potential pressure on the Group’s risk profile going forward, albeit this could be mitigated by the Italian government and the European authorities’ support measures.

Credit Risk

The Group's asset quality continued to improve in 2019. The total stock of gross non-performing exposures (NPEs) decreased to EUR 0.6 billion at end-2019 from EUR 0.8 billion at end-2018. The improvement is mainly due to the disposal of approximately EUR 81 million of NPEs as well as the ongoing internal workout and risk management activities. The Group's gross NPE ratio stood at 6.9% as of end-March 2020, broadly stable compared to 6.8% at end-2019 but significantly decreased from 10.0% at end-2018. The net NPL ratio, instead, was 3.6% as of end-Q1 2020, stable Quarter-on-Quarter (QoQ) but improved from 4.6% at end-2018. 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. At end-2019, Sella reported around EUR 8 billion of performing loans classified in Stage 1 in Stage 2 under the IFRS 9 accounting standards.

DBRS Morningstar notes that Sella's asset quality trends are in line with announced business strategy to reduce the Group's stock of NPEs via further disposals and internal management actions. The Group's total coverage ratio decreased to 50.6% at end-Q1 2020 from 52.4% at end-2018, with total coverage of bad loans slightly declining to 60.3% from 62.7% in the same periods.

Sovereign risk

Sella's risk profile includes a sizable exposure to the Italian sovereign. At end-March 2020, the Group's securities portfolio comprised EUR 3.2 billion of Italian government bonds, corresponding to approximately 19.5% of the Group's total assets and 3.5x CET1 capital. DBRS Morningstar notes that the Group has continued to shift its securities portfolio towards held to collect (HTC) to reduce sensitivity to spread widening. At end-March 2020, 23% of the portfolio was classified at Fair Value through Other Comprehensive Income (FVOCI) or at Fair Value through Profit and Loss (FVTPL), and 77% at Amortised Cost. DBRS Morningstar also notes that a large portion of the portfolio will mature in 2020.

Exhibit 5 NPE Breakdown (EUR million), 2015-2019

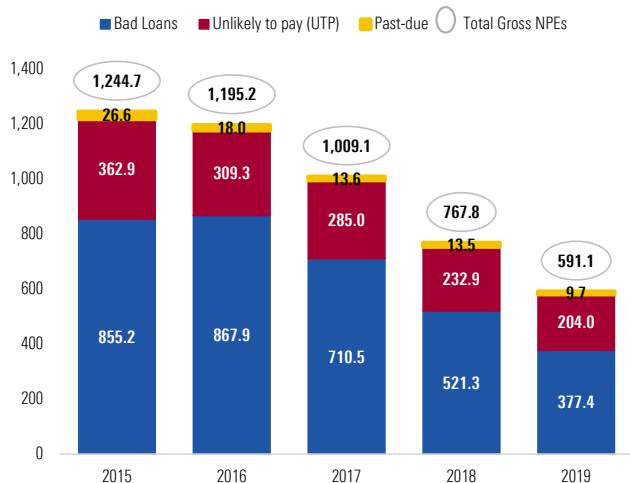
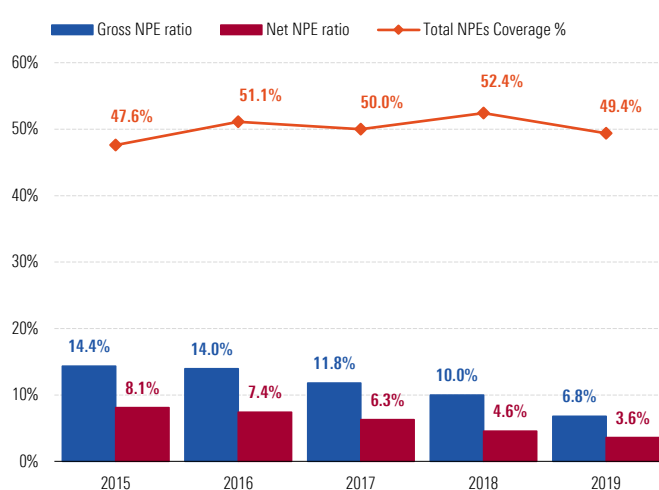


Exhibit 6 NPE Ratios and Coverage, 2015-2019



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. Whilst short-term refinancing risk due to the COVID-19 pandemic remains limited, given the ECB’s assistance, we believe that the Group, like other relatively small institutions, could experience difficulties in accessing wholesale funding markets as a result of the coronavirus outbreak. This is, however, mitigated by the fact that the Group has relatively low funding needs from the wholesale markets.

At end-2019, customer deposits accounted for 94% of the Group's total funding. In addition, DBRS Morningstar notes that the Group had EUR 300 million of ECB’s TLTRO II funds as well as asset backed securities and subordinated bonds (Tier 2) at end-2019. In Q1 2020, the Group's customer deposits funding increased substantially, as a result of the lower consumption amidst the lockdown.

Sella's liquidity position remains solid with a total stock of unencumbered assets of around EUR 3.9 billion at end-2019, which compares favourably with future bond maturities. At end-March 2020, Sella's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) remained well above regulatory requirements at respectively 222.4% and 135.2%.

Exhibit 7 Funding Mix, end-2019

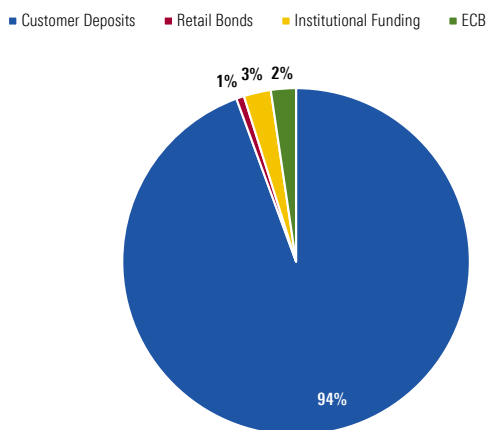
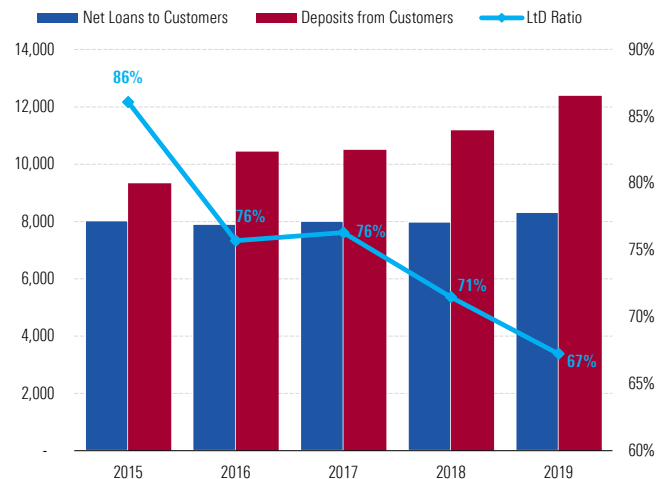


Exhibit 8 Loan to Deposit Ratio, 2015-2019



Source: DBRS Morningstar, Company Documents

Capitalisation
Grid Grade: Moderate

In Q1 2020, Sella's capitalisation remained adequate, albeit at the lower-end of its peer group which could pose challenges in the current environment. In addition, we consider the Group's capital remains pressured by the large stock of unreserved NPEs. Following the COVID-19 outbreak, significant relief measures have been taken by governments and regulators. This flexibility should help the Group to mitigate the expected rise in risk-weighted assets (RWAs) driven by a deterioration in the loan book. The Group also announced that they would not distribute dividends in 2020, which will provide some additional flexibility. In addition, for the medium to long-term, Sella expects some capital benefits from the targeted implementation of the AIRB models.

Sella reported at end-March 2020 a phased-in CET1 ratio of 11.15% compared to 11.41% at end-2019. The phased-in Total Capital ratio was 13.17%, down from 13.44% at end-2019. This provides the Group with adequate cushions over the minimum requirements set by the Bank of Italy for 2020 (please confirm) 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 11%. The Group reported a leverage ratio of 6.1% at end-2019.

Exhibit 9 Reported Capital Ratios (Q1 2020) vs. SREP Requirements (2020)

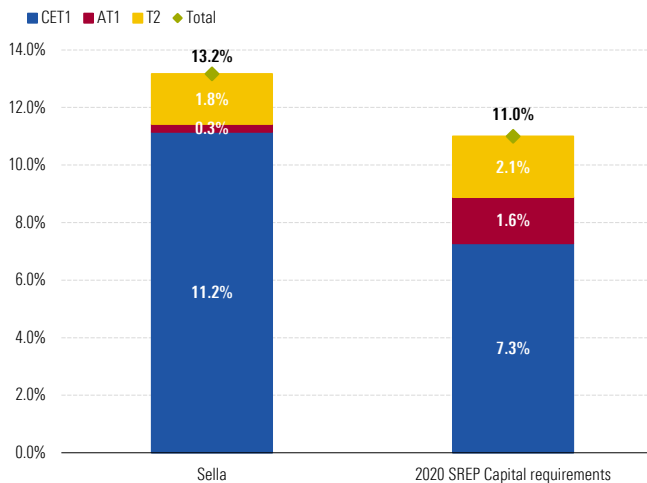
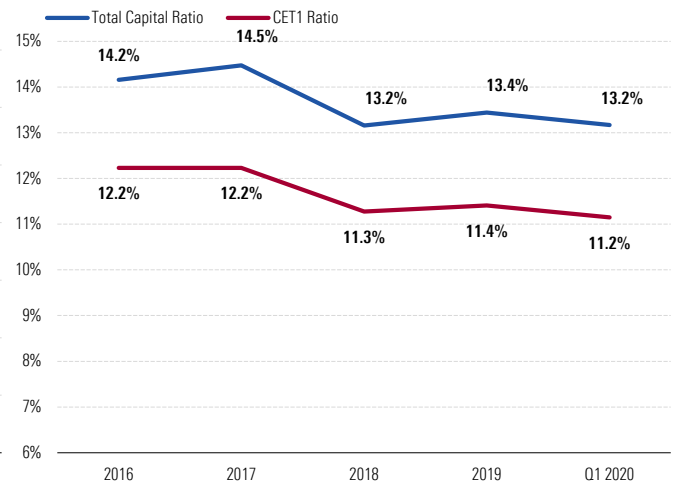


Exhibit 10 Phased-in Capital Ratios, 2016-Q1 2020



Source: DBRS Morningstar, Company Documents

	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA
EUR Millions	2019Y	2018Y	2017Y	2016Y	2015Y
Balance Sheet	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Cash and Deposits with Central Banks	204	1,249	2,090	1,542	131
Lending to/Deposits with Credit Institutions	1,178	534	262	300	304
Financial Securities	1,547	1,232	2,409	2,604	2,997
Financial Derivatives Instruments	98	104	118	148	152
Net Lending to Customers	10,881	10,097	8,014	7,906	8,034
- Gross Lending to Customers	11,217	10,544	8,549	8,558	8,673
- Loan Loss Reserves	336	447	535	652	639
Investment in Associates or Subsidiaries	2	4	2	12	11
Total Intangible Assets	162	146	90	86	85
Fixed Assets	367	251	248	203	210
Insurance Assets	NA	NA	NA	NA	0
Other Assets (including DTAs)	565	666	563	498	2,044
Assets	15,004	14,283	13,797	13,298	13,968
Deposits from Banks	389	829	924	604	639
Deposits from Central Banks	300	724	727	349	280
Deposits from Credit Institutions	89	105	197	255	359
Deposits from Customers	12,385	11,179	10,502	10,442	9,334
Issued Debt Securities	NA	NA	131	215	476
Issued Subordinated Debt	NA	NA	356	313	355
Financial Derivatives Instruments	98	98	117	143	147
Insurance Liabilities	0	0	0	0	0
Other Liabilities	985	1,098	652	498	1,974
Equity Attributable to Parent	946	889	924	895	832
Minority Interests	201	190	192	189	211
Liabilities & Equity	15,004	14,283	13,797	13,298	13,968

	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA
EUR Millions	2019Y	2018Y	2017Y	2016Y	2015Y
Income Statement	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Interest Income	283	280	286	309	345
Interest Expenses	38	42	62	69	93
Net Interest Income	246	238	224	240	253
Net Fees and Commissions	309	285	274	246	228
Results from Financial Operations	34	25	70	31	60
Equity Method Results	0	4	0	1	1
Net Income from Insurance Operations	0	0	0	0	0
Other Operating Income	109	81	75	104	79
Total Operating Income	697	633	643	621	621
Staff Costs	275	260	246	237	230
Other Operating Costs	250	233	221	209	195
Depreciation/Amortisation	59	40	37	33	31
Total Operating Expenses	584	533	504	479	457
Income Before Provisions and Taxes (IBPT)	113	100	139	142	165
Loan Loss Provisions	46	50	48	83	129
Securities & Other Financial Assets Impairment	0	0	16	8	5
Other Impairments	1	2	0	0	1
Other Non-Operating Income (Net)	0	0	0	50	0
Income Before Taxes (IBT)	66	48	75	101	30
Tax on Profit	25	17	18	9	8
Discontinued Operations	0	0	1	2	10
Other After-tax Items	0	0	0	0	0
Minority Interest	8	7	6	14	3
Net Attributable Income	34	25	52	80	29

Source: DBRS Morningstar Analysis, Copyright © 2020, S&P Global Market Intelligence*. Note: loans to customers include financial securities.

	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA	Banca Sella Holding SpA
	2019Y	2018Y	2017Y	2016Y	2015Y
Earnings Power					
Earnings					
Net Interest Margin (%)	1.73	1.86	1.68	1.92	2.03
Yield on Average Earning Assets (%)	2.00	2.18	2.14	2.46	2.77
Cost of Interest Bearing Liabilities (%)	0.27	0.34	0.49	0.58	0.82
IBPT over Avg Assets (%)	0.73	0.72	0.98	1.02	1.17
IBPT over Avg RWAs (%)	1.41	1.30	1.86	1.90	2.14
Expenses					
Cost / Income ratio (%)	83.78	84.14	78.33	77.13	73.48
Operating Expenses by Employee	130,070	122,166	122,767	116,068	109,948
LLP / IBPT (%)	40.27	49.46	34.21	58.19	78.46
Profitability Returns					
Return on Avg Equity (ROAE) (%)	3.69	2.71	5.74	9.07	3.55
Return on Avg Assets (ROAA) (%)	0.27	0.22	0.41	0.67	0.22
Return on Avg RWAs (%)	0.52	0.41	0.77	1.26	0.41
Dividend Payout Ratio (%)	NA	NA	NA	NA	NA
Internal Capital Generation (%)	NA	NA	NA	NA	NA
Risk Profile					
Gross NPLs over Gross Loans (%)	5.27	7.28	11.76	13.97	14.33
Net NPLs over Net Loans (%)	2.33	3.16	5.86	6.86	7.51
NPL Coverage Ratio (%)	56.93	58.23	53.21	54.57	51.42
Net NPLs over IBPT (%)	225.20	319.28	337.69	382.05	366.52
Net NPLs over CET1 (%)	27.43	36.47	50.50	60.28	70.42
Texas Ratio (%)	39.85	50.31	60.92	68.86	73.91
Cost of Risk (%)	0.45	0.62	0.60	1.03	1.60
Level 2 Assets/ Total Assets (%)	1.89	0.66	0.33	0.36	0.37
Level 3 Assets/ Total Assets (%)	1.34	1.02	0.58	0.78	0.60
Funding and Liquidity					
Bank Deposits over Funding (%)	NA	NA	7.90	5.32	6.07
- Interbank over Funding (%)	NA	NA	1.81	2.31	3.48
- Central Bank over Funding (%)	NA	NA	6.09	3.01	2.59
Customer Deposits over Funding (%)	NA	NA	88.02	90.12	86.25
Wholesale Funding over Funding (%)	NA	NA	4.08	4.55	7.68
- Debt Securities over Funding (%)	NA	NA	1.10	1.85	4.40
- Subordinated Debt over Funding (%)	NA	NA	2.98	2.70	3.28
Liquid Assets over Assets (%)	19.52	21.11	34.51	33.43	24.57
Non-Deposit Funding Ratio (%)	10.62	15.34	17.19	14.51	27.79
Net Loan to Deposit Ratio (%)	88.17	90.78	76.42	75.76	86.09
LCR (Phased-in) (%)	191.30	178.00	177.65	219.50	197.90
NSFR (%)	136.80	131.80	129.60	124.00	122.40
Capitalisation					
CET1 Ratio (Phased-In) (%)	11.41	11.28	12.23	12.23	11.59
CET1 Ratio (Fully-Loaded) (%)	10.92	10.72	NA	12.10	11.27
Tier 1 Capital Ratio (Phased-In) (%)	11.69	11.57	12.47	12.37	11.68
Total Capital Ratio (Phased-In) (%)	13.44	13.16	14.47	14.16	14.29
Tang. Equity / Tang. Assets (%)	6.64	6.60	7.48	7.55	6.89
Leverage Ratio (DBRS) (%)	6.29	6.26	6.86	6.89	6.24
Growth					
Net Attributable Income YoY (%)	38.7	-53.0	-34.4	179.1	-59.6
Net Fees and Commissions YoY (%)	8.2	4.2	11.4	7.7	5.2
Total Operating Expenses YoY (%)	9.6	5.7	5.1	5.0	4.1
IBPT YoY (%)	12.6	-27.9	-2.0	-13.7	-45.1
Assets YoY (%)	5.0	3.5	3.7	-4.8	-2.0
Gross Lending to Customers YoY (%)	6.4	23.3	-0.1	-1.3	-1.0
Net Lending to Customers YoY (%)	7.6	26.5	1.4	-1.6	-0.3
Loan Loss Provisions YoY (%)	-8.4	4.2	-42.4	-36.0	-28.5
Deposits from Customers YoY (%)	11.1	5.5	0.9	12.7	6.1

Source: DBRS Morningstar Analysis, Copyright © 2020, S&P Global Market Intelligence*. Note: loans to customers include financial securities.

Rating Methodology

Methodology

The applicable methodology is the *Global Methodology for Rating Banks and Banking Organisations* (8 June 2020), which can be found on our website under Methodologies.

Ratings

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

Ratings History

Issuer	Obligation	Current	2019	2018	2017
Banca Sella Holding SpA	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding SpA	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding SpA	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding SpA	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding SpA	Long-Term Deposits	BBB	BBB	BBB	BBB (low)
Banca Sella Holding SpA	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (middle)
Banca Sella SpA	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella SpA	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella SpA	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella SpA	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella SpA	Long-Term Deposits	BBB	BBB	BBB	BBB (low)
Banca Sella SpA	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (middle)
Banca Sella SpA	Mandatory Pay Subordinated Debt (ISIN: XS1311567314)	BB	BB	BB	BB
Banca Sella SpA	Mandatory Pay Subordinated Debt (ISIN: XS1687277555)	BB	BB	BB	BB
Banca Sella SpA	Mandatory Pay Subordinated Debt (ISIN: XS2030489632)	BB	-	-	-

Previous Action

- [DBRS Morningstar Confirms Banca Sella's LT Issuer Rating at BBB \(low\), Trend Remains Negative, 11 May 2020](#)
- [DBRS Morningstar Confirms Banca Sella's LT Issuer Rating at BBB \(low\), Trend Revised to Negative, 2 April 2020](#)
- [DBRS Assigns BB Rating to Banca Sella's EUR 50 million Subordinated Notes, 19 July 2019](#)
- [DBRS Confirms Banca Sella Holding SpA and Banca Sella SpA at BBB \(low\)/R-2 \(middle\); Stable Trend, 14 May 2019](#)

Related Research

- [Higher Cost of Risk at European Banks in Q1: Trend to Continue](#), 8 June 2020
- [Italian Banks Report Higher Cost of Risk in Q1 2020 on COVID-19 Disruption](#), 14 May 2020
- [DBRS Morningstar Takes Actions on 9 Italian Banks Amidst Heightened Uncertainty Around COVID-19](#), 2 April 2020
- [DBRS Morningstar: Navigating Bank Ratings During a Global Pandemic](#), 27 March 2020
- [Coronavirus Causes Negative Outlook for European Banks' Earnings in 2020](#), 16 March 2020
- [Q4 2019 Results Show Positive Momentum For Italian Banks](#), 24 February 2020
- [European Banking: Key Themes in 2020](#), 14 January 2020
- [Italian Banks Helped by NPL Reductions and Favourable Funding Conditions in 3Q19](#), 19 November 2019
- [DBRS: Bancassurance in Italy — An Opportunity to Improve Banks' Profitability](#), 1 October 2019
- [DBRS: TLTRO-III Removes Medium-Term Refinancing Risk at European Banks](#), 18 June 2019
- [DBRS: What's Next For European Banks' NPLs](#), 4 June 2019

Previous Report

- [Banca Sella Holding SpA: Rating Report](#), 3 July 2019
- [Banca Sella Holding SpA: Rating Report](#), 19 July 2018
- [Banca Sella Holding SpA: Rating Report](#), 9 June 2017

European Bank Ratios & Definitions

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

About DBRS Morningstar

DBRS Morningstar is a global credit ratings business with approximately 700 employees in eight offices globally.

On 2 July 2019, Morningstar, Inc. completed its acquisition of DBRS. Combining DBRS' strong market presence in Canada, Europe, and the U.S. with Morningstar Credit Ratings' U.S. footprint has expanded global asset class coverage and provided investors with an enhanced platform featuring thought leadership, analysis, and research. DBRS and Morningstar Credit Ratings are committed to empowering investor success, serving the market through leading-edge technology and raising the bar for the industry.

Together as DBRS Morningstar, we are the world's fourth largest credit ratings agency and a market leader in Canada, the U.S., and Europe in multiple asset classes. We rate more than 2,600 issuers and 54,000 securities worldwide and are driven to bring more clarity, diversity, and responsiveness to the ratings process. Our approach and size provide the agility to respond to customers' needs, while being large enough to provide the necessary expertise and resources.



The DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(CRA, NRSRO affiliate, DRO affiliate). Morningstar Credit Ratings, LLC is a NRSRO affiliate of DBRS, Inc.

For more information on regulatory registrations, recognitions and approvals of the DBRS group of companies and Morningstar Credit Ratings, LLC, please see: <http://www.dbrs.com/research/highlights.pdf>.

The DBRS group and Morningstar Credit Ratings, LLC are wholly-owned subsidiaries of Morningstar, Inc.

© 2020 Morningstar. All rights reserved. The information upon which DBRS ratings and other types of credit opinions and reports are based is obtained by DBRS from sources DBRS believes to be reliable. DBRS does not audit the information it receives in connection with the analytical process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS ratings, other types of credit opinions, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. No DBRS entity is an investment advisor. DBRS does not provide investment, financial or other advice. Ratings, other types of credit opinions, other analysis and research issued or published by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness, investment, financial or other advice or recommendations to purchase, sell or hold any securities. A report with respect to a DBRS rating or other credit opinion is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS may receive compensation for its ratings and other credit opinions from, among others, issuers, insurers, guarantors and/or underwriters of debt securities. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS AND OTHER TYPES OF CREDIT OPINIONS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS AND OTHER TYPES OF CREDIT OPINIONS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.